

ACCOUNTS FOR THE
NINE MONTHS ENDED
SEPTEMBER 30, 2021
Unaudited



Bank AL Habib Limited

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 period ended September 30, 2021.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 1,272.6 billion as compared to Rs. 1,099.7 billion on December 31, 2020. In the same period, advances increased to Rs. 659.2 billion from Rs. 510.3 billion, while investments increased to Rs. 934.7 billion from Rs. 764.9 billion. The pre-tax profit of the Bank for the nine months period ended September 30, 2021 was Rs. 22.31 billion as compared to Rs. 22.09 billion during the corresponding period last year. The profit after tax for the period ended September 30, 2021 was Rs. 13.93 billion compared with Rs. 13.13 billion during 2020.

By the Grace of Allah, the Bank now has a network of 954 offices, comprising 921 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 133 Islamic Banking Branches and 3 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2021.

In September 2021, the Bank successfully completed its eighth issue of rated, unsecured, and subordinated Term Finance Certificates (TFCs) amounting to Rs. 5,000 million (inclusive of a "Green Shoe" option of Rs. 2,000 million) through private placement. This private placement was managed and arranged by your Bank. This TFC issue has further enhanced the Bank's capital adequacy and will also support future growth in our operations. PACRA has assigned rating of **AA+** (Double A plus) for this Tier-II TFC-2021.

Alhamdulillah, as informed earlier in our review for the period ended June 30, 2021, 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 pre-existing unsecured, subordinated Term Finance Certificates (TFCs) were also 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: October 27, 2021



ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 30 ستمبر 2021 کو ختم ہونے والی مدت 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 ڈیپنٹیز الحیب کمپنیل مارکیٹس (پرائیویٹ) لمیٹڈ اور الحیب ایسٹ منیجمنٹ لمیٹڈ پیش کریں۔

الحمد للہ، ذریعہ جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 30 ستمبر 2021 کو ختم ہونے والی مدت میں ڈپازٹس بڑھ کر 1,272.6 بلین روپے ہو گئے، جو کہ 31 دسمبر 2020 کو 1,099.7 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 510.3 بلین روپے سے بڑھ کر 659.2 بلین روپے ہو گئے اور سرمایہ کاری 764.9 بلین روپے سے بڑھ کر 934.7 بلین روپے ہو گئی۔ 30 ستمبر 2021 کو ختم ہونے والے نو ماہ کے لئے آپ کے بینک کا قمل ازنگس منافع 22.31 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 22.09 بلین روپے تھا۔ بینک کا بعد ازنگس منافع 30 ستمبر 2021 کو ختم ہونے والی مدت کے لئے 13.93 بلین روپے رہا جبکہ گزشتہ سال یہ 13.13 بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 954 دفاتر پر مشتمل ہے، جس میں 921 برانچز، 29 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب 133 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۔

ستمبر 2021 میں، بینک نے کامیابی کے ساتھ اپنا ریٹڈ، انسکیورڈ اور سہارڈ بینڈڈ ٹرم فنڈس سرٹیفکیٹس (ٹی ایف بیسز) کا آٹھواں ایڈیشن جس کی مالیت 5,000 بلین روپے ہے، (بشمول 2,000 بلین روپے کا "گرین ٹھو" آپشن)، پرائیویٹ پلٹمنٹ کے ذریعے مکمل کر لی ہے۔ اس پرائیویٹ پلٹمنٹ کا انتظام اور بندوبست آپ کے بینک کے ذریعے کیا گیا۔ اس ٹی ایف بیس ایڈیشن کے ذریعے بینک کے کپٹل ایڈوکیسی میں اضافہ ہوا ہے اور اس سے ہمارے آپریشنز کے فروغ میں مزید معاونت ملے گی۔ پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے اس TIER-II TFC-2021 کی ریٹنگ AA+ (ڈبل اے پلس) مختص کی ہے۔

الحمد للہ، جیسا کہ پہلے ہمارے 30 جون 2021 کو ختم ہونے والی مدت کے جائزے میں بتایا گیا ہے، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ کو AA+ (ڈبل اے+) سے بڑھا کر AAA (ٹرپل اے) کر دی ہے جبکہ مختصر مدت کے لئے بینک کی ریٹنگ A1+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کریڈٹ ریٹنگ AAA- (ٹرپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے پہلے سے موجودہ انسکیورڈ، سہارڈ بینڈڈ ٹرم فنڈس سرٹیفکیٹس کی ریٹنگ بھی AA+ (ڈبل اے+) سے بڑھ کر AA+ (ڈبل اے+) پلس برائے TFC-2018 اور AA- (ڈبل اے) مائنس برائے TFC-2017 (پرنسپل) ہو گئی ہے۔ یہ ریٹنگ کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء 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
چیرمین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی: ۲۷ اکتوبر ۲۰۲۱ء



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

		(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
	Note		
ASSETS			
Cash and balances with treasury banks	6	118,885,693	105,935,947
Balances with other banks	7	6,451,306	19,662,515
Lendings to financial institutions	8	1,000,000	2,175,301
Investments	9	934,739,808	764,943,506
Advances	10	659,229,321	510,251,632
Fixed assets	11	54,942,055	43,967,993
Intangible assets	12	212,760	211,111
Deferred tax assets	13	1,000,373	—
Other assets	14	81,288,521	74,943,322
		1,857,749,837	1,522,091,327
LIABILITIES			
Bills payable	16	29,348,924	31,013,221
Borrowings	17	352,964,925	211,599,405
Deposits and other accounts	18	1,272,576,334	1,099,686,361
Liabilities against assets subject to finance lease		—	—
Subordinated debt	19	15,996,000	14,989,600
Deferred tax liabilities	13	—	176,751
Other liabilities	20	99,080,146	84,769,613
		1,769,966,329	1,442,234,951
NET ASSETS		87,783,508	79,856,376
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		20,233,154	18,431,277
Surplus on revaluation of assets	21	8,786,201	10,286,484
Unappropriated profit		47,649,899	40,024,361
		87,783,508	79,856,376
CONTINGENCIES AND COMMITMENTS			
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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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

		Nine months period ended		Three months period ended	
		30 September	30 September	30 September	30 September
		2021	2020	2021	2020
	Note	(Rupees in '000)			
Mark-up / return / interest earned	24	85,652,542	98,531,780	30,591,335	33,157,576
Mark-up / return / interest expensed	25	(44,230,595)	(54,450,472)	(16,572,250)	(16,146,331)
Net mark-up / interest income		41,421,947	44,081,308	14,019,085	17,011,245
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	6,602,154	4,730,717	2,294,839	1,712,188
Dividend income		499,376	388,916	253,643	193,301
Foreign exchange income		1,896,967	1,398,838	847,967	588,079
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities - net	27	411	14,260	(8,197)	14,243
Other income	28	639,404	520,574	171,755	264,631
Total non mark-up / interest income		9,638,312	7,053,305	3,560,007	2,772,442
Total income		51,060,259	51,134,613	17,579,092	19,783,687
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	(28,425,880)	(25,037,380)	(9,554,380)	(8,256,106)
Workers welfare fund		(457,106)	(516,496)	(161,583)	(226,840)
Other charges	30	(3,097)	(53,959)	(1,019)	(53,457)
Total non mark-up / interest expenses		(28,886,083)	(25,607,835)	(9,716,982)	(8,536,403)
Profit before provisions		22,174,176	25,526,778	7,862,110	11,247,284
Reversals / (provisions) and write offs - net	31	133,323	(3,437,360)	104,603	(1,259,088)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		22,307,499	22,089,418	7,966,713	9,988,196
Taxation	32	(8,377,927)	(8,954,517)	(3,075,370)	(4,078,314)
PROFIT AFTER TAXATION		13,929,572	13,134,901	4,891,343	5,909,882
		(Rupees)			
Basic and diluted earnings per share	33	12.53	11.82	4.40	5.32

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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Nine months period ended		Three months period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Rupees in '000)			
Profit after taxation for the period	13,929,572	13,134,901	4,891,343	5,909,882
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	408,920	398,958	497,505	(127,893)
Movement in (deficit) / surplus on revaluation of investments - net of tax	(1,409,946)	2,557,282	(904,296)	(4,594,641)
	(1,001,026)	2,956,240	(406,791)	(4,722,534)
<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	—	—
Total comprehensive income	12,928,546	19,147,379	4,484,552	1,187,348

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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves Special Reserve	General Reserve	Surplus / (deficit) on revaluation of Investments	Fixed / Non Banking Assets	Unappropriated Profit	Total
	(Rupees in '000)								
Balance as at 01 January 2020	11,114,254	13,859,667	1,941,115	126,500	540,000	1,538,874	4,474,942	27,907,758	61,503,110
Comprehensive income for the nine months period ended 30 September 2020:									
Profit after taxation	-	-	-	-	-	-	-	13,134,901	13,134,901
Other comprehensive income - net of tax	-	-	398,958	-	-	2,557,282	3,056,238	-	6,012,478
Total comprehensive income for the period	-	-	398,958	-	-	2,557,282	3,056,238	13,134,901	19,147,379
Transfer to statutory reserve	-	1,313,490	-	-	-	-	-	(1,313,490)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(72,682)	72,682	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 3.5 per share)	-	-	-	-	-	-	-	(3,889,988)	(3,889,988)
Balance as at 30 September 2020 - unaudited	11,114,254	15,173,157	2,340,073	126,500	540,000	4,096,156	7,458,498	35,911,863	76,760,501
Comprehensive income for the quarter ended 31 December 2020:									
Profit after taxation	-	-	-	-	-	-	-	4,676,635	4,676,635
Other comprehensive income - net of tax	-	-	(216,117)	-	-	(1,334,714)	98,346	(128,275)	(1,580,760)
Total comprehensive income for the period	-	-	(216,117)	-	-	(1,334,714)	98,346	4,548,360	3,095,875
Transfer to statutory reserve	-	467,664	-	-	-	-	-	(467,664)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(31,802)	31,802	-
Balance as at 31 December 2020 - audited	11,114,254	15,640,821	2,123,956	126,500	540,000	2,761,442	7,525,042	40,024,361	79,856,376
Comprehensive income for the nine months period ended 30 September 2021:									
Profit after taxation	-	-	-	-	-	-	-	13,929,572	13,929,572
Other comprehensive income - net of tax	-	-	408,920	-	-	(1,409,946)	-	-	(1,001,026)
Total comprehensive income for the period	-	-	408,920	-	-	(1,409,946)	-	13,929,572	12,926,545
Transfer to statutory reserve	-	1,392,957	-	-	-	-	-	(1,392,957)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(90,337)	90,337	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 4.5 per share)	-	-	-	-	-	-	-	(5,001,414)	(5,001,414)
Balance as at 30 September 2021 - unaudited	11,114,254	17,033,778	2,532,876	126,500	540,000	1,351,496	7,434,705	47,649,899	87,783,508

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

	MANSOOR ALI KHAN <i>Chief Executive</i>		ASHAR HUSAIN <i>Chief Financial Officer</i>	
SYED HASAN ALI BUKHARI <i>Director</i>		ANWAR HAJI KARIM <i>Director</i>		ABBAS D. HABIB <i>Chairman</i>



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Note	30 September 2021	30 September 2020
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		22,307,499	22,089,418
Less: Dividend income		(499,376)	(388,916)
		21,808,123	21,700,502
Adjustments:			
Depreciation		2,160,392	2,074,305
Depreciation on right-of-use assets		1,358,045	1,221,292
Amortisation		228,703	220,727
(Reversals) / provisions and write-offs - net	31	(133,323)	3,437,360
Gain on sale of fixed assets - net		(360,049)	(276,299)
Charge for defined benefit plan		369,000	319,500
Gain on sale / redemption of securities - net		(411)	(14,260)
Charge for compensated absences		181,194	101,269
Mark-up expense on lease liability against right-of-use assets		824,600	700,527
		4,628,151	7,784,421
		26,436,274	29,484,923
Decrease / (increase) in operating assets			
Lendings to financial institutions		1,175,301	(272,243)
Held-for-trading securities		9,718	(60,736)
Advances		(148,877,628)	(37,241,583)
Other assets		(6,294,611)	(6,516,152)
		(153,987,220)	(44,090,714)
(Decrease) / increase in operating liabilities			
Bills payable		(1,664,297)	(61,336)
Borrowings from financial institutions		141,134,426	60,084,022
Deposits		172,889,973	185,468,187
Other liabilities (excluding current taxation)		9,687,308	6,672,735
		322,047,410	252,163,608
		194,496,464	237,557,817
Income tax paid		(6,460,963)	(7,787,082)
Net cash flow generated from operating activities		188,035,501	229,770,735
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(152,217,857)	(198,033,386)
Net investments in held-to-maturity securities		(13,670,829)	(24,499,758)
Net investments in associates		(5,900,000)	81,000
Investments in subsidiaries		-	(683,250)
Dividends received		442,738	353,938
Investments in operating fixed assets		(12,439,012)	(4,351,227)
Proceeds from sale of fixed assets		329,172	377,914
Exchange differences on translation of net investment in foreign branches		408,920	398,958
Net cash flow used in investing activities		(183,046,868)	(226,355,811)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (payments) of subordinated debt - net		1,006,400	(2,400)
Dividend paid		(4,922,434)	(3,839,162)
Payment against lease liabilities		(1,565,156)	(1,472,385)
Net cash flow used in financing activities		(5,481,190)	(5,313,947)
Decrease in cash and cash equivalents		(492,557)	(1,899,023)
Cash and cash equivalents at beginning of the period		125,400,165	122,458,343
Cash and cash equivalents at end of the period		124,907,608	120,559,320

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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 921 branches (31 December 2020: 818 branches), 29 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 133 Islamic Banking branches (31 December 2020: 106 Islamic Banking branches).

