

ACCOUNTS FOR THE
HALF YEAR ENDED
JUNE 30, 2022



Bank AL Habib Limited

هَذَا مِنْ فَضْلِ رَبِّي



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CORPORATE INFORMATION

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



IFRS 9 Committee	Arshad Nasar Qumail R. Habib	<i>Chairman</i> Member
Company Secretary	Mohammad Taqi Lakhani	
Chief Financial Officer	Ashar Husain	
Statutory Auditors	EY Ford Rhodes Chartered Accountants	
Legal Advisor	LMA Ebrahim Hosain Barristers, Advocates & Corporate Legal Consultants	
Registered Office	126-C, Old Bahawalpur Road, Multan	
Principal Office	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi	
Share Registrar	CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.	
Website	www.bankalhabib.com	



DIRECTORS' REVIEW

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

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 1,447.7 billion as compared to Rs. 1,309.8 billion on December 31, 2021. In the same period, advances increased to Rs. 824.6 billion from Rs. 733.8 billion, while investments increased to Rs. 868.6 billion from Rs. 826.6 billion. The pre-tax profit of the Bank for the half year ended June 30, 2022 was Rs. 18.42 billion as compared to Rs. 14.34 billion during the corresponding period last year. The profit after tax for the half year ended June 30, 2022 was Rs. 9.63 billion compared with Rs. 9.04 billion during 2021.

By the Grace of Allah, the Bank now has a network of 1,021 offices, comprising 988 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 154 Islamic Banking Branches and 2 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2022.

In April 2022, the Bank successfully completed its ninth issue of rated, unsecured, and subordinated perpetual Term Finance Certificates (TFCs) amounting to Rs. 7,000 million (inclusive of a "Green Shoe" option of Rs. 3,000 million) through private placement. This private placement was managed and arranged by your Bank. Subsequently, the TFC will be privately placed on Pakistan Stock Exchange Limited (OTC listing). This TFC issue will support future growth in our operations. PACRA has assigned rating of **AA+** (Double A plus) for this Tier-I TFC-2022.

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

The ratings of our unsecured, subordinated Term Finance Certificate (TFC) is **AAA** (Triple A) for TFC-2018 and TFC 2021, and **AA+** (Double A plus) for TFC-2017 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

We wish to thank our customers, for their continued trust and support, local & foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication and hard work.

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: August 24, 2022



ڈائریکٹرز کا جائزہ

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

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 30 جون 2022 کو ختم ہونے والی ششماہی میں ڈپازٹس بڑھ کر 1,447.7 بلین روپے ہو گئے، جو کہ 31 دسمبر 2021 کو 1,309.8 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 733.8 بلین روپے سے بڑھ کر 824.6 بلین روپے ہو گئے اور سرمایہ کاری 826.6 بلین روپے سے بڑھ کر 868.6 بلین روپے ہو گئی۔ 30 جون 2022 کو ختم ہونے والی ششماہی کے لئے آپ کے بینک کا قبل از ٹیکس منافع 18.42 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 14.34 بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع 30 جون 2022 کو ختم ہونے والی مدت کے لئے 9.63 بلین روپے رہا جبکہ گزشتہ سال یہ 9.04 بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 1021 دفاتر پر مشتمل ہے، جس میں 988 برانچز، 29 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب 1154 اسلامی بینکاری برانچز اور 2 بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال 2022 میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

اپریل 2022 میں، بینک نے کامیابی کے ساتھ اپنا ریٹڈ، انسکیورڈ اور سبارڈ بینڈ ٹرم فنڈس سرٹیفکیٹس (ٹی ایف سیز) کا نواں ایٹو جس کی مالیت 7,000 بلین روپے ہے، (بشمول 3,000 بلین روپے کا "گرین ٹیو" آپشن)، پرائیویٹ پبلک منسٹ کے ذریعے مکمل کر لی ہے۔ اس پرائیویٹ پبلک منسٹ کا انتظام اور بندوبست آپ کے بینک کے ذریعے کیا گیا تھا۔ اس کے بعد، ٹی ایف سی کو پرائیویٹ طور پر پاکستان اسٹاک ایکسچینج لمیٹڈ میں (او ٹی سی لسٹنگ) کرایا جائے گا۔ اس ٹی ایف سی ایٹو کے ذریعے ہمارے آپریشنز کے فروغ میں مزید معاونت ملے گی۔ پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے اس I-TFC-2022 TIER-1 کی ریٹنگ +AA (ڈبل اے پلس) مختص کی ہے۔

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ AAA (ٹرپل اے) اور مختصر مدت کے لئے A1+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کریڈٹ ریٹنگ AAA (ٹرپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے انسکیورڈ، سبارڈ بینڈ ٹرم فنڈس سرٹیفکیٹس کی ریٹنگ AAA (ٹرپل اے) برائے TFC-2018 اور TFC-2021 اور +AA (ڈبل اے پلس) برائے TFC-2017 پر پینچول ہیں۔ یہ ریٹنگ کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے اُن کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کے خلوص، لگن اور انتھک محنت پر ان کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب
چیئر مین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی، ۲۳ اگست ۲۰۲۲ء



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Bank AL Habib Limited

Report on Review of Unconsolidated Condensed Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Bank AL Habib Limited** (the Bank) as at **30 June 2022**, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, and notes to the financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2022 and 30 June 2021 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2022.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Arslan Khalid.

Karachi: August 26, 2022

UDIN: RR202210191PH0rS45Bd

EY Ford Rhodes
Chartered Accountants



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

	Note	(Un-audited) 30 June 2022	(Audited) 31 December 2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	136,791,428	118,599,741
Balances with other banks	7	17,850,912	6,740,008
Lendings to financial institutions	8	33,096,128	20,063,828
Investments	9	868,645,484	826,599,884
Advances	10	824,642,029	733,799,311
Fixed assets	11	59,332,891	55,692,777
Intangible assets	12	225,179	268,246
Deferred tax assets	13	5,559,243	2,074,828
Other assets	14	124,888,323	85,813,497
		2,071,031,617	1,849,652,120
LIABILITIES			
Bills payable	16	30,759,103	29,803,755
Borrowings	17	339,393,056	302,212,902
Deposits and other accounts	18	1,447,736,382	1,309,823,329
Liabilities against assets subject to finance lease		—	—
Subordinated debt	19	22,993,400	15,995,200
Deferred tax liabilities		—	—
Other liabilities	20	141,800,910	101,801,886
		1,982,682,851	1,759,637,072
NET ASSETS		88,348,766	90,015,048
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		22,793,122	20,656,466
Surplus on revaluation of assets	21	1,700,490	6,446,259
Unappropriated profit		52,740,900	51,798,069
		88,348,766	90,015,048
CONTINGENCIES AND COMMITMENTS	22		

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Note	Half year ended		Three months period ended	
		30 June 2022	30 June 2021 (Rupees in '000)	30 June 2022	30 June 2021
Mark-up / return / interest earned	24	76,821,940	55,061,207	42,626,356	29,120,016
Mark-up / return / interest expensed	25	(42,644,983)	(27,658,345)	(24,473,444)	(14,826,916)
Net mark-up / interest income		34,176,957	27,402,862	18,152,912	14,293,100
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	5,746,513	4,307,315	2,965,771	2,047,818
Dividend income		613,659	245,733	232,787	149,591
Foreign exchange income		3,108,743	1,049,000	2,523,700	399,214
Income / (loss) from derivatives		—	—	—	—
Gain on securities-net	27	202,050	8,608	16,500	7,968
Other income	28	420,584	467,649	193,863	303,699
Total non mark-up / interest income		10,091,549	6,078,305	5,932,621	2,908,290
Total income		44,268,506	33,481,167	24,085,533	17,201,390
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	(24,814,816)	(18,871,500)	(13,137,550)	(9,549,840)
Workers welfare fund		(383,723)	(295,523)	(216,690)	(151,467)
Other charges	30	(797)	(2,078)	(546)	(1,295)
Total non mark-up / interest expenses		(25,199,336)	(19,169,101)	(13,354,786)	(9,702,602)
Profit before provisions		19,069,170	14,312,066	10,730,747	7,498,788
(Provisions) / reversals and write offs-net	31	(648,946)	28,720	(495,161)	(216,724)
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		18,420,224	14,340,786	10,235,586	7,282,064
Taxation	32	(8,790,754)	(5,302,557)	(5,569,165)	(2,844,553)
PROFIT AFTER TAXATION		9,629,470	9,038,229	4,666,421	4,437,511
		(Rupees)			
Basic and diluted earnings per share	33	8.66	8.13	4.20	3.99

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Half year ended		Three months period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	(Rupees in '000)			
Profit after taxation for the period	9,629,470	9,038,229	4,666,421	4,437,511
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	1,173,709	(88,585)	783,185	368,321
Movement in deficit on revaluation of investments-net of tax	(4,146,681)	(505,650)	(2,156,334)	758,913
	(2,972,972)	(594,235)	(1,373,149)	1,127,234
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of operating fixed assets-net of tax	(542,802)	–	(617,434)	–
Total comprehensive income	6,113,696	8,443,994	2,675,838	5,564,745

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets		
	(Rupees in '000)								
Balance as at 01 January 2021	11,114,254	15,640,821	2,123,956	126,500	540,000	2,761,442	7,525,042	40,024,361	79,856,376
Comprehensive income for the half year ended 30 June 2021:									
Profit after taxation	-	-	-	-	-	-	-	9,038,229	9,038,229
Other comprehensive income	-	-	(88,585)	-	-	(505,650)	-	-	(594,235)
Total comprehensive income for the half year	-	-	(88,585)	-	-	(505,650)	-	9,038,229	8,443,994
Transfer to statutory reserve	-	903,823	-	-	-	-	-	(903,823)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(60,244)	60,244	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 4.5 per share)	-	-	-	-	-	-	-	(5,001,414)	(5,001,414)
Balance as at 30 June 2021-unaudited	11,114,254	16,544,644	2,035,371	126,500	540,000	2,255,792	7,464,798	43,217,597	83,298,956
Comprehensive income for the half year ended 31 December 2021:									
Profit after taxation	-	-	-	-	-	-	-	9,664,070	9,664,070
Other comprehensive income	-	-	622,140	-	-	(2,914,233)	(299,902)	(177,387)	(2,769,382)
Total comprehensive income for the half year	-	-	622,140	-	-	(2,914,233)	(299,902)	9,486,683	6,894,688
Transfer to statutory reserve	-	966,407	-	-	-	-	-	(966,407)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(60,196)	60,196	-
Exchange gain realised on closure of overseas branch-net of tax	-	-	(178,596)	-	-	-	-	-	(178,596)
Balance as at 31 December 2021-audited	11,114,254	17,511,051	2,478,915	126,500	540,000	(658,441)	7,104,700	51,798,069	90,015,048
Comprehensive income for the half year ended 30 June 2022:									
Profit after taxation	-	-	-	-	-	-	-	9,629,470	9,629,470
Other comprehensive income	-	-	1,173,709	-	-	(4,146,681)	(542,802)	-	(3,515,774)
Total comprehensive income for the half year	-	-	1,173,709	-	-	(4,146,681)	(542,802)	9,629,470	6,113,696
Transfer to statutory reserve	-	962,947	-	-	-	-	-	(962,947)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(56,286)	56,286	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 7.0 per share)	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)
Balance as at 30 June 2022-unaudited	11,114,254	18,473,998	3,652,624	126,500	540,000	(4,805,122)	6,505,612	52,740,900	88,348,766

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

	MANSOOR ALI KHAN <i>Chief Executive</i>		ASHAR HUSAIN <i>Chief Financial Officer</i>	
MOHAMMAD RAFIQUDDIN MEHKARI <i>Director</i>		ANWAR HAJI KARIM <i>Director</i>		ABBAS D. HABIB <i>Chairman</i>



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Note	30 June 2022 (Rupees in '000)	30 June 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		18,420,224	14,340,786
Less: Dividend income		(613,659)	(245,733)
		<u>17,806,565</u>	<u>14,095,053</u>
Adjustments:			
Depreciation		1,698,311	1,409,614
Depreciation on right-of-use assets		1,056,030	892,091
Amortisation		124,457	174,015
Provisions / (reversals) and write-offs-net	31	648,946	(28,720)
Gain on sale of fixed assets-net		(227,963)	(286,188)
Charge for defined benefit plan		308,500	246,000
Gain on securities-net		(202,050)	(8,608)
Charge for compensated absences		121,064	120,779
Mark-up expense on lease liability against right-of-use assets		600,677	536,961
		<u>4,127,972</u>	<u>3,055,944</u>
		<u>21,934,537</u>	<u>17,150,997</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(13,032,300)	1,675,301
Held-for-trading securities		(9,572)	60,470
Advances		(90,725,766)	(92,916,256)
Other assets		(39,076,289)	(14,847,810)
		<u>(142,843,927)</u>	<u>(106,028,295)</u>
Increase / (decrease) in operating liabilities			
Bills payable		955,348	(1,766,806)
Borrowings from financial institutions		37,404,517	189,521,693
Deposits		137,913,053	124,289,692
Other liabilities (excluding current taxation)		35,526,678	13,033,679
		<u>211,799,596</u>	<u>325,078,258</u>
		<u>90,890,206</u>	<u>236,200,960</u>
Income tax paid		(6,662,491)	(4,638,711)
Net cash flow generated from operating activities		<u>84,227,715</u>	<u>231,562,249</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(37,669,530)	(160,250,950)
Net investments in held-to-maturity securities		(10,936,183)	(56,787,423)
Net investments in associates		(1,407,738)	(2,300,000)
Dividends received		611,129	214,691
Investments in operating fixed assets		(4,599,815)	(10,579,708)
Proceeds from sale of fixed assets		248,658	249,981
Exchange differences on translation of net investment in foreign branches		1,173,709	(88,585)
Net cash used in investing activities		<u>(52,579,770)</u>	<u>(229,541,994)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (payments) of subordinated debt-net		6,998,200	(3,993,600)
Dividend paid		(7,681,641)	(4,915,838)
Payment against lease liabilities		(1,437,550)	(1,101,150)
Net cash used in financing activities		<u>(2,120,991)</u>	<u>(10,010,588)</u>
Increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		29,526,954	(7,990,333)
		<u>124,979,088</u>	<u>125,400,165</u>
Cash and cash equivalents at end of the period		<u>154,506,042</u>	<u>117,409,832</u>

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 988 branches (31 December 2021: 927 branches), 29 sub-branches (31 December 2021: 29 sub-branches), 04 representative offices (31 December 2021: 04 representative offices) and 04 booths (31 December 2021: 03 booths). The branch network of the Bank includes 02 overseas branches (31 December 2021: 02 overseas branches) and 154 Islamic Banking branches (31 December 2021: 138 Islamic Banking branches).

2. BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.2** Key financial information of the Islamic Banking branches is disclosed in note 39 to these unconsolidated condensed interim financial statements.
- 2.3** These are separate financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2.4 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by ICAP, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP).



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

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular Letter No. 05, dated 22 March 2019 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2021.

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars. In case of overseas branches, IFRS 9 / respective foreign regulatory requirements are considered for recording, classification and valuation of investment.

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

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

3. ACCOUNTING POLICY

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2021.



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

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

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

IFRS 9 replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. SBP vide its BPRD Circular No. 03 of 2022 dated 05 July 2022 directed the banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2023. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2021.

5. FINANCIAL RISK MANAGEMENT

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



	(Un-audited) 30 June 2022 (Rupees in '000)	(Audited) 31 December 2021
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	32,540,952	25,102,090
Foreign currencies	3,501,868	1,731,629
	36,042,820	26,833,719
In transit:		
Local currency	348,693	230,555
Foreign currencies	-	422
	348,693	230,977
With the State Bank of Pakistan in:		
Local currency current accounts	60,917,585	53,360,569
Local currency current accounts-Islamic Banking	8,066,653	5,651,972
Foreign currencies deposit accounts		
Cash reserve account	4,127,661	3,733,261
Cash reserve / special cash reserve accounts		
-Islamic Banking	496,856	408,717
Special cash reserve account	4,162,661	7,466,521
Local US Dollar collection account	399,728	786,071
	78,171,144	71,407,111
With the National Bank of Pakistan in:		
Local currency current accounts	22,064,949	19,846,650
Prize bonds	163,822	281,284
	136,791,428	118,599,741
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	226,836	229,228
In deposit accounts	3,721,125	557,419
	3,947,961	786,647
Outside Pakistan:		
In current accounts	3,394,000	4,131,543
In deposit accounts	10,508,955	1,821,822
	13,902,955	5,953,365
	17,850,916	6,740,012
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	17,850,912	6,740,008
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	27,245,580	1,719,830
Market Treasury Bills	5,850,548	18,343,998
	33,096,128	20,063,828



9. INVESTMENTS

Note	30 June 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9.1 Investments by type:								
Held-for-trading securities								
Shares	99,990	-	(695)	99,295	96,835	-	1,641	98,476
Available-for-sale securities								
Federal Government Securities	631,090,359	(162,075)	(8,053,401)	622,874,883	594,514,031	(224,825)	(1,277,763)	593,011,443
Shares	4,629,808	(1,886,994)	492,099	3,234,913	4,541,805	(1,781,770)	614,262	3,374,297
Non Government Debt Securities	30,500,778	-	141,441	30,642,219	29,941,356	-	141,257	30,082,613
Foreign Securities	6,768,038	(1,810,236)	(1,254,390)	3,703,412	6,718,457	(947,343)	(853,977)	4,917,137
Units of Mutual Funds	2,926,020	(365,225)	244,213	2,805,008	2,176,022	(365,225)	296,808	2,107,605
	675,915,003	(4,224,530)	(8,430,038)	663,260,435	637,891,671	(3,319,163)	(1,079,413)	633,493,095
Held-to-maturity securities 9.3								
Federal Government Securities	193,877,694	(69,762)	-	193,807,932	182,347,089	(100,982)	-	182,246,107
Foreign Securities	1,625,604	(245,685)	-	1,379,919	2,191,873	(77,573)	-	2,114,300
Others	4,481	(4,481)	-	-	4,481	(4,481)	-	-
	195,507,779	(319,928)	-	195,187,851	184,543,443	(183,036)	-	184,360,407
Associates	9,214,653	-	-	9,214,653	7,764,656	-	-	7,764,656
Subsidiaries	883,250	-	-	883,250	883,250	-	-	883,250
Total Investments	<u>881,620,675</u>	<u>(4,544,458)</u>	<u>(8,430,733)</u>	<u>868,645,484</u>	<u>831,179,855</u>	<u>(3,502,199)</u>	<u>(1,077,772)</u>	<u>826,599,884</u>



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
9.1.1 Investments given as collateral		
Market Treasury Bills	82,753,769	34,993,379
Pakistan Investment Bonds	19,876,030	84,993,500
	<u>102,629,799</u>	<u>119,986,879</u>
9.2 Provision for diminution in the value of investments		
Opening balance	3,502,199	3,634,942
Exchange adjustments against IFRS 9 in overseas branches	213,411	144,654
Charge / (reversal):		
Charge for the period / year	110,165	-
Charge / (reversal) of impairment as per IFRS 9 in overseas branches for the period / year	723,624	(188,882)
Reversal on disposal during the period / year	(4,941)	(88,515)
	828,848	(277,397)
Closing balance	<u>4,544,458</u>	<u>3,502,199</u>
9.3 The market value of securities classified as held to maturity at 30 June 2022 amounted to Rs. 185,926 million (31 December 2021: Rs. 181,472 million).		



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 June 2022	(Audited) 31 December 2021	(Un-audited) 30 June 2022	(Audited) 31 December 2021	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	678,957,129	602,544,792	7,563,920	7,123,857	686,521,049	609,668,649
Islamic financing and related assets	100,509,574	84,965,477	399,902	410,650	100,909,476	85,376,127
Bills discounted and purchased	50,349,419	51,632,418	246,526	212,428	50,595,945	51,844,846
Advances - gross	829,816,122	739,142,687	8,210,348	7,746,935	838,026,470	746,889,622
Provision against advances						
– Specific	–	–	7,020,390	6,494,129	7,020,390	6,494,129
– General as per regulations	410,890	369,390	–	–	410,890	369,390
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	203,161	476,792	–	–	203,161	476,792
	6,364,051	6,596,182	7,020,390	6,494,129	13,384,441	13,090,311
Advances - net of provision	823,452,071	732,546,505	1,189,958	1,252,806	824,642,029	733,799,311

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

10.1 Particulars of advances (Gross)

In local currency	697,588,313	621,968,544
In foreign currencies	140,438,157	124,921,078
	838,026,470	746,889,622

10.2 Advances include Rs. 8,210.348 million (31 December 2021: Rs. 7,746.935 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	167,507	9,241	47,122	1,887
Substandard	759,139	182,141	1,352,895	331,166
Doubtful	757,083	366,690	222,455	105,141
Loss	4,138,849	4,074,548	4,028,738	3,960,210
	5,822,578	4,632,620	5,651,210	4,398,404
Overseas				
Overdue by:				
181 to 365 days	65,948	65,948	85,363	85,363
> 365 days	2,321,822	2,321,822	2,010,362	2,010,362
	2,387,770	2,387,770	2,095,725	2,095,725
Total	8,210,348	7,020,390	7,746,935	6,494,129



10.3 Particulars of provision against advances

	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	6,494,129	6,596,182	13,090,311	6,497,479	6,145,308	12,642,787
Exchange adjustments	366,592	76,883	443,475	223,681	17,349	241,030
Charge for the period / year						
- Specific provision	2,237,478	-	2,237,478	807,714	-	807,714
- General provision as per regulations	-	41,500	41,500	-	102,100	102,100
- As per IFRS 9 in overseas branches	-	(350,514)	(350,514)	-	331,425	331,425
Reversals	(2,045,416)	-	(2,045,416)	(1,034,201)	-	(1,034,201)
	192,062	(309,014)	(116,952)	(226,487)	433,525	207,038
Amounts written off	(32,393)	-	(32,393)	(544)	-	(544)
Closing balance	7,020,390	6,364,051	13,384,441	6,494,129	6,596,182	13,090,311

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 June 2022 amounts to Rs. 5,750 million (31 December 2021: Rs. 5,750 million).

10.3.2 For the purposes of determining provision against non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non-performing advances.

	Note	(Un-audited)	(Audited)
		30 June 2022	31 December 2021
		(Rupees in '000)	
11. FIXED ASSETS			
Capital work-in-progress	11.1	3,020,874	1,738,112
Property and equipment		56,312,017	53,954,665
		<u>59,332,891</u>	<u>55,692,777</u>



	(Un-audited) 30 June 2022 (Rupees in '000)	(Audited) 31 December 2021
11.1 Capital work-in-progress		
Civil works	833,849	595,516
Advance payment for purchase of equipments	217,448	125,432
Advance payment towards suppliers, contractors and property	1,963,724	1,015,099
Consultants' fee and other charges	5,853	2,065
	<u>3,020,874</u>	<u>1,738,112</u>
11.2 Additions to fixed assets		
The following additions have been made to operating fixed assets during the period:		
	(Un-audited) Half year ended	
	30 June 2022 (Rupees in '000)	30 June 2021
Capital work-in-progress	2,952,499	1,372,661
Property and equipment		
Leasehold land	273,280	3,337,700
Building on leasehold land	613,138	5,308,313
Furniture and fixture	307,822	202,727
Electrical, office and computer equipment	1,301,369	984,342
Vehicles	587,096	402,398
Improvements to leasehold building	152,960	280,230
Right-of-use assets	1,931,746	1,676,578
	<u>5,167,411</u>	<u>12,192,288</u>
Total	<u>8,119,910</u>	<u>13,564,949</u>
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	1,925	969
Electrical, office and computer equipment	2,697	4,806
Vehicles	6,805	16,132
Building on leasehold land	-	2,226
Improvements to leasehold building	17,148	-
Right-of-use assets	47,126	216,976
Total	<u>75,701</u>	<u>241,109</u>
	(Un-audited) 30 June 2022 (Rupees in '000)	(Audited) 31 December 2021
12. INTANGIBLE ASSETS		
Computer software	<u>225,179</u>	<u>268,246</u>



		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
12.1	Additions to intangible assets		
	Computer software-directly purchased	81,390	200,492
		(Un-audited) 30 June 2022	(Audited) 31 December 2021
	Note		
		(Rupees in '000)	
13.	DEFERRED TAX ASSET		
	Deductible Temporary Differences on		
	Provision against diminution in value of investments	1,952,237	1,364,207
	Provision against loans and advances, off-balance sheet, etc.	2,169,721	2,083,606
	Workers' welfare fund	1,473,643	1,186,908
	Deficit on revaluation of available-for-sale investments	3,624,916	420,972
	Deficit / (surplus) on revaluation of held-for-trading securities	298	(640)
		9,220,815	5,055,053
	Taxable Temporary Differences on		
	Accelerated tax depreciation	(1,327,655)	(1,146,649)
	Surplus on revaluation of fixed assets / non-banking assets	(2,333,917)	(1,833,576)
		(3,661,572)	(2,980,225)
		5,559,243	2,074,828
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency-net of provision	26,878,813	19,758,226
	Income / mark-up accrued in foreign currencies-net of provision	1,538,035	1,174,158
	Advances, deposits, advance rent and other prepayments	1,959,458	1,161,812
	Non-banking assets acquired in satisfaction of claims	2,645,784	811,454
	Mark to market gain on forward foreign exchange contracts	5,866,060	2,993,003
	Acceptances	80,596,050	55,030,553
	Stationery and stamps on hand	535,755	436,018
	Receivable from SBP on encashment of Government Securities	109,419	150,135
	Others	4,629,282	4,166,147
		124,758,656	85,681,506
	Less: Provision held against other assets	14.1 (7,881)	(7,497)
	Other Assets (net of provision)	124,750,775	85,674,009
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	137,548	139,488
	Other Assets-total	124,888,323	85,813,497



	Note	(Un-audited) 30 June 2022 (Rupees in '000)	(Audited) 31 December 2021
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	<u>7,881</u>	<u>7,497</u>
14.1.1 Movement in provision held against other assets			
Opening balance		7,497	6,884
Charge for the period / year		1,195	2,740
Reversals for the period / year		(811)	(2,127)
		<u>384</u>	<u>613</u>
Closing balance		<u>7,881</u>	<u>7,497</u>
15. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 30 June 2022 (31 December 2021: Nil).			
16. BILLS PAYABLE			
In Pakistan		<u>30,759,103</u>	<u>29,803,755</u>
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		100,525,943	72,330,093
Under renewable energy		15,205,544	13,588,833
Under long term financing for imported and locally manufactured plant and machinery		36,876,891	31,605,152
Under modernisation of small and medium enterprises		635,548	566,723
Under women entrepreneurship		23,219	26,893
Under financing facility for storage of agricultural produce		657,203	735,467
Under refinance scheme for payment of wages and salaries		3,877,751	7,842,569
Under temporary economic refinance facility		37,874,068	32,012,142
Under refinance facility for combating COVID-19		143,412	100,000
Under open market operations		36,578,493	–
Repurchase agreement borrowings		101,532,672	109,479,575
		<u>333,930,744</u>	<u>268,287,447</u>
Repurchase agreement borrowings		–	10,462,589
Borrowings from financial institutions		5,326,014	23,102,205
Total secured		<u>339,256,758</u>	<u>301,852,241</u>
Unsecured			
Overdrawn nostro accounts		136,298	360,661
		<u>339,393,056</u>	<u>302,212,902</u>



