

RESILIENT IN CHALLENGING TIMES

THE DIGITAL WAY FORWARD

Quarterly Report - September 30, 2021

(Un-audited)



Bank Alfalah

The Way Forward

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Company Information

Board of Directors

HH Sheikh Nahayan Mubarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Atif Aslam Bajwa
President/CEO and Director

Senior Management

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

Hasan Ahmed Khan

Officiating Head, Treasury and Capital Markets

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 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

Tahir Khurshid

Group Head, Audit and Inspection

Zahid Anjum

Group Head, Special Assets Management

Chief Financial Officer

Anjum Hai

Company Secretary

Muhammad Akram Sawleh

Auditors

EY Ford Rhodes

Chartered Accountants

Registered/Head Office

B. A. Building
I. I. Chundrigar Road
Karachi, Pakistan
bankalfalah.com

Share Registrar

F.D. Registrar Services (Pvt) Limited
1705, 17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road
Karachi, Pakistan

Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants

Board Committees

Board Audit Committee (BAC)

Khalid Qurashi
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Mr. Tahir Khurshid
Secretary

Board Risk Management Committee (BRMC)

Khalid Mana Saeed Al Otaiba
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Farhan Ali
Secretary

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

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

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Board Coronavirus Crisis Management Committee (BCCMC)

Abdulla Khalil Al Mutawa
Chairman

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

Board Information Technology Committee (BITC)

Dr. Gyorgy Tamas Ladics
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
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 period ended 30th September, 2021.

Economic Review

The economy witnessed the impact of the stimulus packages by the government and regulators, following the COVID outbreak. While economic activity revived, signs of early overheating emerged in 3Q 2021. Consumption pick-up, combined with capital imports and rising international commodity prices, put pressure on the current account deficit, Pak Rupee parity and inflation.

Imports went up by 55% reaching US\$42bn in 8MCY21 combined with higher commodity prices, consumption, and capital imports, driving the current account deficit to US\$5.3bn compared to US\$164mn during the same period last year. This was despite a decent rise in exports (up 36% to US\$18.4bn for 8MCY21) and continued strong growth in remittances (up by 24% reaching US\$20.5bn for 8MCY21).

The rising current account deficit took a toll on PKR parity; following 1.4% appreciation during January to June 2021, PKR depreciated 8.3% during July to September 2021. Negative sentiments in the currency market countered the improvement in forex reserves, however, the country recorded overall growth in reserves from US\$20.5bn in December 2020 to US\$26.0bn in September 2021. This was aided by inflows from RDA deposits, US\$3.5bn Eurobond proceeds, and US\$2.8bn additional allocation from the IMF.

Average inflation during 9MCY21 stood at 9.0%, led by food inflation which remained in double digits for most of the year. The recent uptick in month-on-month inflation readings has raised concerns over the inflation outlook and that were reflected in market pricing.

In order to address these pressures, State Bank of Pakistan increased Policy Rate by 25bps to 7.25% in September, the first increase since COVID-19, while regulations for auto & personal finance were also tightened to curb luxury consumption. As per the SBP, proactive policy response to emerging challenges is expected to sustain growth, keep inflation expectations anchored, and contain the current account deficit.

On the fiscal front, while tax collection remained strong, the recent uptick in Public Sector Development Program (PSDP) releases indicates that expenditure could be a cause of concern, potentially translating into domestic demand, increased imports, and further inflation.

Along with the macroeconomic indicators, the PSX also reflected a relatively positive trend earlier in the year with turbulence in the second half. During 1HCY21, the benchmark KSE-100 index posted a return of 8.2%, however, it fell by 5.2% during 3QCY21, reducing 9MCY21 total return to a modest 2.6%. The downward trend was observed amidst concerns over expected spillover from the geo-political situation in Afghanistan following US withdrawal, uncertainty over US-Pakistan relations, MSCI announcement to downgrade Pakistan equities to Frontier Market, and macro situation outlook.

Pakistan's short-term economic trajectory would depend on the country's revenue performance, its current account balance, the fate of the IMF programme, and management of the geo-political situation in the region. Impact of the fourth wave of COVID is expected to remain manageable as the government continues its proactive vaccination measures. On the external front, recent regulatory measures to curb discretionary consumption are likely to provide some respite in the import bill. Gradually rising exports, continued momentum on RDA, strong remittances and resumption of the IMF programme are also likely to provide vital support.

Review of the Bank's Performance

The highlights about the Bank's financial results for the period ended 30th September, 2021, are presented as follows:

Financial Position	30th September, 2021	31st December, 2020
	Rupees in Millions	
Shareholders' Equity	92,519	91,017
Total Assets	1,580,847	1,384,874
Deposits	1,036,054	881,767
Advances – net	645,817	577,316
Investments – net	700,147	547,090

Financial Performance	Period ended 30th September, 2021	Period ended 30th September, 2020
	Rupees in Millions	
Net Interest Income and Non-Markup Income	45,482	44,491
Non-Markup Expenses	26,970	23,877
Provisions and Write-offs (net)	1,419	6,279
Profit before Tax	17,093	14,335
Profit after Tax	10,481	8,331
Basic and Diluted Earnings per Share – Rupees	5.90	4.69

The Bank delivered solid performance across businesses during the year. The Bank's profit after taxation increased by 25.8% and stood at Rs. 10.481 billion as against Rs. 8.331 billion for the corresponding period last year. The Earning Per Share (EPS) is Rs. 5.90 (Sep 2020: Rs. 4.69).

The revenue increased from same period last year; growth in non-funded income supported marginal fall in markup income. Steep decline in the benchmark rate by the central bank to support the businesses during the pandemic led to the drop in net markup income, however, increase in earning assets on the back of solid deposits growth provided support to the revenue. Non-markup income stood at Rs. 11.589 billion, higher by 15.6%, with strong contribution from fee income, dividend income and revaluation gain on derivatives. Fees and commissions of Rs. 5.988 billion, demonstrated a robust increase of 25.0% over last year. This uptick in fee income is because of exceptional home remittances and trade flows, combined credit and debit card spend and strong growth in autos and home lending.

The Bank continues to keep a check on expenses and manage costs prudently, while focusing on building revenue momentum through expansion and without compromising on investments in new ventures. Compensation, property and other operating costs increased by 13% due to impact of new branches opened last year, RDA and home remittance communications and marketing costs, and inflation related effects. IT expenses witnessed an increase of 18% year on year (YoY), as the Bank continues to invest in technology platforms to transform banking services in line with its digital strategy. The cost to income ratio of the Bank stood at 58.5%.

The Bank's deposits closed at Rs. 1.036 trillion at the end of Q3'21, with YoY growth of 26.3% compared to Q3 '20. The increase is mainly due to the strong growth of 23.3% in current accounts, which stood at Rs. 464.980 billion at the end of Q3 '21. CA mix closed at 44.9%.

The Bank's advances book grew by 28.9% YoY compared to Sep '20. Consumer and corporate loan books growth remained strong as the economic outlook continues to improve. Consumer grew by 51%, middle market by 37% and Islamic banking (other than consumer) by 55%. Part of this growth is funded by government backed subsidised refinance schemes. As at the period end, our gross advances to deposits ratio stood at 64.8%, much higher than 50% on which higher income tax rate becomes applicable. The Bank's non-performing loans ratio improved to 3.7% as compared to 4.3% as at 31st December, 2020, while the non-performing loans remain fully covered through provisions, which include provision held against subjectively classified loans and general provision against COVID restructured loans.

As at 30th September, 2021, the Bank remains adequately capitalised with CAR at 14.68 %.

Afghanistan Operations

The Bank operates two branches in Afghanistan. The evolving situation in Afghanistan is of concern and is being monitored by the Bank on a continual basis. The branches have reopened and are operational. All staff including expats have resumed their duties onshore. The banking operations in Afghanistan are hampered due to country's frozen reserves, uncertainty regarding international recognition, and guidelines aimed at preventing a liquidity crisis are still being formulated by DAB. The Bank has enhanced oversight, both onshore and at HO, to ensure more stringent controls. The Bank remains in constant touch with the team in Afghanistan, Pakistan Embassy in Kabul, and all the key banking partners to ensure safety of staff and ensuring that it continues to meet the compliance and control requirements of banking partners.

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, 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 by VIS Credit Rating Company Limited (VIS).

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. We aim to further augment our market share of low-cost deposits, consumer products and SME financing, while expanding our domestic footprint to widen our outreach and enhance customer experience. Another pillar of our strategy is to become a leading transactions bank, i.e. further boost trade volumes, increase penetration in cash management with a focus on SME/commercial clients and continue to augment our share in the home remittances space. We will continue to focus on harnessing digital solutions to ensure that customers' banking needs are fully met in a technologically advanced, secure, and convenient manner. To cope with ever changing business dynamics, we will continue to accelerate digital transformation and focus on business process re-engineering across key segments in the Bank. Lastly, 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. Our values are to put our customers and their needs front and center. We are constantly looking for better ways to deliver products and services that meet or exceed our customers' expectations.

Atif Aslam Bajwa
President and Chief Executive Officer
24th October, 2021
Dubai

Dr. Ayesha Khan
Director

جیسا کہ 30 ستمبر 2021 کو، بینک 14.68 فیصد CAR کے ساتھ مناسب طور پر کیپیٹلائزڈ ہے۔

افغانستان آپریشنز

افغانستان میں بینک کی دو برانچیں کام کر رہی ہیں۔ افغانستان میں تیزی سے بدلتی ہوئی صورتحال تشویش کا باعث ہے اور بینک اس کا مسلسل جائزہ لے رہا ہے۔ برانچیں دوبارہ کھل گئی ہیں اور کام کر رہی ہیں۔ تمام عملے بشمول غیر رہائشیوں نے اپنے فرائض دوبارہ شروع کر دیئے ہیں۔ ملک میں منجمد ذخائر، بین الاقوامی پہچان کے بارے میں غیر یقینی صورتحال کی وجہ سے افغانستان میں بینکنگ آپریشنز رکے ہوئے ہیں اور لیکویڈیٹی کے بحران کو روکنے کے لیے ڈی آئی اے کی طرف سے گائیڈ لائنز وضع کی جارہی ہیں۔ مزید سخت کنٹرول کو یقینی بنانے کے لیے بینک نے آف شور اور ایچ او دونوں پر نگرانی بڑھا دی ہے۔ بینک افغانستان میں ٹیم، کابل میں پاکستانی سفارت خانے اور تمام اہم بینکنگ شراکت داروں کے ساتھ مسلسل رابطے میں ہے تاکہ عملے کی حفاظت کو یقینی بنایا جا سکے اور بینک، بینکنگ شراکت داروں کی تعمیل اور کنٹرول کے مطلوبات کو پورا کرنے کو یقینی بنا رہا ہے۔

کریڈٹ ریٹنگ

کریڈٹ ریٹنگ ایجنسی PACRA کی جانب سے بینک کو طویل مدت کے لیے 'AA+' (ڈبل اے پلس) جبکہ قلیل مدت کے لیے 'A1+' (اے ون پلس) کریڈٹ ریٹنگ تفویض کی گئی۔ بینک کا آؤٹ لک مستحکم قرار دیا گیا ہے۔ مزید یہ کہ، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے بینک کے ان سیکورڈڈ Tier 1 کیپیٹل (ٹرم فنانس سر ٹیکنیکٹ) کی ریٹنگ AA- (ڈبل اے منس) تفویض کی گئی ہے اور اس کا آؤٹ لک مستحکم قرار دیا گیا ہے۔

مذکورہ کریڈٹ ریٹنگ بینک الفلاح کے متنوع آپریشنز، 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 دیکھتے ہوئے، بینک الفلاح مستحکم ترقی اور طویل مدتی شینر ہولڈر ویلیو کی تعمیر کے لیے مؤثر پوزیشن میں ہے۔ ہمارا مقصد کم لاگت کے ذخائر، کنزیومر پروڈکٹس اور ایس ایم ای فنانسنگ کے اپنے مارکیٹ شیئر کو مزید بڑھانا ہے، جبکہ ہماری رسائی کو وسیع کرنے اور کسٹمر کے تجربے کو بڑھانے کے لیے ہم مقامی طور پر اپنی خدمات کو بڑھا رہے ہیں۔ ہماری حکمت عملی کا ایک اور ستون، ایک اولین ٹرانزیکشنز بینک بننا ہے یعنی تجارتی حجم کو مزید فروغ دینا، ایس ایم ای/کمرشل کلائنٹس پر توجہ مرکوز رکھ کر کیش مینجمنٹ میں قدم مضبوط جمانا ہے اور ہوم ٹرسٹیلات میں ترقی کو جاری رکھنا ہے۔ ہم ڈیجیٹل حل کے استعمال پر توجہ مرکوز رکھیں گے تاکہ یہ یقینی بنایا جاسکے کہ صارفین کی بینکنگ کی ضروریات تکنیکی لحاظ سے جدید، محفوظ اور آسان طریقے سے پوری کی جاتی ہیں۔ ہمیشہ بدلتی ہوئی کاروباری حرکیات سے نمٹنے کے لیے، ہم ڈیجیٹل تبدیلی کو تیز کرتے رہیں گے اور بینک میں کلیدی حصوں میں کاروباری عمل کی دوبارہ انجینئرنگ پر توجہ دیں گے۔ آخر میں یہ کہ، ہیومن کیپیٹل میں سرمایہ کاری اور ایک کینرنگ کلچر بنانا ہماری اولین ترجیح رہے گی۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وفاقی وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کی مسلسل رہنمائی اور تعاون کی فراہمی کا شکریہ ادا کرتے ہیں، اور ساتھ ہی ہم مشاورت اور سرپرستی کرنے والے اپنے معزز شینر ہولڈرز، صارفین اور کاروباری شریک کا بھی تہ دل سے شکر گزار ہیں۔ ہم بینک کی مینجمنٹ اور عملے کی کارکردگی کے بہت مطمئن ہیں جو ہمارے کلائنٹس، کمیونٹیز اور شینر ہولڈرز کے لیے پوری توجہ کے ساتھ خدمات سر انجام دیتے ہیں۔ ہماری اقدار اپنے صارفین اور ان کی ضروریات کو اولین اور مرکزی حیثیت دینا ہے۔ ہم مسلسل ایسی پروڈکٹس اور خدمات کی فراہمی کے بہتر طریقے تلاش کر رہے ہیں جو ہمارے صارفین کی توقعات پر پورا اتریں یا اس سے بھی زیادہ ہوں۔

ڈاکٹر عائشہ خان

ڈائریکٹر

عاطف اسلم باجوہ

صدر اور چیف ایگزیکٹو آفیسر

24 اکتوبر، 2021

دہلی

بینک کی کارکردگی کا جائزہ

30 ستمبر، 2021 کو ختم ہونے والی مدت کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں :

مالیاتی پوزیشن		30 ستمبر، 2021	31 دسمبر، 2020
روپے ملین میں			
شینر ہولڈرز کی ایکوئٹی	92,519	91,017	
گی اثاثے	1,580,847	1,384,874	
ڈپازٹس	1,036,054	881,767	
ایڈوانسز - خالص	645,817	577,316	
سرمایہ کاریاں - خالص	700,147	547,090	
مالیاتی کارکردگی			
30 ستمبر 2021 کو ختم ہونے والی مدت		30 ستمبر 2020 کو ختم ہونے والی مدت	
روپے ملین میں			
خالص سود آمدنی اور نان مارک اپ آمدنی	45,482	44,491	
نان مارک اپ اخراجات	26,970	23,877	
پروویژن اور رینٹ آف (خالص)	1,419	6,279	
قبل از ٹیکس منافع	17,093	14,335	
بعد از ٹیکس منافع	10,481	8,331	
بنیادی اور ڈائیلیوڈ آمدنی فی شیئر - روپے	5.90	4.69	

بینک نے سال بھر کے کاروبار میں ٹھوس کارکردگی پیش کی۔ ٹیکس کے بعد بینک کا منافع 25.8% بڑھا اور 10.481 بلین روپے پر قائم ہوا۔ جبکہ پچھلے سال کی اسی مدت کے لیے 8.331 بلین روپے تھا۔ فی حصص آمدنی (EPS) 5.90 روپے ہے۔ (ستمبر 2020: 4.69 روپے)۔

گزشتہ سال کی اسی مدت کے مقابلے میں ریونیو میں اضافہ ہوا ہے۔ نان فنڈ آمدنی میں اضافے نے مارک اپ آمدنی میں معمولی کمی کو سپورٹ کیا۔ وبائی امراض کے دوران کاروبار کو سپورٹ کرنے کے لیے مرکزی بینک کی جانب سے بیٹج مارک کی شرح میں زبردست کمی کے نتیجے میں خالص مارک اپ آمدنی میں کمی واقع ہوئی، تاہم، ٹھوس ذخائر کی گروتھ کے پیچھے کمائی کے اثاثوں میں اضافے نے ریونیو کو سپورٹ کیا۔ نان مارک اپ آمدنی 11.589 بلین روپے رہی، 15.6 فیصد بڑھی جس کی وجہ سے فیس کی آمدنی، ڈیویڈنڈ کی آمدنی اور ڈیریویٹیوز پر پری ویلیو ایشن گین ہے۔ 5.988 بلین روپے کے فیس اور کمیشن نے گزشتہ سال کے مقابلے میں 25.0 فیصد کے مضبوط اضافہ کا مظاہرہ کیا۔ فیس کی آمدنی میں یہ اضافہ غیر معمولی ہوم ترسیلات اور تجارت کے بہاؤ، مشترکہ کریڈٹ اور ڈیبٹ کارڈ کے اخراجات اور آئوز اور گہر کے قرضے میں مضبوط ترقی کی وجہ سے ہے۔