- 1.1** During the period, the Bank has decided to close its branch in Seychelles. Accordingly, the branch is now completing the regulatory requirements for closure.

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 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 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 September 2021 (Rupees in '000)	(Audited) 31 December 2020
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	26,804,388	23,716,890
Foreign currencies	1,884,785	4,761,414
	28,689,173	28,478,304
In transit:		
Local currency	1,027,420	600,285
Foreign currencies	19,911	4,412
	1,047,331	604,697
With State Bank of Pakistan in:		
Local currency current accounts	54,133,467	44,211,071
Local currency current accounts - Islamic Banking	4,196,204	3,339,015
Foreign currency deposit accounts		
Cash reserve accounts	3,609,408	3,508,365
Cash reserve / special cash reserve accounts		
- Islamic Banking	366,999	299,769
Special cash reserve account	7,218,817	7,016,730
Foreign currencies collection accounts	146,246	99,696
	69,671,141	58,474,646
With National Bank of Pakistan in:		
Local currency current accounts	18,775,205	16,110,129
Prize bonds	702,843	2,268,171
	118,885,693	105,935,947
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	319,102	131,311
In deposit accounts	3,569,788	184,012
	3,888,890	315,323
Outside Pakistan:		
In current accounts	2,510,392	5,965,561
In deposit accounts	52,028	13,381,635
	2,562,420	19,347,196
	6,451,310	19,662,519
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	6,451,306	19,662,515
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Musharakah	1,000,000	—
Bai Muajjal receivable with the State Bank of Pakistan	—	2,175,301
	1,000,000	2,175,301



9. INVESTMENTS

	Note	30 September 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		94,145	–	(4,284)	89,861	95,778	–	771	96,549
Available-for-sale securities									
Federal Government Securities		712,131,122	(337,393)	2,519,560	714,313,289	560,055,180	(226,825)	4,578,492	564,406,847
Shares		4,359,115	(1,781,771)	518,551	3,095,895	4,376,102	(1,791,073)	580,654	3,165,683
Non Government Debt Securities		27,038,832	–	141,793	27,180,625	26,645,389	–	(46,105)	26,599,284
Foreign Securities		6,497,966	(857,971)	(1,294,829)	4,345,166	6,891,856	(909,432)	(1,215,066)	4,767,358
Units of Mutual Funds		2,375,000	(444,440)	330,493	2,261,053	2,125,000	(444,440)	350,397	2,030,957
		752,402,035	(3,421,575)	2,215,568	751,196,028	600,093,527	(3,371,770)	4,248,372	600,970,129
Held-to-maturity securities	9.3								
Federal Government Securities		172,839,641	(169,016)	–	172,670,625	159,496,264	(130,790)	–	159,365,474
Foreign Securities		2,036,111	(83,413)	–	1,952,698	1,708,659	(127,901)	–	1,580,758
Others		4,481	(4,481)	–	–	4,481	(4,481)	–	–
		174,880,233	(256,910)	–	174,623,323	161,209,404	(263,172)	–	160,946,232
Associates		7,947,346	–	–	7,947,346	2,047,346	–	–	2,047,346
Subsidiaries		883,250	–	–	883,250	883,250	–	–	883,250
Total Investments		936,207,009	(3,678,485)	2,211,284	934,739,808	764,329,305	(3,634,942)	4,249,143	764,943,506



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

9.1.1 Investments given as collateral

Market Treasury Bills	27,452,643	98,427,365
Pakistan Investment Bonds	170,419,000	—
	<u>197,871,643</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	93,270	3,978
(Reversal) / charge		
Charge for the period / year	—	295,807
(Reversal) / charge of impairment as per IFRS 9 in overseas branches for the period / year	(40,426)	1,120,117
Reversal on disposal during the period / year	(9,301)	(1,235)
	(49,727)	1,414,689
Others	—	4,481
Closing balance	<u>3,678,485</u>	<u>3,634,942</u>

9.3 The market value of securities classified as held to maturity at 30 September 2021 amounted to Rs. 176,957 million (31 December 2020: Rs. 168,809 million).



10. ADVANCES

	Performing		Non-Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	547,912,918	429,521,092	6,430,991	6,970,943	554,343,909	436,492,035
Islamic financing and related assets	76,745,563	58,248,930	37,525	218,174	76,783,088	58,467,104
Bills discounted and purchased	40,602,014	27,742,924	205,381	192,356	40,807,395	27,935,280
Advances - gross	665,260,495	515,512,946	6,673,897	7,381,473	671,934,392	522,894,419
Provision against advances						
– Specific	–	–	6,302,583	6,497,479	6,302,583	6,497,479
– General as per regulations	333,390	267,290	–	–	333,390	267,290
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	319,098	128,018	–	–	319,098	128,018
	6,402,488	6,145,308	6,302,583	6,497,479	12,705,071	12,642,787
Advances - net of provision	658,858,007	509,367,638	371,314	883,994	659,229,321	510,251,632

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

10.1 Particulars of advances (Gross)

In local currency	567,594,954	453,533,720
In foreign currencies	104,339,438	69,360,699
	671,934,392	522,894,419

10.2 Advances include Rs. 6,673.897 million (31 December 2020: Rs. 7,381.473 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2021 (Un-audited)		31 December 2020 (Audited)	
	Non-Performing	Provision	Non-Performing	Provision
	Loans		Loans	
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	52,988	956	62,671	292
Substandard	101,202	21,684	165,014	33,385
Doubtful	303,414	147,493	1,118,292	499,908
Loss	4,158,664	4,086,108	3,987,501	3,965,101
	4,616,268	4,256,241	5,333,478	4,498,686
Overseas				
Overdue by:				
181 to 365 days	104,603	93,316	136,600	87,398
> 365 days	1,953,026	1,953,026	1,911,395	1,911,395
	2,057,629	2,046,342	2,047,995	1,998,793
Total	6,673,897	6,302,583	7,381,473	6,497,479



10.3 Particulars of provision against advances

Note	30 September 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	146,407	16,413	162,820	68,496	5,158	73,654
Charge for the period / year						
- Specific provision	407,310	-	407,310	887,878	-	887,878
- General provision as per regulations	-	66,100	66,100	-	4,000	4,000
- As per IFRS 9 in overseas branches	-	174,667	174,667	-	(3,159)	(3,159)
- General provision for loans and advances	10.3.1 -	-	-	-	2,750,000	2,750,000
Reversals	(748,138)	-	(748,138)	(648,847)	-	(648,847)
	(340,828)	240,767	(100,061)	239,031	2,750,841	2,989,872
Amounts written off	(475)	-	(475)	(6,979)	-	(6,979)
Others	-	-	-	(4,481)	-	(4,481)
Closing balance	6,302,583	6,402,488	12,705,071	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 September 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 September 2021	(Audited) 31 December 2020
(Rupees in '000)		
11. FIXED ASSETS		
Capital work-in-progress	2,528,782	2,279,324
Property and equipment	52,413,273	41,688,669
	<u>54,942,055</u>	<u>43,967,993</u>



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

11.1 Capital work-in-progress

Civil works	524,018	454,808
Advance payment for purchase of equipments	237,785	51,867
Advance payment towards suppliers, contractors and property	1,717,445	1,740,546
Consultants' fee and other charges	49,534	32,103
	<u>2,528,782</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)
Nine months period ended
30 September 30 September
2021 2020
(Rupees in '000)

Capital work-in-progress	2,324,681	3,209,142
Property and equipment		
Leasehold land	3,514,824	230,797
Building on leasehold land	5,380,550	1,056,640
Furniture and fixture	260,815	217,263
Electrical, office and computer equipment	1,546,214	1,144,503
Vehicles	661,366	610,579
Improvements to leasehold building	595,434	299,593
Right-of-use assets	2,561,652	2,078,228
	<u>14,520,855</u>	<u>5,637,603</u>
Total	<u>16,845,536</u>	<u>8,846,745</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	1,401	1,883
Electrical, office and computer equipment	5,187	2,119
Vehicles	20,649	97,613
Building on leasehold land	2,226	—
Right-of-use assets	216,976	—
	<u>246,439</u>	<u>101,615</u>
Total	<u>246,439</u>	<u>101,615</u>

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

12. INTANGIBLE ASSETS

Computer software	<u>212,760</u>	<u>211,111</u>
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		(Un-audited) Nine months period ended	
		30 September 2021	30 September 2020
		(Rupees in '000)	
12.1	Additions to intangible assets		
	Computer software - directly purchased	230,351	100,315
		(Un-audited) 30 September 2021	(Audited) 31 December 2020
	Note	(Rupees in '000)	
13.	DEFERRED TAX ASSET / (LIABILITIES)		
	Deductible Temporary Differences on		
	Provision against diminution in the value of investments	1,432,958	1,270,805
	Provision against loans and advances, off-balance sheet, etc.	1,905,794	1,725,436
	Workers' welfare fund	1,123,356	848,152
		4,462,108	3,844,393
	Taxable Temporary Differences on		
	Accelerated tax depreciation	(1,050,579)	(927,430)
	Surplus on revaluation of fixed assets / non-banking assets	(1,548,755)	(1,606,514)
	Surplus on revaluation of available-for-sale investments	(864,072)	(1,486,930)
	Deficit / (surplus) on revaluation of held-for-trading securities	1,671	(270)
		(3,461,735)	(4,021,144)
		1,000,373	(176,751)
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	17,315,194	16,941,538
	Income / mark-up accrued in foreign currencies - net of provision	1,323,002	691,713
	Advances, deposits, advance rent and other prepayments	1,018,650	672,169
	Non-banking assets acquired in satisfaction of claims	812,306	814,912
	Mark to market gain on forward foreign exchange contracts	3,875,913	931,153
	Acceptances	55,231,973	52,522,498
	Stationery and stamps on hand	405,850	393,693
	Receivable from SBP on encashment of government securities	58,937	33,013
	ATM settlement account	-	943,062
	Others	1,117,861	867,290
		81,159,686	74,811,041
	Less: Provision held against other assets	14.1 (7,436)	(6,884)
	Other Assets - net of provision	81,152,250	74,804,157
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21 136,271	139,165
	Other Assets - total	81,288,521	74,943,322



	Note	(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	<u>7,436</u>	<u>6,884</u>
14.1.1 Movement in provision held against other assets			
Opening balance		6,884	7,383
Charge for the period / year		<u>1,894</u>	<u>6,080</u>
Reversals for the period / year		<u>(1,342)</u>	<u>(5,255)</u>
		552	825
Amount written off		–	(1,324)
Closing balance		<u>7,436</u>	<u>6,884</u>
15. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 30 September 2021 (31 December 2020: Nil).			
16. BILLS PAYABLE			
In Pakistan		<u>29,348,924</u>	<u>31,013,221</u>
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		65,138,836	58,086,099
Under renewable energy		13,333,327	8,958,686
Under long term financing for imported and locally manufactured plant and machinery		28,241,134	25,128,756
Under modernisation of small and medium enterprises		453,852	331,848
Under women entrepreneurship		26,537	26,957
Under financing facility for storage of agricultural produce		745,826	416,073
Under refinance scheme for payment of wages and salaries		9,844,671	15,720,186
Under temporary economic refinance facility		23,235,331	4,387,473
Under refinance facility for combating COVID-19		100,000	–
		<u>141,119,514</u>	<u>113,056,078</u>
Repurchase agreement borrowings		197,434,825	98,345,030
Borrowings from financial institutions		<u>13,981,195</u>	<u>–</u>
Total secured		<u>352,535,534</u>	<u>211,401,108</u>
Unsecured			
Overdrawn nostro accounts		429,391	198,297
		<u>352,964,925</u>	<u>211,599,405</u>



