

هَذَا مِنْ فَضْلِ رَبِّي



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CORPORATE INFORMATION

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



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



DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited and AL Habib Asset Management Limited for the period ended September 30, 2022.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 1,580.6 billion as compared to Rs. 1,309.8 billion on December 31, 2021. In the same period, advances increased to Rs. 815.0 billion from Rs. 733.8 billion, while investments increased to Rs. 1,057.5 billion from Rs. 826.6 billion. The pre-tax profit of the Bank for the nine months period ended September 30, 2022 was Rs. 28.86 billion as compared to Rs. 22.31 billion during the corresponding period last year. The profit after tax for the period ended September 30, 2022 was Rs. 14.97 billion compared with Rs. 13.93 billion during 2021.

By the Grace of Allah, the Bank now has a network of 1,052 offices, comprising 1,019 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 165 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) are **AAA** (Triple A) for TFC-2018 and TFC 2021, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (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

Qumail R. Habib
Executive Director

Karachi: October 27, 2022



ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 30 ستمبر 2022 کو ختم ہونے والی مدت کے لئے بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحیب کمپنیل مارکیٹس (پرائیویٹ) لمیٹڈ اور الحیب ایسٹ منجمنٹ لمیٹڈ پیش کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 30 ستمبر 2022 کو ختم ہونے والی مدت میں ڈپازٹس بڑھ کر 1,580.6 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 815.0 بلین روپے ہو گئے اور سرمایہ کاری 826.6 بلین روپے سے بڑھ کر 1,057.5 بلین روپے ہو گئی۔ 30 ستمبر 2022 کو ختم ہونے والے نو ماہ کے لئے آپ کے بینک کا قبل از ٹیکس منافع 28.86 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 22.31 بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع 30 ستمبر 2022 کو ختم ہونے والی مدت کے لئے 14.97 بلین روپے رہا جبکہ گزشتہ سال یہ 13.93 بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 1,052 دفاتر پر مشتمل ہے، جس میں 1,019 برانچز، 29 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب 1165 اسلامی بینکاری برانچز اور 2 بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ 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 ریٹنگز 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 انسٹیٹیوٹ، سبارڈینیٹیڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگز AAA (ٹرپل اے) برائے TFC-2018 اور TFC-2021 اور AA+ (ڈبل اے پلس) برائے TFC-2017 (پریچپول) اور TFC-2022 (پریچپول) ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے ان 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۔

نعمیل آر۔ حبیب
ایگزیکٹو ڈائریکٹر

منصور علی خان
چیف ایگزیکٹو

کراچی: ۲۷ اکتوبر ۲۰۲۲ء



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6 114,587,288	118,599,741
Balances with other banks	7 4,793,857	6,740,008
Lendings to financial institutions	8 37,000,718	20,063,828
Investments	9 1,057,533,701	826,599,884
Advances	10 815,001,044	733,799,311
Fixed assets	11 60,911,357	55,692,777
Intangible assets	12 451,338	268,246
Deferred tax assets	13 8,006,765	2,074,828
Other assets	14 122,881,919	85,813,497
	2,221,167,987	1,849,652,120
LIABILITIES		
Bills payable	16 24,619,092	29,803,755
Borrowings	17 357,171,300	302,212,902
Deposits and other accounts	18 1,580,597,957	1,309,823,329
Liabilities against assets subject to finance lease	-	-
Subordinated debt	19 22,992,400	15,995,200
Deferred tax liabilities	-	-
Other liabilities	20 144,053,194	101,801,886
	2,129,433,943	1,759,637,072
NET ASSETS	91,734,044	90,015,048
REPRESENTED BY		
Share capital	11,114,254	11,114,254
Reserves	24,313,835	20,656,466
(Deficit) / surplus on revaluation of assets	21 (1,268,418)	6,446,259
Unappropriated profit	57,574,373	51,798,069
	91,734,044	90,015,048
CONTINGENCIES AND COMMITMENTS	22	

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

Note	Nine months period ended		Three months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in '000)			
Mark-up / return / interest earned	24	133,181,210	85,652,542	30,591,335
Mark-up / return / interest expensed	25	(78,838,823)	(44,311,363)	(16,630,488)
Net mark-up / interest income		54,342,387	41,341,179	13,960,847
NON MARK-UP / INTEREST INCOME				
Fee and commission income	26	8,616,553	6,602,154	2,294,839
Dividend income		971,811	499,376	253,643
Foreign exchange income		5,689,426	1,896,967	847,967
Income / (loss) from derivatives		—	—	—
Gain / (loss) on securities-net	27	211,312	411	(8,197)
Other income	28	619,659	639,404	171,755
Total non mark-up / interest income		16,108,761	9,638,312	3,560,007
Total income		70,451,148	50,979,491	17,520,854
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	29	(38,532,029)	(28,345,112)	(9,496,142)
Workers' welfare fund		(606,650)	(457,106)	(161,583)
Other charges	30	(4,578)	(3,097)	(1,019)
Total non mark-up / interest expenses		(39,143,257)	(28,805,315)	(9,658,744)
Profit before provisions		31,307,891	22,174,176	7,862,110
(Provisions) / reversals and write offs-net	31	(2,444,191)	133,323	(1,795,245)
Extra ordinary / unusual items		—	—	—
PROFIT BEFORE TAXATION		28,863,700	22,307,499	7,966,713
Taxation	32	(13,894,973)	(8,377,927)	(3,075,370)
PROFIT AFTER TAXATION		14,968,727	13,929,572	4,891,343
		(Rupees)		
Basic and diluted earnings per share	33	13.47	12.53	4.40

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

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Nine months period ended		Three months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in '000)			
Profit after taxation for the period	14,968,727	13,929,572	5,339,257	4,891,343
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	2,160,496	408,920	986,787	497,505
Movement in deficit on revaluation of investments-net of tax	(6,973,745)	(1,409,946)	(2,827,064)	(904,296)
	(4,813,249)	(1,001,026)	(1,840,277)	(406,791)
<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	(656,504)	–	(113,702)	–
Total comprehensive income	9,498,974	12,928,546	3,385,278	4,484,552

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

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Note	30 September 2022	30 September 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		28,863,700	22,307,499
Less: Dividend income		(971,811)	(499,376)
		27,891,889	21,808,123
Adjustments:			
Depreciation		2,610,290	2,160,392
Depreciation on right-of-use assets		1,581,393	1,358,045
Amortisation		211,434	228,703
Provisions / (reversals) and write-offs-net	31	2,444,191	(133,323)
Gain on sale of fixed assets-net		(334,554)	(360,049)
Charge for defined benefit plan		469,000	369,000
(Gain) / loss on securities-net		(211,312)	(411)
Charge for compensated absences		181,833	181,194
Mark-up expense on lease liability against right-of-use assets		944,074	824,600
		7,896,349	4,628,151
		35,788,238	26,436,274
(Increase) / decrease in operating assets			
Lendings to financial institutions		(16,936,890)	1,175,301
Held-for-trading securities		(12,354)	9,718
Advances		(81,810,327)	(148,877,628)
Other assets		(37,058,011)	(6,294,611)
		(135,817,582)	(153,987,220)
(Decrease) / increase in operating liabilities			
Bills payable		(5,184,663)	(1,664,297)
Borrowings from financial institutions		54,550,228	141,134,426
Deposits		270,774,628	172,889,973
Other liabilities (excluding current taxation)		36,463,783	9,687,308
		356,603,976	322,047,410
		256,574,632	194,496,464
Income tax paid		(11,632,164)	(6,460,963)
Net cash flow generated from operating activities		244,942,468	188,035,501
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(256,001,156)	(152,217,857)
Net investments in held-to-maturity securities		7,963,149	(13,670,829)
Net investments in associates		3,208,598	(5,900,000)
Dividends received		955,423	442,738
Investments in operating fixed assets		(7,281,111)	(12,439,012)
Proceeds from sale of fixed assets		354,230	329,172
Exchange differences on translation of net investment in foreign branches		2,160,496	408,920
Net cash used in investing activities		(248,640,371)	(183,046,868)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts of subordinated debt-net		6,997,200	1,006,400
Dividend paid		(7,692,595)	(4,922,434)
Payment against lease liabilities		(1,973,476)	(1,565,156)
Net cash used in financing activities		(2,668,871)	(5,481,190)
Decrease in cash and cash equivalents		(6,366,774)	(492,557)
Cash and cash equivalents at beginning of the period		124,979,088	125,400,165
Cash and cash equivalents at end of the period		118,612,314	124,907,608

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

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 1,019 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 06 booths (31 December 2021: 03 booths). The branch network of the Bank includes 02 overseas branches (31 December 2021: 02 overseas branches) and 165 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 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 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. 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 condensed interim 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

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



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

IFRS 9 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 No. 03 of 2022 dated 05 July 2022 directed the banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2023. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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) 30 September 2022 (Rupees in '000)	(Audited) 31 December 2021
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	27,811,549	25,102,090
Foreign currencies	3,347,027	1,731,629
	31,158,576	26,833,719
In transit:		
Local currency	1,001,874	230,555
Foreign currencies	171,301	422
	1,173,175	230,977
With the State Bank of Pakistan in:		
Local currency current accounts	61,654,284	53,360,569
Local currency current accounts-Islamic Banking	8,619,943	5,651,972
Foreign currency deposit accounts		
Cash reserve account	4,466,237	3,733,261
Cash reserve / special cash reserve accounts		
-Islamic Banking	554,110	408,717
Special cash reserve account	-	7,466,521
Local US Dollar collection account	294,176	786,071
	75,588,750	71,407,111
With the National Bank of Pakistan in:		
Local currency current accounts	6,593,073	19,846,650
Prize bonds	73,714	281,284
	114,587,288	118,599,741
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	148,817	229,228
In deposit accounts	606,020	557,419
	754,837	786,647
Outside Pakistan:		
In current accounts	3,970,338	4,131,543
In deposit accounts	68,686	1,821,822
	4,039,024	5,953,365
	4,793,861	6,740,012
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	4,793,857	6,740,008
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	6,469,065	1,719,830
Market Treasury Bills	30,531,653	18,343,998
	37,000,718	20,063,828



9. INVESTMENTS

Note	30 September 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
9.1 Investments by type:								
Held-for-trading securities								
Shares	99,985	-	(1,188)	98,797	96,835	-	1,641	98,476
Available-for-sale securities								
Federal Government securities	848,892,777	(180,509)	(10,549,887)	838,162,381	594,514,031	(224,825)	(1,277,763)	593,011,443
Shares	4,629,808	(1,889,517)	407,198	3,147,489	4,541,805	(1,781,770)	614,262	3,374,297
Non Government Debt securities	30,438,102	-	147,750	30,585,852	29,941,356	-	141,257	30,082,613
Foreign securities	7,545,366	(2,601,097)	(3,885,805)	1,058,464	6,718,457	(947,343)	(853,977)	4,917,137
Units of Mutual Fund	2,926,022	(365,225)	490,946	3,051,743	2,176,022	(365,225)	296,808	2,107,605
	894,432,075	(5,036,348)	(13,389,798)	876,005,929	637,891,671	(3,319,163)	(1,079,413)	633,493,095
Held-to-maturity securities 9.3								
Federal Government securities	174,811,304	(77,242)	-	174,734,062	182,347,089	(100,982)	-	182,246,107
Foreign securities	1,829,359	(632,348)	-	1,197,011	2,191,873	(77,573)	-	2,114,300
Others	4,481	(4,481)	-	-	4,481	(4,481)	-	-
	176,645,144	(714,071)	-	175,931,073	184,543,443	(183,036)	-	184,360,407
Associates	4,614,652	-	-	4,614,652	7,764,656	-	-	7,764,656
Subsidiaries	883,250	-	-	883,250	883,250	-	-	883,250
Total Investments	<u>1,076,675,106</u>	<u>(5,750,419)</u>	<u>(13,390,986)</u>	<u>1,057,533,701</u>	<u>831,179,855</u>	<u>(3,502,199)</u>	<u>(1,077,772)</u>	<u>826,599,884</u>



	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)	
9.1.1 Investments given as collateral		
Market Treasury Bills	22,271,000	34,993,379
Pakistan Investment Bonds	149,370,000	84,993,500
	<u>171,641,000</u>	<u>119,986,879</u>
9.2 Provision for diminution in the value of investments		
Opening balance	3,502,199	3,634,942
Exchange adjustments against IFRS 9 in overseas branches	439,349	144,654
Charge / (reversal):		
Charge for the period / year	112,688	-
Charge / (reversal) of impairment as per IFRS 9 in overseas branches for the period / year	1,701,124	(188,882)
Reversal on disposal during the period / year	(4,941)	(88,515)
	1,808,871	(277,397)
Closing balance	<u>5,750,419</u>	<u>3,502,199</u>
9.3 The market value of securities classified as held-to-maturity at 30 September 2022 amounted to Rs. 165,650 million (31 December 2021: Rs. 181,472 million).		



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 September 2022	(Audited) 31 December 2021	(Un-audited) 30 September 2022	(Audited) 31 December 2021	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	660,739,377	602,544,792	7,963,379	7,123,857	668,702,756	609,668,649
Islamic financing and related assets	105,937,448	84,965,477	702,040	410,650	106,639,488	85,376,127
Bills discounted and purchased	53,409,435	51,632,418	698,075	212,428	54,107,510	51,844,846
Advances - gross	820,086,260	739,142,687	9,363,494	7,746,935	829,449,754	746,889,622
Provision against advances						
– Specific	–	–	8,143,272	6,494,129	8,143,272	6,494,129
– General as per regulations	410,890	369,390	–	–	410,890	369,390
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	144,548	476,792	–	–	144,548	476,792
	6,305,438	6,596,182	8,143,272	6,494,129	14,448,710	13,090,311
Advances - net of provision	813,780,822	732,546,505	1,220,222	1,252,806	815,001,044	733,799,311

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

10.1 Particulars of advances (Gross)

In local currency	689,465,298	621,968,544
In foreign currencies	139,984,456	124,921,078
	829,449,754	746,889,622

10.2 Advances include Rs. 9,363.494 million (31 December 2021: Rs. 7,746.935 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	192,644	9,828	47,122	1,887
Substandard	1,171,410	282,915	1,352,895	331,166
Doubtful	349,778	172,898	222,455	105,141
Loss	5,002,479	5,030,448	4,028,738	3,960,210
	6,716,311	5,496,089	5,651,210	4,398,404
Overseas				
Overdue by:				
181 to 365 days	66,161	66,161	85,363	85,363
> 365 days	2,581,022	2,581,022	2,010,362	2,010,362
	2,647,183	2,647,183	2,095,725	2,095,725
Total	9,363,494	8,143,272	7,746,935	6,494,129



10.3 Particulars of provision against advances

	30 September 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	685,331	111,019	796,350	223,681	17,349	241,030
Charge for the period / year						
- Specific provision	3,127,948	-	3,127,948	807,714	-	807,714
- General provision as per regulations	-	41,500	41,500	-	102,100	102,100
- As per IFRS 9 in overseas branches	-	(443,263)	(443,263)	-	331,425	331,425
Reversals	(2,117,591)	-	(2,117,591)	(1,034,201)	-	(1,034,201)
	1,010,357	(401,763)	608,594	(226,487)	433,525	207,038
Amounts written off	(46,545)	-	(46,545)	(544)	-	(544)
Closing balance	8,143,272	6,305,438	14,448,710	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 30 September 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)	(Audited)
		30 September 2022	31 December 2021
		(Rupees in '000)	
11. FIXED ASSETS			
Capital work-in-progress	11.1	3,688,286	1,738,112
Property and equipment		57,223,071	53,954,665
		<u>60,911,357</u>	<u>55,692,777</u>



	(Un-audited) 30 September 2022 (Rupees in '000)	(Audited) 31 December 2021
11.1 Capital work-in-progress		
Civil works	976,015	595,516
Advance payment for purchase of equipments	212,643	125,432
Advance payment towards suppliers, contractors and property	2,488,835	1,015,099
Consultants' fee and other charges	10,793	2,065
	<u>3,688,286</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:		
	(Un-audited) Nine months period ended	
	30 September 2022	30 September 2021
	(Rupees in '000)	
Capital work-in-progress	3,719,895	2,324,681
Property and equipment		
Leasehold land	276,767	3,514,824
Building on leasehold land	647,226	5,380,550
Furniture and fixture	414,521	260,815
Electrical, office and computer equipment	2,569,013	1,546,214
Vehicles	656,260	661,366
Improvements to leasehold building	372,627	595,434
Right-of-use assets	2,594,978	2,561,652
	<u>7,531,392</u>	14,520,855
Total	<u>11,251,287</u>	<u>16,845,536</u>
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Building on leasehold land	-	2,226
Furniture and fixture	3,327	1,401
Electrical, office and computer equipment	3,949	5,187
Vehicles	9,475	20,649
Improvements to leasehold building	17,148	-
Right-of-use assets	88,750	216,976
Total	<u>122,649</u>	<u>246,439</u>
	(Un-audited) 30 September 2022 (Rupees in '000)	(Audited) 31 December 2021
12. INTANGIBLE ASSETS		
Computer software	<u>451,338</u>	<u>268,246</u>



		(Un-audited)	
		Nine months period ended	
		30 September 2022	30 September 2021
		(Rupees in '000)	
12.1	Additions to intangible assets		
	Computer software-directly purchased	394,526	230,351
		(Un-audited)	(Audited)
		30 September	31 December
		2022	2021
		(Rupees in '000)	
13.	DEFERRED TAX ASSET		
	Deductible Temporary Differences on		
	Provision against diminution in value of investments	2,470,799	1,364,207
	Provision against loans and advances, off-balance sheet, etc.	2,138,198	2,083,606
	Workers' welfare fund	1,569,501	1,186,908
	Deficit on revaluation of available-for-sale investments	5,757,612	420,972
	Deficit / (surplus) on revaluation of held-for-trading securities	511	(640)
		11,936,621	5,055,053
	Taxable Temporary Differences on		
	Accelerated tax depreciation	(1,503,468)	(1,146,649)
	Surplus on revaluation of fixed assets / non-banking assets	(2,426,388)	(1,833,576)
		(3,929,856)	(2,980,225)
		8,006,765	2,074,828
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency-net of provision	41,597,662	19,758,226
	Income / mark-up accrued in foreign currencies-net of provision	2,065,956	1,174,158
	Advances, deposits, advance rent and other prepayments	2,066,274	1,161,812
	Non-banking assets acquired in satisfaction of claims	3,114,949	811,454
	Mark to market gain on forward foreign exchange contracts	7,422,373	2,993,003
	Acceptances	61,757,508	55,030,553
	Stationery and stamps on hand	660,076	436,018
	Receivable from SBP on encashment of Government Securities	719,604	150,135
	Others	3,348,862	4,166,147
		122,753,264	85,681,506
	Less: Provision held against other assets	14.1 (7,923)	(7,497)
	Other Assets (net of provision)	122,745,341	85,674,009
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	136,578	139,488
	Other Assets-total	122,881,919	85,813,497



	Note	(Un-audited) 30 September 2022 (Rupees in '000)	(Audited) 31 December 2021
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	<u>7,923</u>	<u>7,497</u>
14.1.1 Movement in provision held against other assets			
Opening balance		7,497	6,884
Charge for the period / year		1,744	2,740
Reversals for the period / year		(1,181)	(2,127)
		563	613
Amounts written off		(137)	–
Closing balance		<u>7,923</u>	<u>7,497</u>
15. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 30 September 2022 (31 December 2021: Nil).			
16. BILLS PAYABLE			
In Pakistan		<u>24,619,092</u>	<u>29,803,755</u>
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		75,876,676	72,330,093
Under renewable energy		16,510,904	13,588,833
Under long term financing for imported and locally manufactured plant and machinery		36,635,944	31,605,152
Under modernisation of small and medium enterprises		758,379	566,723
Under women entrepreneurship		31,746	26,893
Under financing facility for storage of agricultural produce		875,363	735,467
Under refinance scheme for payment of wages and salaries		2,203,609	7,842,569
Under temporary economic refinance facility		39,174,522	32,012,142
Under refinance facility for combating COVID-19		132,301	100,000
Under open market operations		12,269,975	–
Repurchase agreement borrowings		171,933,050	109,479,575
		356,402,469	268,287,447
Repurchase agreement borrowings		–	10,462,589
Borrowings from financial institutions		–	23,102,205
Total secured		<u>356,402,469</u>	<u>301,852,241</u>
Unsecured			
Overdrawn nostro accounts		768,831	360,661
		<u>357,171,300</u>	<u>302,212,902</u>



18. DEPOSITS AND OTHER ACCOUNTS

	30 September 2022 (Un-audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	537,110,074	57,044,639	594,154,713	451,790,944	50,037,483	501,828,427
Savings deposits	385,983,464	52,135,721	438,119,185	331,340,746	47,617,002	378,957,748
Term deposits	205,534,402	58,396,893	263,931,295	204,273,302	38,981,706	243,255,008
Current deposits-remunerative	156,014,677	9,103,156	165,117,833	117,604,631	3,844,969	121,449,600
Others	24,266,215	11,553,554	35,819,769	20,969,061	8,647,765	29,616,826
	1,308,908,832	188,233,963	1,497,142,795	1,125,978,684	149,128,925	1,275,107,609
Financial institutions						
Current deposits	3,850,480	628,433	4,478,913	4,373,863	361,260	4,735,123
Savings deposits	9,215,951	21	9,215,972	10,929,524	18	10,929,542
Term deposits	573,000	257,009	830,009	1,363,787	193,282	1,557,069
Current deposits-remunerative	68,295,563	616,815	68,912,378	17,195,258	284,878	17,480,136
Others	17,890	-	17,890	13,850	-	13,850
	81,952,884	1,502,278	83,455,162	33,876,282	839,438	34,715,720
	1,390,861,716	189,736,241	1,580,597,957	1,159,854,966	149,968,363	1,309,823,329

	Note	(Un-audited)	(Audited)
		30 September 2022	31 December 2021
(Rupees in '000)			
19. SUBORDINATED DEBT-Unsecured			
Term Finance Certificates (TFCs)-VI (Unquoted)	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs)-VII (Unquoted)	19.2	3,994,400	3,995,200
Term Finance Certificates (TFCs)-VIII (Unquoted)	19.3	4,998,000	5,000,000
Term Finance Certificates (TFCs)-IX (Unquoted)	19.4	7,000,000	-
		22,992,400	15,995,200



19.1 Term Finance Certificates-VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor 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	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) 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	AAA
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 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap.
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).



	(Un-audited) 30 September Note 2022	(Audited) 31 December 2021
	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	7,942,849	2,045,632
Mark-up / return / interest payable in foreign currencies	329,898	302,370
Unearned commission income	639,110	1,416,819
Accrued expenses	4,571,263	2,942,988
Acceptances	61,757,508	55,030,553
Unclaimed / dividend payable	633,611	546,228
Mark to market loss on forward foreign exchange contracts	6,316,978	787,128
Branch adjustment account	18,781,432	5,764,199
Payable to defined benefit plan	1,443,312	974,313
Charity payable	23,862	12,978
Provision against off-balance sheet items	20.1 220,812	173,319
Security deposits against leases / ijarah	8,271,055	7,174,202
Provision for compensated absences	1,318,459	1,127,704
Other security deposits	862,984	765,531
Workers' welfare fund	3,650,003	3,043,353
Payable to SBP / NBP	1,736,004	1,323,252
Payable to supplier against murabaha	164,861	223,202
Insurance payable	718,846	610,916
Lease liability against right-of-use assets	13,744,077	12,235,539
Current taxation (payments less provisions)	5,558,370	2,043,762
ATM settlement account	2,606,759	1,729,169
Others	2,761,141	1,528,729
	<u>144,053,194</u>	<u>101,801,886</u>

20.1 Provision against off-balance sheet obligations

Opening balance	173,319	146,692
Exchange adjustment against IFRS 9 in overseas branches	21,330	4,141
Charge for the period / year	26,271	9,701
Charge as per IFRS 9 in overseas branches for the period / year	1,188	60,763
Reversal for the period / year	(1,296)	(47,978)
	26,163	22,486
Closing balance	<u>220,812</u>	<u>173,319</u>



	(Un-audited) 30 September Note 2022	(Audited) 31 December 2021
	(Rupees in '000)	
21. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
(Deficit) / surplus on revaluation of:		
- Available-for-sale securities	9.1 (13,389,798)	(1,079,413)
- Fixed assets	8,723,926	8,869,136
- Non-banking assets acquired in satisfaction of claims	136,578	139,488
	(4,529,294)	7,929,211
Deferred tax on (deficit) / surplus on revaluation of:		
- Available-for-sale securities	(5,757,612)	(420,972)
- Fixed assets	2,437,175	1,849,120
- Non-banking assets acquired in satisfaction of claims	59,561	54,804
	(3,260,876)	1,482,952
	(1,268,418)	6,446,259
22. CONTINGENCIES AND COMMITMENTS		
Guarantees	22.1 156,929,321	126,082,119
Commitments	22.2 480,895,401	438,585,630
Other contingent liabilities	22.3 2,494,837	2,030,711
	640,319,559	566,698,460
22.1 Guarantees:		
Financial guarantees	20,963,346	24,274,161
Performance guarantees	135,965,975	101,807,958
	156,929,321	126,082,119
22.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	251,974,958	301,891,236
Commitments in respect of:		
- forward foreign exchange contracts	22.2.1 223,593,572	131,220,965
- forward lendings	22.2.2 3,952,986	4,717,424
Commitments for acquisition of:		
- operating fixed assets	1,373,885	756,005
	480,895,401	438,585,630



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

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	123,666,313	72,497,648
Sale	99,927,259	58,723,317
	<u>223,593,572</u>	<u>131,220,965</u>

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

22.2.2 Commitments in respect of forward lending	<u>3,952,986</u>	<u>4,717,424</u>
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

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

22.3 Claims against the Bank not acknowledged as debts	<u>2,494,837</u>	<u>2,030,711</u>
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22.4 Other contingent liabilities

The matter relating to the Bank's tax contingencies have been disclosed in note 22.4 to the annual financial statements of the Bank for the year ended 31 December 2021. There is no material change in the same.

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.



23.2 Maturity Analysis

	30 September 2022 (Un-audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	368	54,410,137	(1,626,602)	1,796,688	170,086
1 to 3 months	775	105,098,163	(3,935,016)	2,899,973	(1,035,043)
3 to 6 months	619	50,586,609	(705,601)	1,995,951	1,290,350
6 months to 1 year	169	13,498,663	(49,759)	729,761	680,002
1 to 2 years	-	-	-	-	-
	1,931	223,593,572	(6,316,978)	7,422,373	1,105,395

	31 December 2021 (Audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
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
	1,439	131,220,965	(787,128)	2,993,003	2,205,875

(Un-audited)
Nine months period ended
30 September 2022 **30 September 2021**
(Rupees in '000)

24. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	54,718,900	27,995,205
On investments	76,090,476	57,322,148
On deposits with financial institutions	415,762	168,796
On securities purchased under resale agreements	1,956,072	151,486
On lendings to financial institutions	-	14,537
On call money lendings	-	370
	133,181,210	85,652,542



		(Un-audited)	
		Nine months period ended	
	Note	30 September 2022	30 September 2021
(Rupees in '000)			
25.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	59,941,410	31,081,050
	Borrowings from SBP	3,979,246	1,649,034
	Subordinated debt	2,148,964	789,915
	Cost of foreign currency swaps	1,457,776	1,212,718
	Repurchase agreement borrowings	9,480,729	8,502,805
	Mark-up expense on lease liability against right-of-use assets	944,074	824,600
	Others	886,624	251,241
		<u>78,838,823</u>	<u>44,311,363</u>
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	1,024,045	970,290
	Investment banking fees	84,868	21,901
	Consumer finance related fees	41,818	59,331
	Card related fees (debit and credit cards)	1,937,307	985,239
	Credit related fees	315,398	189,224
	Commission on trade	4,296,855	3,697,582
	Commission on guarantees	555,074	395,825
	Commission on cash management	188,205	160,597
	Commission on home remittances	126,901	87,540
	Others	46,082	34,625
		<u>8,616,553</u>	<u>6,602,154</u>
27.	GAIN / (LOSS) ON SECURITIES-NET		
	Realised	214,141	5,465
	Unrealised-held-for-trading	(2,829)	(5,054)
		<u>211,312</u>	<u>411</u>
27.1	Realised gain / (loss) on:		
	Federal Government securities	971	194
	Shares	159,914	8,084
	Units of Mutual Fund	53,256	(2,813)
		<u>214,141</u>	<u>5,465</u>
28.	OTHER INCOME		
	Rent on property	8,636	8,247
	Gain on sale of fixed assets-net	334,554	360,049
	Recovery of expenses from customers	260,233	259,288
	Lockers rent	15,431	10,926
	Others	805	894
		<u>619,659</u>	<u>639,404</u>



	(Un-audited)	
	Nine months period ended	
	30 September 2022	30 September 2021
	(Rupees in '000)	
29. OPERATING EXPENSES		
Total compensation expenses	17,127,178	12,975,794
Property expenses		
Rent and taxes	242,430	255,410
Insurance	13,410	14,573
Utilities cost	1,869,096	1,045,413
Security (including guards)	1,046,759	768,602
Repair and maintenance (including janitorial charges)	333,288	259,159
Depreciation	2,451,632	2,070,016
	5,956,615	4,413,173
Information technology expenses		
Software maintenance	5,914	4,888
Hardware maintenance	1,507,642	914,724
Depreciation	348,327	269,072
Amortisation	211,434	228,703
Network charges	416,140	393,695
	2,489,457	1,811,082
Other operating expenses		
Directors' fees and allowances	32,390	29,390
Fees and allowances to Shariah Board	14,026	11,185
Insurance	559,113	375,568
Legal and professional charges	284,228	206,521
Outsourced services costs	1,811,305	1,412,028
Travelling and conveyance	286,477	175,558
NIFT and other clearing charges	142,087	145,207
Depreciation	1,391,724	1,179,349
Repair and maintenance	1,657,428	1,155,018
Training and development	47,746	33,103
Postage and courier charges	296,057	173,209
Communication	434,274	368,145
Stationery and printing	861,255	701,531
Marketing, advertisement and publicity	533,778	273,488
Donations	303,050	171,407
Auditors remuneration	9,588	7,523
Commission and brokerage	464,852	353,385
Entertainment and staff refreshment	342,573	259,573
Vehicle running expenses	1,992,636	1,125,933
Subscriptions and publications	205,625	169,040
CNIC verification charges	141,870	123,659
Security charges	465,003	307,528
Others	681,694	387,715
	12,958,779	9,145,063
	38,532,029	28,345,112



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2022	2021
		(Rupees in '000)	
30.	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	4,578	3,097
31.	PROVISIONS / (REVERSALS) AND WRITE OFFS-NET		
	Provision / (reversal) for diminution in value of investments-net	1,808,871	(49,727)
	Provision / (reversal) against loans and advances-net	608,594	(100,061)
	Provision against other assets-net	563	552
	Provision against off-balance sheet items-net	26,163	15,913
		<u>2,444,191</u>	<u>(133,323)</u>
32.	TAXATION		
	Current	15,146,772	8,932,191
	Deferred	(1,251,799)	(554,264)
		<u>13,894,973</u>	<u>8,377,927</u>
32.1	During the period, the tax rate has been revised from 35% to 39%. Further, a Super Tax of 10% has been levied for the tax year 2023. Accordingly, the impact of these changes in tax rates have been incorporated in these unconsolidated condensed interim financial statements.		
		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2022	2021
		(Rupees in '000)	
33.	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	14,968,727	13,929,572
		(Number)	
	Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
		(Rupees)	
	Basic and diluted earnings per share	13.47	12.53
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	
	Units of Mutual Fund	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:

	30 September 2022 (Un-audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government securities	-	838,162,381	-	838,162,381
Shares	3,059,784	-	-	3,059,784
Non-Government Debt securities	25,412,952	5,172,900	-	30,585,852
Foreign securities	-	1,058,464	-	1,058,464
Units of Mutual Fund	-	3,051,743	-	3,051,743
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government securities	-	164,670,832	-	164,670,832
Foreign securities	-	979,362	-	979,362
Associates				
Units of Mutual Fund	-	4,662,236	-	4,662,236
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	129,005,524	-	129,005,524
Forward sale of foreign exchange contracts	-	95,693,443	-	95,693,443



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
Units of Mutual Fund	-	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				
Units of Mutual Fund	-	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:

	Nine months period ended 30 September 2022 (Un-audited)		
	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	116,182,504	16,998,706	133,181,210
Inter segment revenue-net	-	32,995,769	32,995,769
Non mark-up / return / interest income	8,528,401	7,580,360	16,108,761
Total income	124,710,905	57,574,835	182,285,740
Segment direct expenses	(78,683,142)	(39,298,938)	(117,982,080)
Inter segment expense allocation	(32,995,769)	-	(32,995,769)
Total expenses	(111,678,911)	(39,298,938)	(150,977,849)
Provisions	(2,381,070)	(63,121)	(2,444,191)
Profit before tax	10,650,924	18,212,776	28,863,700
	As at 30 September 2022 (Un-audited)		
Statement of financial position			
Cash and bank balances	101,385,334	17,995,811	119,381,145
Investments	1,057,533,701	-	1,057,533,701
Net inter segment lending	-	875,719,702	875,719,702
Lendings to financial institutions	37,000,718	-	37,000,718
Advances - performing	690,964,517	122,816,305	813,780,822
- non-performing	1,181,241	38,981	1,220,222
Others	164,138,844	28,112,535	192,251,379
Total assets	2,052,204,355	1,044,683,334	3,096,887,689
Borrowings	357,171,300	-	357,171,300
Subordinated debt	22,992,400	-	22,992,400
Deposits and other accounts	643,283,547	937,314,410	1,580,597,957
Net inter segment borrowing	875,719,702	-	875,719,702
Others	68,647,504	100,024,782	168,672,286
Total liabilities	1,967,814,453	1,037,339,192	3,005,153,645
Equity	84,389,902	7,344,142	91,734,044
Total equity and liabilities	2,052,204,355	1,044,683,334	3,096,887,689
Contingencies and commitments	404,495,513	4,408,766	408,904,279



Nine months period ended 30 September 2021 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	80,518,337	5,134,205	85,652,542
Inter segment revenue-net	–	19,103,217	19,103,217
Non mark-up / return / interest income	2,976,150	6,662,162	9,638,312
Total income	83,494,487	30,899,584	114,394,071
Segment direct expenses	(50,114,109)	(23,002,569)	(73,116,678)
Inter segment expense allocation	(19,103,217)	–	(19,103,217)
Total expenses	(69,217,326)	(23,002,569)	(92,219,895)
Reversals / (provisions)	207,920	(74,597)	133,323
Profit before tax	14,485,081	7,822,418	22,307,499

As at 31 December 2021 (Audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Statement of financial position			
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
Total assets	1,690,822,050	902,134,540	2,592,956,590
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
Total liabilities	1,616,524,094	886,417,448	2,502,941,542
Equity	74,297,956	15,717,092	90,015,048
Total equity and liabilities	1,690,822,050	902,134,540	2,592,956,590
Contingencies and commitments	419,856,696	8,116,659	427,973,355

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:

	30 September 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)									
Investments										
Opening balance	-	-	883,250	7,764,656	305,998	-	-	883,250	2,047,346	-
Investment made during the period / year	-	-	-	8,200,000	50,000	-	-	-	10,200,000	182,690
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	(11,350,004)	-	-	-	-	(4,482,690)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	-	(8,286)	-	-	-	-	123,308
Closing balance	-	-	883,250	4,614,652	347,712	-	-	883,250	7,764,656	305,998
Advances										
Opening balance	1,620	195,482	463,425	-	2,417,285	332	171,544	201,173	-	2,217,749
Addition during the period / year	62,262	298,353	16,613,515	-	33,579,350	76,666	235,679	26,196,301	-	57,968,205
Repaid during the period / year	(61,502)	(187,609)	(16,399,033)	-	(35,002,542)	(75,378)	(211,741)	(25,934,049)	-	(57,768,669)
Closing balance	2,380	306,226	677,907	-	994,093	1,620	195,482	463,425	-	2,417,285
Operating fixed assets										
Right of use	-	-	-	-	-	-	-	-	-	786
Other Assets										
Interest / mark-up accrued	-	138	-	-	28	-	120	-	-	-
L/C acceptances	-	-	-	-	244,378	-	-	-	-	-
Dividend receivable	-	-	-	6,046	-	-	-	-	118	-
Subordinated debt										
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
Deposits and other accounts										
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	3,823,692	4,559,677	8,976,733	215,394,808	137,725,308	6,376,086	3,125,505	21,273,904	83,337,951	63,034,965
Withdrawn during the period / year	(4,009,745)	(4,575,077)	(8,851,751)	(189,586,561)	(138,522,481)	(6,678,852)	(3,071,987)	(21,660,404)	(84,018,330)	(59,718,023)
Closing balance	583,865	759,036	215,066	25,867,630	6,139,079	769,918	774,436	90,084	59,383	6,936,252
Other Liabilities										
Interest / mark-up payable	1,754	8,152	13	-	18,288	404	1,327	-	-	30,768
Payable to staff retirement fund	-	-	-	-	1,443,312	-	-	-	-	974,312
L/C acceptances	-	-	-	-	244,378	-	-	-	-	-
Other liabilities	-	25	657	-	-	-	2	908	-	-
Contingencies and commitments										
	-	-	-	-	919,286	-	-	-	-	919,205
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	75,000	-	4,791,800	-	-	85,000	-	6,120,840
Increased during the period / year	-	-	45,000	-	19,280,000	-	-	75,000	-	7,725,000
Decreased during the period / year	-	-	-	-	(10,136,800)	-	-	(85,000)	-	(9,054,040)
Closing balance	-	-	120,000	-	13,935,000	-	-	75,000	-	4,791,800



37.1 RELATED PARTY TRANSACTIONS

	30 September 2022 (Un-audited)					30 September 2021 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	2	10,781	47,521	–	113,453	–	7,557	16,018	–	79,972
Fee and commission income	86	320	15	55	5,946	25	117	11	67	9,300
Dividend income	–	–	–	492,370	53,996	–	–	–	151,472	–
Net gain / (loss) on sale / redemption of securities and units of mutual funds	–	–	–	53,256	332	–	–	–	(2,813)	–
Rental income	–	–	8,636	–	–	–	–	8,247	–	–
Other income	–	–	587	–	432	–	–	589	23	315
Expense										
Mark-up / return / interest expensed	42,626	61,479	13,630	249,781	531,165	46,089	36,563	13,343	24,898	165,078
Operating expenses	–	–	–	–	30,675	–	–	–	–	3,280
Brokerage expense	–	–	4,585	–	–	–	–	9,994	–	–
Salaries and allowances	–	645,451	–	–	–	–	466,782	–	–	–
Bonus	–	143,174	–	–	–	–	66,562	–	–	–
Contribution to defined contribution plan	–	26,507	–	–	–	–	21,029	–	–	–
Contribution to defined benefit plan	–	110,355	–	–	–	–	59,500	–	–	–
Staff provident fund	–	–	–	–	648,368	–	–	–	–	522,706
Staff gratuity fund	–	–	–	–	469,000	–	–	–	–	369,000
Directors' fees	30,890	–	–	–	–	27,890	–	–	–	–
Donation	–	–	–	–	21,000	–	–	–	–	6,000
Insurance premium paid	–	–	–	–	134,360	–	–	–	–	141,449
Insurance claims settled	–	–	–	–	37,259	–	–	–	–	59,913



38. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	86,418,450	80,641,265
Eligible Additional Tier 1 (ADT 1) Capital	13,585,866	6,570,734
Total Eligible Tier 1 Capital	100,004,316	87,211,999
Eligible Tier 2 Capital	20,612,131	25,750,539
Total Eligible Capital (Tier 1 + Tier 2)	120,616,447	112,962,538
Risk Weighted Assets (RWAs):		
Credit Risk	766,322,714	703,135,583
Market Risk	15,748,789	17,023,428
Operational Risk	117,517,781	117,517,781
Total	899,589,284	837,676,792
Common Equity Tier 1 Capital Adequacy Ratio	9.606%	9.627%
Tier 1 Capital Adequacy Ratio	11.117%	10.411%
Total Capital Adequacy Ratio	13.408%	13.485%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	100,004,316	87,211,999
Total Exposures	2,645,115,189	2,334,221,910
Leverage Ratio	3.781%	3.736%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	788,440,921	631,288,320
Total Net Cash Outflow	338,812,511	244,836,260
Liquidity Coverage Ratio	232.707%	257.841%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,641,063,555	1,379,682,140
Total Required Stable Funding	923,580,226	825,749,841
Net Stable Funding Ratio	177.685%	167.082%



39. ISLAMIC BANKING BUSINESS

The Bank is operating 165 (31 December 2021: 138) Islamic banking branches and 150 (31 December 2021: 145) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 30 September 2022	(Audited) 31 December 2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		12,311,500	8,423,970
Balances with other banks		6,978	6,633
Due from financial institutions		–	–
Investments	39.1	139,731,341	126,593,021
Islamic financing and related assets	39.2	106,400,922	85,209,570
Fixed assets		833,304	691,623
Intangible assets		–	–
Due from Head Office		–	–
Other assets		13,428,002	8,215,798
Total Assets		272,712,047	229,140,615
LIABILITIES			
Bills payable		412,883	306,474
Due to financial institutions		51,556,411	30,479,303
Deposits and other accounts	39.3	152,080,558	128,090,092
Due to Head Office		36,218,462	39,305,108
Subordinated debt		–	–
Other liabilities		13,072,900	16,989,976
		253,341,214	215,170,953
NET ASSETS		19,370,833	13,969,662
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Surplus / (deficit) on revaluation of assets		51,581	(238,060)
Unappropriated profit	39.4	11,719,252	6,607,722
		19,370,833	13,969,662
CONTINGENCIES AND COMMITMENTS	39.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 30 September 2022 is as follows:

	Note	(Un-audited)	
		30 September 2022	30 September 2021
Nine months period ended			
(Rupees in '000)			
Profit / return earned	39.6	16,895,598	7,347,708
Profit / return expensed	39.7	(9,260,414)	(2,990,607)
Net Profit / return		7,635,184	4,357,101
Other income			
Fee and commission income		609,995	446,572
Dividend income		58,244	2,673
Foreign exchange income		106,565	99,869
Income / (loss) from derivatives		-	-
Gain on securities		-	108
Other income		46,020	29,809
Total other income		820,824	579,031
Total income		8,456,008	4,936,132
Other expenses			
Operating expenses		(3,271,222)	(2,311,958)
Other charges		(111)	(155)
Total other expenses		(3,271,333)	(2,312,113)
Profit before provisions		5,184,675	2,624,019
(Provisions) / reversals and write offs - net		(73,145)	115,324
Profit for the period		5,111,530	2,739,343

	30 September 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
(Rupees in '000)								
39.1 Investments by segments:								
Federal Government securities								
- Ijarah Sukuks	106,891,071	-	(208,471)	106,682,600	86,966,521	-	(489,423)	86,477,098
- Neelum Jhelum Hydropower Co Ltd. Sukuk	2,310,000	-	-	2,310,000	3,093,750	-	-	3,093,750
- Bai Muajjal with Government of Pakistan	-	-	-	-	9,222,783	-	-	9,222,783
- Islamic Naya Pakistan Certificates	4,016,428	-	-	4,016,428	807,152	-	-	807,152
	113,217,499	-	(208,471)	113,009,028	100,090,206	-	(489,423)	99,600,783
Shares								
- Listed Companies	80,455	(54,175)	6,400	32,680	80,455	(54,083)	11,665	38,037
Non Government Debt securities								
- Listed	21,964,825	-	232,925	22,197,750	22,243,347	-	215,177	22,458,524
- Unlisted	3,973,000	-	-	3,973,000	3,973,000	-	-	3,973,000
	25,937,825	-	232,925	26,170,750	26,216,347	-	215,177	26,431,524
Units of Mutual Fund	351,022	(52,866)	20,727	318,883	351,022	(52,866)	24,521	322,677
Associates								
- AL Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
	200,000	-	-	200,000	200,000	-	-	200,000
Total Investments	139,786,801	(107,041)	51,581	139,731,341	126,938,030	(106,949)	(238,060)	126,593,021



	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)	
39.2 Islamic financing and related assets		
Ijarah	2,290,251	1,510,759
Murabaha	11,395,738	10,763,354
Diminishing Musharaka	15,852,646	14,068,266
Istisna	8,854,683	5,342,869
Islamic Long Term Financing Facility (ILTFF)	3,418,826	2,354,060
Islamic Refinance for Renewable Energy (IFRE)	2,152,496	36,245
Islamic Refinance for Wages and Salaries (IRWS)	302,800	1,220,603
Islamic Temporary Economic Refinance Facility (ITERF)	4,858,612	908,150
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	37,394	-
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	142,438	-
Islamic Export Refinance (IERS)-Istisna	725,053	1,116,424
Musawamah	4,404,478	4,583,663
Running Musharaka	755,132	326,612
Islamic Export Refinance-Running Musharaka	5,576,698	5,263,500
Islamic Export Refinance-Musawamah	423,150	529,750
Financing against Bills-Musawamah	4,620,841	1,580,871
Export Finance Scheme (EFS) - Discounting	6,057,888	-
Staff Financing	1,286,005	1,025,435
Musawamah Inventory	4,245,398	2,290,127
Advance against Istisna	9,796,441	7,974,093
Advance against Istisna-IERF	9,623,352	9,475,930
Advance against Ijarah	401,603	505,797
Advance against Diminishing Musharaka	2,598,708	4,440,130
Advance against ILTFF	2,660,012	1,756,300
Advance against IFRE	519,584	2,161,708
Advance against ITERF	3,625,830	6,101,556
Advance against IRF SME	13,431	39,925
Gross Islamic financing and related assets	106,639,488	85,376,127
Less: provision against Islamic financings		
- Specific	188,510	123,001
- General	50,056	43,556
	238,566	166,557
Islamic financing and related assets-net of provision	106,400,922	85,209,570



	(Un-audited) 30 September 2022 (Rupees in '000)	(Audited) 31 December 2021
39.3 Deposits and Other Accounts		
Customers		
Current deposits	65,779,426	52,834,548
Savings deposits	52,288,060	46,152,841
Term deposits	24,902,116	19,890,218
	<u>142,969,602</u>	<u>118,877,607</u>
Financial institutions		
Current deposits	9,489	18,895
Savings deposits	9,101,467	9,193,590
	<u>9,110,956</u>	<u>9,212,485</u>
	<u>152,080,558</u>	<u>128,090,092</u>
39.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	6,607,722	2,744,921
Add: Islamic Banking profit for the period / year	5,111,530	3,862,801
Closing Balance	<u>11,719,252</u>	<u>6,607,722</u>
39.5 Contingencies and Commitments		
Guarantees	10,541,677	10,930,898
Commitments	21,279,503	27,490,079
	<u>31,821,180</u>	<u>38,420,977</u>
	(Un-audited) Nine months period ended	
	30 September 2022	30 September 2021
	(Rupees in '000)	
39.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	6,004,981	2,864,099
Investments	10,867,010	4,463,116
Placements	23,607	20,493
	<u>16,895,598</u>	<u>7,347,708</u>
39.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	5,299,146	2,508,322
Due to Financial Institutions	1,814,319	280,627
Due to Head Office	2,146,949	201,658
	<u>9,260,414</u>	<u>2,990,607</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.

Special Mudaraba Financing Facility (MFF) Pool-Open Market Operations (OMO) Injections

Special MFF Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic OMO in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

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 also commingles its funds with those of depositors.

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

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

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

The Bank's profit sharing ratio during the period was 50% (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

	30 September 2022 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	10,010,436	2,775,040	27.72%	1,236,665	44.56%
FCY Pool	107,897	101,055	93.66%	6,530	6.46%
	30 September 2021 (Un-audited)				
LCY Pool	4,573,000	2,026,484	44.31%	159,826	7.89%
FCY Pool	58,309	54,255	93.05%	6,451	11.89%



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

	(Un-audited)	
	<u>Nine months period ended</u>	
	30 September	30 September
	2022	2021
	(Percentage)	
Profit rate earned	10.15%	7.10%
Profit rate distributed	5.38%	3.23%

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 October 27, 2022.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6 114,587,408	118,599,792
Balances with other banks	7 4,905,152	6,803,572
Lendings to financial institutions	8 37,000,718	20,063,828
Investments	9 1,057,778,249	826,698,791
Advances	10 814,321,168	733,335,453
Fixed assets	11 60,923,757	55,701,205
Intangible assets	12 536,707	354,580
Deferred tax assets	13 8,028,860	2,103,393
Other assets	14 123,637,367	86,548,232
	2,221,719,386	1,850,208,846
LIABILITIES		
Bills payable	16 24,619,092	29,803,755
Borrowings	17 357,171,300	302,212,902
Deposits and other accounts	18 1,580,389,950	1,309,734,964
Liabilities against assets subject to finance lease	-	-
Subordinated debt	19 22,992,400	15,995,200
Deferred tax liabilities	-	-
Other liabilities	20 144,363,866	102,042,740
	2,129,536,608	1,759,789,561
NET ASSETS	92,182,778	90,419,285
REPRESENTED BY		
Share capital	11,114,254	11,114,254
Reserves	24,313,835	20,656,466
(Deficit) / surplus on revaluation of assets	21 (1,262,744)	6,453,983
Unappropriated profit	57,903,665	52,071,442
Equity attributable to the shareholders of the Holding Company	92,069,010	90,296,145
Non-controlling interest	22 113,768	123,140
TOTAL EQUITY	92,182,778	90,419,285
CONTINGENCIES AND COMMITMENTS	23	

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Nine months period ended		Three months period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		(Rupees in '000)			
Mark-up / return / interest earned	25	133,174,574	85,648,986	56,354,225	30,586,912
Mark-up / return / interest expensed	26	(78,831,783)	(44,307,397)	(35,949,860)	(16,629,272)
Net mark-up / interest income		54,342,791	41,341,589	20,404,365	13,957,640
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	8,798,015	6,811,719	2,945,105	2,375,546
Dividend income		484,217	351,927	224,313	189,125
Foreign exchange income		5,689,426	1,896,967	2,580,683	847,967
Income / (loss) from derivatives		—	—	—	—
Gain / (loss) on securities-net	28	174,838	701	7,728	(13,638)
Share of profit from associates		582,765	233,866	219,106	94,792
Other income	29	629,976	647,222	202,361	179,524
Total non mark-up / interest income		16,359,237	9,942,402	6,179,296	3,673,316
Total income		70,702,028	51,283,991	26,583,661	17,630,956
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	(38,683,979)	(28,463,133)	(14,009,226)	(9,545,318)
Workers' welfare fund		(609,391)	(459,771)	(224,226)	(162,499)
Other charges	31	(4,578)	(3,097)	(3,781)	(1,019)
Total non mark-up / interest expenses		(39,297,948)	(28,926,001)	(14,237,233)	(9,708,836)
Profit before provisions		31,404,080	22,357,990	12,346,428	7,922,120
(Provisions) / reversals and write offs-net	32	(2,453,479)	118,661	(1,798,972)	90,431
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		28,950,601	22,476,651	10,547,456	8,012,551
Taxation	33	(13,929,657)	(8,418,248)	(5,118,114)	(3,089,158)
PROFIT AFTER TAXATION		15,020,944	14,058,403	5,429,342	4,923,393
Attributable to:					
Shareholders of the Holding Company		15,024,646	14,047,036	5,430,236	4,920,394
Non-controlling interest		(3,702)	11,367	(894)	2,999
		15,020,944	14,058,403	5,429,342	4,923,393
(Rupees)					
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	34	13.52	12.64	4.89	4.43

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

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Nine months period ended		Three months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Rupees in '000)			
Profit after taxation for the period	15,020,944	14,058,403	5,429,342	4,923,393
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	2,160,496	408,920	986,787	497,505
Movement in deficit on revaluation of investments-net of tax	(6,981,465)	(1,385,686)	(2,827,867)	(904,150)
	(4,820,969)	(976,766)	(1,841,080)	(406,645)
<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	(656,504)	–	(113,702)	–
Total comprehensive income	9,543,471	13,081,637	3,474,560	4,516,748
Attributable to:				
Shareholders of the Holding Company	9,552,843	13,072,035	3,476,964	4,518,425
Non-controlling interest	(9,372)	9,602	(2,404)	(1,677)
	9,543,471	13,081,637	3,474,560	4,516,748

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

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Attributable to shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		(Deficit) / surplus 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 nine months ended 30 September 2021:											
Profit after taxation	-	-	-	-	-	-	-	14,047,036	14,047,036	11,367	14,058,403
Other comprehensive income	-	-	408,920	-	-	(1,383,921)	-	-	(975,001)	(1,765)	(976,766)
Total comprehensive income for the period	-	-	408,920	-	-	(1,383,921)	-	14,047,036	13,072,035	9,602	13,081,637
Transfer to statutory reserve	-	1,392,957	-	-	-	-	-	(1,392,957)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(90,337)	90,337	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 4.5 per share)	-	-	-	-	-	-	-	(5,001,414)	(5,001,414)	-	(5,001,414)
Balance as at 30 September 2021-unaudited	11,114,254	17,033,778	2,532,876	126,500	540,000	1,457,730	7,434,705	48,159,715	88,399,558	124,380	88,523,938
Comprehensive income for the quarter ended 31 December 2021:											
Profit after taxation	-	-	-	-	-	-	-	4,536,284	4,536,284	2,298	4,538,582
Other comprehensive income	-	-	124,635	-	-	(2,108,447)	(299,902)	(177,387)	(2,461,101)	(3,538)	(2,464,639)
Total comprehensive income for the period	-	-	124,635	-	-	(2,108,447)	(299,902)	4,358,897	2,075,183	(1,240)	2,073,943
Transfer to statutory reserve	-	477,273	-	-	-	-	-	(477,273)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(30,103)	30,103	-	-	-
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 nine months period ended 30 September 2022:											
Profit after taxation	-	-	-	-	-	-	-	15,024,646	15,024,646	(3,702)	15,020,944
Other comprehensive income	-	-	2,160,496	-	-	(6,975,795)	(656,504)	-	(5,471,803)	(5,670)	(5,477,473)
Total comprehensive income for the period	-	-	2,160,496	-	-	(6,975,795)	(656,504)	15,024,646	9,552,843	(9,372)	9,543,471
Transfer to statutory reserve	-	1,496,873	-	-	-	-	-	(1,496,873)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(84,428)	84,428	-	-	-
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 30 September 2022-unaudited	11,114,254	19,007,924	4,639,411	126,500	540,000	(7,626,512)	6,363,768	57,903,665	92,069,010	113,768	92,182,778

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

FARHANA MOWJEE KHAN <i>Director</i>	MANSOOR ALI KHAN <i>Chief Executive</i>	ANWAR HAJI KARIM <i>Director</i>	ASHAR HUSAIN <i>Chief Financial Officer</i>	QUMAIL R. HABIB <i>Executive Director</i>
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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

	Note	30 September 2022	30 September 2021
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		28,950,601	22,476,651
Less: Dividend income		(484,217)	(351,927)
		28,466,384	22,124,724
Adjustments:			
Depreciation		2,612,686	2,162,415
Depreciation on right-of-use assets		1,581,393	1,358,045
Amortisation		212,399	229,034
Provisions / (reversals) and write-offs-net	32	2,453,479	(118,661)
Gain on sale of fixed assets-net		(337,940)	(364,997)
Charge for defined benefit plan		469,000	369,000
(Gain) / loss on securities-net		(174,838)	(701)
Share of profit from associates		(582,765)	(233,866)
Charge for compensated absences		181,833	181,194
Mark-up expense on lease liability against right-of-use assets		944,074	824,600
		7,359,321	4,406,063
		35,825,705	26,530,787
(Increase) / decrease in operating assets			
Lendings to financial institutions		(16,936,890)	1,175,301
Held-for-trading securities		16,889	(67,598)
Advances		(81,594,309)	(148,865,744)
Other assets		(37,078,454)	(6,327,092)
		(135,592,764)	(154,085,133)
(Decrease) / increase in operating liabilities			
Bills payable		(5,184,663)	(1,664,297)
Borrowings from financial institutions		54,550,228	141,120,010
Deposits		270,654,986	173,215,217
Other liabilities (excluding current taxation)		36,536,805	9,345,511
		356,557,356	322,016,441
		256,790,297	194,462,095
Income tax paid		(11,660,747)	(6,477,006)
Net cash flow generated from operating activities		245,129,550	187,985,089
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(256,113,427)	(152,134,123)
Net investments in held-to-maturity securities		7,963,149	(13,670,829)
Net investments in associates		3,672,433	(5,801,396)
Dividends received		467,559	293,651
Investments in operating fixed assets		(7,288,207)	(12,441,065)
Proceeds from sale of fixed assets		358,344	334,156
Exchange differences on translation of net investment in foreign branches		2,160,496	408,920
Net cash used in investing activities		(248,779,653)	(183,010,686)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts of subordinated debt-net		6,997,200	1,006,400
Dividend paid		(7,692,595)	(4,922,434)
Payment against lease liabilities		(1,973,476)	(1,565,156)
Net cash used in financing activities		(2,668,871)	(5,481,190)
		(6,318,974)	(506,787)
Decrease in cash and cash equivalents		(6,318,974)	(506,787)
Cash and cash equivalents at beginning of the period		125,042,703	125,419,074
Cash and cash equivalents at end of the period		118,723,729	124,912,287

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

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 1,019 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 06 booths (31 December 2021: 03 booths). The branch network of the Bank includes 02 overseas branches (31 December 2021: 02 overseas branches) and 165 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 (now the Companies Act, 2017). The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). 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 Pension Fund - Equity Sub Fund
- AL Habib Pension Fund - Debt Sub Fund
- AL Habib Pension Fund - Money Market Sub Fund
- AL Habib Islamic Pension Fund - Equity Sub Fund
- AL Habib Islamic Pension Fund - Debt Sub Fund
- AL Habib Islamic Pension Fund - Money Market Sub 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 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 40 to these consolidated condensed interim financial statements.

2.3 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- 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 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 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. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars. 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 condensed interim 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

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

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

IFRS 9 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 No. 03 of 2022 dated 05 July 2022 directed the banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2023. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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 annual financial statements of the Group 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) 30 September 2022 (Rupees in '000)	(Audited) 31 December 2021
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	27,811,669	25,102,141
Foreign currencies	3,347,027	1,731,629
	31,158,696	26,833,770
In transit:		
Local currency	1,001,874	230,555
Foreign currencies	171,301	422
	1,173,175	230,977
With the State Bank of Pakistan in:		
Local currency current accounts	61,654,284	53,360,569
Local currency current accounts-Islamic Banking	8,619,943	5,651,972
Foreign currency deposit accounts		
Cash reserve account	4,466,237	3,733,261
Cash reserve / special cash reserve accounts		
-Islamic Banking	554,110	408,717
Special cash reserve account	-	7,466,521
Local US Dollar collection account	294,176	786,071
	75,588,750	71,407,111
With the National Bank of Pakistan in:		
Local currency current accounts	6,593,073	19,846,650
Prize bonds	73,714	281,284
	114,587,408	118,599,792
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	149,156	231,604
In deposit accounts	716,976	618,607
	866,132	850,211
Outside Pakistan:		
In current accounts	3,970,338	4,131,543
In deposit accounts	68,686	1,821,822
	4,039,024	5,953,365
Less: impairment against IFRS 9 in overseas branches	4,905,156 (4)	6,803,576 (4)
	4,905,152	6,803,572
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	6,469,065	1,719,830
Market Treasury Bills	30,531,653	18,343,998
	37,000,718	20,063,828



9. INVESTMENTS

Note	30 September 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
9.1 Investments by type:								
Held-for-trading securities								
Shares	126,561	-	(6,831)	119,730	134,937	-	(3,067)	131,870
Available-for-sale securities								
Federal Government securities	849,051,870	(180,509)	(10,553,414)	838,317,947	594,584,144	(224,825)	(1,276,341)	593,082,978
Shares	4,724,980	(1,916,981)	401,344	3,209,343	4,637,052	(1,799,946)	615,637	3,452,743
Non Government Debt securities	30,438,102	-	147,750	30,585,852	29,941,356	-	141,257	30,082,613
Foreign securities	7,545,366	(2,601,097)	(3,885,805)	1,058,464	6,718,457	(947,343)	(853,977)	4,917,137
Units of Mutual Fund	2,956,349	(365,225)	490,946	3,082,070	2,176,022	(365,225)	296,808	2,107,605
	894,716,667	(5,063,812)	(13,399,179)	876,253,676	638,057,031	(3,337,339)	(1,076,616)	633,643,076
Held-to-maturity securities								
Federal Government securities	174,811,304	(77,242)	-	174,734,062	182,347,089	(100,982)	-	182,246,107
Foreign securities	1,829,359	(632,348)	-	1,197,011	2,191,873	(77,573)	-	2,114,300
Others	4,481	(4,481)	-	-	4,481	(4,481)	-	-
	176,645,144	(714,071)	-	175,931,073	184,543,443	(183,036)	-	184,360,407
Associates	5,473,770	-	-	5,473,770	8,563,438	-	-	8,563,438
Total Investments	<u>1,076,962,142</u>	<u>(5,777,883)</u>	<u>(13,406,010)</u>	<u>1,057,778,249</u>	<u>831,298,849</u>	<u>(3,520,375)</u>	<u>(1,079,683)</u>	<u>826,698,791</u>



	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)	
9.1.1 Investments given as collateral		
Market Treasury Bills	22,271,000	34,993,379
Pakistan Investment Bonds	149,370,000	84,993,500
	<u>171,641,000</u>	<u>119,986,879</u>
9.2 Provision for diminution in the value of investments		
Opening balance	3,520,375	3,638,456
Exchange adjustments against IFRS 9 in overseas branches	439,349	144,654
Charge / (reversal):		
Charge for the period / year	121,976	14,662
Charge / (reversal) of impairment as per IFRS 9 in overseas branches for the period / year	1,701,124	(188,882)
Reversal on disposal during the period / year	(4,941)	(88,515)
	<u>1,818,159</u>	<u>(262,735)</u>
Closing balance	<u>5,777,883</u>	<u>3,520,375</u>

9.3 The market value of securities classified as held-to-maturity at 30 September 2022 amounted to Rs. 165,650 million (31 December 2021: Rs. 181,472 million).



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 September 2022	(Audited) 31 December 2021	(Un-audited) 30 September 2022	(Audited) 31 December 2021	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	660,059,501	602,080,934	7,963,379	7,123,857	668,022,880	609,204,791
Islamic financing and related assets	105,937,448	84,965,477	702,040	410,650	106,639,488	85,376,127
Bills discounted and purchased	53,409,435	51,632,418	698,075	212,428	54,107,510	51,844,846
Advances-gross	819,406,384	738,678,829	9,363,494	7,746,935	828,769,878	746,425,764
Provision against advances						
– Specific	-	-	8,143,272	6,494,129	8,143,272	6,494,129
– General as per regulations	410,890	369,390	-	-	410,890	369,390
– General	5,750,000	5,750,000	-	-	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	144,548	476,792	-	-	144,548	476,792
	6,305,438	6,596,182	8,143,272	6,494,129	14,448,710	13,090,311
Advances-net of provision	813,100,946	732,082,647	1,220,222	1,252,806	814,321,168	733,335,453

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

10.1 Particulars of advances (Gross)

In local currency	688,785,422	621,504,686
In foreign currencies	139,984,456	124,921,078
	828,769,878	746,425,764

10.2 Advances include Rs. 9,363.494 million (31 December 2021: Rs. 7,746.935 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	192,644	9,828	47,122	1,887
Substandard	1,171,410	282,915	1,352,895	331,166
Doubtful	349,778	172,898	222,455	105,141
Loss	5,002,479	5,030,448	4,028,738	3,960,210
	6,716,311	5,496,089	5,651,210	4,398,404
Overseas				
Overdue by:				
181 to 365 days	66,161	66,161	85,363	85,363
> 365 days	2,581,022	2,581,022	2,010,362	2,010,362
	2,647,183	2,647,183	2,095,725	2,095,725
Total	9,363,494	8,143,272	7,746,935	6,494,129



10.3 Particulars of provision against advances

	30 September 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	685,331	111,019	796,350	223,681	17,349	241,030
Charge for the period / year						
- Specific provision	3,127,948	-	3,127,948	807,714	-	807,714
- General provision as per regulations	-	41,500	41,500	-	102,100	102,100
- As per IFRS 9 in overseas branches	-	(443,263)	(443,263)	-	331,425	331,425
Reversals	(2,117,591)	-	(2,117,591)	(1,034,201)	-	(1,034,201)
	1,010,357	(401,763)	608,594	(226,487)	433,525	207,038
Amounts written off	(46,545)	-	(46,545)	(544)	-	(544)
Closing balance	8,143,272	6,305,438	14,448,710	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 30 September 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)	(Audited)
		30 September 2022	31 December 2021
		(Rupees in '000)	
11. FIXED ASSETS			
Capital work-in-progress	11.1	3,688,286	1,738,112
Property and equipment		57,235,471	53,963,093
		60,923,757	55,701,205
11.1 Capital work-in-progress			
Civil works		976,015	595,516
Advance payment for purchase of equipments		212,643	125,432
Advance payment towards suppliers, contractors and property		2,488,835	1,015,099
Consultants' fee and other charges		10,793	2,065
		3,688,286	1,738,112



11.2 Additions to fixed assets

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

	(Un-audited)	
	Nine months period ended	
	30 September 2022	30 September 2021
	(Rupees in '000)	
Capital work-in-progress	3,719,895	1,372,661
Property and equipment		
Leasehold land	276,767	3,337,700
Building on leasehold land	647,226	5,308,313
Furniture and fixture	414,580	202,727
Electrical, office and computer equipment	2,575,891	985,410
Vehicles	656,420	402,398
Improvements to leasehold building	372,627	280,230
Right-of-use assets	2,594,978	1,676,578
	7,538,489	12,193,356
Total	11,258,384	13,566,017

11.3 Disposal of fixed assets

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

Furniture and fixture	3,327	969
Electrical, office and computer equipment	3,990	4,806
Vehicles	10,163	16,132
Building on leasehold land	-	2,226
Improvements to leasehold building	17,148	-
Right-of-use assets	88,750	216,976
Total	123,378	241,109

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

12. INTANGIBLE ASSETS

Computer software	453,537	271,410
TRE certificates	2,500	2,500
Management rights	80,670	80,670
Total	536,707	354,580



		(Un-audited) Nine months period ended	
		30 September 2022	30 September 2021
		(Rupees in '000)	
12.1	Additions to intangible assets		
	Computer software-directly purchased	394,526	230,426
		(Un-audited) 30 September 2022	(Audited) 31 December 2021
	Note		
		(Rupees in '000)	
13.	DEFERRED TAX ASSET		
	Deductible Temporary Differences on		
	Provision against diminution in value of investments	2,470,799	1,364,207
	Provision against loans and advances, off-balance sheet, etc.	2,138,198	2,083,606
	Workers' welfare fund	1,569,501	1,186,908
	Recognised tax losses	-	13,154
	Deficit on revaluation of available-for-sale investments	5,761,769	422,867
	Deficit / (surplus) on revaluation of held-for-trading securities	1,649	(825)
	Others	17,166	13,862
		11,959,082	5,083,779
	Taxable Temporary Differences on		
	Accelerated tax depreciation	(1,503,834)	(1,146,810)
	Surplus on revaluation of fixed assets / non-banking assets	(2,426,388)	(1,833,576)
		(3,930,222)	(2,980,386)
		8,028,860	2,103,393
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency-net of provision	41,580,474	19,755,175
	Income / mark-up accrued in foreign currencies-net of provision	2,065,956	1,174,158
	Advances, deposits, advance rent and other prepayments	2,083,800	1,176,105
	Non-banking assets acquired in satisfaction of claims	3,114,949	811,454
	Mark to market gain on forward foreign exchange contracts	7,422,373	2,993,003
	Acceptances	61,757,508	55,030,553
	Stationery and stamps on hand	660,076	436,018
	Receivable from SBP on encashment of Government Securities	719,604	150,135
	Receivable against securities	473,819	505,505
	Others	3,630,153	4,384,135
		123,508,712	86,416,241
	Less: Provision held against other assets	14.1 (7,923)	(7,497)
	Other Assets (net of provision)	123,500,789	86,408,744
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	136,578	139,488
	Other Assets-total	123,637,367	86,548,232



	Note	(Un-audited) 30 September 2022 (Rupees in '000)	(Audited) 31 December 2021
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	<u>7,923</u>	<u>7,497</u>
14.1.1 Movement in provision held against other assets			
Opening balance		7,497	6,884
Charge for the period / year		<u>1,744</u>	<u>2,740</u>
Reversals for the period / year		<u>(1,181)</u>	<u>(2,127)</u>
		563	613
Amounts written off		<u>(137)</u>	<u>-</u>
Closing balance		<u>7,923</u>	<u>7,497</u>
15. CONTINGENT ASSETS			
There were no contingent assets of the Group as at 30 September 2022 (31 December 2021: Nil).			
16. BILLS PAYABLE			
In Pakistan		<u>24,619,092</u>	<u>29,803,755</u>
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		<u>75,876,676</u>	72,330,093
Under renewable energy		<u>16,510,904</u>	13,588,833
Under long term financing for imported and locally manufactured plant and machinery		<u>36,635,944</u>	31,605,152
Under modernisation of small and medium enterprises		<u>758,379</u>	566,723
Under women entrepreneurship		<u>31,746</u>	26,893
Under financing facility for storage of agricultural produce		<u>875,363</u>	735,467
Under refinance scheme for payment of wages and salaries		<u>2,203,609</u>	7,842,569
Under temporary economic refinance facility		<u>39,174,522</u>	32,012,142
Under refinance facility for combating COVID-19		<u>132,301</u>	100,000
Under open market operations		<u>12,269,975</u>	-
Repurchase agreement borrowings		<u>171,933,050</u>	109,479,575
		356,402,469	268,287,447
Repurchase agreement borrowings		-	10,462,589
Borrowings from financial institutions		-	23,102,205
Total secured		356,402,469	301,852,241
Unsecured			
Overdrawn nostro accounts		<u>768,831</u>	360,661
		357,171,300	302,212,902



18. DEPOSITS AND OTHER ACCOUNTS

	30 September 2022 (Un-audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	537,110,074	57,044,639	594,154,713	451,790,944	50,037,483	501,828,427
Savings deposits	385,983,464	52,135,721	438,119,185	331,340,746	47,617,002	378,957,748
Term deposits	205,534,402	58,396,893	263,931,295	204,273,302	38,981,706	243,255,008
Current deposits-remunerative	156,014,677	9,103,156	165,117,833	117,604,631	3,844,969	121,449,600
Others	24,266,215	11,553,554	35,819,769	20,969,061	8,647,765	29,616,826
	1,308,908,832	188,233,963	1,497,142,795	1,125,978,684	149,128,925	1,275,107,609
Financial institutions						
Current deposits	3,850,479	628,433	4,478,912	4,373,862	361,260	4,735,122
Savings deposits	9,009,345	21	9,009,366	10,843,950	18	10,843,968
Term deposits	573,000	257,009	830,009	1,363,787	193,282	1,557,069
Current deposits-remunerative	68,294,163	616,815	68,910,978	17,192,468	284,878	17,477,346
Others	17,890	-	17,890	13,850	-	13,850
	81,744,877	1,502,278	83,247,155	33,787,917	839,438	34,627,355
	1,390,653,709	189,736,241	1,580,389,950	1,159,766,601	149,968,363	1,309,734,964

(Un-audited) (Audited)
30 September 31 December
 Note **2022** 2021
 (Rupees in '000)

19. SUBORDINATED DEBT-Unsecured

Term Finance Certificates (TFCs)-VI (Unquoted)	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs)-VII (Unquoted)	19.2	3,994,400	3,995,200
Term Finance Certificates (TFCs)-VIII (Unquoted)	19.3	4,998,000	5,000,000
Term Finance Certificates (TFCs)-IX (Unquoted)	19.4	7,000,000	-
		22,992,400	15,995,200



19.1 Term Finance Certificates-VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor 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	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) 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	AAA
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 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap.
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).



	(Un-audited) 30 September Note 2022	(Audited) 31 December 2021
	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	7,942,849	2,045,653
Mark-up / return / interest payable in foreign currencies	329,898	302,370
Unearned commission income	639,110	1,416,819
Accrued expenses	4,578,842	2,952,562
Acceptances	61,757,508	55,030,553
Unclaimed / dividend payable	633,611	546,228
Mark to market loss on forward foreign exchange contracts	6,316,978	787,128
Branch adjustment account	18,781,432	5,764,199
Payable to defined benefit plan	1,443,312	974,313
Charity payable	23,862	12,978
Provision against off-balance sheet items	20.1 220,812	173,319
Security deposits against leases / ijarah	8,271,055	7,174,202
Provision for compensated absences	1,318,459	1,127,704
Other security deposits	862,984	765,531
Workers' welfare fund	3,658,136	3,048,747
Payable to SBP / NBP	1,736,004	1,323,252
Payable to supplier against murabaha	164,861	223,202
Insurance payable	718,846	610,916
Lease liability against right-of-use assets	13,744,077	12,235,539
Payable against sale of marketable securities on behalf of customers	300,477	230,415
Current taxation (payments less provisions)	5,539,769	2,028,365
ATM settlement account	2,606,759	1,729,169
Others	2,774,225	1,539,576
	144,363,866	102,042,740
20.1 Provision against off-balance sheet obligations		
Opening balance	173,319	146,692
Exchange adjustment against IFRS 9 in overseas branches	21,330	4,141
Charge for the period / year	26,271	9,701
Charge as per IFRS 9 in overseas branches for the period / year	1,188	60,763
Reversal for the period / year	(1,296)	(47,978)
	26,163	22,486
Closing balance	220,812	173,319



	(Un-audited) 30 September Note 2022	(Audited) 31 December 2021
	(Rupees in '000)	
21. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
(Deficit) / surplus on revaluation of:		
- Investments	21.1 (13,388,281)	(1,071,388)
- Fixed assets	8,723,926	8,869,136
- Non-banking assets acquired in satisfaction of claims	136,578	139,488
	(4,527,777)	7,937,236
Deferred tax on (deficit) / surplus on revaluation of:		
- Investments	(5,761,769)	(420,671)
- Fixed assets	2,437,175	1,849,120
- Non-banking assets acquired in satisfaction of claims	59,561	54,804
	(3,265,033)	1,483,253
	(1,262,744)	6,453,983
21.1 Investments		
Available-for-sale securities	(13,399,179)	(1,076,616)
Non-controlling interest	10,898	5,228
	(13,388,281)	(1,071,388)
Less: related deferred tax	(5,761,769)	(420,671)
	(7,626,512)	(650,717)
22. NON-CONTROLLING INTEREST		
Opening balance	123,140	114,778
(Loss) / profit attributable to non-controlling interest	(3,702)	13,665
Loss on equity attributable to non-controlling interest	(5,670)	(5,303)
Closing balance	113,768	123,140
23. CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1 156,929,321	126,082,119
Commitments	23.2 480,895,401	438,585,630
Other contingent liabilities	23.3 2,494,837	2,030,711
	640,319,559	566,698,460
23.1 Guarantees:		
Financial guarantees	20,963,346	24,274,161
Performance guarantees	135,965,975	101,807,958
	156,929,321	126,082,119



	(Un-audited) 30 September 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
23.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	251,974,958	301,891,236
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 223,593,572	131,220,965
- forward lendings	23.2.2 3,952,986	4,717,424
Commitments for acquisition of:		
- operating fixed assets	1,373,885	756,005
	<u>480,895,401</u>	<u>438,585,630</u>

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	123,666,313	72,497,648
Sale	99,927,259	58,723,317
	<u>223,593,572</u>	<u>131,220,965</u>

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

23.2.2 Commitments in respect of forward lending	<u>3,952,986</u>	<u>4,717,424</u>
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)	
23.3 Claims against the Bank not acknowledged as debts	<u>2,494,837</u>	<u>2,030,711</u>

23.4 Other contingent liabilities

The matter relating to the Bank's tax contingencies have been disclosed in note 23.4 to the annual financial statements of the Group for the year ended 31 December 2021. There is no material change in the same.

24. DERIVATIVE INSTRUMENTS

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



24.1 Product Analysis

Counter Parties	30 September 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)
Banks						
Hedging	25,111,966	170,981	102,360,576	(4,486,010)	127,472,542	(4,315,029)
Other Entities						
Hedging	96,121,030	5,420,424	–	–	96,121,030	5,420,424
Total						
Hedging	<u>121,232,996</u>	<u>5,591,405</u>	<u>102,360,576</u>	<u>(4,486,010)</u>	<u>223,593,572</u>	<u>1,105,395</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)
Banks						
Hedging	7,709,331	(24,745)	62,902,410	(368,653)	70,611,741	(393,398)
Other Entities						
Hedging	60,609,224	2,599,273	–	–	60,609,224	2,599,273
Total						
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

	30 September 2022 (Un-audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	368	54,410,137	(1,626,602)	1,796,688	170,086
1 to 3 months	775	105,098,163	(3,935,016)	2,899,973	(1,035,043)
3 to 6 months	619	50,586,609	(705,601)	1,995,951	1,290,350
6 months to 1 year	169	13,498,663	(49,759)	729,761	680,002
1 to 2 years	-	-	-	-	-
	1,931	223,593,572	(6,316,978)	7,422,373	1,105,395

	31 December 2021 (Audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
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
	1,439	131,220,965	(787,128)	2,993,003	2,205,875

(Un-audited)
Nine months period ended
30 September 2022 **30 September 2021**
(Rupees in '000)

25. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	54,695,570	27,979,196
On investments	76,101,901	57,333,843
On deposits with financial institutions	421,031	169,554
On securities purchased under resale agreements	1,956,072	151,486
On lendings to financial institutions	-	14,537
On call money lendings	-	370
	133,174,574	85,648,986



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2022	2021
		(Rupees in '000)	
26.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	59,934,310	31,075,334
	Borrowings from SBP	3,979,246	1,649,034
	Subordinated debt	2,148,964	789,915
	Cost of foreign currency swaps	1,457,776	1,212,718
	Repurchase agreement borrowings	9,480,729	8,502,805
	Mark-up expense on lease liability against right-of-use assets	944,074	824,600
	Others	886,684	252,991
		<u>78,831,783</u>	<u>44,307,397</u>
27.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	1,024,045	970,290
	Investment banking fees	84,868	21,901
	Consumer finance related fees	41,818	59,331
	Card related fees (debit and credit cards)	1,937,307	985,239
	Credit related fees	315,398	189,224
	Commission on trade	4,296,855	3,697,582
	Commission on guarantees	555,074	395,825
	Commission on cash management	188,205	160,597
	Commission on home remittances	126,901	87,540
	Others	227,544	244,190
		<u>8,798,015</u>	<u>6,811,719</u>
28.	GAIN / (LOSS) ON SECURITIES - NET		
	Realised	178,602	13,627
	Unrealised-held-for-trading	(3,764)	(12,926)
		<u>174,838</u>	<u>701</u>
28.1	Realised gain on:		
	Federal Government securities	971	194
	Shares	177,631	13,433
		<u>178,602</u>	<u>13,627</u>
29.	OTHER INCOME		
	Gain on sale of fixed assets-net	337,940	364,997
	Recovery of expenses from customers	260,233	259,288
	Lockers rent	15,431	10,926
	Income on margin financing	7,184	6,760
	Others	9,188	5,251
		<u>629,976</u>	<u>647,222</u>



	(Un-audited)	
	Nine months period ended	
	30 September 2022	30 September 2021
	(Rupees in '000)	
30. OPERATING EXPENSES		
Total compensation expenses	17,263,575	13,088,890
Property expenses		
Rent and taxes	243,259	255,939
Insurance	13,548	14,689
Utilities cost	1,871,707	1,047,575
Security (including guards)	1,047,560	769,334
Repair and maintenance (including janitorial charges)	333,288	260,261
Depreciation	2,452,176	2,070,560
	5,961,538	4,418,358
Information technology expenses		
Software maintenance	5,914	4,888
Hardware maintenance	1,510,661	916,116
Depreciation	349,490	269,072
Amortisation	212,399	229,034
Network charges	417,460	394,865
	2,495,924	1,813,975
Other operating expenses		
Directors' fees and allowances	32,965	29,510
Fees and allowances to Shariah Board	14,026	11,185
Insurance	561,523	377,526
Legal and professional charges	291,227	211,130
Outsourced services costs	1,811,305	1,412,028
Travelling and conveyance	287,070	175,955
NIFT and other clearing charges	148,637	154,419
Depreciation	1,392,413	1,180,828
Repair and maintenance	1,658,177	1,155,209
Training and development	47,746	33,103
Postage and courier charges	296,057	173,288
Communication	436,308	369,604
Stationery and printing	861,898	702,828
Marketing, advertisement and publicity	536,930	273,845
Donations	303,050	171,407
Auditors remuneration	10,370	8,156
Commission and brokerage	464,505	352,908
Entertainment and staff refreshment	343,264	259,944
Vehicle running expenses	2,006,913	1,132,080
Subscriptions and publications	209,598	172,893
CNIC verification charges	141,870	123,659
Security charges	465,003	307,528
Others	642,087	352,877
	12,962,942	9,141,910
	38,683,979	28,463,133



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2022	2021
		(Rupees in '000)	
31. OTHER CHARGES			
	Penalties imposed by the State Bank of Pakistan	4,578	3,097
32. PROVISIONS / (REVERSALS) AND WRITE OFFS-NET			
	Provision / (reversal) for diminution in value of investments-net	1,818,159	(35,065)
	Provision / (reversal) against loans and advances-net	608,594	(100,061)
	Provision against other assets-net	563	552
	Provision against off-balance sheet items-net	26,163	15,913
		<u>2,453,479</u>	<u>(118,661)</u>
33. TAXATION			
	Current	15,172,151	8,953,584
	Deferred	(1,242,494)	(535,336)
		<u>13,929,657</u>	<u>8,418,248</u>
33.1	During the period, the tax rate has been revised from 35% to 39%. Further, a Super Tax of 10% has been levied for the tax year 2023. Accordingly, the impact of these changes in tax rates have been incorporated in these consolidated condensed interim financial statements.		
		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2022	2021
		(Rupees in '000)	
34. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY			
	Profit for the period-attributable to equity holders of the Holding Company	15,024,646	14,047,036
		(Number)	
	Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
		(Rupees)	
	Basic and diluted earnings per share	13.52	12.64
35. FAIR VALUE MEASUREMENTS			
	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:		
	Federal Government securities	PKRV rates (Reuters page)	
	Non Government Debt securities	Market prices	
	Foreign securities	Market prices / Mashreqbank PSC	
	Listed securities	Prices quoted at Pakistan Stock Exchange Limited	
	Units of Mutual Fund	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:

	30 September 2022 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government securities	-	838,317,947	-	838,317,947
Shares	3,142,571	-	-	3,142,571
Non-Government Debt securities	25,412,952	5,172,900	-	30,585,852
Foreign securities	-	1,058,464	-	1,058,464
Units of Mutual Fund	-	3,082,070	-	3,082,070
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government securities	-	164,670,832	-	164,670,832
Foreign securities	-	979,362	-	979,362
Associates				
Units of Mutual Fund	-	5,473,770	-	5,473,770
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	129,005,524	-	129,005,524
Forward sale of foreign exchange contracts	-	95,693,443	-	95,693,443



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
Units of Mutual Fund	-	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				
Units of Mutual Fund	-	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.



Nine months period ended 30 September 2021 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset Management	Total
Profit and loss					
Mark-up / return / profit	80,496,602	5,134,205	17,747	432	85,648,986
Inter segment revenue-net	24,641	19,103,217	-	-	19,127,858
Non mark-up / return / interest income	3,008,539	6,662,162	129,638	142,063	9,942,402
Total income	83,529,782	30,899,584	147,385	142,495	114,719,246
Segment direct expenses	(50,082,863)	(23,002,569)	(101,752)	(46,214)	(73,233,398)
Inter segment expense allocation	(19,103,217)	-	(4,565)	(20,076)	(19,127,858)
Total expenses	(69,186,080)	(23,002,569)	(106,317)	(66,290)	(92,361,256)
Reversals / (provisions)	207,920	(74,597)	(14,662)	-	118,661
Profit before tax	14,551,622	7,822,418	26,406	76,205	22,476,651

As at 31 December 2021 (Audited)

Statement of financial position					
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
Total assets	1,690,456,528	902,134,540	1,064,054	785,053	2,594,440,175
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
Total liabilities	1,615,966,092	886,417,448	869,015	768,335	2,504,020,890
Equity	74,490,436	15,717,092	195,039	16,718	90,419,285
Total equity and liabilities	1,690,456,528	902,134,540	1,064,054	785,053	2,594,440,175
Contingencies and commitments	419,856,696	8,116,659	-	-	427,973,355

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:

	30 September 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)							
Investments								
Opening balance	-	-	8,563,438	305,998	-	-	3,058,005	-
Investment made during the period / year	-	-	11,536,574	50,000	-	-	17,780,655	182,690
Investment adjusted / redeemed / disposed off during the period / year	-	-	(14,626,242)	-	-	-	(12,275,222)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	(8,286)	-	-	-	123,308
Closing balance	-	-	5,473,770	347,712	-	-	8,563,438	305,998
Advances								
Opening balance	1,620	195,482	-	2,417,285	332	171,544	-	2,217,749
Addition during the period / year	62,262	298,353	-	33,579,350	76,666	235,679	-	57,968,205
Repaid during the period / year	(61,502)	(187,609)	-	(35,002,542)	(75,378)	(211,741)	-	(57,768,669)
Closing balance	2,380	306,226	-	994,093	1,620	195,482	-	2,417,285
Operating fixed assets								
Right of use	-	-	-	-	-	-	-	786
Other assets								
Interest / mark-up accrued	-	138	-	28	-	120	-	-
L/C acceptance	-	-	-	244,378	-	-	-	-
Dividend receivable	-	-	6,046	-	-	-	118	-
Subordinated debt								
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
Deposits and other accounts								
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	3,823,692	4,559,677	215,394,808	137,725,308	6,376,086	3,125,505	83,337,951	63,034,965
Withdrawn during the period / year	(4,009,745)	(4,575,077)	(189,586,561)	(138,522,481)	(6,678,852)	(3,071,987)	(84,018,330)	(59,718,023)
Closing balance	583,865	759,036	25,867,630	6,139,079	769,918	774,436	59,383	6,936,252
Other liabilities								
Interest / mark-up payable	1,754	8,152	-	18,288	404	1,327	-	30,768
Payable to staff retirement fund	-	-	-	1,443,312	-	-	-	974,312
L/C acceptance	-	-	-	244,378	-	-	-	-
Other liabilities	-	25	-	-	-	2	-	-
Contingencies and commitments								
Other Transactions-Investor Portfolio Securities								
Opening balance	-	-	-	4,791,800	-	-	-	6,120,840
Increased during the period / year	-	-	-	19,280,000	-	-	-	7,725,000
Decreased during the period / year	-	-	-	(10,136,800)	-	-	-	(9,054,040)
Closing balance	-	-	-	13,935,000	-	-	-	4,791,800



38.1 RELATED PARTY TRANSACTIONS

	30 September 2022 (Un-audited)				30 September 2021 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	2	10,781	–	113,453	–	7,557	–	79,972
Fee and commission income	86	320	142,589	5,946	25	117	108,686	9,300
Dividend income	–	–	–	53,996	–	–	–	–
Net gain / (loss) on sale / redemption of securities and units of mutual funds	–	–	–	332	–	–	–	–
Share of profit from associates	–	–	582,765	–	–	–	233,866	–
Other income	–	–	–	432	–	–	23	315
Expense								
Mark-up / return / interest expensed	42,626	61,479	249,781	531,165	46,089	36,563	24,898	165,078
Operating expenses	–	–	–	30,675	–	–	–	3,280
Salaries and allowances	–	677,238	–	–	–	486,056	–	–
Bonus	–	148,464	–	–	–	67,459	–	–
Contribution to defined contribution plan	–	28,373	–	–	–	22,220	–	–
Contribution to defined benefit plan	–	110,355	–	–	–	59,500	–	–
Staff provident fund	–	–	–	654,328	–	–	–	529,753
Staff gratuity fund	–	–	–	469,000	–	–	–	369,000
Directors' fees	30,890	–	–	–	27,890	–	–	–
Donation	–	–	–	21,000	–	–	–	6,000
Insurance premium paid	–	–	–	134,360	–	–	–	141,449
Insurance claims settled	–	–	–	37,259	–	–	–	59,913



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>86,668,047</u>	80,838,923
Eligible Additional Tier 1 (ADT 1) Capital	<u>13,542,024</u>	6,237,950
Total Eligible Tier 1 Capital	<u>100,210,071</u>	87,076,873
Eligible Tier 2 Capital	<u>20,612,131</u>	25,758,263
Total Eligible Capital (Tier 1 + Tier 2)	<u>120,822,202</u>	112,835,136
Risk Weighted Assets (RWAs):		
Credit Risk	<u>764,229,489</u>	701,423,647
Market Risk	<u>16,726,346</u>	17,154,366
Operational Risk	<u>118,070,472</u>	118,070,472
Total	<u>899,026,307</u>	836,648,485
Common Equity Tier 1 Capital Adequacy Ratio	<u>9.640%</u>	9.662%
Tier 1 Capital Adequacy Ratio	<u>11.147%</u>	10.408%
Total Capital Adequacy Ratio	<u>13.439%</u>	13.487%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	<u>100,210,071</u>	87,076,873
Total Exposures	<u>2,645,545,470</u>	2,334,597,071
Leverage Ratio	<u>3.788%</u>	3.730%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>788,647,542</u>	631,444,235
Total Net Cash Outflow	<u>339,079,347</u>	244,934,742
Liquidity Coverage Ratio	<u>232.585%</u>	257.801%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>1,641,205,640</u>	1,379,398,079
Total Required Stable Funding	<u>924,182,154</u>	827,532,194
Net Stable Funding Ratio	<u>177.585%</u>	166.688%



40. ISLAMIC BANKING BUSINESS

The Bank is operating 165 (31 December 2021: 138) Islamic banking branches and 150 (31 December 2021: 145) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 30 September 2022	(Audited) 31 December 2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		12,311,500	8,423,970
Balances with other banks		6,978	6,633
Due from financial institutions		–	–
Investments	40.1	139,731,341	126,593,021
Islamic financing and related assets	40.2	106,400,922	85,209,570
Fixed assets		833,304	691,623
Intangible assets		–	–
Due from Head Office		–	–
Other assets		13,428,002	8,215,798
Total Assets		272,712,047	229,140,615
LIABILITIES			
Bills payable		412,883	306,474
Due to financial institutions		51,556,411	30,479,303
Deposits and other accounts	40.3	152,080,558	128,090,092
Due to Head Office		36,218,462	39,305,108
Subordinated debt		–	–
Other liabilities		13,072,900	16,989,976
		253,341,214	215,170,953
NET ASSETS		19,370,833	13,969,662
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Surplus / (deficit) on revaluation of assets		51,581	(238,060)
Unappropriated profit	40.4	11,719,252	6,607,722
		19,370,833	13,969,662
CONTINGENCIES AND COMMITMENTS	40.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 30 September 2022 is as follows:

		(Un-audited)	
		Nine months period ended	
	Note	30 September 2022	30 September 2021
(Rupees in '000)			
Profit / return earned	40.6	16,895,598	7,347,708
Profit / return expensed	40.7	(9,260,414)	(2,990,607)
Net Profit / return		7,635,184	4,357,101
Other income			
Fee and commission income		609,995	446,572
Dividend income		58,244	2,673
Foreign exchange income		106,565	99,869
Income / (loss) from derivatives		-	-
Gain on securities		-	108
Other income		46,020	29,809
Total other income		820,824	579,031
Total income		8,456,008	4,936,132
Other expenses			
Operating expenses		(3,271,222)	(2,311,958)
Other charges		(111)	(155)
Total other expenses		(3,271,333)	(2,312,113)
Profit before provisions		5,184,675	2,624,019
(Provisions) / reversals and write offs - net		(73,145)	115,324
Profit for the period		5,111,530	2,739,343

	30 September 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
(Rupees in '000)								
40.1 Investments by segments:								
Federal Government securities								
- Ijarah Sukuks	106,891,071	-	(208,471)	106,682,600	86,966,521	-	(489,423)	86,477,098
- Neelum Jhelum Hydropower Co Ltd. Sukuk	2,310,000	-	-	2,310,000	3,093,750	-	-	3,093,750
- Bai Muajjal with Government of Pakistan	-	-	-	-	9,222,783	-	-	9,222,783
- Islamic Naya Pakistan Certificates	4,016,428	-	-	4,016,428	807,152	-	-	807,152
	113,217,499	-	(208,471)	113,009,028	100,090,206	-	(489,423)	99,600,783
Shares								
- Listed Companies	80,455	(54,175)	6,400	32,680	80,455	(54,083)	11,665	38,037
Non Government Debt securities								
- Listed	21,964,825	-	232,925	22,197,750	22,243,347	-	215,177	22,458,524
- Unlisted	3,973,000	-	-	3,973,000	3,973,000	-	-	3,973,000
	25,937,825	-	232,925	26,170,750	26,216,347	-	215,177	26,431,524
Units of Mutual Fund	351,022	(52,866)	20,727	318,883	351,022	(52,866)	24,521	322,677
Associates								
- AL Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
	200,000	-	-	200,000	200,000	-	-	200,000
Total Investments	139,786,801	(107,041)	51,581	139,731,341	126,938,030	(106,949)	(238,060)	126,593,021



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

40.2 Islamic financing and related assets

Ijarah	2,290,251	1,510,759
Murabaha	11,395,738	10,763,354
Diminishing Musharaka	15,852,646	14,068,266
Istisna	8,854,683	5,342,869
Islamic Long Term Financing Facility (ILTFF)	3,418,826	2,354,060
Islamic Refinance for Renewable Energy (IFRE)	2,152,496	36,245
Islamic Refinance for Wages and Salaries (IRWS)	302,800	1,220,603
Islamic Temporary Economic Refinance Facility (ITERF)	4,858,612	908,150
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	37,394	-
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	142,438	-
Islamic Export Refinance (IERS)-Istisna	725,053	1,116,424
Musawamah	4,404,478	4,583,663
Running Musharaka	755,132	326,612
Islamic Export Refinance-Running Musharaka	5,576,698	5,263,500
Islamic Export Refinance-Musawamah	423,150	529,750
Financing against Bills-Musawamah	4,620,841	1,580,871
Export Finance Scheme (EFS) - Discounting	6,057,888	-
Staff Financing	1,286,005	1,025,435
Musawamah Inventory	4,245,398	2,290,127
Advance against Istisna	9,796,441	7,974,093
Advance against Istisna-IERF	9,623,352	9,475,930
Advance against Ijarah	401,603	505,797
Advance against Diminishing Musharaka	2,598,708	4,440,130
Advance against ILTFF	2,660,012	1,756,300
Advance against IFRE	519,584	2,161,708
Advance against ITERF	3,625,830	6,101,556
Advance against IRF SME	13,431	39,925
Gross Islamic financing and related assets	106,639,488	85,376,127
Less: provision against Islamic financings		
- Specific	188,510	123,001
- General	50,056	43,556
	238,566	166,557
Islamic financing and related assets-net of provision	106,400,922	85,209,570



	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	(Rupees in '000)	
40.3 Deposits and Other Accounts		
Customers		
Current deposits	65,779,426	52,834,548
Savings deposits	52,288,060	46,152,841
Term deposits	24,902,116	19,890,218
	<u>142,969,602</u>	<u>118,877,607</u>
Financial institutions		
Current deposits	9,489	18,895
Savings deposits	9,101,467	9,193,590
	<u>9,110,956</u>	<u>9,212,485</u>
	<u>152,080,558</u>	<u>128,090,092</u>
40.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	6,607,722	2,744,921
Add: Islamic Banking profit for the period / year	5,111,530	3,862,801
Closing Balance	<u>11,719,252</u>	<u>6,607,722</u>
40.5 Contingencies and Commitments		
Guarantees	10,541,677	10,930,898
Commitments	21,279,503	27,490,079
	<u>31,821,180</u>	<u>38,420,977</u>
	(Un-audited)	
	Nine months period ended	
	30 September 2022	30 September 2021
	(Rupees in '000)	
40.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	6,004,981	2,864,099
Investments	10,867,010	4,463,116
Placements	23,607	20,493
	<u>16,895,598</u>	<u>7,347,708</u>
40.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	5,299,146	2,508,322
Due to Financial Institutions	1,814,319	280,627
Due to Head Office	2,146,949	201,658
	<u>9,260,414</u>	<u>2,990,607</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.

Special Mudaraba Financing Facility (MFF) Pool-Open Market Operations (OMO) Injections

Special MFF Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic OMO in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

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-UI-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

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

The Bank calculates the profit of the pool at every month. Profit is distributed at the Net Income level. Net income is calculated after deducting direct costs such as cost of murabaha, cost of takaful, depreciation on ijarah assets, and amortization of premium on sukuku and loss of investments directly incurred in deriving that income.

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

The Bank's profit sharing ratio during the period was 50% (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

	30 September 2022 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	10,010,436	2,775,040	27.72%	1,236,665	44.56%
FCY Pool	107,897	101,055	93.66%	6,530	6.46%
	30 September 2021 (Un-audited)				
LCY Pool	4,573,000	2,026,484	44.31%	159,826	7.89%
FCY Pool	58,309	54,255	93.05%	6,451	11.89%



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

	(Un-audited) Nine months period ended	
	30 September 2022	30 September 2021
	(Percentage)	
Profit rate earned	10.15%	7.10%
Profit rate distributed	5.38%	3.23%

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 October 27, 2022.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

FARHANA MOWJEE KHAN
Director

ANWAR HAJI KARIM
Director

QUMAIL R. HABIB
Executive Director