

هَذَا مِنْ فَضْلِ رَبِّي



## CONTENTS

Corporate Information	2
Directors' Review	4
Unconsolidated Condensed Interim Statement of Financial Position	6
Unconsolidated Condensed Interim Profit and Loss Account	7
Unconsolidated Condensed Interim Statement of Comprehensive Income	8
Unconsolidated Condensed Interim Statement of Changes in Equity	9
Unconsolidated Condensed Interim Cash Flow Statement	10
Notes to the Unconsolidated Condensed Interim Financial Statements	11
Consolidated Financial Statements	47



## CORPORATE INFORMATION

<b>Board of Directors*</b>	Abbas D. Habib	<i>Chairman</i>
	Anwar Haji Karim	
	Farhana Mowjee Khan	
	Syed Mazhar Abbas	
	Qumail R. Habib	<i>Executive Director</i>
	Arshad Nasar	
	Murtaza H. Habib	
	Mohammad Rafiquddin Mehkari	
	Javed Iqbal	
	Adnan Afridi	
	Mansoor Ali Khan	<i>Chief Executive</i>
<b>Audit Committee</b>	Arshad Nasar	<i>Chaired by**</i>
	Syed Mazhar Abbas	<i>Member</i>
	Anwar Haji Karim	<i>Member</i>
<b>Human Resource &amp; Remuneration Committee</b>	Arshad Nasar	<i>Chaired by**</i>
	Syed Mazhar Abbas	<i>Member</i>
	Abbas D. Habib	<i>Member</i>
	Farhana Mowjee Khan	<i>Member</i>
<b>Credit Risk Management Committee</b>	Syed Mazhar Abbas	<i>Chairman</i>
	Qumail R. Habib	<i>Member</i>
	Murtaza H. Habib	<i>Member</i>
<b>Risk Management Committee</b>	Adnan Afridi	<i>Chairman</i>
	Qumail R. Habib	<i>Member</i>
	Farhana Mowjee Khan	<i>Member</i>
	Anwar Haji Karim	<i>Member</i>
<b>IT Committee</b>	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>
<b>IFRS 9 Committee</b>	Arshad Nasar	<i>Chaired by**</i>
	Qumail R. Habib	<i>Member</i>
<b>Company Secretary</b>	Mohammad Taqi Lakhani	

\*Election of Directors was held in the Annual General Meeting (AGM) of the Bank on March 29, 2022; State Bank of Pakistan's clearance has been requested and is in process.

\*\*Meeting chaired by Mr. Arshad Nasar as requested/recommended by the Committees members.



<b>Chief Financial Officer</b>	Ashar Husain
<b>Statutory Auditors</b>	EY Ford Rhodes Chartered Accountants
<b>Legal Advisor</b>	LMA Ebrahim Hosain Barristers, Advocates & Corporate Legal Consultants
<b>Registered Office</b>	126-C, Old Bahawalpur Road, Multan
<b>Principal Office</b>	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi
<b>Share Registrar</b>	CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.
<b>Website</b>	<a href="http://www.bankalhabib.com">www.bankalhabib.com</a>



## 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 quarter ended March 31, 2022.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 1,367.5 billion as compared to Rs. 1,309.8 billion on December 31, 2021. In the same period, advances increased to Rs. 747.2 billion from Rs. 733.8 billion, while investments decreased to Rs. 753.5 billion from Rs. 826.6 billion. The pre-tax profit of the Bank for the quarter ended March 31, 2022 was Rs. 8.18 billion as compared to Rs. 7.06 billion during the corresponding period last year. The profit after tax for the quarter ended March 31, 2022 was Rs. 4.96 billion compared with Rs. 4.60 billion during 2021.

By the Grace of Allah, the Bank now has a network of 990 offices, comprising 957 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 142 Islamic Banking Branches and 2 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2022.

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

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) have been upgraded from **AA+** (Double A Plus) to **AAA** (Triple A) for TFC-2018 and TFC-2021, and **AA** (Double A) to **AA+** (Double A Plus) 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: April 19, 2022



## ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 31 مارچ 2022 کو ختم ہونے والی سہ ماہی کے لئے بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحیب کینیڈا مارکیٹس (پرائیویٹ) لمیٹڈ اور الحیب ایسٹ مینجٹ لمیٹڈ پیش کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 31 مارچ 2022 کو ختم ہونے والی سہ ماہی میں ڈپازٹس بڑھ کر 1,367.5 بلین روپے ہو گئے، جو کہ 31 دسمبر 2021 کو 1,309.8 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 733.8 بلین روپے سے بڑھ کر 747.2 بلین روپے ہو گئے اور سرمایہ کاری 826.6 بلین روپے سے کم ہو کر 753.5 بلین روپے ہو گئی۔ 31 مارچ 2022 کو ختم ہونے والی سہ ماہی کے لئے آپ کے بینک کا قبل از ٹیکس منافع 8.18 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 7.06 بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع 31 مارچ 2022 کو ختم ہونے والی مدت کے لئے 4.96 بلین روپے رہا جبکہ گزشتہ سال یہ 4.60 بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 990 دفاتر پر مشتمل ہے، جس میں 957 برانچز، 29 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب 142 اسلامی بینکاری برانچز اور 2 بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال 2022 میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ AAA (ٹرپل اے) اور مختصر مدت کے لئے 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 آنسکیورڈ، سہارڈ بینڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگ AA+ (ڈبل اے پلس) سے بڑھ کر AAA (ٹرپل اے) برائے TFC-2018 اور TFC-2021 اور AA (ڈبل اے) سے بڑھا کر AA+ (ڈبل اے پلس) برائے TFC-2017 (پریچپول) 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 بحرو سے 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  
چیئر مین  
بورڈ آف ڈائریکٹرز

منصور علی خان  
چیف ایگزیکٹو

کراچی: ۱۹ اپریل ۲۰۲۲ء



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	Note	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>ASSETS</b>			
Cash and balances with treasury banks	6	118,883,702	118,599,741
Balances with other banks	7	22,142,227	6,740,008
Lendings to financial institutions	8	27,732,043	20,063,828
Investments	9	753,542,951	826,599,884
Advances	10	747,213,548	733,799,311
Fixed assets	11	57,468,143	55,692,777
Intangible assets	12	213,295	268,246
Deferred tax assets	13	3,535,992	2,074,828
Other assets	14	93,405,538	85,813,497
		<b>1,824,137,439</b>	<b>1,849,652,120</b>
<b>LIABILITIES</b>			
Bills payable	16	29,186,326	29,803,755
Borrowings	17	213,097,609	302,212,902
Deposits and other accounts	18	1,367,509,373	1,309,823,329
Liabilities against assets subject to finance lease		—	—
Subordinated debt	19	20,536,200	15,995,200
Deferred tax liabilities		—	—
Other liabilities	20	108,135,003	101,801,886
		<b>1,738,464,511</b>	<b>1,759,637,072</b>
<b>NET ASSETS</b>		<b>85,672,928</b>	<b>90,015,048</b>
<b>REPRESENTED BY</b>			
Share capital		11,114,254	11,114,254
Reserves		21,543,295	20,656,466
Surplus on revaluation of assets	21	4,500,426	6,446,259
Unappropriated profit		48,514,953	51,798,069
		<b>85,672,928</b>	<b>90,015,048</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		

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

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

	Note	Three months period ended 31 March 2022 (Rupees in '000)	31 March 2021
Mark-up / return / interest earned	24	34,195,584	25,941,191
Mark-up / return / interest expensed	25	(18,171,539)	(12,831,429)
Net mark-up / interest income		16,024,045	13,109,762
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	26	2,780,742	2,259,497
Dividend income		380,872	96,142
Foreign exchange income		585,043	649,786
Income / (loss) from derivatives		—	—
Gain on securities-net	27	185,550	640
Other income	28	226,721	163,950
Total non mark-up / interest income		4,158,928	3,170,015
<b>Total income</b>		<b>20,182,973</b>	<b>16,279,777</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	29	(11,677,266)	(9,321,660)
Workers welfare fund		(167,033)	(144,056)
Other charges	30	(251)	(783)
Total non mark-up / interest expenses		(11,844,550)	(9,466,499)
<b>Profit before provisions</b>		<b>8,338,423</b>	<b>6,813,278</b>
(Provisions) / reversals and write offs-net	31	(153,785)	245,444
Extra ordinary / unusual items		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>8,184,638</b>	<b>7,058,722</b>
Taxation	32	(3,221,589)	(2,458,004)
<b>PROFIT AFTER TAXATION</b>		<b>4,963,049</b>	<b>4,600,718</b>
		(Rupees)	
<b>Basic and diluted earnings per share</b>	33	<b>4.47</b>	<b>4.14</b>

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

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

	<b>Three months period ended</b>	
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>(Rupees in '000)</b>	
<b>Profit after taxation for the period</b>	<b>4,963,049</b>	<b>4,600,718</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>		
Effect of translation of net investment in foreign branches	<b>390,524</b>	(456,906)
Movement in deficit on revaluation of investments-net of tax	<b>(1,990,347)</b>	(1,264,563)
	<b>(1,599,823)</b>	(1,721,469)
<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	<b>74,632</b>	—
<b>Total comprehensive income</b>	<b>3,437,858</b>	<b>2,879,249</b>

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>
ARSHAD NASAR <i>Director</i>	ANWAR HAJI KARIM <i>Director</i>
	ABBAS D. HABIB <i>Chairman</i>



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

ABBAS D. HABIB  
*Chairman*



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

	31 March 2022	31 March 2021
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,184,638	7,058,722
Less: Dividend income	(380,872)	(96,142)
	<b>7,803,766</b>	<b>6,962,580</b>
<b>Adjustments:</b>		
Depreciation	831,527	688,035
Depreciation on right-of-use assets	516,579	443,893
Amortisation	60,256	87,637
Provisions / (reversals) and write-offs-net	153,785	(245,444)
Gain on sale of fixed assets-net	(130,451)	(67,761)
Charge for defined benefit plan	148,000	123,000
Gain on securities-net	(185,550)	(640)
Charge for compensated absences	60,464	60,358
Mark-up expense on lease liability against right-of-use assets	305,981	259,166
	<b>1,760,591</b>	<b>1,348,244</b>
	<b>9,564,357</b>	<b>8,310,824</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(7,668,215)	1,678,075
Held-for-trading securities	(25,482)	20,510
Advances	(13,562,920)	(22,975,563)
Other assets	(7,522,014)	(4,477,533)
	<b>(28,778,631)</b>	<b>(25,754,511)</b>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	(617,429)	(4,968,038)
Borrowings from financial institutions	(89,059,968)	19,041,850
Deposits	57,686,044	67,714,645
Other liabilities (excluding current taxation)	5,170,354	8,974,235
	<b>(26,820,999)</b>	<b>90,762,692</b>
	<b>(46,035,273)</b>	<b>73,319,005</b>
Income tax paid	(3,028,473)	(2,479,431)
Net cash flow (used in) / generated from operating activities	<b>(49,063,746)</b>	<b>70,839,574</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	69,428,136	(79,508,912)
Net investments in held-to-maturity securities	1,258,119	(812,227)
Net investments in associates	(678,745)	(800,000)
Dividends received	308,641	49,234
Investments in operating fixed assets	(2,138,636)	(1,896,279)
Proceeds from sale of fixed assets	129,094	73,742
Exchange differences on translation of net investment in foreign branches	390,524	(456,906)
Net cash generated / (used in) investing activities	<b>68,697,133</b>	<b>(83,351,348)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts / (payments) of subordinated debt-net	4,541,000	(3,992,800)
Dividend paid	(7,632,865)	(4,751,627)
Payment against lease liabilities	(800,017)	(606,309)
Net cash used in financing activities	<b>(3,891,882)</b>	<b>(9,350,736)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>15,741,505</b>	<b>(21,862,510)</b>
Cash and cash equivalents at beginning of the period	<b>124,979,088</b>	<b>125,400,165</b>
Cash and cash equivalents at end of the period	<b>140,720,593</b>	<b>103,537,655</b>

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

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman



## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

### 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 (now the Companies Act, 2017) 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 957 branches (31 December 2021: 927 branches), 29 sub-branches (31 December 2021: 29 sub-branches), 04 representative offices (31 December 2021: 04 representative offices) and 03 booths (31 December 2021: 03 booths). The branch network of the Bank includes 02 overseas branches (31 December 2021: 02 overseas branches) and 142 Islamic Banking branches (31 December 2021: 138 Islamic Banking branches).

### 2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (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.
- 2.2 Key financial information of the Islamic Banking branches is disclosed in note 39 to these unconsolidated condensed interim financial statements.
- 2.3 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.

#### 2.4 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;
- IFAS issued by the ICAP, 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.

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the 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 2021.

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, SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 directed the banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2022. 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. In case of overseas branches, IFRS 9 / respective foreign regulatory requirements are considered for recording, classification and valuation of investment.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these unconsolidated financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

### **3. ACCOUNTING POLICY**

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 2021.



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

IFRS 9 replaces the existing guidance in IAS 39. 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. SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 has extended the implementation date of IFRS 9 to 01 January 2022 from an earlier implementation date of 01 January 2021, however, final instructions for implementation of IFRS 9 are awaited from SBP, therefore, financial impact is not considered in these unconsolidated condensed interim financial statements.

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**

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these unconsolidated condensed interim financial statements.

## **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates 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 2021.

## **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2021.



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand:		
Local currency	28,583,537	25,102,090
Foreign currencies	2,994,013	1,731,629
	31,577,550	26,833,719
In transit:		
Local currency	791,075	230,555
Foreign currencies	368,086	422
	1,159,161	230,977
With State Bank of Pakistan in:		
Local currency current accounts	52,039,420	53,360,569
Local currency current accounts-Islamic Banking	7,238,778	5,651,972
Foreign currency deposit accounts		
Cash reserve account	3,917,260	3,733,261
Cash reserve / special cash reserve account		
- Islamic Banking	434,935	408,717
Special cash reserve account	7,834,519	7,466,521
Local US Dollar collection account	2,648,091	786,071
	74,113,003	71,407,111
With National Bank of Pakistan in:		
Local currency current accounts	11,822,605	19,846,650
Prize bonds	211,383	281,284
	118,883,702	118,599,741
<b>7. BALANCES WITH OTHER BANKS</b>		
In Pakistan:		
In current accounts	190,276	229,228
In deposit accounts	737,678	557,419
	927,954	786,647
Outside Pakistan:		
In current accounts	9,269,846	4,131,543
In deposit accounts	11,944,431	1,821,822
	21,214,277	5,953,365
	22,142,231	6,740,012
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	22,142,227	6,740,008
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	6,425,456	1,719,830
Market Treasury Bills	21,306,587	18,343,998
	27,732,043	20,063,828



## 9. INVESTMENTS

		31 March 2022 (Un-audited)				31 December 2021 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
</									



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>9.1.1 Investments given as collateral</b>		
Market Treasury Bills	–	34,993,379
Pakistan Investment Bonds	15,045,000	84,993,500
	<u>15,045,000</u>	<u>119,986,879</u>
<b>9.2 Provision for diminution in the value of investments</b>		
Opening balance	3,502,199	3,634,942
Exchange adjustments against IFRS 9 in overseas branches	53,295	144,654
Charge / (reversals):		
Charge for the period / year	2,534	–
Reversal of impairment as per IFRS 9 in overseas branches for the period / year	–	(188,882)
Reversal on disposal during the period / year	(4,941)	(88,515)
	(2,407)	(277,397)
Closing Balance	<u>3,553,087</u>	<u>3,502,199</u>
<b>9.3</b> The market value of securities classified as held to maturity at 31 March 2022 amounted to Rs. 177,725 million (31 December 2021: Rs. 181,472 million).		



## 10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 31 March 2022	(Audited) 31 December 2021	(Un-audited) 31 March 2022	(Audited) 31 December 2021	(Un-audited) 31 March 2022	(Audited) 31 December 2021
			(Rupees in '000)□			
Loans, cash credits, running finances, etc.	610,652,859	602,544,792	7,148,517	7,123,857	617,801,376	609,668,649
Islamic financing and related assets	94,007,303	84,965,477	407,398	410,650	94,414,701	85,376,127
Bills discounted and purchased	48,125,058	51,632,418	220,810	212,428	48,345,868	51,844,846
Advances-gross	752,785,220	739,142,687	7,776,725	7,746,935	760,561,945	746,889,622
Provision against advances						
– Specific	–	–	6,701,901	6,494,129	6,701,901	6,494,129
– General as per regulations	400,890	369,390	–	–	400,890	369,390
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	495,606	476,792	–	–	495,606	476,792
	6,646,496	6,596,182	6,701,901	6,494,129	13,348,397	13,090,311
Advances-net of provision	746,138,724	732,546,505	1,074,824	1,252,806	747,213,548	733,799,311

(Un-audited) (Audited)  
31 March 31 December  
2022 2021  
(Rupees in '000)

### 10.1 Particulars of advances (Gross)

In local currency	626,178,816	621,968,544
In foreign currencies	134,383,129	124,921,078
	760,561,945	746,889,622

10.2 Advances include Rs. 7,776.725 million (31 December 2021: Rs. 7,746.935 million) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	Loans (Rupees in '000)□			
Domestic				
Other Assets Especially Mentioned	65,813	796	47,122	1,887
Substandard	812,903	199,229	1,352,895	331,166
Doubtful	643,767	314,022	222,455	105,141
Loss	4,097,754	4,031,366	4,028,738	3,960,210
	5,620,237	4,545,413	5,651,210	4,398,404
Overseas				
Overdue by:				
181 to 365 days	76,866	76,866	85,363	85,363
> 365 days	2,079,622	2,079,622	2,010,362	2,010,362
	2,156,488	2,156,488	2,095,725	2,095,725
Total	7,776,725	6,701,901	7,746,935	6,494,129



### 10.3 Particulars of provision against advances

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	6,494,129	6,596,182	13,090,311	6,497,479	6,145,308	12,642,787
Exchange adjustments	90,589	18,814	109,403	223,681	17,349	241,030
Charge for the period / year						
- Specific provision	225,204	-	225,204	807,714	-	807,714
- General provision as per regulations	-	31,500	31,500	-	102,100	102,100
- As per IFRS 9 in overseas branches	-	-	-	-	331,425	331,425
Reversals	(108,021)	-	(108,021)	(1,034,201)	-	(1,034,201)
	117,183	31,500	148,683	(226,487)	433,525	207,038
Amounts written off	-	-	-	(544)	-	(544)
Closing balance	6,701,901	6,646,496	13,348,397	6,494,129	6,596,182	13,090,311

**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 31 March 2022 amounts to Rs. 5,750 million (31 December 2021: 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.

	Note	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,583,291	1,738,112
Property and equipment		54,884,852	53,954,665
		<u>57,468,143</u>	<u>55,692,777</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,237,823	595,516
Advance payment for purchase of equipments		133,437	125,432
Advance payment towards suppliers, contractors and property		1,206,969	1,015,099
Consultants' fee and other charges		5,062	2,065
		<u>2,583,291</u>	<u>1,738,112</u>



## 11.2 Additions to fixed assets

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

	<b>(Un-audited)</b> <b>Three months period ended</b>	
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>(Rupees in '000)</b>	
<b>Capital work-in-progress</b>	<b>1,172,859</b>	<b>109,643</b>
<b>Property and equipment</b>		
Leasehold land	—	5,600
Building on leasehold land	16,724	35,041
Furniture and fixture	118,545	92,343
Electrical, office and computer equipment	897,704	536,679
Vehicles	215,852	184,483
Improvements to leasehold building	39,327	74,653
Right-of-use assets	1,009,760	608,463
	<b>2,297,912</b>	<b>1,537,262</b>
<b>Total</b>	<b>3,470,771</b>	<b>1,646,905</b>

## 11.3 Disposal of fixed assets

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

Furniture and fixture	1,384	718
Electrical, office and computer equipment	1,802	1,338
Vehicles	1,260	3,925
<b>Total</b>	<b>4,446</b>	<b>5,981</b>

<b>(Un-audited)</b> <b>31 March 2022</b>	<b>(Audited)</b> <b>31 December 2021</b>
<b>(Rupees in '000)</b>	

## 12. INTANGIBLE ASSETS

Computer software	213,295	268,246
-------------------	---------	---------

<b>(Un-audited)</b> <b>Three months period ended</b>
<b>31 March 2022</b>
<b>31 March 2021</b>
<b>(Rupees in '000)</b>

## 12.1 Additions to intangible assets

Computer software-directly purchased	5,305	168,046
--------------------------------------	-------	---------



		(Un-audited) 31 March 2022	(Audited) 31 December 2021
	Note	(Rupees in '000)	
<b>13. DEFERRED TAX ASSET</b>			
<b>Deductible Temporary Differences on</b>			
Provision against diminution in value of investments		1,384,052	1,364,207
Provision against loans and advances, off-balance sheet, etc.		2,091,519	2,083,606
Workers' welfare fund		1,252,050	1,186,908
Deficit on revaluation of available for sale investments		1,693,487	420,972
Deficit / (surplus) on revaluation of held for trading securities		738	(640)
		<b>6,421,846</b>	<b>5,055,053</b>
<b>Taxable Temporary Differences on</b>			
Accelerated tax depreciation		(1,146,164)	(1,146,649)
Surplus on revaluation of fixed assets / non-banking assets		(1,739,690)	(1,833,576)
		<b>(2,885,854)</b>	<b>(2,980,225)</b>
		<b>3,535,992</b>	<b>2,074,828</b>
<b>14. OTHER ASSETS</b>			
Income / mark-up accrued in local currency-net of provision		24,771,232	19,758,226
Income / mark-up accrued in foreign currencies-net of provision		1,624,599	1,174,158
Advances, deposits, advance rent and other prepayments		1,509,479	1,161,812
Non-banking assets acquired in satisfaction of claims		810,618	811,454
Mark to market gain on forward foreign exchange contracts		2,521,894	2,993,003
Acceptances		56,859,429	55,030,553
Stationery and stamps on hand		519,722	436,018
Receivable from SBP on encashment of Government Securities		105,831	150,135
Others		4,552,111	4,166,147
		<b>93,274,915</b>	<b>85,681,506</b>
Less: Provision held against other assets	14.1	(7,896)	(7,497)
Other Assets (net of provision)		<b>93,267,019</b>	<b>85,674,009</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<b>138,519</b>	<b>139,488</b>
Other Assets-total		<b>93,405,538</b>	<b>85,813,497</b>
<b>14.1 Provision held against other assets</b>			
Receivable against consumer loans	14.1.1	<b>7,896</b>	<b>7,497</b>



(Un-audited) (Audited)  
31 March 31 December  
2022 2021  
(Rupees in '000)

**14.1.1 Movement in provision held against other assets**

Opening balance	7,497	6,884
Charge for the period / year	714	2,740
Reversals for the period / year	(315)	(2,127)
	399	613
Closing balance	7,896	7,497

**15. CONTINGENT ASSETS**

There were no contingent assets of the Bank as at 31 March 2022 (31 December 2021: Nil).

(Un-audited) (Audited)  
31 March 31 December  
2022 2021  
(Rupees in '000)

**16. BILLS PAYABLE**

In Pakistan	29,186,326	29,803,755
-------------	------------	------------

**17. BORROWINGS**

**Secured**

Borrowings from the State Bank of Pakistan

Under export refinance scheme	83,788,600	72,330,093
Under renewable energy	13,976,118	13,588,833
Under long term financing for imported and locally manufactured plant and machinery	33,734,308	31,605,152
Under modernisation of small and medium enterprises	646,878	566,723
Under women entrepreneurship	23,723	26,893
Under financing facility for storage of agricultural produce	690,752	735,467
Under refinance scheme for payment of wages and salaries	5,875,557	7,842,569
Under temporary economic refinance facility	36,745,865	32,012,142
Under refinance facility for combating COVID-19	117,820	100,000

	175,599,621	158,807,872
Repurchase agreement borrowings	15,000,000	119,942,164
Borrowing from financial institutions	22,192,652	23,102,205
<b>Total secured</b>	<b>212,792,273</b>	<b>301,852,241</b>

**Unsecured**

Overdrawn nostro accounts	305,336	360,661
	213,097,609	302,212,902



## 18. DEPOSITS AND OTHER ACCOUNTS

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
			(Rupees in '000)			
<b>Customers</b>						
Current deposits	482,591,110	47,938,091	530,529,201	451,790,944	50,037,483	501,828,427
Savings deposits	336,470,961	49,344,595	385,815,556	331,340,746	47,617,002	378,957,748
Term deposits	213,483,338	43,372,240	256,855,578	204,273,302	38,981,706	243,255,008
Current deposits-remunerative	141,021,147	4,396,304	145,417,451	117,604,631	3,844,969	121,449,600
Others	17,278,026	7,969,086	25,247,112	20,969,061	8,647,765	29,616,826
	1,190,844,582	153,020,316	1,343,864,898	1,125,978,684	149,128,925	1,275,107,609
<b>Financial institutions</b>						
Current deposits	3,351,257	433,426	3,784,683	4,373,863	361,260	4,735,123
Savings deposits	5,976,792	19	5,976,811	10,929,524	18	10,929,542
Term deposits	514,189	211,917	726,106	1,363,787	193,282	1,557,069
Current deposits-remunerative	12,405,275	736,770	13,142,045	17,195,258	284,878	17,480,136
Others	14,830	-	14,830	13,850	-	13,850
	22,262,343	1,382,132	23,644,475	33,876,282	839,438	34,715,720
	1,213,106,925	154,402,448	1,367,509,373	1,159,854,966	149,968,363	1,309,823,329

	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
		(Rupees in '000)	
<b>19. SUBORDINATED DEBT - Unsecured</b>			
Term Finance Certificates (TFCs) - VI - (Unquoted)	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	19.2	3,995,200	3,995,200
Term Finance Certificates (TFCs) - VIII - (Unquoted)	19.3	4,999,000	5,000,000
Term Finance Certificates (TFCs) - IX - (Unquoted)	19.4	4,542,000	-
		20,536,200	15,995,200



#### 19.1 Term Finance Certificates - VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	<b>AA+</b>
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 or 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) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

#### 19.2 Term Finance Certificates - VII (Unquoted)

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



### 19.3 Term Finance Certificates - VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	<b>AAA</b>
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 Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

### 19.4 Term Finance Certificates - IX (Unquoted)

Issue amount	Rupees 4,542 million
Issue Date	Issue in process
Maturity date	Perpetual
Rating	<b>AA+</b>
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or 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) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
(Rupees in '000)			
<b>20. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		3,539,570	2,045,632
Mark-up / return / interest payable in foreign currencies		264,346	302,370
Unearned commission income		520,247	1,416,819
Accrued expenses		4,107,957	2,942,988
Acceptances		56,859,429	55,030,553
Unclaimed / dividends payable		693,343	546,228
Mark to market loss on forward foreign exchange contracts		1,531,444	787,128
Branch adjustment account		4,065,495	5,764,199
Payable to defined benefit plan		1,122,312	974,313
Charity payable		15,178	12,978
Provision against off-balance sheet items	20.1	184,062	173,319
Security deposits against leases / ijarah		7,676,879	7,174,202
Provision for compensated absences		1,189,360	1,127,704
Other security deposits		825,224	765,531
Workers' welfare fund		3,210,386	3,043,353
Payable to SBP / NBP		1,636,159	1,323,252
Payable to supplier against murabaha		251,204	223,202
Insurance payable		650,665	610,916
Lease liability against right-of-use assets		12,728,482	12,235,539
Current taxation (payments less provisions)		2,350,895	2,043,762
ATM settlement account		1,595,348	1,729,169
Others		3,117,018	1,528,729
		<b>108,135,003</b>	<b>101,801,886</b>
<b>20.1 Provision against off-balance sheet obligations</b>			
Opening balance		173,319	146,692
Exchange adjustment against IFRS 9 in overseas branches		3,633	4,141
Charge for the period / year		8,405	60,763
Reversals for the period / year		(1,295)	(38,277)
		7,110	22,486
Closing balance		<b>184,062</b>	<b>173,319</b>



		(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
Note			
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>			
	(Deficit) / surplus on revaluation of:		
	- Available-for-sale securities	9.1 (4,342,275)	(1,079,413)
	- Fixed assets	8,820,733	8,869,136
	- Non-banking assets acquired in satisfaction of claims	138,519	139,488
		<b>4,616,977</b>	<b>7,929,211</b>
	Deferred tax on (deficit) / surplus on revaluation of:		
	- Available-for-sale securities	(1,693,487)	(420,972)
	- Fixed assets	1,755,611	1,849,120
	- Non-banking assets acquired in satisfaction of claims	54,427	54,804
		<b>116,551</b>	<b>1,482,952</b>
		<b>4,500,426</b>	<b>6,446,259</b>
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
	Guarantees	22.1 132,637,225	126,082,119
	Commitments	22.2 483,353,071	438,585,630
	Other contingent liabilities	22.3 2,017,686	2,030,711
		<b>618,007,982</b>	<b>566,698,460</b>
<b>22.1 Guarantees:</b>			
	Financial guarantees	25,102,417	24,274,161
	Performance guarantees	107,534,808	101,807,958
		<b>132,637,225</b>	<b>126,082,119</b>
<b>22.2 Commitments:</b>			
	Documentary credits and short term trade-related transactions		
	- letters of credit	341,578,600	301,891,236
	Commitments in respect of:		
	- forward foreign exchange contracts	22.2.1 137,401,741	131,220,965
	- forward lendings	22.2.2 3,101,743	4,717,424
	Commitments for acquisition of:		
	- Operating fixed assets	1,270,987	756,005
		<b>483,353,071</b>	<b>438,585,630</b>
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
	Purchase	64,501,789	72,497,648
	Sale	72,899,952	58,723,317
		<b>137,401,741</b>	<b>131,220,965</b>
The maturities of above contracts are spread over the periods upto one year.			



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>22.2 Commitments in respect of forward lending</b>	<b>3,101,743</b>	<b>4,717,424</b>

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) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>22.3 Claims against the Bank not acknowledged as debts</b>	<b>2,017,686</b>	<b>2,030,711</b>

#### 22.4 Other contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2020 (Tax Year 2021) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (including Azad Kashmir operations) have been finalized upto and including tax year 2019. Tax year 2020 has been finalized for Azad Kashmir operations only.

Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

While finalizing the income tax assessments in respect of tax years 2009, 2011, 2012 to 2019 (excluding 2017), income tax authorities made certain add backs. As a result of appeals filed by the Bank before Commissioner Inland Revenue (Appeals), certain add backs have been deleted, resulting in aggregate net tax impact of Rs. 987.344 million. The Bank has filed appeal before Income Tax Appellate Tribunal (ITAT) against above mentioned orders.

Tax authorities have also issued orders under Federal Excise Duty levy on certain items for the period from 2013 to 2015 thereby creating aggregate demand of Rs. 80.766 million. Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR).

Commissioner (HQ), Punjab Revenue Authority has passed order for the year 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.

Assistant Commissioner Inland Revenue, Mirpur AJ&K made certain add backs with an aggregate tax impact of Rs. 192.362 million for tax years 2014 to 2020. Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments for tax years 2014 to 2018. The appeal for tax years 2019 to 2020 is pending before Commissioner Inland Revenue (Appeals), Mirpur AJ&K, having an aggregate net tax impact of Rs. 98.919 million.

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	31 March 2022 (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)
<b>Banks</b>						
Hedging	15,749,155	(92,805)	71,631,992	(889,675)	87,381,147	(982,480)
<b>Other Entities</b>						
Hedging	50,020,594	1,972,930	—	—	50,020,594	1,972,930
<b>Total</b>						
Hedging	<u>65,769,749</u>	<u>1,880,125</u>	<u>71,631,992</u>	<u>(889,675)</u>	<u>137,401,741</u>	<u>990,450</u>
Counter Parties	31 December 2021 (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)
<b>Banks</b>						
Hedging	7,709,331	(24,745)	62,902,410	(368,653)	70,611,741	(393,398)
<b>Other Entities</b>						
Hedging	60,609,224	2,599,273	—	—	60,609,224	2,599,273
<b>Total</b>						
Hedging	<u>68,318,555</u>	<u>2,574,528</u>	<u>62,902,410</u>	<u>(368,653)</u>	<u>131,220,965</u>	<u>2,205,875</u>



## 23.2 Maturity Analysis

31 March 2022 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	317	56,872,988	(675,635)	360,019	(315,616)
1 to 3 months	470	43,143,509	(591,128)	876,226	285,098
3 to 6 months	354	31,966,910	(255,817)	1,066,834	811,017
6 months to 1 year	110	5,418,334	(8,864)	218,815	209,951
1 to 2 years	-	-	-	-	-
	<b>1,251</b>	<b>137,401,741</b>	<b>(1,531,444)</b>	<b>2,521,894</b>	<b>990,450</b>

31 December 2021 (Audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	220	18,737,362	(100,927)	257,804	156,877
1 to 3 months	494	59,723,927	(402,549)	921,515	518,966
3 to 6 months	470	37,622,436	(229,758)	1,215,887	986,129
6 months to 1 year	254	15,044,175	(53,894)	595,124	541,230
1 to 2 years	1	93,065	-	2,673	2,673
	<b>1,439</b>	<b>131,220,965</b>	<b>(787,128)</b>	<b>2,993,003</b>	<b>2,205,875</b>

(Un-audited)		
Three months period ended		
	31 March 2022	31 March 2021
	(Rupees in '000)	

## 24. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	14,198,283	8,294,903
On investments	18,977,302	17,559,749
On deposits with financial institutions	67,169	32,590
On securities purchased under resale agreements	952,830	39,842
On lending to financial institutions	-	13,843
On call money lendings	-	264
	<b>34,195,584</b>	<b>25,941,191</b>



		(Un-audited)	
		Three months period ended	
		31 March	31 March
		2022	2021
		(Rupees in '000)	
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		15,484,412	10,075,876
Borrowings from SBP		711,407	506,727
Subordinated debt		456,320	300,670
Cost of foreign currency swaps		162,765	511,737
Repurchase agreement borrowings		988,417	1,123,757
Mark-up expense on lease liability against right-of-use assets		305,981	259,166
Other borrowings		62,237	53,496
		<b>18,171,539</b>	<b>12,831,429</b>
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		324,957	335,036
Investment banking fees		3,221	7,400
Consumer finance related fees		17,607	18,187
Card related fees (debit and credit cards)		592,524	429,793
Credit related fees		61,608	44,949
Commission on trade		1,475,865	1,184,840
Commission on guarantees		171,034	138,080
Commission on cash management		59,763	48,642
Commission on home remittances		33,041	41,611
Others		41,122	10,959
		<b>2,780,742</b>	<b>2,259,497</b>
<b>27. GAIN / (LOSS) ON SECURITIES-NET</b>			
Realised	27.1	189,087	2,493
Unrealised-held-for-trading		(3,537)	(1,853)
		<b>185,550</b>	<b>640</b>
<b>27.1 Realised gain / (loss) on:</b>			
Federal Government Securities		102	42
Shares		167,732	5,264
Mutual Funds		21,253	(2,813)
		<b>189,087</b>	<b>2,493</b>
<b>28. OTHER INCOME</b>			
Rent on property		2,859	2,605
Gain on sale of fixed assets-net		130,451	67,761
Recovery of expenses from customers		87,904	85,459
Lockers rent		5,138	3,917
Others		369	4,208
		<b>226,721</b>	<b>163,950</b>



**(Un-audited)**  
**Three months period ended**  
**31 March 31 March**  
**2022 2021**  
**(Rupees in '000)**

**29. OPERATING EXPENSES**

<b>Total compensation expenses</b>	<b>5,668,259</b>	<b>4,146,530</b>
<b>Property expenses</b>		
Rent and taxes	53,817	62,092
Insurance	1,120	2,429
Utilities cost	351,189	214,420
Security (including guards)	311,038	261,482
Repair and maintenance (including janitorial charges)	86,794	79,263
Depreciation	803,490	659,760
	<b>1,607,448</b>	<b>1,279,446</b>
<b>Information technology expenses</b>		
Software maintenance	5,012	4,358
Hardware maintenance	424,809	222,529
Depreciation	105,961	82,473
Amortisation	60,256	87,637
Network charges	145,805	110,026
	<b>741,843</b>	<b>507,023</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	11,380	11,380
Fees and allowances to Shariah Board	4,675	3,423
Insurance	176,678	100,566
Legal and professional charges	61,440	57,212
Outsourced services costs	484,287	435,188
Travelling and conveyance	83,526	56,545
NIFT and other clearing charges	54,217	57,362
Depreciation	438,655	389,695
Repair and maintenance	425,706	364,616
Training and development	14,592	15,523
Postage and courier charges	92,704	58,078
Communication	118,123	118,780
Stationery and printing	262,811	212,866
Marketing, advertisement and publicity	90,644	424,594
Donations	51,750	114,207
Auditors remuneration	1,855	2,742
Commission and brokerage	212,487	139,699
Entertainment and staff refreshment	98,706	86,157
Vehicle running expenses	554,520	351,123
Subscriptions and publications	72,119	67,392
CNIC verification charges	50,594	40,594
Security charges	129,231	96,529
Others	169,016	184,390
	<b>3,659,716</b>	<b>3,388,661</b>
	<b>11,677,266</b>	<b>9,321,660</b>



		(Un-audited)	
		Three months period ended	
		31 March	31 March
		2022	2021
		(Rupees in '000)	
30.	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	251	783
31.	PROVISIONS / (REVERSALS) AND WRITE OFFS-NET		
	Reversal for diminution in value of investments-net	9.2 (2,407)	(62,071)
	Provision / (reversal) against loans and advances-net	10.3 148,683	(205,023)
	Provision / (reversal) against other assets	14.1.1 399	(31)
	Provision against off-balance sheet items	20.1 7,110	21,681
		153,785	(245,444)
32.	TAXATION		
	Current	3,335,606	2,761,952
	Deferred	(114,017)	(303,948)
		3,221,589	2,458,004
33.	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	4,963,049	4,600,718
		(Number)	
	Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
		(Rupees)	
	Basic and diluted earnings per share	4.47	4.14
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 annual financial statements for the year ended 31 December 2021.		



### 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).

There were no transfers between levels 1 and 2 during the period.

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:

	31 March 2022 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
Investments				
Federal Government Securities	–	521,650,771	–	521,650,771
Shares	2,875,572	–	–	2,875,572
Non-Government Debt Securities	25,021,571	5,172,910	–	30,194,481
Foreign Securities	–	4,066,006	–	4,066,006
Mutual Funds	–	2,119,427	–	2,119,427
<b>Financial assets-disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	–	176,621,832	–	176,621,832
Foreign Securities	–	1,102,676	–	1,102,676
Associates				
Mutual Funds	–	8,497,945	–	8,497,945
<b>Off-balance sheet financial instruments</b>				
<b>- measured at fair value</b>				
Forward purchase of foreign exchange contracts	–	66,965,769	–	66,965,769
Forward sale of foreign exchange contracts	–	71,426,422	–	71,426,422



31 December 2021 (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	–	593,011,443	–	593,011,443
Shares	3,324,237	–	–	3,324,237
Non-Government Debt Securities	24,909,693	5,172,920	–	30,082,613
Foreign Securities	–	4,917,137	–	4,917,137
Mutual Funds	–	2,107,605	–	2,107,605

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

Investments				
Federal Government Securities	–	179,649,767	–	179,649,767
Foreign Securities	–	1,822,342	–	1,822,342
Associates				
Mutual Funds	–	7,841,384	–	7,841,384

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

Forward purchase of foreign exchange contracts	–	75,147,663	–	75,147,663
Forward sale of foreign exchange contracts	–	58,279,177	–	58,279,177

**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:

	Three months period ended 31 March 2022 (Un-audited)		
	Commercial banking	Retail banking	Total
	(Rupees in '000)		
<b>Profit and loss account</b>			
Mark-up / return / profit	31,263,960	2,931,624	34,195,584
Inter segment revenue-net	–	10,260,706	10,260,706
Non mark-up / return / interest income	1,722,981	2,435,947	4,158,928
Total income	32,986,941	15,628,277	48,615,218
Segment direct expenses	(17,283,672)	(12,732,417)	(30,016,089)
Inter segment expense allocation	(10,260,706)	–	(10,260,706)
Total expenses	(27,544,378)	(12,732,417)	(40,276,795)
Provisions	(112,130)	(41,655)	(153,785)
Profit before tax	5,330,433	2,854,205	8,184,638
	As at 31 March 2022 (Un-audited)		
<b>Statement of financial position</b>			
Cash and bank balances	116,219,574	24,806,355	141,025,929
Investments	753,542,951	–	753,542,951
Net inter segment lending	–	747,664,300	747,664,300
Lendings to financial institutions	27,732,043	–	27,732,043
Advances - performing	614,713,276	131,425,448	746,138,724
- non-performing	1,065,971	8,853	1,074,824
Others	127,722,788	26,900,180	154,622,968
<b>Total assets</b>	<b>1,640,996,603</b>	<b>930,805,136</b>	<b>2,571,801,739</b>
Borrowings	213,097,609	–	213,097,609
Subordinated debt	20,536,200	–	20,536,200
Deposits and other accounts	543,398,411	824,110,962	1,367,509,373
Net inter segment borrowing	747,664,300	–	747,664,300
Others	54,566,495	82,754,834	137,321,329
<b>Total liabilities</b>	<b>1,579,263,015</b>	<b>906,865,796</b>	<b>2,486,128,811</b>
Equity	61,733,588	23,939,340	85,672,928
<b>Total equity and liabilities</b>	<b>1,640,996,603</b>	<b>930,805,136</b>	<b>2,571,801,739</b>
<b>Contingencies and commitments</b>	<b>465,746,003</b>	<b>8,469,822</b>	<b>474,215,825</b>



Three months period ended 31 March 2021 (Un-audited)

	Commercial banking	Retail banking (Rupees in '000)	Total
<b>Profit and loss account</b>			
Mark-up / return / profit	24,595,923	1,345,268	25,941,191
Inter segment revenue-net	–	6,397,440	6,397,440
Non mark-up / return / interest income	767,844	2,402,171	3,170,015
Total income	25,363,767	10,144,879	35,508,646
Segment direct expenses	(15,007,533)	(7,290,395)	(22,297,928)
Inter segment expense allocation	(6,397,440)	–	(6,397,440)
Total expenses	(21,404,973)	(7,290,395)	(28,695,368)
Reversals	240,954	4,490	245,444
Profit before tax	4,199,748	2,858,974	7,058,722

As at 31 December 2021 (Audited)

<b>Statement of financial position</b>			
Cash and bank balances	105,483,009	19,856,740	125,339,749
Investments	826,599,884	–	826,599,884
Net inter segment lending	–	743,304,470	743,304,470
Lendings to financial institutions	20,063,828	–	20,063,828
Advances - performing	616,311,521	116,234,984	732,546,505
- non-performing	1,236,861	15,945	1,252,806
Others	121,126,947	22,722,401	143,849,348
<b>Total assets</b>	<b>1,690,822,050</b>	<b>902,134,540</b>	<b>2,592,956,590</b>
Borrowings	302,212,902	–	302,212,902
Subordinated debt	15,995,200	–	15,995,200
Deposits and other accounts	504,337,747	805,485,582	1,309,823,329
Net inter segment borrowing	743,304,470	–	743,304,470
Others	50,673,775	80,931,866	131,605,641
<b>Total liabilities</b>	<b>1,616,524,094</b>	<b>886,417,448</b>	<b>2,502,941,542</b>
Equity	74,297,956	15,717,092	90,015,048
<b>Total equity and liabilities</b>	<b>1,690,822,050</b>	<b>902,134,540</b>	<b>2,592,956,590</b>
<b>Contingencies and commitments</b>	<b>419,856,696</b>	<b>8,116,659</b>	<b>427,973,355</b>

### 37. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates, directors, key management personnel and other related parties.

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:

	31 March 2022 (Un-audited)					31 December 2021 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
<b>Investments</b>										
Opening balance	-	-	883,250	7,764,656	305,998	-	-	883,250	2,047,346	-
Investment made during the period / year	-	-	-	1,450,000	-	-	-	-	10,200,000	182,690
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	(750,002)	-	-	-	-	(4,482,690)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	-	(14,123)	-	-	-	-	123,308
Closing balance	-	-	883,250	8,464,654	291,875	-	-	883,250	7,764,656	305,998
<b>Advances</b>										
Opening balance	1,620	195,482	463,425	-	2,417,285	332	171,544	201,173	-	2,217,749
Addition during the period / year	20,114	29,023	5,721,924	-	13,996,166	76,666	235,679	26,196,301	-	57,968,205
Repaid during the period / year	(21,050)	(32,745)	(5,571,881)	-	(14,167,724)	(75,378)	(211,741)	(25,934,049)	-	(57,768,669)
Closing balance	684	191,760	613,468	-	2,245,727	1,620	195,482	463,425	-	2,417,285
<b>Operating fixed assets</b>										
Right of use	-	-	-	-	-	-	-	-	-	786
<b>Other Assets</b>										
Interest / mark-up accrued	-	94	-	-	2	-	120	-	-	-
L/C acceptances	-	-	-	-	148,540	-	-	-	-	-
Other receivable	-	-	-	2,771	-	-	-	-	118	-
<b>Subordinated debt</b>										
Opening balance	-	-	-	-	44,000	-	-	-	-	44,000
Received during the period / year	-	-	-	-	-	-	-	-	75,000	-
Withdrawn during the period / year	-	-	-	-	-	-	-	-	(75,000)	-
Closing balance	-	-	-	-	44,000	-	-	-	-	44,000
<b>Deposits and other account</b>										
Opening balance	769,918	774,436	90,084	59,383	6,936,252	1,072,684	720,918	476,584	739,762	3,619,310
Received during the period / year	1,755,121	1,291,021	3,080,789	9,048,415	51,131,266	6,376,086	3,125,505	21,273,904	83,337,951	63,034,965
Withdrawn during the period / year	(1,529,160)	(1,254,550)	(3,054,562)	(8,359,501)	(53,423,775)	(6,678,852)	(3,071,987)	(21,660,404)	(84,018,330)	(59,718,023)
Closing balance	995,879	810,907	116,311	748,297	4,643,743	769,918	774,436	90,084	59,383	6,936,252
<b>Other Liabilities</b>										
Interest / mark-up payable	1,399	4,510	11	-	21,539	404	1,327	-	-	30,768
Payable to staff retirement fund	-	-	-	-	1,122,312	-	-	-	-	974,312
L/C acceptances	-	-	-	-	148,540	-	-	-	-	-
Other liabilities	16	3	359	-	-	-	2	908	-	-
<b>Contingencies and commitments</b>	-	-	-	-	1,403,416	-	-	-	-	918,205
<b>Other Transactions - Investor Portfolio Securities</b>										
Opening balance	-	-	75,000	-	4,791,800	-	-	85,000	-	6,120,840
Increased during the period / year	-	-	-	-	5,450,000	-	-	75,000	-	7,725,000
Decreased during the period / year	-	-	-	-	(2,150,000)	-	-	(85,000)	-	(9,054,040)
Closing balance	-	-	75,000	-	8,091,800	-	-	75,000	-	4,791,800



### 37.1 RELATED PARTY TRANSACTIONS

□ □ □

	31 March 2022 (Un-audited)					31 March 2021 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties (Rupees in '000)	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Income</b>										
Mark-up / return / interest earned	–	2,808	12,188	–	19,998	5	2,491	3,891	–	27,055
Fee and commission income	14	43	3	13	3,317	11	66	2	42	2,471
Dividend income	–	–	–	182,699	28,246	–	–	–	35,242	–
Net gain / (loss) on sale / redemption of securities and units of mutual funds	–	–	–	21,253	–	–	–	–	(2,813)	–
Other income	–	–	3,055	–	134	–	–	2,801	8	120
<b>Expense</b>										
Mark-up / return / interest expensed	11,826	15,547	3,508	4,681	116,038	15,572	12,441	5,376	11,010	50,575
Operating expenses	–	–	1,237	–	1,034	–	–	3,868	–	1,138
Salaries and allowances	–	158,519	–	–	–	–	153,931	–	–	–
Bonus	–	34,136	–	–	–	–	–	–	–	–
Contribution to defined contribution plan	–	11,103	–	–	–	–	7,080	–	–	–
Contribution to defined benefit plan	–	4,694	–	–	–	–	45,833	–	–	–
Staff provident fund	–	–	–	–	184,445	–	–	–	–	172,469
Staff gratuity fund	–	–	–	–	148,000	–	–	–	–	123,000
Directors' fees	10,880	–	–	–	–	10,880	–	–	–	–
Donation	–	–	–	–	6,000	–	–	–	–	1,500
Insurance premium paid	–	–	–	–	81,519	–	–	–	–	72,962
Insurance claims settled	–	–	–	–	14,121	–	–	–	–	24,627



### 38. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	11,114,254	11,114,254
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	77,916,173	80,641,265
Eligible Additional Tier 1 (ADT 1) Capital	11,148,125	6,570,734
Total Eligible Tier 1 Capital	89,064,298	87,211,999
Eligible Tier 2 Capital	24,298,228	25,750,539
Total Eligible Capital (Tier 1 + Tier 2)	113,362,526	112,962,538
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	737,347,884	703,135,583
Market Risk	16,171,155	17,023,428
Operational Risk	117,517,781	117,517,781
Total	871,036,820	837,676,792
Common Equity Tier 1 Capital Adequacy ratio	8.945%	9.627%
Tier 1 Capital Adequacy Ratio	10.225%	10.411%
Total Capital Adequacy Ratio	13.015%	13.485%
<b>Leverage Ratio (LR):</b>		
Eligible Tier 1 Capital	89,064,298	87,211,999
Total Exposures	2,302,186,143	2,334,221,910
Leverage Ratio	3.869%	3.736%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	668,354,944	631,288,320
Total Net Cash Outflow	276,899,654	244,836,260
Liquidity Coverage Ratio	241.371%	257.841%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,434,971,771	1,379,682,140
Total Required Stable Funding	816,093,335	825,749,841
Net Stable Funding Ratio	175.834%	167.082%



### 39. ISLAMIC BANKING BUSINESS

The Bank is operating 142 (31 December 2021: 138) Islamic banking branches and 145 (31 December 2021: 145) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		9,268,340	8,423,970
Balances with other banks		6,892	6,633
Due from financial institutions		—	—
Investments	39.1	118,109,076	126,593,021
Islamic financing and related assets-net	39.2	94,246,248	85,209,570
Fixed assets		716,565	691,623
Intangible assets		—	—
Due from Head Office		—	—
Other assets		9,333,404	8,215,798
<b>Total Assets</b>		<b>231,680,525</b>	<b>229,140,615</b>
<b>LIABILITIES</b>			
Bills payable		323,268	306,474
Due to financial institutions		32,195,344	30,479,303
Deposits and other accounts	39.3	129,631,341	128,090,092
Due to Head Office		41,695,496	39,305,108
Subordinated debt		—	—
Other liabilities		12,495,637	16,989,976
		<b>216,341,086</b>	<b>215,170,953</b>
<b>NET ASSETS</b>		<b>15,339,439</b>	<b>13,969,662</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus / (deficit) on revaluation of assets		31,215	(238,060)
Unappropriated profit	39.4	7,708,224	6,607,722
		<b>15,339,439</b>	<b>13,969,662</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	39.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2022 is as follows:

		(Un-audited) Three months period ended	
	Note	31 March 2022	31 March 2021
		(Rupees in '000)	
Profit / return earned	39.6	4,240,801	2,249,721
Profit / return expensed	39.7	(2,435,102)	(938,006)
<b>Net Profit / return</b>		<b>1,805,699</b>	<b>1,311,715</b>
<b>Other income</b>			
Fee and commission income		201,843	155,139
Dividend income		9,334	–
Foreign exchange income		41,319	32,835
Income / (loss) from derivatives		–	–
Gain on securities		–	108
Other income		13,824	9,599
<b>Total other income</b>		<b>266,320</b>	<b>197,681</b>
<b>Total income</b>		<b>2,072,019</b>	<b>1,509,396</b>
<b>Other expenses</b>			
Operating expenses		(969,621)	(680,443)
Other charges		–	–
<b>Total other expenses</b>		<b>(969,621)</b>	<b>(680,443)</b>
<b>Profit before provisions</b>		<b>1,102,398</b>	<b>828,953</b>
Provisions and write offs-net		(1,896)	(41,920)
<b>Profit for the period</b>		<b>1,100,502</b>	<b>787,033</b>

	31 March 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>39.1 Investments by segments:</b>								
<b>Federal Government Securities</b>								
- Ijarah Sukuks	86,968,585	-	(224,836)	86,743,749	86,966,521	-	(489,423)	86,477,098
- Neelum Jhelum Hydropower Co Ltd. Sukuk	3,093,750	-	-	3,093,750	3,093,750	-	-	3,093,750
- Bai Muajjal with Government of Pakistan	-	-	-	-	9,222,783	-	-	9,222,783
- Islamic Naya Pakistan Certificates	932,632	-	-	932,632	807,152	-	-	807,152
	90,994,967	-	(224,836)	90,770,131	100,090,206	-	(489,423)	99,600,783
<b>Shares</b>								
- Listed Companies	80,455	(54,083)	9,892	36,264	80,455	(54,083)	11,665	38,037
<b>Non Government Debt Securities</b>								
- Listed	22,135,366	-	220,896	22,356,262	22,243,347	-	215,177	22,458,524
- Unlisted	3,973,000	-	-	3,973,000	3,973,000	-	-	3,973,000
	26,108,366	-	220,896	26,329,262	26,216,347	-	215,177	26,431,524
<b>Units of Mutual Funds</b>								
	351,022	(52,866)	25,263	323,419	351,022	(52,866)	24,521	322,677
<b>Associates</b>								
- AL Habib Islamic Cash Fund	350,000	-	-	350,000	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	300,000	-	-	300,000	100,000	-	-	100,000
	650,000	-	-	650,000	200,000	-	-	200,000
<b>Total Investments</b>	<b>118,184,810</b>	<b>(106,949)</b>	<b>31,215</b>	<b>118,109,076</b>	<b>126,938,030</b>	<b>(106,949)</b>	<b>(238,060)</b>	<b>126,593,021</b>



	(Un-audited) 31 March 2022	(Audited) 31 December 2021
	(Rupees in '000)	
<b>39.2 Islamic financing and related assets</b>		
Ijarah	1,618,959	1,510,759
Murabaha	10,478,593	10,778,557
Diminishing Musharaka	15,254,406	14,068,266
Istisna	8,704,768	5,327,666
Islamic Long Term Financing Facility (ILTFF)	2,610,520	2,354,060
Islamic Refinance for Renewable Energy (IFRE)	81,900	36,245
Islamic Refinance for Wages & Salaries (IRWS)	949,208	1,220,603
Islamic Temporary Economic Refinance Facility (ITERF)	1,026,923	908,150
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	8,479	—
Islamic Export Refinance-Istisna	2,104,259	1,116,424
Musawamah	5,981,224	4,583,663
Running Musharaka	625,654	326,612
Islamic Export Refinance-Running Musharaka	5,054,023	5,263,500
Islamic Export Refinance-Musawamah	558,150	529,750
Financing against Bills-Musawamah	2,259,434	1,580,871
EFS Discounting	283,554	—
Staff Financing	1,112,814	1,025,435
Musawamah Inventory	3,504,110	2,290,127
Advance against Istisna	7,318,377	7,974,093
Advance against Istisna-IERF	8,283,254	9,475,930
Advance against Ijarah	927,428	505,797
Advance against Diminishing Musharaka	4,308,783	4,440,130
Advance against ILTFF	2,314,890	1,756,300
Advance against IFRE	2,224,396	2,161,708
Advance against ITERF	6,789,595	6,101,556
Advance against IRF SME	31,000	39,925
Gross Islamic financing and related assets	94,414,701	85,376,127
Less: provision against Islamic financings		
- Specific	118,397	123,001
- General	50,056	43,556
	168,453	166,557
Islamic financing and related assets-net of provision	94,246,248	85,209,570



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>39.3 Deposits and Other Accounts</b>		
<b>Customers</b>		
Current deposits	56,596,675	52,834,548
Savings deposits	49,789,359	46,152,841
Term deposits	18,776,158	19,890,218
	<u>125,162,192</u>	<u>118,877,607</u>
<b>Financial institutions</b>		
Current deposits	28,032	18,895
Savings deposits	4,441,117	9,193,590
	<u>4,469,149</u>	<u>9,212,485</u>
	<u>129,631,341</u>	<u>128,090,092</u>
<b>39.4 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	6,607,722	2,744,921
Add: Islamic Banking profit for the period / year	1,100,502	3,862,801
Closing Balance	<u>7,708,224</u>	<u>6,607,722</u>
<b>39.5 Contingencies and Commitments</b>		
Guarantees	9,787,461	10,930,898
Commitments	29,718,675	27,490,079
	<u>39,506,136</u>	<u>38,420,977</u>
	(Un-audited) Three months period ended 31 March 2022	31 March 2021
	(Rupees in '000)	
<b>39.6 Profit / Return Earned of Financing, Investments and Placement</b>		
Profit earned on:		
Financing	1,465,699	803,411
Investments	2,775,037	1,432,396
Placements	65	13,914
	<u>4,240,801</u>	<u>2,249,721</u>
<b>39.7 Profit on Deposits and Other Dues Expensed</b>		
Deposits and other accounts	1,354,106	779,050
Due to Financial Institutions	147,320	85,193
Due to Head Office	933,676	73,763
	<u>2,435,102</u>	<u>938,006</u>



## **39.8 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT**

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

#### **General Pool PKR (Mudaraba)**

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

#### **Special Pool(s) PKR (Mudaraba)**

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

#### **General Pool FCY (Mudaraba)**

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

#### **Special Pool(s) FCY (Mudaraba)**

Special pool(s) are created where the customers desire to invest in high 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.



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

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

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

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

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-ul-Maal. The Bank with the prior approval of depositors are 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, 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 quarter was 50% (31 December 2021: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2021: 50%) of net income.

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

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



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

		31 March 2022 (Un-audited)				
		Distributable Income (Rupees in '000)	Mudarib Share (Rupees in '000)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
	LCY Pool	2,690,072	683,094	25.39%	320,190	46.87%
	FCY Pool	26,350	24,802	94.13%	1,113	4.49%
		31 March 2021 (Un-audited)				
	LCY Pool	1,500,121	674,736	44.98%	20,033	2.97%
	FCY Pool	19,281	17,881	92.74%	2,357	13.18%

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

		(Un-audited) Three months period ended	
		31 March 2022	31 March 2021
		(Percentage)	
Profit rate earned		8.32%	6.74%
Profit rate distributed		4.42%	3.27%

#### 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.

#### 41. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 19 April 2022.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

ARSHAD NASAR  
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 31 MARCH 2022**

		(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
	Note		
<b>ASSETS</b>			
Cash and balances with treasury banks	6	118,883,825	118,599,792
Balances with other banks	7	22,180,888	6,803,572
Lendings to financial institutions	8	27,732,043	20,063,828
Investments	9	753,665,852	826,698,791
Advances	10	746,598,350	733,335,453
Fixed assets	11	57,475,826	55,701,205
Intangible assets	12	299,298	354,580
Deferred tax assets	13	3,563,430	2,103,393
Other assets	14	94,186,156	86,548,232
		<b>1,824,585,668</b>	<b>1,850,208,846</b>
<b>LIABILITIES</b>			
Bills payable	16	29,186,326	29,803,755
Borrowings	17	213,097,609	302,212,902
Deposits and other accounts	18	1,367,402,950	1,309,734,964
Liabilities against assets subject to finance lease		—	—
Subordinated debt	19	20,536,200	15,995,200
Deferred tax liabilities		—	—
Other liabilities	20	108,310,599	102,042,740
		<b>1,738,533,684</b>	<b>1,759,789,561</b>
<b>NET ASSETS</b>		<b>86,051,984</b>	<b>90,419,285</b>
<b>REPRESENTED BY</b>			
Share capital		11,114,254	11,114,254
Reserves		21,543,295	20,656,466
Surplus on revaluation of assets	21	4,508,947	6,453,983
Unappropriated profit		48,765,754	52,071,442
<b>Equity attributable to the shareholders of the Holding Company</b>		<b>85,932,250</b>	<b>90,296,145</b>
Non-controlling interest	22	119,734	123,140
<b>TOTAL EQUITY</b>		<b>86,051,984</b>	<b>90,419,285</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

	Note	Three months period ended 31 March 2022 (Rupees in '000)	31 March 2021
Mark-up / return / interest earned	25	34,193,065	25,942,248
Mark-up / return / interest expensed	26	(18,169,622)	(12,829,815)
Net mark-up / interest income		16,023,443	13,112,433
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	2,842,253	2,322,460
Dividend income		204,504	61,183
Foreign exchange income		585,043	649,786
Income / (loss) from derivatives		—	—
Gain on securities-net	28	158,287	3,930
Share of profit from associates		173,828	47,895
Other income	29	232,013	163,477
Total non mark-up / interest income		4,195,928	3,248,731
<b>Total income</b>		<b>20,219,371</b>	<b>16,361,164</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	30	(11,725,626)	(9,360,216)
Workers welfare fund		(167,824)	(144,771)
Other charges	31	(251)	(783)
Total non mark-up / interest expenses		(11,893,701)	(9,505,770)
<b>Profit before provisions</b>		<b>8,325,670</b>	<b>6,855,394</b>
(Provisions) / reversals and write offs-net	32	(156,183)	245,444
Extra ordinary / unusual items		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>8,169,487</b>	<b>7,100,838</b>
Taxation	33	(3,231,616)	(2,467,793)
<b>PROFIT AFTER TAXATION</b>		<b>4,937,871</b>	<b>4,633,045</b>
<b>Attributable to:</b>			
Shareholders of the Holding Company		4,940,477	4,629,168
Non-controlling interest		(2,606)	3,877
		4,937,871	4,633,045
		<b>(Rupees)</b>	
<b>Basic and diluted earnings per share attributable to the equity holders of the Holding Company</b>	34	<b>4.45</b>	<b>4.17</b>

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

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

	<b>Three months period ended</b>	
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>(Rupees in '000)</b>	
<b>Profit after taxation for the period</b>	<b>4,937,871</b>	<b>4,633,045</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>		
Effect of translation of net investment in foreign branches	<b>390,524</b>	(456,906)
Movement in deficit on revaluation of investments-net of tax	<b>(1,990,350)</b>	(1,260,554)
	<b>(1,599,826)</b>	(1,717,460)
<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	<b>74,632</b>	—
<b>Total comprehensive income</b>	<b>3,412,677</b>	<b>2,915,585</b>
<b>Attributable to:</b>		
Shareholders of the Holding Company	<b>3,416,083</b>	2,914,118
Non-controlling interest	<b>(3,406)</b>	1,467
	<b>3,412,677</b>	<b>2,915,585</b>

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

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

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 2021	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 three months period ended 31 March 2021:											
Profit after taxation	-	-	-	-	-	-	-	4,629,168	4,629,168	3,877	4,633,045
Other comprehensive income-net of tax	-	-	(456,906)	-	-	(1,258,144)	-	-	(1,715,050)	(2,410)	(1,717,460)
Total comprehensive income for the period	-	-	(456,906)	-	-	(1,258,144)	-	4,629,168	2,914,118	1,467	2,915,585
Transfer to statutory reserve	-	460,072	-	-	-	-	-	(460,072)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(46,185)	46,185	-	-	-
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 31 March 2021-unaudited	11,114,254	16,100,893	1,667,050	126,500	540,000	1,583,507	7,478,857	39,630,580	78,241,641	116,245	78,357,886
Comprehensive income for the nine months period ended 31 December 2021:											
Profit after taxation	-	-	-	-	-	-	-	13,954,152	13,954,152	9,788	13,963,940
Other comprehensive income-net of tax	-	-	990,461	-	-	(2,234,224)	(299,902)	(177,387)	(1,721,052)	(2,893)	(1,723,945)
Total comprehensive income for the period	-	-	990,461	-	-	(2,234,224)	(299,902)	13,776,765	12,233,100	6,895	12,239,995
Transfer to statutory reserve	-	1,410,158	-	-	-	-	-	(1,410,158)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(74,255)	74,255	-	-	-
Exchange gain realised on closure of overseas branch-net of tax	-	-	(178,596)	-	-	-	-	-	(178,596)	-	(178,596)
Balance as at 31 December 2021-audited	11,114,254	17,511,051	2,478,915	126,500	540,000	(650,717)	7,104,700	52,071,442	90,296,145	123,140	90,419,285
Comprehensive income for the three months period ended 31 March 2022:											
Profit after taxation	-	-	-	-	-	-	-	4,940,477	4,940,477	(2,606)	4,937,871
Other comprehensive income-net of tax	-	-	390,524	-	-	(1,989,550)	74,632	-	(1,524,394)	(800)	(1,525,194)
Total comprehensive income for the period	-	-	390,524	-	-	(1,989,550)	74,632	4,940,477	3,416,083	(3,406)	3,412,677
Transfer to statutory reserve	-	496,305	-	-	-	-	-	(496,305)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(30,118)	30,118	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 7.0 per share)	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
Balance as at 31 March 2022-unaudited	11,114,254	18,007,356	2,869,439	126,500	540,000	(2,640,267)	7,149,214	48,765,754	85,932,250	119,734	86,051,984

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*

**ARSHAD NASAR**  
*Director*

**ANWAR HAJI KARIM**  
*Director*

**ABBAS D. HABIB**  
*Chairman*



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

	31 March 2022	31 March 2021
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,169,487	7,100,838
Less: Dividend income	(204,504)	(61,183)
	<b>7,964,983</b>	<b>7,039,655</b>
<b>Adjustments:</b>		
Depreciation	832,230	688,698
Depreciation on right-of-use assets	516,579	443,893
Amortisation	60,586	87,758
Provisions / (reversals) and write-offs-net	156,183	(245,444)
Gain on sale of fixed assets-net	(133,824)	(67,761)
Charge for defined benefit plan	148,000	123,000
Gain on securities-net	(158,287)	(3,930)
Share of profit from associates	(173,828)	(47,895)
Charge for compensated absences	60,464	60,358
Mark-up expense on lease liability against right-of-use assets	305,981	259,166
	<b>1,614,084</b>	<b>1,297,843</b>
	<b>9,579,067</b>	<b>8,337,498</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(7,668,215)	1,678,075
Held-for-trading securities	(58,742)	20,510
Advances	(13,411,580)	(22,805,892)
Other assets	(7,567,636)	(4,662,827)
	<b>(28,706,173)</b>	<b>(25,770,134)</b>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	(617,429)	(4,968,038)
Borrowings from financial institutions	(89,059,968)	19,069,712
Deposits	57,667,986	67,985,612
Other liabilities (excluding current taxation)	5,102,993	8,708,436
	<b>(26,906,418)</b>	<b>90,795,722</b>
	<b>(46,033,524)</b>	<b>73,363,086</b>
Income tax paid	(3,034,320)	(2,485,319)
Net cash flow (used in) / generated from operating activities	<b>(49,067,844)</b>	<b>70,877,767</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	69,427,407	(79,509,331)
Net investments in held-to-maturity securities	1,258,119	(812,227)
Net investments in associates	(525,536)	(800,000)
Dividends received	132,012	13,992
Investments in operating fixed assets	(2,139,200)	(1,896,825)
Proceeds from sale of fixed assets	133,074	73,742
Exchange differences on translation of net investment in foreign branches	390,524	(456,906)
Net cash generated / (used in) investing activities	<b>68,676,400</b>	<b>(83,387,555)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts / (payments) of subordinated debt-net	4,541,000	(3,992,800)
Dividend paid	(7,632,865)	(4,751,627)
Payment against lease liabilities	(800,017)	(606,308)
Net cash used in financing activities	<b>(3,891,882)</b>	<b>(9,350,735)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>15,716,674</b>	<b>(21,860,523)</b>
Cash and cash equivalents at beginning of the period	<b>125,042,703</b>	<b>125,419,074</b>
Cash and cash equivalents at end of the period	<b>140,759,377</b>	<b>103,558,551</b>

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

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

**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

**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 (now the Companies Act, 2017) 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 957 branches (31 December 2021: 927 branches), 29 sub-branches (31 December 2021: 29 sub-branches), 04 representative offices (31 December 2021: 04 representative offices) and 03 booths (31 December 2021: 03 booths). The branch network of the Bank includes 02 overseas branches (31 December 2021: 02 overseas branches) and 142 Islamic Banking branches (31 December 2021: 138 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 (formerly 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:

- AL Habib Islamic Cash Fund
- AL Habib Islamic Savings Fund
- AL Habib Money Market Fund
- AL Habib Asset Allocation Fund (formerly First Habib Asset Allocation Fund)
- AL Habib Cash Fund (formerly First Habib Cash Fund)
- AL Habib Income Fund (formerly First Habib Income Fund)
- AL Habib Islamic Income Fund (formerly First Habib Islamic Income Fund)
- AL Habib Islamic Stock Fund (formerly First Habib Islamic Stock Fund)
- AL Habib Stock Fund (formerly First Habib Stock Fund)



## 2. BASIS OF PRESENTATION

**2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include 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 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.

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

### 2.3 Statement of compliance

These consolidated 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;
- IFAS issued by ICAP, 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.

The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the 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 Group for the year ended 31 December 2021.

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, SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 directed the Banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2022. 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 financial statements. However, investments have been classified and valued in accordance with the requirements prescribed



by SBP through various circulars. In case of overseas branches, IFRS 9 / respective foreign regulatory requirements are considered for recording, classification and valuation of investment.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these consolidated financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

### **3. ACCOUNTING POLICY**

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 2021.

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

IFRS 9 replaces the existing guidance in IAS 39. 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. SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 has extended the implementation date of IFRS 9 to 01 January 2022 from an earlier implementation date of 01 January 2021, however, final instructions for implementation of IFRS 9 are awaited from SBP, therefore, financial impact is not considered in these consolidated condensed interim financial statements.

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 consolidated condensed interim financial statements.

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these consolidated condensed interim financial statements.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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 2021.

### **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2021.



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand:		
Local currency	28,583,660	25,102,141
Foreign currencies	2,994,013	1,731,629
	31,577,673	26,833,770
In transit:		
Local currency	791,075	230,555
Foreign currencies	368,086	422
	1,159,161	230,977
With State Bank of Pakistan in:		
Local currency current accounts	52,039,420	53,360,569
Local currency current accounts-Islamic Banking	7,238,778	5,651,972
Foreign currency deposit accounts		
Cash reserve account	3,917,260	3,733,261
Cash reserve / special cash reserve account		
- Islamic Banking	434,935	408,717
Special cash reserve account	7,834,519	7,466,521
Local US Dollar collection account	2,648,091	786,071
	74,113,003	71,407,111
With National Bank of Pakistan in:		
Local currency current accounts	11,822,605	19,846,650
Prize bonds	211,383	281,284
	118,883,825	118,599,792
<b>7. BALANCES WITH OTHER BANKS</b>		
In Pakistan:		
In current accounts	192,680	231,604
In deposit accounts	773,935	618,607
	966,615	850,211
Outside Pakistan:		
In current accounts	9,269,846	4,131,543
In deposit accounts	11,944,431	1,821,822
	21,214,277	5,953,365
	22,180,892	6,803,576
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	22,180,888	6,803,572
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	6,425,456	1,719,830
Market Treasury Bills	21,306,587	18,343,998
	27,732,043	20,063,828



## 9. INVESTMENTS

Note		31 March 2022 (Un-audited)				31 December 2021 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
<b>9.1 Investments by type:</b>									
<b>Held-for-trading securities</b>									
Shares		168,016	–	(7,950)	160,066	134,937	–	(3,067)	131,870
<b>Available-for-sale securities</b>									
Federal Government Securities		526,237,105	(233,696)	(4,281,465)	521,721,944	594,584,144	(224,825)	(1,276,341)	593,082,978
Shares		4,330,472	(1,799,937)	508,303	3,038,838	4,637,052	(1,799,946)	615,637	3,452,743
Non Government Debt Securities		30,058,759	–	135,722	30,194,481	29,941,356	–	141,257	30,082,613
Foreign Securities		6,064,047	(984,722)	(1,013,319)	4,066,006	6,718,457	(947,343)	(853,977)	4,917,137
Units of Mutual Funds		2,176,022	(365,225)	308,630	2,119,427	2,176,022	(365,225)	296,808	2,107,605
		568,866,405	(3,383,580)	(4,342,129)	561,140,696	638,057,031	(3,337,339)	(1,076,616)	633,643,076
<b>Held-to-maturity securities</b>									
Federal Government Securities	9.3	181,876,867	(104,966)	–	181,771,901	182,347,089	(100,982)	–	182,246,107
Foreign Securities		1,411,021	(80,634)	–	1,330,387	2,191,873	(77,573)	–	2,114,300
Other		4,481	(4,481)	–	–	4,481	(4,481)	–	–
		183,292,369	(190,081)	–	183,102,288	184,543,443	(183,036)	–	184,360,407
<b>Associates</b>									
		9,262,802	–	–	9,262,802	8,563,438	–	–	8,563,438
<b>Total Investments</b>									
		761,589,592	(3,573,661)	(4,350,079)	753,665,852	831,298,849	(3,520,375)	(1,079,683)	826,698,791



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>9.1.1 Investments given as collateral</b>		
Market Treasury Bills	–	34,993,379
Pakistan Investment Bonds	15,045,000	84,993,500
	<u>15,045,000</u>	<u>119,986,879</u>
<b>9.2 Provision for diminution in the value of investments</b>		
Opening balance	3,520,375	3,638,456
Exchange adjustments against IFRS 9 in overseas branches	53,295	144,653
Charge / (reversals):		
Charge for the period / year	4,932	–
Reversal of impairment as per IFRS 9 in overseas branches for the period / year	–	(174,219)
Reversal on disposal during the period / year	(4,941)	(88,515)
	(9)	(262,734)
Closing Balance	<u>3,573,661</u>	<u>3,520,375</u>
<b>9.3</b> The market value of securities classified as held to maturity at 31 March 2022 amounted to Rs. 177,725 million (31 December 2021: Rs. 181,472 million).		