18. DEPOSITS AND OTHER ACCOUNTS

	30 September 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	435,530,840	46,334,278	481,865,118	351,389,228	40,963,348	392,352,576
Savings deposits	333,162,757	44,657,448	377,820,205	283,179,499	43,773,628	326,953,127
Term deposits	203,075,514	34,980,148	238,055,662	177,719,569	40,377,454	218,097,023
Current deposits - remunerative	129,275,565	2,911,589	132,187,154	120,360,146	2,247,064	122,607,210
Others	16,801,776	8,811,113	25,612,889	15,419,195	7,337,309	22,756,504
	1,117,846,452	137,694,576	1,255,541,028	948,067,637	134,698,803	1,082,766,440
Financial institutions						
Current deposits	3,888,412	152,776	4,041,188	3,568,698	203,742	3,772,440
Savings deposits	829,869	18	829,887	576,096	18	576,114
Term deposits	1,237,500	175,777	1,413,277	1,335,500	135,060	1,470,560
Current deposits - remunerative	10,234,697	501,115	10,735,812	10,381,784	697,737	11,079,521
Others	15,142	-	15,142	21,286	-	21,286
	16,205,620	829,686	17,035,306	15,883,364	1,036,557	16,919,921
	1,134,052,072	138,524,262	1,272,576,334	963,951,001	135,735,360	1,099,686,361

(Un-audited) (Audited)
30 September 31 December
Note 2021 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
Term Finance Certificates (TFCs) - VIII - (Unquoted)	19.4	5,000,000	-
		15,996,000	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 (ask side) 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 payment will result in shortfall (or increase the 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 Rules, 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 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 (or increase the 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 Rules, 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 written off (either partially or in full).



19.4 Term Finance Certificates - VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
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) + 0.75% 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 (or increase the 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 written off (either partially or in full).

	(Un-audited) 30 September Note 2021	(Audited) 31 December 2020
	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,870,386	1,683,612
Mark-up / return / interest payable in foreign currencies	271,334	196,066
Unearned commission income	405,748	304,009
Accrued expenses	3,293,505	2,532,647
Acceptances	55,231,973	52,522,498
Unclaimed dividends	553,911	474,931
Mark to market loss on forward foreign exchange contracts	1,423,563	490,822
Branch adjustment account	3,177,832	2,639,104
Payable to defined benefit plan	1,052,514	683,514
Charity payable	22,859	41,298
Provision against off-balance sheet items	20.1 169,836	146,692
Security deposits against leases / ijarah	6,797,893	5,690,619
Provision for compensated absences	1,152,525	969,754
Special exporters' accounts in foreign currencies	226,850	43,518
Other security deposits	697,203	647,203
Workers' welfare fund	2,880,399	2,423,293
Payable to SBP / NBP	1,021,573	455,014
Payable to supplier against murabaha	220,796	166,017
Insurance payable	595,729	470,883
Lease liability against right-of-use assets	12,033,049	10,526,139
Current taxation (payments less provisions)	2,921,476	450,248
ATM settlement account	223,301	—
Others	1,835,891	1,211,732
	99,080,146	84,769,613



		(Un-audited) 30 September 2021 Note	(Audited) 31 December 2020
		(Rupees in '000)	
20.1 Provision against off-balance sheet obligations			
Opening balance		146,692	129,369
Exchange adjustment against IFRS 9 in overseas branches		7,231	1,470
Charge for the period / year		55,917	19,748
Reversals for the period / year		(40,004)	(3,895)
		15,913	15,853
Closing balance		169,836	146,692
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of:			
- Available-for-sale securities	9.1	2,215,568	4,248,372
- Fixed assets		8,917,539	9,062,739
- Non-banking assets acquired in satisfaction of claims		136,271	139,165
		11,269,378	13,450,276
Deferred tax on surplus on revaluation of:			
- Available-for-sale securities		864,072	1,486,930
- Fixed assets		1,607,073	1,663,701
- Non-banking assets acquired in satisfaction of claims		12,032	13,161
		2,483,177	3,163,792
		8,786,201	10,286,484
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	120,317,238	92,814,672
Commitments	22.2	444,853,862	351,718,547
Other contingent liabilities	22.3	1,479,854	1,537,827
		566,650,954	446,071,046
22.1 Guarantees:			
Financial guarantees		26,699,578	20,716,906
Performance guarantees		93,617,660	72,097,766
		120,317,238	92,814,672
22.2 Commitments:			
Documentary credits and short term trade-related transactions			
- letters of credit		303,555,388	207,740,057
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	136,140,430	128,823,137
- forward lendings	22.2.2	4,042,368	7,124,914
Commitments for acquisition of:			
- operating fixed assets		1,115,676	8,030,439
		444,853,862	351,718,547



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

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	76,504,603	75,472,905
Sale	59,635,827	53,350,232
	<u>136,140,430</u>	<u>128,823,137</u>

The maturities of above contracts are spread over the periods upto one year.

22.2.2 Commitments in respect of forward lending

<u>4,042,368</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 September 2021	(Audited) 31 December 2020
(Rupees in '000)	

22.3 Claims against the Bank not acknowledged as debts

<u>1,479,854</u>	<u>1,537,827</u>
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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.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned 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 September 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	8,993,989	(155,486)	65,374,242	(846,170)	74,368,231	(1,001,656)
Other Entities						
Hedging	61,772,199	3,454,006	—	—	61,772,199	3,454,006
Total						
Hedging	<u>70,766,188</u>	<u>3,298,520</u>	<u>65,374,242</u>	<u>(846,170)</u>	<u>136,140,430</u>	<u>2,452,350</u>
31 December 2020 (Audited)						
Counter Parties	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 September 2021 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	250	36,913,702	(683,205)	371,434	(311,771)
1 to 3 months	488	52,025,462	(583,003)	1,017,779	434,776
3 to 6 months	442	28,880,277	(120,765)	1,308,479	1,187,714
6 months to 1 year	380	18,320,989	(36,590)	1,178,221	1,141,631
	1,560	136,140,430	(1,423,563)	3,875,913	2,452,350

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
	1,238	128,823,137	(490,822)	931,153	440,331

(Un-audited)		
Nine months period ended		
30 September 2021	30 September 2020	
(Rupees in '000)		

24. MARK - UP / RETURN / INTEREST EARNED

On loans and advances	27,995,205	34,615,563
On investments	57,322,148	63,294,048
On deposits with financial institutions	183,333	493,577
On securities purchased under resale agreements	151,486	128,479
On call money lendings	370	113
	85,652,542	98,531,780



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2021	2020
		(Rupees in '000)	
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	31,081,050	37,812,104	
Borrowings from SBP	1,649,034	1,146,982	
Subordinated debt	789,915	1,422,989	
Cost of foreign currency swaps	1,212,718	748,000	
Repurchase agreement borrowings	8,502,805	12,459,587	
Mark-up expense on lease liability against right-of-use assets	824,600	700,527	
Other borrowings	170,473	160,283	
	<u>44,230,595</u>	<u>54,450,472</u>	
26. FEE AND COMMISSION INCOME			
Branch banking customer fees	910,942	757,618	
Investment banking fees	21,901	108,477	
Consumer finance related fees	28,765	21,220	
Card related fees (debit and credit cards)	985,239	349,374	
Credit related fees	219,790	101,398	
Commission on trade	3,696,130	2,871,932	
Commission on guarantees	395,825	282,001	
Commission on cash management	160,597	126,386	
Commission on home remittances	87,540	107,502	
Others	95,425	4,809	
	<u>6,602,154</u>	<u>4,730,717</u>	
27. GAIN / (LOSS) ON SECURITIES - NET			
Realised	5,465	19,924	
Unrealised - held for trading	(5,054)	(5,664)	
	<u>411</u>	<u>14,260</u>	
27.1 Realised gain / (loss) on:			
Federal Government Securities	194	27	
Shares	8,084	5,188	
Mutual Funds	(2,813)	14,709	
	<u>5,465</u>	<u>19,924</u>	
28. OTHER INCOME			
Rent on property	8,247	1,575	
Gain on sale of fixed assets - net	360,049	276,299	
Recovery of expenses from customers	259,288	232,761	
Lockers rent	10,926	9,285	
Others	894	654	
	<u>639,404</u>	<u>520,574</u>	



(Un-audited)
Nine months period ended
30 September 30 September
2021 2020
(Rupees in '000)

29. OPERATING EXPENSES

Total compensation expenses	12,975,794	11,431,128
Property expenses		
Rent and taxes	255,410	261,748
Insurance	14,573	4,836
Utilities cost	1,045,413	793,091
Security (including guards)	768,602	769,780
Repair and maintenance (including janitorial charges)	259,159	235,571
Depreciation	2,070,016	1,933,077
	4,413,173	3,998,103
Information technology expenses		
Software maintenance	4,888	4,250
Hardware maintenance	914,724	677,383
Depreciation	269,072	147,385
Amortisation	228,703	220,727
Network charges	393,695	309,141
	1,811,082	1,358,886
Other operating expenses		
Directors' fees and allowances	29,390	24,157
Fees and allowances to Shariah Board	11,185	9,502
Insurance	375,568	353,475
Legal and professional charges	206,521	118,151
Outsourced services costs	1,412,028	1,342,102
Travelling and conveyance	175,558	132,050
NIFT and other clearing charges	145,207	99,356
Depreciation	1,179,349	1,215,135
Repair and maintenance	1,155,018	959,828
Training and development	33,103	21,456
Postage and courier charges	173,209	178,885
Communication	368,145	269,044
Stationery and printing	701,531	470,160
Marketing, advertisement and publicity	273,488	278,442
Donations	171,407	115,132
Auditors remuneration	7,523	6,712
Commission and brokerage	434,153	600,969
Entertainment and staff refreshment	259,573	192,330
Vehicle running expenses	1,125,933	806,875
Subscriptions and publications	169,040	156,925
CNIC verification charges	123,659	59,709
Security charges	307,528	236,165
Others	387,715	602,703
	9,225,831	8,249,263
	28,425,880	25,037,380



		(Un-audited)		
		Nine months period ended		
		30 September	30 September	
		Note	2021	2020
		(Rupees in '000)		
30.	OTHER CHARGES			
	Penalties imposed by the State Bank of Pakistan		3,097	53,959
31.	(REVERSALS) / PROVISIONS AND WRITE OFFS - NET			
	(Reversal) / provision for diminution in value of investments	9.2	(49,727)	478,648
	(Reversal) / provision against loans and advances - net	10.3	(100,061)	2,832,584
	Provision against other assets	14.1.1	552	836
	Provision against off - balance sheet items	20.1	15,913	3,102
	Deficit on revaluation of fixed assets		-	122,190
			(133,323)	3,437,360
32.	TAXATION			
	Current		8,932,191	10,029,693
	Prior years		-	224
	Deferred		(554,264)	(1,075,400)
			8,377,927	8,954,517
33.	BASIC AND DILUTED EARNINGS PER SHARE			
	Profit for the period		13,929,572	13,134,901
			(Number)	
	Weighted average number of ordinary shares		1,111,425,416	1,111,425,416
			(Rupees)	
	Basic and diluted earnings per share		12.53	11.82
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 September 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	–	714,313,289	–	714,313,289
Shares	3,037,220	–	–	3,037,220
Non-Government Debt Securities	24,055,705	3,124,920	–	27,180,625
Foreign Securities	–	4,345,166	–	4,345,166
Mutual Funds	–	2,261,053	–	2,261,053
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	175,051,058	–	175,051,058
Foreign Securities	–	1,905,605	–	1,905,605
Associates				
Listed Shares	278,693	–	–	278,693
Mutual Funds	–	7,770,621	–	7,770,621
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	–	80,235,872	–	80,235,872
Forward sale of foreign exchange contracts	–	58,356,908	–	58,356,908



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:

Nine months period ended 30 September 2021 (Un-audited)			
	Commercial banking	Retail banking (Rupees in '000)	Total
Profit and loss account			
Mark-up / return / profit	80,518,337	5,134,205	85,652,542
Inter segment revenue - net	—	19,071,892	19,071,892
Non mark-up / return / interest income	2,976,150	6,662,162	9,638,312
Total income	83,494,487	30,868,259	114,362,746
Segment direct expenses	(50,114,109)	(23,002,569)	(73,116,678)
Inter segment expense allocation	(19,071,892)	—	(19,071,892)
Total expenses	(69,186,001)	(23,002,569)	(92,188,570)
Reversals / (provisions)	207,920	(74,597)	133,323
Profit before tax	14,516,406	7,791,093	22,307,499
As at 30 September 2021 (Un-audited)			
(Rupees in '000)			
Statement of financial position			
Cash and bank balances	104,977,712	20,359,287	125,336,999
Investments	934,739,808	—	934,739,808
Net inter segment lending	—	712,481,040	712,481,040
Lendings to financial institutions	1,000,000	—	1,000,000
Advances - performing	551,790,028	107,067,979	658,858,007
Advances - non-performing	356,478	14,836	371,314
Others	115,258,209	22,185,500	137,443,709
Total assets	1,708,122,235	862,108,642	2,570,230,877
Borrowings	352,964,925	—	352,964,925
Subordinated debt	15,996,000	—	15,996,000
Deposits and other accounts	500,456,323	772,120,011	1,272,576,334
Net inter segment borrowing	712,481,040	—	712,481,040
Others	50,506,314	77,922,756	128,429,070
Total liabilities	1,632,404,602	850,042,767	2,482,447,369
Equity	75,717,633	12,065,875	87,783,508
Total equity and liabilities	1,708,122,235	862,108,642	2,570,230,877
Contingencies and commitments	415,974,791	7,897,835	423,872,626



Nine months period ended 30 September 2020 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	87,124,742	11,407,038	98,531,780
Inter segment revenue - net	—	22,513,140	22,513,140
Non mark-up / return / interest income	1,981,084	5,072,221	7,053,305
Total income	89,105,826	38,992,399	128,098,225
Segment direct expenses	(54,202,199)	(25,856,108)	(80,058,307)
Inter segment expense allocation	(22,513,140)	—	(22,513,140)
Total expenses	(76,715,339)	(25,856,108)	(102,571,447)
Provisions	(3,407,547)	(29,813)	(3,437,360)
Profit before tax	8,982,940	13,106,478	22,089,418

As at 31 December 2020 (Audited)

(Rupees in '000)

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 September 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	-	-	-	7,400,000	-	-	-	683,250	1,500,000	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	(1,500,000)	-	-	-	-	(606,000)	-
Closing balance	-	-	883,250	7,947,346	-	-	-	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	55,972	190,914	20,764,364	40,088,161	-	35,349	333,923	16,369,273	56,387,053	-
Repaid during the period / year	(55,935)	(173,572)	(20,752,399)	(40,519,534)	-	(36,504)	(239,005)	(16,183,722)	(57,184,560)	-
Closing balance	369	188,886	213,138	1,786,376	-	332	171,544	201,173	2,217,749	-
Operating fixed assets										
Right of use	-	-	-	1,572	-	-	-	-	3,931	-
Other Assets										
Interest / mark-up accrued	-	94	6,868	360	-	-	118	-	1,289	-
L/C acceptances	-	-	-	378,030	-	-	-	-	1,090,910	-
Other receivables	-	-	2,355	-	-	-	-	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	5,866,854	2,638,310	16,559,658	88,489,703	9,930,041	6,891,056	3,205,958	20,436,016	189,014,948	8,825,958
Withdrawn during the period / year	(6,018,711)	(2,719,500)	(16,898,248)	(88,975,460)	(9,697,345)	(6,773,450)	(3,109,203)	(20,071,258)	(188,770,664)	(8,761,856)
Closing balance	920,827	639,728	137,994	3,295,483	810,528	1,072,684	720,918	476,584	3,781,240	577,832
Other Liabilities										
Interest / mark-up payable	741	3,102	9	13,057	-	305	508	-	16,925	-
Payable to staff retirement fund	-	-	-	-	1,052,514	-	-	-	-	683,514
L/C acceptances	-	-	-	378,030	-	-	-	-	1,090,910	-
Unrealised loss on foreign exchange contracts	-	-	-	-	-	-	-	-	922	-
Other liabilities	-	16	1,281	-	-	-	4	1,353	-	-
Contingencies and commitments	-	-	-	1,544,373	-	-	-	-	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	-	-	75,000	285,000	6,375,000	-	-	-	330,000	3,232,000
Decreased during the period / year	-	-	(85,000)	(395,040)	(5,524,000)	-	-	-	(570,000)	(1,858,000)
Closing balance	-	-	75,000	399,800	6,462,000	-	-	85,000	509,840	5,611,000



37.1 RELATED PARTY TRANSACTIONS

	30 September 2021 (Un-audited)					30 September 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	—	7,557	16,018	79,972	—	5	4,197	2,644	166,865	—
Fee and commission income	25	117	11	9,367	—	16	47	16	9,196	1
Dividend income	—	—	—	151,472	—	—	—	—	53,647	—
Loss on sale of securities	—	—	—	(2,813)	—	—	—	—	—	—
Rental income	—	—	8,247	—	—	—	—	1,575	—	—
Other income	—	—	589	198	140	—	—	587	233	89
Expense										
Mark-up / return / interest expensed	46,089	36,563	13,343	158,196	31,780	62,328	44,842	7,461	315,404	36,114
Operating expenses	—	—	—	3,280	—	—	—	—	4,627	—
Brokerage commission	—	—	9,994	—	—	—	—	4,568	—	—
Salaries and allowances	—	466,782	—	—	—	—	406,202	—	—	—
Bonus	—	66,562	—	—	—	—	92,129	—	—	—
Contribution to defined contribution plan	—	21,029	—	—	—	—	17,925	—	—	—
Contribution to defined benefit plan	—	59,500	—	—	—	—	46,188	—	—	—
Staff provident fund	—	—	—	—	522,706	—	—	—	—	448,031
Staff gratuity fund	—	—	—	—	369,000	—	—	—	—	319,500
Directors' fees	27,890	—	—	—	—	23,107	—	—	—	—
Donation	—	—	—	6,000	—	—	—	—	4,500	—
Insurance premium paid	—	—	—	141,449	—	—	—	—	129,144	—
Insurance claims settled	—	—	—	59,913	—	—	—	—	19,959	—



38. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 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	76,076,944	67,035,260
Eligible Additional Tier 1 (ADT 1) Capital	6,673,288	6,676,269
Total Eligible Tier 1 Capital	82,750,232	73,711,529
Eligible Tier 2 Capital	26,790,021	23,890,019
Total Eligible Capital (Tier 1 + Tier 2)	109,540,253	97,601,548
Risk Weighted Assets (RWAs):		
Credit Risk	671,840,956	539,058,015
Market Risk	15,830,185	9,834,577
Operational Risk	97,721,745	97,721,745
Total	785,392,886	646,614,337
Common Equity Tier 1 Capital Adequacy Ratio	9.686%	10.367%
Tier 1 Capital Adequacy Ratio	10.536%	11.400%
Total Capital Adequacy Ratio	13.947%	15.094%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	82,750,232	73,711,529
Total Exposures	2,301,662,107	1,852,877,396
Leverage Ratio	3.595%	3.978%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	637,754,489	490,128,291
Total Net Cash Outflow	251,604,048	187,207,371
Liquidity Coverage Ratio	253.475%	261.810%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,323,776,598	999,714,329
Total Required Stable Funding	797,990,049	702,593,516
Net Stable Funding Ratio	165.889%	142.289%



39. ISLAMIC BANKING BUSINESS

The Bank is operating 133 (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 September 2021	(Audited) 31 December 2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		7,401,335	5,727,007
Balances with other banks		3,112,375	6,557
Due from financial institutions	39.1	1,000,000	2,175,301
Investments	39.2	81,061,736	71,453,147
Islamic financing and related assets - net	39.3	76,726,719	58,304,712
Fixed assets		647,593	479,006
Intangible assets		—	—
Due from Head Office		—	—
Other assets		6,824,563	5,167,572
Total Assets		176,774,321	143,313,302
LIABILITIES			
Bills payable		226,060	137,796
Due to financial institutions		25,976,992	18,962,087
Deposits and other accounts	39.4	125,309,942	93,238,405
Due to Head Office		4,056,727	14,457,740
Subordinated debt		—	—
Other liabilities		7,660,520	6,315,054
		163,230,241	133,111,082
NET ASSETS		13,544,080	10,202,220
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus / (deficit) on revaluation of assets		459,816	(142,701)
Unappropriated profit	39.5	5,484,264	2,744,921
		13,544,080	10,202,220
CONTINGENCIES AND COMMITMENTS	39.6		



The profit and loss account of the Bank's Islamic banking branches for the nine months period ended 30 September 2021 is as follows:

	(Un-audited)	
	Nine months period ended	
	30 September	30 September
Note	2021	2020
	(Rupees in '000)	
Profit / return earned	39.7 7,347,708	6,340,799
Profit / return expensed	39.8 (2,990,607)	(3,081,873)
Net Profit / return	4,357,101	3,258,926
Other income		
Fee and commission income	446,572	254,547
Dividend income	2,673	83,807
Foreign exchange income	99,869	65,406
Income / (loss) from derivatives	—	—
Gain on securities	108	14,709
Other income	29,809	22,768
Total other income	579,031	441,237
Total income	4,936,132	3,700,163
Other expenses		
Operating expenses	(2,311,958)	(1,729,539)
Other charges	(155)	(44)
Total other expenses	(2,312,113)	(1,729,580)
Profit before provisions	2,624,019	1,970,583
Reversals / (provisions) and write offs - net	115,324	(115,057)
Profit for the period	2,739,343	1,855,526
	(Un-audited)	(Audited)
	30 September	31 December
	2021	2020
	(Rupees in '000)	
39.1 Due from Financial Institutions		
Musharakah	1,000,000	—
Bai Muajjal receivable with the State Bank of Pakistan	—	2,175,301
	1,000,000	2,175,301



	30 September 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)							
39.2 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	36,963,589	-	204,761	37,168,350	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	12,220,510	-	-	12,220,510	11,328,818	-	-	11,328,818
- Naya Pakistan Certificates	792,991	-	-	792,991	-	-	-	-
	53,414,590	-	204,761	53,619,351	47,064,403	-	(208,246)	46,856,157
Shares								
- Listed Companies	80,455	(54,083)	14,129	40,501	97,442	(63,384)	15,861	49,919
Non Government Debt Securities								
- Listed	22,288,823	-	215,712	22,504,535	22,425,254	-	27,418	22,452,672
- Unlisted	2,025,000	-	-	2,025,000	2,025,000	-	-	2,025,000
	24,313,823	-	215,712	24,529,535	24,450,254	-	27,418	24,477,672
Units of Mutual Funds	100,000	(52,866)	25,215	72,349	100,000	(52,866)	22,265	69,399
Associates	2,800,000	-	-	2,800,000	-	-	-	-
Total Investments	80,708,868	(106,949)	459,817	81,061,736	71,712,099	(116,250)	(142,702)	71,453,147
					(Un-audited) 30 September 2021	(Audited) 31 December 2020		
					(Rupees in '000)			

39.3 Islamic financing and related assets

Ijarah	1,665,141	1,656,565
Murabaha	8,574,876	9,148,387
Diminishing Musharaka	11,127,504	11,404,565
Islamic Long Term Financing Facility (ILTFF)	1,952,586	1,737,762
Istisna	4,439,022	2,364,376
Islamic Refinance for Renewable Energy (IFRE)	12,428	14,035
Islamic Refinance for Wages and Salaries (IRWS)	1,514,106	2,355,044
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	505,275	-
Islamic Export Refinance - Istisna	930,624	1,083,650
Musawamah	5,605,652	3,710,693
Islamic Export Refinance - Musawamah	596,856	826,500
Running Musharaka	111,282	84,799
Islamic Export Refinance - Running Musharaka	6,590,500	6,270,000
Financing against Bills - Musawamah	857,793	293,805
Staff Financing	855,963	594,202
Advance against Musawamah	1,664,291	1,700,257
Advance against Istisna	8,238,847	5,702,233
Advance against Istisna - IERF	7,094,275	4,829,300
Advance against Ijarah	159,314	735,441
Advance against Diminishing Musharaka	5,405,014	1,083,563
Advance against ILTFF	1,728,114	1,082,706
Advance against IFRE	2,164,511	875,000
Advance against ITERF	4,980,189	914,221
Advance against IRF SME	8,925	-
Gross Islamic financing and related assets	76,783,088	58,467,104
Less: provision against Islamic financings		
- Specific	23,813	135,936
- General	32,556	26,456
	56,369	162,392
Islamic financing and related assets - net of provision	76,726,719	58,304,712



	(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
39.4 Deposits and Other Accounts		
Customers		
Current deposits	46,203,020	36,256,469
Savings deposits	54,582,209	35,148,231
Term deposits	23,997,752	21,354,917
	124,782,981	92,759,617
Financial institutions		
Current deposits	7,984	62,908
Savings deposits	518,977	415,880
	526,961	478,788
	125,309,942	93,238,405
39.5 Islamic Banking Business Unappropriated Profit		
Opening Balance	2,744,921	2,551,373
Add: Islamic Banking profit for the period / year	2,739,343	2,744,921
Less: Remitted to Head Office	–	(2,551,373)
Closing Balance	5,484,264	2,744,921
39.6 Contingencies and Commitments		
Guarantees	5,520,612	4,415,658
Commitments	29,733,022	17,468,898
	35,253,634	21,884,556
	(Un-audited) Nine months period ended 30 September 2021	30 September 2020
	(Rupees in '000)	
39.7 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	2,864,099	3,490,453
Investments	4,463,116	2,506,933
Placements	20,493	343,413
	7,347,708	6,340,799
39.8 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	2,508,322	2,769,626
Due to Financial Institutions	280,627	176,927
Due to Head Office	201,658	135,320
	2,990,607	3,081,873



39.9 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

39.9.1 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 yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) 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.

