



[Subsidiary of Habib Bank AG Zurich]

Habib Metropolitan Bank Ltd.

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the nine months
ended 30 September 2021
(Un-audited)

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

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	64,155,506	54,694,826
Balances with other banks	7	2,764,752	2,272,896
Lendings to financial institutions	8	3,125,401	1,000,000
Investments	9	656,952,772	582,508,836
Advances	10	385,282,765	321,655,831
Fixed assets	11	11,284,763	9,100,177
Intangible assets	12	160,172	131,331
Deferred tax assets	13	2,545,792	1,153,598
Other assets	14	55,669,572	53,100,970
		1,181,941,495	1,025,618,465
LIABILITIES			
Bills payable	15	20,237,422	15,421,002
Borrowings	16	284,559,488	205,811,905
Deposits and other accounts	17	749,699,982	680,390,688
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	18	62,771,162	62,657,119
		1,117,268,054	964,280,714
NET ASSETS		64,673,441	61,337,751
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		22,187,082	20,129,515
Surplus on revaluation of assets - net of tax	19	771,993	3,183,141
Unappropriated profit		27,545,327	24,207,141
		60,982,717	57,998,112
Non-controlling interest		3,690,724	3,339,639
		64,673,441	61,337,751
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS Chief Financial Officer	MOHSIN A. NATHANI President & Chief Executive Officer	MOHOMED BASHIR Director	RASHID AHMED JAFER Director	MOHAMEDALIR. HABIB Chairman
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**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Note	30 September 2021		30 September 2020	
		Quarter ended	Nine months ended	Quarter ended	Nine months ended
Rupees in '000					
Mark-up / return / interest earned	22	18,889,975	54,462,149	19,185,191	60,093,440
Mark-up / return / interest expensed	23	(11,241,068)	(32,075,472)	(10,128,507)	(40,053,744)
Net mark-up / interest income		7,648,907	22,386,677	9,056,684	20,039,696
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	1,785,087	5,140,249	1,435,923	3,932,893
Dividend income		26,026	96,974	23,579	136,248
Foreign exchange income		1,126,085	2,389,731	1,022,621	3,029,153
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	25	122,853	167,987	(248,948)	(99,826)
Other income	26	92,465	268,194	22,430	44,982
Total non mark-up / interest income		3,152,516	8,063,135	2,255,605	7,043,450
Total Income		10,801,423	30,449,812	11,312,289	27,083,146
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	4,329,847	12,036,570	3,685,018	10,645,111
Workers' welfare fund		107,085	323,420	173,712	325,185
Other charges	28	122	14,678	2,740	31,980
Total non mark-up / interest expenses		(4,437,054)	(12,374,668)	(3,861,470)	(11,002,276)
Profit before provisions		6,364,369	18,075,144	7,450,819	16,080,870
Provisions and write offs - net	29	(271,267)	(2,068,759)	(396,164)	(1,999,253)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,093,102	16,006,385	7,054,655	14,081,617
Taxation	30	(2,330,830)	(5,792,525)	(2,817,882)	(5,554,249)
PROFIT AFTER TAXATION		3,762,272	10,213,860	4,236,773	8,527,368
PROFIT ATTRIBUTABLE TO:					
Equity shareholders of the holding company		3,689,484	9,959,670	4,164,469	8,321,191
Non-controlling interest		72,788	254,190	72,304	206,177
		3,762,272	10,213,860	4,236,773	8,527,368
Rupees					
Basic and diluted earnings per share	31	3.52	9.51	3.97	7.94

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

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

	30 September 2021		30 September 2020	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	Rupees in '000			
Profit after taxation for the period	3,762,272	10,213,860	4,236,773	8,527,368
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss in subsequent periods:				
Effect of translation of net investment in an offshore branch	957	1,014	37	(30)
Movement in surplus / (deficit) on revaluation of investments - net of tax	(1,244,506)	(2,150,238)	(3,966,933)	7,839,107
Movement in surplus / (deficit) on non-banking asset due to change in tax rate	-	(13,661)	-	-
Items that will not be reclassified to profit and loss in subsequent periods:				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	41,234	(43)	17,841	(2,634)
Total comprehensive income	2,559,957	8,050,932	287,718	16,363,811
Equity share holders of the holding company	2,410,775	7,699,847	185,107	16,185,976
Non-controlling interest	149,182	351,085	102,611	177,835
	2,559,957	8,050,932	287,718	16,363,811

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALIR. HABIB
Chairman

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Share capital	Share premium	Reserves			Surplus / (deficit) on revaluation			Un-appropriated profit	Sub total	Non-controlling interest	Total
			Special reserve	Revenue reserve	Statutory reserve	Exchange translation reserve	Investments	Non-banking assets				
	Rupees in '000											
Balance as at 1 January 2020	10,478,315	2,550,985	240,361	1,500,000	13,414,980	28	(3,098,565)	225,431	19,224,491	44,536,026	3,293,578	47,829,604
Profit after taxation	-	-	-	-	-	-	-	-	8,321,191	8,321,191	206,177	8,527,368
Other comprehensive income - net of tax	-	-	-	-	-	(30)	7,867,449	-	(2,634)	7,864,785	(28,342)	7,836,443
Total comprehensive income for the period	-	-	-	-	-	(30)	7,867,449	-	8,318,557	16,185,976	177,835	16,363,811
Transfer to statutory reserve	-	-	-	-	1,675,025	-	-	-	(1,675,025)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,592)	2,592	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2019	-	-	-	-	-	-	-	-	(2,619,579)	(2,619,579)	-	(2,619,579)
Profit distribution by First Habib Modanaba (Rs. 1.40 per certificate) for the period ended 30 June 2020	-	-	-	-	-	-	-	-	-	-	(254,016)	(254,016)
Profit distribution by Habib Metropolitan Modanaba (Rs. 0.07 per certificate) for the period ended 30 June 2020	-	-	-	-	-	-	-	-	-	-	(6,300)	(6,300)
Balance as at 30 September 2020	10,478,315	2,550,985	240,361	1,500,000	15,090,005	(2)	4,768,884	222,839	23,251,036	58,102,423	3,211,097	61,313,520
Profit after taxation	-	-	-	-	-	-	-	-	3,731,881	3,731,881	76,199	3,808,080
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	115	(1,807,713)	-	67,069	(1,740,329)	52,343	(1,688,186)
Total comprehensive income for the period	-	-	-	-	-	115	(1,807,713)	-	3,798,950	1,991,352	128,542	2,119,894
Transfer to statutory reserve	-	-	-	-	748,051	-	-	-	(748,051)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(869)	869	-	-	-
Transactions with owners, recorded directly in equity												
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2020	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Balance as at 31 December 2020	10,478,315	2,550,985	240,361	1,500,000	15,838,056	113	2,961,171	221,970	24,207,141	57,998,112	3,339,639	61,337,751
Profit after taxation	-	-	-	-	-	-	-	-	9,959,670	9,959,670	254,190	10,213,860
Other comprehensive income - net of tax	-	-	-	-	-	1,014	(2,247,133)	(13,661)	(43)	(2,259,823)	96,895	(2,162,928)
Total comprehensive income for the period	-	-	-	-	-	1,014	(2,247,133)	(13,661)	9,959,627	7,699,847	351,085	8,050,932
Transfer to statutory reserve	-	-	-	-	2,056,553	-	-	-	(2,056,553)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(150,354)	150,354	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2020	-	-	-	-	-	-	-	-	(2,619,579)	(2,619,579)	-	(2,619,579)
Interim dividend (Rs. 2.00 per share) for the year 31 December 2021	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Balance as at 30 September 2021	10,478,315	2,550,985	240,361	1,500,000	17,894,609	1,127	714,038	57,955	27,545,327	60,982,717	3,690,724	64,673,441

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

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

	Note	30 September 2021	30 September 2020 (Un-Audited) Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		16,006,385	14,081,617
Less: Dividend income		(96,974)	(136,248)
		<u>15,909,411</u>	<u>13,945,369</u>
Adjustments			
Depreciation on operating fixed assets		898,504	810,388
Depreciation on right-of-use assets		719,809	586,280
Depreciation on non-banking assets		26,041	9,050
Amortization		51,860	48,323
Mark-up / return / interest expensed on lease liability against right-of-use assets		472,932	396,921
Provisions and write offs excluding recovery of written off bad debts	29	2,070,759	2,014,272
Unrealised gain on securities - held-for-trading		-	(52)
Gain on sale of fixed assets - net		(9,552)	(16,009)
Gain on sale of non-banking assets - net		(227,988)	-
Provision against workers' welfare fund		323,420	325,185
Provision against compensated absences		45,505	56,250
Provision against defined benefit plan		137,939	133,571
		<u>4,509,229</u>	<u>4,363,709</u>
		<u>20,418,640</u>	<u>18,309,078</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(2,125,401)	19,197,303
Held-for-trading securities		-	(8,168,988)
Advances		(66,003,952)	(21,166,206)
Other assets (excluding dividend and non-banking asset)		(5,075,421)	5,362,604
		<u>(73,204,774)</u>	<u>(4,775,287)</u>
Increase / (decrease) in operating liabilities			
Bills payable		4,816,420	2,122,217
Borrowings from financial institutions		78,784,507	33,051,215
Deposits and other accounts		69,309,294	42,159,632
Other liabilities (excluding current taxation)		(732,262)	(5,380,510)
		<u>152,177,959</u>	<u>71,952,554</u>
		<u>99,391,825</u>	<u>85,486,345</u>
Payment against compensated absences		(30,412)	(33,479)
Contribution paid to defined benefit plan		(52,611)	(4,996)
Income tax paid		(5,625,591)	(2,152,162)
Net cash flow generated from operating activities		<u>93,683,211</u>	<u>83,295,708</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(87,252,033)	(91,494,528)
Net investments in held-to-maturity securities		9,508,384	1,742,061
Dividend received		99,580	134,635
Investments in fixed assets		(2,446,245)	(1,178,328)
Proceeds from sale of non-banking assets		784,403	-
Investments in intangible assets		(80,701)	(62,917)
Proceeds from sale of fixed assets		12,580	21,574
Effect of translation of net investment in an offshore branch		1,014	(30)
Net cash flow used in investing activities		<u>(79,373,018)</u>	<u>(90,837,533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,329,152)	(2,607,326)
Payment of lease against right-of-use assets		(991,581)	(634,000)
Net cash used in financing activities		<u>(4,320,733)</u>	<u>(3,241,326)</u>
Increase in cash and cash equivalents		<u>9,989,460</u>	<u>(10,783,151)</u>
Cash and cash equivalents at beginning of the period		<u>52,649,776</u>	<u>69,298,085</u>
Cash and cash equivalents at end of the period		<u><u>62,639,236</u></u>	<u><u>58,514,934</u></u>

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMMEDALI.R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiary companies) and First Habib Modaraba and Habib Metro Modaraba (Managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

Holding Company

Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The holding company operates 454 (31 December 2020: 406) branches, including 43 (31 December 2020: 32) Islamic banking branches, an offshore branch (Karachi Export Processing Zone branch) (31 December 2020: 1) and 30 (31 December 2020: 30) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in the holding company) which is incorporated in Switzerland.

The registered office of the holding company is situated at HabibMetro Head Office, II Chundrigar Road, Karachi.

Subsidiary Companies

Habib Metropolitan Financial Services Limited - 100% holding

Habib Metropolitan Financial Services Limited was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the subsidiary company is located at 1st Floor, GPC 2, Block 5, Khekashan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and engaged in equity brokerage services.

Habib Metropolitan Modaraba Management Company (Private) Limited - 100% holding

Habib Metropolitan Modaraba Management Company (Private) Limited (Modaraba management company) was incorporated in Pakistan on 01 June 2015 as a private limited under the Companies Ordinance, 1984 (now Companies Act, 2017) and Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the subsidiary company is located at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi.

First Habib Modaraba - 10% holding

First Habib Modaraba is a perpetual, multi-purpose modaraba having its registered office at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi. It is listed on the Pakistan Stock Exchange and engaged in the business of leasing (Ijarah), Musharaka, Murabaha financing and other related business.

Habib Metro Modaraba - 70% holding

Habib Metro Modaraba (HMM) which is a perpetual, multi-purpose modaraba having its registered office at 3rd floor Al-Manzoor Building, II Chundrigar Road, Karachi. HMM's primary business activities are residual value car financing and provision of finance for solar power solutions on the basis of Ijarah / rental / musharaka or any other approved modes of financing. The holding company and the Modaraba Management Company own 60% and 10% of the certificates of HMM respectively.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

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

- International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IAS 34 or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. 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 of various circulars issued by the SBP.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 2 of 2018, as amended from time to time.

The disclosures and presentations made in these consolidated condensed interim financial statements have been based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales 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 appropriate portion of mark-up thereon.

- 2.3 The financial results of all Islamic banking branches of the Bank have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating material intra branch transactions / balances. The financial results of all Islamic banking branches are disclosed in note 36 to these consolidated condensed interim financial statements.
 - 2.4 These consolidated condensed interim financial statements comprise the financial statements of the holding company and its subsidiary companies. The financial statements of the subsidiary companies have been prepared for the same reporting period as the holding company using consistent accounting policies.
3. SIGNIFICANT ACCOUNTING POLICY

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

3.1 Standards, interpretations and amendments to accounting and reporting standards that are effective in current period

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 January 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated condensed interim financial statements.

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

There are various standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Group's financial statements except for the following:

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – the effective date of the standard had been extended to annual periods beginning on or after 1 January 2022 vide SBP BPRD Circular Letter no. 5 dated 5 July 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard 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. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The holding company has estimated the impact of adoption of IFRS 9 on the financial statements of the holding company on the date of initial application, which shall be finalized post issuance of guidelines by the State Bank of Pakistan.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. RISK MANAGEMENT

The risk management policies adopted by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2020.

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
Rupees in '000			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		9,208,504	7,695,676
Foreign currencies		824,147	1,039,893
		<u>10,032,651</u>	<u>8,735,569</u>
With State Bank of Pakistan in			
Local currency current accounts		35,720,386	27,378,599
Foreign currency current accounts		782,020	83,730
Foreign currency deposit accounts			
– cash reserve account		5,278,024	5,306,457
– special cash reserve account		9,756,590	10,176,561
		<u>51,537,020</u>	<u>42,945,347</u>
With National Bank of Pakistan in			
Local currency current accounts		2,140,413	2,613,310
Prize Bonds		445,422	400,600
		<u>64,155,506</u>	<u>54,694,826</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		159,742	172,279
In deposit accounts		574,885	285,559
		<u>734,627</u>	<u>457,838</u>
Outside Pakistan			
In current accounts		2,030,125	1,815,058
		<u>2,764,752</u>	<u>2,272,896</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	8.1	3,125,401	–
Musharaka placements		–	1,000,000
		<u>3,125,401</u>	<u>1,000,000</u>

8.1 These carry profit / return rate ranging from 7.30% to 7.45% per annum with maturity upto 29 October 2021.

9. INVESTMENTS

9.1 Investments by types

	30 September 2021 (Un-Audited)				31 December 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
Available-for-sale securities								
Federal government securities	614,445,886	-	1,170,021	615,615,907	529,624,204	-	4,726,542	534,350,746
Shares	1,480,231	(380,495)	447,642	1,547,378	1,259,061	(377,389)	340,234	1,221,906
Non-government debt securities	11,270,418	(116,710)	(354,272)	10,799,436	10,734,678	(120,551)	(438,347)	10,175,780
Mutual funds	1,505,139	(9,647)	14,984	1,510,476	30,140	(9,647)	6,086	26,579
Real estate investment trust	586,311	-	43,252	629,563	387,869	-	(12,440)	375,429
	<u>629,287,985</u>	<u>(506,852)</u>	<u>1,321,627</u>	<u>630,102,760</u>	<u>542,035,952</u>	<u>(507,587)</u>	<u>4,622,075</u>	<u>546,150,440</u>
Held-to-maturity securities								
Federal government securities	26,850,012	-	-	26,850,012	34,358,396	-	-	34,358,396
Non-government debt securities	-	-	-	-	2,000,000	-	-	2,000,000
	<u>26,850,012</u>	<u>-</u>	<u>-</u>	<u>26,850,012</u>	<u>36,358,396</u>	<u>-</u>	<u>-</u>	<u>36,358,396</u>
Total Investments	<u><u>656,137,997</u></u>	<u><u>(506,852)</u></u>	<u><u>1,321,627</u></u>	<u><u>656,952,772</u></u>	<u><u>578,394,348</u></u>	<u><u>(507,587)</u></u>	<u><u>4,622,075</u></u>	<u><u>582,508,836</u></u>

30 September
2021
(Un-Audited) 31 December
2020
(Audited)

————— Rupees in '000 —————

9.1.1 Investments given as collateral against repo borrowing

Federal government securities

Market treasury bills	5,887,464	9,217,825
Pakistan investment bonds	145,205,668	82,695,225
	<u>151,093,132</u>	<u>91,913,050</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	507,587	473,990
Charge for the period / year	3,106	183,314
Reversal for the period / year	(3,841)	(10,008)
(Reversal) / charge for the period / year - net	(735)	173,306
Reversal on disposals for the period / year	-	(139,709)
Closing balance	<u>506,852</u>	<u>507,587</u>

9.2.2 Particulars of provision against debt securities

Category of classification	30 September 2021 (Un-Audited)		31 December 2020 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Loss	116,710	116,710	120,551	120,551
	<u>116,710</u>	<u>116,710</u>	<u>120,551</u>	<u>120,551</u>

9.3 The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 26.035 billion (31 December 2020: Rs. 36.306 billion).

10. ADVANCES

Note	Performing		Non-Performing		Total	
	30 September 2021 (Un-Audited)	31 December 2020 (Audited)	30 September 2021 (Un-Audited)	31 December 2020 (Audited)	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.	235,719,413	215,387,833	12,943,435	13,444,761	248,662,848	228,832,594
Islamic financing and related assets 10.1	104,850,383	66,280,436	777,548	822,665	105,627,931	67,103,101
Bills discounted and purchased	47,487,168	40,130,792	5,253,252	5,034,630	52,740,420	45,165,422
Advances - gross 10.2 & 10.3	388,056,964	321,799,061	18,974,235	19,302,056	407,031,199	341,101,117
Provision against non-performing advances						
- specific	-	-	(17,783,637)	(16,417,607)	(17,783,637)	(16,417,607)
- general	(3,964,797)	(3,027,679)	-	-	(3,964,797)	(3,027,679)
	<u>(3,964,797)</u>	<u>(3,027,679)</u>	<u>(17,783,637)</u>	<u>(16,417,607)</u>	<u>(21,748,434)</u>	<u>(19,445,286)</u>
Advances - net of provisions	<u>384,092,167</u>	<u>318,771,382</u>	<u>1,190,598</u>	<u>2,884,449</u>	<u>385,282,765</u>	<u>321,655,831</u>

10.1 It includes loans and advances of First Habib Modaraba and Habib Metro Modaraba amounting to Rs. 11.973 billion and Rs. 284.911 million respectively. Furthermore, it includes the Islamic banking operations of the holding company amounting to Rs. 93.370 billion as disclosed in note 36.3 to these consolidated condensed interim financial statements.

10.2 Particulars of advances - gross

	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	Rupees in '000	
In local currency	361,643,529	305,931,738
In foreign currencies	45,387,670	35,169,379
	<u>407,031,199</u>	<u>341,101,117</u>

10.3 Advances include Rs. 18.974 billion (31 December 2020: Rs. 19.302 billion) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2021 (Un-Audited)		31 December 2020 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Domestic				
Substandard	369,618	6,911	14,200	-
Doubtful	1,102,564	521,089	5,386,811	2,539,062
Loss	17,502,053	17,255,637	13,901,045	13,878,545
	<u>18,974,235</u>	<u>17,783,637</u>	<u>19,302,056</u>	<u>16,417,607</u>

10.4 Particulars of provision against advances

	30 September 2021 (Un-Audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	16,417,607	3,027,679	19,445,286	15,294,415	1,634,410	16,928,825
Charge for the period / year	2,327,600	937,118	3,264,718	4,413,921	1,393,269	5,807,190
Reversals for the period / year	(887,700)	-	(887,700)	(2,594,580)	-	(2,594,580)
Net charge for the period / year	1,439,900	937,118	2,377,018	1,819,341	1,393,269	3,212,610
Amount written off	(73,870)	-	(73,870)	(696,149)	-	(696,149)
Closing balance	<u>17,783,637</u>	<u>3,964,797</u>	<u>21,748,434</u>	<u>16,417,607</u>	<u>3,027,679</u>	<u>19,445,286</u>

10.4.1 General provision includes provision of Rs. 3.163 million (31 December 2020: Rs. 2.915 million) made against consumer portfolio and Rs. 5 thousand (31 December 2020: Rs. 17 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP.

10.4.2 Particulars of provision against advances

	30 September 2021 (Un-Audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	17,305,903	3,964,797	21,270,700	15,968,899	3,027,679	18,996,578
In foreign currencies	477,734	-	477,734	448,708	-	448,708
	<u>17,783,637</u>	<u>3,964,797</u>	<u>21,748,434</u>	<u>16,417,607</u>	<u>3,027,679</u>	<u>19,445,286</u>

10.4.3 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

The holding company has availed forced sale value (FSV) benefit under BSD Circular No. 1 of 21 October 2011. Had the benefit of FSVs (including those availed in prior years) not been taken by the holding company, the specific provision against non-performing advances would have been higher by Rs. 337.602 million (31 December 2020: Rs. 156.904 million) and accumulated profit would have been lower by Rs. 205.937 million (31 December 2020: Rs. 101.988 million). This amount of Rs. 205.937 million (31 December 2020: Rs. 101.988 million) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
————— Rupees in '000 —————			
11. FIXED ASSETS			
Capital work-in-progress	11.1	119,135	684,852
Property and equipment - book value		<u>11,165,628</u>	<u>8,415,325</u>
		<u>11,284,763</u>	<u>9,100,177</u>
11.1 Capital work-in-progress			
Civil works		67,069	481,194
Advance to suppliers		<u>52,066</u>	<u>203,658</u>
		<u>119,135</u>	<u>684,852</u>
Nine months ended			
		30 September 2021 (Un-Audited)	30 September 2020
————— Rupees in '000 —————			
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress additions / (transfer to fixed assets) - net		(565,717)	329,710
Property and equipment			
Land		1,154,437	—
Furniture and fixtures		187,248	85,276
Electrical, office and computer equipments		623,524	452,015
Vehicles		63,581	20,849
Lease hold improvement		983,172	296,043
Right-of-use assets		<u>1,359,679</u>	<u>544,489</u>
		<u>4,371,641</u>	<u>1,398,672</u>
		<u>3,805,924</u>	<u>1,728,382</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixtures		940	223
Electrical, office and computer equipments		219	704
Vehicles		<u>1,869</u>	<u>4,638</u>
		<u>3,028</u>	<u>5,565</u>

	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	———— Rupees in '000 ————	
12. INTANGIBLE ASSETS		
Computer Software	118,572	89,731
Management rights	<u>41,600</u>	<u>41,600</u>
	<u>160,172</u>	<u>131,331</u>

———— Rupees in '000 ————	
Nine months ended	
30 September 2021 (Un-Audited)	30 September 2020
———— Rupees in '000 ————	

12.1 The following additions have been made to intangible assets during the period:

Directly purchased	<u>80,701</u>	<u>62,917</u>
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	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	———— Rupees in '000 ————	

13. DEFERRED TAX ASSETS

Deductible temporary differences

Provision for diminution in value of investments	197,672	177,655
Provision for non-performing loans and off - balance sheet items	2,661,756	2,555,455
Provision against other assets	-	87,150
Accelerated tax depreciation and amortisation	149,931	30,341
Deferred liability on defined benefit plan	7,213	6,054
Others	<u>668</u>	<u>1,069</u>
	3,017,240	2,857,724

Taxable temporary differences

Surplus on revaluation of investments	<u>(434,395)</u>	<u>(1,584,605)</u>
Surplus on revaluation of non-banking assets	<u>(37,053)</u>	<u>(119,521)</u>
	<u>(471,448)</u>	<u>(1,704,126)</u>
Deferred tax asset - net	<u>2,545,792</u>	<u>1,153,598</u>

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
———— Rupees in '000 ————			
14. OTHER ASSETS			
Income / mark-up / profit accrued in local currency - net of provision		9,865,256	10,036,321
Income / mark-up / profit accrued in foreign currencies - net of provision		28,469	11,630
Advances, deposits and other prepayments		516,684	406,169
Non-banking assets acquired in satisfaction of claims		2,305,167	2,641,141
Branch adjustment account		–	41
Mark-to-market gain on forward foreign exchange contracts		9,458,202	4,718,094
Acceptances		32,852,628	34,998,772
Receivable from the SBP against encashment of government securities		11,993	11,990
Stationery and stamps on hand		103,553	101,857
Dividend receivable		–	2,606
Others		669,916	293,738
		<u>55,811,868</u>	<u>53,222,359</u>
Provision against other assets	14.1 & 14.2	<u>(237,304)</u>	<u>(462,880)</u>
Other assets (net of provision)		<u>55,574,564</u>	<u>52,759,479</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19	<u>95,008</u>	<u>341,491</u>
		<u>55,669,572</u>	<u>53,100,970</u>
14.1 Provision held against other assets			
Acceptances		–	249,000
Others		235,000	210,000
Other receivable		<u>2,304</u>	<u>3,880</u>
		<u>237,304</u>	<u>462,880</u>
14.2 Movement in provision held against other assets			
Opening balance		462,880	211,182
Charge for the period / year		25,000	251,698
Reversal for the period / year		<u>(249,391)</u>	<u>–</u>
		(224,391)	251,698
Amount written off		<u>(1,185)</u>	<u>–</u>
Closing balance		<u>237,304</u>	<u>462,880</u>
15. BILLS PAYABLE			
In Pakistan		20,160,530	15,337,849
Outside Pakistan		76,892	83,153
		<u>20,237,422</u>	<u>15,421,002</u>

	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	Rupees in '000	
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	66,169,151	64,704,959
Under long term financing facility - renewable energy scheme	1,263,160	982,960
Under long term financing facility - locally manufactured plant and machinery scheme	16,895,338	14,832,149
Under refinance for payment of wages and salaries	15,334,378	20,810,171
Under temporary economic refinance facility	22,926,186	4,173,416
Under refinance facility for combating COVID-19	70,532	-
Under refinance facility for modernization of SME	22,407	-
Under long term financing facility for storage of agricultural produce scheme	539,938	256,481
	<u>123,221,090</u>	<u>105,760,136</u>
Repurchase agreement borrowings (Repo)	<u>151,169,945</u>	<u>91,644,767</u>
	<u>274,391,035</u>	<u>197,404,903</u>
Unsecured		
Certificate of investment	5,237,453	4,089,056
Musharaka borrowing	500,000	-
Murhabaha borrowing	149,978	-
Overdrawn nostro accounts	4,281,022	4,317,946
	<u>10,168,453</u>	<u>8,407,002</u>
	<u>284,559,488</u>	<u>205,811,905</u>

17. DEPOSITS AND OTHER ACCOUNTS

	30 September 2021 (Un-Audited)			31 December 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	218,589,825	33,925,026	252,514,851	185,076,754	32,854,065	217,930,819
Savings deposits	179,622,799	20,286,135	199,908,934	158,741,477	23,866,671	182,608,148
Term deposits	195,667,994	46,630,036	242,298,030	211,496,123	41,495,660	252,991,783
Others - margin deposits	19,692,776	11,745	19,704,521	13,702,059	1,791	13,703,850
	<u>613,573,394</u>	<u>100,852,942</u>	<u>714,426,336</u>	<u>569,016,413</u>	<u>98,218,187</u>	<u>667,234,600</u>
Financial institutions						
Current deposits	822,493	1,331,111	2,153,604	1,527,105	1,058,671	2,585,776
Savings deposits	28,186,772	-	28,186,772	6,988,102	-	6,988,102
Term deposits	4,928,035	5,235	4,933,270	3,577,307	4,903	3,582,210
	<u>33,937,300</u>	<u>1,336,346</u>	<u>35,273,646</u>	<u>12,092,514</u>	<u>1,063,574</u>	<u>13,156,088</u>
	<u>647,510,694</u>	<u>102,189,288</u>	<u>749,699,982</u>	<u>581,108,927</u>	<u>99,281,761</u>	<u>680,390,688</u>

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
Rupees in '000			
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		5,949,731	7,863,001
Mark-up / return / interest payable in foreign currencies		295,507	348,217
Unearned commission and income on bills discounted		158,788	307,572
Accrued expenses		1,381,567	1,348,381
Current taxation (provision less payments)		2,446,843	2,025,424
Acceptances		32,852,628	34,998,772
Unclaimed dividend		149,096	137,905
Dividend payable		1,374,899	-
Branch adjustment account		675	-
Mark-to-market loss on forward foreign exchange contracts		5,852,348	5,949,494
Provision for compensated absences		262,692	247,599
Deferred liability on defined benefit plan		104,382	17,852
Provision against off-balance sheet obligations	18.1	32,583	113,716
Workers' welfare fund	18.2	1,967,452	1,644,055
Charity fund balance		462	5,227
Excise duty payable		2,037	1,575
Locker deposits		912,978	875,074
Advance against diminishing musharakah		276,887	55,542
Advance rental for ijarah		6,345	4,759
Security deposits against leases / ijarah		447,605	462,414
Sundry creditors		2,008,809	1,251,623
Lease liability against right-of-use assets		5,456,137	4,615,107
Withholding tax / duties		595,271	294,799
Others		235,440	89,011
		<u>62,771,162</u>	<u>62,657,119</u>
18.1 Provision against off-balance sheet obligations			
Opening balance		113,716	113,716
Reversal for the period / year		(81,133)	-
Closing balance		<u>32,583</u>	<u>113,716</u>

The above represents provision against certain letters of credit and guarantees.

- 18.2 Under the Workers' Welfare Ordinance 1971, the holding company is liable to pay workers' welfare fund (WWF) at 2% of accounting profit before tax or taxable income, whichever is higher. The holding company has made full provision for WWF based on profit for the respective years.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgement may not currently be treated as conclusive. Accordingly the holding company maintains its provision in respect of WWF.

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
Rupees in '000			
19. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of			
- Non-banking assets	14	95,008	341,491
- Available-for-sale securities	9.1	1,321,627	4,622,075
		1,416,635	4,963,566
Deferred tax on surplus on revaluation of			
- Non-banking assets		37,053	119,521
- Available-for-sale securities		434,395	1,584,605
		(471,448)	(1,704,126)
		945,187	3,259,440
Less: Surplus pertaining to non-controlling interest		(173,194)	(76,299)
		771,993	3,183,141
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	114,241,532	89,902,458
Commitments	20.2	636,279,204	598,629,956
Other contingent liabilities	20.3	16,905,462	2,733,563
		767,426,198	691,265,977
20.1 Guarantees			
Financial guarantees		51,651,116	42,197,620
Performance guarantees		31,758,992	27,904,956
Other guarantees		30,831,424	19,799,882
		114,241,532	89,902,458
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		219,769,886	160,321,521
Commitments in respect of:			
Forward exchange contracts	20.2.1	414,091,871	435,798,001
Forward lendings	20.2.2	2,350,163	2,217,921
Acquisition of operating fixed assets		67,284	292,513
		416,509,318	438,308,435
		636,279,204	598,629,956
20.2.1 Commitments in respect of forward exchange contracts			
Purchase		227,615,830	245,157,873
Sale		186,476,041	190,640,128
		414,091,871	435,798,001

20.2.2 Commitments in respect of forward lending

The Group has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
————— Rupees in '000 —————			
Commitments in respect of syndicate financing		1,578,498	1,681,802
Commitments in respect of other financing		<u>771,665</u>	<u>536,119</u>
		<u>2,350,163</u>	<u>2,217,921</u>
20.3 Other contingent liabilities			
Claims against bank not acknowledged as debt		16,799,406	2,627,507
Foreign exchange repatriation case	20.3.1	<u>106,056</u>	<u>106,056</u>
		<u>16,905,462</u>	<u>2,733,563</u>

20.3.1 Foreign exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106.056 million, arbitrarily on the holding company. The holding company has filed appeals before the Appellate Board and constitutional petitions in the Honorable High Court of Sindh against the said judgement. The Honorable High Court has granted relief to holding company by way of interim orders. Based on merits of the appeals, management is confident that these appeals shall be decided in favor of the holding company and therefore no provision has been made against the impugned penalty.

21. DERIVATIVE INSTRUMENTS

The holding company 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 holding company'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 mark to market gains and losses on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the holding company's customers to protect from unfavourable movements in foreign currencies. The holding company hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the holding company's Asset and Liability Committee (ALCO).

		Nine months ended	
		30 September 2021	30 September 2020
		(Un-Audited)	
		Rupees in '000	
22. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances	15,657,736	19,738,012	
Investments	37,931,792	38,528,558	
Lending with financial institutions	863,671	1,749,659	
Balance with other banks	8,950	77,211	
	<u>54,462,149</u>	<u>60,093,440</u>	
23. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits	20,086,834	25,791,486	
Borrowings	8,731,489	9,624,028	
Cost of foreign currency swap against foreign currency deposits / borrowings	2,784,217	4,241,309	
Lease liability against right-of-use assets	472,932	396,921	
	<u>32,075,472</u>	<u>40,053,744</u>	
24. FEE & COMMISSION INCOME			
Branch banking customer fees	428,430	407,207	
Credit related fees	34,783	34,846	
Card related fees	405,165	183,435	
Commission on trade	3,459,290	2,744,797	
Commission on guarantees	512,731	338,804	
Commission on remittances including home remittance	33,071	29,597	
Commission on bancassurance	136,972	96,572	
Others	129,807	97,635	
	<u>5,140,249</u>	<u>3,932,893</u>	
25. GAIN / (LOSS) ON SECURITIES			
Realised			
Federal government securities	87,038	(328,576)	
Mutual funds	77,102	198,002	
Shares	3,847	25,274	
Non-government debt securities	-	4,952	
Unrealised - held-for-trading			
Federal government securities	-	522	
	<u>167,987</u>	<u>(99,826)</u>	
26. OTHER INCOME			
Rent on properties	12,434	7,115	
Gain on sale of fixed assets - net	9,552	16,009	
Gain on sale of non-banking assets	227,988	-	
Gain on sale of ijarah assets - net	17,639	20,818	
Staff notice period and other recoveries	581	1,040	
	<u>268,194</u>	<u>44,982</u>	

	Nine months ended	
	30 September 2021	30 September 2020
	(Un-Audited)	
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	5,571,731	4,894,057
Property expense		
Rent & taxes	173,565	346,943
Insurance	4,699	3,960
Utilities cost	398,406	316,145
Security	354,162	341,196
Repair & maintenance	310,169	257,347
Depreciation	365,336	318,069
Depreciation on right-of-use assets	719,809	586,280
	2,326,146	2,169,940
Information technology expenses		
Software maintenance	168,418	123,102
Hardware maintenance	123,967	117,031
Depreciation	161,301	142,377
Amortisation	51,860	48,323
Network charges	194,432	165,399
	699,978	596,232
Other operating expenses		
Directors' fees and allowances	10,536	8,300
Fees and allowances to Shariah Board	9,405	7,747
Legal & professional charges	131,547	117,600
Outsourced services costs	220,413	220,315
Travelling & conveyance	189,860	148,170
NIFT and clearing charges	51,771	50,200
Depreciation	371,867	349,942
Depreciation - non-banking assets	26,041	9,050
Training & development	24,141	9,279
Postage & courier charges	84,248	64,651
Communication	92,170	79,496
Subscription	168,366	148,764
Repair & maintenance	91,255	83,335
Brokerage & commission	154,758	158,111
Stationery & printing	182,669	164,055
Marketing, advertisement & publicity	91,213	83,932
Management fee	386,989	372,248
Insurance	558,222	435,447
Donations	151,593	84,660
Auditors' Remuneration	12,337	12,350
Others	429,314	377,230
	3,438,715	2,984,882
	<u>12,036,570</u>	<u>10,645,111</u>

	Note	Nine months ended	
		30 September 2021	30 September 2020
		(Un-Audited)	
		Rupees in '000	
28. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		14,678	31,980
29. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2.1	(735)	176,762
Provision against loan & advances - net	10.4	2,377,018	1,834,817
Provision against other assets / off-balance sheet obligations	14.2 & 18.1	(305,524)	2,693
Recovery of written off bad debts		(2,000)	(15,019)
		<u>2,068,759</u>	<u>1,999,253</u>
30. TAXATION			
Current		6,047,010	6,141,556
Deferred		(254,485)	(587,307)
		<u>5,792,525</u>	<u>5,554,249</u>
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit attributable to equity shareholders of the holding company		9,959,670	8,321,191
		Number in '000	
Weighted average number of ordinary shares		<u>1,047,831</u>	<u>1,047,831</u>
		Rupees	
Basic and diluted earnings per share		<u>9.51</u>	<u>7.94</u>

32. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

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

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

On balance sheet financial instruments

	30 September 2021 (Un-Audited)				
	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
	Rupees in '000				
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	615,615,907	-	615,615,907	-	615,615,907
Sukuk certificates and bonds	7,281,203	-	7,281,203	-	7,281,203
Ordinary shares of listed companies	1,494,720	1,494,720	-	-	1,494,720
Mutual funds - open end	1,502,892	-	1,502,892	-	1,502,892
- close end	7,584	7,584	-	-	7,584
Real estate investment trust	629,563	629,563	-	-	629,563
Listed term finance certificates	1,588,233	-	1,588,233	-	1,588,233
Unlisted term finance certificates	1,930,000	-	1,930,000	-	1,930,000
Financial assets disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	26,850,012	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>656,952,772</u>	<u>2,131,867</u>	<u>627,918,235</u>	<u>-</u>	<u>630,050,102</u>
Off-balance sheet financial instruments - measured at fair value					
- Forward purchase of foreign exchange contracts	227,615,830	-	237,008,143	-	237,008,143
- Forward sale of foreign exchange contracts	186,476,041	-	180,689,582	-	180,689,582
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	2,400,175	-	-	2,678,756	2,678,756

On balance sheet financial instruments

	31 December 2020 (Audited)				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	534,350,746	-	534,350,746	-	534,350,746
Sukuk certificates and bonds	7,349,073	-	7,349,073	-	7,349,073
Ordinary shares of listed companies	1,166,462	1,166,462	-	-	1,166,462
Mutual funds - open end	18,304	-	18,304	-	18,304
- close end	8,275	8,275	-	-	8,275
Real estate investment trust	375,429	375,429	-	-	375,429
Listed term finance certificates	2,826,707	-	2,826,707	-	2,826,707
Financial assets disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	34,358,396	-	-	-	-
Certificates of investments	2,000,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	55,444	-	-	-	-
	<u>582,508,836</u>	<u>1,550,166</u>	<u>544,544,830</u>	<u>-</u>	<u>546,094,996</u>
Off-balance sheet financial instruments - measured at fair value					
- Forward purchase of foreign exchange contracts	<u>245,157,873</u>	<u>-</u>	<u>241,170,544</u>	<u>-</u>	<u>241,170,544</u>
- Forward sale of foreign exchange contracts	<u>190,640,128</u>	<u>-</u>	<u>187,884,199</u>	<u>-</u>	<u>187,884,199</u>
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	<u>2,982,632</u>	<u>-</u>	<u>-</u>	<u>3,249,798</u>	<u>3,249,798</u>

32.2 Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Debt securities other than federal government securities	The fair value is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuters.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

32.3 Valuation techniques used in determination of fair values of non-financial assets within level 3

Non-banking assets acquired in satisfaction of claim	Non-banking assets are valued by professionally qualified valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented.
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33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	30 September 2021 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000			
Profit & Loss				
Net mark-up / return / profit	31,589,885	(9,184,867)	(18,341)	22,386,677
Inter segment revenue - net	(25,092,710)	15,200,253	9,892,457	-
Non mark-up / return / interest income	(53,232)	389,672	7,726,695	8,063,135
Total Income	6,443,943	6,405,058	17,600,811	30,449,812
Segment direct expenses	(278,018)	-	(192,400)	(470,418)
Inter segment expense allocation	-	(3,339,403)	(8,564,847)	(11,904,250)
Total expenses	(278,018)	(3,339,403)	(8,757,247)	(12,374,668)
Provisions	1,126	(23,025)	(2,046,860)	(2,068,759)
Profit before tax	6,167,051	3,042,630	6,796,704	16,006,385
Balance Sheet				
Cash & Bank balances	2,033,296	26,742,618	38,144,344	66,920,258
Investments	656,952,772	-	-	656,952,772
Lendings to financial institutions	3,125,401	-	-	3,125,401
Advances - performing	-	5,743,282	382,313,682	388,056,964
Advances - non-performing	-	46,465	18,927,770	18,974,235
Provision against advances	-	(49,628)	(21,698,806)	(21,748,434)
Net inter segment lending	-	305,844,466	179,404,411	485,248,877
Others	14,320,618	3,186,544	52,153,137	69,660,299
Total Assets	676,432,087	341,513,747	649,244,538	1,667,190,372
Borrowings	155,950,967	-	128,608,521	284,559,488
Deposits & other accounts	-	312,829,159	436,870,823	749,699,982
Net inter segment borrowing	485,248,877	-	-	485,248,877
Others	6,188,797	10,785,893	66,033,894	83,008,584
Total Liabilities	647,388,641	323,615,052	631,513,238	1,602,516,931
Equity	29,043,446	17,898,695	17,731,300	64,673,441
Total Equity & Liabilities	676,432,087	341,513,747	649,244,538	1,667,190,372
Contingencies & Commitments	414,091,871	10,599,080	342,735,247	767,426,198

30 September 2020 (Un-Audited)

	Trade & Sales	Retail Banking	Commercial Banking	Total
Rupees in '000				
Profit & Loss				
Net mark-up / return / profit	28,008,948	(11,131,057)	3,161,805	20,039,696
Inter segment revenue - net	(21,319,715)	14,976,198	6,343,517	-
Non mark-up / return / interest income	(121,578)	198,074	6,966,954	7,043,450
Total Income	6,567,655	4,043,215	16,472,276	27,083,146
Segment direct expenses	(291,913)	-	(180,870)	(472,783)
Inter segment expense allocation	3,772	(3,174,544)	(7,358,721)	(10,529,493)
Total expenses	(288,141)	(3,174,544)	(7,539,591)	(11,002,276)
Provisions	(179,459)	2,383	(1,822,177)	(1,999,253)
Profit before tax	6,100,055	871,054	7,110,508	14,081,617

31 December 2020 (Audited)

Balance Sheet

Cash & Bank balances	1,816,675	23,136,227	32,014,820	56,967,722
Investments	582,508,836	-	-	582,508,836
Net inter segment lending	-	284,961,421	177,548,535	462,509,956
Lendings to financial institutions	1,000,000	-	-	1,000,000
Advances - performing	-	3,625,775	318,173,286	321,799,061
Advances - non-performing	-	27,203	19,274,853	19,302,056
Provision against advances	-	(16,089)	(19,429,197)	(19,445,286)
Others	9,937,076	2,650,754	50,898,246	63,486,076
Total Assets	595,262,587	314,385,291	578,480,543	1,488,128,421
Borrowings	95,962,713	-	109,849,192	205,811,905
Deposits & other accounts	-	288,049,370	392,341,318	680,390,688
Net inter segment borrowing	462,509,956	-	-	462,509,956
Others	6,286,606	9,742,895	62,048,620	78,078,121
Total liabilities	564,759,275	297,792,265	564,239,130	1,426,790,670
Equity	30,503,312	16,593,026	14,241,413	61,337,751
Total Equity & liabilities	595,262,587	314,385,291	578,480,543	1,488,128,421
Contingencies & Commitments	435,798,001	-	255,467,976	691,265,977

34. RELATED PARTIES TRANSACTIONS

The Group has related party transactions with its ultimate parent company, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions in respect of charge for employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries and allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Details of transactions with related parties during the period are as follows:

	30 September 2021 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	105,282	157,004	-	-	-	262,286
Advances						
Opening balance	197	4,713,826	195,938	-	-	4,909,961
Addition during the period	-	39,948,837	66,596	-	-	40,015,433
Repaid during the period	(197)	(39,877,175)	(65,765)	-	-	(39,943,137)
Closing balance	-	4,785,488	196,769	-	-	4,982,257
Other Assets						
Mark-up / return / interest receivable	-	6,297	-	-	-	6,297
Prepayments / advance deposits / other receivable	468	5,954	-	-	-	6,422
	468	12,251	-	-	-	12,719
Deposits and other accounts						
Opening balance	213,306	9,616,481	282,595	661,230	1,626,592	12,400,204
Received during the period	14,846,452	1,920,453,910	1,615,865	3,036,613	5,727,470	1,945,680,310
Withdrawn during the period	(14,899,687)	(1,911,981,210)	(1,573,038)	(3,084,124)	(5,500,208)	(1,937,038,267)
Closing balance	160,071	18,089,181	325,422	613,719	1,853,854	21,042,247
Other Liabilities						
Mark-up / return / interest payable	-	97,166	1,429	1,941	12,035	112,571
Management fee payable for technical and consultancy services *	132,769	-	-	-	-	132,769
Insurance & Other Payables	-	5,562	-	-	104,382	109,944
Other liabilities	-	484	-	670	-	1,154
	132,769	103,212	1,429	2,611	116,417	356,438
Contingencies & commitments						
Guarantees	-	7,967,508	-	-	-	7,967,508
Letters of credit	-	4,055,943	-	-	-	4,055,943
	-	12,023,451	-	-	-	12,023,451

* Management fee is as per the agreement with the ultimate parent company.

31 December 2020 (Audited)

	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	98,181	112,889	-	-	-	211,070
Advances						
Opening balance	366	4,144,390	222,737	-	-	4,367,493
Addition during the year	-	37,321,354	14,326	-	-	37,335,680
Repaid during the year	(169)	(36,751,918)	(41,125)	-	-	(36,793,212)
Closing balance	197	4,713,826	195,938	-	-	4,909,961
Other Assets						
Mark-up / return / interest receivable	-	6,592	-	-	-	6,592
Prepayments / advance deposits / other receivable	468	2,872	-	-	-	3,340
	468	9,464	-	-	-	9,932
Deposits and other accounts						
Opening balance	529,172	11,234,004	262,708	785,494	940,576	13,751,954
Received during the year	18,649,846	1,656,267,371	1,339,687	2,195,407	3,530,113	1,681,982,424
Withdrawn during the year	(18,965,712)	(1,657,884,894)	(1,319,800)	(2,319,671)	(2,844,097)	(1,683,334,174)
Closing balance	213,306	9,616,481	282,595	661,230	1,626,592	12,400,204
Other Liabilities						
Mark-up / return / interest payable	-	140,225	3,294	3,844	18,739	166,102
Management fee payable for technical and consultancy services *	204,497	-	-	-	-	204,497
Other liabilities	-	11,821	-	730	13,568	26,119
	204,497	152,046	3,294	4,574	32,307	396,718
Contingencies & commitments						
Guarantees	-	8,729,159	-	-	-	8,729,159
Letters of credit	-	2,027,205	-	-	-	2,027,205
	-	10,756,364	-	-	-	10,756,364

* Management fee is as per the agreement with the ultimate parent company.

Transactions during the period

For the period ended 30 September 2021 (Un-Audited)

	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Income						
Mark-up / return / interest earned	-	33,949	7,891	-	-	41,840
Fee and commission income	1,632	178,727	-	57	-	180,416
Rent income	4,212	5,549	-	-	-	9,761
Expense						
Mark-up / return / interest expensed	-	651,032	11,021	20,989	114,547	797,589
Commission / brokerage / bank charges paid	976	1,690	-	-	-	2,666
Salaries and allowances	-	-	464,191	-	-	464,191
Directors' fees and allowances	-	-	-	10,536	-	10,536
Charge to defined benefit plan	-	-	-	-	137,939	137,939
Contribution to defined contribution plan	-	-	-	-	188,139	188,139
Rent expenses	-	11,419	-	-	-	11,419
Insurance premium expenses	-	9,296	-	-	-	9,296
Maintenance, electricity, stationery & entertainment	-	58,361	-	-	-	58,361
Management fee expense for technical and consultancy services *	391,121	-	-	-	-	391,121
Donation	-	27,440	-	-	-	27,440
Professional / other charges	-	1,595	-	-	-	1,595

* Management fee is as per the agreement with the ultimate parent company.

Transactions during the period

	For the period ended 30 September 2020 (Un-Audited)					Total
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	
	Rupees in '000					
Income						
Mark-up / return / interest earned	-	102,809	9,674	-	-	112,483
Fee and commission income	2,600	219,739	-	60	-	222,399
Rent income	4,212	-	-	-	-	4,212
Expenses						
Mark-up / return / interest expensed	86	674,038	15,959	48,433	91,867	830,383
Commission / brokerage / bank charges paid	803	1,215	-	-	-	2,018
Salaries and allowances	-	-	383,754	-	-	383,754
Directors' fees and allowances	-	-	-	8,300	-	8,300
Charge to defined benefit plan	-	-	-	-	133,571	133,571
Contribution to defined contribution plan	-	-	-	-	164,417	164,417
Rent expenses	-	10,996	-	-	-	10,996
Insurance premium expenses	-	7,671	-	-	-	7,671
Maintenance, electricity, stationery & entertainment	-	61,322	-	-	-	61,322
Management fee expense for technical and consultancy services *	368,875	-	-	-	-	368,875
Donation	-	12,440	-	-	-	12,440
Professional / other charges	-	1,842	-	-	-	1,842

* Management fee is as per the agreement with the ultimate parent company .

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) capital	60,633,414	55,152,774
Eligible Additional Tier 1 (ADT 1) capital	132,071	111,643
Total Eligible Tier 1 capital	60,765,485	55,264,417
Eligible Tier 2 capital	4,898,954	6,174,922
Total eligible capital (Tier 1 + Tier 2)	65,664,439	61,439,339
Risk Weighted Assets (RWAs):		
Credit Risk	380,715,019	309,393,711
Market Risk	3,873,129	1,202,170
Operational Risk	55,249,734	55,249,734
Total	439,837,882	365,845,615
CET 1 capital adequacy ratio	13.79%	15.08%
Tier 1 capital adequacy ratio	13.83%	15.11%
Total capital adequacy ratio	14.93%	16.79%
Minimum capital requirements prescribed by SBP		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%

The Group uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

Leverage Ratio (LR):

Eligible Tier 1 capital	60,765,485	55,264,417
Total exposures	1,545,492,086	1,308,557,849
Leverage ratio	3.93%	4.22%

36. ISLAMIC BANKING BUSINESS

The holding company is operating 43 (31 December 2020: 32) Islamic banking branches and 218 (2020: 218) Islamic banking windows at the end of the period.

	Note	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		6,412,466	4,970,404
Balances with other banks		-	-
Due from financial institutions	36.1	-	1,000,000
Investments	36.2	29,898,569	27,627,085
Islamic financing and related assets - net	36.3	92,611,396	56,661,747
Fixed assets	36.4	567,760	481,094
Intangible assets		-	-
Due from head office		3,233,094	204,715
Other assets		4,746,277	3,345,634
Total Assets		137,469,562	94,290,679
LIABILITIES			
Bills payable		1,372,425	786,085
Due to financial institutions		30,210,669	16,609,708
Deposits and other accounts	36.5	94,749,479	68,493,450
Due to head office		-	-
Subordinated debt		-	-
Other liabilities	36.4	2,655,262	2,615,582
		128,987,835	88,504,825
NET ASSETS		8,481,727	5,785,854
REPRESENTED BY			
Islamic banking fund		7,504,266	5,503,996
Reserves		-	-
Deficit on revaluation of assets		(657,746)	(1,085,694)
Unappropriated profit	36.9	1,635,207	1,367,552
		8,481,727	5,785,854
CONTINGENCIES AND COMMITMENTS	36.6		

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

	Note	Nine months ended	
		30 September 2021	30 September 2020
		(Un-Audited)	
————— Rupees in '000 —————			
Profit / return earned	36.7	4,829,000	3,912,301
Profit / return expensed	36.8	(2,981,054)	(2,716,512)
Net Profit / return		1,847,946	1,195,789
Other income			
Fee and commission income		260,299	148,549
Dividend income		279	23,400
Foreign exchange income		75,009	95,312
Gain / (loss) on securities		56,862	206,512
Other income		2,692	31,981
Total other income		395,141	505,754
Total Income		2,243,087	1,701,543
Other expenses			
Operating expenses		671,277	539,047
Workers' welfare fund		-	-
Other charges		609	605
Total other expenses		671,886	539,652
Profit before provisions		1,571,201	1,161,891
Provisions and write offs - net		64,006	(203,602)
Profit before taxation		1,635,207	958,289

36.1 Due from financial institutions

	30 September 2021 (Un-Audited)			31 December 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured Musharaka	-	-	-	1,000,000	-	1,000,000

36.2 Investments by segments:

	30 September 2021 (Un-Audited)				31 December 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities:								
Ījarah Sukuk	14,223,192	-	(313,085)	13,910,107	15,750,214	-	(675,889)	15,074,325
Bai-muajjal	3,608,688	-	-	3,608,688	3,608,688	-	-	3,608,688
INPCCL modaraba investment pool	767,963	-	-	767,963	-	-	-	-
	18,599,843	-	(313,085)	18,286,758	19,358,902	-	(675,889)	18,683,013
Mutual Funds	1,475,000	-	10,609	1,485,609	-	-	-	-
Non-Government Debt Securities								
Listed	7,056,472	-	(349,789)	6,706,683	7,178,877	-	(393,601)	6,785,276
Unlisted	3,425,000	-	(5,481)	3,419,519	2,175,000	-	(16,204)	2,158,796
	10,481,472	-	(355,270)	10,126,202	9,353,877	-	(409,805)	8,944,072
Total investments	30,556,315	-	(657,746)	29,898,569	28,712,779	-	(1,085,694)	27,627,085

36.3 Islamic financing and related assets - net

	30 September 2021 (Un-Audited)				31 December 2020 (Audited)			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
Rupees in '000								
Ijarah	148,985	444,625	-	593,610	189,891	4,772	-	194,663
Ijarah - islamic long term financing facility	60,587	-	-	60,587	74,207	-	-	74,207
Murabaha	6,218,721	2,292,676	-	8,511,397	5,111,746	207,331	-	5,319,077
Working capital musharaka	36,650,713	-	-	36,650,713	25,581,844	-	-	25,581,844
Diminishing musharaka	9,172,540	187,721	-	9,360,261	5,328,366	217,013	-	5,545,379
Salam	103,998	-	-	103,998	16,874	128,500	54,000	199,374
Istisna	4,974,600	1,627,383	50,897	6,652,880	1,642,581	2,152,364	8,820	3,803,765
Diminishing musharaka - islamic long term financing facility	866,344	999,111	-	1,865,455	764,708	504,848	-	1,269,556
Diminishing musharaka - islamic refinance scheme for payment of wages and salaries	1,338,648	93,534	-	1,432,182	-	1,683,416	-	1,683,416
Diminishing musharaka - islamic financing facility for storage of agricultural produce	-	552,191	-	552,191	-	267,878	-	267,878
Diminishing musharaka - islamic temporary economic refinance facility	228,300	12,157,984	-	12,386,284	-	1,931,320	-	1,931,320
Diminishing musharaka - islamic financing facility for renewable energy	-	88,634	-	88,634	-	-	-	-
Islamic export refinance working capital musharaka	9,427,000	-	-	9,427,000	3,191,540	-	-	3,191,540
Islamic export refinance murabaha	490,334	193,346	-	683,680	1,137,138	43,565	-	1,180,703
Islamic export refinance istisna	1,272,033	3,168,507	-	4,440,540	1,149,500	5,748,195	-	6,897,695
Islamic export refinance salam	31,500	114,500	-	146,000	-	150,000	-	150,000
Al-bai	374,663	-	31,445	406,108	136,797	-	25,577	162,374
Al-bai - islamic export refinance facility	3,071	-	5,616	8,687	-	-	31,773	31,773
Gross islamic financing and related assets	71,362,037	21,920,212	87,958	93,370,207	44,325,192	13,039,202	120,170	57,484,564
Provision against non-performing islamic financings	(758,811)	-	-	(758,811)	(822,817)	-	-	(822,817)
Islamic financing and related assets - net of provision	70,603,226	21,920,212	87,958	92,611,396	43,502,375	13,039,202	120,170	56,661,747

36.4 Fixed Assets and Other Liabilities

At 30 September 2021, fixed assets included right-of-use assets of Rs. 501,147 thousand (31 December 2020: 426,383 thousand) and other liabilities included related lease liability of Rs. 580,346 thousand (31 December 2020: 480,505 thousand).

36.5 Deposits

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Customers	Financial Institutions	Total	Customers	Financial Institutions	Total
	Rupees in '000					
Current deposits	28,703,267	25,791	28,729,058	17,621,062	138,324	17,759,386
Savings deposits	32,533,259	8,624,363	41,157,622	21,397,482	3,104,956	24,502,438
Term deposits	24,862,799	-	24,862,799	26,231,626	-	26,231,626
	<u>86,099,325</u>	<u>8,650,154</u>	<u>94,749,479</u>	<u>65,250,170</u>	<u>3,243,280</u>	<u>68,493,450</u>

36.6 Contingencies and commitments

	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	Rupees in '000	
Guarantees	9,521,181	6,333,142
Commitments	11,801,074	18,237,313
	<u>21,322,255</u>	<u>24,570,455</u>

36.7 Profit / return earned of financing, investments and placement

	30 September 2021 (Un-Audited)	30 September 2020
	Rupees in '000	
Profit earned on:		
Financing	3,121,817	1,621,914
Investments	1,557,010	1,810,289
Placements	150,173	480,098
	<u>4,829,000</u>	<u>3,912,301</u>

36.8 Profit on deposits and other dues expensed

	30 September 2021 (Un-Audited)	30 September 2020
	Rupees in '000	
Deposits and other accounts	2,640,838	2,548,881
Due to financial institutions	295,723	123,668
Discount expense on lease liability against right-of-use assets	44,493	43,963
	<u>2,981,054</u>	<u>2,716,512</u>

	30 September 2021 (Un-Audited)	31 December 2020 (Audited)
	Rupees in '000	
36.9 Islamic banking business unappropriated profits		
Opening balance	1,367,552	1,088,033
Add: Islamic banking profit for the period / year	1,635,207	1,367,552
Less: Transferred to head office	<u>(1,367,552)</u>	<u>(1,088,033)</u>
Closing balance	<u>1,635,207</u>	<u>1,367,552</u>

37. GENERAL

37.1 The figures have been rounded off to nearest thousand rupees, unless otherwise stated.

37.2 Corresponding figures have been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation.

38. DATE OF AUTHORISATION FOR ISSUE

38.1 These consolidated condensed interim financial statements were authorised for issue on 22 October 2021 by the Board of Directors of the Bank.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

RASHID AHMED JAFER
Director

MOHAMEDALIR. HABIB
Chairman

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