18. DEPOSITS AND OTHER ACCOUNTS

	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	519,537,743	54,847,062	574,384,805	451,790,944	50,037,483	501,828,427
Savings deposits	354,266,301	54,994,708	409,261,009	331,340,746	47,617,002	378,957,748
Term deposits	179,444,291	48,033,234	227,477,525	204,273,302	38,981,706	243,255,008
Current deposits-remunerative	147,486,145	24,332,168	171,818,313	117,604,631	3,844,969	121,449,600
Others	28,943,969	10,720,118	39,664,087	20,969,061	8,647,765	29,616,826
	1,229,678,449	192,927,290	1,422,605,739	1,125,978,684	149,128,925	1,275,107,609
Financial institutions						
Current deposits	4,030,151	599,145	4,629,296	4,373,863	361,260	4,735,123
Savings deposits	10,951,163	20	10,951,183	10,929,524	18	10,929,542
Term deposits	855,560	230,453	1,086,013	1,363,787	193,282	1,557,069
Current deposits-remunerative	7,805,937	642,884	8,448,821	17,195,258	284,878	17,480,136
Others	15,330	-	15,330	13,850	-	13,850
	23,658,141	1,472,502	25,130,643	33,876,282	839,438	34,715,720
	1,253,336,590	194,399,792	1,447,736,382	1,159,854,966	149,968,363	1,309,823,329

	Note	(Un-audited)	(Audited)
		30 June 2022	31 December 2021
(Rupees in '000)			
19. SUBORDINATED DEBT-Unsecured			
Term Finance Certificates (TFCs)-VI-(Unquoted)	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs)-VII-(Unquoted)	19.2	3,994,400	3,995,200
Term Finance Certificates (TFCs)-VIII-(Unquoted)	19.3	4,999,000	5,000,000
Term Finance Certificates (TFCs)-IX-(Unquoted)	19.4	7,000,000	-
		22,993,400	15,995,200



19.1 Term Finance Certificates-VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The Issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.2 Term Finance Certificates-VII (Unquoted)

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



19.3 Term Finance Certificates-VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.4 Term Finance Certificates-IX (Unquoted)

Issue amount	Rupees 7,000 million
Issue Date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,504,510	2,045,632
Mark-up / return / interest payable in foreign currencies	267,487	302,370
Unearned commission income	1,059,589	1,416,819
Accrued expenses	3,509,411	2,942,988
Acceptances	80,596,050	55,030,553
Unclaimed / dividend payable	644,565	546,228
Mark to market loss on forward foreign exchange contracts	3,862,720	787,128
Branch adjustment account	6,492,787	5,764,199
Payable to defined benefit plan	1,282,812	974,313
Charity payable	16,640	12,978
Provision against off-balance sheet items	20.1 124,842	173,319
Security deposits against leases / ijarah	8,064,371	7,174,202
Provision for compensated absences	1,253,568	1,127,704
Other security deposits	882,876	765,531
Workers' welfare fund	3,427,076	3,043,353
Payable to SBP / NBP	1,262,234	1,323,252
Payable to supplier against murabaha	200,805	223,202
Insurance payable	696,428	610,916
Lease liability against right-of-use assets	13,291,782	12,235,539
Current taxation (payments less provisions)	4,985,271	2,043,762
ATM settlement account	2,631,837	1,729,169
Others	3,743,249	1,528,729
	<u>141,800,910</u>	<u>101,801,886</u>
20.1 Provision against off-balance sheet obligations		
Opening balance	173,319	146,692
Exchange adjustment against IFRS 9 in overseas branches	14,857	4,141
Charge for the period / year	8,406	9,701
(Reversal) / charge as per IFRS 9 in overseas branches	(70,445)	60,763
for the period / year	(1,295)	(47,978)
Reversal for the period / year	(63,334)	22,486
Closing balance	<u>124,842</u>	<u>173,319</u>



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
21. SURPLUS ON REVALUATION OF ASSETS		
(Deficit) / surplus on revaluation of:		
- Available-for-sale securities	9.1 (8,430,038)	(1,079,413)
- Fixed assets	8,772,329	8,869,136
- Non-banking assets acquired in satisfaction of claims	137,548	139,488
	479,839	7,929,211
Deferred tax on (deficit) / surplus on revaluation of:		
- Available-for-sale securities	(3,624,916)	(420,972)
- Fixed assets	2,344,287	1,849,120
- Non-banking assets acquired in satisfaction of claims	59,978	54,804
	(1,220,651)	1,482,952
	1,700,490	6,446,259
22. CONTINGENCIES AND COMMITMENTS		
Guarantees	22.1 151,856,717	126,082,119
Commitments	22.2 530,318,406	438,585,630
Other contingent liabilities	22.3 2,494,837	2,030,711
	684,669,960	566,698,460
22.1 Guarantees:		
Financial guarantees	22,915,666	24,274,161
Performance guarantees	128,941,051	101,807,958
	151,856,717	126,082,119
22.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	308,029,495	301,891,236
Commitments in respect of:		
- forward foreign exchange contracts	22.2.1 215,664,985	131,220,965
- forward lendings	22.2.2 5,608,734	4,717,424
Commitments for acquisition of:		
- Operating fixed assets	1,015,192	756,005
	530,318,406	438,585,630



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

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	112,492,297	72,497,648
Sale	103,172,688	58,723,317
	<u>215,664,985</u>	<u>131,220,965</u>

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

22.2.2 Commitments in respect of forward lending	<u>5,608,734</u>	<u>4,717,424</u>
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

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

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

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

23. DERIVATIVE INSTRUMENTS

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



23.1 Product Analysis

	30 June 2022 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
	(Rupees in '000)					
Counter Parties						
Banks						
Hedging	17,019,527	(634,212)	105,836,177	(2,272,579)	122,855,704	(2,906,791)
Other Entities						
Hedging	92,809,281	4,910,131	-	-	92,809,281	4,910,131
Total						
Hedging	<u>109,828,808</u>	<u>4,275,919</u>	<u>105,836,177</u>	<u>(2,272,579)</u>	<u>215,664,985</u>	<u>2,003,340</u>
	31 December 2021 (Audited)					
Counter Parties						
Banks						
Hedging	7,709,331	(24,745)	62,902,410	(368,653)	70,611,741	(393,398)
Other Entities						
Hedging	60,609,224	2,599,273	-	-	60,609,224	2,599,273
Total						
Hedging	<u>68,318,555</u>	<u>2,574,528</u>	<u>62,902,410</u>	<u>(368,653)</u>	<u>131,220,965</u>	<u>2,205,875</u>



23.2 Maturity Analysis

	30 June 2022 (Un-audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	403	60,683,222	(1,399,618)	788,854	(610,764)
1 to 3 months	632	76,583,985	(1,491,251)	2,475,514	984,263
3 to 6 months	655	65,675,648	(834,071)	1,894,987	1,060,916
6 months to 1 year	169	12,722,130	(137,780)	706,705	568,925
1 to 2 years	-	-	-	-	-
	1,859	215,664,985	(3,862,720)	5,866,060	2,003,340

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

(Un-audited) Half year ended

30 June 2022	30 June 2021
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(Rupees in '000)

24. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	32,294,788	17,817,659
On investments	43,117,659	37,067,817
On deposits with financial institutions	187,387	72,713
On securities purchased under resale agreements	1,222,106	88,911
On lending to financial institutions	-	13,843
On call money lendings	-	264
	76,821,940	55,061,207



		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
25.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	34,679,883	20,208,016
	Borrowings from SBP	1,697,594	1,069,022
	Subordinated debt	1,244,310	538,744
	Cost of foreign currency swaps	513,541	937,722
	Repurchase agreement borrowings	3,710,656	4,267,609
	Mark-up expense on lease liability against right-of-use assets	600,677	536,961
	Other borrowings	198,322	100,271
		42,644,983	27,658,345
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	655,113	646,161
	Investment banking fees	55,624	15,960
	Consumer finance related fees	32,077	34,551
	Card related fees (debit and credit cards)	1,284,910	639,006
	Credit related fees	197,309	137,548
	Commission on trade	2,905,595	2,386,592
	Commission on guarantees	365,858	250,536
	Commission on cash management	127,836	105,173
	Commission on home remittances	71,995	76,704
	Others	50,196	15,084
		5,746,513	4,307,315
27.	GAIN / (LOSS) ON SECURITIES-NET		
	Realised	204,386	9,266
	Unrealised-held for trading	(2,336)	(658)
		202,050	8,608
27.1	Realised gain / (loss) on:		
	Federal Government Securities	937	194
	Shares	161,190	11,885
	Mutual Funds	42,259	(2,813)
		204,386	9,266
28.	OTHER INCOME		
	Rent on property	5,717	5,460
	Gain on sale of fixed assets-net	227,963	286,188
	Recovery of expenses from customers	176,542	168,325
	Lockers rent	9,739	7,277
	Others	623	399
		420,584	467,649



	(Un-audited) Half year ended	
	30 June 2022	30 June 2021
	(Rupees in '000)	
29. OPERATING EXPENSES		
Total compensation expenses	11,202,769	8,218,333
Property expenses		
Rent and taxes	155,276	173,999
Insurance	16,709	14,371
Utilities cost	906,562	557,123
Security (including guards)	678,298	522,161
Repair and maintenance (including janitorial charges)	198,509	167,315
Depreciation	1,632,743	1,343,952
	3,588,097	2,778,921
Information technology expenses		
Software maintenance	5,675	4,651
Hardware maintenance	987,306	504,967
Depreciation	217,060	181,233
Amortisation	124,457	174,015
Network charges	296,981	219,177
	1,631,479	1,084,043
Other operating expenses		
Directors' fees and allowances	20,260	20,010
Fees and allowances to Shariah Board	9,351	7,027
Insurance	328,138	266,619
Legal and professional charges	189,333	129,143
Outsourced services costs	1,135,825	935,922
Travelling and conveyance	189,893	113,209
NIFT and other clearing charges	95,958	97,114
Depreciation	904,538	776,520
Repair and maintenance	1,008,958	783,086
Training and development	34,982	24,433
Postage and courier charges	181,644	104,986
Communication	262,984	233,228
Stationery and printing	550,526	476,828
Marketing, advertisement and publicity	309,017	769,776
Donations	116,100	171,407
Auditors remuneration	4,254	5,423
Commission and brokerage	563,676	282,792
Entertainment and staff refreshment	218,991	173,888
Vehicle running expenses	1,182,570	714,787
Subscriptions and publications	167,037	126,037
CNIC verification charges	98,529	81,564
Security charges	312,421	190,059
Others	507,486	306,345
	8,392,471	6,790,203
	24,814,816	18,871,500



		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
30. OTHER CHARGES			
	Penalties imposed by the State Bank of Pakistan	797	2,078
31. PROVISIONS / (REVERSALS) AND WRITE OFFS-NET			
	Provision for diminution in value of investments-net	828,848	20,300
	Reversal against loans and advances-net	(116,952)	(90,643)
	Provision against other assets-net	384	308
	(Reversal) / provision against off-balance sheet items-net	(63,334)	41,315
		<u>648,946</u>	<u>(28,720)</u>
32. TAXATION			
	Current	9,614,026	5,746,903
	Deferred	(823,272)	(444,346)
		<u>8,790,754</u>	<u>5,302,557</u>
32.1	During the period, the tax rate has been revised from 35% to 39%. Further, a Super Tax of 10% has been levied for the tax year 2023. Accordingly, the impact of these changes in tax rates have been incorporated in these unconsolidated condensed interim financial statements.		
		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
33. BASIC AND DILUTED EARNINGS PER SHARE			
	Profit for the period	9,629,470	9,038,229
		(Number)	
	Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
		(Rupees)	
	Basic and diluted earnings per share	8.66	8.13
34. FAIR VALUE MEASUREMENTS			
	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:		
	Federal Government Securities	PKRV rates (Reuters page)	
	Non Government Debt Securities	Market prices	
	Foreign Securities	Market prices / Mashreqbank PSC	
	Listed Securities	Prices quoted at Pakistan Stock Exchange Limited	
	Mutual Funds	Net asset values declared by respective funds	
	Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Bank's accounting policies, as disclosed in the annual financial statements for the year ended 31 December 2021.		



34.1 Fair value of financial assets

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

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

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

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

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

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

	30 June 2022 (Un-audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	622,874,883	-	622,874,883
Shares	3,147,705	-	-	3,147,705
Non-Government Debt Securities	25,469,309	5,172,910	-	30,642,219
Foreign Securities	-	3,703,412	-	3,703,412
Mutual Funds	-	2,805,008	-	2,805,008
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	184,925,477	-	184,925,477
Foreign Securities	-	1,000,563	-	1,000,563
Associates				
Mutual funds	-	9,212,301	-	9,212,301
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	117,992,354	-	117,992,354
Forward sale of foreign exchange contracts	-	99,675,971	-	99,675,971



31 December 2021 (Audited)

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	593,011,443	-	593,011,443
Shares	3,324,237	-	-	3,324,237
Non-Government Debt Securities	24,909,693	5,172,920	-	30,082,613
Foreign Securities	-	4,917,137	-	4,917,137
Mutual Funds	-	2,107,605	-	2,107,605
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	179,649,767	-	179,649,767
Foreign Securities	-	1,822,342	-	1,822,342
Associates				
Mutual funds	-	7,841,384	-	7,841,384
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	75,147,663	-	75,147,663
Forward sale of foreign exchange contracts	-	58,279,177	-	58,279,177

34.2 Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

34.3 Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.



35. TRUST ACTIVITIES

The Bank is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.