39.9.2 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.)



39.9.3 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.

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

	30 September 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	4,573,000	2,026,484	44.31%	159,826	7.89%
FCY Pool	58,309	54,255	93.05%	6,451	11.89%
	30 September 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	4,363,401	1,908,470	43.74%	351,496	18.42%
FCY Pool	58,053	53,186	91.62%	5,797	10.90%



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

	(Un-audited)	
	<u>Nine months period ended</u>	
	<u>30 September</u>	<u>30 September</u>
	<u>2021</u>	<u>2020</u>
	(Percentage)	
Profit rate earned	7.10%	9.24%
Profit rate distributed	3.23%	5.10%

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 27 October 2021.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED HASAN ALI BUKHARI
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 SEPTEMBER 2021**

	Note	(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
ASSETS			
Cash and balances with treasury banks	6	118,885,825	105,936,009
Balances with other banks	7	6,455,853	19,681,362
Lendings to financial institutions	8	1,000,000	2,175,301
Investments	9	935,251,910	765,318,984
Advances	10	659,016,199	510,050,394
Fixed assets	11	54,950,645	43,976,664
Intangible assets	12	296,254	294,862
Deferred tax assets	13	1,020,466	—
Other assets	14	81,725,131	75,345,810
		1,858,602,283	1,522,779,386
LIABILITIES			
Bills payable	16	29,348,924	31,013,221
Borrowings	17	352,978,371	211,627,267
Deposits and other accounts	18	1,272,438,675	1,099,223,458
Liabilities against assets subject to finance lease		—	—
Subordinated debt	19	15,996,000	14,989,600
Deferred tax liabilities	13	—	139,836
Other liabilities	20	99,316,375	85,342,289
		1,770,078,345	1,442,335,671
NET ASSETS		88,523,938	80,443,715
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		20,233,154	18,431,277
Surplus on revaluation of assets	21	8,892,435	10,366,693
Unappropriated profit		48,159,715	40,416,713
Equity attributable to the shareholders of the Holding Company		88,399,558	80,328,937
Non-controlling interest	22	124,380	114,778
TOTAL EQUITY		88,523,938	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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

		Nine months period ended		Three months period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
	Note	(Rupees in '000)			
Mark-up / return / interest earned	25	85,648,986	98,545,078	30,586,912	33,164,355
Mark-up / return / interest expensed	26	(44,226,629)	(54,449,096)	(16,571,034)	(16,146,520)
Net mark-up / interest income		41,422,357	44,095,982	14,015,878	17,017,835
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	6,811,719	4,825,324	2,375,546	1,769,856
Dividend income		351,927	336,133	189,125	191,938
Foreign exchange income		1,896,967	1,398,838	847,967	588,079
Income / (loss) from derivatives		—	—	—	—
Gain / (loss) on securities - net	28	701	14,260	(13,638)	14,243
Share of profit from associates		233,866	95,790	94,792	53,392
Other income	29	647,222	539,639	179,524	262,105
Total non mark-up / interest income		9,942,402	7,209,984	3,673,316	2,879,613
Total income		51,364,759	51,305,966	17,689,194	19,897,448
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	(28,543,901)	(25,125,870)	(9,603,556)	(8,298,570)
Workers welfare fund		(459,771)	(516,496)	(162,499)	(226,840)
Other charges	31	(3,097)	(53,959)	(1,019)	(53,457)
Total non mark-up / interest expenses		(29,006,769)	(25,696,325)	(9,767,074)	(8,578,867)
Profit before Provisions		22,357,990	25,609,641	7,922,120	11,318,581
Reversals / (provisions) and write offs - net	32	118,661	(3,440,819)	90,431	(1,242,181)
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		22,476,651	22,168,822	8,012,551	10,076,400
Taxation	33	(8,418,248)	(8,931,573)	(3,089,158)	(4,082,796)
PROFIT AFTER TAXATION		14,058,403	13,237,249	4,923,393	5,993,604
Attributable to:					
Shareholders of the Holding Company		14,047,036	13,232,760	4,920,394	5,989,007
Non-controlling interest		11,367	4,489	2,999	4,597
		14,058,403	13,237,249	4,923,393	5,993,604
(Rupees)					
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	34	12.64	11.91	4.43	5.39

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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Nine months period ended		Three months period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Rupees in '000)			
Profit after taxation for the period	14,058,403	13,237,249	4,923,393	5,993,604
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	408,920	398,958	497,505	(127,893)
Movement in (deficit) / surplus on revaluation of investments - net of tax	(1,385,686)	2,548,453	(904,150)	(4,582,848)
	(976,766)	2,947,411	(406,645)	(4,710,741)
<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	-	-
Total comprehensive income	13,081,637	19,240,898	4,516,748	1,282,863
Attributable to:				
Shareholders of the Holding Company	13,072,035	19,234,131	4,518,425	1,271,323
Non-controlling interest	9,602	6,767	(1,677)	11,540
	13,081,637	19,240,898	4,516,748	1,282,863

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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Attributable to the shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Sub-total	Non-controlling interest	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets				
	(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 nine months period ended 30 September 2020:											
Profit after taxation	-	-	-	-	-	-	-	13,232,760	13,232,760	4,489	13,237,249
Other comprehensive income - net of tax	-	-	398,958	-	-	2,546,175	3,056,238	6,001,371	6,001,371	2,278	6,003,649
Total comprehensive income for the period	-	-	398,958	-	-	2,546,175	3,056,238	13,232,760	19,234,131	6,767	19,240,898
Transfer to statutory reserve	-	1,313,490	-	-	-	-	-	(1,313,490)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(72,682)	72,682	-	-	-
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 September 2020 - unaudited	11,114,254	15,173,157	2,340,073	126,500	540,000	4,152,964	7,458,498	36,265,878	77,171,324	112,277	77,283,601
Comprehensive income for the quarter ended 31 December 2020:											
Profit after taxation	-	-	-	-	-	-	-	4,714,972	4,714,972	5,239	4,720,211
Other comprehensive income - net of tax	-	-	(216,117)	-	-	(1,311,313)	98,346	(128,275)	(1,557,359)	(2,738)	(1,560,097)
Total comprehensive income for the period	-	-	(216,117)	-	-	(1,311,313)	98,346	4,586,697	3,157,613	2,501	3,160,114
Transfer to statutory reserve	-	467,664	-	-	-	-	-	(467,664)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(31,802)	31,802	-	-	-
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 nine months period ended 30 September 2021:											
Profit after taxation	-	-	-	-	-	-	-	14,047,036	14,047,036	11,367	14,058,403
Other comprehensive income - net of tax	-	-	408,920	-	-	(1,383,921)	-	(975,001)	(975,001)	(1,765)	(976,766)
Total comprehensive income for the period	-	-	408,920	-	-	(1,383,921)	-	14,047,036	13,072,035	9,602	13,081,637
Transfer to statutory reserve	-	1,392,957	-	-	-	-	-	(1,392,957)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(90,337)	90,337	-	-	-
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 September 2021 - unaudited	11,114,254	17,033,778	2,532,876	126,500	540,000	1,457,730	7,434,705	48,159,715	88,399,558	124,380	88,523,938

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

	MANSOOR ALI KHAN <i>Chief Executive</i>		ASHAR HUSAIN <i>Chief Financial Officer</i>	
SYED HASAN ALI BUKHARI <i>Director</i>		ANWAR HAJI KARIM <i>Director</i>		ABBAS D. HABIB <i>Chairman</i>



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Note	30 September 2021 (Rupees in '000)	30 September 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		22,476,651	22,168,822
Less: Dividend income		(351,927)	(336,133)
		22,124,724	21,832,689
Adjustments:			
Depreciation		2,162,415	2,076,123
Depreciation on right-of-use assets		1,358,045	1,221,292
Amortisation		229,034	221,445
(Reversals) / provisions and write-offs - net	32	(118,661)	3,440,819
Gain on sale of fixed assets - net		(364,997)	(276,387)
Charge for defined benefit plan		369,000	319,500
Gain on sale / redemption of securities - net		(701)	(14,260)
Share of profit from associates		(233,866)	(95,790)
Charge for compensated absences		181,194	101,926
Mark-up expense on lease liability against right-of-use assets		824,600	700,527
		4,406,063	7,695,195
		26,530,787	29,527,884
Decrease / (increase) in operating assets			
Lendings to financial institutions		1,175,301	(272,243)
Held-for-trading securities		(67,598)	(60,736)
Advances		(148,865,744)	(37,116,906)
Other assets		(6,327,092)	(6,583,863)
		(154,085,133)	(44,033,748)
(Decrease) / increase in operating liabilities			
Bills payable		(1,664,297)	(61,336)
Borrowings from financial institutions		141,120,010	60,084,022
Deposits		173,215,217	185,452,110
Other liabilities (excluding current taxation)		9,345,511	6,728,005
		322,016,441	252,202,801
		194,462,095	237,696,937
Income tax paid		(6,477,006)	(7,802,640)
Net cash flow generated from operating activities		187,985,089	229,894,297
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(152,134,123)	(198,204,454)
Net investments in held-to-maturity securities		(13,670,829)	(24,499,758)
Net investments in associates		(5,801,396)	(481,022)
Dividends received		293,651	300,878
Investments in operating fixed assets		(12,441,065)	(4,352,999)
Proceeds from sale of fixed assets		334,156	378,207
Exchange differences on translation of net investment in foreign branches		408,920	398,958
Net cash flow used in investing activities		(183,010,686)	(226,460,190)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (payments) of subordinated debt - net		1,006,400	(2,400)
Dividend paid		(4,922,434)	(3,839,162)
Payment against lease liabilities		(1,565,156)	(1,472,385)
Net cash flow used in financing activities		(5,481,190)	(5,313,947)
Decrease in cash and cash equivalents		(506,787)	(1,879,840)
Cash and cash equivalents at beginning of the period		125,419,074	122,460,717
Cash and cash equivalents at end of the period		124,912,287	120,580,877

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

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 921 branches (31 December 2020: 818 branches), 29 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 133 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 and 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

1.5 During the period, the Bank has decided to close its branch in Seychelles. Accordingly, the branch is now completing the regulatory requirements for closure.