## 10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 31 March 2022	(Audited) 31 December 2021	(Un-audited) 31 March 2022	(Audited) 31 December 2021	(Un-audited) 31 March 2022	(Audited) 31 December 2021
			(Rupees in '000)			
Loans, cash credits, running finances, etc.	610,037,661	602,080,934	7,148,517	7,123,857	617,186,178	609,204,791
Islamic financing and related assets	94,007,303	84,965,477	407,398	410,650	94,414,701	85,376,127
Bills discounted and purchased	48,125,058	51,632,418	220,810	212,428	48,345,868	51,844,846
Advances-gross	752,170,022	738,678,829	7,776,725	7,746,935	759,946,747	746,425,764
Provision against advances						
– Specific	–	–	6,701,901	6,494,129	6,701,901	6,494,129
– General as per regulations	400,890	369,390	–	–	400,890	369,390
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	495,606	476,792	–	–	495,606	476,792
	6,646,496	6,596,182	6,701,901	6,494,129	13,348,397	13,090,311
Advances-net of provision	745,523,526	732,082,647	1,074,824	1,252,806	746,598,350	733,335,453

(Un-audited)  
31 March  
2022  
(Rupees in '000)

(Audited)  
31 December  
2021

### 10.1 Particulars of advances (Gross)

In local currency	625,563,618	621,504,686
In foreign currencies	134,383,129	124,921,078
	759,946,747	746,425,764

10.2 Advances include Rs. 7,776.725 million (31 December 2021: Rs. 7,746.935 million) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	Loans			
	(Rupees in '000)			
<b>Domestic</b>				
Other assets especially mentioned	65,813	796	47,122	1,887
Substandard	812,903	199,229	1,352,895	331,166
Doubtful	643,767	314,022	222,455	105,141
Loss	4,097,754	4,031,366	4,028,738	3,960,210
	5,620,237	4,545,413	5,651,210	4,398,404
<b>Overseas</b>				
Overdue by:				
181 to 365 days	76,866	76,866	85,363	85,363
> 365 days	2,079,622	2,079,622	2,010,362	2,010,362
	2,156,488	2,156,488	2,095,725	2,095,725
Total	7,776,725	6,701,901	7,746,935	6,494,129



### 10.3 Particulars of provision against advances

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
			(Rupees in '000)			
Opening balance	6,494,129	6,596,182	13,090,311	6,497,479	6,145,308	12,642,787
Exchange adjustments	90,589	18,814	109,403	223,681	17,349	241,030
Charge for the period / year						
- Specific provision	225,204	-	225,204	807,714	-	807,714
- General provision as per regulations	-	31,500	31,500	-	102,100	102,100
- As per IFRS 9 in overseas branches	-	-	-	-	331,425	331,425
Reversals	(108,021)	-	(108,021)	(1,034,201)	-	(1,034,201)
	117,183	31,500	148,683	(226,487)	433,525	207,038
Amounts written off	-	-	-	(544)	-	(544)
Closing balance	6,701,901	6,646,496	13,348,397	6,494,129	6,596,182	13,090,311

**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 31 March 2022 amounts to Rs. 5,750 million (31 December 2021: 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.

	Note	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,583,291	1,738,112
Property and equipment		54,892,535	53,963,093
		<b>57,475,826</b>	<b>55,701,205</b>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,237,823	595,516
Advance payment for purchase of equipments		133,437	125,432
Advance payment towards suppliers, contractors and property		1,206,969	1,015,099
Consultants' fee and other charges		5,062	2,065
		<b>2,583,291</b>	<b>1,738,112</b>



## 11.2 Additions to fixed assets

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

	<b>(Un-audited)</b> <b>Three months period ended</b>	
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>(Rupees in '000)</b>	
<b>Capital work-in-progress</b>	<b>1,172,859</b>	<b>109,643</b>
<b>Property and equipment</b>		
Leasehold land	—	5,600
Building on leasehold land	16,724	35,041
Furniture and fixture	118,545	92,343
Electrical, office and computer equipment	898,268	537,226
Vehicles	215,852	184,483
Improvements to leasehold building	39,327	74,653
Right-of-use assets	1,009,760	608,463
	<b>2,298,476</b>	<b>1,537,809</b>
<b>Total</b>	<b>3,471,335</b>	<b>1,647,452</b>

## 11.3 Disposal of fixed assets

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

Furniture and fixture	1,384	718
Electrical, office and computer equipment	1,843	1,338
Vehicles	1,826	3,925
<b>Total</b>	<b>5,053</b>	<b>5,981</b>

**(Un-audited)**      **(Audited)**  
**31 March**      **31 December**  
**2022**      **2021**  
**(Rupees in '000)**

## 12. INTANGIBLE ASSETS

Computer software	216,128	271,410
TRE certificates	2,500	2,500
Management rights	80,670	80,670
	<b>299,298</b>	<b>354,580</b>

**(Un-audited)**  
**Three months period ended**  
**31 March**      **31 March**  
**2022**      **2021**  
**(Rupees in '000)**

### 12.1 Additions to intangible assets

Computer software-directly purchased	5,305	168,046
--------------------------------------	-------	---------



(Un-audited) (Audited)  
31 March 31 December  
Note 2022 2021  
(Rupees in '000)

**13. DEFERRED TAX ASSET**

**Deductible Temporary Differences on**

Provision against diminution in value of investments	1,384,052	1,364,207
Provision against loans and advances, off-balance sheet, etc.	2,091,519	2,083,606
Workers' welfare fund	1,252,050	1,186,908
Provision for compensated absences	562	551
Recognised tax losses	7,684	13,154
Deficit on revaluation of available for sale investments	1,695,833	422,867
Deficit / (surplus) on revaluation of held for trading securities	685	(825)
Others	16,184	13,311
	<b>6,448,569</b>	<b>5,083,779</b>

**Taxable Temporary Differences on**

Accelerated tax depreciation	(1,145,449)	(1,146,810)
Surplus on revaluation of fixed assets / non-banking assets	(1,739,690)	(1,833,576)
	<b>(2,885,139)</b>	<b>(2,980,386)</b>
	<b>3,563,430</b>	<b>2,103,393</b>

**14. OTHER ASSETS**

Income / mark-up accrued in local currency-net of provision	24,760,341	19,755,175
Income / mark-up accrued in foreign currencies-net of provision	1,624,599	1,174,158
Advances, deposits, advance rent and other prepayments	1,524,408	1,176,105
Non-banking assets acquired in satisfaction of claims	810,618	811,454
Mark to market gain on forward foreign exchange contracts	2,521,894	2,993,003
Acceptances	56,859,429	55,030,553
Stationery and stamps on hand	519,722	436,018
Receivable from SBP on encashment of Government Securities	105,831	150,135
Receivable against securities	220,985	505,505
Others	5,107,706	4,384,135
	<b>94,055,533</b>	<b>86,416,241</b>
Less: Provision held against other assets	14.1 (7,896)	(7,497)
Other Assets (net of provision)	<b>94,047,637</b>	<b>86,408,744</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	138,519	139,488
Other Assets-total	<b>94,186,156</b>	<b>86,548,232</b>



	Note	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>14.1 Provision held against other assets</b>			
Receivable against consumer loans	14.1.1	7,896	7,497
<b>14.1.1 Movement in provision held against other assets</b>			
Opening balance		7,497	6,884
Charge for the period / year		714	2,740
Reversals for the period / year		(315)	(2,127)
		399	613
Closing balance		7,896	7,497
<b>15. CONTINGENT ASSETS</b>			
There were no contingent assets of the Group as at 31 March 2022 (31 December 2021: Nil).			
		(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>16. BILLS PAYABLE</b>			
In Pakistan		29,186,326	29,803,755
<b>17. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		83,788,600	72,330,093
Under renewable energy		13,976,118	13,588,833
Under long term financing for imported and locally manufactured plant and machinery		33,734,308	31,605,152
Under modernisation of small and medium enterprises		646,878	566,723
Under women entrepreneurship		23,723	26,893
Under financing facility for storage of agricultural produce		690,752	735,467
Under refinance scheme for payment of wages and salaries		5,875,557	7,842,569
Under temporary economic refinance facility		36,745,865	32,012,142
Under refinance facility for combating COVID-19		117,820	100,000
		175,599,621	158,807,872
Repurchase agreement borrowings		15,000,000	119,942,164
Borrowing from financial institutions		22,192,652	23,102,205
<b>Total secured</b>		212,792,273	301,852,241
<b>Unsecured</b>			
Overdrawn nostro accounts		305,336	360,661
		213,097,609	302,212,902



## 18. DEPOSITS AND OTHER ACCOUNTS

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
			(Rupees in '000)			
<b>Customers</b>						
Current deposits	482,591,110	47,938,091	530,529,201	451,790,944	50,037,483	501,828,427
Savings deposits	336,470,961	49,344,595	385,815,556	331,340,746	47,617,002	378,957,748
Term deposits	213,483,338	43,372,240	256,855,578	204,273,302	38,981,706	243,255,008
Current deposits-remunerative	141,021,147	4,396,304	145,417,451	117,604,631	3,844,969	121,449,600
Others	17,278,026	7,969,086	25,247,112	20,969,061	8,647,765	29,616,826
	1,190,844,582	153,020,316	1,343,864,898	1,125,978,684	149,128,925	1,275,107,609
<b>Financial institutions</b>						
Current deposits	3,351,256	433,426	3,784,682	4,373,862	361,260	4,735,122
Savings deposits	5,872,980	19	5,872,999	10,843,950	18	10,843,968
Term deposits	514,189	211,917	726,106	1,363,787	193,282	1,557,069
Current deposits-remunerative	12,402,665	736,770	13,139,435	17,192,468	284,878	17,477,346
Others	14,830	-	14,830	13,850	-	13,850
	22,155,920	1,382,132	23,538,052	33,787,917	839,438	34,627,355
	1,213,000,502	154,402,448	1,367,402,950	1,159,766,601	149,968,363	1,309,734,964

		(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
	Note		
<b>19. SUBORDINATED DEBT - Unsecured</b>			
Term Finance Certificates (TFCs) - VI - (Unquoted)	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	19.2	3,995,200	3,995,200
Term Finance Certificates (TFCs) - VIII - (Unquoted)	19.3	4,999,000	5,000,000
Term Finance Certificates (TFCs) - IX - (Unquoted)	19.4	4,542,000	-
		20,536,200	15,995,200



#### 19.1 Term Finance Certificates - VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	<b>AA+</b>
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 or 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) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

#### 19.2 Term Finance Certificates - VII (Unquoted)

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



### 19.3 Term Finance Certificates - VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	<b>AAA</b>
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 Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

### 19.4 Term Finance Certificates - IX (Unquoted)

Issue amount	Rupees 4,542 million
Issue Date	Issue in process
Maturity date	Perpetual
Rating	<b>AA+</b>
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or 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) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



	Note	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>20. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		3,539,570	2,045,653
Mark-up / return / interest payable in foreign currencies		264,346	302,370
Unearned commission income		520,247	1,416,819
Accrued expenses		4,118,622	2,952,562
Acceptances		56,859,429	55,030,553
Unclaimed / dividend payable		693,343	546,228
Mark to market loss on forward foreign exchange contracts		1,531,444	787,128
Branch adjustment account		4,065,495	5,764,199
Payable to defined benefit plan		1,122,312	974,313
Charity payable		15,178	12,978
Provision against off-balance sheet items	20.1	184,062	173,319
Security deposits against leases / ijarah		7,676,879	7,174,202
Provision for compensated absences		1,189,360	1,127,704
Other security deposits		825,224	765,531
Workers' welfare fund		3,212,752	3,048,747
Payable to SBP / NBP		1,636,159	1,323,252
Payable to supplier against murabaha		251,204	223,202
Insurance payable		650,665	610,916
Lease liability against right-of-use assets		12,728,482	12,235,539
Payable against sale of marketable securities on behalf of customers		160,545	230,415
Current taxation (payments less provisions)		2,337,601	2,028,365
ATM settlement account		1,595,348	1,729,169
Others		3,132,332	1,539,576
		<b>108,310,599</b>	<b>102,042,740</b>
<b>20.1 Provision against off-balance sheet obligations</b>			
Opening balance		173,319	146,692
Exchange adjustment against IFRS 9 in overseas branches		3,633	4,141
Charge for the period / year		8,405	60,763
Reversals for the period / year		(1,295)	(38,277)
		<b>7,110</b>	<b>22,486</b>
Closing balance		<b>184,062</b>	<b>173,319</b>
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>			
(Deficit) / surplus on revaluation of:			
- Investments	21.1	(4,336,100)	(1,071,388)
- Fixed assets		8,820,733	8,869,136
- Non-banking assets acquired in satisfaction of claims		138,519	139,488
		<b>4,623,152</b>	<b>7,937,236</b>
Deferred tax on (deficit) / surplus on revaluation of:			
- Investments		(1,695,833)	(420,671)
- Fixed assets		1,755,611	1,849,120
- Non-banking assets acquired in satisfaction of claims		54,427	54,804
		<b>114,205</b>	<b>1,483,253</b>
		<b>4,508,947</b>	<b>6,453,983</b>



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
Note		
<b>21.1 Investments</b>		
Available-for-sale securities	(4,342,129)	(1,076,616)
Non-controlling interest	6,029	5,228
	(4,336,100)	(1,071,388)
Less: related deferred tax	(1,695,833)	(420,671)
	<u>(2,640,267)</u>	<u>(650,717)</u>
<b>22. NON-CONTROLLING INTEREST</b>		
Opening balance	123,140	114,778
(Loss) / profit attributable to non-controlling interest	(2,606)	13,665
Loss on equity attributable to non-controlling interest	(800)	(5,303)
Closing balance	<u>119,734</u>	<u>123,140</u>
<b>23. CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	23.1 132,637,225	126,082,119
Commitments	23.2 483,353,071	438,585,630
Other contingent liabilities	23.3 2,017,686	2,030,711
	<u>618,007,982</u>	<u>566,698,460</u>
<b>23.1 Guarantees:</b>		
Financial guarantees	25,102,417	24,274,161
Performance guarantees	107,534,808	101,807,958
	<u>132,637,225</u>	<u>126,082,119</u>
<b>23.2 Commitments:</b>		
Documentary credits and short term trade-related transactions		
- letters of credit	341,578,600	301,891,236
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 137,401,741	131,220,965
- forward lendings	23.2.2 3,101,743	4,717,424
Commitments for acquisition of:		
- operating fixed assets	1,270,987	756,005
	<u>483,353,071</u>	<u>438,585,630</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	64,501,789	72,497,648
Sale	72,899,952	58,723,317
	<u>137,401,741</u>	<u>131,220,965</u>
The maturities of above contracts are spread over the periods upto one year.		



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>23.22 Commitments in respect of forward lending</b>	<b>3,101,743</b>	<b>4,717,424</b>
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) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>23.3 Claims against the Bank not acknowledged as debts</b>	<b>2,017,686</b>	<b>2,030,711</b>

#### **23.4 Other contingent liabilities**

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2020 (Tax Year 2021) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (including Azad Kashmir operations) have been finalized upto and including tax year 2019. Tax year 2020 has been finalized for Azad Kashmir operations only.

Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

While finalizing the income tax assessments in respect of tax years 2009, 2011, 2012 to 2019 (excluding 2017), income tax authorities made certain add backs. As a result of appeals filed by the Bank before Commissioner Inland Revenue (Appeals), certain add backs have been deleted, resulting in aggregate net tax impact of Rs. 987.344 million. The Bank has filed appeal before Income Tax Appellate Tribunal (ITAT) against above mentioned orders.

Tax authorities have also issued orders under Federal Excise Duty levy on certain items for the period from 2013 to 2015 thereby creating aggregate demand of Rs. 80.766 million. Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR).

Commissioner (HQ), Punjab Revenue Authority has passed order for the year 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.

Assistant Commissioner Inland Revenue, Mirpur AJ&K made certain add backs with an aggregate tax impact of Rs. 192.362 million for tax years 2014 to 2020. Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments for tax years 2014 to 2018. The appeal for tax years 2019 to 2020 is pending before Commissioner Inland Revenue (Appeals), Mirpur AJ&K, having an aggregate net tax impact of Rs. 98.919 million.

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

	31 March 2022 (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)
<b>Counter Parties</b>						
<b>Banks</b>						
Hedging	15,749,155	(92,805)	71,631,992	(889,675)	87,381,147	(982,480)
<b>Other Entities</b>						
Hedging	50,020,594	1,972,930	–	–	50,020,594	1,972,930
<b>Total</b>						
Hedging	<u>65,769,749</u>	<u>1,880,125</u>	<u>71,631,992</u>	<u>(889,675)</u>	<u>137,401,741</u>	<u>990,450</u>
31 December 2021 (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)
<b>Counter Parties</b>						
<b>Banks</b>						
Hedging	7,709,331	(24,745)	62,902,410	(368,653)	70,611,741	(393,398)
<b>Other Entities</b>						
Hedging	60,609,224	2,599,273	–	–	60,609,224	2,599,273
<b>Total</b>						
Hedging	<u>68,318,555</u>	<u>2,574,528</u>	<u>62,902,410</u>	<u>(368,653)</u>	<u>131,220,965</u>	<u>2,205,875</u>



## 24.2 Maturity Analysis

31 March 2022 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	317	56,872,988	(675,635)	360,019	(315,616)
1 to 3 months	470	43,143,509	(591,128)	876,226	285,098
3 to 6 months	354	31,966,910	(255,817)	1,066,834	811,017
6 months to 1 year	110	5,418,334	(8,864)	218,815	209,951
1 to 2 years	—	—	—	—	—
	<b>1,251</b>	<b>137,401,741</b>	<b>(1,531,444)</b>	<b>2,521,894</b>	<b>990,450</b>

31 December 2021 (Audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	220	18,737,362	(100,927)	257,804	156,877
1 to 3 months	494	59,723,927	(402,549)	921,515	518,966
3 to 6 months	470	37,622,436	(229,758)	1,215,887	986,129
6 months to 1 year	254	15,044,175	(53,894)	595,124	541,230
1 to 2 years	1	93,065	—	2,673	2,673
	<b>1,439</b>	<b>131,220,965</b>	<b>(787,128)</b>	<b>2,993,003</b>	<b>2,205,875</b>

(Un-audited)		
Three months period ended		
	31 March 2022	31 March 2021
	(Rupees in '000)	

## 25. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	14,192,069	8,291,109
On investments	18,979,569	17,564,330
On deposits with financial institutions	68,597	32,860
On securities purchased under resale agreements	952,830	39,842
On lending to financial institutions	—	13,843
On call money lendings	—	264
	<b>34,193,065</b>	<b>25,942,248</b>



		(Un-audited)	
		Three months period ended	
		31 March	31 March
Note		2022	2021
		(Rupees in '000)	
<b>26.</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	Deposits	15,482,495	10,073,563
	Borrowings from SBP	711,407	506,727
	Subordinated debt	456,320	300,670
	Cost of foreign currency swaps	162,765	511,737
	Repurchase agreement borrowings	988,417	1,123,757
	Mark-up expense on lease liability against right-of-use assets	305,981	259,166
	Other borrowings	62,237	54,195
		<u>18,169,622</u>	<u>12,829,815</u>
<b>27.</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	324,957	335,036
	Investment banking fees	3,221	7,400
	Consumer finance related fees	17,607	18,187
	Card related fees (debit and credit cards)	592,524	429,793
	Credit related fees	61,608	44,949
	Commission on trade	1,475,865	1,184,840
	Commission on guarantees	171,034	138,080
	Commission on cash management	59,763	48,642
	Commission on home remittances	33,041	41,611
	Others	102,633	73,922
		<u>2,842,253</u>	<u>2,322,460</u>
<b>28.</b>	<b>GAIN / (LOSS) ON SECURITIES-NET</b>		
	Realised	167,877	5,783
	Unrealised-held-for-trading	(9,590)	(1,853)
		<u>158,287</u>	<u>3,930</u>
<b>28.1</b>	<b>Realised gain on:</b>		
	Federal Government Securities	102	42
	Shares	167,775	5,741
		<u>167,877</u>	<u>5,783</u>
<b>29.</b>	<b>OTHER INCOME</b>		
	Gain on sale of fixed assets-net	133,824	67,761
	Recovery of expenses from customers	87,904	85,459
	Lockers rent	5,138	3,917
	Others	5,147	6,340
		<u>232,013</u>	<u>163,477</u>



	(Un-audited)	
	Three months period ended	
	31 March 2022	31 March 2021
	(Rupees in '000)	
<b>30. OPERATING EXPENSES</b>		
<b>Total compensation expenses</b>	<b>5,713,502</b>	<b>4,183,680</b>
<b>Property expenses</b>		
Rent and taxes	53,998	62,389
Insurance	1,123	2,501
Utilities cost	351,678	215,268
Security (including guards)	311,305	261,724
Repair and maintenance (including janitorial charges)	86,832	79,397
Depreciation	803,671	659,941
	<b>1,608,607</b>	<b>1,281,220</b>
<b>Information technology expenses</b>		
Software maintenance	5,012	4,358
Hardware maintenance	425,468	222,926
Depreciation	106,243	82,606
Amortisation	60,586	87,758
Network charges	146,270	110,414
	<b>743,579</b>	<b>508,062</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	11,555	11,420
Fees and allowances to Shariah Board	4,675	3,423
Insurance	177,504	100,931
Legal and professional charges	63,171	58,863
Outsourced services costs	484,287	435,188
Travelling and conveyance	83,909	56,744
NIFT and other clearing charges	56,523	60,716
Depreciation	438,895	390,044
Repair and maintenance	426,051	364,860
Training and development	14,592	15,523
Postage and courier charges	92,704	58,098
Communication	118,652	119,321
Stationery and printing	262,982	213,075
Marketing, advertisement and publicity	91,171	424,663
Donations	51,750	114,207
Auditors remuneration	2,047	3,013
Commission and brokerage	212,268	139,432
Entertainment and staff refreshment	98,986	86,258
Vehicle running expenses	557,231	352,150
Subscriptions and publications	73,271	68,729
CNIC verification charges	50,594	40,594
Security charges	129,231	96,529
Others	157,889	173,473
	<b>3,659,938</b>	<b>3,387,254</b>
	<b>11,725,626</b>	<b>9,360,216</b>



		(Un-audited)	
		Three months period ended	
		31 March 2022	31 March 2021
		(Rupees in '000)	
<b>31. OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		251	783
<b>32. PROVISIONS / (REVERSALS) AND WRITE OFFS-NET</b>			
Reversal for diminution in value of investments-net	9.2	(9)	(62,071)
Provision / (reversal) against loans and advances-net	10.3	148,683	(205,023)
Provision / (reversal) against other assets	14.1.1	399	(31)
Provision against off-balance sheet items	20.1	7,110	21,681
		156,183	(245,444)
<b>33. TAXATION</b>			
Current		3,343,556	2,769,750
Deferred		(111,940)	(301,957)
		3,231,616	2,467,793
<b>34. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY</b>			
Profit for the period-attributable to equity holders of the Holding Company		4,940,477	4,629,168
		(Number)	
Weighted average number of ordinary shares		1,111,425,416	1,111,425,416
		(Rupees)	
Basic and diluted earnings per share		4.45	4.17
<b>35. FAIR VALUE MEASUREMENTS</b>			
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 2021.			



### 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).

There were no transfers between levels 1 and 2 during the period.

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:

	31 March 2022 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
Investments				
Federal Government Securities	–	521,721,944	–	521,721,944
Shares	3,012,402	–	–	3,012,402
Non-Government Debt Securities	25,021,571	5,172,910	–	30,194,481
Foreign Securities	–	4,066,006	–	4,066,006
Mutual Funds	–	2,119,427	–	2,119,427
<b>Financial assets-disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	–	176,621,832	–	176,621,832
Foreign Securities	–	1,102,676	–	1,102,676
Associates				
Mutual Funds	–	9,262,802	–	9,262,802
<b>Off-balance sheet financial instruments</b>				
<b>- measured at fair value</b>				
Forward purchase of foreign exchange contracts	–	66,965,769	–	66,965,769
Forward sale of foreign exchange contracts	–	71,426,422	–	71,426,422



31 December 2021 (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	–	593,082,978	–	593,082,978
Shares	3,436,075	–	–	3,436,075
Non-Government Debt Securities	24,909,693	5,172,920	–	30,082,613
Foreign Securities	–	4,917,137	–	4,917,137
Mutual Funds	–	2,107,605	–	2,107,605

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

###### Investments

Federal Government Securities	–	179,649,767	–	179,649,767
Foreign Securities	–	1,822,342	–	1,822,342
Associates				
Mutual Funds	–	8,563,438	–	8,563,438

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

Forward purchase of foreign exchange contracts	–	75,147,663	–	75,147,663
Forward sale of foreign exchange contracts	–	58,279,177	–	58,279,177

**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 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.



### 37. SEGMENT INFORMATION

#### Segment Details with respect to Business Activities

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

	Three months period ended 31 March 2022 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage	Asset management	Total
	(Rupees in '000)				
<b>Profit and loss account</b>					
Mark-up / return / profit	31,249,855	2,931,624	11,477	109	34,193,065
Inter segment revenue-net	12,485	10,260,706	–	–	10,273,191
Non mark-up / return / interest income	1,676,259	2,435,947	20,154	63,568	4,195,928
Total income	32,938,599	15,628,277	31,631	63,677	48,662,184
Segment direct expenses	(17,266,281)	(12,732,417)	(39,027)	(25,598)	(30,063,323)
Inter segment expense allocation	(10,260,706)	–	(2,192)	(10,293)	(10,273,191)
Total expenses	(27,526,987)	(12,732,417)	(41,219)	(35,891)	(40,336,514)
Provisions	(112,130)	(41,655)	(2,398)	–	(156,183)
Profit before tax	5,299,482	2,854,205	(11,986)	27,786	8,169,487
	As at 31 March 2022 (Un-audited)				
<b>Statement of financial position</b>					
Cash and bank balances	116,113,151	24,806,355	142,548	2,659	141,064,713
Investments	752,684,771	–	216,225	764,856	753,665,852
Net inter segment lending	909,693	747,664,300	–	–	748,573,993
Lendings to financial institutions	27,732,043	–	–	–	27,732,043
Advances - performing	614,097,963	131,425,448	115	–	745,523,526
- non-performing	1,065,971	8,853	–	–	1,074,824
Others	127,790,942	26,900,180	778,888	54,700	155,524,710
<b>Total assets</b>	1,640,394,534	930,805,136	1,137,776	822,215	2,573,159,661
Borrowings	212,482,296	–	615,313	–	213,097,609
Subordinated debt	20,536,200	–	–	–	20,536,200
Deposits and other accounts	543,291,988	824,110,962	–	–	1,367,402,950
Net inter segment borrowing	747,664,300	–	159,693	750,000	748,573,993
Others	54,554,288	82,754,834	160,780	27,023	137,496,925
<b>Total liabilities</b>	1,578,529,072	906,865,796	935,786	777,023	2,487,107,677
Equity	61,865,462	23,939,340	201,990	45,192	86,051,984
<b>Total equity and liabilities</b>	1,640,394,534	930,805,136	1,137,776	822,215	2,573,159,661
<b>Contingencies and commitments</b>	465,746,003	8,469,822	–	–	474,215,825



Three months period ended 31 March 2021 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset management	Total
<b>Profit and loss account</b>					
Mark-up / return / profit	24,587,810	1,345,268	9,021	149	25,942,248
Inter segment revenue-net	8,566	6,397,440	–	–	6,406,006
Non mark-up / return / interest income	768,452	2,402,171	40,658	37,450	3,248,731
Total income	25,364,828	10,144,879	49,679	37,599	35,596,985
Segment direct expenses	(14,997,921)	(7,290,395)	(31,784)	(15,485)	(22,335,585)
Inter segment expense allocation	(6,397,440)	–	(1,686)	(6,880)	(6,406,006)
Total expenses	(21,395,361)	(7,290,395)	(33,470)	(22,365)	(28,741,591)
Reversals	240,954	4,490	–	–	245,444
Profit before tax	4,210,421	2,858,974	16,209	15,234	7,100,838

As at 31 December 2021 (Audited)

<b>Statement of financial position</b>					
Cash and bank balances	105,394,644	19,856,740	149,160	2,820	125,403,364
Investments	825,785,140	–	191,598	722,053	826,698,791
Net inter segment lending	926,859	743,304,470	–	–	744,231,329
Lendings to financial institutions	20,063,828	–	–	–	20,063,828
Advances - performing	615,847,512	116,234,984	151	–	732,082,647
- non-performing	1,236,861	15,945	–	–	1,252,806
Others	121,201,684	22,722,401	723,145	60,180	144,707,410
<b>Total assets</b>	<b>1,690,456,528</b>	<b>902,134,540</b>	<b>1,064,054</b>	<b>785,053</b>	<b>2,594,440,175</b>
Borrowings	301,748,893	–	464,009	–	302,212,902
Subordinated debt	15,995,200	–	–	–	15,995,200
Deposits and other accounts	504,249,382	805,485,582	–	–	1,309,734,964
Net inter segment borrowing	743,304,470	–	176,859	750,000	744,231,329
Others	50,668,147	80,931,866	228,147	18,335	131,846,495
<b>Total liabilities</b>	<b>1,615,966,092</b>	<b>886,417,448</b>	<b>869,015</b>	<b>768,335</b>	<b>2,504,020,890</b>
Equity	74,490,436	15,717,092	195,039	16,718	90,419,285
<b>Total equity and liabilities</b>	<b>1,690,456,528</b>	<b>902,134,540</b>	<b>1,064,054</b>	<b>785,053</b>	<b>2,594,440,175</b>
<b>Contingencies and commitments</b>	<b>419,856,696</b>	<b>8,116,659</b>	<b>–</b>	<b>–</b>	<b>427,973,355</b>

### 38. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates, directors, key management personnel and other related parties.

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:

	31 March 2022 (Un-audited)				31 December 2021 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
<b>Investments</b>								
Opening balance	-	-	8,563,438	305,998	-	-	3,058,005	-
Investment made during the period / year	-	-	1,572,825	-	-	-	5,986,178	182,690
Investment adjusted / redeemed / disposed off during the period / year	-	-	(873,461)	-	-	-	(480,745)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	(14,123)	-	-	-	123,308
Closing balance	-	-	9,262,802	291,875	-	-	8,563,438	305,998
<b>Advances</b>								
Opening balance	1,620	195,482	-	2,417,285	332	171,544	-	2,217,749
Addition during the period / year	20,114	29,023	-	13,996,166	76,666	235,679	-	57,968,205
Repaid during the period / year	(21,050)	(32,745)	-	(14,167,724)	(75,378)	(211,741)	-	(57,768,669)
Closing balance	684	191,760	-	2,245,727	1,620	195,482	-	2,417,285
<b>Operating fixed assets</b>								
Right of use	-	-	-	-	-	-	-	786
<b>Other Assets</b>								
Interest / mark-up accrued	-	94	-	2	-	120	-	-
L/C acceptances	-	-	-	148,540	-	-	-	-
Other receivable	-	-	2,771	-	-	-	118	-
<b>Subordinated debt</b>								
Opening balance	-	-	-	44,000	-	-	-	44,000
Received during the period / year	-	-	-	-	-	-	75,000	-
Withdrawn during the period / year	-	-	-	-	-	-	(75,000)	-
Closing balance	-	-	-	44,000	-	-	-	44,000
<b>Deposits and other accounts</b>								
Opening balance	769,918	774,436	59,383	6,936,252	1,072,684	720,918	739,762	3,619,310
Received during the period / year	1,755,121	1,291,021	9,048,415	51,131,266	6,376,086	3,125,505	83,337,951	63,034,965
Withdrawn during the period / year	(1,529,160)	(1,254,550)	(8,359,501)	(53,423,775)	(6,678,852)	(3,071,987)	(84,018,330)	(59,718,023)
Closing balance	995,879	810,907	748,297	4,643,743	769,918	774,436	59,383	6,936,252
<b>Other Liabilities</b>								
Interest / mark-up payable	1,399	4,510	-	21,539	404	1,327	-	30,768
Payable to staff retirement fund	-	-	-	1,122,312	-	-	-	974,312
L/C acceptances	-	-	-	148,540	-	-	-	-
Other liabilities	16	3	-	-	-	2	-	-
<b>Contingencies and commitments</b>	-	-	-	1,403,416	-	-	-	918,205
<b>Other Transactions - Investor Portfolio Securities</b>								
Opening balance	-	-	-	4,791,800	-	-	-	6,120,840
Increased during the period / year	-	-	-	5,450,000	-	-	-	7,725,000
Decreased during the period / year	-	-	-	(2,150,000)	-	-	-	(9,054,040)
Closing balance	-	-	-	8,091,800	-	-	-	4,791,800



### 38.1 RELATED PARTY TRANSACTIONS

□

□

	31 March 2022 (Un-audited)				31 March 2021 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
<b>Income</b>								
Mark-up / return / interest earned	–	2,808	–	19,998	5	2,491	–	27,055
Fee and commission income	14	43	47,044	3,441	11	66	12,459	2,471
Share of profit from associates	–	–	173,828	–	–	–	47,895	–
Other income	–	–	–	134	–	–	8	120
<b>Expense</b>								
Mark-up / return / interest expensed	11,826	15,547	4,681	116,038	15,572	12,441	11,010	50,575
Operating expenses	–	–	–	1,034	–	–	–	1,138
Salaries and allowances	–	167,362	–	–	–	161,718	–	–
Bonus	–	35,929	–	–	–	734	–	–
Contribution to defined contribution plan	–	11,627	–	–	–	7,538	–	–
Contribution to defined benefit plan	–	4,694	–	–	–	45,833	–	–
Staff provident fund	–	–	–	186,169	–	–	–	173,779
Staff gratuity fund	–	–	–	148,000	–	–	–	123,000
Directors' fees	–	–	–	–	10,920	–	–	–
Donation	10,955	–	–	6,000	–	–	–	1,500
Insurance premium paid	–	–	–	81,519	–	–	–	73,225
Insurance claims settled	–	–	–	14,121	–	–	–	24,627



### 39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	11,114,254	11,114,254
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	78,080,974	80,838,923
Eligible Additional Tier 1 (ADT 1) Capital	11,100,745	6,237,950
Total Eligible Tier 1 Capital	89,181,719	87,076,873
Eligible Tier 2 Capital	24,306,749	25,758,263
Total Eligible Capital (Tier 1 + Tier 2)	113,488,468	112,835,136
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	735,459,126	701,423,647
Market Risk	17,043,936	17,154,366
Operational Risk	118,070,472	118,070,472
Total	870,573,534	836,648,485
Common Equity Tier 1 Capital Adequacy ratio	8.969%	9.662%
Tier 1 Capital Adequacy Ratio	10.244%	10.408%
Total Capital Adequacy Ratio	13.036%	13.487%
<b>Leverage Ratio (LR):</b>		
Eligible Tier 1 Capital	89,181,719	87,076,873
Total Exposures	2,302,541,780	2,334,597,071
Leverage Ratio	3.873%	3.730%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	668,498,385	631,444,235
Total Net Cash Outflow	277,139,704	244,934,742
Liquidity Coverage Ratio	241.214%	257.801%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,435,126,796	1,379,398,079
Total Required Stable Funding	816,277,353	827,532,194
Net Stable Funding Ratio	175.814%	166.688%



#### 40. ISLAMIC BANKING BUSINESS

The Bank is operating 142 (31 December 2021: 138) Islamic banking branches and 145 (31 December 2021: 145) Islamic banking windows at the end of the period / year.

		(Un-audited) 31 March 2022	(Audited) 31 December 2021
	Note		
		(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		9,268,340	8,423,970
Balances with other banks		6,892	6,633
Due from financial institutions		—	—
Investments	40.1	118,109,076	126,593,021
Islamic financing and related assets-net	40.2	94,246,248	85,209,570
Fixed assets		716,565	691,623
Intangible assets		—	—
Due from Head Office		—	—
Other assets		9,333,404	8,215,798
<b>Total Assets</b>		<b>231,680,525</b>	<b>229,140,615</b>
<b>LIABILITIES</b>			
Bills payable		323,268	306,474
Due to financial institutions		32,195,344	30,479,303
Deposits and other accounts	40.3	129,631,341	128,090,092
Due to Head Office		41,695,496	39,305,108
Subordinated debt		—	—
Other liabilities		12,495,637	16,989,976
		<b>216,341,086</b>	<b>215,170,953</b>
<b>NET ASSETS</b>		<b>15,339,439</b>	<b>13,969,662</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus / (deficit) on revaluation of assets		31,215	(238,060)
Unappropriated profit	40.4	7,708,224	6,607,722
		<b>15,339,439</b>	<b>13,969,662</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	40.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2022 is as follows:

		<b>(Un-audited)</b> <b>Three months period ended</b>	
	Note	<b>31 March 2022</b>	<b>31 March 2021</b>
		<b>(Rupees in '000)</b>	
Profit / return earned	40.6	<b>4,240,801</b>	2,249,721
Profit / return expensed	40.7	<b>(2,435,102)</b>	(938,006)
<b>Net Profit / return</b>		<b>1,805,699</b>	1,311,715
<b>Other income</b>			
Fee and commission income		<b>201,843</b>	155,139
Dividend income		<b>9,334</b>	—
Foreign exchange income		<b>41,319</b>	32,835
Income / (loss) from derivatives		<b>—</b>	—
Gain on securities		<b>—</b>	108
Other income		<b>13,824</b>	9,599
<b>Total other income</b>		<b>266,320</b>	197,681
<b>Total income</b>		<b>2,072,019</b>	1,509,396
<b>Other expenses</b>			
Operating expenses		<b>(969,621)</b>	(680,443)
Other charges		<b>—</b>	—
<b>Total other expenses</b>		<b>(969,621)</b>	(680,443)
<b>Profit before provisions</b>		<b>1,102,398</b>	828,953
Provisions and write offs-net		<b>(1,896)</b>	(41,920)
<b>Profit for the period</b>		<b>1,100,502</b>	787,033

	<b>31 March 2022 (Un-audited)</b>				<b>31 December 2021 (Audited)</b>			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	<b>(Rupees in '000)</b>							
<b>40.1 Investments by segments:</b>								
<b>Federal Government Securities</b>								
- Ijarah Sukuks	86,966,585	—	(224,836)	86,743,749	86,966,521	—	(489,423)	86,477,098
- Neelum Jhelum Hydropower Co Ltd. Sukuk	3,093,750	—	—	3,093,750	3,093,750	—	—	3,093,750
- Bai Muajjal with Government of Pakistan	—	—	—	—	9,222,783	—	—	9,222,783
- Islamic Naya Pakistan Certificates	932,632	—	—	932,632	807,152	—	—	807,152
	<b>90,994,967</b>	<b>—</b>	<b>(224,836)</b>	<b>90,770,131</b>	<b>100,090,206</b>	<b>—</b>	<b>(489,423)</b>	<b>99,600,783</b>
<b>Shares</b>								
- Listed Companies	80,455	(54,083)	9,892	36,264	80,455	(54,083)	11,665	38,037
<b>Non Government Debt Securities</b>								
- Listed	22,135,366	—	220,896	22,356,262	22,243,347	—	215,177	22,458,524
- Unlisted	3,973,000	—	—	3,973,000	3,973,000	—	—	3,973,000
	<b>26,108,366</b>	<b>—</b>	<b>220,896</b>	<b>26,329,262</b>	<b>26,216,347</b>	<b>—</b>	<b>215,177</b>	<b>26,431,524</b>
<b>Units of Mutual Funds</b>	351,022	(52,866)	25,263	323,419	351,022	(52,866)	24,521	322,677
<b>Associates</b>								
- AL Habib Islamic Cash Fund	350,000	—	—	350,000	100,000	—	—	100,000
- AL Habib Islamic Savings Fund	300,000	—	—	300,000	100,000	—	—	100,000
	<b>650,000</b>	<b>—</b>	<b>—</b>	<b>650,000</b>	<b>200,000</b>	<b>—</b>	<b>—</b>	<b>200,000</b>
<b>Total Investments</b>	<b>118,184,810</b>	<b>(106,949)</b>	<b>31,215</b>	<b>118,109,076</b>	<b>126,938,030</b>	<b>(106,949)</b>	<b>(238,060)</b>	<b>126,593,021</b>



	(Un-audited) 31 March 2022	(Audited) 31 December 2021
	(Rupees in '000)	
<b>40.2 Islamic financing and related assets</b>		
Ijarah	1,618,959	1,510,759
Murabaha	10,478,593	10,778,557
Diminishing Musharaka	15,254,406	14,068,266
Istisna	8,704,768	5,327,666
Islamic Long Term Financing Facility (ILTFF)	2,610,520	2,354,060
Islamic Refinance for Renewable Energy (IFRE)	81,900	36,245
Islamic Refinance for Wages & Salaries (IRWS)	949,208	1,220,603
Islamic Temporary Economic Refinance Facility (ITERF)	1,026,923	908,150
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	8,479	—
Islamic Export Refinance-Istisna	2,104,259	1,116,424
Musawamah	5,981,224	4,583,663
Running Musharaka	625,654	326,612
Islamic Export Refinance-Running Musharaka	5,054,023	5,263,500
Islamic Export Refinance-Musawamah	558,150	529,750
Financing against Bills-Musawamah	2,259,434	1,580,871
EFS Discounting	283,554	—
Staff Financing	1,112,814	1,025,435
Musawamah Inventory	3,504,110	2,290,127
Advance against Istisna	7,318,377	7,974,093
Advance against Istisna-IERF	8,283,254	9,475,930
Advance against Ijarah	927,428	505,797
Advance against Diminishing Musharaka	4,308,783	4,440,130
Advance against ILTFF	2,314,890	1,756,300
Advance against IFRE	2,224,396	2,161,708
Advance against ITERF	6,789,595	6,101,556
Advance against IRF SME	31,000	39,925
Gross Islamic financing and related assets	94,414,701	85,376,127
Less: provision against Islamic financings		
- Specific	118,397	123,001
- General	50,056	43,556
	168,453	166,557
Islamic financing and related assets-net of provision	94,246,248	85,209,570



	(Un-audited) 31 March 2022 (Rupees in '000)	(Audited) 31 December 2021
<b>40.3 Deposits and Other Accounts</b>		
<b>Customers</b>		
Current deposits	56,596,675	52,834,548
Savings deposits	49,789,359	46,152,841
Term deposits	18,776,158	19,890,218
	<u>125,162,192</u>	<u>118,877,607</u>
<b>Financial institutions</b>		
Current deposits	28,032	18,895
Savings deposits	4,441,117	9,193,590
	<u>4,469,149</u>	<u>9,212,485</u>
	<u>129,631,341</u>	<u>128,090,092</u>
<b>40.4 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	6,607,722	2,744,921
Add: Islamic Banking profit for the period / year	1,100,502	3,862,801
Closing Balance	<u>7,708,224</u>	<u>6,607,722</u>
<b>40.5 Contingencies and Commitments</b>		
Guarantees	9,787,461	10,930,898
Commitments	29,718,675	27,490,079
	<u>39,506,136</u>	<u>38,420,977</u>
	(Un-audited) Three months period ended 31 March 2022 (Rupees in '000)	31 March 2021
<b>40.6 Profit / Return Earned of Financing, Investments and Placement</b>		
Profit earned on:		
Financing	1,465,699	803,411
Investments	2,775,037	1,432,396
Placements	65	13,914
	<u>4,240,801</u>	<u>2,249,721</u>
<b>40.7 Profit on Deposits and Other Dues Expensed</b>		
Deposits and other accounts	1,354,106	779,050
Due to Financial Institutions	147,320	85,193
Due to Head Office	933,676	73,763
	<u>2,435,102</u>	<u>938,006</u>



## **40.8 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT**

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

#### **General Pool PKR (Mudaraba)**

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

#### **Special Pool(s) PKR (Mudaraba)**

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

#### **General Pool FCY (Mudaraba)**

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

#### **Special Pool(s) FCY (Mudaraba)**

Special pool(s) are created where the customers desire to invest in high 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.



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

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

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

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

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-ul-Maal. The Bank with the prior approval of depositors are 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, 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 quarter was 50% (31 December 2021: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2021: 50%) of net income.

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

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



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

		31 March 2022 (Un-audited)				
□	□ □ □	Distributable	Mudarib	Mudarib	HIBA	HIBA
		Income	Share	Share	Amount	
		(Rupees in '000) □	□ □			

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

		(Un-audited)	
		Three months period ended	
		31 March	31 March
		2022	2021
		(Percentage)	
Profit rate earned		8.32%	6.74%
Profit rate distributed		4.42%	3.27%

#### 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.

#### 42. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 19 April 2022.

MANSOOR ALI KHAN  
Chief Executive

ASHAR HUSAIN  
Chief Financial Officer

ARSHAD NASAR  
Director

ANWAR HAJI KARIM  
Director

ABBAS D. HABIB  
Chairman