بینک اخراجات پر نظر رکھتا ہے اور اخراجات کو احتیاط سے منظم کرتا ہے، جبکہ توسیع کے ذریعے اور نئے منصوبوں میں سرمایہ کاری پر سمجھوتہ کیے بغیر آمدنی کی رفتار بڑھانے پر توجہ مرکوز کرتا ہے۔ پچھلے سال کھلنے والی نئی برانچوں سے پڑنے والے اثرات، روشن ڈیجیٹل اکاؤنٹ اور ہوم ترسیلات کی کمیونیکیشنز اور مارکیٹنگ کے اخراجات اور مہنگائی سے متعلق اثرات کی وجہ سے معاوضے، جائیداد اور دیگر آپریٹنگ اخراجات میں 13 فیصد اضافہ ہوا۔ آئی ٹی کے اخراجات میں سال بے سال 18% کا اضافہ دیکھا گیا، کیونکہ بینک اپنی ڈیجیٹل حکمت عملی کے مطابق بینکنگ خدمات کو تبدیل کرنے کے لیے ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری جاری رکھے ہوئے ہے۔ بینک کی لاگت سے آمدنی کا تناسب 58.5 فیصد رہا۔

2021 کی تیسری سہ ماہی کے اختتام پر بینک کے ڈپازٹس 1.036 ٹریلین روپے رہے، 2020 کی تیسری سہ ماہی کے مقابلے میں سال بے سال 26.3% کی گروتھ ہوئی۔ بنیادی طور پر یہ گروتھ کرنٹ اکاؤنٹس میں 23.3 فیصد کے مضبوط اضافے کی وجہ سے ہے، جو 2021 کی تیسری سہ ماہی کے اختتام پر 464.980 بلین روپے پر قائم ہوا۔ سی اے مکس 44.9% پر بند ہوا۔

بینک کی ایڈوانسز تک میں 20 ستمبر کے مقابلے میں سال بے سال 28.9 فیصد اضافہ ہوا۔ کنزیومر اور کارپوریٹ لون بک کی گروتھ مضبوط رہی کیونکہ اقتصادی نقطہ نظر میں بہتری جاری ہے۔ کنزیومر میں 51 فیصد، درمیانی مارکیٹ میں 37 فیصد اور اسلامی بینکاری (صارفین کے علاوہ) میں 55 فیصد اضافہ ہوا۔ اس ترقی کا ایک حصہ حکومت کی حمایت یافتہ سبسڈی والی ری فنانس اسکیموں کے ذریعے فنڈ کیا جاتا ہے۔ جیسا کہ مدت کے اختتام پر، ہمارے مجموعی ایڈوانسز اور ڈپازٹس کا تناسب 64.8 فیصد رہا جو کہ 50 فیصد سے بہت زیادہ ہے جس پر انکم ٹیکس کی بلنڈ شرح لاگو ہوتی ہے۔ بینک کے غیر فعال قرضوں کا تناسب 31 دسمبر 2020 کو 4.3 فیصد کے مقابلے میں بہتر ہو کر 3.7 فیصد ہو گیا ہے، جبکہ نان پرفارمنگ لونز مینٹر طور پر ان شرائط کے ذریعے کوریڈ ہونے میں وہ شرائط شامل ہیں جو موضوعی درجہ بند قرضوں کے لیے ہیں اور گروتھ کی اسٹریٹجی قرض کے لیے ہیں۔

ڈائریکٹر کا جائزہ

بم بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر، 2021 کو ختم ہونے والی سہ ماہی کے لیے بینک الفلاح لمیٹڈ کے غیر انضمام شدہ کنٹریبنسڈ عبوری مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کرتے ہیں۔

معاشی جائزہ

کوویڈ پھیلنے کے بعد معیشت نے حکومت اور ریگولیٹرز کی طرف سے محرک پیکجوں کے اثرات دیکھے۔ جبکہ معاشی سرگرمیاں بحال ہوئیں جو تیسری سہ ماہی 2021 میں معیشت میں بحالی کی علامات ہیں۔ سرمائے کی درآمد اور اشیاء کی بڑھتی ہوئی بین الاقوامی قیمتوں کے ساتھ استعمال میں اضافے نے کرنٹ آکاؤنٹ خسارہ، پاک روپے کی برابری اور مہنگائی پر دباؤ ڈالا۔

8MCY21 میں درآمدات 55 فیصد اضافے کے ساتھ 42 بلین امریکی ڈالر تک پہنچ گئیں جو کہ اشیاء کی بلند قیمتوں، استعمال اور سرمائے کی درآمدات کی بدولت ہیں، جس سے کرنٹ آکاؤنٹ خسارہ 5.3 بلین امریکی ڈالر تک پہنچ گیا جبکہ گزشتہ سال اسی عرصے کے دوران 164 بلین امریکی ڈالر تھا۔ یہ برآمدات میں معقول اضافے (8MCY21 کے لیے 36% زائد یعنی 18.4 بلین امریکی ڈالر) اور ترسیلات میں مستحکم اضافے (8MCY21 کے لیے 24% تک کا اضافہ یعنی 20.5 بلین امریکی ڈالر) کے باوجود تھا۔

بڑھتے ہوئے کرنٹ آکاؤنٹ خسارہ نے پی کے آر کی برابری پر اثر ڈالا۔ جنوری سے جون 2021 کے دوران 1.4 فیصد اضافے کے بعد جولائی سے ستمبر 2021 کے دوران پاکستانی روپے کی قدر میں 8.3 فیصد کمی ہوئی۔ کرنسی مارکیٹ میں منفی جذبات نے غیر ملکی کرنسی کے ذخائر میں بہتری کا مقابلہ کیا، تاہم، ملک نے دسمبر 2020 میں 20.5 بلین امریکی ڈالر کے ذخائر میں مجموعی اضافہ ریکارڈ کیا جو کہ ستمبر 2021 میں 26.0 بلین امریکی ڈالر رہا۔ جس کی وجہ آر ڈی اے کے ذخائر سے آمد، امریکی ڈالر 3.5 بلین یورو بانڈ آمدنی اور آئی ایم ایف کی جانب سے 2.8 بلین امریکی ڈالر اضافی مختص کی گئی رقم ہے۔

خوراک کی افراط زر کی وجہ سے 9MCY21 کے دوران اوسط مہنگائی 9.0 فیصد رہی جو سال کے بیشتر حصوں میں دو ہندسوں میں رہا۔ مہینے میں مہنگائی کی شرح میں حالیہ اضافے نے افراط زر کے نقطہ نظر پر تشویش پیدا کی ہے اور یہ مارکیٹ کی قیمتوں میں ظاہر ہوتا ہے۔

ان دباؤ سے نمٹنے کے لیے، اسٹیٹ بینک آف پاکستان نے ستمبر میں پالیسی کی شرح کو 25bps سے 7.25 فیصد تک بڑھا دیا، جو کہ کوویڈ 19 کے بعد پہلا اضافہ ہے، جبکہ آسانسوں کے استعمال کو روکنے کے لیے آٹو اور پرسنل فنانش کے ضوابط بھی سخت کیے گئے ہیں۔ اسٹیٹ بینک آف پاکستان کے مطابق، ابہرے ہوئے چیلنجز کے لیے فعال پالیسی ردعمل سے ترقی کو برقرار رکھنے، مہنگائی کی توقعات کو برقرار رکھنے اور کرنٹ آکاؤنٹ خسارہ پر قابو پانے کی توقع ہے۔

مالی محاذ پر، جبکہ ٹیکس کی وصولی مضبوط رہی، حال ہی میں پبلک سیکٹر ڈویلپمنٹ پروگرام (پی ایس ڈی پی) میں اضافے سے یہ ظاہر ہوتا ہے کہ اخراجات تشویش کا سبب بن سکتے ہیں، ممکنہ طور پر گھریلو طلب میں اضافہ، درآمدات میں اضافہ اور مزید مہنگائی ہو سکتی ہے۔

میکرو اکنامک انڈیکٹرز کے ساتھ ساتھ، پی ایس ایکس نے سال کے پہلے حصے میں مثبت رجحان کی عکاسی کرتے ہوئے دوسری سہ ماہی میں ہنگامہ خیزی کا مظاہرہ کیا۔ 1HCY21 کے دوران، بینچ مارک KSE-100 انڈیکس نے 8.2 فیصد کا منافع ظاہر کیا، تاہم، 3QCY21 کے دوران 5.2 فیصد کمی واقع ہوئی، جس سے 9MCY21 کے مجموعی منافع میں 2.6 فیصد کمی ہوئی۔ امریکی انخلا کے بعد افغانستان میں جغرافیائی سیاسی صورتحال سے متوقع پھیلاؤ کے خدشات، امریکہ پاکستان تعلقات پر غیر یقینی صورتحال، ایم ایس سی آئی کی جانب سے پاکستان کی ایٹمیٹی کو فرٹینئر مارکیٹ میں ڈاؤن گریڈ ہونے کے اعلان اور میکرو صورتحال کے نقطہ نظر کے درمیان کمی کا رجحان دیکھا گیا۔

پاکستان کی قلیل مدتی اقتصادی رفتار کا انحصار ملک کی آمدنی کی کارکردگی، اس کے کرنٹ آکاؤنٹ بیلنس، آئی ایم ایف پروگرام کی کامیابی اور خطے کی بیرونی پالیسی کے صورتحال کے انتظام پر ہوگا۔ توقع ہے کہ کوویڈ کی چوتھی لہر کا اثر قابل انتظام رہے گا کیونکہ حکومت اپنے فعال ویکسینیشن اقدامات جاری رکھے ہوئے ہیں۔ بیرونی محاذ پر، صوابدیدی استعمال کو روکنے کے لیے حالیہ ریگولیٹری اقدامات سے امپورٹ بل میں کچھ مہلت ملنے کا امکان ہے۔ آہستہ آہستہ بڑھتی ہوئی برآمدات، آر ڈی اے پر جاری رفتار، مضبوط ترسیلات اور آئی ایم ایف پروگرام کی دوبارہ بحالی سے بھی اہم مدد ملنے کا امکان ہے۔

Bank Alfalah Limited

**Unconsolidated Condensed Interim
Financial Statements**

Nine months period ended September 30, 2021

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	87,561,285	99,348,197
Balances with other banks	8	8,979,380	6,234,299
Lendings to financial institutions	9	47,093,995	77,305,535
Investments	10	700,147,437	547,089,932
Advances	11	645,817,047	577,315,947
Fixed assets	12	32,732,023	30,976,236
Intangible assets	13	1,132,331	1,284,539
Deferred tax assets		-	-
Other assets	14	57,383,622	45,318,864
		1,580,847,120	1,384,873,549
LIABILITIES			
Bills payable	15	24,205,185	22,571,122
Borrowings	16	336,474,047	314,960,186
Deposits and other accounts	17	1,036,054,101	881,767,082
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	7,000,000	7,000,000
Deferred tax liabilities	19	404,526	1,361,152
Other liabilities	20	84,190,302	66,196,688
		1,488,328,161	1,293,856,230
NET ASSETS		92,518,959	91,017,319
REPRESENTED BY			
Share capital		17,771,651	17,771,651
Reserves		28,725,180	27,680,022
Surplus on revaluation of assets	21	8,612,579	10,508,837
Unappropriated profit		37,409,549	35,056,809
		92,518,959	91,017,319
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 42 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 nine months period ended September 30, 2021

	Note	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Nine months period ended September 30, 2021	Nine months period ended September 30, 2020
------(Rupees in '000)-----					
Mark-up/Return/Interest Earned	24	25,751,042	21,787,098	71,664,277	71,735,552
Mark-up/Return/Interest Expensed	25	13,842,587	10,681,394	37,771,142	37,268,752
Net Mark-up/Return/Interest Income		11,908,455	11,105,704	33,893,135	34,466,800
NON MARK-UP/INTEREST INCOME					
Fee and Commission Income	26	2,037,020	1,831,792	5,988,083	4,791,401
Dividend Income		94,974	57,290	419,189	253,943
Foreign Exchange Income		1,074,769	753,743	2,796,323	2,762,357
Gain / (loss) from derivatives		26,542	1,592	74,162	(59,636)
Gain on securities	27	352,413	452,294	2,203,810	2,184,953
Other income	28	27,211	45,548	107,152	91,092
Total non-mark-up / interest income		3,612,929	3,142,259	11,588,719	10,024,110
Total income		15,521,384	14,247,963	45,481,854	44,490,910
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	29	9,202,487	7,843,806	26,592,359	23,382,886
Workers' Welfare Fund	30	123,997	130,349	353,349	406,124
Other charges	31	5,036	45,164	24,024	87,667
Total non-mark-up / interest expenses		9,331,520	8,019,319	26,969,732	23,876,677
Profit before provisions		6,189,864	6,228,644	18,512,122	20,614,233
Provisions and write offs - net	32	268,781	1,490,364	1,419,163	6,278,815
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		5,921,083	4,738,280	17,092,959	14,335,418
Taxation	33	2,373,503	1,991,040	6,611,550	6,003,958
PROFIT AFTER TAXATION		3,547,580	2,747,240	10,481,409	8,331,460
Basic and Diluted Earnings per share	34	2.00	1.55	5.90	4.69

The annexed notes 1 to 42 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 nine months period ended September 30, 2021

	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Nine months period ended September 30, 2021	Nine months period ended September 30, 2020
----- (Rupees in '000) -----				
Profit after taxation for the period	3,547,580	2,747,240	10,481,409	8,331,460
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	480,923	(303,685)	(2,983)	1,313,483
Movement in deficit on revaluation of investments - net of tax	(867,508)	(1,213,688)	(1,651,580)	(384,917)
	(386,585)	(1,517,373)	(1,654,563)	928,566
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of operating fixed assets - net of tax	(9,465)	(10,885)	(246,337)	(29,907)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(1,374)	824	1,659	(6)
	(10,839)	(10,061)	(244,678)	(29,913)
Total comprehensive income	3,150,156	1,219,806	8,582,168	9,230,113

The annexed notes 1 to 42 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 nine months period ended September 30, 2021

	Capital Reserves			Surplus/(Deficit) on revaluation				Unappropriated profit	Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Investments	Fixed Assets	Non Banking Assets		
(Rupees in '000)									
Balances as at January 01, 2020	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
Changes in equity for the nine months period ended September 30, 2020									
Profit after taxation	-	-	-	-	-	-	-	8,331,460	8,331,460
Other comprehensive income - net of tax	-	-	1,313,483	-	(384,917)	-	-	-	928,566
Transfer to statutory reserve	-	-	-	833,146	-	-	-	(833,146)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(29,907)	(6)	29,913	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2019 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Balance as at September 30, 2020	17,771,651	4,731,049	8,085,786	15,375,813	3,660,041	7,085,340	206,793	36,816,799	93,733,272
Changes in equity for three months ended December 31, 2020									
Profit after taxation	-	-	-	-	-	-	-	2,143,450	2,143,450
Other comprehensive income - net of tax	-	-	(726,971)	-	(397,050)	66,620	(35,266)	(212,406)	(1,305,073)
Transfer to statutory reserve	-	-	-	214,345	-	-	-	(214,345)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(10,061)	(67,580)	77,641	-
Transactions with owners, recorded directly in equity									
Interim cash dividend for the nine months period ended September 30, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Balance as at December 31, 2020	17,771,651	4,731,049	7,358,815	15,590,158	3,262,991	7,141,899	103,947	35,056,809	91,017,319
Changes in equity for the nine months period ended September 30, 2021									
Profit after taxation	-	-	-	-	-	-	-	10,481,409	10,481,409
Other comprehensive income - net of tax	-	-	(2,983)	-	(1,651,580)	(218,250)	1,704	-	(1,871,109)
Transfer to statutory reserve	-	-	-	1,048,141	-	-	-	(1,048,141)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(28,087)	(45)	28,132	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Interim cash dividend for the half year ended June 30, 2021 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Balance as at September 30, 2021	17,771,651	4,731,049	7,355,832	16,638,299	1,611,411	6,895,562	105,606	37,409,549	92,518,959

The annexed notes 1 to 42 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 nine months period ended September 30, 2021

	Nine months period ended	
	September 30, 2021	September 30, 2020
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,092,959	14,335,418
Dividend income	(419,189)	(253,943)
	<u>16,673,770</u>	<u>14,081,475</u>
Adjustments		
Depreciation	3,225,966	2,900,166
Amortisation	304,989	331,720
Provisions and write offs - net	1,419,163	6,278,815
Unrealised loss on revaluation of investments classified as held for trading-net	287,272	5,022
Gain on sale of operating fixed assets - net	(31,789)	(33,215)
Gain on termination of lease	(9,849)	-
Borrowing cost on lease liability	1,065,922	1,043,818
Workers' Welfare Fund	353,349	406,124
Charge for defined benefit plan	191,522	128,062
Charge for staff compensated absences	104,250	72,000
	<u>6,910,795</u>	<u>11,132,512</u>
	<u>23,584,565</u>	<u>25,213,987</u>
(Increase) / Decrease in operating assets		
Lendings to financial institutions	31,287,425	20,129,156
Held for trading securities	(14,880,937)	(35,675,493)
Advances	(70,063,650)	9,180,299
Other assets (excluding advance taxation)	(11,895,066)	7,275,730
	<u>(65,552,228)</u>	<u>909,692</u>
Increase in operating liabilities		
Bills payable	1,634,063	5,222,093
Borrowings	22,015,475	129,964,139
Deposits	154,287,019	37,781,633
Other liabilities (excluding current taxation)	11,844,199	(987,003)
	<u>189,780,756</u>	<u>171,980,862</u>
	<u>147,813,093</u>	<u>198,104,541</u>
	<u>(5,422,456)</u>	<u>(3,935,996)</u>
	<u>142,390,637</u>	<u>194,168,545</u>
Income tax paid		
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(122,240,635)	(210,294,892)
Net investments in held-to-maturity securities	(18,860,252)	5,250,660
Dividends received	364,455	239,336
Investments in operating fixed assets	(1,985,755)	(2,691,149)
Proceeds from sale of fixed assets	40,528	82,287
Effect of translation of net investment in foreign branches	(2,983)	1,313,483
Net cash generated used in investing activities	<u>(142,664,642)</u>	<u>(206,100,275)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of subordinated debt	-	(4,987,000)
Payment of lease obligations	(2,418,986)	(1,815,784)
Dividend paid	(4,751,341)	(3,526,103)
Net cash used in financing activities	<u>(7,170,327)</u>	<u>(10,328,887)</u>
Decrease in cash and cash equivalents	<u>(7,464,332)</u>	<u>(22,260,617)</u>
Cash and cash equivalents at beginning of the year	114,969,739	132,015,605
Effects of exchange rate changes on cash and cash equivalents	3,485,296	3,039,127
	<u>118,455,035</u>	<u>135,054,732</u>
Cash and cash equivalents at end of the period	<u>110,990,703</u>	<u>112,794,115</u>

The annexed notes 1 to 42 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 nine months period ended September 30, 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 729 branches (December 31, 2020: 706 branches) and 20 sub-branches (December 31, 2020: 24 sub-branches). Out of these, 521 (December 31, 2020: 510) are conventional, 197 (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 (IFS). Further, SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. SBP vide its BPRD circular no. 24 of 2021 dated July 5, 2021 has directed banks in Pakistan to implement IFRS 9 with effect from January 1, 2022.

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 subsidiaries 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.

2.3 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 the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16	April 01, 2021
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
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	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 annual 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 certain employees under Phantom Shares Award. The 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 dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of Bank's share on vesting date.

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)
September 30, December 31,
2021 2020
------(Rupees in 000)-----

7 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	21,831,644	18,110,657
Foreign currency	2,573,844	3,641,949
	24,405,488	21,752,606
With State Bank of Pakistan in		
Local currency current account	33,430,911	36,654,027
Foreign currency current account	5,952,820	5,367,302
Foreign currency deposit account	8,789,840	22,810,448
	48,173,571	64,831,777
With other central banks in		
Foreign currency current account	10,237,311	8,253,771
Foreign currency deposit account	1,245,511	681,448
	11,482,822	8,935,219
With National Bank of Pakistan in local currency current account	3,214,157	3,242,108
Prize bonds	285,247	586,487
	87,561,285	99,348,197

8 BALANCES WITH OTHER BANKS

In Pakistan in current account	2,228	1,610
Outside Pakistan		
In current account	8,951,634	5,642,659
In deposit account	25,518	590,030
	8,977,152	6,232,689
	8,979,380	6,234,299

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	20,589,827	22,064,585
Repurchase agreement lendings (Reverse Repo)	19,577,481	51,747,865
Bai Muajjal receivable with other financial institutions	6,926,687	3,493,085
	47,093,995	77,305,535
Less: expected credit loss - overseas branches	-	-
Lending to financial institutions - net of provision	47,093,995	77,305,535

10 INVESTMENTS

Note

10.1 Investments by type:

	September 30, 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)-----								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	60,220,341	-	(27,496)	60,192,845	56,821,307	-	(9,388)	56,811,919
Pakistan Investment Bonds	20,794,073	-	(17,910)	20,776,163	7,510,169	-	30,229	7,540,398
Shares								
Ordinary shares / units - Listed	954,060	-	(72,746)	881,314	477,729	-	13,547	491,276
Foreign Securities								
Overseas Bonds - Sovereign	3,954,992	-	(169,120)	3,785,872	6,142,136	-	56,800	6,198,936
	85,923,466	-	(287,272)	85,636,194	70,951,341	-	91,188	71,042,529
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	88,238,796	-	(17,460)	88,221,336	145,099,588	-	102,559	145,202,147
Pakistan Investment Bonds	328,419,587	-	804,500	329,224,087	187,006,839	-	2,381,275	189,388,114
Government of Pakistan Sukuks	42,500,880	-	92,219	42,593,099	24,322,881	-	(439)	24,322,442
Government of Pakistan Euro Bonds	1,315,824	-	116,683	1,432,707	1,956,045	-	147,772	2,103,817
Naya Pakistan Certificates	1,107,305	-	-	1,107,305	466,435	-	-	466,435
Shares								
Ordinary shares - Listed	5,049,872	(303,897)	1,424,687	6,170,662	3,390,701	(423,497)	2,313,639	5,280,843
Ordinary shares - Unlisted	1,211,363	(5,725)	-	1,155,638	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	2,426,778	(311,298)	(10,790)	2,104,690	1,596,910	(452,530)	(11,209)	1,133,171
Sukuks	17,850,381	(96,497)	168,038	17,921,922	18,250,653	(96,511)	113,865	18,268,007
Foreign Securities								
Overseas Bonds - Sovereign	20,363,340	-	497,220	20,860,560	16,552,071	-	813,215	17,365,286
Overseas Bonds - Others	30,641,528	-	641,981	31,283,509	17,326,311	-	716,255	18,042,566
Redeemable Participating Certificates	3,185,439	-	-	3,185,439	2,904,675	-	-	2,904,675
	542,444,928	(901,252)	3,717,278	545,260,954	420,208,229	(1,166,034)	6,576,932	425,619,127
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	43,741,609	-	-	43,741,609	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	448,013	(24,694)	-	423,319	398,013	(24,680)	-	373,333
Sukuks	2,063,572	(80,720)	-	1,982,852	1,136,216	(94,545)	-	1,041,671
Foreign Securities								
Overseas Bonds - Sovereign	14,572,862	-	-	14,572,862	19,629,502	-	-	19,629,502
Overseas Bonds - Others	-	-	-	-	798,356	-	-	798,356
	68,042,422	(105,414)	-	67,937,008	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	-	(121,344)	-	(121,344)	-	(69,294)	-	(69,294)
Total Investments	697,888,422	(1,170,991)	3,430,006	700,147,437	541,819,346	(1,397,534)	6,668,120	547,089,932

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)
	September 30, 2021	December 31, 2020
	------(Rupees in 000)-----	
Market Treasury Bills	16,866,629	99,091,373
Pakistan Investment Bonds	147,940,500	82,733,120
Foreign Securities	19,286,160	-
	<u>184,093,289</u>	<u>181,824,493</u>

Market value of securities given as collateral is Rs. 184,235.644 million (December 31, 2020: Rs. 181,215.233 million).

10.3 Provision for diminution in value of investments	(Un-audited)	(Audited)
	September 30, 2021	December 31, 2020
	------(Rupees in 000)-----	
10.3.1 Opening balance	1,397,534	2,445,435
Exchange and other adjustments	6,348	495
Charge / reversals		
Charge for the period / year	136,861	1,042,001
Reversals for the period / year	(218,560)	(26,352)
Reversal on disposals	(147,256)	(1,564,459)
	<u>(228,955)</u>	<u>(548,810)</u>
Written off	(3,936)	(499,586)
Closing balance	<u>1,170,991</u>	<u>1,397,534</u>

10.3.2 Particulars of provision against debt securities

Category of classification	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPL	Provision	NPL	Provision
	------(Rupees in '000)-----			
Domestic				
Loss	513,209	513,209	668,266	668,266
Overseas	-	-	-	-
Total	<u>513,209</u>	<u>513,209</u>	<u>668,266</u>	<u>668,266</u>

10.3.3 The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 69,314.822 million (December 31, 2020: Rs. 50,506.972 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	502,679,068	458,635,232	20,786,454	20,822,483	523,465,522	479,457,715
Islamic financing and related assets	120,204,915	101,747,490	3,331,675	3,927,311	123,536,590	105,674,801
Bills discounted and purchased	23,129,333	14,657,070	912,329	1,109,786	24,041,662	15,766,856
Advances - gross	646,013,316	575,039,792	25,030,458	25,859,580	671,043,774	600,899,372
Provision against advances						
- Specific	11.4	-	(20,812,242)	(18,317,255)	(20,812,242)	(18,317,255)
- General	11.4	(4,414,485)	(5,266,170)	-	(4,414,485)	(5,266,170)
		(4,414,485)	(5,266,170)	(20,812,242)	(18,317,255)	(23,583,425)
Advances - net of provision	641,598,831	569,773,622	4,218,216	7,542,325	645,817,047	577,315,947

11.1 Advances include an amount of Rs. 197.671 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 24.03 % (December 31, 2020: 9.46% to 24.42%) with maturities up to August 2041 (December 31, 2020: December 2039).

11.2 Particulars of advances (Gross)	September 30, 2021	December 31, 2020
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
In local currency	619,106,904	559,355,778
In foreign currencies	51,936,870	41,543,594
	671,043,774	600,899,372

11.3 Advances include Rs. 25,030.458 million (December 31, 2020: Rs. 25,859.580 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2021		December 31, 2020	
	(Un-audited)		(Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	21,030	-	65,346	2,455
Substandard	2,694,833	535,277	3,576,300	885,085
Doubtful	3,509,608	1,744,558	7,895,994	3,332,683
Loss	18,196,848	18,071,431	13,769,638	13,656,009
	24,422,319	20,351,266	25,307,278	17,876,232
Overseas				
Not past due but impaired	150	8	-	-
Overdue by:				
91 to 180 days	30,161	565	-	-
Above 365 days	577,828	460,403	552,302	441,023
Total	25,030,458	20,812,242	25,859,580	18,317,255

11.4 Particulars of provision against advances

Note	September 30, 2021 (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	23,993	12,084	36,077	15,076	2,408	17,484
Charge for the period / year	4,308,012	-	4,308,012	5,939,978	4,269,179	10,209,157
Reversals for the period / year	11.4.2 (1,574,328)	(863,769)	(2,438,097)	(2,037,607)	-	(2,037,607)
	2,733,684	(863,769)	1,869,915	3,902,371	4,269,179	8,171,550
Amounts written off	(262,690)	-	(262,690)	(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)
	(262,690)	-	(262,690)	(3,340,607)	-	(3,340,607)
Closing balance	20,812,242	4,414,485	25,226,727	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 September 30, 2021 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 86.432 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 secured 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. 3,100.000 million (December 31, 2020: Rs. 4,250.000 million) representing Covid 19 general loan loss reserve which approximates to 3.85% of restructured customers position as at September 30, 2021.

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)
		September 30, 2021	December 31, 2020
(Rupees in '000)			
12 FIXED ASSETS			
Capital work-in-progress	12.1	1,018,015	748,769
Property and equipment	12.2	20,680,204	20,684,887
Right-of-use assets		11,033,804	9,542,580
		32,732,023	30,976,236
12.1 Capital work-in-progress			
Civil works		719,566	416,527
Equipment		289,195	301,903
Others		9,254	30,339
		1,018,015	748,769

12.2 It includes land and building carried at revalued amount of Rs. 14,210.723 million (December 31, 2020: Rs. 14,226.590 million).

(Un-audited)	
<u>Nine months period ended</u>	
September 30, 2021	September 30, 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	269,246	267,973
Property and equipment		
Buildings on freehold land	54,762	30,679
Buildings on leasehold land	57,608	49,253
Leasehold improvement	287,057	188,293
Furniture and fixtures	47,802	118,039
Office equipment	1,082,547	1,513,888
Vehicles	49,057	111,738
	<u>1,578,833</u>	<u>2,011,890</u>
Total additions to fixed assets	<u>1,848,079</u>	<u>2,279,863</u>

12.4 Disposals of fixed assets

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

Building on leasehold	-	13,927
Leasehold improvements	1,414	8,552
Furniture and fixtures	1,145	905
Office equipments	6,180	10,107
Vehicles	-	15,581
Total disposal of fixed assets	<u>8,739</u>	<u>49,072</u>

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

13 INTANGIBLE ASSETS

Capital work-in-progress / Advance payment to suppliers	312,887	268,225
Software	819,444	1,016,314
	<u>1,132,331</u>	<u>1,284,539</u>

(Un-audited)	
<u>Nine months period ended</u>	
September 30, 2021	September 30, 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	44,662	155,738
Directly purchased	108,915	277,318
Total additions to intangible assets	<u>153,577</u>	<u>433,056</u>

13.2 There were no disposal during the periods ended September 30, 2021 and September 30, 2020.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
------(Rupees in '000)-----			
14 OTHER ASSETS			
Income/ Mark-up accrued in local currency - net of provision		22,578,984	17,856,712
Income/ Mark-up accrued in foreign currency - net of provision		1,530,570	1,171,478
Advances, deposits, advance rent and other prepayments		2,399,365	1,689,620
Advance against subscription of share		-	32,312
Non-banking assets acquired in satisfaction of claims	14.1	1,436,262	1,445,960
Dividend receivable		57,117	2,383
Mark to market gain on forward foreign exchange contracts		4,331,657	1,319,187
Stationery and stamps on hand		26,759	28,390
Defined benefit plan		500,877	692,399
Due from card issuing banks		984,420	995,590
Accounts receivable		3,209,740	3,248,952
Claims against fraud and forgeries		89,445	85,246
Acceptances		19,911,592	14,414,532
Receivable against DSC/SSC and overseas government securities		429,027	806,885
Receivable against marketable securities		-	1,672,773
Others		84,263	10,120
		57,570,078	45,472,539
Less: Provision held against other assets	14.2	(294,797)	(258,857)
Other assets (net of provision)		57,275,281	45,213,682
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	108,341	105,182
		57,383,622	45,318,864

14.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,544.303 million (December 31, 2020: Rs. 1,544.327 million).

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
------(Rupees in '000)-----		
14.2 Provision held against other assets		
Expected credit loss (overseas operation)	117,446	75,642
Non banking assets acquired in satisfaction of claims	300	6,815
Others including fraud and forgeries	177,051	176,400
	294,797	258,857

14.2.1 Movement in provision held against other assets

Opening balance	258,857	230,236
Exchange and other adjustments	5,505	1,244
Charge for the period / year	44,754	35,298
Reversals for the period / year	(8,256)	(3,108)
	36,498	32,190
Amount written off	(6,063)	(4,813)
Closing balance	294,797	258,857

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
15	BILLS PAYABLE	
In Pakistan	23,880,994	22,226,918
Outside Pakistan	324,191	344,204
	<u>24,205,185</u>	<u>22,571,122</u>
16	BORROWINGS	
	Secured	
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	46,109,968	45,178,774
Long-Term Finance Facility	25,290,366	24,532,476
Financing Facility for Renewable Energy Projects	8,471,668	4,551,837
Financing Facility for Storage of Agriculture Produce (FFSAP)	701,699	490,748
Refinance for Wages & Salaries	17,920,823	29,170,716
Temporary Economic Refinance Facility	18,784,001	1,054,162
Others refinance schemes	229,133	527,718
Repurchase Agreement Borrowings	89,000,000	93,965,252
	206,507,658	199,471,683
Repurchase agreement borrowings	32,211,233	42,126,121
Bai Muajjal	45,099,776	35,250,474
Medium Term Note	11,000,000	9,000,000
Total secured	<u>294,818,667</u>	<u>285,848,278</u>
	Unsecured	
Call borrowings	19,207,673	14,032,513
Overdrawn nostro accounts	1,031,250	1,532,864
Bai Muajjal	8,609,049	8,766,071
Others		
- Pakistan Mortgage Refinance Company	1,880,538	1,388,140
- Karandaaaz Risk Participation	2,392,745	650,087
- Other financial institutions	8,534,125	2,742,233
Total unsecured	<u>41,655,380</u>	<u>29,111,908</u>
	<u>336,474,047</u>	<u>314,960,186</u>

17 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	379,203,541	82,934,713	462,138,254	318,869,466	72,526,675	391,396,141
Savings deposits	248,011,649	31,455,221	279,466,870	236,071,010	29,757,610	265,828,620
Term deposits	126,564,798	44,770,216	171,335,014	114,847,092	51,044,885	165,891,977
Others	13,237,949	5,723,483	18,961,432	13,882,444	2,977,270	16,859,714
	767,017,937	164,883,633	931,901,570	683,670,012	156,306,440	839,976,452
Financial Institutions						
Current deposits	2,160,157	681,449	2,841,606	2,061,053	1,078,065	3,139,118
Savings deposits	69,561,596	91,212	69,652,808	26,592,177	197,558	26,789,735
Term deposits	26,287,366	4,618,926	30,906,292	8,803,246	1,161,129	9,964,375
Others	222,589	529,236	751,825	1,817,607	79,795	1,897,402
	98,231,708	5,920,823	104,152,531	39,274,083	2,516,547	41,790,630
	<u>865,249,645</u>	<u>170,804,456</u>	<u>1,036,054,101</u>	<u>722,944,095</u>	<u>158,822,987</u>	<u>881,767,082</u>

(Un-audited) (Audited)
September 30, 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 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.		
		<u>7,000,000</u>	<u>7,000,000</u>

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

19 DEFERRED TAX LIABILITIES

Deductible Temporary Differences on:

- Provision against investments
- Provision against advances
- Provision against other assets
- Unrealised loss on revaluation of held for trading investments

	(548,609)	(444,440)
	(3,169,688)	(3,056,275)
	(421,212)	(353,259)
	(112,036)	-
	(4,251,545)	(3,853,974)

Taxable Temporary Differences on:

- Surplus on revaluation of fixed assets
- Surplus on revaluation of non banking assets
- Surplus on revaluation of available for sale investments
- Unrealised gain on revaluation of held for trading investments
- Accelerated tax depreciation

	1,477,713	1,277,421
	2,735	1,235
	1,449,738	2,301,926
	-	31,916
	1,725,885	1,602,628
	4,656,071	5,215,126

	404,526	1,361,152
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20 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency	4,947,471	4,107,655
Mark-up/ Return/ Interest payable in foreign currency	647,804	534,341
Unearned fee commission and income on bills discounted and guarantees	1,225,499	962,482
Accrued expenses	6,677,590	5,770,075
Current taxation	11,128,776	9,615,466
Acceptances	19,911,592	14,414,532
Dividends payable	2,492,664	135,345
Mark to market loss on forward foreign exchange contracts	3,260,101	2,146,281
Mark to market loss on derivatives	23.1 564,401	921,919
Branch adjustment account	418,150	310,518
ADC settlement accounts	2,004,165	1,516,463
Provision for compensated absences	715,356	611,106
Payable against redemption of customer loyalty / reward points	451,783	413,874
Charity payable	31,553	8,375
Provision against off-balance sheet obligations	20.1 157,264	127,428
Security deposits against leases, lockers and others	10,520,320	8,581,281
Workers' Welfare Fund	2,326,369	1,973,020
Payable to vendors and suppliers	825,613	846,433
Indirect taxes payable	1,124,974	1,144,088
Lease Liability	12,247,380	10,456,029
Payable against marketable securities	240,089	-
Others	2,271,388	1,599,977
	84,190,302	66,196,688

20.1 Provision against off-balance sheet obligations

Opening balance	127,428	129,249
Exchange and other adjustments	6,834	3,910
Charge / (reversal) for the period / year	23,002	(5,731)
Closing balance	157,264	127,428

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
------(Rupees in 000)-----			
21			
SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	10.1	3,717,278	6,576,932
- Fixed Assets		8,373,275	8,419,320
- Non-banking assets acquired in satisfaction of claims		108,341	105,182
		12,198,894	15,101,434
Deferred tax charge on surplus / (deficit) on revaluation of:			
- Available for sale securities		1,449,738	2,301,926
- Fixed Assets		1,477,713	1,277,421
- Non-banking assets acquired in satisfaction of claims		2,735	1,235
		2,930,186	3,580,582
Derivatives		(656,129)	(1,012,015)
		8,612,579	10,508,837
22			
CONTINGENCIES AND COMMITMENTS			
-Guarantees	22.1	84,849,350	69,451,917
-Commitments	22.2	552,926,509	380,140,829
-Other contingent liabilities	22.3.1	5,330,335	12,274,585
		643,106,194	461,867,331
22.1			
Guarantees:			
Financial guarantees		170,651	507,942
Performance guarantees		40,542,948	36,636,998
Other guarantees		44,135,751	32,306,977
		84,849,350	69,451,917
22.2			
Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		214,646,435	125,526,205
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	198,188,549	184,793,857
- forward government securities transactions	22.2.2	63,651,873	12,239,653
- derivatives	22.2.3	36,196,477	18,317,022
- forward lending	22.2.4	38,317,906	38,125,107
Commitments for acquisition of:			
- operating fixed assets		1,495,128	895,707
- intangible assets		430,141	243,278
		552,926,509	380,140,829

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
22.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	125,606,459	106,574,908
	Sale	72,582,090	78,218,949
		<u>198,188,549</u>	<u>184,793,857</u>
22.2.2	Commitments in respect of forward government securities transactions		
	Purchase	44,457,849	1,378,869
	Sale	19,194,024	10,860,784
		<u>63,651,873</u>	<u>12,239,653</u>
22.2.3	Commitments in respect of derivatives (Interest Rate Swaps)		
	Purchase	36,196,477	18,317,022
	Sale	-	-
		<u>36,196,477</u>	<u>18,317,022</u>
22.2.4	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	33,767,973	32,818,826
	Commitments in respect of investments	4,549,933	5,306,281
		<u>38,317,906</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.		
22.3	Other contingent liabilities		
22.3.1	Claims against the Bank not acknowledged as debts	<u>5,330,335</u>	<u>12,274,585</u>

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

Counterparties	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Interest Rate Swaps			Interest Rate Swaps		
	No. of contracts	Notional Principal	Mark to market loss	No. of contracts	Notional Principal	Mark to market loss
----- (Rupees in '000) -----						
With Banks for Hedging	52	36,196,477	(564,401)	31	18,317,022	(921,919)
	<u>52</u>	<u>36,196,477</u>	<u>(564,401)</u>	<u>31</u>	<u>18,317,022</u>	<u>(921,919)</u>

	Note	(Un-audited)	
		Nine months period ended	
		September 30, 2021	September 30, 2020
------(Rupees in '000)-----			
24	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	33,635,181	39,278,702
	b) Investments	35,374,450	28,063,081
	c) Lendings to financial institutions	1,638,251	2,959,685
	d) Balances with banks	21,410	49,809
	e) On securities purchased under resale agreements / Bai Muajjal	994,985	1,384,275
		<u>71,664,277</u>	<u>71,735,552</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	20,693,377	25,094,678
	b) Borrowings	5,259,038	2,446,389
	c) Securities sold under repurchase agreements	8,652,827	4,613,577
	d) Subordinated debt	481,234	989,914
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	1,519,663	3,010,305
	f) Borrowing cost on leased properties	1,065,922	1,043,818
	g) Reward points	99,081	70,071
		<u>37,771,142</u>	<u>37,268,752</u>
26	FEE & COMMISSION INCOME		
	Branch banking customer fees	676,024	817,048
	Consumer finance related fees	292,293	185,783
	Card related fees (debit and credit cards)	963,723	458,497
	Credit related fees	157,499	127,549
	Investment banking fees	237,788	184,368
	Commission on trade	1,292,858	1,013,432
	Commission on guarantees	243,573	214,885
	Commission on cash management	32,927	31,746
	Commission on remittances including home remittances	634,379	395,543
	Commission on bancassurance	428,594	320,494
	Card acquiring business	331,187	341,370
	Wealth Management Fee	52,933	65,631
	Commission on Employees' Old-Age Benefit Institution (EOBI)	28,291	69,592
	Commission on Benazir Income Support Programme (BISP)	174,525	275,649
	Alternate Delivery Channels (ADC)	278,593	223,383
	Others	162,896	66,431
		<u>5,988,083</u>	<u>4,791,401</u>
27	GAIN ON SECURITIES		
	Realised	27.1 2,491,082	2,189,975
	Unrealised - held for trading	10.1 (287,272)	(5,022)
		<u>2,203,810</u>	<u>2,184,953</u>
27.1	Realised gain / (loss) on:		
	Federal Government Securities	1,358,406	2,849,822
	Shares	516,391	(631,522)
	Non Government Debt Securities	3,901	1,075
	Foreign Securities	612,384	(29,400)
		<u>2,491,082</u>	<u>2,189,975</u>
28	OTHER INCOME		
	Rent on property	19,600	18,687
	Gain on sale of fixed assets-net	31,789	33,215
	Profit on termination of leased contracts (Ijarah)	45,914	39,190
	Gain on termination of leases (IFRS 16)	9,849	-
		<u>107,152</u>	<u>91,092</u>

29	Note	(Un-audited)	
		Nine months period ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
29 OPERATING EXPENSES			
Total compensation expense	29.1	12,372,935	10,905,192
Property expense			
Rent and taxes		82,227	67,961
Utilities cost		954,266	814,113
Security (including guards)		602,549	608,225
Repair and maintenance (including janitorial charges)		681,991	479,763
Depreciation on right-of-use assets		1,663,040	1,516,678
Depreciation on non-banking assets acquired in satisfaction of claims		3,254	6,999
Depreciation on owned assets		371,191	369,908
		4,358,518	3,863,647
Information technology expenses			
Software maintenance		1,034,046	789,637
Hardware maintenance		345,190	347,873
Depreciation		425,551	325,490
Amortisation		304,989	331,720
Network charges		405,825	301,011
Consultancy and support services		95,937	120,854
		2,611,538	2,216,585
Other operating expenses			
Directors' fees and allowances		149,449	227,874
Fees and allowances to Shariah Board		7,829	6,135
Legal and professional charges		203,062	294,703
Outsourced services costs		631,313	645,943
Travelling and conveyance		335,844	313,045
Clearing and custodian charges		65,519	62,083
Depreciation		762,930	688,090
Training and development		99,712	61,947
Postage and courier charges		379,664	224,963
Communication		351,568	305,557
Stationery and printing		585,956	463,678
Marketing, advertisement and publicity		695,280	599,367
Donations		22,176	22,288
Auditors' remuneration		47,141	43,245
Brokerage and commission		196,387	137,943
Entertainment		197,610	143,318
Repairs and maintenance		444,813	329,557
Insurance		839,085	772,072
Cash handling charges		727,474	530,742
CNIC verification		122,361	74,494
Others		384,195	450,418
		7,249,368	6,397,462
		26,592,359	23,382,886
29.1 Total compensation expense			
Managerial remuneration			
i) Fixed		9,146,952	8,100,400
ii) Variable:			
a) Cash Bonus / Awards etc.		1,555,056	1,339,414
b) Bonus and Awards in Shares etc.		118,960	-
Charge for defined benefit plan		191,522	128,062
Contribution to defined contribution plan		368,685	342,563
Medical		506,316	422,013
Conveyance		213,256	199,081
Staff compensated absences		104,250	72,000
Others		139,996	129,491
Sub-total		12,344,993	10,733,024
Sign-on bonus		27,802	8,650
Severance allowance		140	163,518
Grand Total		12,372,935	10,905,192

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)	
		Nine months period ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
31 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		23,326	87,395
Penalties imposed by other regulatory bodies		698	272
		<u>24,024</u>	<u>87,667</u>
32 PROVISIONS & WRITE OFFS - NET			
Provision against lending to financial institutions		-	(8,615)
(Reversal) / provision for diminution in value of investments	10.3	(228,955)	69,881
Provision against loans & advances	11.4	1,869,915	6,275,853
Provision against other assets	14.2.1	36,498	31,286
Provision / (reversal) against off-balance sheet obligations	20.1	23,002	(21,414)
Other provisions / write off - net		26,068	39,690
Recovery of written off / charged off bad debts		(307,365)	(107,866)
		<u>1,419,163</u>	<u>6,278,815</u>
33 TAXATION			
Current		6,935,766	7,911,493
Prior years		-	(46,772)
Deferred		(324,216)	(1,860,763)
		<u>6,611,550</u>	<u>6,003,958</u>

- 33.1 a) The income tax assessments of the Bank have been finalized upto and including tax year 2021. Certain addbacks have been made by tax authorities for various assessment years appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

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. As a result of appeals 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) During the period bank received orders from a provincial tax authority for the periods from July 2014 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs.275.051 million [excluding default surcharge] by disallowing certain exemptions of sales tax on banking services. Previously, the Bank has received provincial sales tax orders wherein tax authority demanded sales tax on banking services and penalty amounting to Rs.488.261 million [excluding default surcharge] by disallowing certain exemptions and allegedly for short payment of sales tax covering period from July 2011 to June 2014. Appeals against all these orders are 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. Bank appeal against this order is pending before Commissioner Appeals. The Bank has not made any provision against this order and the management is of the view that this matter will be favourably settled through appellate process.

		(Un-audited)	
		Nine months period ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
34	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	<u>10,481,409</u>	<u>8,331,460</u>
		------(Number of shares in '000)-----	
	Weighted average number of ordinary shares	<u>1,777,165</u>	<u>1,777,165</u>
		------(Rupees)-----	
	Basic and diluted earnings per share	<u>5.90</u>	<u>4.69</u>

- 34.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

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 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:

	September 30, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	543,547,542	-	543,547,542
Shares	7,051,976	-	-	7,051,976
Non-Government Debt Securities	12,120,000	7,906,612	-	20,026,612
Foreign Securities	-	59,115,380	-	59,115,380
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	69,314,822	-	69,314,822
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	4,331,657	-	4,331,657
Forward sale of foreign exchange	-	(3,260,101)	-	(3,260,101)
Forward purchase of government securities	-	(7,328)	-	(7,328)
Derivatives purchases	-	(564,401)	-	(564,401)
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	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
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	50,506,972	-	50,506,972
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	1,319,187	-	1,319,187
Forward sale of foreign exchange	-	(2,146,281)	-	(2,146,281)
Forward purchase of government securities	-	(1,836)	-	(1,836)
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.

35.4.1 Valuation techniques

Item	Valuation approach and input used
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 Sukuks, Overseas and GoP 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 September 30, 2021 (Un-audited)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Others *	Total	
----- (Rupees in '000) -----									
Profit and loss									
Net mark-up/return/profit	(2,254,052)	9,867,397	5,952,747	18,508,398	(6,297)	2,128,221	(303,279)	33,893,135	
Inter segment revenue - net	19,413,868	(5,338,374)	(2,46,516)	(14,755,034)	357,541	426,017	142,498	-	
Non mark-up / return / interest income	3,638,498	1,743,929	9,07,319	3,937,208	259,391	941,593	160,781	11,588,719	
Total Income	20,798,314	6,272,952	6,613,550	7,690,572	610,635	3,495,831	-	45,481,854	
Segment direct expenses	11,074,776	944,877	3,448,965	351,771	1,199,781	1,482,464	8,467,098	26,969,732	
Inter segment expense allocation	5,369,946	771,754	1,322,961	297,682	459,611	245,744	(8,467,098)	-	
Total expenses	16,444,722	1,716,631	4,771,326	649,453	1,659,392	1,728,208	-	26,969,732	
Provisions / (reversals)	374,950	1,135,300	1,023,632	(76,204)	6,063	105,422	(1,150,000)	1,419,163	
Profit before tax	3,978,642	3,421,021	818,592	7,117,323	(1,054,820)	1,662,201	1,150,000	17,092,959	
----- (Rupees in '000) -----									
	As at September 30, 2021 (Un-audited)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Others *	Total	
Balance Sheet									
Cash and bank balances	47,016,038	12,000,433	13,404,022	5,198,311	280,207	18,641,654	-	96,540,665	
Investments	1,377,701	2,088,879	63,094,599	556,168,257	-	76,609,576	808,425	700,147,437	
Net inter segment lending	403,829,519	-	-	-	6,617,066	-	77,831,898	488,278,483	
Lendings to financial institutions	-	-	18,376,748	21,666,622	-	7,050,625	-	47,093,995	
Advances - performing	187,829,863	289,636,395	119,640,307	61	49,000	34,883,605	9,559,600	641,598,831	
Advances - non-performing	956,245	2,622,179	461,540	-	2,632	147,163	28,457	4,218,216	
Others	19,024,409	20,030,595	22,526,788	2,715,777	1,248,271	7,527,858	18,174,278	91,247,976	
Total assets	660,033,775	326,378,481	237,504,004	585,749,028	8,197,176	144,860,481	106,402,658	2,069,125,603	
Borrowings	23,003,028	72,786,047	29,340,884	169,586,433	-	41,757,655	-	336,474,047	
Subordinated debt	-	-	-	-	-	-	7,000,000	7,000,000	
Deposits and other accounts	613,968,894	176,655,121	163,485,052	-	8,072,183	73,872,851	-	1,036,054,101	
Net inter segment borrowing	-	43,895,112	10,432,594	410,685,545	-	23,325,232	-	488,278,483	
Others	22,799,404	33,102,201	32,351,014	2,741,338	124,993	5,824,661	12,356,402	108,800,013	
Total liabilities	659,271,326	326,378,481	235,609,544	583,013,316	8,197,176	144,780,399	19,356,402	1,976,006,644	
Net assets	762,449	-	1,894,460	2,735,712	-	80,082	87,046,256	92,518,959	
Equity									
Contingencies and commitments	67,545,269	197,426,903	80,882,239	217,595,938	143,133	78,472,134	1,040,578	643,106,194	

* Others include head office related activities.

For the period ended September 30, 2020 (Un-audited)

	(Rupees in '000)				
	Retail	Corporate	Islamic	Treasury	Others *
				Digital	Overseas
Profit and loss					
Net mark-up/return/profit	(5,472,164)	14,480,683	6,813,372	17,434,292	2,135,109
Inter segment revenue - net	25,020,716	(9,628,676)	(782,120)	(16,102,887)	96,914
Non mark-up / return / interest income	2,567,728	1,318,207	891,567	4,571,862	353,135
Total income	22,116,280	6,170,214	6,922,819	5,903,267	2,585,158
Segment direct expenses	10,058,288	717,378	2,923,490	342,173	1,384,669
Inter segment expense allocation	4,781,673	696,289	1,076,820	233,107	342,044
Total expenses	14,839,961	1,413,667	4,000,310	575,280	1,465,426
Provisions / (reversals)	473,932	2,184,322	106,020	66,348	1,718
Profit before tax	6,802,387	2,572,225	2,816,749	5,261,639	(3,500,000)

As at December 31, 2020 (Audited)

	(Rupees in '000)				
	Retail	Corporate	Islamic	Treasury	Others *
				Digital	Overseas
Balance sheet					
Cash and bank balances	49,627,891	10,193,222	14,780,115	17,295,558	13,214,927
Investments	1,648,811	1,067,759	47,420,548	425,225,444	70,934,391
Net inter segment lending	367,340,730	-	-	8,236,238	86,790,920
Lendings to financial institutions	-	-	14,293,146	51,747,865	-
Advances - performing	153,956,442	283,141,506	101,673,272	16,596	11,264,524
Advances - non-performing	1,209,592	4,577,817	1,605,920	202	25,085,003
Others	22,501,621	11,194,130	16,562,877	7,069,505	37,515
Total assets	596,285,087	310,174,434	196,335,878	501,338,372	149,999,533
Borrowings	23,057,436	66,943,742	23,967,885	185,932,565	108,521,750
Subordinated debt	-	-	-	-	13,560,921
Deposits and other accounts	552,825,197	116,774,809	133,037,813	-	7,000,000
Net inter segment borrowing	-	105,134,794	9,765,912	309,835,466	10,449
Others	19,311,536	21,322,702	28,011,247	3,605,361	37,631,716
Total liabilities	595,194,169	310,176,047	194,782,857	499,373,392	137,719,768
Net Assets	1,090,918	(1,613)	1,553,021	1,964,980	22,227,854
Equity					
Contingencies and commitments	70,508,424	118,634,144	52,780,786	165,893,738	1,266,935

* 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, its directors, key management personnel and other related parties.

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 September 30, 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)				
Lendings to financial institutions										
Opening balance	-	-	-	-	1,745,880	-	-	-	-	-
Addition during the period / year	-	-	-	-	127,354,877	-	-	-	-	140,523,678
Repaid during the period / year	-	-	-	-	(126,136,977)	-	-	-	-	(138,777,848)
Closing balance	-	-	-	-	968,730	-	-	-	-	1,745,880
Investments										
Opening balance	-	-	300,000	1,177,606	1,241,405	-	-	300,000	1,177,606	1,191,425
Investment redeemed / disposed off during the period / year	-	-	-	-	(22,255)	-	-	-	-	(20)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	50,000
Closing balance	-	-	300,000	1,177,606	1,219,150	-	-	300,000	1,177,606	1,241,405
Provision for diminution in value of investments	-	-	42,981	-	-	-	-	42,981	-	3,986
Advances										
Opening balance	78,132	791,521	-	-	3,346,278	91,129	661,838	-	-	4,200,405
Addition during the period / year	-	583,235	-	-	1,537,104	87,827	286,114	-	-	7,713,243
Repaid during the period / year	(78,091)	(225,094)	-	-	(3,465,954)	(83,916)	(106,441)	-	-	(8,567,370)
Transfer in / (out) - net	-	(15,066)	-	-	(219,446)	(7,368)	40,010	-	-	-
Closing balance	41	1,136,576	-	-	1,197,982	78,132	791,521	-	-	3,346,278
Other assets										
Interest / mark-up accrued	-	99,351	-	-	35,293	2,580	88,905	-	-	45,434
Receivable from staff retirement fund	-	-	-	-	500,877	-	-	-	-	692,399
Prepayment / rent receivable	-	-	-	-	-	-	-	-	1,560	47,524

	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					(Rupees in '000)				
	As at September 30, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
Borrowings										
Opening balance	-	-	-	-	2,384,849	-	-	-	-	494,646
Borrowings during the period / year	-	-	-	-	25,773,517	-	-	-	-	44,475,367
Settled during the period / year	-	-	-	-	(26,277,872)	-	-	-	-	(42,565,364)
Closing balance	-	-	-	-	1,890,539	-	-	-	-	2,384,849
Deposits and other accounts										
Opening balance	103,392	397,194	16,970	5,586,652	3,706,519	12,076	257,121	9,335	58,814	4,584,695
Received during the period / year	1,262,136	2,195,972	1,166,898	91,785,479	27,116,674	323,082	2,709,565	781,799	117,408,368	70,878,153
Withdrawn during the period / year	(1,305,778)	(2,118,344)	(1,177,311)	(91,258,152)	(24,403,855)	(223,154)	(2,083,337)	(774,214)	(112,409,865)	(71,465,963)
Transfer in / (out) - net	-	(19,078)	-	(2,542)	(2,542)	(6,612)	13,905	-	-	(290,368)
Closing balance	64,750	455,744	6,507	6,113,979	6,415,791	103,392	397,194	16,970	5,586,652	3,706,519
Other liabilities										
Interest / mark-up payable	41	1,135	-	-	13,429	73	433	-	-	5,393
Lease liabilities	-	-	-	-	8,742	-	-	-	-	9,216
Dividend payable	545,841	-	-	-	1,572,129	-	-	-	-	-
Others	-	-	223	-	32,785	-	-	7,201	-	2,747
Contingencies and commitments										
Other contingencies	-	-	-	85,329	23,679	-	-	-	79,917	139,887
	For the period ended September 30, 2021 (Un-audited)					For the period ended September 30, 2020 (Un-audited)				
	(Rupees in '000)					(Rupees in '000)				
Income	2,747	40,976	-	-	212,749	6,943	31,447	-	-	376,105
Mark-up / return / interest earned	-	-	-	64,006	-	-	-	60,304	-	-
Fee and commission income	-	-	-	31,000	11,066	-	-	45,000	-	17,156
Dividend income	-	-	-	2,350	5,302	-	-	3,306	-	15,376
Other income	-	1,463	-	-	-	-	-	-	-	-
Expenses	1,078	9,287	107	162,516	398,365	443	7,351	120	82,069	251,612
Mark-up / return / interest paid	-	-	-	-	978	-	-	-	-	983
Borrowing cost on leased properties	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-	-
Directors fee	149,449	-	-	-	-	227,874	-	-	-	-
Managerial remuneration	160,487	1,225,253	-	-	-	230,699	1,087,850	-	-	-
Software maintenance	-	-	-	50,412	-	-	-	-	-	-
Travelling and accommodation	-	-	-	-	-	-	-	-	-	-
Communication cost	-	-	-	38,917	-	-	-	-	-	-
Brokerage and commission	-	-	1,680	-	-	-	-	-	-	-
Legal and professional charges	-	-	5,250	-	-	-	-	1,672	-	-
Charge for defined benefit plan	-	-	-	191,522	-	-	-	-	-	128,062
Contribution to defined contribution plan	-	-	-	368,685	-	-	-	-	-	342,563
Others	64,750	5,402	-	-	-	-	-	-	-	-
Other Information										
Dividend paid	549,940	13,908	-	2,621	1,764,853	547,914	10,070	-	6,415	1,657,482
Insurance premium paid	-	-	-	670,359	-	-	-	-	658,655	-
Insurance claims settled	-	-	-	377,083	-	-	-	-	273,609	-

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)
September 30, 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	73,858,019	70,210,555
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	80,858,019	77,210,555
Eligible Tier 2 Capital	20,399,716	23,211,792
Total Eligible Capital (Tier 1 + Tier 2)	101,257,735	100,422,347

Risk Weighted Assets (RWAs):

Credit risk	604,741,456	522,368,549
Market risk	11,577,000	11,812,425
Operational risk	73,481,663	73,481,663
Total	689,800,119	607,662,637

Common Equity Tier 1 Capital Adequacy ratio	10.71%	11.55%
Tier 1 Capital Adequacy Ratio	11.72%	12.71%
Total Capital Adequacy Ratio	14.68%	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*	81,152,730	77,210,555
Total exposures	2,135,199,537	1,737,693,936
Leverage ratio	3.80%	4.44%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	477,977,412	372,270,246
Total Net Cash Outflow	280,211,086	199,316,286
Liquidity coverage ratio	171%	187%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	953,442,869	850,376,458
Total Required Stable Funding	725,563,757	626,269,922
Net Stable Funding Ratio	131%	136%

*Eligible Tier -1 Capital measure for calculation of Leverage Ratio is based on three months average.

39 ISLAMIC BANKING BUSINESS

The Bank is operating 197 Islamic banking branches (December 31, 2020: 186 branches) and 1 sub branch (December 31, 2020: 1 sub branch) as at September 30, 2021.

STATEMENT OF FINANCIAL POSITION

	Note	(Un-audited)	(Audited)
		September 30, 2021	December 31, 2020
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks		12,759,512	13,519,229
Balances with other banks		644,510	1,260,886
Due from financial institutions	39.1	18,376,748	14,293,146
Investments	39.2	63,094,599	47,420,548
Islamic financing and related assets - net	39.3	120,101,847	103,279,192
Fixed assets		7,466,143	6,038,819
Intangible assets		15,447	23,038
Deferred tax assets		221,889	209,613
Other assets		14,823,309	10,501,020
Total Assets		237,504,004	196,545,491
LIABILITIES			
Bills payable		4,979,991	5,431,799
Due to financial institutions		29,340,884	23,967,885
Deposits and other accounts	39.4	163,485,052	133,037,813
Deferred tax liabilities		-	-
Other liabilities		27,371,023	22,579,448
		225,176,950	185,016,945
NET ASSETS		12,327,054	11,528,546
REPRESENTED BY			
Islamic Banking Fund		1,800,000	1,800,000
Surplus on revaluation of assets		1,894,460	1,762,634
Unappropriated/ Unremitted profit	39.5	8,632,594	7,965,912
		12,327,054	11,528,546
CONTINGENCIES AND COMMITMENTS	39.6		

PROFIT AND LOSS ACCOUNT

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

Profit / return earned	39.7	9,462,818	10,480,846
Profit / return expensed	39.8	3,510,071	3,667,474
Net Profit / return		5,952,747	6,813,372
Fee and Commission Income		615,004	585,430
Foreign Exchange Income		251,263	229,128
(Loss) / gain on securities		(10,720)	35,033
Other Income		51,772	41,976
Total other income		907,319	891,567
Total Income		6,860,066	7,704,939
Other expenses			
Operating expenses		4,743,914	3,909,582
Workers Welfare Fund		25,802	74,876
Other charges		1,610	15,852
Total other expenses		4,771,326	4,000,310
Profit before provisions		2,088,740	3,704,629
Provisions and write offs - net		1,023,632	106,020
Profit before taxation		1,065,108	3,598,609
Taxation		399,059	1,411,825
Profit after taxation		666,049	2,186,784

September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
------(Rupees in '000)-----					
11,450,061	-	11,450,061	10,800,061	-	10,800,061
6,926,687	-	6,926,687	3,493,085	-	3,493,085
18,376,748	-	18,376,748	14,293,146	-	14,293,146

39.1 Due from Financial Institutions

Unsecured

Bai Muajjal Receivable from other financial institutions

39.2 Investments

September 30, 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)-----							

By segment & type:

Federal Government Securities

Available-for-sale securities

Ijarah Sukuks

Naya Pakistan Certificates

Held-to-maturity securities

Other Federal Government Securities

Non Government Debt Securities

Available-for-sale securities

Sukuks - Unlisted

Held-to-maturity securities

Sukuks - Unlisted

Total Investments

34,745,360	-	111,316	34,856,676	20,486,855	-	(58,785)	20,428,070
1,107,305	-	-	1,107,305	466,435	-	-	466,435
35,852,665	-	111,316	35,963,981	20,953,290	-	(58,785)	20,894,505
7,216,366	-	-	7,216,366	7,216,366	-	-	7,216,366
17,763,364	-	168,038	17,931,402	18,154,142	-	113,865	18,268,007
2,063,572	(80,722)	-	1,982,850	1,136,216	(94,546)	-	1,041,670
62,895,967	(80,722)	279,354	63,094,599	47,460,014	(94,546)	55,080	47,420,548

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

39.3 Islamic financing and related assets

Ijarah

Murabaha

Musharaka

Diminishing Musharaka

Salam

Muajjal Financing

Musawama Financing

Islamic Staff financing

SBP Islamic Refinance

SBP Refinance Scheme For Wages & Salaries

Islamic Long Term Finance Facility Plant & Machinery

Islamic Refinance Renewable Energy

Islamic Temporary Economic Refinance Facility (ITERF)

Naya Pakistan Home Financing

Advances against Islamic assets

Inventory related to Islamic financing

Islamic Refinance Facility for combatting Covid

Other Islamic modes

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

18,178,947	14,353,395
3,176,998	3,353,347
24,819,125	22,481,095
3,221,742	2,179,926
5,591,418	3,658,498
19,999,377	24,999,194
3,020,903	863,442
2,330,325	1,721,900
11,481,154	8,698,588
3,333,989	4,793,796
728,855	433,900
27,840	3,163
1,400,014	-
575,757	-
21,548,557	14,162,819
3,958,254	3,948,460
70,474	-
72,861	23,278
123,536,590	105,674,801

(3,331,675)	(2,321,391)
(103,068)	(74,218)
(3,434,743)	(2,395,609)
120,101,847	103,279,192

39.4 Deposits

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
------(Rupees in '000)-----						
Customers						
Current deposits	77,954,324	5,340,206	83,294,530	59,536,285	4,628,277	64,164,562
Savings deposits	55,653,501	2,568,519	58,222,020	50,866,656	2,396,749	53,263,405
Term deposits	17,836,975	268,661	18,105,636	13,534,046	475,505	14,009,551
Other deposits	1,721,888	317,377	2,039,265	820,136	245,643	1,065,779
	<u>153,166,688</u>	<u>8,494,763</u>	<u>161,661,451</u>	<u>124,757,123</u>	<u>7,746,174</u>	<u>132,503,297</u>
Financial Institutions						
Current deposits	85,152	-	85,152	88,381	-	88,381
Savings deposits	285,949	-	285,949	443,635	-	443,635
Term deposits	1,452,500	-	1,452,500	2,500	-	2,500
	<u>1,823,601</u>	<u>-</u>	<u>1,823,601</u>	<u>534,516</u>	<u>-</u>	<u>534,516</u>
	<u>154,990,289</u>	<u>8,494,763</u>	<u>163,485,052</u>	<u>125,291,639</u>	<u>7,746,174</u>	<u>133,037,813</u>

39.5 Islamic Banking Business Unappropriated Profit

	(Un-audited)	(Audited)
	September 30, 2021	December 31, 2020
------(Rupees in '000)-----		
Opening Balance	7,965,912	11,472,207
Add: Islamic Banking profit before taxation for the period	1,065,108	3,340,409
Less: Taxation	(399,059)	(1,347,612)
Less: Transfer from surplus on revaluation of assets to unappropriated profit - net	633	908
Less: Transferred / Remitted to Head Office	-	(5,500,000)
Closing Balance	<u>8,632,594</u>	<u>7,965,912</u>

39.6 Contingencies and Commitments

-Guarantees	3,375,013	3,163,586
-Commitments	77,507,226	49,617,200
	<u>80,882,239</u>	<u>52,780,786</u>

39.7 Profit/Return Earned of Financing, Investments and Placement

	(Un-audited)	
	September 30, 2021	September 30, 2020
------(Rupees in '000)-----		
Financing	5,446,120	6,422,480
Investments	2,554,552	1,599,995
Placements	1,462,146	2,458,371
	<u>9,462,818</u>	<u>10,480,846</u>

39.8 Profit on Deposits and other Dues Expensed

Deposits and other accounts	2,770,462	3,181,145
Due to financial institutions	273,962	150,725
Cost of foreign currency swaps against foreign currency deposits / borrowings	122,292	53,782
Borrowing cost on lease liability	329,579	275,108
Reward points	13,776	6,714
	<u>3,510,071</u>	<u>3,667,474</u>

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) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Agriculture, Forestry, Hunting and Fishing	20,876,447	25,488,613
Automobile and transportation equipment	2,336,726	2,436,479
Cement	4,470,169	4,462,768
Chemical and Pharmaceuticals	6,386,651	3,545,699
Construction	3,029,377	3,092,356
Electronics and electrical appliances	2,931,680	1,238,039
Exports / Imports	72,821	136,320
Financial	600,622	689,267
Food & Allied Products	5,115,653	5,054,946
Footwear and Leather garments	843,357	740,255
Glass and Ceramics	97,924	110,960
Individuals	26,388,329	18,409,257
Insurance	1,858	3,277
Metal & Allied industries	2,562,945	2,697,096
Oil and Allied	1,902,959	1,975,563
Paper and Board	671,841	769,653
Power (electricity), Gas, Water, Sanitary	6,504,814	6,669,217
Services	1,993,938	1,471,220
Sugar	970,399	1,665,422
Technology and Communication	22,889	21,352
Textile	27,191,399	19,921,320
Transport, Storage and Communication	664,153	545,157
Wholesale and Retail Trade	5,208,706	3,235,734
Others	2,690,933	1,294,831
Total Gross Islamic Financing and Related Assets	123,536,590	105,674,801
Total gross investments (at cost)	62,895,967	47,460,014
Total Islamic placements	18,376,748	14,293,146
Total Invested Funds	204,809,305	167,427,961

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)			
General Pool								
PKR Pool	Monthly	6.98%	50.00%	50.00%	2,238,422	3.95%	1.27%	29,082
USD Pool	Monthly	2.32%	85.00%	15.00%	32,647	0.29%	6.67%	113
GBP Pool	Monthly	3.88%	85.00%	15.00%	5,957	0.50%	0.00%	-
EUR Pool	Monthly	3.29%	85.00%	15.00%	5,009	0.40%	0.00%	-
AED Pool	Monthly	3.67%	85.00%	15.00%	175	0.34%	0.00%	-
SAR Pool	Monthly	2.78%	85.00%	15.00%	134	0.16%	0.00%	-
CAD Pool	Monthly	1.17%	85.00%	15.00%	6	0.00%	0.00%	-
Specific Pool								
Special Pool (Saving)	Monthly	8.20%	28.83%	71.17%	10,386	6.01%	0.00%	-
Special Pool (TDR)	Monthly	8.14%	14.37%	85.63%	169,724	7.02%	0.00%	-
Special Pool FBA (Saving)	Monthly	8.96%	30.00%	70.00%	3,631	6.32%	14.83%	3,176

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	6.31%	85.07%	14.93%	823,263	Nil	0.55%	4,564

40 **AFGHANISTAN OPERATIONS**

The Bank operates two branches in Afghanistan. The evolving situation in Afghanistan is of concern and is being monitored by the Bank on a continual basis. The branches have reopened and are operational. All staff including expats have resumed their duties onshore. The banking operations in Afghanistan are hampered due to country's frozen reserves, uncertainty regarding international recognition and guidelines aimed at preventing a liquidity crisis are still being formulated by DAB. The Bank has enhanced oversight, both onshore and at HQ, to ensure more stringent controls. The Bank remains in constant touch with the team in Afghanistan, Pakistan Embassy in Kabul, and all the key banking partners to ensure safety of staff and ensuring that it continues to meet the compliance and control requirements of banking partners.

41 **DATE OF AUTHORISATION**

These consolidated condensed interim financial statements were authorised for issue on October 24, 2021 by the Board of Directors of the Bank.

42 **GENERAL**

42.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated 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**

Nine months period ended September 30, 2021

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	87,562,894	99,348,862
Balances with other banks	8	9,416,629	6,373,472
Lendings to financial institutions	9	47,093,995	77,305,535
Investments	10	702,886,942	549,358,553
Advances	11	645,818,234	577,317,776
Fixed assets	12	32,778,992	30,994,793
Intangible assets	13	1,135,352	1,287,734
Deferred tax assets		-	-
Other assets	14	58,148,740	45,687,678
		1,584,841,778	1,387,674,403
LIABILITIES			
Bills payable	15	24,205,185	22,571,122
Borrowings	16	336,793,476	315,054,817
Deposits and other accounts	17	1,036,047,594	881,750,162
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	7,000,000	7,000,000
Deferred tax liabilities	19	1,559,619	2,235,254
Other liabilities	20	84,831,788	66,402,548
		1,490,437,662	1,295,013,903
NET ASSETS		94,404,116	92,660,500
REPRESENTED BY			
Share capital		17,771,651	17,771,651
Reserves		28,725,180	27,680,022
Surplus on revaluation of assets	21	8,614,248	10,528,419
Unappropriated profit		39,162,849	36,572,971
Total equity attributable to the equity holders of the Bank		94,273,928	92,553,063
Non-controlling interest		130,188	107,437
		94,404,116	92,660,500
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 41 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 nine months period ended September 30, 2021

	Note	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Nine months period ended September 30, 2021	Nine months period ended September 30, 2020
------(Rupees in '000)-----					
Mark-up/Return/Interest Earned	24	25,753,294	21,788,645	71,670,190	71,741,314
Mark-up/Return/Interest Expensed	25	13,848,006	10,685,012	37,783,379	37,280,646
Net Mark-up/ Interest Income		11,905,288	11,103,633	33,886,811	34,460,668
NON MARK-UP/INTEREST INCOME					
Fee and Commission Income	26	2,099,642	1,906,024	6,209,138	4,948,377
Dividend Income		94,974	57,290	368,189	209,193
Foreign Exchange Income		1,074,769	753,743	2,796,323	2,762,357
Gain / (loss) from derivatives		26,542	1,592	74,162	(59,636)
Gain on securities	27	362,520	452,788	2,224,795	2,185,561
Share of profit from associates		278,068	183,426	531,162	527,075
Other Income	28	24,316	45,572	104,274	91,128
Total non-markup/interest Income		3,960,831	3,400,435	12,308,043	10,664,055
Total Income		15,866,119	14,504,068	46,194,854	45,124,723
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	29	9,253,617	7,895,027	26,745,856	23,509,281
Workers Welfare Fund	30	123,997	130,349	353,349	406,124
Other charges	31	5,036	45,164	24,024	87,667
Total non-markup/interest expenses		9,382,650	8,070,540	27,123,229	24,003,072
Profit before provisions		6,483,469	6,433,528	19,071,625	21,121,651
Provisions and write offs - net	32	268,781	1,490,364	1,419,163	6,278,815
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,214,688	4,943,164	17,652,462	14,842,836
Taxation	33	2,486,511	2,058,761	6,906,231	6,180,146
PROFIT AFTER TAXATION		3,728,177	2,884,403	10,746,231	8,662,690
Profit attributable to:					
Equity holders of the Bank		3,723,918	2,877,443	10,718,547	8,655,751
Non-controlling interest		4,259	6,960	27,684	6,939
		3,728,177	2,884,403	10,746,231	8,662,690
Basic and Diluted Earnings per share	34	2.09	1.62	6.03	4.87

The annexed notes 1 to 41 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 nine months period ended September 30, 2021

	Quarter ended September 30, 2021	Quarter ended September 30, 2020	Nine months period ended September 30, 2021	Nine months period ended September 30, 2020
Profit after taxation for the period	3,728,177	2,884,403	10,746,231	8,662,690
(Rupees in '000)				
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	480,923	(303,685)	(2,983)	1,313,483
Movement in deficit on revaluation of investments - net of tax	(892,227)	(1,203,109)	(1,664,293)	(378,477)
Movement in (deficit) / surplus on revaluation of investments - net of tax (share of associates)	(7,291)	1,538	(10,133)	6,703
	(418,595)	(1,505,256)	(1,677,409)	941,709
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of operating fixed assets - net of tax	(9,465)	(10,885)	(246,337)	(29,907)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(1,374)	824	1,659	(6)
	(10,839)	(10,061)	(244,678)	(29,913)
Total comprehensive income	3,298,743	1,369,086	8,824,144	9,574,486
Total comprehensive income / (loss) attributable to:				
Equity holders of the Bank	3,304,076	1,358,020	8,801,393	9,565,046
Non-controlling interest	(5,333)	11,066	22,751	9,440
	3,298,743	1,369,086	8,824,144	9,574,486

The annexed notes 1 to 41 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 nine months period ended September 30, 2021

	Capital Reserves			Surplus/(Deficit) on revaluation							
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Investments	Fixed Assets	Non Banking Assets	Unappropriated profit	Sub-total	Non Controlling Interest	Total
	(Rupees in '000)										
Balances as at January 01, 2020	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
Changes in equity for the nine months period ended September 30, 2020											
Profit after taxation	-	-	-	-	-	-	-	8,655,751	8,655,751	6,939	8,662,690
Other comprehensive income - net of tax	-	-	1,313,483	-	(374,275)	-	-	-	939,208	2,501	941,709
Transfer to statutory reserve	-	-	-	833,146	-	-	-	(833,146)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(29,907)	(6)	29,913	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2019 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Balances as at September 30, 2020	17,771,651	4,731,049	8,085,786	15,375,813	3,680,196	7,085,340	206,799	38,294,887	95,231,515	101,741	95,333,256
Changes in equity for three months ended December 31, 2020											
Profit after taxation	-	-	-	-	-	-	-	2,176,379	2,176,379	4,171	2,180,550
Other comprehensive income - net of tax	-	-	(726,971)	-	(397,623)	66,620	(35,266)	(207,261)	(1,300,501)	1,525	(1,298,976)
Transfer to statutory reserve	-	-	-	214,345	-	-	-	(214,345)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(10,467)	(67,174)	77,641	-	-	-
Transactions with owners, recorded directly in equity											
Interim cash dividend for the nine months period ended September 30, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Balances as at December 31, 2020	17,771,651	4,731,049	7,358,815	15,590,158	3,282,573	7,141,493	104,353	36,572,971	92,553,063	107,437	92,660,500
Changes in equity for the nine months period ended September 30, 2021											
Profit after taxation	-	-	-	-	-	-	-	10,718,547	10,718,547	27,684	10,746,231
Other comprehensive income - net of tax	-	-	(2,983)	-	(1,669,493)	(218,250)	1,704	-	(1,889,022)	(4,933)	(1,893,955)
Transfer to statutory reserve	-	-	-	1,048,141	-	-	-	(1,048,141)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(28,087)	(45)	28,132	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Interim cash dividend for the half year ended June 30, 2021 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Balances as at September 30, 2021	17,771,651	4,731,049	7,355,832	16,638,299	1,613,080	6,895,156	106,012	39,162,649	94,273,928	130,188	94,404,116

The annexed notes 1 to 41 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 nine months period ended September 30, 2021

	Nine months period ended	
	September 30, 2021	September 30, 2020
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,652,462	14,842,836
Dividend income	(368,189)	(209,193)
Share of profit from associates	(531,162)	(527,075)
	16,753,111	14,106,568
Adjustments		
Depreciation	3,238,394	2,911,013
Amortisation	305,209	331,933
Provisions and write offs - net	1,419,163	6,278,815
Unrealised loss on revaluation of investments classified as held for trading - net	280,726	3,816
Gain on sale of operating fixed assets - net	(28,911)	(33,251)
Gain on termination of lease	(9,849)	-
Borrowing cost on lease liability	1,066,224	1,044,026
Workers' Welfare Fund	353,349	406,124
Charge for defined benefit plan	191,522	128,062
Charge for staff compensated absences	104,250	72,000
	6,920,077	11,142,538
	23,673,188	25,249,106
(Increase) / Decrease in operating assets		
Lendings to financial institutions	31,287,425	20,129,156
Held for trading securities	(14,904,693)	(35,595,962)
Advances	(70,063,008)	9,179,815
Other assets (excluding advance taxation)	(12,291,370)	7,184,773
	(65,971,646)	897,782
Increase in operating liabilities		
Bills payable	1,634,063	5,222,093
Borrowings	22,240,273	129,904,008
Deposits	154,297,432	37,785,524
Other liabilities (excluding current taxation)	12,267,040	(1,008,731)
	190,438,808	171,902,894
	148,140,350	198,049,782
Income tax paid	(5,429,457)	(3,940,141)
Net cash generated from operating activities	142,710,893	194,109,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(122,229,592)	(210,294,896)
Net investments in held-to-maturity securities	(18,860,252)	5,250,660
Dividends received from associates	51,000	45,000
Dividends received	313,455	194,586
Investments in operating fixed assets	(2,003,284)	(2,714,291)
Proceed from sale proceeds of fixed assets	41,948	82,331
Effect of translation of net investment in foreign branches	(2,983)	1,313,483
Net cash used in investing activities	(142,689,708)	(206,123,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of sub-ordinated debt	-	(4,987,000)
Payment of leased obligations	(2,435,156)	(1,806,105)
Dividend paid	(4,751,341)	(3,526,103)
Net cash used in financing activities	(7,186,497)	(10,319,208)
Increase / (Decrease) in cash and cash equivalents	(7,165,312)	(22,332,694)
Cash and cash equivalents at beginning of the year	115,109,577	132,232,518
Effects of exchange rate changes on cash and cash equivalents	3,485,296	3,039,127
	118,594,873	135,271,645
Cash and cash equivalents at end of the period	111,429,561	112,938,951

The annexed notes 1 to 41 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 nine months period ended September 30, 2021

1 STATUS AND NATURE OF BUSINESS

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 729 branches (December 31, 2020: 706 branches) and 20 sub-branches (December 31, 2020: 24 sub-branches). Out of these, 521 (December 31, 2020: 510) are conventional, 197 (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	
	September 2021	December 2020
Alfalah CLSA Securities (Private) Limited, Pakistan	61.20%	61.20%

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

Associates	September 2021	December 2020
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.
- 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'. SBP vide its BPRD circular no. 24 of 2021 dated July 5, 2021 has directed banks in Pakistan to implement IFRS 9 with effect from January 1, 2022.

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

2.2.1 Basis of consolidation

A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect 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 Bank's operations and therefore not detailed in these consolidated financial statements.

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 the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16	April 01, 2021
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
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	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 which 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 annual 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 certain employees under Phantom Shares Award. The 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 dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of Bank's share on vesting date.

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)
September 30, December 31,
2021 2020
------(Rupees in '000)-----

7 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	21,831,669	18,110,677
Foreign currency	2,573,844	3,641,949
	24,405,513	21,752,626
With State Bank of Pakistan in		
Local currency current account	33,430,911	36,654,027
Foreign currency current account	5,952,820	5,367,302
Foreign currency deposit account	8,789,840	22,810,448
	48,173,571	64,831,777
With other central banks in		
Foreign currency current account	10,237,311	8,253,771
Foreign currency deposit account	1,245,511	681,448
	11,482,822	8,935,219
With National Bank of Pakistan in local currency current account	3,215,741	3,242,753
Prize bonds	285,247	586,487
	87,562,894	99,348,862

8 BALANCES WITH OTHER BANKS

In Pakistan		
In current account	395,572	87,328
In deposit account	43,905	53,455
	439,477	140,783
Outside Pakistan		
In current account	8,951,634	5,642,659
In deposit account	25,518	590,030
	8,977,152	6,232,689
	9,416,629	6,373,472

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	20,589,827	22,064,585
Repurchase agreement lendings (Reverse Repo)	19,577,481	51,747,865
Bai Muajjal receivable with other financial institutions	6,926,687	3,493,085
	47,093,995	77,305,535
Less: expected credit loss - overseas branches	-	-
Lending to Financial Institutions - net of provision	47,093,995	77,305,535

10 INVESTMENTS

Note

10.1 Investments by type:

	September 30, 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)-----								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	60,220,341	-	(27,496)	60,192,845	56,821,307	-	(9,388)	56,811,919
Pakistan Investment Bonds	20,794,073	-	(17,910)	20,776,163	7,510,169	-	30,229	7,540,398
Shares								
Ordinary shares / units - Listed	982,262	-	(66,200)	916,062	481,473	-	14,249	495,722
Foreign Securities								
Overseas Bonds - Sovereign	3,954,992	-	(169,120)	3,785,872	6,142,136	-	56,800	6,198,936
	85,951,668	-	(280,726)	85,670,942	70,955,085	-	91,890	71,046,975
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	88,238,796	-	(17,460)	88,221,336	145,099,588	-	102,559	145,202,147
Pakistan Investment Bonds	328,419,587	-	804,500	329,224,087	187,006,839	-	2,381,275	189,388,114
Government of Pakistan Sukuks	42,500,880	-	92,219	42,593,099	24,322,881	-	(439)	24,322,442
Government of Pakistan Euro Bonds	1,315,824	-	116,883	1,432,707	1,956,045	-	147,772	2,103,817
Naya Pakistan Certificates	1,107,305	-	-	1,107,305	466,435	-	-	466,435
Shares								
Ordinary shares - Listed	5,049,872	(303,897)	1,424,687	6,170,662	3,401,744	(423,497)	2,326,352	5,304,599
Ordinary shares - Unlisted	1,211,363	(55,725)	-	1,155,638	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	2,426,778	(311,298)	(10,790)	2,104,690	1,596,910	(452,530)	(11,209)	1,133,171
Sukuks	17,850,381	(96,497)	168,038	17,921,922	18,250,653	(96,511)	113,865	18,268,007
Foreign Securities								
Overseas Bonds - Sovereign	20,363,340	-	497,220	20,860,560	16,552,071	-	813,215	17,365,286
Overseas Bonds - Others	30,641,528	-	641,981	31,283,509	17,326,311	-	716,255	18,042,566
Redeemable Participating Certificates	3,185,439	-	-	3,185,439	2,904,675	-	-	2,904,675
	542,444,928	(901,252)	3,717,278	545,260,954	420,219,272	(1,166,034)	6,589,645	425,642,883
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	43,741,609	-	-	43,741,609	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	448,013	(24,694)	-	423,319	398,013	(24,680)	-	373,333
Sukuks	2,063,572	(80,720)	-	1,982,852	1,136,216	(94,545)	-	1,041,671
Foreign Securities								
Overseas Bonds - Sovereign	14,572,862	-	-	14,572,862	19,629,502	-	-	19,629,502
Overseas Bonds - Others	-	-	-	-	798,356	-	-	798,356
	68,042,422	(105,414)	-	67,937,008	49,182,170	(119,225)	-	49,062,945
Associates (valued at equity method)								
Alfaluh Insurance Company Limited	540,661	-	-	540,661	492,334	-	-	492,334
Sapphire Wind Power Company Limited	3,085,561	-	-	3,085,561	2,716,955	-	-	2,716,955
Alfaluh GHP Investment Management Limited	513,160	-	-	513,160	465,755	-	-	465,755
	4,139,382	-	-	4,139,382	3,675,044	-	-	3,675,044
General provision and expected credit loss- Overseas operations	-	(121,344)	-	(121,344)	-	(69,294)	-	(69,294)
Total Investments	700,578,400	(1,128,010)	3,436,552	702,886,942	544,031,571	(1,354,553)	6,681,535	549,358,553

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) (Audited)
September 30, December 31,
2021 2020
 -----(Rupees in 000)-----

10.2 Investments given as collateral

Market Treasury Bills	16,866,629	99,091,373
Pakistan Investment Bonds	147,940,500	82,733,120
Foreign Securities	19,286,160	-
	<u>184,093,289</u>	<u>181,824,493</u>

Market value of securities given as collateral is Rs. 184,235.644 million (December 31, 2020: Rs. 181,215.233 million).

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

10.3 Provision for diminution in value of investments

10.3.1 Opening balance	1,354,553	2,402,454
Exchange and other adjustments	6,348	495
Charge / reversals		
Charge for the period / year	136,861	1,042,001
Reversals for the period / year	(218,560)	(26,352)
Reversal on disposals	(147,256)	(1,564,459)
	(228,955)	(548,810)
Written off	(3,936)	(499,586)
Closing Balance	<u>1,128,010</u>	<u>1,354,553</u>

10.3.2 Particulars of provision against debt securities

Category of classification	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPI	Provision	NPI	Provision
Domestic	----- (Rupees in '000) -----			
Loss	513,209	513,209	668,266	668,266
Overseas	-	-	-	-
Total	<u>513,209</u>	<u>513,209</u>	<u>668,266</u>	<u>668,266</u>

10.3.3 The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 69,314.822 million (December 31, 2020: Rs. 50,506.972 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	502,680,255	458,637,062	20,787,723	20,822,483	523,467,978	479,459,545
Islamic financing and related assets	120,204,915	101,747,490	3,331,675	3,927,311	123,536,590	105,674,801
Bills discounted and purchased	23,129,333	14,657,071	912,329	1,111,055	24,041,662	15,768,126
Advances - gross	646,014,503	575,041,623	25,031,727	25,860,849	671,046,230	600,902,472
Provision against advances						
- Specific	11.4	-	(20,813,511)	(18,318,525)	(20,813,511)	(18,318,525)
- General	11.4	(4,414,485)	-	-	(4,414,485)	(5,266,171)
		(4,414,485)	(20,813,511)	(18,318,525)	(25,227,996)	(23,584,696)
Advances - net of provision	641,600,018	569,775,452	4,218,216	7,542,324	645,818,234	577,317,776

11.1 Advances include an amount of Rs. 197.671 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 24.03 % (December 31, 2020: 9.46% to 24.42%) with maturities up to August 2041 (December 31, 2020: December 2039).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	September 30, 2021	December 31, 2020
------(Rupees in '000)-----		
In local currency	619,109,360	559,358,878
In foreign currencies	51,936,870	41,543,594
	671,046,230	600,902,472

11.3 Advances include Rs. 25,031.727 million (December 31, 2020: Rs. 25,860.849 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non- Performing Loans	Provision	Non- Performing Loans	Provision
------(Rupees in '000)-----				
Domestic				
Other Assets Especially Mentioned	21,030	-	65,346	2,455
Substandard	2,694,833	535,277	3,576,300	885,085
Doubtful	3,509,608	1,744,558	7,895,994	3,332,683
Loss	18,198,117	18,072,700	13,770,907	13,657,279
	24,423,588	20,352,535	25,308,547	17,877,502
Overseas				
Not past due but impaired	150	8	-	-
Overdue by:				
91 to 180 days	30,161	565	-	-
More than 365 days	577,828	460,403	552,302	441,023
Total	25,031,727	20,813,511	25,860,849	18,318,525

11.4 Particulars of provision against advances

Note	September 30, 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	23,992	12,083	36,075	15,076	2,408	17,484
Charge for the period / year	4,308,012	-	4,308,012	5,939,978	4,269,179	10,209,157
Reversals for the period / year	(1,574,328)	(863,769)	(2,438,097)	(2,037,607)	-	(2,037,607)
	2,733,684	(863,769)	1,869,915	3,902,371	4,269,179	8,171,550
Amounts written off	(262,690)	-	(262,690)	(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)
	(262,690)	-	(262,690)	(3,340,607)	-	(3,340,607)
Closing balance	20,813,511	4,414,485	25,227,996	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 September 30, 2021 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 86.432 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 secured 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. 3,100.000 million (December 31, 2020: Rs. 4,250.000 million) representing Covid 19 general loan loss reserve which approximates to 3.85% of restructured customers position as at September 30, 2021.

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)	
		September 30, 2021	December 31, 2020	
		------(Rupees in '000)-----		
12	FIXED ASSETS			
	Capital work-in-progress	12.1	1,018,015	748,769
	Property and equipment	12.2	20,700,139	20,694,822
	Right-of-use assets		11,060,838	9,551,202
			32,778,992	30,994,793
12.1	Capital work-in-progress			
	Civil works		719,566	416,527
	Equipment		289,195	301,903
	Others		9,254	30,339
			1,018,015	748,769

12.2 It includes land and building carried at revalued amount of Rs. 14,210.723 million (December 31, 2020: Rs. 14,226.590 million).

(Un-audited)
Nine months period ended
September 30, 2021 **September 30, 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	269,246	267,974
Property and equipment		
Buildings on freehold land	54,762	30,679
Buildings on leasehold land	57,608	49,253
Leasehold improvements	287,057	188,293
Furniture and fixtures	55,165	118,078
Office equipments	1,092,668	1,514,700
Vehicles	49,057	111,738
	1,596,317	2,012,741
 Total additions to fixed assets	 1,865,563	 2,280,715

12.4 Disposals of fixed assets

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

Buildings on leasehold land	-	13,927
Leasehold improvements	1,414	8,552
Furniture and fixtures	5,426	905
Office equipments	6,197	10,107
Vehicles	-	15,589
Total disposal of fixed assets	13,037	49,080

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

13 INTANGIBLE ASSETS

Capital work-in-progress / Advance payment to suppliers	312,887	268,225
Software	819,965	1,016,313
Membership Card	2,500	3,196
	1,135,352	1,287,734

(Un-audited)
Nine months period ended
September 30, 2021 **September 30, 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	44,662	155,738
Directly purchased	108,959	277,838
Total additions to intangible assets	153,621	433,576

13.2 There were no disposals during the periods ended September 30, 2021 and September 30, 2020.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
14 OTHER ASSETS			
Income/ Mark-up accrued in local currency - net of provision		22,579,984	17,857,094
Income/ Mark-up accrued in foreign currency - net of provision		1,530,570	1,171,478
Advances, deposits, advance rent and other prepayments		2,547,910	1,846,113
Advance against subscription of share		-	32,312
Non-banking assets acquired in satisfaction of claims	14.1	1,436,262	1,445,960
Dividend receivable		57,117	2,383
Mark to market gain on forward foreign exchange contracts		4,331,657	1,319,187
Stationery and stamps on hand		26,759	28,390
Defined benefit plan		500,877	692,399
Due from card issuing banks		984,420	995,590
Accounts receivable		3,209,740	3,248,952
Claims against fraud and forgeries		89,445	85,246
Acceptances		19,911,592	14,414,532
Receivable against DSC/SSC and overseas government securities		429,027	806,885
Receivable against tradeable market securities		1,157,285	2,416,928
Others		81,670	17,023
		58,874,315	46,380,472
Less: Provision held against other assets	14.2	(833,916)	(797,976)
Other assets (net of provision)		58,040,399	45,582,496
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	108,341	105,182
		58,148,740	45,687,678

14.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,544.303 million (December 31, 2020: Rs. 1,544.327 million).

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----		
14.2 Provision held against other assets		
Expected credit loss (overseas operation)	117,446	75,642
Non banking assets acquired in satisfaction of claims	300	6,815
Others including fraud and forgeries	716,170	715,519
	833,916	797,976

14.2.1 Movement in provision held against other assets

Opening balance	797,976	769,355
Exchange and other adjustments	5,505	1,244
Charge for the period / year	44,754	35,298
Reversals for the period / year	(8,256)	(3,108)
Amount Written off	(6,063)	(4,813)
Closing balance	833,916	797,976

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
15	BILLS PAYABLE	
In Pakistan	23,880,994	22,226,918
Outside Pakistan	324,191	344,204
	<u>24,205,185</u>	<u>22,571,122</u>
16	BORROWINGS	
	Secured	
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	46,109,968	45,178,774
Long-Term Finance Facility	25,290,366	24,532,476
Financing Facility for Renewable Energy Projects	8,471,668	4,551,837
Financing Facility for Storage of Agriculture Produce (FFSAP)	701,699	490,748
Refinance For Wages & Salaries	17,920,823	29,170,716
Temporary Economic Refinance Facility	18,784,001	1,054,162
Others refinance schemes	229,133	527,718
Repurchase Agreement Borrowings	89,000,000	93,965,252
	206,507,658	199,471,683
Repurchase agreement borrowings	32,211,233	42,126,121
Bai Muajjal	45,099,776	35,250,474
Medium Term Note	11,000,000	9,000,000
Others	319,429	94,631
Total secured	<u>295,138,096</u>	<u>285,942,909</u>
	Unsecured	
Call borrowings	19,207,673	14,032,513
Overdrawn nostro accounts	1,031,250	1,532,864
Bai Muajjal	8,609,049	8,766,071
Others		
- Pakistan Mortgage Refinance Company	1,880,538	1,388,140
- Karandaaz Risk Participation	2,392,745	650,087
- Other financial institutions	8,534,125	2,742,233
Total unsecured	<u>41,655,380</u>	<u>29,111,908</u>
	<u>336,793,476</u>	<u>315,054,817</u>

17 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	379,203,541	82,934,713	462,138,254	318,869,466	72,526,675	391,396,141
Savings deposits	248,011,649	31,455,221	279,466,870	236,071,010	29,757,610	265,828,620
Term deposits	126,564,798	44,770,216	171,335,014	114,847,092	51,044,885	165,891,977
Others	13,237,949	5,723,483	18,961,432	13,882,444	2,977,270	16,859,714
	767,017,937	164,883,633	931,901,570	683,670,012	156,306,440	839,976,452
Financial Institutions						
Current deposits	2,155,715	681,449	2,837,164	2,046,064	1,078,065	3,124,129
Savings deposits	69,559,531	91,212	69,650,743	26,590,246	197,558	26,787,804
Term deposits	26,287,366	4,618,926	30,906,292	8,803,246	1,161,129	9,964,375
Others	222,589	529,236	751,825	1,817,607	79,795	1,897,402
	98,225,201	5,920,823	104,146,024	39,257,163	2,516,547	41,773,710
	<u>865,243,138</u>	<u>170,804,456</u>	<u>1,036,047,594</u>	<u>722,927,175</u>	<u>158,822,987</u>	<u>881,750,162</u>

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 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.		
		<u>7,000,000</u>	<u>7,000,000</u>

19 DEFERRED TAX LIABILITIES	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
Deductible Temporary Differences on:			
- Provision against investments		(548,609)	(444,440)
- Provision against advances		(3,169,688)	(3,056,275)
- Provision against other assets		(421,212)	(354,366)
- Unrealised loss on revaluation of held for trading investments		(112,036)	-
		(4,251,545)	(3,855,081)
Taxable Temporary Differences on:			
- Surplus on revaluation of fixed assets		1,477,713	1,277,421
- Surplus on revaluation of non banking assets		2,735	1,235
- Surplus on revaluation of available for sale investments		1,449,738	2,303,001
- Unrealised gain on revaluation of held for trading investments		-	31,461
- Share of profit and other comprehensive income from associates		1,155,093	874,103
- Accelerated tax depreciation		1,725,885	1,603,114
		5,811,164	6,090,335
		1,559,619	2,235,254

20 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency		4,947,471	4,111,339
Mark-up/ Return/ Interest payable in foreign currency		647,804	534,341
Unearned fee commission and income on bills discounted and guarantees		1,225,499	962,482
Accrued expenses		6,705,207	5,795,511
Current taxation		11,091,352	9,577,044
Acceptances		19,911,592	14,414,532
Dividends payable		2,492,664	135,345
Mark to market loss on forward foreign exchange contracts		3,260,101	2,146,281
Mark to market loss on derivatives	23.1	564,401	921,919
Branch adjustment account		418,150	310,518
ADC settlement accounts		2,004,165	1,516,463
Provision for compensated absences		715,356	611,106
Payable against redemption of customer loyalty / reward points		451,783	413,874
Charity payable		31,553	8,375
Provision against off-balance sheet obligations	20.1	157,264	127,428
Security deposits against leases, lockers and others		10,520,320	8,581,281
Worker's Welfare Fund		2,326,369	1,973,020
Payable to vendors and suppliers		825,613	846,433
Indirect Taxes Payable		1,124,974	1,144,088
Lease Liabilities		12,266,180	10,463,042
Payable against tradeable market securities		846,507	186,163
Others		2,297,463	1,621,963
		84,831,788	66,402,548

20.1 Provision against off-balance sheet obligations

Opening balance		127,428	129,249
Exchange and other adjustments		6,834	3,910
Charge / (reversal) for the period / year		23,002	(5,731)
Closing balance		157,264	127,428

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
21	SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of:			
- Available for sale securities	10.1	3,717,278	6,589,645
- Available for sale securities of associates		(3,860)	11,966
- Fixed Assets		8,373,275	8,419,320
- Non-banking assets acquired in satisfaction of claims		108,341	105,182
		12,195,034	15,126,113
Deferred tax charge / (reversal) on surplus / (deficit) on revaluation of:			
- Available for sale securities		1,449,738	2,301,926
- Available for sale securities of associates		(1,505)	4,188
- Fixed Assets		1,477,713	1,277,421
- Non-banking assets acquired in satisfaction of claims		2,735	1,235
		2,928,681	3,584,770
Derivatives		(656,129)	(1,012,015)
Surplus / (deficit) on revaluation of available for sale securities attributable to non controlling interest		4,027	(909)
		8,614,251	10,528,419
22	CONTINGENCIES AND COMMITMENTS		
-Guarantees	22.1	84,849,350	69,451,917
-Commitments	22.2	553,376,509	380,590,829
-Other contingent liabilities	22.3.1	5,330,335	12,274,585
		643,556,194	462,317,331
22.1	Guarantees:		
Financial guarantees		170,651	507,942
Performance guarantees		40,542,948	36,636,998
Other guarantees		44,135,751	32,306,977
		84,849,350	69,451,917
22.2	Commitments:		
Documentary credits and short-term trade-related transactions			
- Letters of credit		214,646,435	125,526,205
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	198,188,549	184,793,857
- forward government securities transactions	22.2.2	63,651,873	12,239,653
- derivatives	22.2.3	36,196,477	18,317,022
- forward lending	22.2.4	38,317,906	38,125,107
Commitments for acquisition of:			
- operating fixed assets		1,495,128	895,707
- intangible assets		430,141	243,278
Other commitments	22.2.5	450,000	450,000
		553,376,509	380,590,829

	Note	(Un-audited) September 30, 2021 ------(Rupees in '000)-----	(Audited) December 31, 2020
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		125,606,459	106,574,908
Sale		72,582,090	78,218,949
		<u>198,188,549</u>	<u>184,793,857</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		44,457,849	1,378,869
Sale		19,194,024	10,860,784
		<u>63,651,873</u>	<u>12,239,653</u>
22.2.3 Commitments in respect of derivatives (Interest Rate Swaps)			
Purchase	23.1	36,196,477	18,317,022
Sale		-	-
		<u>36,196,477</u>	<u>18,317,022</u>
22.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.4.1	33,767,973	32,818,826
Commitments in respect of investments		4,549,933	5,306,281
		<u>38,317,906</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	<u>5,330,335</u>	<u>12,274,585</u>
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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	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Interest Rate Swaps			Interest Rate Swaps		
	No. of contracts	Notional Principal	Mark to market loss	No. of contracts	Notional Principal	Mark to market loss
	------(Rupees in '000)-----					
With Banks for						
Hedging	52	36,196,477	(564,401)	31	18,317,022	(921,919)
	<u>52</u>	<u>36,196,477</u>	<u>(564,401)</u>	<u>31</u>	<u>18,317,022</u>	<u>(921,919)</u>

	Note	(Un-audited)	
		Nine months period ended	
		September 30, 2021	September 30, 2020
------(Rupees in '000)-----			
24	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	33,635,292	39,278,903
	b) Investments	35,374,450	28,063,081
	c) Lendings to financial institutions	1,638,251	2,959,685
	d) Balances with banks / financial institutions	27,212	55,370
	e) Securities purchased under resale agreements / Bai Muajjal	994,985	1,384,275
		<u>71,670,190</u>	<u>71,741,314</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	20,693,270	25,094,547
	b) Borrowings	5,271,080	2,458,206
	c) Securities sold under repurchase agreements	8,652,827	4,613,577
	d) Subordinated debt	481,234	989,914
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	1,519,663	3,010,305
	f) Borrowing cost on leased properties	1,066,224	1,044,026
	g) Reward points	99,081	70,071
		<u>37,783,379</u>	<u>37,280,646</u>
26	FEE & COMMISSION INCOME		
	Branch banking customer fees	676,024	817,048
	Consumer finance related fees	292,293	185,783
	Card related fees (debit and credit cards)	963,723	458,497
	Credit related fees	157,499	127,549
	Investment banking fees	250,384	187,303
	Commission on trade	1,292,858	1,013,432
	Commission on guarantees	243,573	214,885
	Commission on cash management	32,927	31,746
	Commission on remittances including home remittances	634,379	395,543
	Commission on bancassurance	428,594	320,494
	Card acquiring business	331,187	341,370
	Wealth Management Fee	52,933	65,631
	Commission on Employees' Old-Age Benefit Institution (EOBI)	28,291	69,592
	Commission on Benazir Income Support Programme (BISP)	174,525	275,649
	Alternate Delivery Channel (ADC)	278,593	223,383
	Brokerage/Commission income	208,388	155,776
	Others	162,967	64,696
		<u>6,209,138</u>	<u>4,948,377</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	2,505,521	2,189,377
	Unrealised - held for trading	(280,726)	(3,816)
		<u>2,224,795</u>	<u>2,185,561</u>
27.1	Realised gain/(loss) on:		
	Federal Government Securities	1,358,406	2,849,822
	Shares	530,830	(632,120)
	Non Government Debt Securities	3,901	1,075
	Foreign Securities	612,384	(29,400)
		<u>2,505,521</u>	<u>2,189,377</u>
28	OTHER INCOME		
	Rent on property	19,600	18,687
	Gain on sale of fixed assets-net	28,911	33,251
	Profit on termination of leased contracts (Ijarah)	45,914	39,190
	Gain on termination of leases (IFRS 16)	9,849	-
		<u>104,274</u>	<u>91,128</u>

29	OPERATING EXPENSES	Note	(Un-audited)	
			Nine months period ended	
			September 30, 2021	September 30, 2020
			----- (Rupees in '000) -----	
	Total compensation expense	29.1	12,469,829	10,983,659
	Property expense			
	Rent and taxes		82,227	67,961
	Utilities cost		957,157	815,615
	Security (including guards)		602,549	608,225
	Repair and maintenance (including janitorial charges)		681,991	479,763
	Depreciation on right-of-use assets		1,672,283	1,503,024
	Depreciation on non-banking assets acquired in satisfaction of claims		3,254	6,999
	Depreciation on owned assets		374,376	394,409
			4,373,837	3,875,996
	Information technology expenses			
	Software maintenance		1,036,013	791,896
	Hardware maintenance		345,374	348,203
	Depreciation		425,551	325,490
	Amortisation		305,209	331,933
	Network charges		408,929	303,211
	Consultancy and support services		95,937	120,854
			2,617,013	2,221,587
	Other operating expenses			
	Directors' fees and allowances		149,449	227,874
	Fees and allowances to Shariah Board		7,829	6,135
	Legal and professional charges		206,081	296,321
	Outsourced services costs		631,313	645,943
	Travelling and conveyance		336,371	313,882
	Clearing and custodian charges		87,522	77,001
	Depreciation		762,930	688,090
	Training and development		99,975	61,968
	Postage and courier charges		379,718	225,012
	Communication		358,941	313,038
	Stationery and printing		586,872	464,245
	Marketing, advertisement and publicity		695,439	599,417
	Donations		22,176	22,288
	Auditors remuneration		47,833	44,164
	Brokerage and commission		196,314	137,943
	Entertainment		198,589	143,765
	Repairs and maintenance		446,534	330,321
	Insurance		840,689	773,542
	Cash Handling charges		727,474	530,742
	CNIC verification		122,361	74,494
	Others		380,767	451,854
			7,285,177	6,428,039
			26,745,856	23,509,281
29.1	Total compensation expense			
	Managerial Remuneration			
	i) Fixed		9,212,567	8,154,482
	ii) Variable:			
	a) Cash Bonus / Awards etc.		1,576,385	1,353,859
	b) Bonus and Awards in Shares etc.		118,960	-
	Charge for defined benefit plan		191,522	128,062
	Contribution to defined contribution Plan		368,685	342,563
	Medical		506,457	422,154
	Conveyance		213,256	199,081
	Staff compensated absences		104,250	72,000
	Others		149,805	139,290
	Sub-total		12,441,887	10,811,491
	Sign-on Bonus		27,802	8,650
	Severance Allowance		140	163,518
	Grand Total		12,469,829	10,983,659

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)	
		Nine months period ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
31 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		23,326	87,395
Penalties imposed by other regulatory bodies		698	272
		<u>24,024</u>	<u>87,667</u>
32 PROVISIONS & WRITE OFFS - NET			
Provision against lending to financial institutions		-	(8,615)
(Reversal) / provision for diminution in value of investments	10.3.1	(228,955)	69,881
Provision against loans & advances	11.4	1,869,915	6,275,853
Provision against other assets	14.2.1	36,498	31,286
Provision / (reversal) against off-balance sheet obligations	20.1	23,002	(21,414)
Other provisions / write off - net		26,068	39,690
Recovery of written off / charged off bad debts		(307,365)	(107,866)
		<u>1,419,163</u>	<u>6,278,815</u>
33 TAXATION			
Current		6,943,765	7,918,955
Prior years		-	(46,772)
Deferred		(37,534)	(1,692,037)
		<u>6,906,231</u>	<u>6,180,146</u>
33.1 a)			
The income tax assessments of the Bank have been finalized upto and including tax year 2021. Certain addbacks have been made by tax authorities for various assessment years appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.			

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. As a result of appeals 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) During the period bank received orders from a provincial tax authority for the periods from July 2014 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs.275.051 million [excluding default surcharge] by disallowing certain exemptions of sales tax on banking services. Previously, the Bank has received provincial sales tax orders wherein tax authority demanded sales tax on banking services and penalty amounting to Rs.488.261 million [excluding default surcharge] by disallowing certain exemptions and allegedly for short payment of sales tax covering period from July 2011 to June 2014. Appeals against all these orders are 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. Bank appeal against this order is pending before Commissioner Appeals. The Bank has not made any provision against this order and the management is of the view that this matter will be favourably settled through appellate process.

		(Un-audited)	
		Nine months period ended	
		September 30, 2021	September 30, 2020
		------(Rupees in '000)-----	
34	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period attributable to equity holders of the Bank	<u>10,718,547</u>	<u>8,655,751</u>
		------(Number of shares in '000)-----	
	Weighted average number of ordinary shares	<u>1,777,165</u>	<u>1,777,165</u>
		------(Rupees)-----	
	Basic and diluted earnings per share	<u>6.03</u>	<u>4.87</u>

34.1 Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue.

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:

	September 30, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	543,547,542	-	543,547,542
Shares	7,086,724	-	-	7,086,724
Non-Government Debt Securities	12,120,000	7,906,612	-	20,026,612
Foreign Securities	-	59,115,380	-	59,115,380
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	69,314,822	-	69,314,822
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	4,331,657	-	4,331,657
*Forward sale of foreign exchange	-	(3,260,101)	-	(3,260,101)
Forward purchase of government securities	-	(7,328)	-	(7,328)
Derivatives purchases	-	(564,401)	-	(564,401)
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	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
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	50,506,972	-	50,506,972
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	1,319,187	-	1,319,187
Forward sale of foreign exchange	-	(2,146,281)	-	(2,146,281)
Forward purchase of government securities	-	(1,836)	-	(1,836)
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.

35.4.1 Valuation techniques

Item	Valuation approach and input used
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 Sukuks, Overseas Bonds and GoP 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 nine months period ended September 30, 2021 (Un-audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokersage	Others*	Total
Profit & Loss									
Net mark-up/return/profit	(2,254,052)	9,867,397	5,952,747	18,508,398	(6,297)	2,128,221	(6,324)	(303,279)	33,886,811
Inter segment revenue - net	19,413,868	(5,398,374)	(246,516)	(14,755,034)	357,541	426,017	-	142,498	12,308,043
Non mark-up/return/interest income	3,638,498	1,743,929	907,319	3,937,208	259,391	941,593	245,851	634,254	46,194,854
Total Income	20,798,314	6,272,952	6,613,550	7,690,572	610,635	3,495,831	239,527	473,473	46,194,854
Segment direct expenses	11,074,776	944,877	3,448,965	351,771	1,199,781	1,482,264	160,186	8,460,409	27,123,229
Inter segment expense allocation	5,369,946	771,754	1,322,361	297,682	459,611	245,744	-	(8,467,098)	27,123,229
Total expenses	16,444,722	1,716,631	4,771,326	649,453	1,659,392	1,728,208	160,186	(6,689)	27,123,229
Provisions / (Reversals)	374,950	1,135,300	1,023,632	(76,204)	6,063	105,422	-	(1,500,000)	1,419,163
Profit / (loss) before tax	3,978,642	3,421,021	818,592	7,117,323	(1,054,820)	1,662,201	79,341	1,630,162	17,652,462
	As at September 30, 2021 (Un-audited)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokersage	Others*	Total
Balance Sheet									
Cash & Bank balances	47,012,125	12,000,433	13,404,022	5,198,311	280,207	18,641,654	442,771	-	96,979,523
Investments	1,377,701	2,088,879	63,094,599	556,168,257	-	76,609,576	34,748	3,513,182	702,886,942
Net inter segment lending	403,829,519	-	-	-	6,617,066	-	-	77,831,898	488,278,483
Lendings to financial institutions	-	-	18,376,748	21,666,622	-	7,050,625	-	-	47,093,995
Advances - performing	187,829,863	289,636,395	119,640,307	61	49,000	34,883,605	1,187	9,559,598	641,600,016
Advances - non-performing	956,245	2,622,179	461,540	-	2,632	147,163	-	28,457	4,218,216
Others	19,024,409	20,030,595	22,526,788	2,715,777	1,248,271	7,527,858	817,948	18,171,438	92,063,084
Total Assets	660,029,862	326,378,481	237,504,004	585,749,028	8,197,176	144,860,481	1,296,654	109,104,573	2,073,120,259
Borrowings	23,003,028	72,786,047	29,340,884	169,586,433	-	41,757,655	319,429	-	336,793,476
Subordinated debt	-	-	-	-	-	-	-	7,000,000	7,000,000
Deposits & other accounts	613,962,387	176,655,121	163,485,052	-	8,072,183	73,872,851	-	1,036,047,594	1,986,047,594
Net inter segment borrowing	-	-	10,432,594	410,685,545	-	23,325,232	-	-	488,278,483
Others	22,299,404	33,102,201	32,351,014	2,741,398	124,993	5,824,661	641,731	13,511,248	110,596,590
Total Liabilities	659,264,819	326,378,481	235,609,544	583,013,316	8,197,176	144,780,399	961,160	20,511,248	1,978,716,143
Net Assets	765,043	-	1,894,460	2,735,712	-	80,082	335,494	88,593,325	94,404,116
Equity									
Contingencies & Commitments	67,545,269	197,426,903	80,882,239	217,595,938	143,133	78,472,134	450,000	1,040,578	643,556,194

* Others include head office related activities.

For the nine months period ended September 30, 2020 (Un-audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
Profit & Loss									
Net mark-up/return/profit	(5,472,164)	14,480,683	6,813,372	17,434,292	(5,716)	2,135,109	(6,132)	(918,776)	34,460,668
Inter segment revenue - net	25,020,716	(9,628,676)	(782,120)	(16,102,887)	436,572	96,914	-	959,481	-
Non mark-up/return/interest income	2,567,728	1,318,207	891,567	4,571,862	362,316	353,135	159,605	439,635	10,664,055
Total Income	22,116,280	6,170,214	6,922,819	5,903,267	793,172	2,585,158	153,473	480,340	45,124,723
Segment direct expenses	10,058,288	717,378	2,923,490	342,173	1,123,382	1,384,669	128,130	7,325,562	24,003,072
Inter segment expense allocation	4,781,673	696,289	1,076,820	342,107	342,044	197,364	-	(7,327,297)	-
Total expenses	14,839,961	1,413,667	4,000,310	575,280	1,465,426	1,582,033	128,130	(1,735)	24,003,072
Provisions / (Reversals)	473,932	2,184,322	106,020	66,348	1,718	(63,525)	-	3,500,000	6,278,915
Profit / (loss) before tax	6,802,387	2,572,225	2,816,489	5,261,639	(673,972)	1,056,650	25,343	(3,017,925)	14,842,836

As at December 31, 2020 (Audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
Balance Sheet									
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	25,085,050	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	11,194,130	16,562,877	7,069,505	1,562,319	3,689,654	390,564	14,999,535	77,970,205
Total Assets	596,285,087	310,174,434	196,335,878	501,338,372	10,286,138	124,299,778	532,233	110,790,371	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	10,139,614	68,979,200	66,979,200	-	10,449	881,750,162
Net inter segment borrowing	-	105,134,794	9,765,912	309,835,466	37,631,716	-	-	-	462,367,888
Others	19,311,536	21,322,702	28,011,247	3,605,361	146,524	4,011,824	206,274	14,593,456	91,208,924
Total Liabilities	595,177,249	310,176,047	194,782,857	499,373,392	10,286,138	124,183,661	300,905	23,101,542	1,757,381,791
Net Assets	1,07,838	(6,131)	1,553,021	1,964,980	-	116,117	231,328	87,688,829	92,660,500
Equity									
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.

RELATED PARTY TRANSACTIONS

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

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 September 30, 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)								
Lendings to financial institutions								
Opening balance	-	-	-	1,745,830	-	-	-	-
Addition during the period / year	-	-	-	25,773,516	-	-	-	140,523,678
Repaid during the period / year	-	-	-	(26,555,616)	-	-	-	(38,777,848)
Closing balance	-	-	-	963,730	-	-	-	1,746,830
Investments								
Opening balance	-	-	3,675,044	1,241,405	-	-	3,138,787	1,191,425
Investment redeemed / disposed off during the period / year	-	-	-	(22,255)	-	-	-	(20)
Equity method adjustment	-	-	464,338	-	-	-	536,257	-
Transfer in / (out) - net	-	-	-	-	-	-	-	50,000
Closing balance	-	-	4,139,382	1,219,150	-	-	3,675,044	1,241,405
Provision for diminution in value of investments	-	-	-	-	-	-	-	3,936
Advances								
Opening balance	78,132	791,522	-	3,346,277	91,129	662,464	-	4,200,404
Addition during the period / year	-	583,235	-	1,537,104	87,827	286,114	-	7,713,443
Repaid during the period / year	(78,091)	(225,094)	-	(3,465,954)	(83,516)	(197,066)	-	(8,567,370)
Transfer in / (out) - net	-	(13,086)	-	(219,446)	(17,308)	40,010	-	-
Closing balance	41	1,136,577	-	1,197,981	78,132	791,522	-	3,346,277
Other Assets								
Interest / mark-up accrued	-	99,351	-	35,293	2,580	88,505	-	45,434
Receivable from staff retirement fund	-	-	-	500,877	-	-	-	692,399
Prepayment / rent receivable	-	-	-	-	-	-	-	1,560
Others	-	-	595	-	-	-	-	763

	As at September 30, 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)			(Rupees in '000)			(Rupees in '000)		
Borrowings									
Opening balance	-	-	-	2,384,849	-	-	-	494,646	
Borrowings during the period / year	-	-	-	25,773,516	-	-	-	44,475,367	
Settled during the period / year	-	-	-	(26,277,828)	-	-	-	(42,965,354)	
Closing balance	-	-	-	1,880,539	-	-	-	2,384,849	
Deposits and other accounts									
Opening balance	103,392	397,294	5,586,652	3,706,518	12,076	257,120	589,149	4,584,684	
Received during the period / year	1,267,136	2,206,586	91,785,479	27,116,674	323,082	2,222,012	117,408,368	70,878,153	
Withdrawn during the period / year	(1,305,778)	(2,128,929)	(91,288,152)	(28,403,869)	(223,194)	(2,095,748)	(112,409,865)	(71,465,963)	
Transfer in / (out) - net	-	(19,078)	-	(2,547)	(8,612)	5,905	-	(290,366)	
Closing balance	64,750	455,855	6,119,979	6,416,790	103,392	397,294	5,586,652	3,706,518	
Other Liabilities									
Interest / mark-up payable	41	1,135	-	13,429	73	433	-	5,393	
Lease Liabilities	-	-	-	6,742	-	-	-	9,216	
Dividend Payable	2,117,970	-	-	-	-	-	-	-	
Others	-	2,163	-	32,785	-	5,143	-	2,747	
Contingencies and Commitments									
Other contingencies	-	-	85,329	23,679	-	-	79,917	139,987	
	For the nine months period ended September 30, 2021 (Un-audited)			For the nine months period ended September 30, 2020 (Un-audited)					
	(Rupees in '000)			(Rupees in '000)					
Income									
Mark-up / return / interest earned	2,747	40,976	-	212,749	6,943	31,458	-	376,105	
Fee and commission income	-	1,716	65,580	11,066	-	-	60,304	17,196	
Dividend income	-	1,463	2,350	5,502	-	-	45,000	15,376	
Other income	-	-	-	-	-	-	-	8,636	
Expenses									
Mark-up / return / interest paid	1,078	9,287	162,516	398,366	443	7,351	82,069	251,612	
Borrowing cost on leased properties	-	-	-	978	-	-	-	983	
Operating expenses	149,449	-	-	-	227,874	-	-	-	
Directors fee	160,487	1,234,460	-	-	230,699	1,093,657	-	-	
Managerial remuneration	-	-	-	50,412	-	-	-	-	
Software maintenance	-	-	-	-	-	-	-	-	
Travelling and accommodation	-	-	-	38,917	-	-	-	2,273	
Communication cost	-	-	-	191,522	-	-	-	39,116	
Charge for defined benefit plan	-	-	-	368,685	-	-	-	128,062	
Contribution to defined contribution plan	-	-	-	5,402	-	-	-	342,963	
Others	-	-	-	-	-	-	-	-	
Other Information									
Dividend paid	549,940	13,908	2,621	1,764,854	547,914	10,070	6,415	1,657,492	
Insurance premium paid	-	-	672,761	-	-	-	658,659	-	
Insurance claims settled	-	-	377,083	-	-	-	273,609	-	

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	17,771,651	17,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	75,696,298	71,794,350
Eligible Additional Tier 1 (ADT 1) Capital	7,015,530	7,012,500
Total Eligible Tier 1 Capital	82,711,828	78,806,851
Eligible Tier 2 Capital	20,427,269	23,252,207
Total Eligible Capital (Tier 1 + Tier 2)	103,139,097	102,059,057

Risk Weighted Assets (RWAs):

Credit Risk	621,734,414	536,528,874
Market Risk	11,646,500	11,821,313
Operational Risk	75,175,838	75,175,838
Total	708,556,752	623,526,024

Common Equity Tier 1 Capital Adequacy ratio

	10.68%	11.51%
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Tier 1 Capital Adequacy Ratio

	11.67%	12.64%
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Total Capital Adequacy Ratio

	14.56%	16.37%
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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%
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Tier 1 Capital Adequacy Ratio

	7.50%	7.50%
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Total Capital Adequacy Ratio

	11.50%	11.50%
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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*	82,711,827	78,806,851
Total Exposures	2,128,040,837	1,836,893,841
Leverage Ratio	3.89%	4.29%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	477,977,412	372,270,246
Total Net Cash Outflow	280,211,086	199,316,286
Liquidity Coverage Ratio	171%	187%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	953,442,869	850,376,458
Total Required Stable Funding	725,563,757	626,269,922
Net Stable Funding Ratio	131%	136%

*Eligible Tier -1 Capital measure for calculation of Leverage Ratio is based on three months average.

39 AFGHANISTAN OPERATIONS

The Bank operates two branches in Afghanistan. The evolving situation in Afghanistan is of concern and is being monitored by the Bank on a continual basis. The branches have reopened and are operational. All staff including expats have resumed their duties onshore. The banking operations in Afghanistan are hampered due to country's frozen reserves, uncertainty regarding international recognition and guidelines aimed at preventing a liquidity crisis are still being formulated by DAB. The Bank has enhanced oversight, both onshore and at HO, to ensure more stringent controls. The Bank remains in constant touch with the team in Afghanistan, Pakistan Embassy in Kabul, and all the key banking partners to ensure safety of staff and ensuring that it continues to meet the compliance and control requirements of banking partners.

40 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on October 24, 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 consolidated condensed interim financial statements, wherever necessary to facilitate comparison.



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