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 September 2021 (Rupees in '000)	(Audited) 31 December 2020
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	26,804,520	23,716,952
Foreign currencies	1,884,785	4,761,414
	28,689,305	28,478,366
In transit:		
Local currency	1,027,420	600,285
Foreign currencies	19,911	4,412
	1,047,331	604,697
With State Bank of Pakistan in:		
Local currency current accounts	54,133,467	44,211,071
Local currency current accounts - Islamic Banking	4,196,204	3,339,015
Foreign currency deposit accounts		
Cash reserve accounts	3,609,408	3,508,365
Cash reserve / special cash reserve accounts		
- Islamic Banking	366,999	299,769
Special cash reserve account	7,218,817	7,016,730
Foreign currencies collection accounts	146,246	99,696
	69,671,141	58,474,646
With National Bank of Pakistan in:		
Local currency current accounts	18,775,205	16,110,129
Prize bonds	702,843	2,268,171
	118,885,825	105,936,009
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	319,992	132,466
In deposit accounts	3,573,445	201,704
	3,893,437	334,170
Outside Pakistan:		
In current accounts	2,510,392	5,965,561
In deposit accounts	52,028	13,381,635
	2,562,420	19,347,196
	6,455,857	19,681,366
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	6,455,853	19,681,362
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Musharakah	1,000,000	-
Bai Muajjal receivable with the State Bank of Pakistan	-	2,175,301
	1,000,000	2,175,301



9. INVESTMENTS

Note		30 September 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		156,771	-	(12,177)	144,594	95,778	-	771	96,549
Units of Mutual Funds		20,038	-	22	20,060	-	-	-	-
		176,809	-	(12,155)	164,654	95,778	-	771	96,549
Available-for-sale securities									
Federal Government Securities		712,200,190	(337,393)	2,523,900	714,386,697	560,204,139	(226,825)	4,589,209	564,566,523
Shares		4,454,416	(1,799,947)	527,765	3,182,234	4,473,575	(1,794,587)	575,088	3,254,076
Non Government Debt Securities		27,038,832	-	141,793	27,180,625	26,645,389	-	(46,105)	26,599,284
Foreign Securities		6,497,966	(857,971)	(1,294,829)	4,345,166	6,891,856	(909,432)	(1,215,066)	4,767,358
Units of Mutual Funds		2,375,000	(444,440)	330,493	2,261,053	2,125,000	(444,440)	350,397	2,030,957
		752,566,404	(3,439,751)	2,229,122	751,355,775	600,339,959	(3,375,284)	4,253,523	601,218,198
Held-to-maturity securities									
	9.3								
Federal Government Securities		172,839,641	(169,016)	-	172,670,625	159,496,264	(130,790)	-	159,365,474
Foreign Securities		2,036,111	(83,413)	-	1,952,698	1,708,659	(127,901)	-	1,580,758
Other		4,481	(4,481)	-	-	4,481	(4,481)	-	-
		174,880,233	(256,910)	-	174,623,323	161,209,404	(263,172)	-	160,946,232
Associates									
		9,108,158	-	-	9,108,158	3,058,005	-	-	3,058,005
Total Investments									
		936,731,604	(3,696,661)	2,216,967	935,251,910	764,703,146	(3,638,456)	4,254,294	765,318,984



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

9.1.1 Investments given as collateral

Market Treasury Bills	27,452,643	98,427,365
Pakistan Investment Bonds	170,419,000	—
	<u>197,871,643</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	93,270	3,978
(Reversal) / charge		
Charge for the period / year	14,662	294,959
(Reversal) / charge of impairment as per IFRS 9 in overseas branches for the period / year	(40,426)	1,120,117
Reversal on disposal during the period / year	(9,301)	(1,235)
	(35,065)	1,413,841
Others	—	4,481
Closing balance	<u>3,696,661</u>	<u>3,638,456</u>

9.3 The market value of securities classified as held to maturity at 30 September 2021 amounted to Rs. 176,957 million (31 December 2020: Rs. 168,809 million).



10. ADVANCES

	Performing		Non-Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	547,699,796	429,319,854	6,430,991	6,970,943	554,130,787	436,290,797
Islamic financing and related assets	76,745,563	58,248,930	37,525	218,174	76,783,088	58,467,104
Bills discounted and purchased	40,602,014	27,742,924	205,381	192,356	40,807,395	27,935,280
Advances - gross	665,047,373	515,311,708	6,673,897	7,381,473	671,721,270	522,693,181
Provision against advances						
– Specific	–	–	6,302,583	6,497,479	6,302,583	6,497,479
– General as per regulations	333,390	267,290	–	–	333,390	267,290
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	319,098	128,018	–	–	319,098	128,018
	6,402,488	6,145,308	6,302,583	6,497,479	12,705,071	12,642,787
Advances - net of provision	658,644,885	509,166,400	371,314	883,994	659,016,199	510,050,394

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

10.1 Particulars of advances (Gross)

In local currency	567,381,832	453,332,482
In foreign currencies	104,339,438	69,360,699
	671,721,270	522,693,181

10.2 Advances include Rs. 6,673.897 million (31 December 2020: Rs. 7,381.473 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2021 (Un-audited)		31 December 2020 (Audited)	
	Non-Performing	Provision	Non-Performing	Provision
	Loans		Loans	
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	52,988	956	62,671	292
Substandard	101,202	21,684	165,014	33,385
Doubtful	303,414	147,493	1,118,292	499,908
Loss	4,158,664	4,086,108	3,987,501	3,965,101
	<u>4,616,268</u>	<u>4,256,241</u>	<u>5,333,478</u>	<u>4,498,686</u>
Overseas				
Overdue by:				
181 to 365 days	<u>104,603</u>	<u>93,316</u>	<u>136,600</u>	<u>87,398</u>
> 365 days	<u>1,953,026</u>	<u>1,953,026</u>	<u>1,911,395</u>	<u>1,911,395</u>
	<u>2,057,629</u>	<u>2,046,342</u>	<u>2,047,995</u>	<u>1,998,793</u>
Total	<u>6,673,897</u>	<u>6,302,583</u>	<u>7,381,473</u>	<u>6,497,479</u>



10.3 Particulars of provision against advances

Note	30 September 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	146,407	16,413	162,820	68,496	5,158	73,654
Charge for the period / year						
- Specific provision	407,310	-	407,310	887,878	-	887,878
- General provision as per regulations	-	66,100	66,100	-	4,000	4,000
- As per IFRS 9 in overseas branches	-	174,667	174,667	-	(3,159)	(3,159)
- General provision for loans and advances	10.3.1 -	-	-	-	2,750,000	2,750,000
Reversals	(748,138)	-	(748,138)	(648,847)	-	(648,847)
	(340,828)	240,767	(100,061)	239,031	2,750,841	2,989,872
Amounts written off	(475)	-	(475)	(6,979)	-	(6,979)
Others	-	-	-	(4,481)	-	(4,481)
Closing balance	6,302,583	6,402,488	12,705,071	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 September 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 September 2021 (Rupees in '000)	(Audited) 31 December 2020
11. FIXED ASSETS		
Capital work-in-progress	2,528,782	2,279,324
Property and equipment	52,421,863	41,697,340
	54,950,645	43,976,664
11.1 Capital work-in-progress		
Civil works	524,018	454,808
Advance payment for purchase of equipments	237,785	51,867
Advance payment towards suppliers, contractors and property	1,717,445	1,740,546
Consultants' fee and other charges	49,534	32,103
	2,528,782	2,279,324



11.2 Additions to fixed assets

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

	(Un-audited)	
	Nine months period ended	
	30 September 2021	30 September 2020
	(Rupees in '000)	
Capital work-in-progress	2,324,681	3,209,142
Property and equipment		
Leasehold land	3,514,824	230,797
Building on leasehold land	5,380,550	1,056,640
Furniture and fixture	260,815	217,316
Electrical, office and computer equipment	1,548,192	1,145,575
Vehicles	661,366	610,632
Improvements to leasehold building	595,434	299,593
Right-of-use assets	2,561,652	2,078,228
	14,522,833	5,638,781
Total	16,847,514	8,847,923

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	1,401	1,883
Electrical, office and computer equipment	5,223	2,282
Vehicles	20,649	97,655
Building on leasehold land	2,226	—
Right-of-use assets	216,976	—
Total	246,475	101,820

12. INTANGIBLE ASSETS

	(Un-audited)	(Audited)
	30 September 2021	31 December 2020
	(Rupees in '000)	
Computer software	213,084	211,692
TRE certificates	2,500	2,500
Management rights	80,670	80,670
	296,254	294,862

12.1 Additions to intangible assets

	(Un-audited)	
	Nine months period ended	
	30 September 2021	30 September 2020
	(Rupees in '000)	
Computer software - directly purchased	230,426	100,528



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

13. DEFERRED TAX ASSET / (LIABILITIES)

Deductible Temporary Differences on

Provision against diminution in value of investments	1,432,958	1,270,805
Provision against loans and advances, off-balance sheet, etc.	1,905,794	1,725,436
Workers' welfare fund	1,123,356	848,152
Provision for compensated absences	572	1,742
Recognised tax losses	17,295	33,824
Others	3,590	2,774
	4,483,565	3,882,733

Taxable Temporary Differences on

Accelerated tax depreciation	(1,051,049)	(927,891)
Surplus on revaluation of fixed assets / non-banking assets	(1,548,755)	(1,606,514)
Surplus on revaluation of available-for-sale investments	(864,519)	(1,487,188)
Deficit / (surplus) on revaluation of held-for-trading securities	1,224	(976)
	(3,463,099)	(4,022,569)
	1,020,466	(139,836)

14. OTHER ASSETS

Income / mark-up accrued in local currency - net of provision	17,309,454	16,945,436
Income / mark-up accrued in foreign currencies - net of provision	1,323,002	691,713
Advances, deposits, advance rent and other prepayments	1,031,766	776,481
Non-banking assets acquired in satisfaction of claims	812,306	814,912
Mark to market gain on forward foreign exchange contracts	3,875,913	931,153
Acceptances	55,231,973	52,522,498
Stationery and stamps on hand	405,850	393,693
Receivable from SBP on encashment of government securities	58,937	33,013
ATM settlement account	-	943,062
Receivable against securities	259,089	218,199
Others	1,288,006	943,369
	81,596,296	75,213,529
Less: Provision held against other assets	14.1 (7,436)	(6,884)
Other Assets - net of provision	81,588,860	75,206,645
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21 136,271	139,165
Other Assets - total	81,725,131	75,345,810



	Note	(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	7,436	6,884
14.1.1 Movement in provision held against other assets			
Opening balance		6,884	7,383
Charge for the period / year		1,894	6,080
Reversals for the period / year		(1,342)	(5,255)
		552	825
Amount written off		–	(1,324)
Closing balance		7,436	6,884
15. CONTINGENT ASSETS			
There were no contingent assets of the Group as at 30 September 2021 (31 December 2020: Nil).			
16. BILLS PAYABLE			
In Pakistan		29,348,924	31,013,221
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		65,138,836	58,086,099
Under renewable energy		13,333,327	8,958,686
Under long term financing for imported and locally manufactured plant and machinery		28,241,134	25,128,756
Under modernisation of small and medium enterprises		453,852	331,848
Under women entrepreneurship		26,537	26,957
Under financing facility for storage of agricultural produce		745,826	416,073
Under refinance scheme for payment of wages and salaries		9,844,671	15,720,186
Under temporary economic refinance facility		23,235,331	4,387,473
Under refinance facility for combating COVID-19		100,000	–
		141,119,514	113,056,078
Repurchase agreement borrowings		197,434,825	98,345,030
Borrowings from financial institutions		13,981,195	–
Others		13,446	27,862
Total secured		352,548,980	211,428,970
Unsecured			
Overdrawn nostro accounts		429,391	198,297
		352,978,371	211,627,267



18. DEPOSITS AND OTHER ACCOUNTS

	30 September 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	435,530,840	46,334,278	481,865,118	351,389,228	40,963,348	392,352,576
Savings deposits	333,162,757	44,657,448	377,820,205	283,179,499	43,773,628	326,953,127
Term deposits	203,075,514	34,980,148	238,055,662	177,719,569	40,377,454	218,097,023
Current deposits - remunerative	129,275,565	2,911,589	132,187,154	120,360,146	2,247,064	122,607,210
Others	16,801,776	8,811,113	25,612,889	15,419,195	7,337,309	22,756,504
	1,117,846,452	137,694,576	1,255,541,028	948,067,637	134,698,803	1,082,766,440
Financial institutions						
Current deposits	3,888,412	152,776	4,041,188	3,568,698	203,742	3,772,440
Savings deposits	692,210	18	692,228	113,638	18	113,656
Term deposits	1,237,500	175,777	1,413,277	1,335,500	135,060	1,470,560
Current deposits - remunerative	10,234,697	501,115	10,735,812	10,381,339	697,737	11,079,076
Others	15,142	–	15,142	21,286	–	21,286
	16,067,961	829,686	16,897,647	15,420,461	1,036,557	16,457,018
	1,133,914,413	138,524,262	1,272,438,675	963,488,098	135,735,360	1,099,223,458

	Note	(Un-audited) 30 September 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
Term Finance Certificates (TFCs) - VIII - (Unquoted)	19.4	5,000,000	–
		15,996,000	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 (ask side) 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 payment will result in shortfall (or increase the 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 Rules, 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 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 (or increase the 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 Rules, 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 written off (either partially or in full).



19.4 Term Finance Certificates - VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
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) + 0.75% 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 (or increase the 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 written off (either partially or in full).

	(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
Note		
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,870,864	1,684,024
Mark-up / return / interest payable in foreign currencies	271,334	196,066
Unearned commission income	405,748	304,009
Accrued expenses	3,304,789	2,541,572
Acceptances	55,231,973	52,522,498
Unclaimed dividends	553,911	474,931
Mark to market loss on forward foreign exchange contracts	1,423,563	490,822
Branch adjustment account	3,177,832	2,639,104
Payable to defined benefit plan	1,052,514	683,514
Charity payable	22,859	41,298
Provision against off-balance sheet items	20.1 169,836	146,692
Security deposits against leases / ijarah	6,797,893	5,690,619
Provision for compensated absences	1,152,525	974,095
Special exporters' accounts in foreign currencies	226,850	43,518
Other security deposits	697,203	647,203
Workers' welfare fund	2,884,903	2,425,132
Payable to SBP / NBP	1,021,573	455,014
Payable to supplier against murabaha	220,796	166,017
Insurance payable	595,729	470,883
Lease liability against right-of-use assets	12,033,049	10,526,139
Payable against sale of marketable securities on behalf of customers	156,040	567,235
Current taxation (payments less provisions)	2,894,755	418,177
ATM settlement account	223,301	—
Others	1,926,535	1,233,727
	99,316,375	85,342,289



	(Un-audited) 30 September 2021 Note	(Audited) 31 December 2020 (Rupees in '000)
20.1 Provision against off-balance sheet obligations		
Opening balance	146,692	129,369
Exchange adjustment against IFRS 9 in overseas branches	7,231	1,470
Charge for the period / year	55,917	19,748
Reversals for the period / year	(40,004)	(3,895)
	15,913	15,853
Closing balance	169,836	146,692
21. SURPLUS ON REVALUATION OF ASSETS		
Surplus on revaluation of:		
- Investments	21.1 2,322,249	4,329,994
- Fixed assets	8,917,539	9,062,739
- Non-banking assets acquired in satisfaction of claims	136,271	139,165
	11,376,059	13,531,898
Deferred tax on surplus on revaluation of:		
- Investments	864,519	1,488,343
- Fixed assets	1,607,073	1,663,701
- Non-banking assets acquired in satisfaction of claims	12,032	13,161
	2,483,624	3,165,205
	8,892,435	10,366,693
21.1 Investments		
Available-for-sale securities	9.1 2,229,122	4,253,523
Unrealised surplus on equity accounting	91,437	76,546
Non-controlling interest	1,690	(75)
	2,322,249	4,329,994
Less: related deferred tax	864,519	1,488,343
	1,457,730	2,841,651
22. NON-CONTROLLING INTEREST		
Opening balance	114,778	105,510
Profit attributable to non-controlling interest	11,367	9,728
Loss on equity attributable to non-controlling interest	(1,765)	(460)
Closing balance	124,380	114,778
23. CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1 120,317,238	92,814,672
Commitments	23.2 444,853,862	351,718,547
Other contingent liabilities	23.3 1,479,854	1,537,827
	566,650,954	446,071,046



	(Un-audited) 30 September Note 2021	(Audited) 31 December 2020
	(Rupees in '000)	
23.1 Guarantees:		
Financial guarantees	26,699,578	20,716,906
Performance guarantees	93,617,660	72,097,766
	<u>120,317,238</u>	<u>92,814,672</u>
23.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	303,555,388	207,740,057
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 136,140,430	128,823,137
- forward lendings	23.2.2 4,042,368	7,124,914
Commitments for acquisition of:		
- operating fixed assets	1,115,676	8,030,439
	<u>444,853,862</u>	<u>351,718,547</u>
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	76,504,603	75,472,905
Sale	59,635,827	53,350,232
	<u>136,140,430</u>	<u>128,823,137</u>
The maturities of above contracts are spread over the periods upto one year.		
23.2.2 Commitments in respect of forward lending	<u>4,042,368</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 September 2021	(Audited) 31 December 2020
	(Rupees in '000)	
23.3 Claims against the Bank not acknowledged as debts	<u>1,479,854</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.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned 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 September 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	8,993,989	(155,486)	65,374,242	(846,170)	74,368,231	(1,001,656)
Other Entities						
Hedging	61,772,199	3,454,006	–	–	61,772,199	3,454,006
Total						
Hedging	<u>70,766,188</u>	<u>3,298,520</u>	<u>65,374,242</u>	<u>(846,170)</u>	<u>136,140,430</u>	<u>2,452,350</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>



24.2 Maturity Analysis

30 September 2021 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	250	36,913,702	(683,205)	371,434	(311,771)
1 to 3 months	488	52,025,462	(583,003)	1,017,779	434,776
3 to 6 months	442	28,880,277	(120,765)	1,308,479	1,187,714
6 months to 1 year	380	18,320,989	(36,590)	1,178,221	1,141,631
	1,560	136,140,430	(1,423,563)	3,875,913	2,452,350

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
	1,238	128,823,137	(490,822)	931,153	440,331

(Un-audited)		
Nine months period ended		
	30 September 2021	30 September 2020
	(Rupees in '000)	
25. MARK - UP / RETURN / INTEREST EARNED		
On loans and advances	27,979,196	34,612,921
On investments	57,333,843	63,307,791
On deposits with financial institutions	184,091	495,774
On securities purchased under resale agreements	151,486	128,479
On call money lendings	370	113
	85,648,986	98,545,078



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2021	2020
		(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	31,075,334	37,810,680	
Borrowings from SBP	1,649,034	1,146,982	
Subordinated debt	789,915	1,422,989	
Cost of foreign currency swaps	1,212,718	748,000	
Repurchase agreement borrowings	8,502,805	12,459,587	
Mark-up expense on lease liability against right-of-use assets	824,600	700,527	
Other borrowings	172,223	160,331	
	<u>44,226,629</u>	<u>54,449,096</u>	
27. FEE AND COMMISSION INCOME			
Branch banking customer fees	910,942	757,618	
Investment banking fees	21,901	108,477	
Consumer finance related fees	28,765	21,220	
Card related fees (debit and credit cards)	985,239	349,374	
Credit related fees	219,790	101,398	
Commission on trade	3,696,130	2,871,932	
Commission on guarantees	395,825	282,001	
Commission on cash management	160,597	126,386	
Commission on home remittances	87,540	107,502	
Others	304,990	99,416	
	<u>6,811,719</u>	<u>4,825,324</u>	
28. GAIN / (LOSS) ON SECURITIES - NET			
Realised	13,627	19,924	
Unrealised - held for trading	(12,926)	(5,664)	
	<u>701</u>	<u>14,260</u>	
28.1 Realised gain on:			
Federal Government Securities	194	27	
Shares	13,433	5,188	
Mutual Funds	—	14,709	
	<u>13,627</u>	<u>19,924</u>	
29. OTHER INCOME			
Gain on sale of fixed assets - net	364,997	276,387	
Recovery of expenses from customers	259,288	232,761	
Lockers rent	10,926	9,285	
Gain on acquisition of AHAML	—	20,125	
Income on margin financing	6,760	889	
Others	5,251	192	
	<u>647,222</u>	<u>539,639</u>	



(Un-audited)
Nine months period ended
30 September 30 September
2021 2020
(Rupees in '000)

30. OPERATING EXPENSES

Total compensation expenses	13,088,890	11,488,091
Property expenses		
Rent and taxes	255,939	263,518
Insurance	14,689	4,845
Utilities cost	1,047,575	794,982
Security (including guards)	769,334	770,514
Repair and maintenance (including janitorial charges)	260,261	236,101
Depreciation	2,070,560	1,933,621
	4,418,358	4,003,581
Information technology expenses		
Software maintenance	4,888	4,250
Hardware maintenance	916,116	678,929
Depreciation	269,072	147,638
Amortisation	229,034	221,445
Network charges	394,865	309,814
	1,813,975	1,362,076
Other operating expenses		
Directors' fees and allowances	29,510	24,277
Fees and allowances to Shariah Board	11,185	9,502
Insurance	377,526	354,552
Legal and professional charges	211,130	120,108
Outsourced services costs	1,412,028	1,342,102
Travelling and conveyance	175,955	132,191
NIFT and other clearing charges	154,419	105,386
Depreciation	1,180,828	1,216,156
Repair and maintenance	1,155,209	960,205
Training and development	33,103	21,456
Postage and courier charges	173,288	178,948
Communication	369,604	270,476
Stationery and printing	702,828	470,474
Marketing, advertisement and publicity	273,845	278,508
Donations	171,407	115,132
Auditors remuneration	8,156	7,281
Commission and brokerage	433,676	599,780
Entertainment and staff refreshment	259,944	192,378
Vehicle running expenses	1,132,080	809,220
Subscriptions and publications	172,893	163,456
CNIC verification charges	123,659	59,709
Security charges	307,528	236,165
Others	352,877	604,660
	9,222,678	8,272,122
	28,543,901	25,125,870



		(Un-audited) Nine months period ended	
		30 September 2021	30 September 2020
Note		(Rupees in '000)	
31. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		3,097	53,959
32. (REVERSALS) / PROVISIONS AND WRITE OFFS - NET			
(Reversal) / provision for diminution in value of investments 9.2		(35,065)	482,107
(Reversal) / provision against loans and advances - net 10.3		(100,061)	2,832,584
Provision against other assets 14.1.1		552	836
Provision against off - balance sheet items 20.1		15,913	3,102
Deficit on revaluation of fixed assets		-	122,190
		(118,661)	3,440,819
33. TAXATION			
Current		8,953,584	10,044,518
Prior years		-	224
Deferred		(535,336)	(1,113,169)
		8,418,248	8,931,573
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		14,047,036	13,232,760
		(Number)	
Weighted average number of ordinary shares		1,111,425,416	1,111,425,416
		(Rupees)	
Basic and diluted earnings per share		12.64	11.91
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 September 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	–	714,386,697	–	714,386,697
Shares	3,178,292	–	–	3,178,292
Non-Government Debt Securities	24,055,705	3,124,920	–	27,180,625
Foreign Securities	–	4,345,166	–	4,345,166
Mutual Funds	–	2,281,113	–	2,281,113
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	175,051,058	–	175,051,058
Foreign Securities	–	1,905,605	–	1,905,605
Associates				
Listed Shares	612,764	–	–	612,764
Mutual Funds	–	8,495,394	–	8,495,394
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	–	80,235,872	–	80,235,872
Forward sale of foreign exchange contracts	–	58,356,908	–	58,356,908



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:

	Nine months period ended 30 September 2021 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset Management	Total
Profit and Loss					
Mark-up / return / profit	80,496,602	5,134,205	17,747	432	85,648,986
Inter segment revenue - net	24,563	19,071,892	—	—	19,096,455
Non mark-up / return / interest income	3,008,539	6,662,162	129,638	142,063	9,942,402
Total income	83,529,704	30,868,259	147,385	142,495	114,626,650
Segment direct expenses	(50,082,863)	(23,002,569)	(101,752)	(46,214)	(73,233,398)
Inter segment expense allocation	(19,071,892)	—	(4,551)	(20,012)	(19,096,455)
Total expenses	(69,093,562)	(23,002,569)	(106,303)	(66,226)	(92,268,660)
Reversals / (provisions)	207,920	(74,597)	(14,662)	—	118,661
Profit before tax	14,582,869	7,791,093	26,420	76,269	22,476,651
	As at 30 September 2021 (Un-audited)				
Statement of financial position					
Cash and bank balances	104,840,052	20,359,287	142,292	47	125,341,678
Investments	934,276,503	—	250,633	724,774	935,251,910
Net inter segment lending	920,551	712,481,040	—	—	713,401,591
Lendings to financial institutions	1,000,000	—	—	—	1,000,000
Advances - performing	551,576,689	107,067,979	186	31	658,644,885
Advances - non-performing	356,478	14,836	—	—	371,314
Others	115,328,802	22,185,500	440,289	37,905	137,992,496
Total assets	1,708,299,075	862,108,642	833,400	762,757	2,572,003,874
Borrowings	352,751,586	—	226,750	35	352,978,371
Subordinated debt	15,996,000	—	—	—	15,996,000
Deposits and other accounts	500,318,664	772,120,011	—	—	1,272,438,675
Net inter segment borrowing	712,481,040	—	170,551	750,000	713,401,591
Others	50,496,543	77,922,756	231,032	14,968	128,665,299
Total liabilities	1,632,043,833	850,042,767	628,333	765,003	2,483,479,936
Equity	76,255,242	12,065,875	205,067	(2,246)	88,523,938
Total equity and liabilities	1,708,299,075	862,108,642	833,400	762,757	2,572,003,874
Contingencies and commitments	415,974,791	7,897,835	—	—	423,872,626



Nine months period ended 30 September 2020 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset Management	Total
Profit and loss					
Mark-up / return / profit	87,120,674	11,407,038	16,673	693	98,545,078
Inter segment revenue - net	32,930	22,513,140	—	—	22,546,070
Non mark-up / return / interest income	2,019,285	5,072,221	69,567	48,911	7,209,984
Total income	89,172,889	38,992,399	86,240	49,604	128,301,132
Segment direct expenses	(54,194,688)	(25,856,108)	(64,354)	(30,271)	(80,145,421)
Inter segment expense allocation	(22,513,140)	—	(6,593)	(26,337)	(22,546,070)
Total expenses	(76,707,828)	(25,856,108)	(70,947)	(56,608)	(102,691,491)
Reversals / (provisions)	(3,411,006)	(29,813)	—	—	(3,440,819)
Profit before tax	9,054,055	13,106,478	15,293	(7,004)	22,168,822

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 September 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	-	-	7,487,841	-	-	-	1,609,946	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	(1,437,688)	-	-	-	(24,106)	-
Closing balance	-	-	9,108,158	-	-	-	3,058,005	-
Advances								
Opening balance	332	171,544	2,217,749	-	1,487	76,626	3,015,256	-
Addition during the period / year	55,972	190,914	40,088,161	-	35,349	333,923	56,387,053	-
Repaid during the period / year	(55,935)	(173,572)	(40,519,534)	-	(36,504)	(239,005)	(57,184,560)	-
Closing balance	369	188,886	1,786,376	-	332	171,544	2,217,749	-
Operating fixed assets								
Right of use	-	-	1,572	-	-	-	3,931	-
Other assets								
Interest / mark-up accrued	-	94	360	-	-	118	1,289	-
L/C acceptances	-	-	378,030	-	-	-	1,090,910	-
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	5,866,854	2,638,310	88,489,703	9,930,041	6,891,056	3,205,958	189,014,948	8,825,958
Withdrawn during the period / year	(6,018,711)	(2,719,500)	(88,975,460)	(9,697,345)	(6,773,450)	(3,109,203)	(188,770,664)	(8,761,856)
Closing balance	920,827	639,728	3,295,483	810,528	1,072,684	720,918	3,781,240	577,832
Other liabilities								
Interest / mark-up payable	741	3,102	13,057	-	305	508	16,925	-
Payable to staff retirement fund	-	-	-	1,052,514	-	-	-	683,514
L/C acceptances	-	-	378,030	-	-	-	1,090,910	-
Unrealised loss on foreign exchange contracts	-	-	-	-	-	-	922	-
Other liabilities	-	16	-	-	-	4	-	-
Contingencies and commitments	-	-	1,544,373	-	-	-	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	-	-	285,000	6,375,000	-	-	330,000	3,232,000
Decreased during the period / year	-	-	(395,040)	(5,524,000)	-	-	(570,000)	(1,858,000)
Closing balance	-	-	399,800	6,462,000	-	-	509,840	5,611,000



38.1 RELATED PARTY TRANSACTIONS

	30 September 2021 (Un-audited)				30 September 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	–	7,557	79,972	–	5	4,197	166,865	–
Fee and commission income	25	117	117,986	–	16	47	38,295	1
Share of profit from associates	–	–	233,866	–	–	–	95,790	–
Other income	–	–	198	140	–	–	233	89
Expense								
Mark-up / return / interest expensed	46,089	36,563	158,196	31,780	62,328	44,842	315,404	36,114
Operating expenses	–	–	3,280	–	–	–	4,627	–
Salaries and allowances	–	486,056	–	–	–	420,461	–	–
Bonus	–	67,459	–	–	–	92,129	–	–
Contribution to defined contribution plan	–	22,220	–	–	–	18,795	–	–
Contribution to defined benefit plan	–	59,500	–	–	–	46,188	–	–
Staff provident fund	–	–	–	529,753	–	–	–	450,670
Staff gratuity fund	–	–	–	369,000	–	–	–	319,500
Directors' fees	27,890	–	–	–	23,227	–	–	–
Donation	–	–	6,000	–	–	–	4,500	–
Insurance premium paid	–	–	141,647	–	–	–	129,674	–
Insurance claims settled	–	–	59,913	–	–	–	19,959	–



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 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	76,521,197	67,350,151
Eligible Additional Tier 1 (ADT 1) Capital	6,625,226	6,658,103
Total Eligible Tier 1 Capital	83,146,423	74,008,254
Eligible Tier 2 Capital	26,974,756	24,026,053
Total Eligible Capital (Tier 1 + Tier 2)	110,121,179	98,034,307
Risk Weighted Assets (RWAs):		
Credit Risk	670,481,351	537,583,556
Market Risk	16,956,451	10,243,551
Operational Risk	98,014,443	98,014,443
Total	785,452,245	645,841,550
Common Equity Tier 1 Capital Adequacy Ratio	9.742%	10.428%
Tier 1 Capital Adequacy Ratio	10.586%	11.459%
Total Capital Adequacy Ratio	14.020%	15.179%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	83,146,423	74,008,254
Total Exposures	2,302,428,290	1,853,426,344
Leverage Ratio	3.611%	3.993%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	637,828,689	490,289,815
Total Net Cash Outflow	251,727,651	187,165,770
Liquidity Coverage Ratio	253.380%	261.955%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,324,429,438	999,664,575
Total Required Stable Funding	798,842,074	703,064,108
Net Stable Funding Ratio	165.794%	142.187%



40. ISLAMIC BANKING BUSINESS

The Bank is operating 133 (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 September 2021	(Audited) 31 December 2020
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		7,401,335	5,727,007
Balances with other banks		3,112,375	6,557
Due from financial institutions	40.1	1,000,000	2,175,301
Investments	40.2	81,061,736	71,453,147
Islamic financing and related assets - net	40.3	76,726,719	58,304,712
Fixed assets		647,593	479,006
Intangible assets		—	—
Due from Head Office		—	—
Other assets		6,824,563	5,167,572
Total Assets		176,774,321	143,313,302
LIABILITIES			
Bills payable		226,060	137,796
Due to financial institutions		25,976,992	18,962,087
Deposits and other accounts	40.4	125,309,942	93,238,405
Due to Head Office		4,056,727	14,457,740
Subordinated debt		—	—
Other liabilities		7,660,520	6,315,054
		163,230,241	133,111,082
NET ASSETS		13,544,080	10,202,220
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus / (deficit) on revaluation of assets		459,816	(142,701)
Unappropriated profit	40.5	5,484,264	2,744,921
		13,544,080	10,202,220
CONTINGENCIES AND COMMITMENTS	40.6		



The profit and loss account of the Bank's Islamic banking branches for the nine months period ended 30 September 2021 is as follows:

		(Un-audited)	
		Nine months period ended	
	Note	30 September 2021	30 September 2020
		(Rupees in '000)	
Profit / return earned	40.7	7,347,708	6,340,799
Profit / return expensed	40.8	(2,990,607)	(3,081,873)
Net Profit / return		4,357,101	3,258,926
Other income			
Fee and commission income		446,572	254,547
Dividend income		2,673	83,807
Foreign exchange income		99,869	65,406
Income / (loss) from derivatives		—	—
Gain on securities		108	14,709
Other income		29,809	22,768
Total other income		579,031	441,237
Total income		4,936,132	3,700,163
Other expenses			
Operating expenses		(2,311,958)	(1,729,536)
Other charges		(155)	(44)
Total other expenses		(2,312,113)	(1,729,580)
Profit before provisions		2,624,019	1,970,583
Reversals / (provisions) and write offs - net		115,324	(115,057)
Profit for the period		2,739,343	1,855,526
		(Un-audited)	(Audited)
		30 September	31 December
		2021	2020
		(Rupees in '000)	
40.1 Due from Financial Institutions			
Musharakah		1,000,000	—
Bai Muajjal receivable with the State Bank of Pakistan		—	2,175,301
		1,000,000	2,175,301



	30 September 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)							
40.2 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	36,963,589	-	204,761	37,168,350	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	12,220,510	-	-	12,220,510	11,328,818	-	-	11,328,818
- Naya Pakistan Certificates	792,991	-	-	792,991	-	-	-	-
	53,414,590	-	204,761	53,619,351	47,064,403	-	(208,246)	46,856,157
Shares								
- Listed Companies	80,455	(54,083)	14,129	40,501	97,442	(63,384)	15,861	49,919
Non Government Debt Securities								
- Listed	22,288,823	-	215,712	22,504,535	22,425,254	-	27,418	22,452,672
- Unlisted	2,025,000	-	-	2,025,000	2,025,000	-	-	2,025,000
	24,313,823	-	215,712	24,529,535	24,450,254	-	27,418	24,477,672
Units of Mutual Funds	100,000	(52,866)	25,215	72,349	100,000	(52,866)	22,265	69,399
Associates	2,800,000	-	-	2,800,000	100,000	(52,866)	22,265	69,399
Total Investments	80,708,868	(106,949)	459,817	81,061,736	71,712,099	(116,250)	(142,702)	71,453,147
	(Un-audited) 30 September 2021				(Audited) 31 December 2020			
	(Rupees in '000)							

40.3 Islamic financing and related assets

Ijarah	1,665,141	1,656,565
Murabaha	8,574,876	9,148,387
Diminishing Musharaka	11,127,504	11,404,565
Islamic Long Term Financing Facility (ILTFF)	1,952,586	1,737,762
Istisna	4,439,022	2,364,376
Islamic Refinance for Renewable Energy (IFRE)	12,428	14,035
Islamic Refinance for Wages and Salaries (IRWS)	1,514,106	2,355,044
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	505,275	-
Islamic Export Refinance - Istisna	930,624	1,083,650
Musawamah	5,605,652	3,710,693
Islamic Export Refinance - Musawamah	596,856	826,500
Running Musharaka	111,282	84,799
Islamic Export Refinance - Running Musharaka	6,590,500	6,270,000
Financing against Bills - Musawamah	857,793	293,805
Staff Financing	855,963	594,202
Advance against Musawamah	1,664,291	1,700,257
Advance against Istisna	8,238,847	5,702,233
Advance against Istisna - IERF	7,094,275	4,829,300
Advance against Ijarah	159,314	735,441
Advance against Diminishing Musharaka	5,405,014	1,083,563
Advance against ILTFF	1,728,114	1,082,706
Advance against IFRE	2,164,511	875,000
Advance against ITERF	4,980,189	914,221
Advance against IRF SME	8,925	-
Gross Islamic financing and related assets	76,783,088	58,467,104
Less: provision against Islamic financings		
- Specific	23,813	135,936
- General	32,556	26,456
	56,369	162,392
Islamic financing and related assets - net of provision	76,726,719	58,304,712



	(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
40.4 Deposits and Other Accounts		
Customers		
Current deposits	46,203,020	36,256,469
Savings deposits	54,582,209	35,148,231
Term deposits	23,997,752	21,354,917
	124,782,981	92,759,617
Financial institutions		
Current deposits	7,984	62,908
Savings deposits	518,977	415,880
	526,961	478,788
	125,309,942	93,238,405
40.5 Islamic Banking Business Unappropriated Profit		
Opening Balance	2,744,921	2,551,373
Add: Islamic Banking profit for the period / year	2,739,343	2,744,921
Less: Remitted to Head Office	–	(2,551,373)
Closing Balance	5,484,264	2,744,921
40.6 Contingencies and Commitments		
Guarantees	5,520,612	4,415,658
Commitments	29,733,022	17,468,898
	35,253,634	21,884,556
	(Un-audited) Nine months period ended 30 September 2021	30 September 2020
	(Rupees in '000)	
40.7 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	2,864,099	3,490,453
Investments	4,463,116	2,506,933
Placements	20,493	343,413
	7,347,708	6,340,799
40.8 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	2,508,322	2,769,626
Due to Financial Institutions	280,627	176,927
Due to Head Office	201,658	135,320
	2,990,607	3,081,873



40.9 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

40.9.1 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.

40.9.2 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.)



40.9.3 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 sukuku 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.

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

	30 September 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	4,573,000	2,026,484	44.31%	159,826	7.89%
FCY Pool	58,309	54,255	93.05%	6,451	11.89%
	30 September 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	4,363,401	1,908,470	43.74%	351,496	18.42%
FCY Pool	58,053	53,186	91.62%	5,797	10.90%



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

	(Un-audited)	
	Nine months period ended	
	30 September 2021	30 September 2020
	(Percentage)	
Profit rate earned	7.10%	9.24%
Profit rate distributed	3.23%	5.10%

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 27 October 2021.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED HASAN ALI BUKHARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman