

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	30 September 2022	31 December 2021
Note	(Rupees in '000)	
	(Un-Audited)	(Audited)
<b>ASSETS</b>		
Cash and balances with treasury banks	6 14,428,109	17,608,396
Balances with other banks	7 5,856,755	9,763,588
Due from financial institutions	8 1,500,000	403,122
Investments	9 104,221,972	76,552,495
Islamic financing and related assets - net	10 88,088,618	96,202,153
Fixed assets	11 4,479,320	4,193,422
Intangible assets	12 1,320,004	1,320,367
Deferred tax assets	13 2,678,665	2,881,737
Other assets	14 13,278,718	9,192,117
	<b>235,852,161</b>	<b>218,117,397</b>
<b>LIABILITIES</b>		
Bills payable	15 3,112,117	3,978,696
Due to financial institutions	16 21,671,627	8,968,534
Deposits and other accounts	17 181,796,059	178,917,138
Subordinated debt	18 4,624,241	4,624,241
Deferred tax liabilities	-	-
Other liabilities	19 10,318,027	8,214,074
	<b>221,522,071</b>	<b>204,702,683</b>
<b>NET ASSETS</b>	<b>14,330,090</b>	<b>13,414,714</b>
<b>REPRESENTED BY</b>		
Share capital - net	14,500,490	14,500,490
Reserves	687,100	458,341
Surplus on revaluation of assets	20 250,066	481,104
Accumulated losses	(1,107,566)	(2,025,221)
	<b>14,330,090</b>	<b>13,414,714</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21	

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Acting Chief Executive Officer

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Chief Financial Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

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Director

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2022**

	Note	Nine months ended		Quarter ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
----- (Rupees in '000) -----					
Profit / return earned on Islamic financing and related assets, investments and placements	22	17,006,314	9,932,724	7,021,887	3,521,373
Return on deposits and other dues expensed	23	(11,199,154)	(5,133,434)	(4,821,564)	(1,892,871)
<b>Net spread earned</b>		<b>5,807,160</b>	<b>4,799,290</b>	<b>2,200,323</b>	<b>1,628,502</b>
<b>Other income</b>					
Fee and commission income	24	728,585	762,189	225,706	290,454
Dividend income		7,111	18,603	2,500	10,034
Foreign exchange income		712,085	570,745	289,133	156,018
Gain on securities	25	20,665	167,335	2,172	15,542
Other income	26	24,156	10,397	9,551	4,619
Total other income		1,492,602	1,529,269	529,062	476,667
Total income		<b>7,299,762</b>	<b>6,328,559</b>	<b>2,729,385</b>	<b>2,105,169</b>
<b>Other expenses</b>					
Operating expenses	27	(4,749,008)	(4,114,762)	(1,675,053)	(1,387,004)
Workers' Welfare Fund		(38,319)	(24,951)	(14,345)	(8,924)
Other charges	28	(55,312)	(39)	(351)	(4)
Total other expenses		(4,842,639)	(4,139,752)	(1,689,749)	(1,395,932)
<b>Profit before provisions</b>		<b>2,457,123</b>	<b>2,188,807</b>	<b>1,039,636</b>	<b>709,237</b>
Provisions and write offs - net	29	(579,503)	(966,223)	(336,745)	(271,980)
Extra ordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		<b>1,877,620</b>	<b>1,222,584</b>	<b>702,891</b>	<b>437,257</b>
Taxation	30	(733,827)	(786,712)	(360,318)	(212,413)
<b>Profit after taxation</b>		<b>1,143,793</b>	<b>435,872</b>	<b>342,573</b>	<b>224,844</b>
----- Rupee -----					
<b>Profit per share - basic / diluted</b>	31	<b>0.83</b>	<b>0.32</b>	<b>0.25</b>	<b>0.16</b>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Acting Chief Executive Officer

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Chief Financial Officer

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Chairman

\_\_\_\_\_  
Director

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Director

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2022**

	Nine months ended		Quarter ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	----- (Rupees in '000) -----			
Profit after taxation for the period	1,143,793	435,872	342,573	224,844
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of investments - net of tax	(212,499)	20,660	(59,591)	(42,979)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in remeasurement loss on defined benefit obligations - net of tax	2,621	-	-	-
Movement in surplus on revaluation of non-banking asset - net of tax	(18,539)	-	-	-
	(15,918)	-	-	-
<b>Total comprehensive income</b>	<b>915,376</b>	<b>456,532</b>	<b>282,982</b>	<b>181,865</b>

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\_\_\_\_\_  
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Chief Financial Officer

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Chairman

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Director

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Director

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	Share capital	Capital support fund	Discount on issue of shares	Statutory reserve*	Surplus / (deficit) on revaluation of		Accumulated loss	Total
					Investments	Non banking assets		
(Rupees in '000)								
<b>Balance as at 1 January 2021 - Audited</b>	13,739,628	1,393,628	(632,766)	332,231	420,894	302,615	(2,526,778)	13,029,452
Profit after taxation for the period	-	-	-	-	-	-	435,872	435,872
Other comprehensive income - net of tax	-	-	-	-	20,660	-	-	20,660
Transfer to statutory reserve	-	-	-	87,174	-	-	(87,174)	-
Transfer of surplus on revaluation of assets on disposal of non banking assets	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2021 - Un-Audited</b>	13,739,628	1,393,628	(632,766)	419,405	441,554	302,615	(2,178,080)	13,485,984
Profit after taxation for the period	-	-	-	-	-	-	194,679	194,679
Other comprehensive loss - net of tax	-	-	-	-	(243,167)	(18,623)	(4,159)	(265,949)
Transfer to statutory reserve	-	-	-	38,936	-	-	(38,936)	-
Transfer of surplus on revaluation of asset on disposal of non banking asset	-	-	-	-	-	(1,275)	1,275	-
<b>Balance as at 31 December 2021 - Audited</b>	13,739,628	1,393,628	(632,766)	458,341	198,387	282,717	(2,025,221)	13,414,714
Profit after taxation for the period	-	-	-	-	-	-	1,143,793	1,143,793
Other comprehensive loss - net of tax	-	-	-	-	(212,499)	(18,539)	2,621	(228,417)
Transfer to statutory reserve	-	-	-	228,759	-	-	(228,759)	-
<b>Balance as at 30 September 2022 - Un- Audited</b>	<b>13,739,628</b>	<b>1,393,628</b>	<b>(632,766)</b>	<b>687,100</b>	<b>(14,112)</b>	<b>264,178</b>	<b>(1,107,566)</b>	<b>14,330,090</b>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

\* This represents reserve created under section 21(i)(b) of the Banking Companies Ordinance ,1962.

\_\_\_\_\_  
Acting Chief Executive Officer

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Chief Financial Officer

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Chairman

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Director

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Director

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Nine months ended	
		30 September 2022	30 September 2021
		---- (Rupees in '000) ----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,877,620	1,222,584
Less: dividend income		(7,111)	(18,603)
		<u>1,870,509</u>	<u>1,203,981</u>
Adjustments:			
Depreciation on fixed assets	27	167,030	147,475
Depreciation on right-of-use assets	27	443,030	511,290
Amortization	27	119,689	110,408
Depreciation - non banking assets	27	23,997	24,010
Provision and write-offs - net	29	579,503	966,223
Gain on sale of fixed assets - net	26	(5,275)	(3,832)
Loss on sale of non banking assets	26	-	1,987
Finance charges on lease liability against right-of-use assets	23	133,447	127,969
Unrealized gain on revaluation of securities classified as held for trading	25	(3,435)	(9,236)
Workers' Welfare Fund		38,319	24,951
		<u>1,496,305</u>	<u>1,901,245</u>
		<u>3,366,814</u>	<u>3,105,226</u>
<b>Increase in operating assets</b>			
Due from financial institutions		(1,096,878)	2,748,221
Held-for-trading securities - net		5,830,519	(354,003)
Islamic financing and related assets - net		7,513,079	(19,009,512)
Others assets (excluding advance taxation)		(4,219,245)	(2,985,546)
		<u>8,027,475</u>	<u>(19,600,840)</u>
<b>Increase in operating liabilities</b>			
Bills payable		(866,579)	332,188
Due to financial institutions		12,703,093	5,567,332
Deposits and other accounts		2,878,921	8,905,038
Other liabilities (excluding current taxation)		1,540,667	1,510,357
		<u>16,256,102</u>	<u>16,314,915</u>
Income tax paid		(224,722)	(156,558)
Net cash flows from / (used in) operating activities		<u>27,425,669</u>	<u>(337,257)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(35,342,361)	(3,623,308)
Net investments in held-to-maturity securities		1,540,890	-
Dividends received		7,111	12,404
Investment in fixed assets		(228,029)	(592,674)
Proceeds from sale of fixed assets		34,805	6,660
Net cash used in investing activities		<u>(33,987,584)</u>	<u>(4,196,918)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Tier II mudaraba sukuk - first issue		-	(285,704)
Payment of lease liability against right-of-use assets		(525,205)	(231,572)
Net cash used in financing activities		<u>(525,205)</u>	<u>(517,276)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(7,087,120)</u>	<u>(5,051,451)</u>
Cash and cash equivalents at beginning of the period		<u>27,371,984</u>	<u>25,950,707</u>
Cash and cash equivalents at end of the period		<u>20,284,864</u>	<u>20,899,256</u>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Acting Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 AlBaraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010. The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) {parent bank} incorporated and domiciled in Bahrain and a member of AlBaraka Group.

- 1.2 During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 have approved the merger of the Bank with Burj Bank Limited under a "Scheme of Amalgamation" (the Scheme). Further, State Bank of Pakistan, through its letter no. BPRD (R&P-02)/2016/24373 dated 14 October 2016, has also approved the scheme of amalgamation and granted sanction order for the amalgamation of Ex Burj Bank Limited with and into the Bank. As of the effective date of amalgamation, the entire undertaking of Ex Burj Bank Limited including all the properties, assets and liabilities and all the rights and obligations shall, without any further act, action or deed and notwithstanding the terms of any contract or other document or any rule of law, stands amalgamated with and vest in the Bank and as a consequence, Ex Burj Bank Limited stands amalgamated with and into the Bank.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 170 branches including 6 sub-branches (31 December 2021: 180 branches including 6 sub-branches) in Pakistan.

- 1.3 Based on the financial statements of the Bank for the year ended 31 December 2021, VIS credit rating company limited has maintained the long-term rating at 'A+' and short-term rating at 'A1'.
- 1.4 In order to support the CAR requirements, Al Baraka Islamic Bank, B.S.C (c) (Parent Bank) has injected the temporary Capital Support Fund amounting to Rs 1.394 billion (USD 9 million) which is an allowable capital for the purposes of CAR, MCR and Leverage ratio. These funds can only be remitted back after prior approval of SBP. In case capital of the Bank is not increased through alternate plans, the said capital support fund will be converted into Share Capital of the Bank. Presently, SBP has allowed the Bank, timeline extension for the commencement of conversion process of Capital Support Fund into Share Capital till 30 June 2023.

As at 30 September 2022, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs. 13.393 billion and 14.73% respectively.

**2. BASIS OF PRESENTATION**

These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BPRD Circular Letter No. 05 dated 22 March 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting".

**2.1 STATEMENT OF COMPLIANCE**

- 2.1.1 These 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

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

- 2.1.2 These condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Amendments to published accounting and reporting standards that are effective in the current period:

3.1.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on 1 January 2022 but are considered not to be relevant or do not have any significant effect on Bank's operations and are therefore not detailed in these condensed interim financial statements.

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

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations.

<b>Standard, interpretation or amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
- IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	1 January 2023
- IAS 1 - Disclosure of Accounting Policies (Amendments)	1 January 2023
- IAS 8 - Definition of Accounting Estimates (Amendments)	1 January 2023
- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	1 January 2023
- IFRS 9 - 'Financial instruments' *	1 January 2024

\* The SBP vide its BPRD Circular Letter No. 24 dated 5 July 2021 had notified the effective date of IFRS 9 , 'Financial instruments' as 1 January 2022. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. 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. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. However , during the period SBP through its BPRD Circular Letter no.03 of 2022 dated 5 July 2022 has extended the above implementation date to 1 January 2024 as asset size of the Bank is less than Rs 500 billion.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

		30 September 2022	31 December 2021
	Note	---- (Rupees in '000) ----	
		(Un-Audited)	(Audited)
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		2,922,582	2,762,250
Foreign currencies		614,859	460,262
		<b>3,537,441</b>	<b>3,222,512</b>
With State Bank of Pakistan in			
Local currency current account	6.1	7,990,614	10,982,941
Foreign currency current account	6.1	29,298	22,352
Foreign currency deposit account	6.1	2,090,419	1,756,373
		<b>10,110,331</b>	<b>12,761,666</b>
With National Bank of Pakistan in			
Local currency current account		780,329	1,624,210
Local currency deposit account		8	8
		<b>780,337</b>	<b>1,624,218</b>
		<b>14,428,109</b>	<b>17,608,396</b>

6.1 These include local and foreign currency amount required to be maintained by the Bank with SBP. These accounts are non-remunerative in nature.

		30 September 2022	31 December 2021
	Note	---- (Rupees in '000) ----	
		(Un-Audited)	(Audited)
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current account		125,648	144,251
In deposit account	7.1	3,642,978	8,123,328
		<b>3,768,626</b>	<b>8,267,579</b>
<b>Outside Pakistan</b>			
In current account		1,501,645	1,178,704
In deposit account	7.1	586,484	317,305
		<b>2,088,129</b>	<b>1,496,009</b>
		<b>5,856,755</b>	<b>9,763,588</b>

7.1 The expected return on remunerative deposits ranges from 1.75% to 15.25% (31 December 2021: 0.08% to 11.25%) per annum.

		30 September 2022	31 December 2021
	Note	---- (Rupees in '000) ----	
		(Un-Audited)	(Audited)
<b>8. DUE FROM FINANCIAL INSTITUTIONS</b>			
<b>Bai muajjal receivable</b>			
- from financial institutions	8.1	-	403,122
<b>Musharkah Placements</b>			
	8.2	1,500,000	-
		<b>1,500,000</b>	<b>403,122</b>

8.1 The return on bai muajjal is nil (31 December 2021: 9%) per annum.

8.2 The expected return on this placement is 15.19% (31 December 2021: nil) per annum. This will mature by October 2022.



**9. INVESTMENTS**

Note	30 September 2022 (Un-Audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
<b>9.1 Investments by type</b>								
<b>Held-for-trading securities</b>								
Federal Government securities	9.2	-	-	-	5,830,519	-	(3,435)	5,827,084
<b>Available-for-sale securities</b>								
Federal Government securities		97,796,688	-	119,493	97,916,181	65,405,323	-	289,932
Shares		524,878	(300,311)	3,467	228,034	602,416	(345,384)	5,830
Non Government debt securities	9.2	1,809,455	(111,455)	12,079	1,710,079	1,395,405	(111,455)	10,260
Foreign securities	9.2	4,014,626	-	(159,797)	3,854,829	1,400,142	-	19,203
		104,145,647	(411,766)	(24,758)	103,709,123	68,803,286	(456,839)	325,225
<b>Held-to-maturity securities</b>								
Federal Government securities	9.2	512,849	-	-	512,849	2,053,739	-	-
<b>Total investments</b>		104,658,496	(411,766)	(24,758)	104,221,972	76,687,544	(456,839)	321,790

Note	30 September 2022 (Un-Audited)				31 December 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
<b>9.2 Investments by segments</b>								
<b>Federal Government Securities</b>								
Ijarah sukuk		73,147,781	-	(339,320)	72,808,461	49,487,488	-	(248,580)
Bai muajjal		512,849	-	-	512,849	2,053,739	-	2,053,739
Other sukuk		24,648,907	-	458,813	25,107,720	21,748,354	-	535,077
		98,309,537	-	119,493	98,429,030	73,289,581	-	286,497
<b>Shares</b>								
Listed companies		402,144	(274,157)	3,467	131,454	514,257	(319,230)	5,830
Unlisted companies		122,734	(26,154)	-	96,580	88,159	(26,154)	-
		524,878	(300,311)	3,467	228,034	602,416	(345,384)	5,830
<b>Non Government Debt Securities</b>								
Unlisted		1,809,455	(111,455)	12,079	1,710,079	1,395,405	(111,455)	10,260
<b>Foreign Securities</b>								
Government securities		685,763	-	(12,125)	673,638	529,994	-	18,356
Non Government debt securities		3,328,863	-	(147,672)	3,181,191	870,148	-	847
		4,014,626	-	(159,797)	3,854,829	1,400,142	-	19,203
<b>Total investments</b>		104,658,496	(411,766)	(24,758)	104,221,972	76,687,544	(456,839)	321,790

	30 September 2022	31 December 2021
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
<b>9.3 Provision for diminution in value of investments</b>		
<b>9.3.1</b> Opening balance	456,839	632,672
Charge / reversal		
Charge for the period / year	5,080	18,211
Reversal on disposals	(50,153)	(194,044)
	(45,073)	(175,833)
Closing balance	411,766	456,839

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30 September 2022 (Un-Audited)	31 December 2021 (Audited)		
Non- performing investment	Provision	Non- performing investment	Provision
(Un-Audited)		(Audited)	
(Rupees in '000)			

**9.3.2 Particulars of provision against debt securities**  
**Category of classification**

**Domestic**

Other assets especially mentioned  
Substandard  
Doubtful  
Loss

	-	-	-
	-	-	-
	-	-	-
	<b>111,455</b>	<b>111,455</b>	111,455
	<b>111,455</b>	<b>111,455</b>	111,455

9.4 The market value of securities classified as held to maturity as at 30 September 2022 amounted to Rs 512.849 (31 December 2021: Rs 2,054) million.

9.5 The face value of Federal Government Securities given as collateral amounts to Rs 11,500 million (31 December 2021: Nil).

**10. ISLAMIC FINANCING AND RELATED ASSETS**

	Performing		Non Performing		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	(Rupees in '000)					
<b>Note</b>	(Rupees in '000)					
- Murabaha financing	1,757,971	2,195,843	2,322,722	2,524,867	4,080,693	4,720,710
- Advance against murabaha financing	678,682	109,511	105,720	203,337	784,402	312,848
- Export refinance under Islamic scheme	140,740	140,000	63,871	62,750	204,611	202,750
- Advance against export refinance under Islamic scheme	4,994,318	6,278,823	-	24,755	4,994,318	6,303,578
- Inventory against export refinance under Islamic scheme	-	60,000	-	-	-	60,000
- Diminishing musharaka and Ijarah financing	50,319,472	50,556,604	2,613,409	2,659,346	52,932,881	53,215,950
- Advance against diminishing musharaka finance	937,405	4,196,735	-	-	937,405	4,196,735
- Running musharaka	2,557,259	1,983,926	-	-	2,557,259	1,983,926
- Tijarah finance	1,770,677	2,032,777	20,660	114,500	1,791,337	2,147,277
- Tijarah inventory	-	-	7,228	20,700	7,228	20,700
- Over due acceptances	75,406	-	494,670	494,670	570,076	494,670
- Payment against guarantee	3,776	9,726	56,062	50,112	59,838	59,838
- Payment against documents	966,458	1,399,761	-	-	966,458	1,399,761
- Salam financing	156,191	37,364	900	-	157,091	37,364
- Advance against salam	5,289,618	5,853,524	2,671,490	2,768,491	7,961,108	8,622,015
- Salam inventory	12,343	196,283	58,372	361	70,715	196,644
- Financing against bills	509,887	1,016,451	-	-	509,887	1,016,451
- Istaasna finance	439,341	341,892	569,965	576,271	1,009,306	918,163
- Advance against istaasna	14,164,347	15,999,583	3,027,434	2,663,334	17,191,781	18,662,917
- Istaasna inventory	636,946	931,669	6,363	2,363	643,309	934,032
- Musawamah financing	214,171	-	-	-	214,171	-
- Qarz-e-Hasna	57,569	56,512	60,403	60,000	117,972	116,512
Islamic financing and related assets - gross	<b>85,682,577</b>	93,396,984	<b>12,079,269</b>	12,225,857	<b>97,761,846</b>	105,622,841
Provisions for non-performing financing						
- Specific	-	-	(9,392,189)	(9,143,140)	(9,392,189)	(9,143,140)
- General	(281,039)	(277,548)	-	-	(281,039)	(277,548)
	<b>(281,039)</b>	(277,548)	<b>(9,392,189)</b>	(9,143,140)	<b>(9,673,228)</b>	(9,420,688)
Islamic financing and related assets - net of provisions	<b>85,401,538</b>	93,119,436	<b>2,687,080</b>	3,082,717	<b>88,088,618</b>	96,202,153

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

**10.1 Particulars of Islamic financing and related assets (Gross)**

In local currency  
In foreign currency

	96,974,606	104,232,216
	787,240	1,390,625
	<b>97,761,846</b>	105,622,841

- 10.2** Islamic financing and related assets include Rs. 12,079.269 (31 December 2021: Rs.12,225.857) million which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2022 (Un-Audited)		31 December 2021 (Audited)	
	Classified Islamic financing and related assets	Provision	Classified Islamic financing and related assets	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Other assets especially mentioned	263,550	-	249,397	232
Substandard	313,861	50,759	696,101	67,892
Doubtful	736,705	128,431	663,066	150,794
Loss	10,765,153	9,212,999	10,617,293	8,924,222
	<b>12,079,269</b>	<b>9,392,189</b>	<b>12,225,857</b>	<b>9,143,140</b>

- 10.3** Particulars of provisions against non-performing Islamic financing and related assets

	30 September 2022 (Un-Audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	9,143,140	277,548	9,420,688	6,557,682	518,641	7,076,323
Charge for the period / year	820,446	3,491	823,937	2,742,439	58,907	2,801,346
Reversals for the period / year	(228,083)	-	(228,083)	(442,468)	-	(442,468)
	592,363	3,491	595,854	2,299,971	58,907	2,358,878
Amounts charge for the period / year - agriculture financing	4,602	-	4,602	3,319	-	3,319
	596,965	3,491	600,456	2,303,290	58,907	2,362,197
Amounts written off against provision	(347,916)	-	(347,916)	(17,832)	-	(17,832)
Transfer during the period / year	-	-	-	300,000	(300,000)	-
Closing balance	<b>9,392,189</b>	<b>281,039</b>	<b>9,673,228</b>	<b>9,143,140</b>	<b>277,548</b>	<b>9,420,688</b>

- 10.3.1** The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,231.774 (31 December 2021: Rs. 2,452.037) million. The FSV benefit recognized is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.
- 10.3.2** The Bank maintains general reserve (provisions) in accordance with the applicable requirements of Prudential Regulations for consumer financing.
- 10.3.3** SBP vide its letter BPRD/BLRD-3/DMG/2011-1035 has allowed relaxation from further provisioning requirement against a financing exposure having a provisioning impact of Rs. 40.581 (31 December 2021: Rs. 40.581) million.

	Note	30 September 2022	31 December 2021
		----- (Rupees in '000) ----- (Un-Audited)	----- (Rupees in '000) ----- (Audited)
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	321,851	313,871
Property and equipment		1,937,620	2,050,315
Right-of-use asset		2,219,849	1,829,236
		<b>4,479,320</b>	<b>4,193,422</b>
<b>11.1 Capital work-in-progress</b>			
Civil works		294,237	285,715
Advance to suppliers		27,614	28,156
Advance for purchase of property - related party		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
Total capital work-in-progress		<b>321,851</b>	<b>313,871</b>

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Nine months ended  
30 September 2022      30 September 2021  
----- (Rupees in '000) -----  
(Un-Audited)

**11.2 Additions to fixed assets**

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

Capital work-in-progress	39,453	41,969
<b>Property and equipment</b>		
Building on leasehold land	46,146	70,583
Furniture and fixture	3,139	9,325
Electrical office and computer equipment	51,436	85,946
Vehicles	-	5,625
	<b>100,721</b>	171,479
 Total	<b>140,174</b>	213,448

**11.3 Disposal of fixed assets**

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

Building on leasehold land	3,445	1,561
Furniture and fixture	1,276	329
Electrical office and computer equipment	3,250	939
Vehicles	21,559	-
Total	<b>29,530</b>	2,829

**12. INTANGIBLE ASSETS**

Computer software	153,242	109,587
Advance to suppliers against computer software	98,349	69,103
Core deposits	289,151	362,415
Brand	383,145	383,145
Goodwill	396,117	396,117
	<b>1,320,004</b>	1,320,367

**12.1 Additions to intangible assets**

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

Capital work-in-progress	45,215	40,953
Directly purchased	90,081	75,611
	<b>135,296</b>	116,564

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	30 September 2022	31 December 2021
Note	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
<b>13. DEFERRED TAX ASSETS</b>		
Deductible temporary differences on:		
- Tax losses carried forward	576,102	944,049
- Minimum tax	-	228,522
- Post retirement employee benefits	28,173	25,552
- Provision against assets	2,365,026	2,115,632
- Other deductible temporary differences	39,554	20,930
- Deficit on revaluation of investments	10,646	-
	<b>3,019,501</b>	<b>3,334,685</b>
Taxable temporary differences on:		
- Surplus on revaluation of investments	-	(125,499)
- Surplus on revaluation of non-banking assets	(199,293)	(180,754)
- Accelerated tax depreciation	(141,543)	(146,695)
	<b>(340,836)</b>	<b>(452,948)</b>
	<b>2,678,665</b>	<b>2,881,737</b>
<b>14. OTHER ASSETS</b>		
Profit / return accrued in local currency	7,111,282	3,665,261
Profit / return accrued in foreign currency	33,811	14,307
Advances, deposits, advance rent and other prepayments	672,664	550,850
Advance taxation (payments less provisions)	-	101,385
Non-banking assets acquired in satisfaction of claims	1,320,780	1,344,778
Branch adjustment account	-	340,366
Unrealised gain on re-measurement of forward exchange contracts	874,306	595,036
Stamps and stationery	4,333	5,966
Acceptances	2,700,820	2,028,153
Others	246,463	231,756
	<b>12,964,459</b>	<b>8,877,858</b>
Less: Provision held against other assets	14.1 (149,212)	(149,212)
Other assets (net of provision)	<b>12,815,247</b>	<b>8,728,646</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	463,471	463,471
Other assets - total	<b>13,278,718</b>	<b>9,192,117</b>
<b>14.1 Provision held against other assets</b>		
Non-performing receivables	148,966	148,966
Others	246	246
	<b>149,212</b>	<b>149,212</b>
<b>15. BILLS PAYABLE</b>		
In Pakistan	<b>3,112,117</b>	<b>3,978,696</b>
<b>16. DUE TO FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
- Under Islamic export refinance scheme	16.1 3,021,317	6,452,476
- Under Islamic refinance scheme for payment of salaries and wages	16.2 324,905	1,130,453
- Under Islamic temporary economic refinance facility for plant and machinery	16.3 1,717,626	1,297,289
- Under Islamic refinance facility for combating Covid-19	16.4 55,227	36,688
- Under Islamic financing facility for renewable energy	16.5 109,001	51,628
- Under Shariah Compliant Standing Ceiling Facility	16.6 11,443,551	-
	<b>16,671,627</b>	<b>8,968,534</b>
<b>Unsecured</b>		
- Other Wakala	16.7 5,000,000	-
	<b>21,671,627</b>	<b>8,968,534</b>

- 16.1** The range of profit rates on these borrowings is 4.5% to 9% per annum (31 December 2021: 1% to 2% per annum). The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs. 6.609 billion. These contracts will mature in March 2023.
- 16.2** SBP vide its Circular no.06 of 2020 has introduced an Islamic refinance scheme for businesses for payment of wages and salaries to combat the impact of Covid-19. The scheme aims to finance wages and salaries of permanent, contractual, daily wagers and outsourced employees. The maximum limit approved by SBP to the Bank under this scheme is Rs. 3 billion. These contracts will mature in December 2022.
- 16.3** SBP vide its Circular no. 02 of 2020 has introduced an Islamic temporary economic refinance facility to support sustainable economic growth. The facility aims to provide concessionary finance for setting up of new industrial units through purchase of new imported and locally manufactured plant and machinery. The profit rate on these borrowings is 1% (31 December 2021: 1%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 2 billion. These contracts will mature in August 2032.
- 16.4** SBP vide its Circular no.04 of 2020 has introduced an Islamic refinance facility to combat the impact of Covid-19. The facility aims to provide long term finance for purchase of new imported and locally manufactured medical equipments to be used for combating Covid-19 by hospitals and medical centers registered with provincials / federal agencies. The maximum limit approved by SBP to the Bank under this scheme is Rs. 75 million. These contracts will mature in December 2026.
- 16.5** The profit rate on these borrowings is 2% (31 December 2021: 2%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 200 million. This contract will mature in May 2032.
- 16.6** These represents acceptance of funds by the Bank on Mudaraba basis and are secured against lien of the Bank's investment in Federal Government Securities. The profit rate on these borrowings is 16% (31 December 2021: Nil) per annum and are due to mature by October 2022.
- 16.7** The profit rate on these borrowings is 15% (31 December 2021: Nil) per annum. These borrowings will mature in October 2022.

## 17. DEPOSITS AND OTHER ACCOUNTS

	30 September 2022 (Un-Audited)			31 December 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
<b>Customers</b>						
Current deposits	29,962,632	11,793,930	41,756,562	34,469,987	9,225,638	43,695,625
Savings deposits	54,741,780	7,735,408	62,477,188	58,900,348	6,869,645	65,769,993
Term deposits	50,822,697	1,906,374	52,729,071	48,629,110	1,108,269	49,737,379
Others	2,389,059	-	2,389,059	2,478,098	-	2,478,098
	<b>137,916,168</b>	<b>21,435,712</b>	<b>159,351,880</b>	<b>144,477,543</b>	<b>17,203,552</b>	<b>161,681,095</b>
<b>Financial Institutions</b>						
Current deposits	153,856	3,205	157,061	84,597	4,306	88,903
Savings deposits	21,144,618	-	21,144,618	16,004,670	720	16,005,390
Term deposits	1,142,500	-	1,142,500	1,141,750	-	1,141,750
	<b>22,440,974</b>	<b>3,205</b>	<b>22,444,179</b>	<b>17,231,017</b>	<b>5,026</b>	<b>17,236,043</b>
	<b>160,357,142</b>	<b>21,438,917</b>	<b>181,796,059</b>	<b>161,708,560</b>	<b>17,208,578</b>	<b>178,917,138</b>

## 18. SUBORDINATED DEBT

	Note	30 September 2022	31 December 2021
		----- (Rupees in '000) ----- (Un-Audited)	(Audited)
Tier II mudaraba sukuk - second issue	18.1	1,500,000	1,500,000
Tier II mudaraba sukuk - third issue	18.2	1,735,000	1,735,000
Additional Tier I capital	18.3	1,389,241	1,389,241
		<b>4,624,241</b>	<b>4,624,241</b>

18.1 In August 2017, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Tier-II sukuk (second issue) based on mudaraba of Rs.1.5 billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II sukuk (second issue) is as follows:

Credit rating	A by JCR-VIS Credit Rating Company Limited
Issue date	August 2017
Tenor	7 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the seventh year
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 months KIBOR + 0.75% per annum.
Call option	The Bank may call Tier-II sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The Tier-II sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit amount can be held back in respect of the Tier-II sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

18.2 In December 2021, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Tier-II sukuk (third issue) based on mudaraba of Rs.1.735 billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II sukuk (third issue) is as follows:

Credit rating	A by JCR-VIS Credit Rating Company Limited
Issue date	December 2021
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 months KIBOR + 1.5% per annum.
Call option	The Bank may call Tier-II sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The Tier-II sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit amount can be held back in respect of the Tier-II sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

- 18.3 In December 2018, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Additional Tier-I (ADT-1) capital based on mudaraba of Rs.1.389 billion. A brief description of Additional Tier-I (ADT-1) capital is as follows:

Credit rating	Not rated
Issue date	December 2018
Tenor	Perpetual
Profit payment frequency	Monthly
Redemption	Perpetual
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 1 Year KIBOR + 2.50% per annum.
Call option	The Bank may call ADT-1 Capital sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The ADT-1 capital, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the ADT-1 capital, if such payment will result in a shortfall in the Bank's minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

	Note	30 September 2022 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2021 ----- (Rupees in '000) ----- (Audited)
<b>19. OTHER LIABILITIES</b>			
Return on deposits and borrowings:			
- payable in local currency		2,013,574	1,165,527
- payable in foreign currencies		1,816	1,647
Accrued expenses		591,349	490,763
Current Taxation (provision less payments)		83,082	-
Advance payments		1,101,923	1,014,897
Charity fund balance		32,341	77,705
Branch adjustment account		23,544	-
Security deposits against ijarah		84,192	160,648
Payable against purchase of listed shares		1,495	2,038
Payable in respect of defined benefit plan		17,567	17,567
Takaful payable against ijarah and diminishing musharakah assets		398,165	429,178
Acceptances		2,700,820	2,028,153
Lease liability against right-of-use assets		2,289,502	1,847,617
Others		978,657	978,334
		<b>10,318,027</b>	<b>8,214,074</b>
<b>20. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (Deficit) on revaluation of:			
- Available for sale securities	9.1	(24,758)	325,225
- Non-banking assets acquired in satisfaction of claims	14	463,471	463,471
		<b>438,713</b>	<b>788,696</b>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		10,646	(126,838)
- Non-banking assets acquired in satisfaction of claims		(199,293)	(180,754)
		<b>(188,647)</b>	<b>(307,592)</b>
		<b>250,066</b>	<b>481,104</b>



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	30 September 2022	31 December 2021
Note	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
<b>21. CONTINGENCIES AND COMMITMENTS</b>		
- Guarantees	21.1 14,449,485	14,169,635
- Commitments	21.2 45,780,023	65,381,806
	<u>60,229,508</u>	<u>79,551,441</u>
<b>21.1 Guarantees:</b>		
Financial guarantees	169,492	153,194
Performance guarantees	8,187,891	7,190,353
Other guarantees	6,092,102	6,826,088
	<u>14,449,485</u>	<u>14,169,635</u>
<b>21.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions - letters of credit	13,562,661	15,979,710
Commitments in respect of forward foreign exchange contracts	21.2.1 31,134,444	48,167,237
Commitments for acquisition of operating fixed assets	5,880	4,656
Other commitments	21.2.2 1,077,038	1,230,203
	<u>45,780,023</u>	<u>65,381,806</u>
<b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	21,170,027	29,458,882
Sale	9,964,417	18,708,355
	<u>31,134,444</u>	<u>48,167,237</u>
<b>21.2.1.1</b> The maturities of the above contracts are spread over the period upto one year.		
<b>21.2.2 Other commitments</b>		
Commitments in respect of financing	21.2.2.1 1,077,038	1,230,203
<b>21.2.2.1</b> These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		

### 21.3 Tax contingencies

**21.3.1** The Bank has received various assessment orders from Deputy Commissioner Inland Revenue (DCIR) stating that the Bank has short paid Federal Excise Duty (FED) on specific income of the Bank for the years 2009 to 2011 amounting to Rs. 86.585 million and Rs. 34.575 million in respect of year 2012. In response to the Bank's appeal, Appellate Tribunal Inland Revenue (ATIR) has set aside the orders relating to years 2009 to 2011 for fresh adjudication and the said matter is pending decision for further proceedings. For year 2012, Commissioner Inland Revenue (CIR) Appeal has dropped the proceedings amounting to Rs.8.991 million. Accordingly, the Bank has filed the appeal before ATIR against the order of CIR Appeal amounting to Rs.25.584 million.

In respect of assessments of ex - Burj Bank Limited (now AlBaraka Bank (Pakistan) Limited), the taxation authorities have raised a demand of Rs.1.9 million on account of charging minimum tax in respect of tax year 2011, the matter is presently pending for hearing in Sindh High Court.

In respect of assessments of ex - Burj Bank Limited (now AlBaraka Bank (Pakistan) Limited), Deputy Commissioner Inland Revenue (DCIR) passed the order under Section 122(1) of the Income Tax Ordinance demanding Rs. 47.341 million on account of minimum tax on turnover for the tax year 2015. In response to the Bank's appeal, the matter was set-aside for a fresh adjudication. The matter is pending for further proceedings.

In respect of assessments of ex - Burj Bank Limited (now AlBaraka Bank (Pakistan) Limited), Additional Commissioner Inland Revenue (ACIR) passed the order under Section 124 and 129 demanding Rs. 30.343 million on account of minimum tax on turnover for the tax year 2016 when the Bank had gross loss. Matter is pending at the forum of Commissioner Inland Revenue Appeals (CIRA).

**21.3.2** During the year 2020, the Bank has received assessment orders from Appellate Tribunal (ATIR) in respect of ex-Al Baraka Islamic Bank B.S.C (merged with and into the Bank) related to various tax matters from tax years 2001-2011. Based on the advice of tax advisor, the Bank has filed the reference application before the Honorable High Court, Lahore against the said orders. The management of the Bank is confident that the appeals are likely to be decided in favor of the Bank and, hence no provision has been made in these condensed interim financial statements for the income tax claims amounting to Rs.116.512 million.

**21.3.3** During the year 2021, Additional Commissioner Inland Revenue (ACIR) passed the order under Section 122(5A) of the Income Tax Ordinance disallowing certain refunds adjustment in the tax return filed for the tax year 2017. The Bank has filed an appeal against the said decision before Commissioner Inland Revenue (Appeals). The management and the Bank's tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these condensed interim financial statements for the income tax claims amounting to Rs. 8.385 million.

**21.3.4** During the year 2021, Assistant/Deputy Commissioner Inland Revenue (DCIR) passed the order under Section 122(1) of the Income Tax Ordinance on account of certain additions/disallowances of certain expenses in the tax return filed for the tax year 2018. The Bank filed an appeal before Commissioner Inland Revenue (Appeals) who passed an order on 13 June 2022 annulling additions/disallowances of certain expenses however there are certain additions/disallowances of expenses for which appeal has been filed before ATIR. The management and the Bank's tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these condensed interim financial statements for the income tax claims Rs. 380.184 million.

**21.3.5** During the year 2021, Additional Commissioner Inland Revenue (ACIR) passed the order under Section 122(5A) of the Income Tax Ordinance on account of certain additions/disallowances of certain expenses in the tax return filed for the tax year 2019. The order has been rectified by ACIR and the income tax demanded reduced from Rs. 299.266 million to 97.372 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals). The management and the Bank's tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these condensed interim financial statements for the income tax claims amounting to Rs. 97.373 million.

**21.3.6** During the year 2022, Additional Commissioner Inland Revenue (ACIR) passed the order under Section 122(5A) of the Income Tax Ordinance on account of certain additions/disallowances of certain expenses in the tax return filed for the tax year 2020. The Bank will file application for rectification and an appeal against the Order before Commissioner Inland Revenue (Appeals). The management and the Bank's tax consultant is confident that the appeal is likely to be decided in favor of the Bank and hence no provision has been made in these condensed interim financial statements for the income tax claims amounting to Rs. 964.289 million.

### 21.4 Other contingencies

**21.4.1 Claim against the bank not acknowledged as debt** 2,286,605 2,897,884

These mainly represent counter claim by borrowers for damages, claim filed by former employee(s) of the bank and other claims related to banking transactions. Based on legal advice and/or internal assessments, management is confident that the matters will be decided in the bank's favor and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim financial statements.

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

		Nine months ended	
		30 September 2022	30 September 2021
Note		----- (Rupees in '000) ----- (Un-Audited)	
<b>22.</b>	<b>PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS</b>		
	On:		
	- Islamic financing and related assets	8,658,702	6,498,202
	- Investments	7,896,114	3,260,170
	- Due from financial institutions	342,150	169,562
	- Balances with banks	109,348	4,790
		<u>17,006,314</u>	<u>9,932,724</u>
<b>23.</b>	<b>RETURN ON DEPOSITS AND OTHER DUES EXPENSED</b>		
	On:		
	- Deposits and other accounts	8,714,917	4,369,312
	- Borrowings	1,530,650	101,508
	- Conversion cost against foreign currency deposits / borrowings	253,379	254,238
	- Subordinated debt	462,784	210,112
	- Finance charge on lease liability against right-of-use asset	133,447	127,969
	- SBP Islamic refinance schemes	103,977	70,295
		<u>11,199,154</u>	<u>5,133,434</u>
<b>24.</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	70,997	69,474
	Consumer finance related fees	92,410	82,720
	Debit card related fees and income	104,295	79,916
	Investment banking fees	60,219	163,474
	Commission on trade	257,527	249,235
	Commission on guarantees	93,287	65,235
	Commission on cash management	8,389	7,413
	Commission on remittances including home remittances	19,918	23,469
	Commission on bancatakaful	6,201	3,196
	Export Rebates	2,553	4,475
	Others	12,789	13,582
		<u>728,585</u>	<u>762,189</u>
<b>25.</b>	<b>GAIN ON SECURITIES</b>		
	Realised	17,230	158,099
	Unrealised - held for trading	3,435	9,236
		<u>20,665</u>	<u>167,335</u>
<b>25.1</b>	Realised gain / (loss) on:		
	Federal Government securities	65,160	110,039
	Shares	(47,930)	48,060
		<u>17,230</u>	<u>158,099</u>
<b>26.</b>	<b>OTHER INCOME</b>		
	Rent on property	18,881	8,552
	Gain on sale of fixed assets-net	5,275	3,832
	Loss on Sale of non banking asset	-	(1,987)
		<u>24,156</u>	<u>10,397</u>

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

		Nine months ended	
		30 September 2022	30 September 2021
Note		----- (Rupees in '000) ----- (Un-Audited)	
<b>27. OPERATING EXPENSES</b>			
<b>Compensation expense</b>			
Salaries, allowances, etc.		1,898,422	1,742,340
Charge for defined benefit and contribution plan		143,760	137,182
		<b>2,042,182</b>	<b>1,879,522</b>
<b>Property expense</b>			
Rent and taxes		44,158	7,088
Takaful expense		50,264	34,496
Utilities		244,722	167,871
Security (including guards)	27.1	213,589	197,962
Repair and maintenance (including janitorial charges)	27.1	71,467	62,233
Depreciation on fixed assets		55,082	49,016
Depreciation on right of use assets		443,030	511,290
Depreciation - non banking assets		23,997	24,010
Others		5,613	5,975
		<b>1,151,922</b>	<b>1,059,941</b>
<b>Information technology expenses</b>			
Software maintenance		190,470	125,464
Hardware maintenance		36,642	37,225
Depreciation on fixed assets		44,289	28,118
Amortisation		46,426	36,905
Network charges		61,156	61,440
Others		77,665	50,389
		<b>456,648</b>	<b>339,541</b>
<b>Other operating expenses</b>			
Directors' fees and allowances		83,500	42,833
Fees and allowances to Shariah Board		6,208	2,250
Legal and professional charges		99,048	45,984
Outsourced services costs	27.1	137,415	122,252
Travelling and conveyance		31,377	16,061
NIFT clearing charges		13,506	12,479
Depreciation on fixed assets		67,659	70,341
Amortization		73,263	73,503
Takaful and registration expense		1,875	7,898
Training and development		3,680	1,855
Postage and courier charges		26,109	18,789
Communication		35,400	34,545
Stationery and printing	27.1	114,525	65,747
Marketing, advertisement and publicity		48,861	17,276
Repair and maintenance		34,245	34,082
Auditors' remuneration		13,266	12,321
Depositors' protection		101,402	102,654
Brokerage, commission and bank charges		158,733	118,534
Others		48,184	36,354
		<b>1,098,256</b>	<b>835,758</b>
		<b>4,749,008</b>	<b>4,114,762</b>
<b>27.1</b>	These amounts include outsourcing services with regards to janitorial services, security services, contractual employees over third party contracts and printing activities.		
<b>28. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		<b>55,312</b>	<b>39</b>
<b>29. PROVISIONS AND WRITE OFFS - NET</b>			
Reversal for diminution in value of investments	9.3.1	(45,073)	(83,500)
Provision against non-performing Islamic financing and related assets	10.3	600,456	1,029,207
Write off against other assets		7,262	760
Write off against fixed assets		16,858	19,756
		<b>579,503</b>	<b>966,223</b>

	Nine months ended	
	30 September 2022	30 September 2021
	----- (Rupees in '000) ----- (Un-Audited)	
<b>30. TAXATION</b>		
Current	409,189	334,129
Deferred	324,638	452,583
	733,827	786,712
<b>31. BASIC / DILUTED EARNING PER SHARE</b>		
Profit after taxation for the period	1,143,793	435,872
	--- Number of shares ---	
Weighted average number of ordinary shares	1,373,962,760	1,373,962,760
Basic / diluted earning per share - Rupee	0.83	0.32

**32. FAIR VALUE MEASUREMENTS**

Fair value is the amount for which an asset could be exchanged, or a liability transferred, between knowledgeable willing parties in an arm's length transaction.

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. These securities are carried at amortized cost in order to comply with the requirements of BSD Circular No. 14 dated 24 September 2004.

Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available financial statements.

Fair value of Islamic financing and related assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing has been calculated in accordance with the Bank's accounting policy.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer Islamic financing and deposits are frequently repriced.

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).

**32.1 Fair value of financial assets**

The following table provides the fair value measurement hierarchy of the Bank's assets:

	30 September 2022 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	23,470,500	74,445,681	-	97,916,181
Other Securities	-	1,110,079	-	1,110,079
Shares	131,454	-	-	131,454
Foreign Securities	3,854,829	-	-	3,854,829
	<u>27,456,783</u>	<u>75,555,760</u>	<u>-</u>	<u>103,012,543</u>
<b>Financial assets - disclosed but not measured at fair value</b>				
Cash and balances with treasury banks	-	-	-	14,428,109
Balances with other banks	-	-	-	5,856,755
Due from financial institutions	-	-	-	1,500,000
Investments	-	-	-	1,209,429
Islamic financing and related assets	-	-	-	88,088,618
Other assets	-	-	-	11,431,966
	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,514,877</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	21,170,027	-	21,170,027
Forward sale of foreign exchange	-	9,964,417	-	9,964,417
	<u>-</u>	<u>31,134,444</u>	<u>-</u>	<u>31,134,444</u>
	31 December 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	20,262,374	51,259,965	-	71,522,339
Other Securities	-	543,410	-	543,410
Shares	200,857	-	-	200,857
Foreign Securities	1,419,345	-	-	1,419,345
	<u>21,882,576</u>	<u>51,803,375</u>	<u>-</u>	<u>73,685,951</u>
<b>Financial assets - disclosed but not measured at fair value</b>				
Cash and balances with treasury banks	-	-	-	17,608,396
Balances with other banks	-	-	-	9,763,588
Due from financial institutions	-	-	-	403,122
Investments	-	-	-	2,866,544
Islamic financing and related assets	-	-	-	96,202,153
Other assets	-	-	-	7,219,504
	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,063,307</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	29,458,882	-	29,458,882
Forward sale of foreign exchange	-	18,708,355	-	18,708,355
	<u>-</u>	<u>48,167,237</u>	<u>-</u>	<u>48,167,237</u>

There were no transfer between level 2 and level 3 during the period.

**32.2 Valuation techniques used in determination of fair values within level 2 and level 3**

Particulars	Valuation approach and input used
Federal Government Securities	The fair value of federal government securities are determined on the basis of rates / prices sourced from Reuters. However, valuation of Pakistan Energy Sukuk on the basis of rates announced or last traded rates by PSX.
Non-Government Debt Securities	Investment in non-Government debt securities denominated in local currency are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Foreign Government Debt Securities	The fair value of overseas Government securities are denominated on the basis of rates taken from Bloomberg / Reuters.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

**33. SEGMENT INFORMATION**
**33.1 Segment Details with respect to Business Activities**

	30 September 2022 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Profit and Loss</b>						
Net profit / return earned	2,116,789	1,209,334	(3,312,367)	6,211,470	(418,066)	5,807,160
Inter segment revenue - net	-	-	9,137,474	-	1,083,803	10,221,277
Other income	318,520	141,962	293,158	726,354	12,608	1,492,602
<b>Total Income</b>	<b>2,435,309</b>	<b>1,351,296</b>	<b>6,118,265</b>	<b>6,937,824</b>	<b>678,345</b>	<b>17,521,039</b>
Segment direct expenses	(182,163)	(208,608)	(4,390,338)	(61,530)	-	(4,842,639)
Inter segment expense allocation	(2,133,277)	(1,347,016)	-	(6,740,984)	-	(10,221,277)
Total expenses	(2,315,440)	(1,555,624)	(4,390,338)	(6,802,514)	-	(15,063,916)
Provisions	(292,994)	(212,226)	(118,749)	45,073	(607)	(579,503)
<b>Profit / (loss) before tax</b>	<b>(173,125)</b>	<b>(416,554)</b>	<b>1,609,178</b>	<b>180,383</b>	<b>677,738</b>	<b>1,877,620</b>
	30 September 2022 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Statement of Financial Position</b>						
Cash and balances with treasury banks	68,420	-	4,240,299	9,529,897	589,493	14,428,109
Balances with other banks	-	-	-	5,856,755	-	5,856,755
Due from financial institutions	-	-	-	1,500,000	-	1,500,000
Investments	3,349,095	-	-	100,872,877	-	104,221,972
Net inter segment lending	-	-	151,863,119	-	12,540,874	164,403,993
Islamic financing and related assets - performing	43,152,760	12,613,905	27,693,319	-	1,941,554	85,401,538
- non-performing	1,450,502	804,224	432,354	-	-	2,687,080
Others	5,720,920	1,218,229	6,056,546	5,755,659	3,005,353	21,756,707
<b>Total assets</b>	<b>53,741,697</b>	<b>14,636,358</b>	<b>190,285,637</b>	<b>123,515,188</b>	<b>18,077,274</b>	<b>400,256,154</b>
Bills payable	-	-	3,112,117	-	-	3,112,117
Due to financial institutions	3,895,164	952,780	-	16,823,683	-	21,671,627
Subordinated debt	-	-	-	-	4,624,241	4,624,241
Deposits and other accounts	31,158,142	-	150,637,917	-	-	181,796,059
Net inter segment borrowing	15,178,548	14,074,903	28,947,854	106,202,688	-	164,403,993
Others	3,682,968	25,229	5,978,571	58,368	572,891	10,318,027
<b>Total liabilities</b>	<b>53,914,822</b>	<b>15,052,912</b>	<b>188,676,459</b>	<b>123,084,739</b>	<b>5,197,132</b>	<b>385,926,064</b>
Equity	(173,125)	(416,554)	1,609,178	430,449	12,880,142	14,330,090
<b>Total equity and liabilities</b>	<b>53,741,697</b>	<b>14,636,358</b>	<b>190,285,637</b>	<b>123,515,188</b>	<b>18,077,274</b>	<b>400,256,154</b>
<b>Contingencies and commitments</b>	<b>20,939,640</b>	<b>7,995,331</b>	<b>160,093</b>	<b>31,134,444</b>	<b>4,045,100</b>	<b>64,274,608</b>
	30 September 2021 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Profit and Loss</b>						
Net profit / return earned	2,902,828	783,399	(1,581,417)	2,866,045	(171,565)	4,799,290
Inter segment revenue - net	-	-	5,960,384	-	504,835	6,465,219
Other income	402,923	153,720	248,761	720,597	3,268	1,529,269
<b>Total Income</b>	<b>3,305,751</b>	<b>937,119</b>	<b>4,627,728</b>	<b>3,586,642</b>	<b>336,538</b>	<b>12,793,778</b>
Segment direct expenses	(159,612)	(172,962)	(3,763,015)	(43,951)	(212)	(4,139,752)
Inter segment expense allocation	(2,641,562)	(825,157)	-	(2,998,500)	-	(6,465,219)
Total expenses	(2,801,174)	(998,119)	(3,763,015)	(3,042,451)	(212)	(10,604,971)
Provisions	(637,707)	(292,230)	(95,665)	83,500	(24,121)	(966,223)
<b>Profit / (loss) before tax</b>	<b>(133,130)</b>	<b>(353,230)</b>	<b>769,048</b>	<b>627,691</b>	<b>312,205</b>	<b>1,222,584</b>
	31 December 2021 (Audited)					
	Corporate Banking	Commercial & SME Banking	Retail Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Statement of Financial Position</b>						
Cash and balances with treasury banks	72,122	-	15,519,647	-	2,016,627	17,608,396
Balances with other banks	-	-	-	9,763,588	-	9,763,588
Due from financial institutions	-	-	-	403,122	-	403,122
Investments	3,315,268	-	-	73,237,227	-	76,552,495
Net inter segment lending	-	-	144,984,971	-	10,568,385	155,553,356
Islamic financing and related assets - performing	49,237,159	14,698,696	27,137,093	-	2,046,488	93,119,436
- non-performing	1,694,693	1,017,962	357,784	-	12,278	3,082,717
Others	2,662,118	461,690	8,313,931	2,470,786	3,679,118	17,587,643
<b>Total assets</b>	<b>56,981,360</b>	<b>16,178,348</b>	<b>196,313,426</b>	<b>85,874,723</b>	<b>18,322,896</b>	<b>373,670,753</b>
Bills payable	-	-	3,978,696	-	-	3,978,696
Due to financial institutions	7,024,503	1,944,031	-	-	-	8,968,534
Subordinated debt	-	-	-	-	4,624,241	4,624,241
Deposits and other accounts	20,472,635	-	158,444,503	-	-	178,917,138
Net inter segment borrowing	27,690,014	14,892,940	28,300,100	84,670,302	-	155,553,356
Others	2,756,637	41,733	4,405,015	24,103	986,586	8,214,074
<b>Total liabilities</b>	<b>57,943,789</b>	<b>16,878,704</b>	<b>195,128,314</b>	<b>84,694,405</b>	<b>5,610,827</b>	<b>360,256,039</b>
Equity	(962,429)	(700,356)	1,185,112	1,180,318	12,712,069	13,414,714
<b>Total equity and liabilities</b>	<b>56,981,360</b>	<b>16,178,348</b>	<b>196,313,426</b>	<b>85,874,723</b>	<b>18,322,896</b>	<b>373,670,753</b>
<b>Contingencies and commitments</b>	<b>25,609,282</b>	<b>5,770,266</b>	<b>4,656</b>	<b>48,167,237</b>	<b>3,816,300</b>	<b>83,367,741</b>

**34. RELATED PARTY TRANSACTIONS**

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

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of employee benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	30 September 2022 (Un-Audited)					31 December 2021 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	----- (Rupees in '000) -----									
<b>Islamic financing and related assets</b>										
Opening balance	-	-	380,424	-	380,424	-	-	260,191	-	260,191
Addition during the year	-	-	64,385	-	64,385	-	-	283,940	-	283,940
Repaid during the year	-	-	(40,725)	-	(40,725)	-	-	(118,820)	-	(118,820)
Transfer in/(out)	-	-	(76,363)	-	(76,363)	-	-	(44,887)	-	(44,887)
Closing balance	-	-	327,721	-	327,721	-	-	380,424	-	380,424
<b>Fixed assets</b>										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
<b>Other assets</b>										
Profit receivable on Islamic financing and related assets	-	-	219	-	219	-	-	357	-	357
<b>Subordinated debt</b>										
	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
<b>Deposits and other accounts</b>										
Opening balance	13,845	49,643	46,691	1,093,154	1,203,333	4,414	249,380	54,832	999,524	1,308,150
Received during the year	1,524	58,331	196,271	9,140,806	9,396,932	9,431	88,123	410,446	8,514,973	9,022,973
Withdrawn during the year	-	(56,591)	(188,329)	(8,919,805)	(9,164,725)	-	(92,182)	(413,859)	(9,145,634)	(9,651,675)
Transfer in/(out)	-	-	(12,336)	6,276	(6,060)	-	(195,678)	(4,728)	724,291	523,885
Closing balance	15,369	51,383	42,297	1,320,431	1,429,480	13,845	49,643	46,691	1,093,154	1,203,333
<b>Other Liabilities</b>										
Return payable on deposits	-	48	264	7,620	7,932	-	47	163	1,420	1,630
Return payable on Sub-ordinated debt	149,305	-	-	-	149,305	145,680	-	-	-	145,680
Payable in respect of defined benefit plan	-	-	-	17,567	17,567	-	-	-	17,567	17,567
Other liabilities	-	-	-	657	657	-	-	-	657	657
<b>Non-funded exposure</b>										
	-	-	-	86,758	86,758	-	-	-	67,033	67,033
	Nine months ended 30 September 2022 (Un-Audited)					Nine months ended 30 September 2021 (Un-Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	----- (Rupees in '000) -----									
<b>Related party transactions</b>										
<b>Income</b>										
Profit earned on Islamic financing and related assets	-	-	7,506	-	7,506	-	-	4,701	-	4,701
Fee and Commission income	-	-	-	5,373	5,373	-	-	-	3,528	3,528
<b>Expense and transactions</b>										
Return on deposits expenses	-	476	2,018	60,931	63,425	-	1,468	765	55,381	57,614
Salaries, allowances and benefits	-	-	197,536	-	197,536	-	-	207,305	-	207,305
Director fee and other allowances	-	83,500	-	-	83,500	-	42,833	-	-	42,833
Shariah Board fee	-	-	-	6,208	6,208	-	-	-	2,250	2,250
Contribution to defined contribution plan	-	-	-	78,828	78,828	-	-	-	76,141	76,141
Contribution to defined benefit plan	-	-	-	64,932	64,932	-	-	-	61,041	61,041
Return on Sub-ordinated loan	146,094	-	-	-	146,094	105,570	-	-	-	105,570
Rent - branch premises	-	-	-	19,644	19,644	-	-	-	22,353	22,353



**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	30 September 2022	31 December 2021
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
<b>35. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>13,392,924</u>	<u>12,475,269</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>11,123,426</u>	9,472,244
Eligible Additional Tier 1 (ADT 1) Capital	<u>1,389,241</u>	1,389,241
Total Eligible Tier 1 Capital	<u>12,512,667</u>	10,861,485
Eligible Tier 2 Capital	<u>2,316,039</u>	2,612,549
Total Eligible Capital (Tier 1 + Tier 2)	<u>14,828,706</u>	13,474,034
Risk Weighted Assets (RWAs):		
Credit Risk	<u>84,451,428</u>	86,500,506
Market Risk	<u>1,832,424</u>	2,980,642
Operational Risk	<u>14,378,880</u>	14,378,880
Total	<u>100,662,732</u>	103,860,028
Common Equity Tier 1 Capital Adequacy ratio	<u>11.05%</u>	9.12%
Tier 1 Capital Adequacy Ratio	<u>12.43%</u>	10.46%
Total Capital Adequacy Ratio	<u>14.73%</u>	12.97%
The minimum capital adequacy ratio required by SBP as at 30 September 2022 is 11.5% (31 December 2021: 11.5%).		
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>12,512,667</u>	10,861,485
Total Exposures	<u>284,733,085</u>	251,518,127
Leverage Ratio	<u>4.39%</u>	4.32%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>102,697,597</u>	90,472,868
Total Net Cash Outflow	<u>52,486,955</u>	48,557,008
Liquidity Coverage Ratio	<u>195.66%</u>	186.32%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>149,823,762</u>	146,555,015
Total Required Stable Funding	<u>95,477,365</u>	87,138,883
Net Stable Funding Ratio	<u>156.92%</u>	168.19%

**36. GENERAL**

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate the comparison. No significant reclassification were made during the current period.

Figures have been rounded off to the nearest thousand rupees.

**37. DATE OF AUTHORISATION**

These condensed interim financial statements were authorized for issue on 20 October 2022 by the Board of Directors of the Bank.

\_\_\_\_\_  
Acting Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director