

# RESILIENT IN CHALLENGING TIMES

THE DIGITAL WAY FORWARD

Quarterly report - March 31, 2021  
(Un-audited)



Bank Alfalah  
The Way Forward

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# Company Information

## Board of Directors

**HH Sheikh Nahayan Mabarak Al Nahayan**

Chairman/Director

**Abdulla Nasser Hawaileel Al Mansoori**

Director

**Abdulla Khalil Al Mutawa**

Director

**Khalid Mana Saeed Al Otaiba**

Director

**Efstratios Georgios Arapoglou**

Director

**Khalid Qurashi**

Director

**Dr. Gyorgy Tamas Ladics**

Director

**Dr. Ayesha Khan**

Director

**Atif Aslam Bajwa**

President/CEO and Director

## Senior Management Team

### Atif Aslam Bajwa

President and Chief Executive Officer

### Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

### Anjum Hai

Chief Financial Officer

### Faisal Farooq Khan

Group Head, Human Resource and Learning

### Faisal Rabbani

Chief Risk Officer

### Haroon Khalid

Group Head, Compliance and Control

### Khawaja Muhammad Ahmed

Group Head, Operations and Corporate Services

### Mehreen Ahmed

Group Head, Retail Banking

### Mohib Hasan Khan

Chief Information Officer

### Muhammad Akram Sawleh

Company Secretary and Group Head, Legal and Corporate Affairs

### Dr. Muhammad Imran

Group Head, Islamic Banking

### Muhammad Yahya Khan

Group Head, Digital Banking

### Saad ur Rahman Khan

Group Head, Corporate, Investment Banking and International Business

### Syed Ali Sultan

Group Head, Treasury and Capital Markets

### Tahir Khurshid

Group Head, Audit and Inspection

### Zahid Anjum

Group Head, Special Assets Management

## Chief Financial Officer

Anjum Hai

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## Company Secretary

Muhammad Akram Sawleh

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## Auditors

EY Ford Rhodes

Chartered Accountants

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## Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

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## Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

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## Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants

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## Board Committees

### Board Audit Committee (BAC)

**Khalid Qurashi**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Dr. Ayesha Khan**  
Member

**Mr. Tahir Khurshid**  
Secretary

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### Board Risk Management Committee (BRMC)

**Khalid Mana Saeed Al Otaiba**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Khalid Qurashi**  
Member

**Atif Aslam Bajwa**  
Member

**Mr. Farhan Ali**  
Secretary

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### Board Human Resources, Remuneration & Nominations Committee (BHR&NC)

**Dr. Ayesha Khan**  
Chairperson

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Dr. Gyorgy Tamas Ladics**  
Member

**Khalid Qurashi**  
Member

**Mr. Muhammad Akram Sawleh**  
Secretary

### Board Compensation Committee (BCC)

**Dr. Ayesha Khan**  
Chairperson

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Mr. Muhammad Akram Sawleh**  
Secretary

## Board Committees

### Board Strategy and Finance Committee (BS&FC)

**Abdulla Khalil Al Mutawa**  
Chairman

**Khalid Mana Saeed Al Otaiba**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Khalid Qurashi**  
Member

**Atif Aslam Bajwa**  
Member

**Mr. Aasim Wajid Jawad**  
Secretary

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### Board Information Technology Committee (BITC)

**Dr. Gyorgy Tamas Ladics**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Efstratios Georgios Arapoglou**  
Member

**Atif Aslam Bajwa**  
Member

**Mr. Aasim Wajid Jawad**  
Secretary

### Board Coronavirus Crisis Management Committee (BCCMC)

**Efstratios Georgios Arapoglou**  
Chairman

**Abdulla Khalil Al Mutawa**  
Member

**Khalid Mana Saeed Al Otaiba**  
Member

**Khalid Qurashi**  
Member

**Dr. Ayesha Khan**  
Member

**Dr. Gyorgy Tamas Ladics**  
Member

**Atif Aslam Bajwa**  
Member

**Mr. Aasim Wajid Jawad**  
Secretary

# Directors' Review

On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Bank Alfalah Limited for the quarter ended 31st March, 2021.

## Economic Review

Economic recovery continued gaining momentum due to supportive measures by government, despite concerns over a third wave of COVID-19. The low policy rate environment, with the rate stable at 7% since Jun '20, fueled economic activity across the country, while incentives for the construction sector and the government's initial stimulus package propelled manufacturing activity.

Rebound in cyclical sectors aided LSM growth; YoY growth reached 9.1% during Jan'21, with the index at a 34-month high. During 7MFY21, LSM recorded 7.9% growth YoY compared to a decline of 3.4% during the same period last year. On the other hand, recovery in aggregate demand, hike in international oil prices, certain supply shocks and adjustment in domestic utilities' tariffs have pushed inflation to 9.05% in March 2021. Average CPI reading however continues to remain manageable at 8.31%.

While SBP expects headline CPI to remain at the upper end of the 7-9% bracket in FY21, the Central Bank expressed satisfaction with overall financial conditions and current monetary policy status. In addition, SBP stated that adjustments, if needed, will be gradual, providing further comfort to market participants.

On the external front, the Current Account Balance for 8MFY21 witnessed a surplus of USD 881mn compared to a deficit of USD 2,741mn during the same period last year. Exports during 8MFY21 clocked in at USD20bn, down ~2% compared to last year, while imports increased to USD 37bn, up by 4%. Improvement in the C/A balance, however, was primarily on the back of improvement in workers' remittances, with a 24% YoY increase in 8MFY21 to USD18.7bn.

In addition, the Roshan Digital Account (RDA) initiative has gained significant traction; inflows crossed USD 800mn. This momentum, combined with re-initiation of the IMF programme was reflected in total liquid foreign exchange reserves, which stood at USD 20.8bn at the end of March 2021. The impact was also felt as the market exhibited confidence in the Rupee, which appreciated by ~4.4% from a parity of ~160 at the end of CY20 to 153 by 1QCY21. Continued momentum in remittances, RDA flows, and proceeds of the successful USD 2.5bn Eurobond could provide further support to reserves and the currency parity.

The stock market remained volatile albeit within a band, as it priced in different scenarios based on local and international news-flows. Improvement of ties on the eastern front, the third COVID-19 wave, vaccination roll-out and domestic political noise were reflected in the KSE-100 index. The index touched a high of 46,934 in February, before correcting to 44,588 at the end of March – up by ~2% during the quarter.

Looking ahead, concerns remain over the impact of the third wave of COVID-19. The successful rollout of the vaccination programme shall be a key determinant, both in terms of domestic recovery and Pakistan's global interactions. In addition to this, the outcome of FATF, whereby Pakistan's grey list status was maintained and the country was given the target to complete the remaining 3 of the 24 tasks by June 2021, will also be a key element in the overall outlook.

## Review of the Bank's Performance

The highlights of the financial results of the Bank for the quarter ended 31st March, 2021 are presented as follows:

Financial Position	March 31, 2021	December 31, 2020
	Rupees in Millions	
Shareholders' Equity	88,043	91,017
Total Assets	1,387,992	1,384,874
Deposits	913,213	881,767
Advances – net	583,005	577,316
Investments – net	589,705	547,090

  

Financial Performance	Quarter ended March 31, 2021	Quarter ended March 31, 2020
	Rupees in Millions	
Net Interest Income and Non-Markup Income	14,160	14,490
Non-Markup Expenses	8,574	8,206
Provisions and Write-offs (net)	216	1,528
<b>Profit before Tax</b>	<b>5,370</b>	<b>4,757</b>
<b>Profit after Tax</b>	<b>3,471</b>	<b>2,821</b>
Basic and Diluted Earnings per Share – Rupees	1.95	1.59

The first quarter earnings remained strong amidst challenging operating environment. The profit before taxation for the quarter stands at Rs. 5,370 billion as against Rs. 4,757 billion for the corresponding quarter last year, showing growth of 12.9%. The Bank's profit after taxation increased by 23.0% and stood at Rs. 3,471 billion. The Earning Per Share (EPS) is Rs. 1.95 (Mar 2020: Rs. 1.59).

On the revenue front, net markup income and non-markup income remained flat. Sharp decline of 625 bps in the discount rate led to the drop in net markup income by 12.3%, however, increase in earning assets and deposits provided support to the revenue. Non-markup income stood at Rs. 3,833 billion, higher by 41.5%, with strong contribution from capital gains on government and overseas securities. Fee and commission income also closed higher than the corresponding quarter.

Non-markup expenses were higher by 4.5% compared to same quarter last year largely driven by higher compensation costs, full year impact of 32 new branches opened last year along with expenses on new initiatives. The Bank continues to keep a tight lid on expenses and manage costs prudently while focusing on building revenue momentum through expansion and investments in new ventures. The cost to income ratio of the Bank stood at 59.7%.

The Bank's focus remains on re-profiling its deposit base. Total deposits stood at Rs. 913,213 billion, higher by 3.6% than December 2020 level, mainly led by growth in current account by 5.9%. Our CASA ratio of 79.7% remains a leading indicator for the Bank in the industry. The Bank's gross advances were reported at Rs. 606,838 billion, up by 1.0%. At the quarter end, our gross advances to deposits ratio stood at 66.5%.

The shareholders' equity of the Bank dropped mainly due to payment of dividend approved by the shareholders in the AGM held in March 2021. At the close of first quarter, the Bank remains adequately capitalised with CAR at 15.60%.

### **Credit Rating**

The Bank has been assigned an entity rating of 'AA+' (Double A Plus) for the long-term and 'A1+' (A-One Plus) for the short-term by PACRA, with outlook assigned as 'Stable'.

Furthermore, VIS Credit Rating Company Limited (VIS) also assigned an entity rating of 'AA+' (Double A Plus) for the long-term and 'A1+' (A-One Plus) for the short-term to the Bank, with outlook assigned as 'Stable'. The unsecured Tier 1 Capital (Term Finance Certificate) of the Bank has been awarded a credit rating of 'AA-' (Double A Minus), with 'Stable' Outlook.

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, strong sponsors and existing market presence. These ratings denote a very low expectation of credit risk, a strong capacity for timely payment of financial commitments in the long term and the highest capacity for timely repayment in the short term, respectively.

### **Future Outlook**

Looking ahead, Bank Alfalah is well-positioned for sustainable growth and building long-term shareholder value. Our focus will be on harnessing digital solutions to ensure that customers' banking needs are fully met in a technologically advanced, secure and convenient manner. We aim to regain and grow our market share in low cost deposits, consumer products and SME financing, while expanding our branch network to widen our outreach and serve our customers. Greater emphasis will be placed on boosting trade volumes, increasing penetration in cash management with a focus on SME/commercial clients and further increasing our share in the home remittances space. To cope with changing business dynamics, we will accelerate digital transformation and focus on business process re-engineering across key segments in the Bank. At the same time, investing in human capital and creating a caring culture, will remain a key priority.

### **Acknowledgment**

On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continuous guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers and business partners for their continued patronage. We are pleased with the performance of the bank's management and employees who serve our clients, communities and shareholders with distinction and dedication.

We expect Pakistan's economy to move forward with a modest growth trajectory. We look forward to seeing 2021 as a prosperous year for Pakistan and Bank Alfalah.

**Atif Aslam Bajwa**  
President & Chief Executive Officer  
April 22, 2021  
Karachi

**Khalid Qurashi**  
Director



پہلی سہ ماہی میں چینجنگ آپریٹنگ ماحول کے ساتھ آمدنی مستحکم رہی۔ اس سہ ماہی کے لیے قبل از ٹیکس منافع 5,370 ارب روپے رہا جبکہ پچھلے سال اسی سہ ماہی کے لیے 4,757 ارب روپے تھا، جس سے 12.9% کی گروتھ ظاہر ہوئی۔ بینک کا بعد از ٹیکس منافع 23.0% تک بڑھا اور 3,471.1 ارب روپے پر قائم ہوا۔ فی شیئر آمدنی 1.95 روپے پر قائم ہوئی (مارچ 2020 1.59 روپے)۔

ریونیو کے محاذ پر، خالص مارک اپ آمدنی اور نان مارک اپ آمدنی فلیٹ رہی۔ ڈسکاؤنٹ کی شرح میں 625bps کی تیزی سے کمی ہوئی جس سے خالص مار اپ آمدنی بھی 12.3% تک گر گئی، تاہم اثاثوں اور ڈپازٹس میں اضافے سے ریونیو کو سپورٹ ملی۔ نان مارک اپ آمدنی 3,833 ارب روپے پر قائم ہوئی، جو کہ حکومتی اور اوورسیز سیکورٹیز پر کیپیٹل گینز کے مستحکم حصول کے ساتھ 41.5% تک بلند ہوئی۔ فیس اور کمیشن انکم بھی کریسیوٹنگ سے سہ ماہی کے مقابلے میں بلندی پر بند ہوئے۔

نان مارک اپ اخراجات پچھلے سال اسی مدت کے مقابلے میں 4.5% تک بڑھے جس کی بڑی وجہ بلند کمیونیسٹی لاکٹس، پچھلے سال 32 نئی برانچوں کا کھلنا اور نئے اقدامات پر کیے گئے اخراجات ہیں۔ بینک نے نئے وینچرز میں توسیع اور سرمایہ کاری کے ذریعے بڑھتے ہوئے ریونیو پر توجہ قائم رکھتے ہوئے اخراجات پر مضبوطی سے قابو پائے رکھا اور لاگتوں کو منظم کیا۔ بینک کے آمدنی کے تناسب کی لاگت 59.7% پر قائم ہوئی۔

بینک کی توجہ اپنے ڈپازٹ بیس کی ری پروفائلنگ پر برقرار رہی۔ کل ڈپازٹس 913,213 ارب روپے پر قائم ہوئے، جو کہ دسمبر 2020 کے مقابلے میں 3.6% زیادہ ہے، اس کی بنیادی وجہ کرنٹ اکاؤنٹ میں 5.9% کی ترقی ہے۔ ہمارے CASA کا تناسب 79.7% رہا جو انڈسٹری میں بینک کے لیے ایک قیادت علامت ہے۔ بینک کے مجموعی ایڈوانسز 606.838 ارب روپے رہے، جو کہ 1.0% زیادہ ہیں۔ سہ ماہی کے اختتام پر ڈپازٹ کے تناسب میں ہمارے مجموعی ایڈوانسز 66.5% پر قائم ہوئے۔

بینک کی شیئر ہولڈرز کی ایکویٹی گر گئی جس کی بنیادی وجہ مارچ 2021 میں معقدہ سالانہ اجلاس عام میں شیئر ہولڈرز کی طرف سے منظور کردہ ڈیویڈنڈ کی ادائیگی ہے۔ پہلی سہ ماہی کے اختتام پر، بینک 15.60% کے CAR کے ساتھ مناسب طور پر کیپٹالزڈ رہا۔

### کریڈٹ ریٹنگ

کریڈٹ ریٹنگ ایجنسی PACRA کی جانب سے بینک کو طویل مدت کے لیے 'AA+' (ڈیل اے پلس) جبکہ قلیل مدت کے لیے 'A1+' (اے ون پلس) کریڈٹ ریٹنگ تفویض کی گئی۔ بینک کا آؤٹ لک مثبت قرار دیا گیا ہے۔

مزید یہ کہ، کریڈٹ ریٹنگ کمپنی VIS نے بینک الفلاح کو طویل مدت کے لیے 'AA+' (ڈیل اے پلس) جبکہ قلیل مدت کے لیے 'A-1+' (اے ون پلس) کریڈٹ ریٹنگ تفویض کی ہے۔ بینک الفلاح کے لیے تفویض کی جانے والی ریٹنگ مستحکم آؤٹ لک کو ظاہر کرتی ہے۔ بینک کے ان سیکورٹیز Tier 1 کریڈٹ (نرم فنانس سرٹیفیکٹ) کو 'AA-' (ڈیل اے منائنس) ریٹنگ تفویض کی گئی ہے اور اس کا آؤٹ لک مثبت قرار دیا گیا ہے۔

مذکورہ کریڈٹ ریٹنگ بینک الفلاح کے متقدّم آپریٹنگ، مستحکم مالیاتی رسک پروفائل، اسپانسرز کی مضبوطی اور مارکیٹ میں بینک کی مستحکم پوزیشن کی عکاسی کرتی ہے۔ یہ ریٹنگ بینک کے بہت کم کریڈٹ رسک کے ساتھ طویل مدت کے لیے اپنے مالیاتی وعدوں کی بروقت تکمیل کی بھرپور صلاحیت اور قلیل مدت کے لیے اپنے مالیاتی وعدوں کی تکمیل کی اعلیٰ تر صلاحیت کو ظاہر کرتی ہے۔

### آگے بڑھنے کا عزم

آگے بڑھتے ہوئے، بینک الفلاح مستحکم نمو اور شیئر ہولڈر کے لیے طویل المدتی ویلیو بنانے کی مؤثر پوزیشن میں ہے۔ ہماری توجہ کا مرکز ڈیجیٹل حل کا حصول ہے تاکہ یقینی بنایا جاسکے کہ صارفین کی بینکنگ ضروریات کو ٹیکنالوجی سے مزین ایڈوانسڈ، سیکور اور باسپولٹ طریقوں سے پورا کیا جا رہا ہے۔ ہم سخت محنت سے کم لاگتی ڈپازٹس، کنزیومر پروڈکٹس اور ایس ای ای فنانسنگ میں مارکیٹ شیئر کو دوبارہ حاصل کرنے اور بڑھانے کی کوشش کریں گے۔ ہم اپنی برانچوں میں اضافہ بھی کر رہے ہیں تاکہ صارفین یا آسانی ہم تک پہنچ سکیں۔ ہماری توجہ زیادہ تر ٹریڈ ویلیومز کو بڑھانے، ایس ای ای / کمرشل کلائنٹس پر توجہ کے ساتھ کیش مینجمنٹ میں بہتری لانے اور مقامی ترسیلات زر میں مزید شیئرز بڑھانے پر ہوگی۔ کاروبار کے بدلنے ڈائنامکس کے ساتھ ہم ڈیجیٹل ٹرانزنامینٹس کو بڑھانے اور بزنس پروسس ری انجینئرنگ پر توجہ دیں گے۔ اسی کے ساتھ ساتھ بیومن کیپیٹل میں سرمایہ کاری اور محفوظ ماحول بنانے میں سرمایہ کاری کریں گے جو کہ ہماری اولین ترجیح ہے۔

### اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے ایک بار پھر اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وفاقی وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کی مسلسل رہنمائی اور تعاون کی فریبی کا شکریہ ادا کرتا ہوں۔ میں مشاورت اور سرپرستی کرنے والے اپنے معزز شیئر ہولڈرز، صارفین اور کاروباری شریک کا بھی تہہ دل سے شکر گزار ہوں۔ ہم بینک کی مینجمنٹ اور عملے کی کارکردگی سے بہت مطمئن ہیں جو ہمارے کلائنٹس، کمیونٹی اور شیئر ہولڈرز کے لیے پوری توجہ کے ساتھ خدمات سر انجام دیتے ہیں۔ ہمیں امید ہے کہ پاکستان کی معیشت گروتھ کی جدید ٹریجیکٹری کے ساتھ آگے بڑھے گی۔ ہم سال 2021 کو پاکستان اور بینک الفلاح کے لیے ایک خوشحال سال دیکھ رہے ہیں۔

خالد قریشی  
ڈائریکٹر

عاطف اسلم باجوہ  
صدر اور چیف ایگزیکٹو آفیسر  
22 اپریل 2021  
کراچی

## ڈائریکٹر کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2021 کو ختم ہونے والی سہ ماہی کے لیے بینک الفلاح لمیٹڈ کے غیر انضمام شدہ کنڈینسڈ عبوری مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کرتے ہیں۔

### معاشی جائزہ

COVID-19 کی تیسری لہر آنے کے باوجود، حکومت کی طرف سے معاون اقدامات کے پیش نظر معاشی بحالی میں مسلسل تیزی رہی۔ پالیسی کی کم شرح کے ماحول کو جون 2020 سے 7% کی مستحکم شرح ملنے سے ملک بھر میں معاشی سرگرمی میں تیزی آئی، جبکہ تعمیراتی شعبے اور حکومت کے ابتدائی محرک بکنج کے لیے دی گئی مراعات مینو فیکچرنگ سرگرمی کو فروغ دیتی ہیں۔

گردشی شعبوں میں واپس ترقی سے ایل ایس ایم کی گروتھ میں مدد ملی۔ جنوری 2021 کے دوران، 34 ماہ ہائی انڈیکس کے ساتھ سال بہ سال گروتھ 9.1% تک پہنچ گئی۔ 7MFY21 کے دوران، ایل ایس ایم میں سال بہ سال 7.9% کی گروتھ ہوئی جو کہ پچھلے سال اس مدت کے لیے 3.4% تھی۔ دوسری طرف، مجموعی طلب میں بحالی، ٹیل کی بین الاقوامی قیمتوں میں اضافہ، سپلائی میں پیش آنے والے نقصانات اور گھریلو استعمال کی اشیاء کے نرخوں میں ایڈجسٹمنٹ نے مارچ 2021 میں مینگانی کو 9.05% تک پہنچا دیا۔ تاہم، سی بی آئی کی اوسط ریڈنگ 8.31% کے ساتھ قابل منظم رہی۔

جبکہ اسٹیٹ بینک آف پاکستان توقع کرتا ہے کہ مئی سال 2021 میں سی بی آئی 7-9 بریکٹ میں بلندی پر قائم رہے۔ سیٹیلر بینک نے تمام مالیاتی صورتحالوں اور حالیہ مالی پالیسی پراپرائیٹیز کا اظہار کیا ہے۔ اس کے علاوہ، اسٹیٹ بینک آف پاکستان نے کہا ہے کہ اگر ضرورت پڑے تو ایڈجسٹمنٹس بتدریج ہونگی جس سے مارکیٹ کے حصہ داروں کو فائدہ پہنچے گا۔

بیرونی محاذ پر، 8MFY21 کے کرنٹ اکاؤنٹ بیلنس میں گزشتہ سال سی مدت کے دوران 2,741 ملین یو ایس ڈالر کے خسارے کے مقابلے میں 881 ملین یو ایس ڈالر کی اضافی رقم دیکھنے میں آئی۔ 8MFY21 کے دوران، برآمدات گزشتہ سال کے مقابلے میں 2% کم ہو کر 20 ارب یو ایس ڈالر کی سطح پر آگئیں، جبکہ درآمدات 4% تک بڑھ کر 37 ارب یو ایس ڈالر ہو گئیں۔ سی/اے بیلنس میں بہتری بنیادی طور پر روزگرمی ترسیلات زر پر منحصر رہی جو 24% سال بہ سال اضافے سے 8MFY21 میں 18.7 ارب یو ایس ڈالر ہو گیا۔

اس کے علاوہ، روشن ڈیجیٹل اکاؤنٹ کے اقدام نے اہم ٹریڈیشن حاصل کی ہے۔ ان فلوز 800 ملین روپے سے تجاوز کر گئے۔ آئی ایم ایف پروگرام کے دوبارہ آغاز کے ساتھ اس محرک نے کُل لیکویڈ فنڈز ایکسیجینٹ ریزرو پر اپنا اثر ڈالا جو مارچ 2021 کے آخر میں 20.8 ارب یو ایس ڈالر پر قائم ہوئے۔ اس کا مارکیٹ پر بھی اثر پڑا جس سے روپے کی قیمت میں اعتماد آیا اور یہ 4.4% تک بڑھی جو CY20 کے آخر میں 160~ سے 100CY21 میں 153 ہو گئی۔ ترسیلات زر میں مسلسل ترقی، آر ڈی اے فلوز اور 2.5 ارب یو ایس ڈالر کے کامیاب محاصل سے ریزرو اور کرنسی کی برابری کو مزید سپورٹ مل سکتی ہے۔

اسٹاک مارکیٹ میں اتار چڑھاؤ کا رجحان رہا کیونکہ اس کے مختلف قیمتوں کا انحصار مقامی اور بین الاقوامی نیوز فلوز پر ہے۔ مشرقی محاذ میں بہتری: COVID-19 کی تیسری لہر، ویکسینیشن رول آؤٹ اور مقامی سیاسی انتشار کا KSE-100 انڈیکس پر اثر پڑا۔ فروری میں انڈیکس 46,934 تک بلند ہوا مارچ کے آخر میں 44,588 جو کہ سہ ماہی کے دوران 2% بڑھ

آگے بڑھے ہوئے۔ COVID-19 کی تیسری لہر کے اثرات پر تشویش برقرار ہے۔ مقامی بحالی اور پاکستان کی عالمی سطح پر بات چیت کے لحاظ سے، ویکسینیشن پروگرام کا کامیاب رول آؤٹ ایک اہم فیصلہ ہوگا۔ اس کے علاوہ، ایف اے ٹی ایف کے نتائج، جس کے تحت پاکستان کی گرنے لسنٹ کی حیثیت برقرار رکھی گئی اور ملک کو 24 کاموں میں سے بقیہ 3 کام جون 2021 تک مکمل کرنے کا ہدف دیا گیا، یہ بھی مجموعی نقطہ نظر میں ایک کلیدی عنصر ہوگا۔

### بینک کی کارکردگی کا جائزہ

31 مارچ 2021 کو ختم ہونے والی سہ ماہی کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں:

مالیاتی پوزیشن	31 مارچ 2021	31 دسمبر 2020
شیر ہولڈرز کی ایکویٹی	91,017	88,043
کُل اثاثے	1,384,874	1,387,992
ڈپازٹس	881,767	913,213
ایڈوانسز، خالص	577,316	583,005
سرمایہ کاروبار، خالص	547,090	589,705
مالیاتی کارکردگی	31 مارچ 2021 کو ختم ہونے والی سہ ماہی	31 مارچ 2020 کو ختم ہونے والی سہ ماہی
خالص سود آمدنی اور نان مارک اہب آمدنی	14,160	14,490
نان مارک اہب اخراجات	8,574	8,206
پروویژن اور رینٹ آف (خالص)	216	1,528
قبل از ٹیکس منافع	5,370	4,757
بعد از ٹیکس منافع	3,471	2,821
بنیادی اور ڈائیلیوڈ آمدنی فی شیئر - روپے	1.95	1.59

Bank Alfalah Limited

**Unconsolidated Condensed Interim  
Financial Statements**

Quarter Ended March 31, 2021

# Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
------(Rupees in '000)-----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	88,556,421	99,348,197
Balances with other banks	8	12,445,114	6,234,299
Lendings to financial institutions	9	35,611,979	77,305,535
Investments	10	589,704,981	547,089,932
Advances	11	583,004,684	577,315,947
Fixed assets	12	30,987,105	30,976,236
Intangible assets	13	1,230,291	1,284,539
Deferred tax assets		-	-
Other assets	14	46,451,271	45,318,864
		<b>1,387,991,846</b>	<b>1,384,873,549</b>
<b>LIABILITIES</b>			
Bills payable	15	22,850,976	22,571,122
Borrowings	16	287,062,962	314,960,186
Deposits and other accounts	17	913,212,962	881,767,082
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	7,000,000	7,000,000
Deferred tax liabilities	19	481,138	1,361,152
Other liabilities	20	69,341,168	66,196,688
		<b>1,299,949,206</b>	<b>1,293,856,230</b>
<b>NET ASSETS</b>		<b>88,042,640</b>	<b>91,017,319</b>
<b>REPRESENTED BY</b>			
Share capital		17,771,651	17,771,651
Reserves		26,880,624	27,680,022
Surplus on revaluation of assets	21	8,755,119	10,508,837
Unappropriated profit		34,635,246	35,056,809
		<b>88,042,640</b>	<b>91,017,319</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2021

	Note	Quarter ended March 31, 2021	Quarter ended March 31, 2020
------(Rupees in '000)-----			
Mark-up/Return/Interest Earned	24	21,387,745	25,905,669
Mark-up/Return/Interest Expensed	25	11,061,222	14,124,862
Net Mark-up/Interest Income		<u>10,326,523</u>	<u>11,780,807</u>
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee and Commission Income	26	1,860,811	1,651,844
Dividend Income		132,720	87,056
Foreign Exchange Income		657,996	1,055,601
Gain / (loss) from derivatives		49,113	(61,236)
Gain / (loss) on securities	27	1,094,592	(45,991)
Other income	28	38,127	22,054
Total non-mark-up / interest income		<u>3,833,359</u>	<u>2,709,328</u>
Total income		<u>14,159,882</u>	<u>14,490,135</u>
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	29	8,457,972	8,054,495
Workers' Welfare Fund	30	109,584	110,122
Other charges	31	6,535	41,090
Total non-mark-up / interest expenses		<u>8,574,091</u>	<u>8,205,707</u>
Profit before provisions		<u>5,585,791</u>	<u>6,284,428</u>
Provisions and write offs - net	32	216,168	1,527,594
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>5,369,623</u>	<u>4,756,834</u>
Taxation	33	1,899,074	1,935,576
<b>PROFIT AFTER TAXATION</b>		<u>3,470,549</u>	<u>2,821,258</u>
<b>Basic and Diluted Earnings per share</b>	34	<u>1.95</u>	<u>1.59</u>

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2021

	Quarter ended March 31, 2021	Quarter ended March 31, 2020
	------(Rupees in '000)-----	
Profit after taxation for the period	3,470,549	2,821,258
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	(1,146,453)	1,536,483
Movement in surplus / (deficit) on revaluation of investments - net of tax	(1,525,926)	(742,106)
	(2,672,379)	794,377
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	(227,510)	(9,450)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(282)	(412)
	(227,792)	(9,862)
<b>Total comprehensive income</b>	<b>570,378</b>	<b>3,605,773</b>

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the quarter ended March 31, 2021

	Capital Reserves			Surplus/(Deficit) on revaluation					Total
	Share capital	Share premium	Exchange transtation reserve	Statutory reserve	Investments	Fixed Assets	Non Banking Assets	Unappropriated profit	
	------(Rupees in '000)-----								
<b>Balances as at January 01, 2020</b>	17,771,651	4,731,049	6,772,303	14,542,667	4,044,958	7,115,247	206,799	32,842,902	88,027,576
<b>Changes in equity for the quarter ended March 31, 2020</b>									
Profit after taxation	-	-	-	-	-	-	-	2,821,258	2,821,258
Other comprehensive income - net of tax	-	-	1,536,483	-	(742,106)	-	-	-	794,377
Transfer to statutory reserve	-	-	-	282,126	-	-	-	(282,126)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(9,450)	(412)	9,862	-
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend for the year ended December 31, 2019 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
<b>Balance as at March 31, 2020</b>	<b>17,771,651</b>	<b>4,731,049</b>	<b>8,308,786</b>	<b>14,824,793</b>	<b>3,302,852</b>	<b>7,105,797</b>	<b>206,387</b>	<b>31,837,566</b>	<b>88,088,881</b>
<b>Changes in equity for nine months ended December 31, 2020</b>									
Profit after taxation	-	-	-	-	-	-	-	7,653,652	7,653,652
Other comprehensive income - net of tax	-	-	(949,971)	-	(39,861)	66,620	(35,266)	(212,406)	(1,170,884)
Transfer to statutory reserve	-	-	-	765,365	-	-	-	(765,365)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(30,518)	(67,174)	97,692	-
<b>Transactions with owners, recorded directly in equity</b>									
Interim cash dividend for the nine months period ended September 30, 2020 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
<b>Balance as at December 31, 2020</b>	<b>17,771,651</b>	<b>4,731,049</b>	<b>7,358,815</b>	<b>15,590,158</b>	<b>3,262,991</b>	<b>7,141,899</b>	<b>103,947</b>	<b>35,056,809</b>	<b>91,017,319</b>
<b>Changes in equity for the quarter ended March 31, 2021</b>									
Profit after taxation	-	-	-	-	-	-	-	3,470,549	3,470,549
Other comprehensive income - net of tax	-	-	(1,146,453)	-	(1,525,926)	(218,251)	(268)	-	(2,890,898)
Transfer to statutory reserve	-	-	-	347,055	-	-	-	(347,055)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(9,259)	(14)	9,273	-
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend for the year ended December 31, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
<b>Balance as at March 31, 2021</b>	<b>17,771,651</b>	<b>4,731,049</b>	<b>6,212,362</b>	<b>15,937,213</b>	<b>1,737,065</b>	<b>6,914,389</b>	<b>103,665</b>	<b>34,635,246</b>	<b>88,042,640</b>

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2021

	Quarter ended March 31, 2021	Quarter ended March 31, 2020
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,369,623	4,756,834
Dividend income	<u>(132,720)</u>	<u>(87,056)</u>
	5,236,903	4,669,778
<b>Adjustments</b>		
Depreciation	1,038,194	982,677
Amortisation	105,776	114,618
Provisions and write offs - net	216,168	1,527,594
Unrealised loss / (gain) on revaluation of investments classified as held for trading-net	33,393	(169,364)
Gain on sale of operating fixed assets - net	(8,282)	(3,532)
Borrowing cost on lease liability	332,405	342,224
Workers' Welfare Fund	109,584	110,122
Charge for defined benefit plan	54,212	42,620
Charge for staff compensated absences	34,000	36,000
	<u>1,915,450</u>	<u>2,982,959</u>
	7,152,353	7,652,737
<b>Increase in operating assets</b>		
Lendings to financial institutions	48,338,146	8,918,849
Held for trading securities	(64,616,620)	(34,425,576)
Advances	(5,943,211)	9,553,583
Other assets (excluding advance taxation)	(626,852)	1,901,109
	<u>(22,848,537)</u>	<u>(14,052,035)</u>
<b>Increase in operating liabilities</b>		
Bills payable	279,854	(2,333,278)
Borrowings	(27,418,373)	43,320,217
Deposits	31,445,880	(27,149,423)
Other liabilities (excluding current taxation)	1,813,356	(1,985,464)
	<u>6,120,717</u>	<u>11,852,052</u>
	(9,575,467)	5,452,754
	<u>(1,161,653)</u>	<u>(2,192,011)</u>
Income tax paid	(10,737,120)	3,260,743
<b>Net cash (used in) / generated from operating activities</b>	(10,737,120)	3,260,743
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	42,883,751	(40,601,540)
Net investments in held-to-maturity securities	(23,746,488)	6,162,337
Dividends received	93,864	48,167
Investments in operating fixed assets	(629,902)	(865,754)
Proceeds from sale of fixed assets	12,124	4,123
Effect of translation of net investment in foreign branches	(1,146,453)	1,536,284
<b>Net cash generated from / (used in) investing activities</b>	<u>17,466,896</u>	<u>(33,716,383)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of subordinated debt	-	(1,000)
Payment of lease obligations	(614,163)	(498,002)
Dividend paid	(3,562,178)	(3,179)
<b>Net cash used in financing activities</b>	<u>(4,176,341)</u>	<u>(502,181)</u>
<b>Increase / (Decrease) in cash and cash equivalents</b>	2,553,435	(30,957,821)
Cash and cash equivalents at beginning of the year	121,033,744	138,260,005
Effects of exchange rate changes on cash and cash equivalents	(2,578,709)	(3,205,273)
	<u>118,455,035</u>	<u>135,054,732</u>
<b>Cash and cash equivalents at end of the period</b>	<u>121,008,470</u>	<u>104,096,911</u>

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



# Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

## For the quarter ended March 31, 2021

### 1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan on June 21, 1992 as a public limited company. It commenced its banking operations on November 1, 1992. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 708 branches (December 31, 2020: 706 branches) and 24 sub-branches (December 31, 2020: 24 sub-branches). Out of these, 510 (December 31, 2020: 510) are conventional, 187 (December 31, 2020: 185) are Islamic, 10 (December 31, 2020: 10) are overseas and 1 (December 31, 2020: 1) is an offshore banking unit.

### 2 BASIS OF PRESENTATION

#### 2.1.1 STATEMENT OF COMPLIANCE

These unconsolidated 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 Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (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.
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 'Financial Instruments' has not been adopted as the Banking industry awaits guidelines from SBP.

Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements; except for overseas branches where such standards are applicable.

**2.1.2** These unconsolidated condensed interim financial statements represent separate financial statements of Bank Alfalah Limited in which investment in subsidiary and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results.

**2.1.3** Key financial figures of the Islamic Banking branches are disclosed in note 39 to these unconsolidated condensed interim financial statements.

**2.1.4** The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2020.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

**2.2.1** IFRS 9 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. The banking industry, through PBA, has approached SBP for clarity on various aspects of IFRS 9 on banks. These condensed interim financial statements do not include the impact of IFRS 9 as detailed guidelines are awaited from SBP.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2022:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28	Not yet finalized
Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.	
Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

## 3 BASIS OF MEASUREMENT

### 3.1 Accounting convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for certain fixed assets and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; held for trading, available for sale investments and derivative financial instruments which are measured at fair value; defined benefit obligations which are carried at present value and right of use of assets and related lease liability are measured at present value.

### 3.2 Functional and Presentation Currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2020, except as disclosed below:

### 4.1 Share Based Payment

The Bank has granted a cash award equivalent to the ordinary shares allotted to its certain employees under Phantom Shares Award. The Phantom Shares entitlement shall vest with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 1, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, Second and Third vesting dates to follow 365 calendar days from the preceding vesting date. On the first vesting date, the employees shall be entitled to cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Share Entitlement equivalent to fair market value of Bank's share on vesting date and which shall be paid within thirty (30) days from the first vesting date. Therefore, 33.33% each for the second and third year.

The Bank recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Bank re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

## 6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2020.

(Un-audited)                      (Audited)  
**March 31,**                      **December 31,**  
**2021**                              **2020**  
 -----(Rupees in 000)-----

**7 CASH AND BALANCES WITH TREASURY BANKS**

In hand		
Local currency	<b>21,044,693</b>	18,110,657
Foreign currency	<b>2,806,337</b>	3,641,949
	<b>23,851,030</b>	21,752,606
With State Bank of Pakistan in		
Local currency current account	<b>34,557,850</b>	36,654,027
Foreign currency current account	<b>5,546,302</b>	5,367,302
Foreign currency deposit account	<b>12,239,353</b>	22,810,448
	<b>52,343,505</b>	64,831,777
With other central banks in		
Foreign currency current account	<b>10,065,812</b>	8,253,771
Foreign currency deposit account	<b>647,306</b>	681,448
	<b>10,713,118</b>	8,935,219
With National Bank of Pakistan in local currency current account	<b>1,350,811</b>	3,242,108
Prize bonds	<b>297,957</b>	586,487
	<b>88,556,421</b>	99,348,197

**8 BALANCES WITH OTHER BANKS**

In Pakistan in current account	<b>38</b>	1,610
Outside Pakistan		
In current account	<b>11,881,860</b>	5,642,659
In deposit account	<b>563,216</b>	590,030
	<b>12,445,076</b>	6,232,689
	<b>12,445,114</b>	6,234,299

**9 LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings	<b>21,060,948</b>	22,064,585
Repurchase agreement lendings (Reverse Repo)	<b>12,077,412</b>	51,747,865
Bai Muajjal receivable with other financial institutions	<b>2,484,574</b>	3,493,085
	<b>35,622,934</b>	77,305,535
Less: expected credit loss - overseas branches	<b>(10,955)</b>	-
Lending to Financial Institutions - net of provision	<b>35,611,979</b>	77,305,535

## 10 INVESTMENTS

Note

## 10.1 Investments by type:

	March 31, 2021 (Un-audited)				December 31, 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)-----								
<b>Held-for-trading securities</b>								
Federal Government Securities								
Market Treasury Bills	128,742,244	-	(23,027)	128,719,217	56,821,307	-	(9,388)	56,811,919
Pakistan Investment Bonds	2,560,216	-	9,185	2,569,401	7,510,169	-	30,229	7,540,398
Government of Pakistan Sukuks	604,095	-	(1,695)	602,400	-	-	-	-
Shares								
Ordinary shares / units - Listed	1,183,453	-	(55,382)	1,128,071	477,729	-	13,547	491,276
Foreign Securities								
Overseas Bonds - Sovereign	2,569,141	-	37,526	2,606,667	6,142,136	-	56,800	6,198,936
	135,659,149	-	(33,393)	135,625,756	70,951,341	-	91,188	71,042,529
<b>Available-for-sale securities</b>								
Federal Government Securities								
Market Treasury Bills	89,516,811	-	(81,489)	89,435,322	145,099,588	-	102,559	145,202,147
Pakistan Investment Bonds	186,322,723	-	617,039	186,939,762	187,006,839	-	2,381,275	189,388,114
Government of Pakistan Sukuks	25,868,741	-	40,769	25,909,510	24,322,881	-	(439)	24,322,442
Government of Pakistan Euro Bonds	1,825,888	-	164,621	1,990,509	1,956,045	-	147,772	2,103,817
Naya Pakistan Certificates	953,179	-	-	953,179	466,435	-	-	466,435
Shares								
Ordinary shares - Listed	5,257,414	(382,013)	1,904,488	6,779,889	3,390,701	(423,497)	2,313,639	5,280,843
Ordinary shares - Unlisted	1,179,051	(55,725)	-	1,123,326	1,201,285	(59,661)	-	1,141,624
Preference Shares - Listed	108,835	(108,835)	-	-	108,835	(108,835)	-	-
Preference Shares - Unlisted	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
Term Finance Certificates	1,596,900	(452,530)	(12,507)	1,131,863	1,596,910	(452,530)	(11,209)	1,133,171
Sukuks	18,244,274	(96,511)	126,456	18,274,219	18,250,653	(96,511)	113,865	18,268,007
Foreign Securities								
Overseas Bonds - Sovereign	19,307,099	-	326,348	19,633,447	16,552,071	-	813,215	17,365,286
Overseas Bonds - Others	24,315,502	-	602,378	24,917,880	17,326,311	-	716,255	18,042,566
Redeemable Participating Certificates	2,799,125	-	-	2,799,125	2,904,675	-	-	2,904,675
	377,320,542	(1,120,614)	3,688,103	379,888,031	420,208,229	(1,166,034)	6,576,932	425,619,127
<b>Held-to-maturity securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	47,952,663	-	-	47,952,663	20,003,717	-	-	20,003,717
Other Federal Government Securities	7,216,366	-	-	7,216,366	7,216,366	-	-	7,216,366
Non Government Debt Securities								
Term Finance Certificates	381,347	(24,680)	-	356,667	398,013	(24,680)	-	373,333
Sukuks	1,622,392	(80,722)	-	1,541,670	1,136,216	(94,545)	-	1,041,671
Foreign Securities								
Overseas Bonds - Sovereign	14,992,466	-	-	14,992,466	19,629,502	-	-	19,629,502
Overseas Bonds - Others	763,424	-	-	763,424	798,356	-	-	798,356
	72,928,658	(105,402)	-	72,823,256	49,182,170	(119,225)	-	49,062,945
Associates	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiary	300,000	(42,981)	-	257,019	300,000	(42,981)	-	257,019
General provision and expected credit loss-								
Overseas operations	-	(66,687)	-	(66,687)	-	(69,294)	-	(69,294)
<b>Total Investments</b>	<b>587,385,955</b>	<b>(1,335,684)</b>	<b>3,654,710</b>	<b>589,704,981</b>	<b>541,819,346</b>	<b>(1,397,534)</b>	<b>6,668,120</b>	<b>547,089,932</b>

10.1.1 The adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these unconsolidated condensed interim financial statements.

10.2 Investments given as collateral	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- (Rupees in 000) -----	
Market Treasury Bills	43,976,649	99,091,373
Pakistan Investment Bonds	127,833,329	82,733,120
	<u>171,809,978</u>	<u>181,824,493</u>

Market value of securities given as collateral is Rs. 170,767.500 million (December 31, 2020: Rs. 181,215.233 million).

10.3 Provision for diminution in value of investments	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- (Rupees in 000) -----	
10.3.1 Opening balance	1,397,534	2,445,435
Exchange and other adjustments	(3,293)	495
Charge / reversals		
Charge for the period / year	13,484	1,042,001
Reversals for the period / year	(13,823)	(26,352)
Reversal on disposals	(54,282)	(1,564,459)
	(54,621)	(548,810)
Written off	(3,936)	(499,586)
Closing balance	<u>1,335,684</u>	<u>1,397,534</u>

### 10.3.2 Particulars of provision against debt securities

Category of classification	March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPI	Provision	NPI	Provision
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Loss	654,443	654,443	668,266	668,266
<b>Overseas</b>	-	-	-	-
<b>Total</b>	<u>654,443</u>	<u>654,443</u>	<u>668,266</u>	<u>668,266</u>

11 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	456,442,165	458,635,232	20,479,252	20,822,483	476,921,417	479,457,715
Islamic financing and related assets	107,522,776	101,747,490	3,809,889	3,927,311	111,332,665	105,674,801
Bills discounted and purchased	17,518,877	14,657,070	1,065,435	1,109,786	18,584,312	15,766,856
Advances - gross	581,483,818	575,039,792	25,354,576	25,859,580	606,838,394	600,899,372
Provision against advances						
- Specific	-	-	(18,537,713)	(18,317,255)	(18,537,713)	(18,317,255)
- General	(5,295,997)	(5,266,170)	-	-	(5,295,997)	(5,266,170)
	(5,295,997)	(5,266,170)	(18,537,713)	(18,317,255)	(23,833,710)	(23,583,425)
Advances - net of provision	576,187,821	569,773,622	6,816,863	7,542,325	583,004,684	577,315,947

11.1 Advances include an amount of Rs. 127.621 million (December 31, 2020: Rs. 137.815 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 9.46% to 24.42% (December 31, 2020: 9.46% to 24.42%) with maturities up to December 2039 (December 31, 2020: December 2039).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	------(Rupees in '000)-----	
In local currency	568,220,221	559,355,778
In foreign currencies	38,618,173	41,543,594
	<b>606,838,394</b>	<b>600,899,372</b>

11.3 Advances include Rs. 25,354.576 million (December 31, 2020: Rs. 25,859.580 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2021(Un-audited)		December 31, 2020 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
------(Rupees in '000)-----				
<b>Domestic</b>				
Other Assets Especially Mentioned	105,072	3,506	65,346	2,455
Substandard	3,071,785	774,495	3,576,300	885,085
Doubtful	7,368,574	3,180,281	7,895,994	3,332,683
Loss	14,286,167	14,162,622	13,769,638	13,656,009
	<b>24,831,598</b>	<b>18,120,904</b>	25,307,278	17,876,232
<b>Overseas</b>				
Not past due but impaired > 365 days	522,978	416,809	552,302	441,023
Total	<b>25,354,576</b>	<b>18,537,713</b>	25,859,580	18,317,255

#### 11.4 Particulars of provision against advances

Note	March 31, 2020 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	18,317,255	5,266,170	23,583,425	17,740,415	994,583	18,734,998
Exchange and other adjustments	(20,162)	(8,355)	(28,517)	15,076	2,408	17,484
Charge for the period / year	752,194	38,182	790,376	5,939,978	4,269,179	10,209,157
Reversals for the period / year	(433,752)	-	(433,752)	(2,037,607)	-	(2,037,607)
	318,442	38,182	356,624	3,902,371	4,269,179	8,171,550
Amounts written off	(77,822)	-	(77,822)	(521,114)	-	(521,114)
Amounts charged off - agriculture financing	-	-	-	(35,051)	-	(35,051)
Amounts charged off - balance sheet cleaning	-	-	-	(2,784,442)	-	(2,784,442)
	(77,822)	-	(77,822)	(3,340,607)	-	(3,340,607)
Closing balance	18,537,713	5,295,997	23,833,710	18,317,255	5,266,170	23,583,425

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at March 31, 2021 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 64.965 million (December 31, 2020: Rs. 72.557 million).

11.4.2 During the period, non performing loans and provisions were reduced by nil (December 31, 2020: Rs. 1,049.600 million) due to debt property swap transactions.

11.4.3 General provision includes:

(i) Provision held in accordance with SBP's prudential regulations against:

- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans and 0.5% of house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;
- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;
- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operates; and

(iii) Provision of Rs. 4,250.000 million (December 31, 2020: Rs. 4,250.000 million) representing Covid 19 general loan loss reserve which approximates to 2.76% of restructured customers.

11.4.4 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

	Note	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
		------(Rupees in '000)-----	
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	711,261	748,769
Property and equipment	12.2	20,780,238	20,684,887
Right-of-use assets		9,495,606	9,542,580
		<b>30,987,105</b>	<b>30,976,236</b>
<b>12.1 Capital work-in-progress</b>			
Civil works		469,085	416,527
Equipment		222,365	301,903
Others		19,811	30,339
		<b>711,261</b>	<b>748,769</b>

12.2 It includes land and building carried at revalued amount of Rs. 14,223.460 million (December 31, 2020: Rs. 14,226.590 million).

(Un-audited)	
Quarter ended	
March 31, 2021	March 31, 2020
----- (Rupees in '000) -----	

### 12.3 Additions to fixed assets

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

Capital work-in-progress - net of transferred out for capitalisation	(37,508)	82,986
Property and equipment		
Building on freehold land	26,247	16,913
Building on leasehold land	12,184	12,082
Lease hold improvement	79,540	97,817
Furniture and fixture	28,170	22,643
Office equipment	469,613	471,552
	615,754	621,007
Total additions to fixed assets	<u>578,246</u>	<u>703,993</u>

### 12.4 Disposal of fixed assets

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

Leasehold improvements	1,414	-
Furniture and fixture	745	-
Office equipment	1,683	591
Total disposal of fixed assets	<u>3,842</u>	<u>591</u>

(Un-audited)	(Audited)
March 31, 2021	December 31, 2020
----- (Rupees in '000) -----	

## 13 INTANGIBLE ASSETS

Capital work-in-progress / Advance payment to suppliers	315,860	268,225
Software	914,431	1,016,314
	<u>1,230,291</u>	<u>1,284,539</u>

(Un-audited)	
Quarter ended	
March 31, 2021	March 31, 2020
----- (Rupees in '000) -----	

### 13.1 Additions to intangible assets

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

Capital work-in-progress - net of transferred out for capitalisation	47,635	94,922
Directly purchased	4,021	66,839
Total additions to intangible assets	<u>51,656</u>	<u>161,761</u>

13.2 There were no disposal during the periods ended March 31, 2021 and March 31, 2020.



	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
------(Rupees in '000)-----			
<b>14 OTHER ASSETS</b>			
Income/ Mark-up accrued in local currency - net of provision		18,493,978	17,856,712
Income/ Mark-up accrued in foreign currency - net of provision		1,159,736	1,171,478
Advances, deposits, advance rent and other prepayments		2,378,963	1,689,620
Advance against subscription of share		32,312	32,312
Non-banking assets acquired in satisfaction of claims	14.1	1,444,910	1,445,960
Dividend receivable		41,239	2,383
Mark to market gain on forward foreign exchange contracts		2,893,877	1,319,187
Stationery and stamps on hand		26,338	28,390
Defined benefit plan		638,187	692,399
Due from card issuing banks		649,630	995,590
Accounts receivable		2,443,809	2,347,314
Receivable against fraud and forgeries		84,363	85,246
Acceptances		14,459,281	14,414,532
Receivable against DSC/SSC and overseas government securities		878,460	806,885
Receivable against marketable securities		243,840	1,672,773
Others		726,310	911,758
		<u>46,595,233</u>	<u>45,472,539</u>
Less: Provision held against other assets	14.2	(249,121)	(258,857)
Other assets (net of provision)		<u>46,346,112</u>	<u>45,213,682</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	105,159	105,182
		<u>46,451,271</u>	<u>45,318,864</u>

**14.1** The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,543.254 million (December 31, 2020: Rs. 1,544.327 million).

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
------(Rupees in '000)-----			
<b>14.2 Provision held against other assets</b>			
Advances, deposits, advance rent and other prepayments		242,306	252,042
Non banking assets acquired in satisfaction of claims		6,815	6,815
		<u>249,121</u>	<u>258,857</u>

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

Opening balance	258,857	230,236
Charge for the period / year	2,083	35,298
Reversals for the period / year	(3,124)	(3,108)
	(1,041)	32,190
Amount written off	(5,207)	(4,813)
Exchange and other adjustments	(3,488)	1,244
Closing balance	<u>249,121</u>	<u>258,857</u>

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>15</b>	<b>BILLS PAYABLE</b>	
In Pakistan	22,636,769	22,226,918
Outside Pakistan	214,207	344,204
	<b>22,850,976</b>	<b>22,571,122</b>
<b>16</b>	<b>BORROWINGS</b>	
	<b>Secured</b>	
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	44,355,405	45,178,774
Long-Term Finance Facility	25,024,489	24,532,476
Financing Facility for Renewable Energy Projects	4,620,425	4,551,837
Financing Facility for Storage of Agriculture Produce (FFSAP)	498,483	490,748
Refinance for Wages & Salaries	25,848,626	29,170,716
Temporary Economic Refinance Facility	3,737,723	1,054,162
Others refinance schemes	640,035	527,718
Repurchase Agreement Borrowings	79,169,011	93,965,252
	<b>183,894,197</b>	<b>199,471,683</b>
Repurchase agreement borrowings	43,976,649	42,126,121
Bai Muajjal	36,720,657	35,250,474
Medium Term Note	11,000,000	9,000,000
<b>Total secured</b>	<b>275,591,503</b>	<b>285,848,278</b>
	<b>Unsecured</b>	
Call borrowings	3,141,379	14,032,513
Overdrawn nostro accounts	1,054,013	1,532,864
Bai Muajjal	3,790,876	8,766,071
Others		
- Pakistan Mortgage Refinance Company	1,369,291	1,388,140
- Karandaaz Risk Participation	2,014,278	650,087
- Other financial institutions	101,622	2,742,233
<b>Total unsecured</b>	<b>11,471,459</b>	<b>29,111,908</b>
	<b>287,062,962</b>	<b>314,960,186</b>

**17 DEPOSITS AND OTHER ACCOUNTS**

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	339,810,874	72,555,591	412,366,465	318,869,466	72,526,675	391,396,141
Savings deposits	238,075,021	27,490,362	265,565,383	236,071,010	29,757,610	265,828,620
Term deposits	125,703,935	47,723,919	173,427,854	114,847,092	51,044,885	165,891,977
Others	12,591,216	3,291,188	15,882,404	13,882,444	2,977,270	16,859,714
	<b>716,181,046</b>	<b>151,061,060</b>	<b>867,242,106</b>	<b>683,670,012</b>	<b>156,306,440</b>	<b>839,976,452</b>
<b>Financial Institutions</b>						
Current deposits	2,685,512	2,823,415	5,508,927	2,061,053	1,078,065	3,139,118
Savings deposits	30,584,910	181,381	30,766,291	26,592,177	197,558	26,789,735
Term deposits	4,005,366	3,950,206	7,955,572	8,803,246	1,161,129	9,964,375
Others	1,736,791	3,275	1,740,066	1,817,607	79,795	1,897,402
	<b>39,012,579</b>	<b>6,958,277</b>	<b>45,970,856</b>	<b>39,274,083</b>	<b>2,516,547</b>	<b>41,790,630</b>
	<b>755,193,625</b>	<b>158,019,337</b>	<b>913,212,962</b>	<b>722,944,095</b>	<b>158,822,987</b>	<b>881,767,082</b>

(Un-audited)	(Audited)
March 31,	December 31,
2021	2020
------(Rupees in '000)-----	

## 18 SUBORDINATED DEBT

### Term Finance Certificates - Additional Tier-I - Quoted, Unsecured

Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	March 2018		
Maturity date	Perpetual.		
Rating	"AA-" (double A minus) by JCR-VIS Credit Rating Company Limited.		
Security	Unsecured.		
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.		
Profit payment frequency	Payable semi-annually in arrears.		
Redemption	Perpetual.		
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.  (Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.		
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by SBP from time to time.		
Loss absorbency clause	In conformity with SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.		
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP.		
		7,000,000	7,000,000

Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	------(Rupees in '000)-----	
<b>19 DEFERRED TAX LIABILITIES</b>		
Deductible Temporary Differences on:		
- Provision against investments	(500,492)	(444,440)
- Provision against advances	(3,275,534)	(3,056,275)
- Provision against other assets	(394,443)	(353,259)
- Provision against lending to financial institutions	(4,366)	-
- Unrealised loss on revaluation of held for trading investments	(13,023)	-
	<b>(4,187,858)</b>	<b>(3,853,974)</b>
Taxable Temporary Differences on:		
- Surplus on revaluation of fixed assets and non banking assets	1,491,244	1,278,656
- Unrealised gain on revaluation of held for trading investments	-	31,916
- Surplus on revaluation of available for sale investments	1,438,360	2,301,926
- Accelerated tax depreciation	1,739,392	1,602,628
	<b>4,668,996</b>	<b>5,215,126</b>
	<b>481,138</b>	<b>1,361,152</b>
<b>20 OTHER LIABILITIES</b>		
Mark-up/ Return/ Interest payable in local currency	3,956,753	4,107,655
Mark-up/ Return/ Interest payable in foreign currency	484,900	534,341
Unearned fee commission and income on bills discounted and guarantees	1,177,423	962,482
Accrued expenses	5,390,892	5,770,075
Current taxation	10,570,118	9,615,466
Acceptances	14,459,281	14,414,532
Dividends payable	127,497	135,345
Mark to market loss on forward foreign exchange contracts	3,468,894	2,146,281
Mark to market loss on derivatives	419,157	921,919
Branch adjustment account	188,385	310,518
ADC settlement accounts	2,885,534	1,516,463
Provision for compensated absences	645,106	611,106
Payable against redemption of customer loyalty / reward points	424,367	413,874
Charity payable	7,707	8,375
Provision against off-balance sheet obligations	108,702	127,428
Security deposits against leases, lockers and others	9,066,544	8,581,281
Workers' Welfare Fund	2,082,604	1,973,020
Payable to vendors and suppliers	899,730	846,433
Indirect taxes payable	1,027,806	1,144,088
Lease Liability	10,661,279	10,456,029
Others	1,288,489	1,599,977
	<b>69,341,168</b>	<b>66,196,688</b>
<b>20.1 Provision against off-balance sheet obligations</b>		
Opening balance	127,428	129,249
Exchange and other adjustments	(4,370)	3,910
Reversals for the period / year	(14,356)	(5,731)
Closing balance	<b>108,702</b>	<b>127,428</b>

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in 000) -----			
<b>21</b>	<b>SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS</b>		
Surplus / (deficit) on revaluation of:			
- Available for sale securities	10.1	3,688,103	6,576,932
- Fixed Assets		8,404,139	8,419,320
- Non-banking assets acquired in satisfaction of claims		105,159	105,182
		<b>12,197,401</b>	15,101,434
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		1,438,360	2,301,926
- Fixed Assets		1,489,750	1,277,421
- Non-banking assets acquired in satisfaction of claims		1,494	1,235
		<b>2,929,604</b>	3,580,582
Derivatives		(512,678)	(1,012,015)
		<b>8,755,119</b>	10,508,837
<b>22</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
-Guarantees	22.1	71,674,199	69,451,917
-Commitments	22.2	406,011,670	380,140,829
-Other contingent liabilities	22.3.1	8,663,385	12,274,585
		<b>486,349,254</b>	461,867,331
<b>22.1</b>	<b>Guarantees:</b>		
Financial guarantees		152,748	507,942
Performance guarantees		37,796,705	36,636,998
Other guarantees		33,724,746	32,306,977
		<b>71,674,199</b>	69,451,917
<b>22.2</b>	<b>Commitments:</b>		
Documentary credits and short-term trade-related transactions			
- Letters of credit		152,366,311	125,526,205
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	164,310,035	184,793,857
- forward government securities transactions	22.2.2	28,422,882	12,239,653
- derivatives	22.2.3	21,172,342	18,317,022
- forward lending	22.2.4	38,612,027	38,125,107
Commitments for acquisition of:			
- operating fixed assets		715,270	895,707
- intangible assets		412,803	243,278
		<b>406,011,670</b>	380,140,829

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
<b>22.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
Purchase		91,791,239	106,574,908
Sale		72,518,796	78,218,949
		164,310,035	184,793,857
<b>22.2.2</b>	<b>Commitments in respect of forward government securities transactions</b>		
Purchase		23,874,497	1,378,869
Sale		4,548,385	10,860,784
		28,422,882	12,239,653
<b>22.2.3</b>	<b>Commitments in respect of derivatives (Interest Rate Swaps)</b>		
Purchase		21,172,342	18,317,022
Sale		-	-
		21,172,342	18,317,022
<b>22.2.4</b>	<b>Commitments in respect of forward lending</b>		
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.4.1	33,370,016	32,818,826
Commitments in respect of investments		5,242,011	5,306,281
		38,612,027	38,125,107
<b>22.2.4.1</b>	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
<b>22.3</b>	<b>Other contingent liabilities</b>		
<b>22.3.1</b>	Claims against the Bank not acknowledged as debts	8,663,385	12,274,585

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by Ex. employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

#### 22.4 Contingency for tax payable

22.4.1 There were no tax related contingencies other than as disclosed in note 33.1.

### 23 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

23.1 Product Analysis	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Interest Rate Swaps			Interest Rate Swaps		
	No. of contracts	Notional Principal	Mark to market gain / (loss)	No. of contracts	Notional Principal	Mark to market gain / (loss)
----- (Rupees in '000) -----						
Counterparties						
With Banks for Hedging	37	21,172,342	(419,157)	31	18,317,022	(921,919)
	37	21,172,342	(419,157)	31	18,317,022	(921,919)

	Note	(Un-audited)	
		Quarter ended	
		March 31, 2021	March 31, 2020
------(Rupees in '000)-----			
<b>24</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On:		
	a) Loans and advances	10,644,785	15,752,603
	b) Investments	9,996,824	7,884,090
	c) Lendings to financial institutions	482,834	1,373,447
	d) Balances with banks	6,918	25,293
	e) On securities purchased under resale agreements / Bai Muajjal	256,384	870,236
		<u>21,387,745</u>	<u>25,905,669</u>
<b>25</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	On:		
	a) Deposits	6,266,708	10,643,702
	b) Borrowings	1,642,637	915,780
	c) Securities sold under repurchase agreements	2,224,535	262,416
	d) Subordinated debt	152,385	455,492
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	411,467	1,482,674
	f) Borrowing cost on leased properties	332,405	342,224
	g) Reward points	31,085	22,574
		<u>11,061,222</u>	<u>14,124,862</u>
<b>26</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	260,895	285,000
	Consumer finance related fees	89,062	61,815
	Card related fees (debit and credit cards)	329,479	203,992
	Credit related fees	67,977	48,958
	Investment banking fees	44,578	54,752
	Commission on trade	408,274	362,523
	Commission on guarantees	82,931	73,499
	Commission on cash management	10,939	12,355
	Commission on remittances including home remittances	196,224	85,971
	Commission on bancassurance	102,555	144,497
	Card acquiring business	119,215	77,038
	Wealth Management Fee	18,251	20,776
	Commission on Employees' Old-Age Benefit Institution (EOBI)	9,625	28,364
	Commission on Benazir Income Support Programme (BISP)	3,021	50,564
	Alternate Delivery Channels (ADC)	96,907	125,350
	Others	20,878	16,390
		<u>1,860,811</u>	<u>1,651,844</u>
<b>27</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised	27.1 1,127,985	(215,355)
	Unrealised - held for trading	10.1 (33,393)	169,364
		<u>1,094,592</u>	<u>(45,991)</u>
<b>27.1</b>	<b>Realised gain / (loss) on:</b>		
	Federal Government Securities	471,381	182,953
	Shares	159,008	(399,447)
	Non Government Debt Securities	11,134	-
	Foreign Securities	486,462	1,139
		<u>1,127,985</u>	<u>(215,355)</u>
<b>28</b>	<b>OTHER INCOME</b>		
	Rent on property	6,281	5,861
	Gain on sale of fixed assets-net	8,282	3,532
	Profit on termination of leased contracts (Ijarah)	19,190	12,415
	Gain on termination of leases	4,374	-
	Others	-	246
		<u>38,127</u>	<u>22,054</u>

29	Note	(Un-audited)	
		Quarter ended	
		March 31, 2021	March 31, 2020
----- (Rupees in '000) -----			
<b>29 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	<b>4,072,047</b>	3,799,150
<b>Property expense</b>			
Rent and taxes		21,903	21,551
Utilities cost		249,986	212,218
Security (including guards)		194,814	197,295
Repair and maintenance (including janitorial charges)		177,351	155,275
Depreciation on right-of-use assets		533,982	513,723
Depreciation on non-banking assets acquired in satisfaction of claims		1,073	1,725
Depreciation on owned assets		120,709	142,553
		<b>1,299,818</b>	1,244,340
<b>Information technology expenses</b>			
Software maintenance		314,544	367,000
Hardware maintenance		171,495	148,059
Depreciation		133,752	98,802
Amortisation		105,776	114,618
Network charges		160,703	92,724
		<b>886,270</b>	821,203
<b>Other operating expenses</b>			
Directors' fees and allowances		50,046	74,679
Fees and allowances to Shariah Board		2,360	2,340
Legal and professional charges		36,926	76,162
Outsourced services costs		203,280	248,240
Travelling and conveyance		106,958	131,899
Clearing and custodian charges		23,132	23,524
Depreciation		249,751	227,599
Training and development		33,584	24,466
Postage and courier charges		93,218	65,868
Communication		112,630	95,521
Stationery and printing		185,426	171,234
Marketing, advertisement and publicity		156,012	266,762
Donations		500	-
Auditors' remuneration		17,326	13,646
Brokerage and commission		69,336	45,192
Entertainment		67,540	61,995
Repairs and maintenance		127,028	102,058
Insurance		265,172	237,953
Cash handling charges		222,876	153,194
CNIC verification		36,614	22,459
Others		140,122	145,011
		<b>2,199,837</b>	2,189,802
		<b>8,457,972</b>	8,054,495
<b>29.1 Total compensation expense</b>			
Managerial remuneration			
i) Fixed		3,033,317	2,707,731
ii) Variable:			
a) Cash Bonus / Awards etc.		488,281	494,492
b) Bonus and Awards in Shares etc.		39,500	-
Charge for defined benefit plan		54,212	42,620
Contribution to defined contribution plan		122,050	118,811
Medical		175,255	136,433
Conveyance		68,927	64,886
Staff compensated absences		34,000	36,000
Others		29,713	24,404
<b>Sub-total</b>		<b>4,045,255</b>	3,625,377
Sign-on bonus		26,652	7,650
Severance allowance		140	166,123
<b>Grand Total</b>		<b>4,072,047</b>	3,799,150



### 30 WORKERS WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through Finance Act, 2008 for the levy of Workers Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the amount charged for Workers Welfare Fund since 2008 has not been reversed.

Note	(Un-audited) Quarter ended	
	March 31, 2021	March 31, 2020

### 31 OTHER CHARGES

	------(Rupees in '000)-----	
Penalties imposed by State Bank of Pakistan	5,837	40,824
Penalties imposed by other regulatory bodies	698	266
	<u>6,535</u>	<u>41,090</u>

### 32 PROVISIONS & WRITE OFFS - NET

Provision / (reversal) against lending to financial institutions		11,196	(2,812)
(Reversal) / provision for diminution in value of investments	10.3	(54,621)	710,648
Provision against loans & advances	11.4	356,624	866,191
(Reversal) / provision against other assets	14.2.1	(1,041)	11,871
Reversal against off-balance sheet obligations	20.1	(14,356)	(19,249)
Other provisions / write off - net		20,516	9,406
Recovery of written off / charged off bad debts		(102,150)	(48,461)
		<u>216,168</u>	<u>1,527,594</u>

### 33 TAXATION

Current	2,134,042	2,143,728
Prior years	-	(46,772)
Deferred	(234,968)	(161,380)
	<u>1,899,074</u>	<u>1,935,576</u>

- 33.1 a) The income tax assessments of the Bank have been finalized upto and including tax year 2020. Matters of disagreement exist between the Bank and tax authorities for various assessment years and are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Honourable Supreme Court of Pakistan. These issues mainly relate to addition of mark up in suspense to income, taxability of profit on government securities, bad debts written off and disallowances relating to profit and loss expenses.

In respect of tax years 2008, 2014, 2017 and 2019, the tax authorities have raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements resulting in additional demand of Rs. 667.746 million (December 31, 2020: Rs. 667.746 million). As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs. 184.218 million appeal effect orders are pending. Bank has filed appeals on these issues which are pending before Commissioner Appeals and Appellate Tribunal. The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

- b) The Bank has received orders from a provincial tax authority wherein tax authority demanded sales tax on banking services and penalty amounting to Rs.488.211 million (December 31, 2020: Rs.488.211 million) excluding default surcharge by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax covering period from July 2011 to June 2014. Bank's appeals against these orders are currently pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in Bank's favour through appellate process.
- c) The Bank has received an order from a tax authority wherein Sales tax and Further Tax amounting to Rs.8.601 million [excluding default surcharge and penalty] is demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016. The Bank is in process of filing an appeal against this order in consultation with Tax Consultant. The Bank has not made any provision against this order and the management is of the view that this matter will be favorably settled through appellate process.

**34 BASIC AND DILUTED EARNINGS PER SHARE**

	<b>(Un-audited)</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	----- <b>(Rupees in '000)</b> -----	
Profit for the period	<u><u>3,470,549</u></u>	<u><u>2,821,258</u></u>
	----- <b>(Number of shares in '000)</b> -----	
Weighted average number of ordinary shares	<u><u>1,777,165</u></u>	<u><u>1,777,165</u></u>
	----- <b>(Rupees)</b> -----	
Basic and diluted earnings per share	<u><u>1.95</u></u>	<u><u>1.59</u></u>

## 35 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. 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, other than investments in associates and subsidiary, 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. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

### 35.1 Fair value of financial instruments

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	March 31, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	437,119,300	-	437,119,300
Shares	7,907,960	-	-	7,907,960
Non-Government Debt Securities	-	19,406,082	-	19,406,082
Foreign Securities	-	49,957,119	-	49,957,119
<b>Financial assets - not measured at fair value</b>				
Investment - held to maturity securities	-	73,799,152	-	73,799,152
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	2,893,877	-	2,893,877
Forward sale of foreign exchange	-	(3,468,894)	-	(3,468,894)
Derivatives purchases	-	(419,157)	-	(419,157)
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
- Investments				
Federal Government Securities	-	425,835,272	-	425,835,272
Shares	5,772,119	-	-	5,772,119
Non-Government Debt Securities	12,072,000	7,329,178	-	19,401,178
Foreign Securities	-	44,511,463	-	44,511,463
<b>Financial assets - not measured at fair value</b>				
Investment - held to maturity securities	-	50,506,972	-	50,506,972
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	1,319,187	-	1,319,187
Forward sale of foreign exchange	-	(2,146,281)	-	(2,146,281)
Derivatives purchases	-	(921,919)	-	(921,919)

**35.2** Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 14. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan.

**35.3** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current period.

**35.4 Valuation techniques used in determination of fair values:**

**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and Non government debt securities.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas and Euro Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts and interest rate swaps.

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

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.

<b>Item</b>	<b>Valuation approach and input used</b>
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the State Bank of Pakistan.
Interest rate swaps	The fair value of interest rate swaps and futures is determined using prices and curves through Bloomberg.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs) and Sukuk other than Government	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Operating fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations can not be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

36 SEGMENT INFORMATION

36.1 Segment details with respect to Business Activities

	For the period ended March 31, 2021 (Un-audited)							
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Others *	Total
(Rupees in '000)								
<b>Profit and loss</b>								
Net mark-up/return/profit	(984,389)	3,521,283	1,916,466	5,276,541	(7,634)	708,021	(103,765)	10,326,523
Inter segment revenue - net	6,374,241	(1,992,020)	(59,899)	(4,475,775)	99,898	80,836	(39,281)	-
Non mark-up / return / interest income	1,046,118	531,345	266,952	1,068,279	35,163	748,456	137,046	3,833,359
Total Income	6,435,970	2,060,608	2,129,519	1,869,045	127,427	1,537,313	-	14,159,882
Segment direct expenses	3,587,515	254,785	1,088,620	120,064	319,560	488,851	2,714,696	8,574,091
Inter segment expense allocation	1,730,287	244,739	431,795	66,079	178,797	59,778	(2,711,476)	-
Total expenses	5,317,802	499,524	1,520,415	186,143	498,357	548,629	3,220	8,574,091
Provisions / (reversals)	(69,713)	377,415	(26,041)	(41,484)	640	(32,429)	(3,220)	216,168
Profit Before tax	1,177,881	1,183,669	634,145	1,724,386	(371,570)	1,021,113	-	5,369,623
As at March 31, 2021 (Un-audited)								
(Rupees in '000)								
<b>Balance Sheet</b>								
Cash and bank balances	50,157,905	12,194,327	13,759,086	4,692,058	425,575	19,772,584	-	101,001,535
Investments	1,534,112	1,051,093	49,165,634	478,370,411	-	58,809,050	774,681	589,704,981
Net inter segment lending	379,648,331	-	-	-	6,989,460	-	87,585,734	474,223,525
Lending to financial institutions	-	-	12,154,635	12,841,205	-	10,616,139	-	35,611,979
Advances - performing	151,394,803	291,395,487	107,437,308	31	32,377	19,593,095	6,334,720	576,187,821
Advances - non-performing	1,036,785	4,135,372	1,512,859	-	1,067	102,566	28,214	6,816,863
Others	23,496,912	12,000,419	18,181,316	7,324,562	1,298,389	3,427,262	12,939,807	78,668,667
Total assets	607,268,848	320,776,698	202,210,838	503,228,267	8,746,868	112,320,696	107,663,156	1,862,215,371
Borrowings	23,367,604	67,127,863	17,421,164	175,973,408	-	3,172,923	-	287,062,962
Subordinated debt	-	-	-	-	-	-	7,000,000	7,000,000
Deposits and other accounts	562,523,998	128,396,178	146,631,981	-	8,555,446	67,105,419	-	913,212,962
Net inter segment borrowing	-	103,838,443	10,250,453	321,648,882	-	38,485,747	-	474,223,525
Others	20,149,588	21,414,214	26,322,218	3,511,773	191,422	3,396,293	17,687,774	92,673,282
Total liabilities	606,041,130	320,776,698	200,625,816	501,134,063	8,746,868	112,160,382	24,687,774	1,774,172,731
Net assets	1,227,718	-	1,585,022	2,094,204	-	160,314	82,975,382	86,042,640
Equity								
Contingencies and commitments	66,898,591	139,012,629	61,956,729	157,695,322	12,546	59,963,970	807,467	486,349,254

\* Others include head office related activities.

**For the period ended March 31, 2020 (Un-audited)**

	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Others *	Total
	(Rupees in '000)							
<b>Profit and loss</b>								
Net mark-up/return/profit	(2,470,423)	5,805,162	2,477,466	5,646,815	(2,052)	737,858	(414,019)	11,780,807
Inter segment revenue - net	9,266,723	(4,144,350)	(101,604)	(5,770,260)	167,869	219,425	362,197	-
Net mark-up / return / Interest income	907,260	383,668	332,012	873,052	82,239	79,275	51,822	2,709,328
Total income	7,703,560	2,044,480	2,707,874	749,607	248,056	1,036,558	-	14,490,135
Segment direct expenses	3,375,852	243,354	1,046,684	120,716	343,305	463,459	2,622,337	8,205,707
Inter segment expense allocation	1,787,602	203,545	418,404	60,363	96,394	56,029	(2,622,337)	-
Total expenses	5,163,454	446,899	1,465,088	181,079	439,699	509,488	-	8,205,707
Provisions / (reversals)	442,427	442,738	(25,982)	719,501	2	(51,092)	-	1,527,594
Profit before tax	2,097,679	1,154,843	1,268,768	(150,973)	(191,645)	578,162	-	4,756,834

**As at December 31, 2020 (Audited)**

	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Others *	Total
	(Rupees in '000)							
<b>Balance sheet</b>								
Cash and bank balances	49,627,891	10,193,222	14,780,115	17,295,558	470,783	13,214,927	-	105,582,496
Investments	1,648,811	1,067,759	47,420,548	425,225,444	-	70,934,391	792,979	547,089,932
Net inter segment lending	367,340,730	-	-	-	8,236,238	-	86,790,920	462,367,888
Lendings to financial institutions	-	-	14,293,146	51,747,865	-	11,264,524	5,900,803	77,305,535
Advances - performing	153,956,442	283,141,506	101,673,272	-	16,596	25,085,003	5,900,803	569,773,622
Advances - non-performing	1,209,592	4,577,817	1,605,920	-	202	111,279	37,515	7,542,325
Others	22,501,621	11,194,130	16,555,220	7,069,505	1,562,319	3,689,654	15,007,190	77,579,639
<b>Total assets</b>	596,285,087	310,174,434	196,328,221	501,338,372	10,286,138	124,299,778	108,523,407	1,847,241,437
Borrowings	23,057,436	66,943,742	23,967,885	185,932,565	-	13,560,921	1,497,637	314,960,186
Subordinated debt	-	-	-	-	-	-	7,000,000	7,000,000
Deposits and other accounts	552,825,197	116,774,809	133,037,813	309,835,466	10,139,614	68,979,200	10,449	881,767,082
Net inter segment borrowing	-	105,134,794	9,765,912	3,605,361	-	37,631,716	-	150,537,823
Others	19,311,536	21,322,702	27,733,944	4,001,824	-	13,997,071	-	462,367,888
<b>Total Liabilities</b>	595,194,169	310,176,047	194,505,554	499,373,392	10,286,138	124,183,661	22,505,157	1,756,224,118
<b>Net Assets</b>	1,090,918	(1,613)	1,822,667	1,964,980	-	116,117	86,024,250	91,017,319
<b>Equity</b>								
<b>Contingencies and commitments</b>	70,508,424	118,634,144	52,780,786	165,893,738	17,961	52,765,343	1,266,935	461,867,331

\* Others include head office related activities.

## RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

The Banks 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 to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	As at March 31, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Directors/CEO	Key management personnel	Subsidiary	Associates	Other related parties	Directors/CEO	Key management personnel	Subsidiary	Associates	Other related parties
	(Rupees in '000)					(Rupees in '000)				
<b>Lendings to financial institutions</b>										
Opening balance	-	-	-	-	1,745,830	-	-	-	-	-
Addition during the period / year	-	-	-	-	40,950,820	-	-	-	-	140,523,678
Repaid during the period / year	-	-	-	-	(41,079,759)	-	-	-	-	(138,777,848)
Closing balance	-	-	-	-	1,596,891	-	-	-	-	1,745,830
<b>Investments</b>										
Opening balance	-	-	300,000	1,177,606	1,241,405	-	-	300,000	1,177,606	1,191,425
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	(22,245)	-	-	-	-	(20)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	50,000
Closing balance	-	-	300,000	1,177,606	1,219,160	-	-	300,000	1,177,606	1,241,405
Provision for diminution in value of investments	-	-	42,981	-	-	-	-	42,981	-	3,936
<b>Advances</b>										
Opening balance	78,132	791,521	-	-	3,346,278	91,129	661,838	-	-	4,200,405
Addition during the period / year	-	192,005	-	-	322,360	87,627	286,114	-	-	7,713,243
Repaid during the period / year	(77,989)	(86,909)	-	-	(1,738,385)	(83,516)	(196,441)	-	-	(8,567,370)
Transfer in / (out) - net	-	43,603	-	-	(219,446)	(17,308)	40,010	-	-	-
Closing balance	143	940,220	-	-	1,710,807	78,132	791,521	-	-	3,346,278
Provision held against advances	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>										
Interest / mark-up accrued	-	97,340	-	-	60,448	2,560	88,905	-	-	45,434
Receivable from staff retirement fund	-	-	-	-	638,187	-	-	-	-	692,399
Prepayment / rent receivable	-	-	-	520	-	-	-	1,560	-	55,672

	As at March 31, 2021 (Un-audited)				As at December 31, 2020 (Audited)					
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties
<b>Borrowings</b>										
Opening balance	-	-	2,384,649	-	-	-	-	-	-	484,646
Borrowings during the period / year	-	-	9,181,962	-	-	-	-	-	-	44,475,567
Settled during the period / year	-	-	(9,244,489)	-	-	-	-	-	-	(42,585,364)
Closing balance	-	-	2,322,122	-	-	-	-	-	-	2,384,849
<b>Deposits and other accounts</b>										
Opening balance	103,392	397,194	16,920	5,586,652	3,706,518	12,076	257,121	9,335	588,149	4,584,695
Received during the period / year	173,049	817,448	376,369	28,231,666	14,486,984	323,082	2,209,565	781,799	117,408,368	70,878,153
Withdrawn during the period / year	(206,022)	(697,930)	(886,573)	(30,264,442)	(11,370,498)	(223,154)	(2,083,397)	(774,214)	(112,409,865)	(71,465,963)
Transfer in / (out) - net	-	4,806	-	(2,547)	-	(8,612)	13,905	-	-	(290,366)
Closing balance	70,419	521,518	6,716	3,553,876	6,820,457	103,392	397,194	16,920	5,586,652	3,706,519
<b>Other liabilities</b>										
Interest / mark-up payable	100	1,081	-	-	39,523	73	433	-	-	5,393
Lease liabilities	-	-	-	-	9,536	-	-	-	-	9,216
Others	-	-	439	-	4,536	-	-	421	-	2,747
<b>Contingencies and commitments</b>										
Other contingencies	-	-	-	76,379	36,225	-	-	-	79,917	139,987

	For the period ended March 31, 2020 (Un-audited)									
	(Rupees in '000)									
<b>Income</b>										
Mark-up / return / interest earned	2,747	11,476	-	16,776	65,989	3,656	8,974	-	18,829	206,505
Fee and commission income	-	-	-	897	5,502	-	-	-	780	5,501
Other income	-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>										
Mark-up / return / interest paid	101	2,367	45	37,526	121,018	224	3,748	54	45,466	70,543
Borrowing cost on leased properties	-	-	-	-	320	-	-	-	-	321
Other operating expenses	-	-	-	-	-	-	-	-	-	-
Directors fee	50,046	-	-	-	-	74,679	-	-	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-
Managerial remuneration	101,030	621,887	5,250	-	-	180,199	584,530	-	-	-
Software maintenance	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	5,482	-	-	-	-	-
Travelling and accommodation	-	-	-	-	-	-	-	-	-	-
Communication cost	-	-	-	-	23,465	-	-	-	-	2,236
Brokerage and commission	-	-	-	1,027	-	-	-	-	-	14,805
Charges for defined benefit plan	-	-	-	-	54,212	-	-	762	-	42,620
Contribution to defined contribution plan	-	-	-	-	122,050	-	-	-	-	118,811
Others	-	-	-	-	476	-	-	-	-	-
<b>Other Information</b>										
Dividend paid	547,890	5,728	-	1,931	1,657,492	-	-	-	-	-
Insurance premium paid	-	-	-	575,030	-	-	-	-	152,689	-
Insurance claims settled	-	-	-	121,985	-	-	-	-	86,645	-



### 38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited)      (Audited)  
 March 31,      December 31,  
 2021              2020  
 -----(Rupees in '000)-----

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)	17,771,651	17,771,651
---------------------------------	------------	------------

**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital	70,223,221	70,210,555
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	77,223,221	77,210,555
Eligible Tier 2 Capital	20,255,245	23,211,792
Total Eligible Capital (Tier 1 + Tier 2)	97,478,466	100,422,347

Risk Weighted Assets (RWAs):

Credit risk	541,872,492	522,368,549
Market risk	9,361,225	11,812,425
Operational risk	73,481,663	73,481,663
Total	624,715,380	607,662,637

Common Equity Tier 1 Capital Adequacy ratio

11.24%      11.55%

Tier 1 Capital Adequacy Ratio

12.36%      12.71%

Total Capital Adequacy Ratio

15.60%      16.53%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Bank:

Common Equity Tier 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%

For Capital adequacy calculation, Bank has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

**Leverage Ratio (LR):**

Eligible Tier-1 Capital	77,223,221	77,210,555
Total exposures	1,828,698,785	1,737,693,936
Leverage ratio	4.22%	4.44%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	397,535,734	372,270,246
Total Net Cash Outflow	215,251,192	199,316,286
Liquidity coverage ratio	185%	187%

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding	874,198,811	850,376,458
Total Required Stable Funding	659,169,292	626,269,922
Net Stable Funding Ratio	133%	136%

### 39 ISLAMIC BANKING BUSINESS

The Bank is operating 188 Islamic banking branches (December 31, 2020: 186 branches) including 1 sub branch (December 31, 2020: 1 sub branch) as at March 31, 2021.

#### STATEMENT OF FINANCIAL POSITION

	Note	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		12,549,926	13,519,229
Balances with other banks		1,209,160	1,260,886
Due from financial institutions	39.1	12,154,635	14,293,146
Investments	39.2	49,165,634	47,420,548
Islamic financing and related assets - net	39.3	108,950,167	103,279,192
Fixed assets		6,201,572	6,038,819
Intangible assets		20,673	23,038
Deferred tax assets		214,004	209,613
Other assets		11,959,071	10,501,020
<b>Total Assets</b>		<b>202,424,842</b>	196,545,491
<b>LIABILITIES</b>			
Bills payable		4,607,719	5,431,799
Due to financial institutions		17,421,164	23,967,885
Deposits and other accounts	39.4	146,631,981	133,037,813
Deferred tax liabilities		-	-
Other liabilities		21,714,499	22,579,448
		<b>190,375,363</b>	185,016,945
<b>NET ASSETS</b>		<b>12,049,479</b>	11,528,546
<b>REPRESENTED BY</b>			
Islamic Banking Fund		1,800,000	1,800,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		1,796,401	1,762,634
Unappropriated/ Unremitted profit	39.5	8,453,078	7,965,912
		<b>12,049,479</b>	11,528,546
<b>CONTINGENCIES AND COMMITMENTS</b>	39.6		

## PROFIT AND LOSS ACCOUNT

		(Un-audited)	
		Quarter ended	
		March 31,	March 31,
		2021	2020
		----- (Rupees in '000) -----	
Profit / return earned	39.7	<b>2,946,365</b>	4,061,236
Profit / return expensed	39.8	<b>1,029,899</b>	1,583,770
Net Profit / return		<b>1,916,466</b>	2,477,466
Fee and Commission Income		<b>191,316</b>	205,982
Foreign Exchange Income		<b>54,834</b>	103,865
Gain / (loss) on securities		<b>50</b>	9,485
Other Income		<b>20,752</b>	12,680
Total other income		<b>266,952</b>	332,012
Total Income		<b>2,183,418</b>	2,809,478
Other expenses			
Operating expenses		<b>1,506,363</b>	1,424,541
Workers Welfare Fund		<b>14,042</b>	27,967
Other charges		<b>10</b>	12,580
Total other expenses		<b>1,520,415</b>	1,465,088
Profit before provisions		<b>663,003</b>	1,344,390
Provisions and write offs - net		<b>(25,041)</b>	(25,982)
Profit before taxation		<b>688,044</b>	1,370,372
Taxation		<b>201,089</b>	535,406
Profit after taxation		<b>486,955</b>	834,966

### 39.1 Due from Financial Institutions

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Unsecured	9,670,061	-	9,670,061	10,800,061	-	10,800,061
Bai Muajjal Receivable from other Financial Institutions	2,484,574	-	2,484,574	3,493,085	-	3,493,085
	<b>12,154,635</b>	<b>-</b>	<b>12,154,635</b>	<b>14,293,146</b>	<b>-</b>	<b>14,293,146</b>

### 39.2 Investments

	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

By segment:

#### Federal Government Securities

Ijarah Sukuks	21,193,957	(1,695)	(12,062)	21,180,200	20,486,855	-	(58,785)	20,428,070
Other Federal Government Securities	7,216,366	-	-	7,216,366	7,216,366	-	-	7,216,366
Naya Pakistan Certificates	953,179	-	-	953,179	466,435	-	-	466,435

#### Non Government Debt Securities

Unlisted	19,770,155	(80,722)	126,456	19,815,889	19,290,358	(94,546)	113,865	19,309,677
<b>Total Investments</b>	<b>49,133,657</b>	<b>(82,417)</b>	<b>114,394</b>	<b>49,165,634</b>	<b>47,460,014</b>	<b>(94,546)</b>	<b>55,080</b>	<b>47,420,548</b>

(Un-audited) (Audited)  
March 31, December 31,  
2021 2020  
----- (Rupees in '000) -----

### 39.3 Islamic financing and related assets

Ijarah	15,629,733	14,353,395
Murabaha	2,991,180	3,353,347
Musharaka	49,497,470	22,481,095
Diminishing Musharaka	2,424,040	2,179,926
Salam	5,327,056	3,658,498
Muajjal Financing	-	24,999,194
Islamic Staff financing	1,961,375	1,721,900
Advances against Islamic assets	12,050,100	14,162,819
Inventory related to Islamic financing	4,976,252	3,948,460
SBP Islamic Refinance	7,954,617	8,698,588
Islamic Long Term Finance Facility Plant & Machinery	513,585	433,900
SBP Refinance Scheme For Wages & Salaries	4,490,199	4,793,796
Islamic Refinance Renewable Energy	15,019	3,163
Islamic Refinance Facility for combatting Covid	76,504	-
Islamic Temporary Economic Refinance Facility (ITERF)	1,302,673	-
Musawama Financing	2,101,618	863,442
Other Islamic Modes	21,244	23,278
Gross Islamic financing and related assets	111,332,665	105,674,801

Less: provision against Islamic financings

- Specific

- General

(2,297,030)	(2,321,391)
(85,468)	(74,218)
<b>(2,382,498)</b>	<b>(2,395,609)</b>
<b>108,950,167</b>	<b>103,279,192</b>

Islamic financing and related assets - net of provision

**39.4 Deposits**

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	------(Rupees in '000)-----					
<b>Customers</b>						
Current deposits	67,417,704	4,918,426	72,336,130	59,536,285	4,628,277	64,164,562
Savings deposits	52,666,154	2,320,340	54,986,494	50,866,656	2,396,749	53,263,405
Term deposits	17,701,887	221,214	17,923,101	13,534,046	475,505	14,009,551
Other deposits	918,126	210,916	1,129,042	820,136	245,643	1,065,779
	<b>138,703,871</b>	<b>7,670,896</b>	<b>146,374,767</b>	<b>124,757,123</b>	<b>7,746,174</b>	<b>132,503,297</b>
<b>Financial Institutions</b>						
Current deposits	21,203	-	21,203	88,381	-	88,381
Savings deposits	233,511	-	233,511	443,635	-	443,635
Term deposits	2,500	-	2,500	2,500	-	2,500
	<b>257,214</b>	<b>-</b>	<b>257,214</b>	<b>534,516</b>	<b>-</b>	<b>534,516</b>
	<b>138,961,085</b>	<b>7,670,896</b>	<b>146,631,981</b>	<b>125,291,639</b>	<b>7,746,174</b>	<b>133,037,813</b>

**39.5 Islamic Banking Business Unappropriated Profit**

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	------(Rupees in '000)-----	
Opening Balance	7,965,912	11,472,207
Add: Islamic Banking profit before taxation for the period	688,044	3,340,409
Less: Taxation	(201,089)	(1,347,612)
Less: Transfer from surplus on revaluation of assets to unappropriated profit - net	211	908
Less: Transferred / Remitted to Head Office	-	(5,500,000)
Closing Balance	<b>8,453,078</b>	<b>7,965,912</b>

**39.6 Contingencies and Commitments**

-Guarantees	3,130,725	3,163,586
-Commitments	58,828,004	49,617,200
	<b>61,958,729</b>	<b>52,780,786</b>

**39.7 Profit/Return Earned of Financing, Investments and Placement**

	(Un-audited) Quarter ended	
	March 31, 2021	March 31, 2020
	------(Rupees in '000)-----	
Financing	1,817,287	2,565,573
Investments	712,961	303,790
Placements	416,117	1,191,873
	<b>2,946,365</b>	<b>4,061,236</b>

**39.8 Profit on Deposits and other Dues Expensed**

Deposits and other accounts	800,289	1,430,740
Due to Financial Institutions	95,971	46,675
Cost of foreign currency swaps against foreign currency deposits / borrowings	37,174	6,565
Borrowing cost on lease liability	92,135	97,323
Reward points	4,330	2,467
	<b>1,029,899</b>	<b>1,583,770</b>

### 39.9 PLS Pool Management- Islamic Banking Group (IBG)

#### 39.9.1 The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP, EURO,AED, SAR and CAD) depositors
- 3) Fls Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool

All the Mudaraba based Remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Advances, Investments, and Placements for generating profits to be shared among the depositors as per the Weightage system.

The IERS pool is maintained as per the guideline under SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

#### 39.9.2 Avenues/sectors where Mudaraba based deposits have been deployed.

	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
Agriculture, Forestry, Hunting and Fishing	25,448,549	25,488,613
Automobile and transportation equipment	2,486,112	2,436,479
Cement	4,899,877	4,462,768
Chemical and Pharmaceuticals	3,655,166	3,545,699
Construction	2,584,069	3,092,356
Electronics and electrical appliances	1,553,113	1,238,039
Exports / Imports	59,654	136,320
Financial	689,267	689,267
Food & Allied Products	5,806,978	5,054,946
Footwear and Leather garments	548,945	740,255
Glass and Ceramics	27,125	110,960
Individuals	20,645,405	18,409,257
Insurance	2,869	3,277
Metal & Allied industries	2,043,329	2,697,096
Oil and Allied	2,729,778	1,975,563
Paper and Board	780,730	769,653
Power (electricity), Gas, Water, Sanitary	7,726,110	6,669,217
Services	1,607,912	1,471,220
Sugar	2,718,046	1,665,422
Technology and Communication	25,859	21,352
Textile	20,700,708	19,921,320
Transport, Storage and Communication	407,123	545,157
Wholesale and Retail Trade	3,666,572	3,235,734
Others	519,369	1,294,831
<b>Total Gross Islamic Financing and Related Assets</b>	<b>111,332,665</b>	<b>105,674,801</b>
Total gross investments (at cost)	49,133,657	47,460,014
Total Islamic placements	12,154,635	14,293,146
<b>Total Invested Funds</b>	<b>172,620,957</b>	<b>167,427,961</b>

**39.9.3** The major components of Profit distribution and charging of the expenses.

Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the concerned period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings and diminution in the value of investments.

**39.9.4** The Bank managed the following general and specific pools during the period:

Remunerative Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
			Mudarib Share / Fee	Rabbul Maal Share				
					(Rupees in '000)			
<b>General Pool</b>								
PKR Pool	Monthly	7.08%	50.00%	50.00%	70,454	3.80%	0.67%	4,598
USD Pool	Monthly	1.62%	85.00%	15.00%	7,923	0.34%	20.00%	113
GBP Pool	Monthly	3.58%	85.00%	15.00%	1,826	0.33%	0.00%	-
EUR Pool	Monthly	3.15%	85.00%	15.00%	1,515	0.15%	0.00%	-
AED Pool	Monthly	4.46%	85.00%	15.00%	39	0.16%	0.00%	-
SAR Pool	Monthly	3.22%	85.00%	15.00%	44	0.26%	0.00%	-
CAD Pool	Monthly	0.94%	85.00%	15.00%	1	0.00%	0.00%	-
<b>Specific Pool</b>								
Special Pool (Saving)	Monthly	7.58%	23.21%	76.79%	2,469	6.01%	0.00%	-
Special Pool (TDR)	Monthly	9.04%	20.67%	79.33%	56,822	7.29%	0.00%	-

Specific Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
			Bank Share	SBP Share				
					(Rupees in '000)			
Islamic Export Refinance (IERS) Pool	Monthly	6.46%	84.47%	15.53%	262,506	Nil	1.08%	2,847

**40 DATE OF AUTHORISATION**

These unconsolidated condensed interim financial statements were authorised for issue on April 22, 2021 by the Board of Directors of the Bank.

**41 GENERAL**

**41.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements, wherever necessary to facilitate comparison.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Bank Alfalah Limited

**Consolidated Condensed Interim  
Financial Statements**

Quarter Ended March 31, 2021



# Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2021

Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
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------(Rupees in '000)-----

## ASSETS

Cash and balances with treasury banks	7	88,559,092	99,348,862
Balances with other banks	8	12,514,982	6,373,472
Lendings to financial institutions	9	35,611,979	77,305,535
Investments	10	591,996,425	549,358,553
Advances	11	583,005,817	577,317,776
Fixed assets	12	31,002,074	30,994,793
Intangible assets	13	1,233,416	1,287,734
Deferred tax assets		-	-
Other assets	14	46,876,051	45,687,678
		<b>1,390,799,836</b>	<b>1,387,674,403</b>

## LIABILITIES

Bills payable	15	22,850,976	22,571,122
Borrowings	16	287,096,847	315,054,817
Deposits and other accounts	17	913,206,246	881,750,162
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	7,000,000	7,000,000
Deferred tax liabilities	19	1,464,968	2,235,254
Other liabilities	20	69,553,790	66,402,548
		<b>1,301,172,827</b>	<b>1,295,013,903</b>

## NET ASSETS

		<b>89,627,009</b>	<b>92,660,500</b>
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## REPRESENTED BY

Share capital		17,771,651	17,771,651
Reserves		26,880,624	27,680,022
Surplus on revaluation of assets	21	8,764,980	10,528,419
Unappropriated profit		36,092,340	36,572,971
Total equity attributable to the equity holders of the Bank		<b>89,509,595</b>	<b>92,553,063</b>
Non-controlling interest		<b>117,414</b>	<b>107,437</b>
		<b>89,627,009</b>	<b>92,660,500</b>

## CONTINGENCIES AND COMMITMENTS

22

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2021

	Note	Quarter ended March 31, 2021	Quarter ended March 31, 2020
Mark-up/Return/Interest Earned	24	21,389,307	25,907,916
Mark-up/Return/Interest Expensed	25	11,064,172	14,127,997
Net Mark-up/ Interest Income		10,325,135	11,779,919
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee and Commission Income	26	1,943,395	1,697,809
Dividend Income		132,720	87,056
Foreign Exchange Income		657,996	1,055,601
Gain / (loss) from derivatives		49,113	(61,236)
Gain / (loss) on securities	27	1,094,391	(47,484)
Share of profit from associates		38,345	107,710
Other Income	28	38,127	22,066
Total non-markup/interest Income		3,954,087	2,861,522
Total Income		14,279,222	14,641,441
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	29	8,509,541	8,094,266
Workers Welfare Fund	30	109,584	110,122
Other charges	31	6,535	41,090
Total non-markup/interest expenses		8,625,660	8,245,478
Profit before provisions		5,653,562	6,395,963
Provisions and write offs - net	32	216,168	1,527,594
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		5,437,394	4,868,369
Taxation	33	2,015,158	1,975,606
<b>PROFIT AFTER TAXATION</b>		3,422,236	2,892,763
<b>Profit attributable to:</b>			
Equity holders of the Bank		3,411,481	2,892,183
Non-controlling interest		10,755	580
		3,422,236	2,892,763
<b>Basic and Diluted Earnings per share</b>	34	1.92	1.63

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2021

	Quarter ended March 31, 2021	Quarter ended March 31, 2020
Profit after taxation for the period	3,422,236	2,892,763
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	(1,146,453)	1,536,483
Movement in surplus / (deficit) on revaluation of investments - net of tax	(1,527,929)	(749,448)
Movement in surplus / (deficit) on revaluation of investments - net of tax (share of associates)	(8,496)	(97)
	<u>(2,682,878)</u>	786,938
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	(227,510)	(9,450)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(282)	(412)
	<u>(227,792)</u>	<u>(9,862)</u>
<b>Total comprehensive income</b>	<u>511,566</u>	<u>3,669,839</u>
<b>Total comprehensive income / (loss) attributable to:</b>		
Equity holders of the Bank	501,589	3,672,108
Non-controlling interest	9,977	(2,269)
	<u>511,566</u>	<u>3,669,839</u>

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the quarter ended March 31, 2021

	Capital Reserves			Surplus/(Deficit) on revaluation					Sub-total	Non Controlling Interest	Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Investments	Fixed Assets	Non Banking Assets	Unappropriated profit			
	(Rupees in '000)										
<b>Balance as at January 01, 2020</b>	17,771,651	4,731,049	6,772,303	14,542,667	4,054,471	7,115,247	206,799	33,996,699	89,190,886	92,301	89,283,187
<b>Changes in equity for the quarter ended March 31, 2020</b>											
Profit after taxation	-	-	-	-	-	-	-	2,892,183	2,892,183	580	2,892,763
Other comprehensive income - net of tax	-	-	1,536,483	-	(746,696)	-	-	-	789,787	(2,849)	786,938
Transfer to statutory reserve	-	-	-	282,126	-	-	-	(282,126)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(9,450)	(412)	9,862	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Final cash dividend for the year ended December 31, 2019 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
<b>Balance as at March 31, 2020</b>	<b>17,771,651</b>	<b>4,731,049</b>	<b>8,308,786</b>	<b>14,824,793</b>	<b>3,307,775</b>	<b>7,105,797</b>	<b>206,387</b>	<b>33,062,288</b>	<b>89,318,526</b>	<b>90,032</b>	<b>89,408,558</b>
<b>Changes in equity for nine months ended December 31, 2020</b>											
Profit after taxation	-	-	-	-	-	-	-	7,939,947	7,939,947	10,530	7,950,477
Other comprehensive income - net of tax	-	-	(949,971)	-	(25,202)	66,620	(35,266)	(207,261)	(1,151,080)	6,875	(1,144,205)
Transfer to statutory reserve	-	-	-	765,365	-	-	-	(765,365)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(30,518)	(67,174)	97,692	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Interim cash dividend for the nine months period ended September 30, 2020 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
<b>Balance as at December 31, 2020</b>	<b>17,771,651</b>	<b>4,731,049</b>	<b>7,358,815</b>	<b>15,590,158</b>	<b>3,282,573</b>	<b>7,141,899</b>	<b>103,947</b>	<b>36,572,971</b>	<b>92,553,063</b>	<b>107,437</b>	<b>92,660,500</b>
<b>Changes in equity for the quarter ended March 31, 2021</b>											
Profit after taxation	-	-	-	-	-	-	-	3,411,481	3,411,481	10,755	3,422,236
Other comprehensive income - net of tax	-	-	(1,146,453)	-	(1,535,647)	(218,251)	(268)	-	(2,900,619)	(778)	(2,901,397)
Transfer to statutory reserve	-	-	-	347,055	-	-	-	(347,055)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(9,259)	(14)	9,273	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Final cash dividend for the year ended December 31, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
<b>Balance as at March 31, 2021</b>	<b>17,771,651</b>	<b>4,731,049</b>	<b>6,212,362</b>	<b>15,937,213</b>	<b>1,746,926</b>	<b>6,914,389</b>	<b>103,665</b>	<b>36,092,340</b>	<b>89,509,595</b>	<b>117,414</b>	<b>89,627,009</b>

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2021

	Quarter ended March 31, 2021	Quarter ended March 31, 2020
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,437,394	4,868,369
Dividend income	(132,720)	(87,056)
Share of profit from associates	(38,345)	(107,710)
	<u>5,266,329</u>	<u>4,673,603</u>
<b>Adjustments</b>		
Depreciation	1,041,971	986,241
Amortisation	105,847	114,679
Provisions and write offs - net	216,168	1,527,594
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net	33,768	(167,871)
Borrowing cost on lease liability	332,450	342,298
Workers' Welfare Fund	109,584	110,122
Gain on sale of operating fixed assets - net	(8,282)	(3,544)
Charge for defined benefit plan	54,212	42,620
Charge for Staff compensated absences	34,000	36,000
	<u>1,919,718</u>	<u>2,988,139</u>
	7,186,047	7,661,742
<b>Increase in operating assets</b>		
Lendings to financial institutions	48,338,146	8,918,849
Held for trading securities	(64,616,620)	(34,344,671)
Advances	(5,942,515)	9,551,402
Other assets (excluding advance taxation)	(682,813)	1,982,323
	<u>(22,903,802)</u>	<u>(13,892,097)</u>
<b>Increase in operating liabilities</b>		
Bills payable	279,854	(2,333,278)
Borrowings	(27,479,119)	43,159,127
Deposits	31,456,084	(27,146,555)
Other liabilities (excluding current taxation)	1,827,468	(2,095,775)
	<u>6,084,287</u>	<u>11,583,519</u>
	(9,633,468)	5,353,164
Income tax paid	(1,164,308)	(2,193,517)
<b>Net cash (used in) / generated from operating activities</b>	<u>(10,797,776)</u>	<u>3,159,647</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	42,883,752	(40,601,543)
Net investments in held-to-maturity securities	(23,746,488)	6,162,337
Dividends received	93,864	48,167
Investments in operating fixed assets	(630,090)	(866,174)
Proceed from sale proceeds of fixed assets	12,124	4,135
Effect of translation of net investment in foreign branches	(1,146,453)	1,536,483
<b>Net cash generated from / (used in) investing activities</b>	<u>17,466,709</u>	<u>(33,716,595)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of sub-ordinated debt	-	(1,000)
Payment of leased obligations	(620,619)	(504,124)
Dividend paid	(3,562,178)	(3,179)
<b>Net cash used in financing activities</b>	<u>(4,182,797)</u>	<u>(508,303)</u>
<b>Increase / (Decrease) in cash and cash equivalents</b>	<u>2,486,136</u>	<u>(31,065,251)</u>
Cash and cash equivalents at beginning of the year	121,173,582	138,476,918
Effects of exchange rate changes on cash and cash equivalents	(2,578,709)	(3,205,273)
	<u>118,594,873</u>	<u>135,271,645</u>
<b>Cash and cash equivalents at end of the period</b>	<u>121,081,009</u>	<u>104,206,394</u>

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-audited)

## For the quarter ended March 31, 2021

### 1.1 The "Group" consists of:

#### Holding Company : Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan on June 21, 1992 as a public limited company. It commenced its banking operations on November 1, 1992. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 708 branches (December 31, 2020: 706 branches) and 24 sub-branches (December 31, 2020: 24 sub-branches). Out of these, 510 (December 31, 2020: 510) are conventional, 187 (December 31, 2020: 185) are Islamic, 10 (December 31, 2020: 10) are overseas and 1 (December 31, 2020: 1) is an offshore banking unit.

#### Subsidiary

	Percentage of Holding	
	March 2021	December 2020
Alfalah CLSA Securities (Private) Limited, Pakistan Formerly: Alfalah Securities (Private) Limited	61.20%	61.20%

### 1.2 In addition the Group maintains investments in the following:

#### Associates

Alfalah Insurance Company Limited	30.00%	30.00%
Sapphire Wind Power Company Limited	30.00%	30.00%
Alfalah GHP Investment Management Limited, Pakistan	40.22%	40.22%

## 2 BASIS OF PRESENTATION

2.1 These consolidated condensed interim financial statements represent financial statements of Holding Company - Bank Alfalah Limited and its subsidiary. The assets and liabilities of subsidiary have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of subsidiaries in these consolidated condensed interim financial statements.

### 2.2 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 Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (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 the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 'Financial Instruments' has not been adopted as the Banking industry awaits guidelines from SBP.

Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements; except for overseas branches and subsidiary where such standards are applicable.

### **2.2.1 Basis of consolidation**

Subsidiary are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee.

These consolidated condensed interim financial statements incorporate the financial statements of subsidiary from the date that control commences until the date that control ceases.

Associates are those entities on which the Group has significant influence, but not control, over the financial and operating policies. Associates as well as investment in mutual funds established under trust structure (not consolidated as subsidiary) are accounted for using the equity method.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary which are not owned by the Holding Company. Material intra-group balances and transactions are eliminated.

**2.2.2** Key financial figures of the Islamic Banking branches are disclosed in note 39 to the unconsolidated condensed interim financial statements.

**2.2.3** The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 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 financial statements.

**2.3.1** IFRS 9 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. The banking industry, through PBA, has approached SBP for clarity on various aspects of IFRS 9 on banks. These condensed interim financial statements do not include the impact of IFRS 9 as detailed guidelines are awaited from SBP.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2022:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture –Amendments to IFRS 10 and IAS 28	Not yet finalized
Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.	
Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

## 3 BASIS OF MEASUREMENT

### 3.1 Accounting convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for certain fixed assets and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; held for trading, available for sale investments and derivative financial instruments which are measured at fair value; defined benefit obligations which are carried at present value and right of use of assets and related lease liability are measured at present value.

### 3.2 Functional and Presentation Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the financial statements of the Group for the year ended December 31, 2020, except as disclosed below:

### 4.1 Share Based Payment

The Bank has granted a cash award equivalent to the ordinary shares allotted to its certain employees under Phantom Shares Award. The Phantom Shares entitlement shall vest with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 1, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, Second and Third vesting dates to follow 365 calendar days from the preceding vesting date. On the first vesting date, the employees shall be entitled to cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Share Entitlement equivalent to fair market value of Bank's share on vesting date and which shall be paid within thirty (30) days from the first vesting date. Therefore, 33.33% each for the second and third year.

The Bank recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Bank re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

## 6 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 December 31, 2020.



(Un-audited)      (Audited)  
**March 31,**      **December 31,**  
**2021**              **2020**  
 -----(Rupees in '000)-----

**7 CASH AND BALANCES WITH TREASURY BANKS**

In hand		
Local currency	<b>21,044,713</b>	18,110,677
Foreign currency	<b>2,806,337</b>	3,641,949
	<b>23,851,050</b>	21,752,626
With State Bank of Pakistan in		
Local currency current account	<b>34,557,850</b>	36,654,027
Foreign currency current account	<b>5,546,302</b>	5,367,302
Foreign currency deposit account	<b>12,239,353</b>	22,810,448
	<b>52,343,505</b>	64,831,777
With other central banks in		
Foreign currency current account	<b>10,065,812</b>	8,253,771
Foreign currency deposit account	<b>647,306</b>	681,448
	<b>10,713,118</b>	8,935,219
With National Bank of Pakistan in local currency current account	<b>1,353,462</b>	3,242,753
Prize bonds	<b>297,957</b>	586,487
	<b>88,559,092</b>	<b>99,348,862</b>

**8 BALANCES WITH OTHER BANKS**

In Pakistan		
In current account	<b>25,465</b>	87,328
In deposit account	<b>44,441</b>	53,455
	<b>69,906</b>	140,783
Outside Pakistan		
In current account	<b>11,881,860</b>	5,642,659
In deposit account	<b>563,216</b>	590,030
	<b>12,445,076</b>	6,232,689
	<b>12,514,982</b>	<b>6,373,472</b>

**9 LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings	<b>21,060,948</b>	22,064,585
Repurchase agreement lendings (Reverse Repo)	<b>12,077,412</b>	51,747,865
Bai Muajjal receivable with other financial institutions	<b>2,484,574</b>	3,493,085
	<b>35,622,934</b>	77,305,535
Less: expected credit loss - overseas branches	<b>(10,955)</b>	-
Lending to Financial Institutions - net of provision	<b>35,611,979</b>	<b>77,305,535</b>

## 10 INVESTMENTS

Note

## 10.1 Investments by type:

	March 31, 2021 (Un-audited)				December 31, 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) -----								
<b>Held-for-trading securities</b>								
Federal Government Securities								
Market Treasury Bills	128,742,244	-	(23,027)	128,719,217	56,821,307	-	(9,388)	56,811,919
Pakistan Investment Bonds	2,560,216	-	9,185	2,569,401	7,510,169	-	30,229	7,540,398
Government of Pakistan Sukuks	604,095	-	(1,695)	602,400	-	-	-	-
Shares								
Ordinary shares / units - Listed	1,187,899	-	(55,757)	1,132,142	481,473	-	14,249	495,722
Foreign Securities								
Overseas Bonds - Sovereign	2,569,141	-	37,526	2,606,667	6,142,136	-	56,800	6,198,936
	135,663,595	-	(33,768)	135,629,827	70,955,085	-	91,890	71,046,975
<b>Available-for-sale securities</b>								
Federal Government Securities								
Market Treasury Bills	89,516,811	-	(81,489)	89,435,322	145,099,588	-	102,559	145,202,147
Pakistan Investment Bonds	186,322,723	-	617,039	186,939,762	187,006,839	-	2,381,275	189,388,114
Government of Pakistan Sukuks	25,868,741	-	40,769	25,909,510	24,322,881	-	(439)	24,322,442
Government of Pakistan Euro Bonds	1,825,888	-	164,621	1,990,509	1,956,045	-	147,772	2,103,817
Naya Pakistan Certificates	953,179	-	-	953,179	466,435	-	-	466,435
Shares								
Ordinary shares - Listed	5,268,456	(382,013)	1,915,198	6,801,641	3,401,744	(423,497)	2,326,352	5,304,599
Ordinary shares - Unlisted	1,179,051	(55,725)	-	1,123,326	1,201,285	(59,661)	-	1,141,624
Preference Shares - Listed	108,835	(108,835)	-	-	108,835	(108,835)	-	-
Preference Shares - Unlisted	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
Term Finance Certificates	1,596,900	(452,530)	(12,507)	1,131,863	1,596,910	(452,530)	(11,209)	1,133,171
Sukuks	18,244,274	(96,511)	126,456	18,274,219	18,250,653	(96,511)	113,865	18,268,007
Foreign Securities								
Overseas Bonds - Sovereign	19,307,099	-	326,348	19,633,447	16,552,071	-	813,215	17,365,286
Overseas Bonds - Others	24,315,502	-	602,378	24,917,880	17,326,311	-	716,255	18,042,566
Redeemable Participating Certificates	2,799,125	-	-	2,799,125	2,904,675	-	-	2,904,675
	377,331,584	(1,120,614)	3,698,813	379,909,783	420,219,272	(1,166,034)	6,589,645	425,642,883
<b>Held-to-maturity securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	47,952,663	-	-	47,952,663	20,003,717	-	-	20,003,717
Other Federal Government Securities	7,216,366	-	-	7,216,366	7,216,366	-	-	7,216,366
Non Government Debt Securities								
Term Finance Certificates	381,347	(24,680)	-	356,667	398,013	(24,680)	-	373,333
Sukuks	1,622,392	(80,722)	-	1,541,670	1,136,216	(94,545)	-	1,041,671
Foreign Securities								
Overseas Bonds - Sovereign	14,992,466	-	-	14,992,466	19,629,502	-	-	19,629,502
Overseas Bonds - Others	763,424	-	-	763,424	798,356	-	-	798,356
	72,928,658	(105,402)	-	72,823,256	49,182,170	(119,225)	-	49,062,945
<b>Associates (valued at equity method)</b>								
Alfalah Insurance Company Limited	504,053	-	-	504,053	492,334	-	-	492,334
Sapphire Wind Power Company Limited	2,716,409	-	-	2,716,409	2,716,955	-	-	2,716,955
Alfalah GHP Investment Management Limited	479,784	-	-	479,784	465,755	-	-	465,755
	3,700,246	-	-	3,700,246	3,675,044	-	-	3,675,044
General provision and expected credit loss- Overseas operations	-	(66,687)	-	(66,687)	-	(69,294)	-	(69,294)
<b>Total Investments</b>	<b>589,624,083</b>	<b>(1,292,703)</b>	<b>3,665,045</b>	<b>591,996,425</b>	<b>544,031,571</b>	<b>(1,354,553)</b>	<b>6,681,535</b>	<b>549,358,553</b>

10.1.1 The adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these consolidated condensed interim financial statements.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>10.2 Investments given as collateral</b>		
Market Treasury Bills	43,976,649	99,091,373
Pakistan Investment Bonds	127,833,329	82,733,120
	171,809,978	181,824,493

Market value of securities given as collateral is Rs. 170,767.500 million (December 31, 2020: Rs. 181,215.233 million).

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>10.3 Provision for diminution in value of investments</b>		
<b>10.3.1</b> Opening balance	1,354,553	2,402,454
Exchange and other adjustments	(3,293)	495
Charge / reversals		
Charge for the period / year	13,484	1,042,001
Reversals for the period / year	(13,823)	(26,352)
Reversal on disposals	(54,282)	(1,564,459)
	(54,621)	(548,810)
Written off	(3,936)	(499,586)
Closing Balance	1,292,703	1,354,553

### 10.3.2 Particulars of provision against debt securities

Category of classification	March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPI	Provision	NPI	Provision
Domestic	----- (Rupees in '000) -----			
Loss	654,443	654,443	668,266	668,266
Overseas	-	-	-	-
<b>Total</b>	654,443	654,443	668,266	668,266

**10.3.3** The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 73,799.152 million (December 31, 2020: Rs. 50,506.972 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	456,443,300	458,637,062	20,480,521	20,822,483	476,923,821	479,459,545
Islamic financing and related assets	107,522,776	101,747,490	3,809,889	3,927,311	111,332,665	105,674,801
Bills discounted and purchased	17,518,877	14,657,071	1,065,435	1,111,055	18,584,312	15,768,126
Advances - gross	581,484,953	575,041,623	25,355,845	25,860,849	606,840,798	600,902,472
Provision against advances						
- Specific	11.4	-	(18,538,983)	(18,318,525)	(18,538,983)	(18,318,525)
- General	11.4	(5,295,998)	-	-	(5,295,998)	(5,266,171)
		(5,295,998)	(18,538,983)	(18,318,525)	(23,834,981)	(23,584,696)
Advances - net of provision	576,188,955	569,775,452	6,816,862	7,542,324	583,005,817	577,317,776

11.1 Advances include an amount of Rs. 127.621 million (December 31, 2020: Rs. 137.815 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 9.46% to 24.42% (December 31, 2020: 9.46% to 24.42%) with maturities up to December 2039 (December 31, 2020: December 2039).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
------(Rupees in '000)-----		
In local currency	568,222,625	559,358,878
In foreign currencies	38,618,173	41,543,594
	<u>606,840,798</u>	<u>600,902,472</u>

11.3 Advances include Rs. 25,355.845 million (December 31, 2020: Rs. 25,860.849 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non- Performing Loans	Provision	Non- Performing Loans	Provision
------(Rupees in '000)-----				
<b>Domestic</b>				
Other Assets Especially Mentioned	105,072	3,506	65,346	2,455
Substandard	3,071,785	774,495	3,576,300	885,085
Doubtful	7,368,574	3,180,281	7,895,994	3,332,683
Loss	14,287,436	14,163,892	13,770,907	13,657,279
	24,832,867	18,122,174	25,308,547	17,877,502
<b>Overseas</b>				
Not past due but impaired				
> 365 days	522,978	416,809	552,302	441,023
Total	25,355,845	18,538,983	25,860,849	18,318,525

**11.4 Particulars of provision against advances**

Note	March 31, 2021(Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	18,318,525	5,266,171	23,584,696	17,741,685	994,584	18,736,269
Exchange and other adjustments	(20,162)	(8,355)	(28,517)	15,076	2,408	17,484
Charge for the period / year	752,194	38,182	790,376	5,939,978	4,269,179	10,209,157
Reversals for the period / year	(433,752)	-	(433,752)	(2,037,607)	-	(2,037,607)
	318,442	38,182	356,624	3,902,371	4,269,179	8,171,550
Amounts written off	(77,822)	-	(77,822)	(521,114)	-	(521,114)
Amounts charged off - agriculture financing	-	-	-	(35,051)	-	(35,051)
Amounts charged off - balance sheet cleaning	-	-	-	(2,784,442)	-	(2,784,442)
	(77,822)	-	(77,822)	(3,340,607)	-	(3,340,607)
Closing balance	18,538,983	5,295,998	23,834,981	18,318,525	5,266,171	23,584,696

**11.4.1** The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at March 31, 2021 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 64.965 million (December 31, 2020: Rs. 72.557 million).

**11.4.2** During the period, non performing loans and provisions were reduced by nil (December 31, 2020: Rs. 1,049.600 million) due to debt property swap transactions.

**11.4.3** General provision includes:

(i) Provision held in accordance with SBP's prudential regulations against:

- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans and 0.5% of house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;

- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;

- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operates; and

(iii) Provision of Rs. 4,250.000 million (December 31, 2020: Rs. 4,250.000 million) representing Covid 19 general loan loss reserve which approximates to 2.76% of restructured customers.

**11.4.4** Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	------(Rupees in '000)-----	
<b>12 FIXED ASSETS</b>		
Capital work-in-progress	711,261	748,769
Property and equipment	20,789,609	20,694,822
Right-of-use assets	9,501,204	9,551,202
	<b>31,002,074</b>	<b>30,994,793</b>
<b>12.1 Capital work-in-progress</b>		
Civil works	469,085	416,527
Equipment	222,365	301,903
Others	19,811	30,339
	<b>711,261</b>	<b>748,769</b>

**12.2** It includes lands and buildings carried at revalued amount of Rs. 14,223.460 million (December 31, 2020: Rs. 14,226.590 million).

(Un-audited) Quarter ended	
March 31, 2021	March 31, 2020
----- (Rupees in '000) -----	

### 12.3 Additions to fixed assets

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

Capital work-in-progress - net of transferred out for capitalisation	(37,508)	82,986
Property and equipment		
Building on Freehold land	26,247	16,913
Building on Leasehold land	12,184	12,082
Lease hold improvement	79,540	97,817
Furniture and fixture	28,212	22,643
Office equipment	469,759	471,914
	615,942	621,369
Total additions to fixed assets	578,434	704,355

### 12.4 Disposal of fixed assets

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

Leasehold improvements	1,414	-
Furniture and fixture	745	-
Office equipment	1,683	591
Total disposal of fixed assets	3,842	591

(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	

### 13 INTANGIBLE ASSETS

Capital work-in-progress / Advance payment to suppliers	315,860	268,225
Software	914,431	1,016,313
Membership Card	3,125	3,196
	1,233,416	1,287,734

(Un-audited) Quarter ended	
March 31, 2021	March 31, 2020
----- (Rupees in '000) -----	

### 13.1 Additions to intangible assets

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

Capital work-in-progress - net of transferred out for capitalisation	47,635	94,922
Directly purchased	4,021	66,897
Total additions to intangible assets	51,656	161,819

13.2 There were no disposals during the periods ended March 31, 2021 and March 31, 2020.

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
------(Rupees in '000)-----			
<b>14 OTHER ASSETS</b>			
Income/ Mark-up accrued in local currency - net of provision		18,494,095	17,857,094
Income/ Mark-up accrued in foreign currency - net of provision		1,159,736	1,171,478
Advances, deposits, advance rent and other prepayments		2,498,457	1,846,113
Advance against subscription of share		32,312	32,312
Non-banking assets acquired in satisfaction of claims	14.1	1,444,910	1,445,960
Dividend receivable		41,239	2,383
Mark to market gain on forward foreign exchange contracts		2,893,877	1,319,187
Stationery and stamps on hand		26,338	28,390
Defined benefit plan		638,187	692,399
Due from card issuing banks		649,630	995,590
Accounts receivable		2,443,809	2,347,314
Receivable against fraud and forgeries		84,363	85,246
Acceptances		14,459,281	14,414,532
Receivable against DSC/SSC and overseas government securities		878,460	806,885
Receivable against tradeable market securities		1,088,505	2,416,928
Others		725,933	918,661
		<u>47,559,132</u>	<u>46,380,472</u>
Less: Provision held against other assets	14.2	<u>(788,240)</u>	<u>(797,976)</u>
Other assets (net of provision)		46,770,892	45,582,496
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	105,159	105,182
		<u>46,876,051</u>	<u>45,687,678</u>

**14.1** The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,543.254 million (December 31, 2020: Rs. 1,544.327 million).

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
------(Rupees in '000)-----		
<b>14.2 Provision held against other assets</b>		
Advances, deposits, advance rent & other prepayments	781,425	791,161
Non banking assets acquired in satisfaction of claims	6,815	6,815
	<u>788,240</u>	<u>797,976</u>

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

Opening balance	797,976	769,355
Charge for the period / year	2,083	35,298
Reversals for the period / year	(3,124)	(3,108)
	(1,041)	32,190
Amount Written off	(5,207)	(4,813)
Exchange and other adjustments	(3,488)	1,244
Closing balance	<u>788,240</u>	<u>797,976</u>

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	------(Rupees in '000)-----	
<b>15</b>	<b>BILLS PAYABLE</b>	
In Pakistan	22,636,769	22,226,918
Outside Pakistan	214,207	344,204
	<u>22,850,976</u>	<u>22,571,122</u>
<b>16</b>	<b>BORROWINGS</b>	
	<b>Secured</b>	
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	44,355,405	45,178,774
Long-Term Finance Facility	25,024,489	24,532,476
Financing Facility for Renewable Energy Projects	4,620,425	4,551,837
Financing Facility for Storage of Agriculture Produce (FFSAP)	498,483	490,748
Refinance For Wages & Salaries	25,848,626	29,170,716
Temporary Economic Refinance Facility	3,737,723	1,054,162
Others refinance schemes	640,035	527,718
Repurchase Agreement Borrowings	79,169,011	93,965,252
	<u>183,894,197</u>	<u>199,471,683</u>
Repurchase agreement borrowings	43,976,649	42,126,121
Bai Muajjal	36,720,657	35,250,474
Medium Term Note	11,000,000	9,000,000
Others	33,885	94,631
<b>Total secured</b>	<u>275,625,388</u>	<u>285,942,909</u>
	<b>Unsecured</b>	
Call borrowings	3,141,379	14,032,513
Overdrawn nostro accounts	1,054,013	1,532,864
Bai Muajjal	3,790,876	8,766,071
Others		
- Pakistan Mortgage Refinance Company	1,369,291	1,388,140
- Karandaaz Risk Participation	2,014,278	650,087
- Other financial institutions	101,622	2,742,233
<b>Total unsecured</b>	<u>11,471,459</u>	<u>29,111,908</u>
	<u>287,096,847</u>	<u>315,054,817</u>

**17 DEPOSITS AND OTHER ACCOUNTS**

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	------(Rupees in '000)-----					
<b>Customers</b>						
Current deposits	339,810,874	72,555,591	412,366,465	318,869,466	72,526,675	391,396,141
Savings deposits	238,075,021	27,490,362	265,565,383	236,071,010	29,757,610	265,828,620
Term deposits	125,703,935	47,723,919	173,427,854	114,847,092	51,044,885	165,891,977
Others	12,591,216	3,291,188	15,882,404	13,882,444	2,977,270	16,859,714
	<u>716,181,046</u>	<u>151,061,060</u>	<u>867,242,106</u>	<u>683,670,012</u>	<u>156,306,440</u>	<u>839,976,452</u>
<b>Financial Institutions</b>						
Current deposits	2,681,646	2,823,415	5,505,061	2,046,064	1,078,065	3,124,129
Savings deposits	30,582,060	181,381	30,763,441	26,590,246	197,558	26,787,804
Term deposits	4,005,366	3,950,206	7,955,572	8,803,246	1,161,129	9,964,375
Others	1,736,791	3,275	1,740,066	1,817,607	79,795	1,897,402
	<u>39,005,863</u>	<u>6,958,277</u>	<u>45,964,140</u>	<u>39,257,163</u>	<u>2,516,547</u>	<u>41,773,710</u>
	<u>755,186,909</u>	<u>158,019,337</u>	<u>913,206,246</u>	<u>722,927,175</u>	<u>158,822,987</u>	<u>881,750,162</u>



(Un-audited) (Audited)  
 March 31, December 31,  
 2021 2020  
 -----(Rupees in '000)-----

**18 SUBORDINATED DEBT**

**Term Finance Certificates - Additional Tier-I - Quoted, Unsecured**

Issue amount	Rs. 7,000,000,000	<b>7,000,000</b>	7,000,000
Issue date	March 2018		
Maturity date	Perpetual.		
Rating	"AA-" (double A minus) by JCR-VIS Credit Rating Company Limited.		
Security	Unsecured.		
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.		
Profit payment frequency	Payable semi-annually in arrears.		
Redemption	Perpetual.		
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. (Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.		
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by SBP from time to time.		
Loss absorbency clause	In conformity with SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the point of non-viability Trigger Event ; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.		
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP.		
		<b><u>7,000,000</u></b>	<b><u>7,000,000</u></b>

**19 DEFERRED TAX LIABILITIES**

Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	------(Rupees in '000)-----	
Deductible Temporary Differences on:		
- Provision against investments	(500,492)	(444,440)
- Provision against advances	(3,275,534)	(3,056,275)
- Provision against other assets	(394,443)	(354,366)
- Provision against lending to financial institutions	(4,366)	-
- Unrealised loss on revaluation of held for trading investments	(13,023)	-
	<b>(4,187,858)</b>	<b>(3,855,081)</b>
Taxable Temporary Differences on:		
- Surplus on revaluation of fixed assets and non banking assets	1,491,244	1,278,656
- Unrealised gain on revaluation of held for trading investments	-	31,461
- Surplus on revaluation of available for sale investments	1,438,360	2,303,001
- Share of profit and other comprehensive income from associates	983,830	874,103
- Accelerated tax depreciation	1,739,392	1,603,114
	<b>5,652,826</b>	<b>6,090,335</b>
	<b>1,464,968</b>	<b>2,235,254</b>

**20 OTHER LIABILITIES**

Mark-up/ Return/ Interest payable in local currency	3,956,753	4,111,339
Mark-up/ Return/ Interest payable in foreign currency	484,900	534,341
Unearned fee commission and income on bills discounted and guarantees	1,177,423	962,482
Accrued expenses	5,421,169	5,795,511
Current taxation	10,530,751	9,577,044
Acceptances	14,459,281	14,414,532
Dividends payable	127,497	135,345
Mark to market loss on forward foreign exchange contracts	3,468,894	2,146,281
Mark to market loss on derivatives	419,157	921,919
Branch adjustment account	188,385	310,518
ADC settlement accounts	2,885,534	1,516,463
Provision for Compensated absences	645,106	611,106
Payable against redemption of customer loyalty / reward points	424,367	413,874
Charity payable	7,707	8,375
Provision against off-balance sheet obligations	108,702	127,428
Security deposits against leases, lockers and others	9,066,544	8,581,281
Worker's Welfare Fund	2,082,604	1,973,020
Payable to vendors and suppliers	899,730	846,433
Payable against tradeable market securities	197,943	186,163
Indirect Taxes Payable	1,027,806	1,144,088
Lease Liabilities	10,661,887	10,463,042
Others	1,311,650	1,621,963
	<b>69,553,790</b>	<b>66,402,548</b>

**20.1 Provision against off-balance sheet obligations**

Opening balance	127,428	129,249
Exchange and other adjustments	(4,370)	3,910
Reversals for the period / year	(14,356)	(5,731)
Closing balance	<b>108,702</b>	<b>127,428</b>

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
<b>21</b>	<b>SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of:			
- Available for sale securities	10.1	3,698,813	6,589,645
- Available for sale securities of associates		(1,177)	11,966
- Fixed Assets		8,404,139	8,419,320
- Non-banking assets acquired in satisfaction of claims		105,159	105,182
		<b>12,206,934</b>	<b>15,126,113</b>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		1,438,360	2,301,926
- Available for sale securities of associates		(459)	4,188
- Fixed Assets		1,489,750	1,277,421
- Non-banking assets acquired in satisfaction of claims		1,494	1,235
		<b>2,929,145</b>	<b>3,584,770</b>
Derivatives		(512,678)	(1,012,015)
Surplus on revaluation of available for sale securities attributable to non controlling interest		(131)	(909)
		<b>8,764,980</b>	<b>10,528,419</b>
<b>22</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
-Guarantees	22.1	71,674,199	69,451,917
-Commitments	22.2	406,461,670	380,590,829
-Other contingent liabilities	22.3.1	8,663,385	12,274,585
		<b>486,799,254</b>	<b>462,317,331</b>
<b>22.1</b>	<b>Guarantees:</b>		
Financial guarantees		152,748	507,942
Performance guarantees		37,796,705	36,636,998
Other guarantees		33,724,746	32,306,977
		<b>71,674,199</b>	<b>69,451,917</b>
<b>22.2</b>	<b>Commitments:</b>		
Documentary credits and short-term trade-related transactions			
- Letters of credit		152,366,311	125,526,205
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	164,310,035	184,793,857
- forward government securities transactions	22.2.2	28,422,882	12,239,653
- derivatives	22.2.3	21,172,342	18,317,022
- forward lending	22.2.4	38,612,027	38,125,107
Commitments for acquisition of:			
- operating fixed assets		715,270	895,707
- intangible assets		412,803	243,278
Other commitments	22.2.5	450,000	450,000
		<b>406,461,670</b>	<b>380,590,829</b>

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
<b>22.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	91,791,239	106,574,908
	Sale	72,518,796	78,218,949
		<u>164,310,035</u>	<u>184,793,857</u>
<b>22.2.2</b>	<b>Commitments in respect of forward government securities transactions</b>		
	Purchase	23,874,497	1,378,869
	Sale	4,548,385	10,860,784
		<u>28,422,882</u>	<u>12,239,653</u>
<b>22.2.3</b>	<b>Commitments in respect of derivatives (Interest Rate Swaps)</b>		
	Purchase	21,172,342	18,317,022
	Sale	-	-
		<u>21,172,342</u>	<u>18,317,022</u>
<b>22.2.4</b>	<b>Commitments in respect of forward lending</b>		
	Undrawn formal standby facilities, credit lines and other commitments to lend	33,370,016	32,818,826
	Commitments in respect of investments	5,242,011	5,306,281
		<u>38,612,027</u>	<u>38,125,107</u>

**22.2.4.1** 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.

#### 22.2.5 Other Commitments

A commercial bank on behalf of Alfalah CLSA Securities (Private) Limited, Pakistan has given a guarantee of Rs. 450 million (2020: 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the subsidiary.

#### 22.3 Other contingent liabilities

**22.3.1** Claims against the Bank not acknowledged as debts 8,663,385 12,274,585

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by Ex. employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

#### 22.4 Contingency for tax payable

There were no tax related contingencies other than as disclosed in note 33.1.

### 23 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

#### 23.1 Product Analysis

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Interest Rate Swaps			Interest Rate Swaps		
	No. of contracts	Notional Principal	Mark to market gain / (loss) (Rupees in '000)	No. of contracts	Notional Principal	Mark to market gain / (loss)
<b>With Banks for Hedging</b>	37	21,172,342	(419,157)	31	18,317,022	(921,919)
	<u>37</u>	<u>21,172,342</u>	<u>(419,157)</u>	<u>31</u>	<u>18,317,022</u>	<u>(921,919)</u>

	Note	(Un-audited)	
		Quarter ended	
		March 31, 2021	March 31, 2020
		----- (Rupees in '000) -----	
<b>24</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On:		
	a) Loans and advances	10,644,830	15,752,628
	b) Investments	9,996,824	7,884,090
	c) Lendings to financial institutions	482,834	1,373,447
	d) Balances with banks / financial institutions	8,435	27,515
	e) Securities purchased under resale agreements / Bai Muajjal	256,384	870,236
		<u>21,389,307</u>	<u>25,907,916</u>
<b>25</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	On:		
	a) Deposits	6,266,663	10,646,763
	b) Borrowings	1,645,587	915,780
	c) Securities sold under repurchase agreements	2,224,535	262,416
	d) Subordinated debt	152,385	455,492
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	411,467	1,482,674
	f) Borrowing cost on leased properties	332,450	342,298
	g) Reward points	31,085	22,574
		<u>11,064,172</u>	<u>14,127,997</u>
<b>26</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	260,895	285,000
	Consumer finance related fees	89,062	61,815
	Card related fees (debit and credit cards)	329,479	203,992
	Credit related fees	67,977	48,958
	Investment banking fees	44,625	54,752
	Commission on trade	408,274	362,523
	Commission on guarantees	82,931	73,499
	Commission on cash management	10,939	12,355
	Commission on remittances including home remittances	196,224	85,971
	Commission on bancassurance	102,555	144,497
	Card acquiring business	119,215	77,038
	Wealth Management Fee	18,251	21,903
	Commission on Employees' Old-Age Benefit Institution (EOBI)	9,625	28,364
	Commission on Benazir Income Support Programme (BISP)	3,021	50,564
	Alternate Delivery Channel (ADC)	96,907	125,350
	Brokerage/Commission income	83,435	44,838
	Others	19,980	16,390
		<u>1,943,395</u>	<u>1,697,809</u>
<b>27</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised	27.1	1,128,159
	Unrealised - held for trading	10.1	(33,768)
			<u>1,094,391</u>
<b>27.1</b>	<b>Realised gain/(loss) on:</b>		
	Federal Government Securities	471,381	182,953
	Shares	159,182	(399,447)
	Non Government Debt Securities	11,134	-
	Foreign Securities	486,462	1,139
		<u>1,128,159</u>	<u>(215,355)</u>
<b>28</b>	<b>OTHER INCOME</b>		
	Rent on property	6,281	5,861
	Gain on sale of fixed assets-net	8,282	3,544
	Profit on termination of leased contracts (Ijarah)	19,190	12,415
	Gain on termination of leases	4,374	-
	Others	-	246
		<u>38,127</u>	<u>22,066</u>

29	OPERATING EXPENSES	Note	(Un-audited)	
			Quarter ended	
			March 31, 2021	March 31, 2020
		----- (Rupees in '000) -----		
	<b>Total compensation expense</b>	29.1	<b>4,108,901</b>	3,823,285
	<b>Property expense</b>			
	Rent and taxes		21,903	21,551
	Utilities cost		250,607	212,652
	Security (including guards)		194,814	197,295
	Repair and maintenance (including janitorial charges)		177,351	155,275
	Depreciation on right-of-use assets		537,012	516,389
	Depreciation on non-banking assets acquired in satisfaction of claims		1,073	1,725
	Depreciation on owned assets		121,456	143,451
			<b>1,304,216</b>	1,248,338
	<b>Information technology expenses</b>			
	Software maintenance		315,220	367,670
	Hardware maintenance		171,563	148,059
	Depreciation		133,752	98,802
	Amortisation		105,847	114,679
	Network charges		161,643	93,444
			<b>888,025</b>	822,654
	<b>Other operating expenses</b>			
	Directors' fees and allowances		50,046	74,679
	Fees and allowances to Shariah Board		2,360	2,340
	Legal and professional charges		32,334	76,426
	Outsourced services costs		203,280	248,240
	Travelling and conveyance		106,966	132,709
	Clearing and custodian charges		31,838	28,384
	Depreciation		249,751	227,599
	Training and development		33,584	24,487
	Postage and courier charges		93,240	65,887
	Communication		114,921	97,990
	Stationery and printing		185,707	171,469
	Marketing, advertisement and publicity		156,079	266,812
	Donations		500	-
	Auditors Remuneration		17,757	14,008
	Brokerage and Commission		69,969	45,374
	Entertainment		67,766	62,214
	Repairs and maintenance		127,277	102,243
	Insurance		265,693	238,438
	Cash Handling Charges		222,876	153,194
	CNIC Verification		36,614	22,459
	Others		139,841	145,037
			<b>2,208,399</b>	2,199,989
			<b>8,509,541</b>	8,094,266
<b>29.1</b>	<b>Total compensation expense</b>			
	Managerial Remuneration			
	i) Fixed		3,054,277	2,725,462
	ii) Variable:			
	a) Cash Bonus / Awards etc.		500,768	497,347
	b) Bonus and Awards in Shares etc.		39,500	-
	Charge for defined benefit plan		54,212	42,620
	Contribution to defined contribution Plan		122,050	118,811
	Medical		175,255	136,433
	Conveyance		68,927	64,886
	Staff compensated absences		34,000	36,000
	Others		33,120	27,953
	<b>Sub-total</b>		<b>4,082,109</b>	3,649,512
	Sign-on Bonus		26,652	7,650
	Severance Allowance		140	166,123
	<b>Grand Total</b>		<b>4,108,901</b>	3,823,285

### 30 WORKERS WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through Finance Act, 2008 for the levy of Workers Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the amount charged for Workers Welfare Fund since 2008 has not been reversed.

	Note	(Un-audited)	
		March 31, 2021	March 31, 2020
------(Rupees in '000)-----			
<b>31 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		5,837	40,824
Penalties imposed by other regulatory bodies		698	266
		<u>6,535</u>	<u>41,090</u>

### 32 PROVISIONS & WRITE OFFS - NET

Provision / (reversal) against lending to financial institutions		11,196	(2,812)
(Reversal) / provision for diminution in value of investments	10.3.1	(54,621)	710,648
Provision against loans & advances	11.4	356,624	866,191
(Reversal) / provision against other assets	14.3	(1,041)	11,871
Reversal against off-balance sheet obligations	20.1	(14,356)	(19,249)
Other provisions / write off - net		20,516	9,406
Recovery of written off / charged off bad debts		(102,150)	(48,461)
		<u>216,168</u>	<u>1,527,594</u>

### 33 TAXATION

Current		2,135,752	2,146,059
Prior years		-	(46,772)
Deferred		(120,594)	(123,681)
		<u>2,015,158</u>	<u>1,975,606</u>

- 33.1 a) The income tax assessments of the Bank have been finalized upto and including tax year 2020. Matters of disagreement exist between the Bank and tax authorities for various assessment years and are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Honourable Supreme Court of Pakistan. These issues mainly relate to addition of mark up in suspense to income, taxability of profit on government securities, bad debts written off and disallowances relating to profit and loss expenses.

In respect of tax years 2008, 2014, 2017 and 2019, the tax authorities have raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements resulting in additional demand of Rs. 667.746 million(December 31, 2020: Rs. 667.746 million). As a result of appeal filed before Commissioner Appeals against these issues, relief has been provided for tax amount of Rs. 184.218 million appeal effect orders are pending. Bank has filed appeals on these issues which are pending before Commissioner Appeals and Appellate Tribunal. The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

- b) The Bank has received orders from a provincial tax authority wherein tax authority demanded sales tax on banking services and penalty amounting to Rs.488.211 million (December 31, 2020: Rs.488.211 million) excluding default surcharge by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax covering period from July 2011 to June 2014. Bank's appeals against these orders are currently pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in Bank's favour through appellate process.
- c) The Bank has received an order from a tax authority wherein Sales tax and Further Tax amounting to Rs.8.601 million [excluding default surcharge and penalty] is demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016. The Bank is in process of filing an appeal against this order in consultation with Tax Consultant. The Bank has not made any provision against this order and the management is of the view that this matter will be favorably settled through appellate process.

### 34 BASIC AND DILUTED EARNINGS PER SHARE

	(Un-audited)	
	March 31, 2021	March 31, 2020
	------(Rupees in '000)-----	
Profit for the period attributable to equity holders of the Bank	<u>3,411,481</u>	<u>2,892,183</u>
	------(Number of shares in '000)-----	
Weighted average number of ordinary shares	<u>1,777,165</u>	<u>1,777,165</u>
	------(Rupees)-----	
Basic earnings per share	<u>1.92</u>	<u>1.63</u>



## 35 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. 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, other than investments in associates and subsidiaries, 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. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

### 35.1 Fair value of financial instruments

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	March 31, 2021 (Un-audited)			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	437,119,300	-	437,119,300
Shares	7,933,783	-	-	7,933,783
Non-Government Debt Securities	-	19,406,082	-	19,406,082
Foreign Securities	-	49,957,119	-	49,957,119
<b>Financial assets - not measured at fair value</b>				
Investment - held to maturity securities	-	73,799,152	-	73,799,152
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	2,893,877	-	2,893,877
Forward sale of foreign exchange	-	(3,468,894)	-	(3,468,894)
Derivatives purchases	-	(419,157)	-	(419,157)
	----- (Rupees in '000) -----			
	December 31, 2020 (Audited)			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	425,835,272	-	425,835,272
Shares	5,800,321	-	-	5,800,321
Non-Government Debt Securities	12,072,000	7,329,178	-	19,401,178
Foreign Securities	-	44,511,463	-	44,511,463
<b>Financial assets - not measured at fair value</b>				
Investment - held to maturity securities	-	50,506,972	-	50,506,972
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	1,319,187	-	1,319,187
Forward sale of foreign exchange	-	(2,146,281)	-	(2,146,281)
Derivatives purchases	-	(921,919)	-	(921,919)

**35.2** Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 14. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan.

**35.3** The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current period.

**35.4 Valuation techniques used in determination of fair values:**

**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and Non government debt securities.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas and Euro Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts and interest rate swaps.

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

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.

<b>Item</b>	<b>Valuation approach and input used</b>
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the State Bank of Pakistan.
Interest rate swaps	The fair value of interest rate swaps and futures is determined using prices and curves through Bloomberg.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs) and Sukuk other than Government	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Operating fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations can not be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

36 SEGMENT INFORMATION

36.1 Segment details with respect to Business Activities

For the quarter ended March 31, 2021 (Un-audited)									
	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
<b>Profit &amp; Loss</b>									
Net mark-up/return/profit	(984,389)	3,521,283	1,916,466	5,276,541	(7,634)	708,021	(1,388)	(103,765)	10,325,135
Net segment revenue - net	6,374,241	(1,992,020)	(53,899)	(4,475,775)	99,898	80,836	-	(33,281)	-
Non mark-up/return/interest income	1,046,118	531,345	266,952	1,068,279	351,63	748,456	89,532	169,242	3,954,087
Total Income	6,435,970	2,060,608	2,129,519	1,869,045	127,427	1,537,313	87,144	32,196	14,279,222
Segment direct expenses	3,587,516	254,785	1,088,620	120,064	319,560	488,851	57,718	2,708,546	8,625,660
Inter segment expense allocation	1,730,287	244,739	431,795	66,079	178,797	59,778	-	(2,711,475)	-
Total expenses	5,317,803	499,524	1,520,415	186,143	498,357	548,629	57,718	(2,929)	8,625,660
Provisions / (Reversals)	(59,713)	377,415	(25,041)	(41,484)	640	(32,429)	-	(3,220)	216,168
Profit / (loss) before tax	1,177,880	1,183,669	634,145	1,724,386	(371,570)	1,021,113	29,426	38,345	5,437,394
	As at March 31, 2021 (Un-audited)								
	(Rupees in '000)							Others*	Total
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
<b>Balance Sheet</b>									
Cash & Bank balances	50,151,538	12,194,327	13,759,086	4,692,058	425,575	19,772,584	78,906	-	101,074,074
Investments	1,534,112	1,051,093	49,165,634	478,370,411	-	58,809,050	25,823	3,040,302	591,996,425
Net inter segment lending	379,648,331	-	-	-	6,989,460	-	-	87,585,734	474,223,525
Lendings to financial institutions	-	-	12,154,635	12,841,205	-	10,616,139	-	-	35,611,979
Advances - performing	151,394,803	291,395,487	107,437,308	-	32,377	19,593,095	2,404	6,334,719	576,190,224
Advances - non-performing	1,036,785	4,135,372	1,512,859	-	1,067	102,566	(1,269)	28,213	6,815,593
Others	23,496,912	12,000,419	18,181,316	7,324,562	1,298,389	3,427,262	443,790	12,938,891	79,111,541
<b>Total Assets</b>	607,762,481	320,776,698	202,210,838	503,228,267	8,746,868	112,320,696	549,654	109,927,859	1,865,023,361
Borrowings	23,367,604	67,127,863	17,421,164	175,973,408	-	3,172,923	33,885	-	287,096,847
Subordinated debt	-	-	-	-	-	-	-	7,000,000	7,000,000
Deposits & other accounts	562,517,222	128,396,178	146,631,981	-	8,555,446	67,105,419	-	-	913,206,246
Net inter segment borrowing	-	103,838,443	10,250,453	321,648,882	-	38,485,747	-	-	474,223,525
Others	20,149,588	21,414,214	26,322,218	3,511,773	191,422	3,996,293	213,190	18,671,036	93,869,734
<b>Total Liabilities</b>	606,034,414	320,776,698	200,625,816	501,134,063	8,746,868	112,160,382	247,075	25,671,036	1,775,396,352
<b>Net Assets</b>	1,228,067	-	1,585,022	2,094,204	-	160,314	302,579	84,256,823	89,627,009
<b>Equity</b>									
Contingencies & Commitments	66,898,591	139,012,629	61,958,729	157,695,322	12,546	59,963,970	450,000	807,467	486,799,254

\* Others include head office related activities.

For the quarter ended March 31, 2020 (Un-audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokersage	Others*	Total
<b>Profit &amp; Loss</b>									
Net mark-up/return/profit	(2,470,423)	5,805,162	2,477,466	5,646,815	(2,052)	737,858	(888)	(414,019)	11,779,919
Inter segment revenue - net	9,266,723	(41,144,350)	(101,604)	(5,770,260)	167,869	219,425	-	362,197	-
Non mark-up/return/interest income	907,260	383,668	332,012	873,052	82,239	-	44,810	159,206	2,861,522
Total Income	7,703,560	2,044,480	2,707,874	749,607	248,056	1,036,558	43,922	107,384	14,641,441
Segment direct expenses	3,375,852	243,354	1,046,684	120,716	343,305	453,459	40,097	2,622,011	8,245,478
Inter segment expense allocation	1,877,602	203,545	418,404	60,363	96,394	56,029	-	(2,622,337)	-
Total expenses	5,163,454	446,899	1,465,088	181,079	439,699	509,488	40,097	(326)	8,245,478
Provisions / (Reversals)	442,427	442,738	(25,982)	719,501	2	(51,092)	-	-	(51,092)
Profit / (loss) before tax	2,097,679	1,154,843	1,268,768	(50,973)	(91,645)	578,162	3,825	107,710	4,868,369

As at December 31, 2020 (Audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokersage	Others*	Total
<b>Balance Sheet</b>									
Cash & Bank balances	49,627,891	10,193,222	14,780,115	17,295,558	470,783	13,214,927	139,838	-	105,722,334
Investments	1,648,811	1,067,759	47,420,548	425,225,444	-	70,934,391	-	3,061,600	549,358,553
Net inter segment lending	367,340,730	-	-	-	8,236,238	-	-	86,790,920	462,367,888
Lendings to financial institutions	-	-	14,293,146	51,747,865	-	11,264,524	-	-	77,305,535
Advances - performing	153,956,442	283,141,506	101,673,272	16,596	16,596	25,085,003	1,831	5,900,802	569,775,452
Advances - non-performing	1,209,592	4,577,817	1,605,920	-	202	111,279	-	37,514	7,542,324
Others	22,501,621	11,914,130	16,555,220	7,069,505	1,562,319	3,689,654	390,564	15,007,192	77,970,205
<b>Total Assets</b>	596,285,087	310,174,434	196,328,221	501,338,372	10,286,138	124,299,778	532,233	110,798,028	1,850,042,291
Borrowings	23,057,436	66,943,742	23,967,885	185,932,565	-	13,560,921	94,631	1,497,637	315,054,817
Subordinated debt	-	-	-	-	-	-	-	7,000,000	7,000,000
Deposits & other accounts	552,808,277	116,774,809	133,037,813	309,835,466	10,139,614	68,979,200	-	10,449	881,750,162
Net inter segment borrowing	19,311,536	21,322,702	9,765,912	3,605,961	146,524	4,011,824	206,274	14,870,759	462,367,888
Others	595,177,249	310,176,047	194,505,554	499,373,392	10,286,138	124,183,661	300,905	23,378,845	1,757,381,791
<b>Total Liabilities</b>	1,107,838	(1,613)	1,822,667	1,964,980	-	116,117	231,328	87,419,183	92,660,500
<b>Net Assets</b>									
<b>Equity</b>									
Contingencies & Commitments	70,508,424	118,634,144	52,780,786	165,893,738	17,961	52,765,343	450,000	1,266,935	462,317,331

\* Others include head office related activities.

The Group has related party transactions with its parent, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

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 to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	As at March 31, 2021 (Un-audited)		As at December 31, 2020 (Audited)					
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
(Rupees in '000)								
<b>Lendings to financial institutions</b>								
Opening balance	-	-	-	1,745,830	-	-	-	-
Addition during the year	-	-	-	40,930,820	-	-	-	140,523,678
Repaid during the year	-	-	-	(41,079,759)	-	-	-	(138,777,848)
Closing balance	-	-	-	1,596,891	-	-	-	1,745,830
<b>Investments</b>								
Opening balance	-	-	3,671,462	1,241,405	-	-	3,138,787	1,191,425
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	(22,245)	-	-	-	(20)
Equity method adjustment	-	-	25,202	-	-	-	532,675	-
Transfer in / (out) - net	-	-	-	-	-	-	-	50,000
Closing balance	-	-	3,696,664	1,219,160	-	-	3,671,462	1,241,405
Provision for diminution in value of investments	-	-	-	-	-	-	-	3,936
<b>Advances</b>								
Opening balance	78,132	791,522	-	3,346,277	91,129	662,464	-	4,200,404
Addition during the year	-	192,005	-	322,360	87,827	286,114	-	7,713,243
Repaid during the year	(77,989)	(86,909)	-	(1,738,385)	(83,516)	(197,066)	-	(8,567,370)
Transfer in / (out) - net	-	43,603	-	(219,446)	(17,308)	40,010	-	-
Closing balance	143	940,221	-	1,710,806	78,132	791,522	-	3,346,277
<b>Other Assets</b>								
Interest / mark-up accrued	-	97,340	-	60,448	2,580	88,905	-	45,434
Receivable from staff retirement fund	-	-	-	638,187	-	-	-	692,399
Prepayment / rent receivable	-	-	520	-	-	-	1,560	55,672
Others	-	-	591	-	-	-	-	763

	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	As at March 31, 2021 (Un-audited)				As at December 31, 2020 (Audited)			
	(Rupees in '000)				(Rupees in '000)			
<b>Borrowings</b>								
Opening balance	-	-	-	2,384,849	-	-	-	494,646
Borrowings during the year	-	-	-	9,181,962	-	-	-	44,475,567
Settled during the year	-	-	-	(9,244,499)	-	-	-	(42,586,364)
Closing balance	-	-	-	2,322,312	-	-	-	2,384,849
<b>Deposits and other accounts</b>								
Opening balance	103,392	397,294	5,586,652	3,706,518	12,076	257,120	588,149	4,584,694
Received during the year	173,049	820,363	28,231,666	14,486,984	323,082	2,222,012	117,008,368	70,878,153
Withdrawn during the year	(206,022)	(700,794)	(50,264,442)	(11,370,498)	(23,154)	(2,095,143)	(112,409,865)	(71,465,963)
Transfer in / (out) - net	-	4,806	-	(2547)	(8,612)	13,905	-	(280,366)
Closing balance	70,419	521,659	3,553,876	6,820,457	103,392	397,294	5,586,652	3,706,518
<b>Other Liabilities</b>								
Interest / mark-up payable	100	1,091	-	39,523	73	493	-	5,393
Lease Liabilities	-	-	-	9,536	-	-	-	9,216
Others	-	23,318	-	4,536	-	5,143	-	2,747
<b>Contingencies and Commitments</b>								
Other contingencies	-	-	76,379	36,225	-	-	79,917	139,987
	For the quarter ended March 31, 2021 (Un-audited)				For the quarter ended March 31, 2020 (Un-audited)			
	(Rupees in '000)				(Rupees in '000)			
<b>Income</b>								
Mark-up / return / interest earned	2,747	11,476	-	65,969	3,654	8,974	-	206,505
Fee and commission income	-	-	16,776	-	-	-	18,829	-
Dividend income	-	-	-	-	-	-	-	-
Other income	-	676	1,868	5,502	-	-	780	5,501
<b>Expenses</b>								
Mark-up / return / interest paid	101	2,367	37,526	121,018	224	3,748	45,466	70,543
Borrowing cost on leased properties	-	-	-	320	-	-	-	321
Operating expenses								
Directors fee	50,046	-	-	-	74,679	-	-	-
Managerial remuneration	101,030	625,026	-	-	180,199	586,433	-	-
Software maintenance	-	-	-	5,482	-	-	-	-
Travelling and accommodation	-	-	-	-	-	-	-	2,336
Communication cost	-	-	-	23,465	-	-	-	14,805
Charge for defined benefit plan	-	-	-	54,212	-	-	-	42,620
Contribution to defined contribution plan	-	-	-	122,050	-	-	-	118,811
Others	-	-	-	476	-	-	-	-
<b>Other Information</b>								
Dividend paid	547,890	5,728	1,931	1,657,492	-	-	-	-
Insurance premium paid	-	-	575,981	-	-	-	152,689	-
Insurance claims settled	-	-	121,885	-	-	-	86,645	-

### 38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited)      (Audited)  
 March 31,      December 31,  
 2021              2020  
 -----(Rupees in '000)-----

#### Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	<b>17,771,651</b>	17,771,651
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#### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	<b>71,749,142</b>	71,794,350
Eligible Additional Tier 1 (ADT 1) Capital	<b>7,012,697</b>	7,012,500
Total Eligible Tier 1 Capital	<b>78,761,839</b>	78,806,851
Eligible Tier 2 Capital	<b>20,286,270</b>	23,252,207
Total Eligible Capital (Tier 1 + Tier 2)	<b>99,048,109</b>	102,059,057

#### Risk Weighted Assets (RWAs):

Credit Risk	<b>556,071,694</b>	536,528,874
Market Risk	<b>9,369,375</b>	11,821,313
Operational Risk	<b>75,175,838</b>	75,175,838
Total	<b>640,616,907</b>	623,526,024

Common Equity Tier 1 Capital Adequacy ratio	<b>11.20%</b>	11.51%
Tier 1 Capital Adequacy Ratio	<b>12.29%</b>	12.64%
Total Capital Adequacy Ratio	<b>15.46%</b>	16.37%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Bank:

Common Equity Tier 1 Capital Adequacy ratio	<b>6.00%</b>	6.00%
Tier 1 Capital Adequacy Ratio	<b>7.50%</b>	7.50%
Total Capital Adequacy Ratio	<b>11.50%</b>	11.50%

For Capital adequacy calculation, Bank has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

#### Leverage Ratio (LR):

Eligible Tier-1 Capital	<b>78,761,839</b>	78,806,851
Total Exposures	<b>1,859,643,013</b>	1,836,893,841
Leverage Ratio	<b>4.24%</b>	4.29%

#### Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	<b>397,535,734</b>	372,270,246
Total Net Cash Outflow	<b>215,251,192</b>	199,316,286
Liquidity Coverage Ratio	<b>185%</b>	187%

#### Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<b>874,198,811</b>	850,376,458
Total Required Stable Funding	<b>659,169,292</b>	626,269,922
Net Stable Funding Ratio	<b>133%</b>	136%

**39 DATE OF AUTHORISATION**

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

**40 GENERAL**

**40.1** Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary to facilitate comparison.





## Bank Alfalah

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