36. SEGMENT INFORMATION

Segment Details with respect to Business Activities

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

	Half year ended 30 June 2022 (Un-audited)		
	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	64,880,754	11,941,186	76,821,940
Inter segment revenue-net	-	29,375,124	29,375,124
Non mark-up / return / interest income	5,092,171	4,999,378	10,091,549
Total income	69,972,925	46,315,688	116,288,613
Segment direct expenses	(32,461,182)	(35,383,137)	(67,844,319)
Inter segment expense allocation	(29,375,124)	-	(29,375,124)
Total expenses	(61,836,306)	(35,383,137)	(97,219,443)
Provisions	(598,943)	(50,003)	(648,946)
Profit before tax	7,537,676	10,882,548	18,420,224
As at 30 June 2022 (Un-audited)			
Statement of financial position			
Cash and bank balances	131,460,577	23,181,763	154,642,340
Investments	868,645,484	-	868,645,484
Net inter segment lending	-	854,361,862	854,361,862
Lendings to financial institutions	33,096,128	-	33,096,128
Advances - performing	699,888,826	123,563,245	823,452,071
- non-performing	1,134,692	55,266	1,189,958
Others	162,054,467	27,951,169	190,005,636
Total assets	1,896,280,174	1,029,113,305	2,925,393,479
Borrowings	339,393,056	-	339,393,056
Subordinated debt	22,993,400	-	22,993,400
Deposits and other accounts	573,494,444	874,241,938	1,447,736,382
Net inter segment borrowing	854,361,862	-	854,361,862
Others	68,356,512	104,203,501	172,560,013
Total liabilities	1,858,599,274	978,445,439	2,837,044,713
Equity	37,680,900	50,667,866	88,348,766
Total equity and liabilities	1,896,280,174	1,029,113,305	2,925,393,479
Contingencies and commitments	455,477,446	4,408,766	459,886,212



Half year ended 30 June 2021 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	51,533,884	3,527,323	55,061,207
Inter segment revenue-net	–	12,426,369	12,426,369
Non mark-up / return / interest income	2,065,148	4,013,157	6,078,305
Total income	53,599,032	19,966,849	73,565,881
Segment direct expenses	(32,217,636)	(14,609,810)	(46,827,446)
Inter segment expense allocation	(12,426,369)	–	(12,426,369)
Total expenses	(44,644,005)	(14,609,810)	(59,253,815)
Reversals	22,928	5,792	28,720
Profit before tax	8,977,955	5,362,831	14,340,786

As at 31 December 2021 (Audited)

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

37. RELATED PARTY TRANSACTIONS

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

Transactions with related parties of the Bank are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 June 2022 (Un-audited)					31 December 2021 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	883,250	7,764,656	305,998	-	-	883,250	2,047,346	-
Investment made during the period / year	-	-	-	8,200,000	50,000	-	-	-	10,200,000	182,690
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	(6,750,003)	-	-	-	-	(4,482,690)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	-	(4,708)	-	-	-	-	123,308
Closing balance	-	-	883,250	9,214,653	351,290	-	-	883,250	7,764,656	305,998
Advances										
Opening balance	1,620	195,482	463,425	-	2,417,285	332	171,544	201,173	-	2,217,749
Addition during the period / year	38,966	220,342	11,549,035	-	22,726,139	76,666	235,679	26,196,301	-	57,968,205
Repaid during the period / year	(40,465)	(137,851)	(11,338,302)	-	(23,406,752)	(75,378)	(211,741)	(25,934,049)	-	(57,768,669)
Closing balance	121	277,973	674,158	-	1,736,672	1,620	195,482	463,425	-	2,417,285
Operating fixed assets										
Right of use	-	-	-	-	-	-	-	-	-	786
Other Assets										
Interest / mark-up accrued	-	138	-	-	3	-	120	-	-	-
L/C acceptances	-	-	-	-	289,174	-	-	-	-	-
Dividend receivable	-	-	-	7,813	-	-	-	-	118	-
Subordinated debt										
Opening balance	-	-	-	-	44,000	-	-	-	-	44,000
Received during the period / year	-	-	-	-	-	-	-	-	75,000	-
Withdrawn during the period / year	-	-	-	-	-	-	-	-	(75,000)	-
Closing balance	-	-	-	-	44,000	-	-	-	-	44,000
Deposits and other accounts										
Opening balance	769,918	774,436	90,084	59,383	6,936,252	1,072,684	720,918	476,584	739,762	3,619,310
Received during the period / year	3,349,346	3,090,626	6,380,372	56,567,260	98,567,293	6,376,086	3,125,505	21,273,904	83,337,951	63,034,965
Withdrawn during the period / year	(3,393,096)	(2,943,004)	(6,304,310)	(56,570,230)	(99,737,874)	(6,678,852)	(3,071,987)	(21,660,404)	(84,018,330)	(59,718,023)
Closing balance	726,168	922,058	166,146	56,413	5,765,671	769,918	774,436	90,084	59,383	6,936,252
Other Liabilities										
Interest / mark-up payable	50	1,151	-	-	16,109	404	1,327	-	-	30,768
Payable to staff retirement fund	-	-	-	-	1,282,812	-	-	-	-	974,312
L/C acceptances	-	-	-	-	289,174	-	-	-	-	-
Other liabilities	-	19	733	-	-	-	2	908	-	-
Contingencies and commitments	-	-	-	-	1,291,193	-	-	-	-	918,205
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	75,000	-	4,791,800	-	-	85,000	-	6,120,840
Increased during the period / year	-	-	45,000	-	9,750,000	-	-	75,000	-	7,725,000
Decreased during the period / year	-	-	-	-	(6,140,000)	-	-	(85,000)	-	(9,054,040)
Closing balance	-	-	120,000	-	8,401,800	-	-	75,000	-	4,791,800



37.1 RELATED PARTY TRANSACTIONS

	30 June 2022 (Un-audited)					30 June 2021 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	2	6,315	20,281	–	79,169	–	4,944	9,150	–	53,499
Fee and commission income	42	98	8	30	4,239	20	92	7	54	6,014
Dividend income	–	–	–	357,416	28,246	–	–	–	85,118	–
Net gain / (loss) on sale / redemption of securities and units of mutual funds	–	–	–	42,259	332	–	–	–	(2,813)	–
Rental income	–	–	5,761	–	–	–	–	5,460	–	–
Other income	–	–	392	–	258	–	–	391	15	208
Expense										
Mark-up / return / interest expensed	28,054	35,478	6,828	44,796	275,646	32,755	24,773	9,661	16,803	107,455
Operating expenses	–	–	–	–	29,877	–	–	–	–	2,123
Brokerage commission	–	–	3,296	–	–	–	–	6,823	–	–
Salaries and allowances	–	363,597	–	–	–	–	307,405	–	–	–
Bonus	–	111,290	–	–	–	–	33,088	–	–	–
Contribution to defined contribution plan	–	17,457	–	–	–	–	13,880	–	–	–
Contribution to defined benefit plan	–	102,708	–	–	–	–	54,657	–	–	–
Staff provident fund	–	–	–	–	427,680	–	–	–	–	346,897
Staff gratuity fund	–	–	–	–	308,500	–	–	–	–	246,000
Directors' fees	19,260	–	–	–	–	19,010	–	–	–	–
Donation	–	–	–	–	12,000	–	–	–	–	6,000
Insurance premium paid	–	–	–	–	93,616	–	–	–	–	136,453
Insurance claims settled	–	–	–	–	28,557	–	–	–	–	47,772



38. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	82,618,633	80,641,265
Eligible Additional Tier 1 (ADT 1) Capital	13,601,327	6,570,734
Total Eligible Tier 1 Capital	96,219,960	87,211,999
Eligible Tier 2 Capital	20,907,136	25,750,539
Total Eligible Capital (Tier 1 + Tier 2)	117,127,096	112,962,538
Risk Weighted Assets (RWAs):		
Credit Risk	775,172,303	703,135,583
Market Risk	17,300,708	17,023,428
Operational Risk	117,517,781	117,517,781
Total	909,990,792	837,676,792
Common Equity Tier 1 Capital Adequacy Ratio	9.079%	9.627%
Tier 1 Capital Adequacy Ratio	10.574%	10.411%
Total Capital Adequacy Ratio	12.871%	13.485%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	96,219,960	87,211,999
Total Exposures	2,568,729,952	2,334,221,910
Leverage Ratio	3.746%	3.736%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	688,841,869	631,288,320
Total Net Cash Outflow	291,529,509	244,836,260
Liquidity Coverage Ratio	236.285%	257.841%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,533,529,732	1,379,682,140
Total Required Stable Funding	929,423,019	825,749,841
Net Stable Funding Ratio	164.998%	167.082%



39. ISLAMIC BANKING BUSINESS

The Bank is operating 154 (31 December 2021: 138) Islamic banking branches and 145 (31 December 2021: 145) Islamic banking windows at the end of the period / year.

	(Un-audited) 30 June 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	12,030,235	8,423,970
Balances with other banks	3,006,950	6,633
Due from financial institutions	-	-
Investments	39.1 131,876,091	126,593,021
Islamic financing and related assets-net	39.2 100,745,192	85,209,570
Fixed assets	765,169	691,623
Intangible assets	-	-
Due from Head Office	-	-
Other assets	8,309,702	8,215,798
Total Assets	256,733,339	229,140,615
LIABILITIES		
Bills payable	434,059	306,474
Due to financial institutions	73,488,344	30,479,303
Deposits and other accounts	39.3 147,502,340	128,090,092
Due to Head Office	3,055,100	39,305,108
Subordinated debt	-	-
Other liabilities	14,956,869	16,989,976
	239,436,712	215,170,953
NET ASSETS	17,296,627	13,969,662
REPRESENTED BY		
Islamic Banking Fund	7,600,000	7,600,000
Reserves	-	-
Deficit on revaluation of assets	(70,754)	(238,060)
Unappropriated profit	39.4 9,767,381	6,607,722
	17,296,627	13,969,662
CONTINGENCIES AND COMMITMENTS	39.5	



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

	Note	(Un-audited) Half year ended	
		30 June 2022	30 June 2021
(Rupees in '000)			
Profit / return earned	39.6	9,894,247	4,717,208
Profit / return expensed	39.7	(5,224,345)	(1,911,803)
Net Profit / return		4,669,902	2,805,405
Other income			
Fee and commission income		393,619	291,482
Dividend income		25,341	655
Foreign exchange income		82,316	67,201
Income / (loss) from derivatives		-	-
Gain on securities		-	108
Other income		30,372	19,144
Total other income		531,648	378,590
Total income		5,201,550	3,183,995
Other expenses			
Operating expenses		(2,044,062)	(1,458,952)
Other charges		(102)	(155)
Total other expenses		(2,044,164)	(1,459,107)
Profit before provisions		3,157,386	1,724,888
Reversals and write offs - net		2,273	112,771
Profit for the period		3,159,659	1,837,659

	30 June 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
(Rupees in '000)								
39.1 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	96,926,060	-	(321,460)	96,604,600	86,966,521	-	(489,423)	86,477,098
- Neelum Jhelum Hydropower Co Ltd. Sukuk	2,310,000	-	-	2,310,000	3,093,750	-	-	3,093,750
- Bai Muajjal with Government of Pakistan	-	-	-	-	9,222,783	-	-	9,222,783
- Islamic Naya Pakistan Certificates	3,585,873	-	-	3,585,873	807,152	-	-	807,152
	102,821,933	-	(321,460)	102,500,473	100,090,206	-	(489,423)	99,600,783
Shares								
- Listed Companies	80,455	(54,083)	5,439	31,811	80,455	(54,083)	11,665	38,037
Non Government Debt Securities								
- Listed	22,027,384	-	226,615	22,253,999	22,243,347	-	215,177	22,458,524
- Unlisted	3,973,000	-	-	3,973,000	3,973,000	-	-	3,973,000
	26,000,384	-	226,615	26,226,999	26,216,347	-	215,177	26,431,524
Units of Mutual Funds	351,022	(52,866)	18,652	316,808	351,022	(52,866)	24,521	322,677
Associates								
- AL Habib Islamic Cash Fund	2,100,000	-	-	2,100,000	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	700,000	-	-	700,000	100,000	-	-	100,000
	2,800,000	-	-	2,800,000	200,000	-	-	200,000
Total Investments	132,053,794	(106,949)	(70,754)	131,876,091	126,938,030	(106,949)	(238,060)	126,593,021



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
39.2 Islamic financing and related assets		
Ijarah	1,947,475	1,510,759
Murabaha	9,127,875	10,763,354
Diminishing Musharaka	15,417,733	14,068,266
Istisna	7,630,418	5,342,869
Islamic Long Term Financing Facility (ILTFF)	3,166,121	2,354,060
Islamic Refinance for Renewable Energy (IFRE)	2,127,375	36,245
Islamic Refinance for Wages and Salaries (IRWS)	587,245	1,220,603
Islamic Temporary Economic Refinance Facility (ITERF)	4,556,830	908,150
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	39,033	-
Islamic Export Refinance (IERS)-Istisna	1,177,505	1,116,424
Musawamah	5,716,467	4,583,663
Running Musharaka	282,877	326,612
Islamic Export Refinance-Running Musharaka	5,305,772	5,263,500
Islamic Export Refinance-Musawamah	520,205	529,750
Financing against Bills-Musawamah	4,706,102	1,580,871
EFS Discounting	4,141,916	-
Staff Financing	1,209,399	1,025,435
Musawamah Inventory	3,782,621	2,290,127
Advance against Istisna	8,969,484	7,974,093
Advance against Istisna-IERF	9,425,903	9,475,930
Advance against Ijarah	625,149	505,797
Advance against Diminishing Musharaka	3,445,067	4,440,130
Advance against ILTFF	2,917,473	1,756,300
Advance against IFRE	567,218	2,161,708
Advance against ITERF	3,502,782	6,101,556
Advance against IRF SME	13,431	39,925
Gross Islamic financing and related assets	100,909,476	85,376,127
Less: provision against Islamic financings		
- Specific	114,228	123,001
- General	50,056	43,556
	164,284	166,557
Islamic financing and related assets-net of provision	100,745,192	85,209,570



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
39.3 Deposits and Other Accounts		
Customers		
Current deposits	66,630,060	52,834,548
Savings deposits	47,924,320	46,152,841
Term deposits	22,076,443	19,890,218
	<u>136,630,823</u>	<u>118,877,607</u>
Financial institutions		
Current deposits	35,055	18,895
Savings deposits	10,836,462	9,193,590
	<u>10,871,517</u>	<u>9,212,485</u>
	<u>147,502,340</u>	<u>128,090,092</u>
39.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	6,607,722	2,744,921
Add: Islamic Banking profit for the period / year	3,159,659	3,862,801
Closing Balance	<u>9,767,381</u>	<u>6,607,722</u>
39.5 Contingencies and Commitments		
Guarantees	13,410,024	10,930,898
Commitments	26,536,293	27,490,079
	<u>39,946,317</u>	<u>38,420,977</u>
	(Un-audited) Half year ended	
	30 June 2022	30 June 2021
	(Rupees in '000)	
39.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	3,621,123	1,776,302
Investments	6,264,371	2,926,923
Placements	8,753	13,983
	<u>9,894,247</u>	<u>4,717,208</u>
39.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	3,060,561	1,583,331
Due to Financial Institutions	495,625	178,291
Due to Head Office	1,668,159	150,181
	<u>5,224,345</u>	<u>1,911,803</u>



39.8 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

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

General Pool PKR (Mudaraba)

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

Special Pool(s) PKR (Mudaraba)

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

General Pool FCY (Mudaraba)

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

Special Pool(s) FCY (Mudaraba)

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

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

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

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

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.

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

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

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



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

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-Ul-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

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

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

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

The Bank's profit sharing ratio during the period was 50% (31 December 2021: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2021: 50%) of net income.

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

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

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

	30 June 2022 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	5,685,889	1,581,195	27.81%	661,892	41.86%
FCY Pool	60,955	57,285	93.98%	2,305	4.02%
	30 June 2021 (Un-audited)				
LCY Pool	3,042,813	1,362,364	44.77%	46,087	3.38%
FCY Pool	36,837	34,215	92.88%	4,405	12.87%



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

	(Un-audited)	
	Half year ended	
	30 June	30 June
	2022	2021
	(Percentage)	
Profit rate earned	9.27%	7.24%
Profit rate distributed	4.84%	3.22%

40. GENERAL

40.1 Captions in respect of which there are no amounts, have not been reproduced in these unconsolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.

40.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

41. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on August 24, 2022.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



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

	Note	(Un-audited) 30 June 2022	(Audited) 31 December 2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	136,791,552	118,599,792
Balances with other banks	7	17,907,018	6,803,572
Lendings to financial institutions	8	33,096,128	20,063,828
Investments	9	868,816,592	826,698,791
Advances	10	823,967,131	733,335,453
Fixed assets	11	59,340,381	55,701,205
Intangible assets	12	310,852	354,580
Deferred tax assets	13	5,586,373	2,103,393
Other assets	14	125,711,035	86,548,232
		2,071,527,062	1,850,208,846
LIABILITIES			
Bills payable	16	30,759,103	29,803,755
Borrowings	17	339,393,056	302,212,902
Deposits and other accounts	18	1,447,574,539	1,309,734,964
Liabilities against assets subject to finance lease		–	–
Subordinated debt	19	22,993,400	15,995,200
Deferred tax liabilities		–	–
Other liabilities	20	142,098,746	102,042,740
		1,982,818,844	1,759,789,561
NET ASSETS		88,708,218	90,419,285
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		22,793,122	20,656,466
Surplus on revaluation of assets	21	1,705,457	6,453,983
Unappropriated profit		52,979,213	52,071,442
Equity attributable to the shareholders of the Holding Company		88,592,046	90,296,145
Non-controlling interest	22	116,172	123,140
TOTAL EQUITY		88,708,218	90,419,285
CONTINGENCIES AND COMMITMENTS	23		

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

Note	Half year ended		Three months period ended		
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	
	(Rupees in '000)				
Mark-up / return / interest earned	25	76,820,349	55,062,074	42,627,284	29,119,826
Mark-up / return / interest expensed	26	(42,641,644)	(27,655,595)	(24,472,022)	(14,825,780)
Net mark-up / interest income		34,178,705	27,406,479	18,155,262	14,294,046
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	5,852,910	4,436,173	3,010,657	2,113,713
Dividend income		259,904	162,802	55,400	101,619
Foreign exchange income		3,108,743	1,049,000	2,523,700	399,214
Income / (loss) from derivatives		—	—	—	—
Gain on securities-net	28	167,110	14,339	8,823	10,409
Share of profit from associates		363,659	139,074	189,831	91,179
Other income	29	427,615	467,698	195,602	304,221
Total non mark-up / interest income		10,179,941	6,269,086	5,984,013	3,020,355
Total income		44,358,646	33,675,565	24,139,275	17,314,401
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	(24,915,032)	(18,940,345)	(13,189,406)	(9,580,129)
Workers welfare fund		(385,165)	(297,272)	(217,341)	(152,501)
Other charges	31	(797)	(2,078)	(546)	(1,295)
Total non mark-up / interest expenses		(25,300,994)	(19,239,695)	(13,407,293)	(9,733,925)
Profit before provisions		19,057,652	14,435,870	10,731,982	7,580,476
(Provisions) / reversals and write offs-net	32	(654,507)	28,230	(498,324)	(217,214)
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		18,403,145	14,464,100	10,233,658	7,363,262
Taxation	33	(8,811,543)	(5,329,090)	(5,579,927)	(2,861,297)
PROFIT AFTER TAXATION		9,591,602	9,135,010	4,653,731	4,501,965
Attributable to:					
Shareholders of the Holding Company		9,594,410	9,126,642	4,653,933	4,497,474
Non-controlling interest		(2,808)	8,368	(202)	4,491
		9,591,602	9,135,010	4,653,731	4,501,965
		(Rupees)			
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	34	8.63	8.21	4.19	4.05

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Half year ended		Three months period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	(Rupees in '000)			
Profit after taxation for the period	9,591,602	9,135,010	4,653,731	4,501,965
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	1,173,709	(88,585)	783,185	368,321
Movement in deficit on revaluation of investments-net of tax	(4,153,598)	(481,536)	(2,163,248)	779,018
	(2,979,889)	(570,121)	(1,380,063)	1,147,339
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of operating fixed assets-net of tax	(542,802)	–	(617,434)	–
Total comprehensive income	6,068,911	8,564,889	2,656,234	5,649,304
Attributable to:				
Shareholders of the Holding Company	6,075,879	8,553,610	2,659,796	5,639,492
Non-controlling interest	(6,968)	11,279	(3,562)	9,812
	6,068,911	8,564,889	2,656,234	5,649,304

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Attributable to shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of			Sub total	Non-controlling Interest	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets	Unappropriated Profit			
Balance as at 01 January 2021	11,114,254	15,640,821	2,123,956	126,500	540,000	2,841,651	7,525,042	40,416,713	80,328,937	114,778	80,443,715
Comprehensive income for the half year ended 30 June 2021:											
Profit after taxation	-	-	-	-	-	-	-	9,126,642	9,126,642	8,368	9,135,010
Other comprehensive income	-	-	(88,585)	-	-	(484,447)	-	-	(573,032)	2,911	(570,121)
Total comprehensive income for the half year	-	-	(88,585)	-	-	(484,447)	-	9,126,642	8,553,610	11,279	8,564,889
Transfer to statutory reserve	-	903,823	-	-	-	-	-	(903,823)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(60,244)	60,244	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 4.5 per share)	-	-	-	-	-	-	-	(5,001,414)	(5,001,414)	-	(5,001,414)
Balance as at 30 June 2021-unaudited	11,114,254	16,544,644	2,035,371	126,500	540,000	2,357,204	7,464,798	43,698,362	83,881,133	126,057	84,007,190
Comprehensive income for the half year ended 31 December 2021:											
Profit after taxation	-	-	-	-	-	-	-	9,456,678	9,456,678	5,297	9,461,975
Other comprehensive income	-	-	622,140	-	-	(3,007,921)	(299,902)	(177,387)	(2,863,070)	(8,214)	(2,871,284)
Total comprehensive income for the half year	-	-	622,140	-	-	(3,007,921)	(299,902)	9,279,291	6,593,608	(2,917)	6,590,691
Transfer to statutory reserve	-	966,407	-	-	-	-	-	(966,407)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(60,196)	60,196	-	-	-
Exchange gain realised on closure of overseas branch-net of tax	-	-	(178,596)	-	-	-	-	-	(178,596)	-	(178,596)
Balance as at 31 December 2021-audited	11,114,254	17,511,051	2,478,915	126,500	540,000	(650,717)	7,104,700	52,071,442	90,296,145	123,140	90,419,285
Comprehensive income for the half year ended 30 June 2022:											
Profit after taxation	-	-	-	-	-	-	-	9,594,410	9,594,410	(2,808)	9,591,602
Other comprehensive income	-	-	1,173,709	-	-	(4,149,438)	(542,802)	-	(3,518,531)	(4,160)	(3,522,691)
Total comprehensive income for the half year	-	-	1,173,709	-	-	(4,149,438)	(542,802)	9,594,410	6,075,879	(6,968)	6,068,911
Transfer to statutory reserve	-	962,947	-	-	-	-	-	(962,947)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(56,286)	56,286	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 7.0 per share)	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
Balance as at 30 June 2022-unaudited	11,114,254	18,473,998	3,652,624	126,500	540,000	(4,800,155)	6,505,612	52,979,213	88,592,046	116,172	88,708,218

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

MANSOOR ALI KHAN

Chief Executive

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ASHAR HUSAIN
Chief Financial Officer

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Note	30 June 2022	30 June 2021
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		18,403,145	14,464,100
Less: Dividend income		(259,904)	(162,802)
		18,143,241	14,301,298
Adjustments:			
Depreciation		1,699,699	1,410,955
Depreciation on right-of-use assets		1,056,030	892,091
Amortisation		125,118	174,239
Provisions / (reversals) and write-offs-net	32	654,507	(28,230)
Gain on sale of fixed assets-net		(231,336)	(286,188)
Charge for defined benefit plan		308,500	246,000
Gain on securities-net		(167,110)	(14,339)
Share of profit from associates		(363,659)	(139,074)
Charge for compensated absences		121,064	120,779
Mark-up expense on lease liability against right-of-use assets		600,677	536,961
		3,803,490	2,913,194
		21,946,731	17,214,492
(Increase) / decrease in operating assets			
Lendings to financial institutions		(13,032,300)	1,675,301
Held-for-trading securities		(11,142)	(19,969)
Advances		(90,514,726)	(92,770,728)
Other assets		(39,164,266)	(15,179,371)
		(142,722,434)	(106,294,767)
Increase / (decrease) in operating liabilities			
Bills payable		955,348	(1,766,806)
Borrowings from financial institutions		37,404,517	189,548,259
Deposits		137,839,575	124,447,619
Other liabilities (excluding current taxation)		35,585,680	13,064,467
		211,785,120	325,293,539
		91,009,417	236,213,264
Income tax paid		(6,681,609)	(4,652,125)
Net cash flow generated from operating activities		84,327,808	231,561,139
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(37,753,483)	(160,249,720)
Net investments in held-to-maturity securities		(10,936,183)	(56,787,423)
Net investments in associates		(1,080,431)	(2,232,339)
Dividends received		257,374	131,191
Investments in operating fixed assets		(4,600,872)	(10,580,847)
Proceeds from sale of fixed assets		252,638	249,981
Exchange differences on translation of net investment in foreign branches		1,173,709	(88,585)
Net cash used in investing activities		(52,687,248)	(229,557,742)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (payments) of subordinated debt-net		6,998,200	(3,993,600)
Dividend paid		(7,681,641)	(4,915,838)
Payment against lease liabilities		(1,437,550)	(1,101,150)
Net cash used in financing activities		(2,120,991)	(10,010,588)
Increase / (decrease) in cash and cash equivalents		29,519,569	(8,007,191)
Cash and cash equivalents at beginning of the period		125,042,703	125,419,074
Cash and cash equivalents at end of the period		154,562,272	117,411,883

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

- AL Habib Capital Markets (Private) Limited
- AL Habib Asset Management Limited

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 988 branches (31 December 2021: 927 branches), 29 sub-branches (31 December 2021: 29 sub - branches), 04 representative offices (31 December 2021: 04 representative offices) and 04 booths (31 December 2021: 03 booths). The branch network of the Bank includes 02 overseas branches (31 December 2021: 02 overseas branches) and 154 Islamic Banking branches (31 December 2021: 138 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non-Banking Finance Company. The principal business of the Company is to provide Investment Advisory Services and Asset Management Services.

The Company is managing following funds:

- AL Habib Islamic Cash Fund
- AL Habib Islamic Savings Fund
- AL Habib Money Market Fund
- AL Habib Pension Fund - Equity Sub Fund
- AL Habib Pension Fund - Debt Sub Fund
- AL Habib Pension Fund - Money Market Sub Fund
- AL Habib Asset Allocation Fund (formerly: First Habib Asset Allocation Fund)
- AL Habib Cash Fund (formerly: First Habib Cash Fund)
- AL Habib Income Fund (formerly: First Habib Income Fund)
- AL Habib Islamic Income Fund (formerly: First Habib Islamic Income Fund)
- AL Habib Islamic Stock Fund (formerly: First Habib Islamic Stock Fund)
- AL Habib Stock Fund (formerly: First Habib Stock Fund)



2. BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.2** Key financial information of the Islamic Banking branches is disclosed in note 40 to these consolidated condensed interim financial statements.

2.3 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by ICAP, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by SBP and SECP.

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

The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular Letter No. 05, dated 22 March 2019 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021.

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars. In case of overseas branches, IFRS 9 / respective foreign regulatory requirements are considered for recording, classification and valuation of investment.



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

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

3. ACCOUNTING POLICY

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2021.

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

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

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

IFRS 9 replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. SBP vide its BPRD Circular No. 03 of 2022 dated 05 July 2022 directed the banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2023. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this consolidated condensed interim financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended 31 December 2021.

5. FINANCIAL RISK MANAGEMENT

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



	(Un-audited) 30 June 2022 (Rupees in '000)	(Audited) 31 December 2021
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	32,541,076	25,102,141
Foreign currencies	3,501,868	1,731,629
	36,042,944	26,833,770
In transit:		
Local currency	348,693	230,555
Foreign currencies	-	422
	348,693	230,977
With the State Bank of Pakistan in:		
Local currency current accounts	60,917,585	53,360,569
Local currency current accounts-Islamic Banking	8,066,653	5,651,972
Foreign currencies deposit accounts		
Cash reserve account	4,127,661	3,733,261
Cash reserve / special cash reserve accounts		
- Islamic Banking	496,856	408,717
Special cash reserve account	4,162,661	7,466,521
Local US Dollar collection account	399,728	786,071
	78,171,144	71,407,111
With the National Bank of Pakistan in:		
Local currency current accounts	22,064,949	19,846,650
Prize bonds	163,822	281,284
	136,791,552	118,599,792
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	244,848	231,604
In deposit accounts	3,759,219	618,607
	4,004,067	850,211
Outside Pakistan:		
In current accounts	3,394,000	4,131,543
In deposit accounts	10,508,955	1,821,822
	13,902,955	5,953,365
	17,907,022	6,803,576
Less: impairment against IFRS 9 in overseas branches	(4)	(4)
	17,907,018	6,803,572
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	27,245,580	1,719,830
Market Treasury Bills	5,850,548	18,343,998
	33,096,128	20,063,828



9. INVESTMENTS

Note	30 June 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9.1 Investments by type:								
Held-for-trading securities								
Shares	148,637	-	(8,569)	140,068	134,937	-	(3,067)	131,870
Available-for-sale securities								
Federal Government Securities	631,247,632	(162,075)	(8,055,781)	623,029,776	594,584,144	(224,825)	(1,276,341)	593,082,978
Shares	4,725,055	(1,910,731)	486,405	3,300,729	4,637,052	(1,799,946)	615,637	3,452,743
Non Government Debt Securities	30,500,778	-	141,441	30,642,219	29,941,356	-	141,257	30,082,613
Foreign Securities	6,768,038	(1,810,236)	(1,254,390)	3,703,412	6,718,457	(947,343)	(853,977)	4,917,137
Units of Mutual Funds	2,926,020	(365,225)	244,213	2,805,008	2,176,022	(365,225)	296,808	2,107,605
	676,167,523	(4,248,267)	(8,438,112)	663,481,144	638,057,031	(3,337,339)	(1,076,616)	633,643,076
Held-to-maturity securities 9.3								
Federal Government Securities	193,877,694	(69,762)	-	193,807,932	182,347,089	(100,982)	-	182,246,107
Foreign Securities	1,625,604	(245,685)	-	1,379,919	2,191,873	(77,573)	-	2,114,300
Others	4,481	(4,481)	-	-	4,481	(4,481)	-	-
	195,507,779	(319,928)	-	195,187,851	184,543,443	(183,036)	-	184,360,407
Associates	10,007,529	-	-	10,007,529	8,563,438	-	-	8,563,438
Total Investments	881,831,468	(4,568,195)	(8,446,681)	868,816,592	831,298,849	(3,520,375)	(1,079,683)	826,698,791



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
9.1.1 Investments given as collateral		
Market Treasury Bills	82,753,769	34,993,379
Pakistan Investment Bonds	19,876,030	84,993,500
	<u>102,629,799</u>	<u>119,986,879</u>
9.2 Provision for diminution in the value of investments		
Opening balance	3,520,375	3,638,456
Exchange adjustments against IFRS 9 in overseas branches	213,411	144,653
Charge / (reversal):		
Charge for the period / year	115,726	-
Charge / (reversal) of impairment as per IFRS 9 in overseas branches for the period / year	723,624	(174,219)
Reversal on disposal during the period / year	(4,941)	(88,515)
	834,409	(262,734)
Closing balance	<u>4,568,195</u>	<u>3,520,375</u>

9.3 The market value of securities classified as held to maturity at 30 June 2022 amounted to Rs. 185,926 million (31 December 2021: Rs. 181,472 million).



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 June 2022	(Audited) 31 December 2021	(Un-audited) 30 June 2022	(Audited) 31 December 2021	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	678,282,231	602,080,934	7,563,920	7,123,857	685,846,151	609,204,791
Islamic financing and related assets	100,509,574	84,965,477	399,902	410,650	100,909,476	85,376,127
Bills discounted and purchased	50,349,419	51,632,418	246,526	212,428	50,595,945	51,844,846
Advances-gross	829,141,224	738,678,829	8,210,348	7,746,935	837,351,572	746,425,764
Provision against advances						
– Specific	–	–	7,020,390	6,494,129	7,020,390	6,494,129
– General as per regulations	410,890	369,390	–	–	410,890	369,390
– General	5,750,000	5,750,000	–	–	5,750,000	5,750,000
– As per IFRS 9 in overseas branches	203,161	476,792	–	–	203,161	476,792
	6,364,051	6,596,182	7,020,390	6,494,129	13,384,441	13,090,311
Advances-net of provision	822,777,173	732,082,647	1,189,958	1,252,806	823,967,131	733,335,453

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

10.1 Particulars of advances (Gross)

In local currency	696,913,415	621,504,686
In foreign currencies	140,438,157	124,921,078
	837,351,572	746,425,764

10.2 Advances include Rs. 8,210.348 million (31 December 2021: Rs. 7,746.935 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	167,507	9,241	47,122	1,887
Substandard	759,139	182,141	1,352,895	331,166
Doubtful	757,083	366,690	222,455	105,141
Loss	4,138,849	4,074,548	4,028,738	3,960,210
	5,822,578	4,632,620	5,651,210	4,398,404
Overseas				
Overdue by:				
181 to 365 days	65,948	65,948	85,363	85,363
> 365 days	2,321,822	2,321,822	2,010,362	2,010,362
	2,387,770	2,387,770	2,095,725	2,095,725
Total	8,210,348	7,020,390	7,746,935	6,494,129



10.3 Particulars of provision against advances

	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	6,494,129	6,596,182	13,090,311	6,497,479	6,145,308	12,642,787
Exchange adjustments	366,592	76,883	443,475	223,681	17,349	241,030
Charge for the period / year						
- Specific provision	2,237,478	-	2,237,478	807,714	-	807,714
- General provision as per regulations	-	41,500	41,500	-	102,100	102,100
- As per IFRS 9 in overseas branches	-	(350,514)	(350,514)	-	331,425	331,425
Reversals	(2,045,416)	-	(2,045,416)	(1,034,201)	-	(1,034,201)
	192,062	(309,014)	(116,952)	(226,487)	433,525	207,038
Amounts written off	(32,393)	-	(32,393)	(544)	-	(544)
Closing balance	7,020,390	6,364,051	13,384,441	6,494,129	6,596,182	13,090,311

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 June 2022 amounts to Rs. 5,750 million (31 December 2021: Rs. 5,750 million).

10.3.2 For the purposes of determining provision against non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non-performing advances.

	Note	(Un-audited)	(Audited)
		30 June 2022	31 December 2021
		(Rupees in '000)	
11. FIXED ASSETS			
Capital work-in-progress	11.1	3,020,874	1,738,112
Property and equipment		56,319,507	53,963,093
		<u>59,340,381</u>	<u>55,701,205</u>
11.1 Capital work-in-progress			
Civil works		833,849	595,516
Advance payment for purchase of equipments		217,448	125,432
Advance payment towards suppliers, contractors and property		1,963,724	1,015,099
Consultants' fee and other charges		5,853	2,065
		<u>3,020,874</u>	<u>1,738,112</u>



11.2 Additions to fixed assets

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

	(Un-audited) Half year ended	
	30 June 2022	30 June 2021
	(Rupees in '000)	
Capital work-in-progress	2,952,499	1,372,661
Property and equipment		
Leasehold land	273,280	3,337,700
Building on leasehold land	613,138	5,308,313
Furniture and fixture	307,881	202,727
Electrical, office and computer equipment	1,302,205	985,410
Vehicles	587,256	402,398
Improvements to leasehold building	152,960	280,230
Right-of-use assets	1,931,746	1,676,578
	5,168,466	12,193,356
Total	8,120,965	13,566,017

11.3 Disposal of fixed assets

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

Furniture and fixture	1,925	969
Electrical, office and computer equipment	2,738	4,806
Vehicles	7,371	16,132
Building on leasehold land	-	2,226
Improvements to leasehold building	17,148	-
Right-of-use assets	47,126	216,976
Total	76,308	241,109

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

12. INTANGIBLE ASSETS

Computer software	227,682	271,410
TRE certificates	2,500	2,500
Management rights	80,670	80,670
Total	310,852	354,580



		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
12.1	Additions to intangible assets		
	Computer software-directly purchased	81,390	200,567
		(Un-audited) 30 June 2022	(Audited) 31 December 2021
	Note		
		(Rupees in '000)	
13.	DEFERRED TAX ASSET		
	Deductible Temporary Differences on		
	Provision against diminution in value of investments	1,952,237	1,364,207
	Provision against loans and advances, off-balance sheet, etc.	2,169,721	2,083,606
	Workers' welfare fund	1,473,643	1,186,908
	Provision for compensated absences	634	551
	Recognised tax losses	4,916	13,154
	Deficit on revaluation of available-for-sale investments	3,628,569	422,867
	Deficit / (surplus) on revaluation of held-for-trading securities	1,806	(825)
	Others	16,404	13,311
		9,247,930	5,083,779
	Taxable Temporary Differences on		
	Accelerated tax depreciation	(1,327,640)	(1,146,810)
	Surplus on revaluation of fixed assets / non-banking assets	(2,333,917)	(1,833,576)
		(3,661,557)	(2,980,386)
		5,586,373	2,103,393
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency-net of provision	26,868,818	19,755,175
	Income / mark-up accrued in foreign currencies-net of provision	1,538,035	1,174,158
	Advances, deposits, advance rent and other prepayments	1,975,046	1,176,105
	Non-banking assets acquired in satisfaction of claims	2,645,784	811,454
	Mark to market gain on forward foreign exchange contracts	5,866,060	2,993,003
	Acceptances	80,596,050	55,030,553
	Stationery and stamps on hand	535,755	436,018
	Receivable from SBP on encashment of Government Securities	109,419	150,135
	Receivable against securities	561,064	505,505
	Others	4,885,337	4,384,135
		125,581,368	86,416,241
	Less: Provision held against other assets	(7,881)	(7,497)
	Other Assets (net of provision)	125,573,487	86,408,744
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	137,548	139,488
	Other Assets-total	125,711,035	86,548,232



	Note	(Un-audited) 30 June 2022 (Rupees in '000)	(Audited) 31 December 2021
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	7,881	7,497
14.1.1 Movement in provision held against other assets			
Opening balance		7,497	6,884
Charge for the period / year		1,195	2,740
Reversals for the period / year		(811)	(2,127)
		384	613
Closing balance		7,881	7,497
15. CONTINGENT ASSETS			
There were no contingent assets of the Group as at 30 June 2022 (31 December 2021: Nil).			
16. BILLS PAYABLE			
In Pakistan		30,759,103	29,803,755
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		100,525,943	72,330,093
Under renewable energy		15,205,544	13,588,833
Under long term financing for imported and locally manufactured plant and machinery		36,876,891	31,605,152
Under modernisation of small and medium enterprises		635,548	566,723
Under women entrepreneurship		23,219	26,893
Under financing facility for storage of agricultural produce		657,203	735,467
Under refinance scheme for payment of wages and salaries		3,877,751	7,842,569
Under temporary economic refinance facility		37,874,068	32,012,142
Under refinance facility for combating COVID-19		143,412	100,000
Under open market operations		36,578,493	–
Repurchase agreement borrowings		101,532,672	109,479,575
		333,930,744	268,287,447
Repurchase agreement borrowings		–	10,462,589
Borrowings from financial institutions		5,326,014	23,102,205
Total secured		339,256,758	301,852,241
Unsecured			
Overdrawn nostro accounts		136,298	360,661
		339,393,056	302,212,902



18. DEPOSITS AND OTHER ACCOUNTS

	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	519,537,743	54,847,062	574,384,805	451,790,944	50,037,483	501,828,427
Savings deposits	354,266,301	54,994,708	409,261,009	331,340,746	47,617,002	378,957,748
Term deposits	179,444,291	48,033,234	227,477,525	204,273,302	38,981,706	243,255,008
Current deposits-remunerative	147,486,145	24,332,168	171,818,313	117,604,631	3,844,969	121,449,600
Others	28,943,969	10,720,118	39,664,087	20,969,061	8,647,765	29,616,826
	1,229,678,449	192,927,290	1,422,605,739	1,125,978,684	149,128,925	1,275,107,609
Financial institutions						
Current deposits	4,030,150	599,145	4,629,295	4,373,862	361,260	4,735,122
Savings deposits	10,946,477	20	10,946,497	10,843,950	18	10,843,968
Term deposits	855,560	230,453	1,086,013	1,363,787	193,282	1,557,069
Current deposits-remunerative	7,648,781	642,884	8,291,665	17,192,468	284,878	17,477,346
Others	15,330	-	15,330	13,850	-	13,850
	23,496,298	1,472,502	24,968,800	33,787,917	839,438	34,627,355
	1,253,174,747	194,399,792	1,447,574,539	1,159,766,601	149,968,363	1,309,734,964

	Note	(Un-audited)	(Audited)
		30 June 2022	31 December 2021
(Rupees in '000)			
19. SUBORDINATED DEBT-Unsecured			
Term Finance Certificates (TFCs)-VI-(Unquoted)	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs)-VII-(Unquoted)	19.2	3,994,400	3,995,200
Term Finance Certificates (TFCs)-VIII-(Unquoted)	19.3	4,999,000	5,000,000
Term Finance Certificates (TFCs)-IX-(Unquoted)	19.4	7,000,000	-
		22,993,400	15,995,200



19.1 Term Finance Certificates-VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The Issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.2 Term Finance Certificates-VII (Unquoted)

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



19.3 Term Finance Certificates-VIII (Unquoted)

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.4 Term Finance Certificates-IX (Unquoted)

Issue amount	Rupees 7,000 million
Issue Date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,504,510	2,045,653
Mark-up / return / interest payable in foreign currencies	267,487	302,370
Unearned commission income	1,059,589	1,416,819
Accrued expenses	3,515,912	2,952,562
Acceptances	80,596,050	55,030,553
Unclaimed / dividend payable	644,565	546,228
Mark to market loss on forward foreign exchange contracts	3,862,720	787,128
Branch adjustment account	6,492,787	5,764,199
Payable to defined benefit plan	1,282,812	974,313
Charity payable	16,640	12,978
Provision against off-balance sheet items	20.1 124,842	173,319
Security deposits against leases / ijarah	8,064,371	7,174,202
Provision for compensated absences	1,253,568	1,127,704
Other security deposits	882,876	765,531
Workers' welfare fund	3,433,910	3,048,747
Payable to SBP / NBP	1,262,234	1,323,252
Payable to supplier against murabaha	200,805	223,202
Insurance payable	696,428	610,916
Lease liability against right-of-use assets	13,291,782	12,235,539
Payable against sale of marketable securities on behalf of customers	282,148	230,415
Current taxation (payments less provisions)	4,977,881	2,028,365
ATM settlement account	2,631,837	1,729,169
Others	3,752,992	1,539,576
	142,098,746	102,042,740
20.1 Provision against off-balance sheet obligations		
Opening balance	173,319	146,692
Exchange adjustment against IFRS 9 in overseas branches	14,857	4,141
Charge for the period / year	8,406	9,701
(Reversal) / charge as per IFRS 9 in overseas branches for the period / year	(70,445)	60,763
Reversal for the period / year	(1,295)	(47,978)
	(63,334)	22,486
Closing balance	124,842	173,319



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
21. SURPLUS ON REVALUATION OF ASSETS		
(Deficit) / surplus on revaluation of:		
- Investments	21.1 (8,428,724)	(1,071,388)
- Fixed assets	8,772,329	8,869,136
- Non-banking assets acquired in satisfaction of claims	137,548	139,488
	481,153	7,937,236
Deferred tax on (deficit) / surplus on revaluation of:		
- Investments	(3,628,569)	(420,671)
- Fixed assets	2,344,287	1,849,120
- Non-banking assets acquired in satisfaction of claims	59,978	54,804
	(1,224,304)	1,483,253
	1,705,457	6,453,983
21.1 INVESTMENTS		
Available-for-sale securities	(8,438,112)	(1,076,616)
Non-controlling interest	9,388	5,228
	(8,428,724)	(1,071,388)
Less: related deferred tax	(3,628,569)	(420,671)
	(4,800,155)	(650,717)
22. NON-CONTROLLING INTEREST		
Opening balance	123,140	114,778
(Loss) / profit attributable to non-controlling interest	(2,808)	13,665
Loss on equity attributable to non-controlling interest	(4,160)	(5,303)
Closing balance	116,172	123,140
23. CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1 151,856,717	126,082,119
Commitments	23.2 530,318,406	438,585,630
Other contingent liabilities	23.3 2,494,837	2,030,711
	684,669,960	566,698,460
23.1 Guarantees:		
Financial guarantees	22,915,666	24,274,161
Performance guarantees	128,941,051	101,807,958
	151,856,717	126,082,119



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
23.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	308,029,495	301,891,236
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 215,664,985	131,220,965
- forward lendings	23.2.2 5,608,734	4,717,424
Commitments for acquisition of:		
- Operating fixed assets	1,015,192	756,005
	<u>530,318,406</u>	<u>438,585,630</u>

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	112,492,297	72,497,648
Sale	103,172,688	58,723,317
	<u>215,664,985</u>	<u>131,220,965</u>

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

23.2.2 Commitments in respect of forward lending	<u>5,608,734</u>	<u>4,717,424</u>
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

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

23.4 Other contingent liabilities

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

24. DERIVATIVE INSTRUMENTS

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



24.2 Maturity Analysis

	Number of contracts	Notional Principal	30 June 2022 (Un-audited)		
			Mark to Market		
			Negative (Rupees in '000)	Positive	Net
Upto 1 month	403	60,683,222	(1,399,618)	788,854	(610,764)
1 to 3 months	632	76,583,985	(1,491,251)	2,475,514	984,263
3 to 6 months	655	65,675,648	(834,071)	1,894,987	1,060,916
6 months to 1 year	169	12,722,130	(137,780)	706,705	568,925
1 to 2 years	-	-	-	-	-
	1,859	215,664,985	(3,862,720)	5,866,060	2,003,340

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

(Un-audited) Half year ended

30 June 2022	30 June 2021
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(Rupees in '000)

25. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	32,284,154	17,808,514
On investments	43,123,768	37,077,111
On deposits with financial institutions	190,321	73,431
On securities purchased under resale agreements	1,222,106	88,911
On lending to financial institutions	-	13,843
On call money lendings	-	264
	76,820,349	55,062,074



		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
26.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	34,676,485	20,203,868
	Borrowings from SBP	1,697,594	1,069,022
	Subordinated debt	1,244,310	538,744
	Cost of foreign currency swaps	513,541	937,722
	Repurchase agreement borrowings	3,710,656	4,267,609
	Mark-up expense on lease liability against right-of-use assets	600,677	536,961
	Other borrowings	198,381	101,669
		42,641,644	27,655,595
27.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	655,113	646,161
	Investment banking fees	55,624	15,960
	Consumer finance related fees	32,077	34,551
	Card related fees (debit and credit cards)	1,284,910	639,006
	Credit related fees	197,309	137,548
	Commission on trade	2,905,595	2,386,592
	Commission on guarantees	365,858	250,536
	Commission on cash management	127,836	105,173
	Commission on home remittances	71,995	76,704
	Others	156,593	143,942
		5,852,910	4,436,173
28.	GAIN / (LOSS) ON SECURITIES - NET		
	Realised	172,612	16,391
	Unrealised-held-for-trading	(5,502)	(2,052)
		167,110	14,339
28.1	Realised gain on:		
	Federal Government Securities	937	194
	Shares	171,675	16,197
		172,612	16,391
29.	OTHER INCOME		
	Gain on sale of fixed assets-net	231,336	286,188
	Recovery of expenses from customers	176,542	168,325
	Lockers rent	9,739	7,277
	Income on margin financing	5,514	3,961
	Others	4,484	1,947
		427,615	467,698



	(Un-audited) Half year ended	
	30 June 2022	30 June 2021
	(Rupees in '000)	
30. OPERATING EXPENSES		
Total compensation expenses	11,290,595	8,287,548
Property expenses		
Rent and taxes	155,831	174,413
Insurance	16,715	14,377
Utilities cost	907,935	558,618
Security (including guards)	678,832	522,651
Repair and maintenance (including janitorial charges)	198,584	168,023
Depreciation	1,633,106	1,344,315
	3,591,003	2,782,397
Information technology expenses		
Software maintenance	5,675	4,651
Hardware maintenance	988,790	505,877
Depreciation	217,306	181,524
Amortisation	125,118	174,239
Network charges	297,865	219,956
	1,634,754	1,086,247
Other operating expenses		
Directors' fees and allowances	20,610	20,090
Fees and allowances to Shariah Board	9,351	7,027
Insurance	329,788	267,445
Legal and professional charges	193,347	132,487
Outsourced services costs	1,135,825	935,922
Travelling and conveyance	190,385	113,410
NIFT and other clearing charges	100,516	103,362
Depreciation	905,317	777,207
Repair and maintenance	1,009,383	783,118
Training and development	34,982	24,433
Postage and courier charges	181,690	105,037
Communication	264,036	234,230
Stationery and printing	550,918	477,617
Marketing, advertisement and publicity	310,835	770,090
Donations	116,100	171,407
Auditors remuneration	4,802	5,886
Commission and brokerage	563,371	282,421
Entertainment and staff refreshment	219,629	174,114
Vehicle running expenses	1,190,196	718,657
Subscriptions and publications	169,384	128,488
CNIC verification charges	98,529	81,564
Security charges	312,421	190,059
Others	487,265	280,082
	8,398,680	6,784,153
	24,915,032	18,940,345



		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
31. OTHER CHARGES			
	Penalties imposed by the State Bank of Pakistan	797	2,078
32. PROVISIONS / (REVERSALS) AND WRITE OFFS-NET			
	Provision for diminution in value of investments-net	9.2 834,409	20,790
	Reversal against loans and advances-net	10.3 (116,952)	(90,643)
	Provision against other assets-net	14.1.1 384	308
	(Reversal) / provision against off-balance sheet items-net	20.1 (63,334)	41,315
		<u>654,507</u>	<u>(28,230)</u>
33. TAXATION			
	Current	9,631,125	5,764,055
	Deferred	(819,582)	(434,965)
		<u>8,811,543</u>	<u>5,329,090</u>
33.1	During the period, the tax rate has been revised from 35% to 39%. Further, a Super Tax of 10% has been levied for the tax year 2023. Accordingly, the impact of these changes in tax rates have been incorporated in these consolidated condensed interim financial statements.		
		(Un-audited) Half year ended	
		30 June 2022	30 June 2021
		(Rupees in '000)	
34. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY			
	Profit for the period-attributable to equity holders of the Holding Company	9,594,410	9,126,642
		(Number)	
	Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
		(Rupees)	
	Basic and diluted earnings per share	8.63	8.21
35. FAIR VALUE MEASUREMENTS			
	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:		
	Federal Government Securities	PKRV rates (Reuters page)	
	Non Government Debt Securities	Market prices	
	Foreign Securities	Market prices / Mashreqbank PSC	
	Listed Securities	Prices quoted at Pakistan Stock Exchange Limited	
	Mutual Funds	Net asset values declared by respective funds	



Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Group's accounting policies, as disclosed in the consolidated financial statements for the year ended 31 December 2021.

35.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

	30 June 2022 (Un-audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	623,029,776	-	623,029,776
Shares	3,254,294	-	-	3,254,294
Non-Government Debt Securities	25,469,309	5,172,910	-	30,642,219
Foreign Securities	-	3,703,412	-	3,703,412
Mutual Funds	-	2,805,008	-	2,805,008
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	184,925,477	-	184,925,477
Foreign Securities	-	1,000,563	-	1,000,563
Associates				
Mutual Funds	-	10,007,529	-	10,007,529
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	117,992,354	-	117,992,354
Forward sale of foreign exchange contracts	-	99,675,971	-	99,675,971



31 December 2021 (Audited)

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	–	593,082,978	–	593,082,978
Shares	3,436,075	–	–	3,436,075
Non-Government Debt Securities	24,909,693	5,172,920	–	30,082,613
Foreign Securities	–	4,917,137	–	4,917,137
Mutual Funds	–	2,107,605	–	2,107,605
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	179,649,767	–	179,649,767
Foreign Securities	–	1,822,342	–	1,822,342
Associates				
Mutual Funds	–	8,563,438	–	8,563,438
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	–	75,147,663	–	75,147,663
Forward sale of foreign exchange contracts	–	58,279,177	–	58,279,177

35.2 Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

35.3 Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.

36. TRUST ACTIVITIES

The Bank is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.



37. SEGMENT INFORMATION

Segment Details with respect to Business Activities

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

	Half year ended 30 June 2022 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset Management	Total
Profit and loss account					
Mark-up / return / profit	64,851,344	11,941,186	27,524	295	76,820,349
Inter segment revenue-net	31,139	29,375,124	-	-	29,406,263
Non mark-up / return / interest income	5,006,815	4,999,378	57,505	116,243	10,179,941
Total income	69,889,298	46,315,688	85,029	116,538	116,406,553
Segment direct expenses	(32,426,682)	(35,383,137)	(85,748)	(47,071)	(67,942,638)
Inter segment expense allocation	31,139	-	(5,352)	(25,787)	-
Total expenses	(32,395,543)	(35,383,137)	(91,100)	(72,858)	(67,942,638)
Provisions	(598,943)	(50,003)	(5,561)	-	(654,507)
Profit before tax	36,894,812	10,882,548	(11,632)	43,680	47,809,408
	As at 30 June 2022 (Un-audited)				
Statement of financial position					
Cash and bank balances	131,298,736	23,181,763	216,431	1,640	154,698,570
Investments	867,757,426	-	269,704	789,462	868,816,592
Net inter segment lending	905,669	854,361,862	-	-	855,267,531
Lendings to financial institutions	33,096,128	-	-	-	33,096,128
Advances-performing	699,213,880	123,563,245	48	-	822,777,173
-non-performing	1,134,692	55,266	-	-	1,189,958
Others	162,121,044	27,951,169	821,146	55,282	190,948,641
Total assets	1,895,527,575	1,029,113,305	1,307,329	846,384	2,926,794,593
Borrowings	338,718,109	-	674,947	-	339,393,056
Subordinated debt	22,993,400	-	-	-	22,993,400
Deposits and other accounts	573,332,601	874,241,938	-	-	1,447,574,539
Net inter segment borrowing	854,361,862	-	155,669	750,000	855,267,531
Others	68,342,724	104,203,501	281,385	30,239	172,857,849
Total liabilities	1,857,748,696	978,445,439	1,112,001	780,239	2,838,086,375
Equity	37,778,879	50,667,866	195,328	66,145	88,708,218
Total equity and liabilities	1,895,527,575	1,029,113,305	1,307,329	846,384	2,926,794,593
Contingencies and commitments	455,477,446	4,408,766	-	-	459,886,212



	Half year ended 30 June 2021 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage (Rupees in '000)	Asset Management	Total
Profit and loss account					
Mark-up / return / profit	51,520,586	3,527,323	13,894	271	55,062,074
Inter segment revenue-net	15,894	12,426,369	-	-	12,442,263
Non mark-up / return / interest income	2,091,732	4,013,157	84,242	79,955	6,269,086
Total income	53,628,212	19,966,849	98,136	80,226	73,773,423
Segment direct expenses	(32,208,523)	(14,609,810)	(52,701)	(24,256)	(46,895,290)
Inter segment expense allocation	(12,426,369)	-	(2,958)	(12,936)	(12,442,263)
Total expenses	(44,634,892)	(14,609,810)	(55,659)	(37,192)	(59,337,553)
Reversals	22,928	5,792	(490)	-	28,230
Profit before tax	9,016,248	5,362,831	41,987	43,034	14,464,100
	As at 31 December 2021 (Audited)				
Statement of financial position					
Cash and bank balances	105,394,644	19,856,740	149,160	2,820	125,403,364
Investments	825,785,140	-	191,598	722,053	826,698,791
Net inter segment lending	926,859	743,304,470	-	-	744,231,329
Lendings to financial institutions	20,063,828	-	-	-	20,063,828
Advances-performing	615,847,512	116,234,984	151	-	732,082,647
-non-performing	1,236,861	15,945	-	-	1,252,806
Others	121,201,684	22,722,401	723,145	60,180	144,707,410
Total assets	1,690,456,528	902,134,540	1,064,054	785,053	2,594,440,175
Borrowings	301,748,893	-	464,009	-	302,212,902
Subordinated debt	15,995,200	-	-	-	15,995,200
Deposits and other accounts	504,249,382	805,485,582	-	-	1,309,734,964
Net inter segment borrowing	743,304,470	-	176,859	750,000	744,231,329
Others	50,668,147	80,931,866	228,147	18,335	131,846,495
Total liabilities	1,615,966,092	886,417,448	869,015	768,335	2,504,020,890
Equity	74,490,436	15,717,092	195,039	16,718	90,419,285
Total equity and liabilities	1,690,456,528	902,134,540	1,064,054	785,053	2,594,440,175
Contingencies and commitments	419,856,696	8,116,659	-	-	427,973,355

38. RELATED PARTY TRANSACTIONS

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

Transactions with related parties of the Group are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 June 2022 (Un-audited)				31 December 2021 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	8,563,438	305,998	-	-	3,058,005	-
Investment made during the period / year	-	-	8,264,280	50,000	-	-	5,986,178	182,690
Investment adjusted / redeemed / disposed off during the period / year	-	-	(6,820,189)	-	-	-	(480,745)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	(4,708)	-	-	-	123,308
Closing balance	-	-	10,007,529	351,290	-	-	8,563,438	305,998
Advances								
Opening balance	1,620	195,482	-	2,417,285	332	171,544	-	2,217,749
Addition during the period / year	38,966	220,342	-	22,726,139	76,666	235,679	-	57,968,205
Repaid during the period / year	(40,465)	(137,851)	-	(23,406,752)	(75,378)	(211,741)	-	(57,768,669)
Closing balance	121	277,973	-	1,736,672	1,620	195,482	-	2,417,285
Operating fixed assets								
Right of use	-	-	-	-	-	-	-	786
Other assets								
Interest / mark-up accrued	-	138	-	3	-	120	-	-
L/C acceptances	-	-	-	289,174	-	-	-	-
Dividend receivable	-	-	7,813	-	-	-	118	-
Subordinated debt								
Opening balance	-	-	-	44,000	-	-	-	44,000
Received during the period / year	-	-	-	-	-	-	75,000	-
Withdrawn during the period / year	-	-	-	-	-	-	(75,000)	-
Closing balance	-	-	-	44,000	-	-	-	44,000
Deposits and other accounts								
Opening balance	769,918	774,436	59,383	6,936,252	1,072,684	720,918	739,762	3,619,310
Received during the period / year	3,349,346	3,090,626	56,567,260	98,567,293	6,376,086	3,125,505	83,337,951	63,034,965
Withdrawn during the period / year	(3,393,096)	(2,943,004)	(56,570,230)	(99,737,874)	(6,676,852)	(3,071,987)	(84,018,330)	(59,718,023)
Closing balance	726,168	922,058	56,413	5,765,671	769,918	774,436	59,383	6,936,252
Other liabilities								
Interest / mark-up payable	50	1,151	-	16,109	404	1,327	-	30,768
Payable to staff retirement fund	-	-	-	1,282,812	-	-	-	974,312
L/C acceptances	-	-	-	289,174	-	-	-	-
Other liabilities	-	19	-	-	-	2	-	-
Contingencies and commitments								
	-	-	-	1,291,193	-	-	-	918,205
Other Transactions-Investor Portfolio Securities								
Opening balance	-	-	-	4,791,800	-	-	-	6,120,840
Increased during the period / year	-	-	-	9,750,000	-	-	-	7,725,000
Decreased during the period / year	-	-	-	(6,140,000)	-	-	-	(9,054,040)
Closing balance	-	-	-	8,401,800	-	-	-	4,791,800



38.1 RELATED PARTY TRANSACTIONS

	30 June 2022 (Un-audited)				30 June 2021 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	2	6,315	–	79,169	–	4,944	–	53,499
Fee and commission income	42	98	78,873	4,239	20	92	58,734	6,014
Dividend income	–	–	–	28,246	–	–	–	–
Net gain / (loss) on sale / redemption of securities and units of mutual funds	–	–	–	332	–	–	–	–
Share of profit from associates	–	–	363,659	–	–	–	139,074	–
Other income	–	–	–	258	–	–	15	208
Expense								
Mark-up / return / interest expensed	28,054	35,478	44,796	275,646	32,755	24,773	16,803	107,455
Operating expenses	–	–	–	29,877	–	–	–	2,123
Salaries and allowances	–	384,668	–	–	–	323,012	–	–
Bonus	–	115,483	–	–	–	33,088	–	–
Contribution to defined contribution plan	–	18,696	–	–	–	14,792	–	–
Contribution to defined benefit plan	–	102,708	–	–	–	54,657	–	–
Staff provident fund	–	–	–	431,625	–	–	–	349,658
Staff gratuity fund	–	–	–	308,500	–	–	–	246,000
Directors' fees	19,260	–	–	–	19,010	–	–	–
Donation	–	–	–	12,000	–	–	–	6,000
Insurance premium paid	–	–	–	93,616	–	–	–	136,651
Insurance claims settled	–	–	–	28,557	–	–	–	47,772



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>82,771,273</u>	80,838,923
Eligible Additional Tier 1 (ADT 1) Capital	<u>13,576,331</u>	6,237,950
Total Eligible Tier 1 Capital	<u>96,347,604</u>	87,076,873
Eligible Tier 2 Capital	<u>20,912,103</u>	25,758,263
Total Eligible Capital (Tier 1 + Tier 2)	<u>117,259,707</u>	<u>112,835,136</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>773,156,084</u>	701,423,647
Market Risk	<u>18,248,050</u>	17,154,366
Operational Risk	<u>118,070,472</u>	118,070,472
Total	<u>909,474,606</u>	<u>836,648,485</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>9.101%</u>	9.662%
Tier 1 Capital Adequacy Ratio	<u>10.594%</u>	10.408%
Total Capital Adequacy Ratio	<u>12.893%</u>	13.487%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	<u>96,347,604</u>	87,076,873
Total Exposures	<u>2,569,153,264</u>	2,334,597,071
Leverage Ratio	<u>3.750%</u>	3.730%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>689,038,055</u>	631,444,235
Total Net Cash Outflow	<u>291,763,450</u>	244,934,742
Liquidity Coverage Ratio	<u>236.163%</u>	257.801%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>1,533,622,388</u>	1,379,398,079
Total Required Stable Funding	<u>929,859,175</u>	827,532,194
Net Stable Funding Ratio	<u>164.931%</u>	166.688%



40. ISLAMIC BANKING BUSINESS

The Bank is operating 154 (31 December 2021: 138) Islamic banking branches and 145 (31 December 2021: 145) Islamic banking windows at the end of the period / year.

	(Un-audited) 30 June 2022	(Audited) 31 December 2021
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	12,030,235	8,423,970
Balances with other banks	3,006,950	6,633
Due from financial institutions	-	-
Investments	40.1 131,876,091	126,593,021
Islamic financing and related assets-net	40.2 100,745,192	85,209,570
Fixed assets	765,169	691,623
Intangible assets	-	-
Due from Head Office	-	-
Other assets	8,309,702	8,215,798
Total Assets	256,733,339	229,140,615
LIABILITIES		
Bills payable	434,059	306,474
Due to financial institutions	73,488,344	30,479,303
Deposits and other accounts	40.3 147,502,340	128,090,092
Due to Head Office	3,055,100	39,305,108
Subordinated debt	-	-
Other liabilities	14,956,869	16,989,976
	239,436,712	215,170,953
NET ASSETS	17,296,627	13,969,662
REPRESENTED BY		
Islamic Banking Fund	7,600,000	7,600,000
Reserves	-	-
Deficit on revaluation of assets	(70,754)	(238,060)
Unappropriated profit	40.4 9,767,381	6,607,722
	17,296,627	13,969,662
CONTINGENCIES AND COMMITMENTS	40.5	



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

	Note	(Un-audited) Half year ended	
		30 June 2022	30 June 2021
(Rupees in '000)			
Profit / return earned	40.6	9,894,247	4,717,208
Profit / return expensed	40.7	(5,224,345)	(1,911,803)
Net Profit / return		4,669,902	2,805,405
Other income			
Fee and commission income		393,619	291,482
Dividend income		25,341	655
Foreign exchange income		82,316	67,201
Income / (loss) from derivatives		-	-
Gain on securities		-	108
Other income		30,372	19,144
Total other income		531,648	378,590
Total income		5,201,550	3,183,995
Other expenses			
Operating expenses		(2,044,062)	(1,458,952)
Other charges		(102)	(155)
Total other expenses		(2,044,164)	(1,459,107)
Profit before provisions		3,157,386	1,724,888
Reversals and write offs-net		2,273	112,771
Profit for the period		3,159,659	1,837,659

	30 June 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
(Rupees in '000)								
40.1 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	96,926,060	-	(321,460)	96,604,600	86,966,521	-	(489,423)	86,477,098
- Neelum Jhelum Hydropower Co Ltd. Sukuk	2,310,000	-	-	2,310,000	3,093,750	-	-	3,093,750
- Bai Muajjal with Government of Pakistan	-	-	-	-	9,222,783	-	-	9,222,783
- Islamic Naya Pakistan Certificates	3,585,873	-	-	3,585,873	807,152	-	-	807,152
	102,821,933	-	(321,460)	102,500,473	100,090,206	-	(489,423)	99,600,783
Shares								
- Listed Companies	80,455	(54,083)	5,439	31,811	80,455	(54,083)	11,665	38,037
Non Government Debt Securities								
- Listed	22,027,384	-	226,615	22,253,999	22,243,347	-	215,177	22,458,524
- Unlisted	3,973,000	-	-	3,973,000	3,973,000	-	-	3,973,000
	26,000,384	-	226,615	26,226,999	26,216,347	-	215,177	26,431,524
Units of Mutual Funds	351,022	(52,866)	18,652	316,808	351,022	(52,866)	24,521	322,677
Associates								
- AL Habib Islamic Cash Fund	2,100,000	-	-	2,100,000	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	700,000	-	-	700,000	100,000	-	-	100,000
	2,800,000	-	-	2,800,000	200,000	-	-	200,000
Total Investments	132,053,794	(106,949)	(70,754)	131,876,091	126,938,030	(106,949)	(238,060)	126,593,021



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
40.2 Islamic financing and related assets		
Ijarah	1,947,475	1,510,759
Murabaha	9,127,875	10,763,354
Diminishing Musharaka	15,417,733	14,068,266
Istisna	7,630,418	5,342,869
Islamic Long Term Financing Facility (ILTFF)	3,166,121	2,354,060
Islamic Refinance for Renewable Energy (IFRE)	2,127,375	36,245
Islamic Refinance for Wages and Salaries (IRWS)	587,245	1,220,603
Islamic Temporary Economic Refinance Facility (ITERF)	4,556,830	908,150
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	39,033	-
Islamic Export Refinance (IERS)-Istisna	1,177,505	1,116,424
Musawamah	5,716,467	4,583,663
Running Musharaka	282,877	326,612
Islamic Export Refinance-Running Musharaka	5,305,772	5,263,500
Islamic Export Refinance-Musawamah	520,205	529,750
Financing against Bills-Musawamah	4,706,102	1,580,871
EFS Discounting	4,141,916	-
Staff Financing	1,209,399	1,025,435
Musawamah Inventory	3,782,621	2,290,127
Advance against Istisna	8,969,484	7,974,093
Advance against Istisna-IERF	9,425,903	9,475,930
Advance against Ijarah	625,149	505,797
Advance against Diminishing Musharaka	3,445,067	4,440,130
Advance against ILTFF	2,917,473	1,756,300
Advance against IFRE	567,218	2,161,708
Advance against ITERF	3,502,782	6,101,556
Advance against IRF SME	13,431	39,925
Gross Islamic financing and related assets	100,909,476	85,376,127
Less: provision against Islamic financings		
- Specific	114,228	123,001
- General	50,056	43,556
	164,284	166,557
Islamic financing and related assets-net of provision	100,745,192	85,209,570



	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	(Rupees in '000)	
40.3 Deposits and Other Accounts		
Customers		
Current deposits	66,630,060	52,834,548
Savings deposits	47,924,320	46,152,841
Term deposits	22,076,443	19,890,218
	<u>136,630,823</u>	<u>118,877,607</u>
Financial institutions		
Current deposits	35,055	18,895
Savings deposits	10,836,462	9,193,590
	<u>10,871,517</u>	<u>9,212,485</u>
	<u>147,502,340</u>	<u>128,090,092</u>
40.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	6,607,722	2,744,921
Add: Islamic Banking profit for the period / year	3,159,659	3,862,801
Closing Balance	<u>9,767,381</u>	<u>6,607,722</u>
40.5 Contingencies and Commitments		
Guarantees	13,410,024	10,930,898
Commitments	26,536,293	27,490,079
	<u>39,946,317</u>	<u>38,420,977</u>
	(Un-audited) Half year ended	
	30 June 2022	30 June 2021
	(Rupees in '000)	
40.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	3,621,123	1,776,302
Investments	6,264,371	2,926,923
Placements	8,753	13,983
	<u>9,894,247</u>	<u>4,717,208</u>
40.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	3,060,561	1,583,331
Due to Financial Institutions	495,625	178,291
Due to Head Office	1,668,159	150,181
	<u>5,224,345</u>	<u>1,911,803</u>



40.8 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

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

General Pool PKR (Mudaraba)

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

Special Pool(s) PKR (Mudaraba)

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

General Pool FCY (Mudaraba)

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

Special Pool(s) FCY (Mudaraba)

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

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

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

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

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.

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

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

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



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

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-UI-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

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

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

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

The Bank's profit sharing ratio during the period was 50% (31 December 2021: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2021: 50%) of net income.

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

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

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

	30 June 2022 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	5,685,889	1,581,195	27.81%	661,892	41.86%
FCY Pool	60,955	57,285	93.98%	2,305	4.02%
	30 June 2021 (Un-audited)				
LCY Pool	3,042,813	1,362,364	44.77%	46,087	3.38%
FCY Pool	36,837	34,215	92.88%	4,405	12.87%



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

	(Un-audited)	
	Half year ended	
	30 June	30 June
	2022	2021
	(Percentage)	
Profit rate earned	9.27%	7.24%
Profit rate distributed	4.84%	3.22%

41. GENERAL

41.1 Captions in respect of which there are no amounts, have not been reproduced in these consolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.

41.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

42. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on August 24, 2022.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman