



AL BARAKA BANK (PAKISTAN) LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		30 June 2021	31 December 2020
	Note	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
ASSETS			
Cash and balances with treasury banks	6	17,343,926	15,773,612
Balances with other banks	7	2,729,828	10,177,095
Due from financial institutions	8	4,444,474	2,748,221
Investments	9	62,219,138	57,117,232
Islamic financing and related assets-net	10	105,876,537	90,279,044
Fixed assets	11	4,180,518	4,396,282
Intangible assets	12	1,351,496	1,329,654
Deferred tax assets	13	2,217,597	2,640,784
Other assets	14	9,589,887	8,351,698
		209,953,401	192,813,622
LIABILITIES			
Bills payable	15	5,208,531	3,696,482
Due to financial institutions	16	7,477,513	5,722,336
Deposits and other accounts	17	173,375,381	159,363,727
Subordinated debt	18	3,032,087	3,174,945
Deferred tax liabilities		-	-
Other liabilities	19	7,555,770	7,826,680
		196,649,282	179,784,170
NET ASSETS		13,304,119	13,029,452
REPRESENTED BY			
Share capital-net		14,500,490	14,500,490
Reserves		374,437	332,231
Surplus on revaluation of assets	20	785,789	723,509
Accumulated losses		(2,356,597)	(2,526,778)
		13,304,119	13,029,452

CONTINGENCIES AND COMMITMENTS

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

Ahmed Shuja Kidwai
Chief Executive Officer

Tamim Shabbir
Chief Financial Officer

Tariq Kazim
Chairman (Acting)

Mohamed Tareq Sadeq
Director

Azhar Hamid
Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021

		Half year ended		Quarter ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Note		------(Rupees '000)-----			
Profit / return earned on Islamic financing and related assets, investments and placements	22	6,411,351	7,726,563	3,256,099	3,676,141
Return on deposits and other dues expensed	23	(3,240,563)	(4,721,629)	(1,687,128)	(1,946,112)
Net spread earned		3,170,788	3,004,934	1,568,971	1,730,029
Other income					
Fee and commission income	24	471,735	338,217	215,304	150,492
Dividend income		8,569	4,594	3,373	794
Foreign exchange income		414,727	475,695	251,041	147,449
Gain on securities	25	151,793	141,963	17,563	5,422
Other income	26	5,778	27,219	782	213
Total other income		1,052,602	987,688	488,063	304,370
Total Income		4,223,390	3,992,622	2,057,034	2,034,399
Other expenses					
Operating expenses	27	(2,727,758)	(2,691,488)	(1,370,751)	(1,325,222)
Workers' Welfare Fund		(16,027)	(15,956)	(3,414)	(8,362)
Other charges	28	(35)	(19,341)	(35)	-
Total other expenses		(2,743,820)	(2,726,785)	(1,374,200)	(1,333,584)
Profit before provisions		1,479,570	1,265,837	682,834	700,815
Provisions and write offs - net	29	(694,243)	(483,988)	(515,538)	(291,053)
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		785,327	781,849	167,296	409,762
Taxation	30	(574,299)	(338,158)	(329,420)	(189,324)
Profit / (loss) after taxation		211,028	443,691	(162,124)	220,438
------(Rupees '000)-----					
Basic / diluted - Profit / (loss) per share	31	0.15	0.32	(0.12)	0.16

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ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021

	Half year ended		Quarter ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	------(Rupees '000)-----			
Profit / (loss) after taxation for the period	211,028	443,691	(162,124)	220,438
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax	63,639	(578,889)	128,808	(281,093)
Total comprehensive income / (loss)	274,667	(135,198)	(33,316)	(60,655)

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ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021

	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)							
Balance as at 31 December 2019	13,739,628	1,393,628	(632,766)	179,384	945,179	241,315	(3,134,804)	12,731,564
Profit after taxation for the period	-	-	-	-	-	-	443,691	443,691
Other comprehensive loss - net of tax	-	-	-	-	(578,889)	-	-	(578,889)
Transfer to statutory reserve	-	-	-	88,738	-	-	(88,738)	-
Balance as at 30 June 2020	13,739,628	1,393,628	(632,766)	268,122	366,290	241,315	(2,779,851)	12,596,366
Profit after taxation for the period	-	-	-	-	-	-	320,542	320,542
Other comprehensive income - net of tax	-	-	-	-	54,604	67,943	(10,003)	112,544
Transfer to statutory reserve	-	-	-	64,109	-	-	(64,109)	-
Transfer of surplus on revaluation of assets on disposal of non banking asset	-	-	-	-	-	(6,643)	6,643	-
Balance as at 31 December 2020	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	-	-	-	-	-	-	211,028	211,028
Other comprehensive income - net of tax	-	-	-	-	63,639	-	-	63,639
Transfer to statutory reserve	-	-	-	42,206	-	-	(42,206)	-
Transfer of surplus on revaluation of assets on disposal of non banking asset	-	-	-	-	-	(1,359)	1,359	-
Balance as at 30 June 2021	13,739,628	1,393,628	(632,766)	374,437	484,533	301,256	(2,356,597)	13,304,119

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

*The statutory reserve represents profit set aside as required under prudential regulations for Bank as issued by the State Bank of Pakistan.

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ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021

	Note	Half year ended	
		30 June 2021	30 June 2020
		---- (Rupees in '000) ----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		785,327	781,849
Less: Dividend income		(8,569)	(4,594)
		<u>776,758</u>	<u>777,255</u>
Adjustments:			
Depreciation on fixed assets	27	96,958	89,019
Depreciation on right-of-use assets	27	350,593	329,614
Amortization	27	72,047	92,540
Depreciation - non banking assets	27	16,011	12,834
Provision and write-offs - net	29	694,243	483,988
Gain on sale of fixed assets - net	26	(3,485)	(25,957)
Loss on sale of non banking assets	26	1,987	-
Finance charges on lease liability against right-of-use assets	23	84,513	113,639
Unrealized gain on revaluation of investments classified as held for trading	25	(9,453)	(823)
Workers' Welfare Fund		16,027	15,956
		<u>1,319,441</u>	<u>1,110,810</u>
		<u>2,096,199</u>	<u>1,888,065</u>
(Increase)/ decrease in operating assets			
Due from financial institutions		(1,696,253)	1,050,674
Held-for-trading securities - net		(4,107,092)	(349)
Islamic financing and related assets - net		(16,304,408)	(8,938,358)
Others assets (excluding advance taxation)		(1,334,781)	560,106
		<u>(23,442,534)</u>	<u>(7,327,927)</u>
Increase/ (decrease) in operating liabilities			
Bills payable		1,512,049	854,995
Due to financial institutions		1,755,177	(176,296)
Deposits and other accounts		14,011,654	13,241,676
Other liabilities		(164,480)	(690,391)
		<u>17,114,400</u>	<u>13,229,984</u>
Income tax paid		(109,369)	(123,350)
Net cash (used in) / generated from operating activities		<u>(4,341,304)</u>	<u>7,666,772</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(854,360)	(13,873,353)
Net investments in held-to-maturities securities		-	(512,850)
Dividends received		10,486	4,594
Investments in fixed assets		(347,976)	(172,394)
Proceeds from sale of fixed assets		6,029	32,406
Net cash used in investing activities		<u>(1,185,821)</u>	<u>(14,521,597)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Tier II mudaraba sukuk - first issue		(142,858)	(142,858)
Payment of lease liability against right-of-use assets		(206,970)	(289,256)
Net cash used in financing activities		<u>(349,828)</u>	<u>(432,114)</u>
Decrease in cash and cash equivalents		<u>(5,876,953)</u>	<u>(7,286,939)</u>
Cash and cash equivalents at beginning of the period		<u>25,950,707</u>	<u>29,170,487</u>
Cash and cash equivalents at end of the period		<u>20,073,754</u>	<u>21,883,548</u>

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

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ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2021

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 Banking 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, SBP 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 178 branches including 6 sub-branches (31 December 2020: 188 branches including 8 sub-branches) in Pakistan.

- 1.3** Based on the financial statements of the Bank for the year ended 31 December 2020, VIS credit rating company limited has maintained the long-term rating at 'A+' and short-term rating at 'A1'. Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's 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 1.389 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 2022.

As at 30 June 2021, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs.12.144 billion and 12.44% (un-audited) respectively.

2. BASIS OF PRESENTATION

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 as applicable in Pakistan for financial reporting comprise of:

- International Financial Reporting Standards (IAS) 34, interim Financial Reporting issued by the International Accounting Standards Board (IASB) as for interim Financial Reporting 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 IAS 34 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 2020.

3. 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 2020.

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

The Bank has adopted the following amendments to IFRSs which became effective for the current period:

Standard or Interpretation

- IFRS 16 and IAS 39 - Interest Rate Benchmark Reform Phase 2 (Amendments)
- Covid-19 related rent concessions beyond 30 June 2021 (Amendment to IFRS 16)

The adoption of the above Standards / amendments and improvements to accounting standards did not have any effect on the Bank's condensed interim financial statements.

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

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

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 3 - Revised Conceptual Framework (Amendments)	01 January 2022
- IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2022
- IAS 16 – Property, Plant and Equipments: proceeds before intended use	01 January 2022
- IAS 37 - Onerous Contracts: cost of fulfilling a contract	01 January 2022
- IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
- IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
- IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	01 January 2023

The above amendments are not likely to have an impact on Bank's condensed interim financial statements except for IFRS 9 Financial Instruments. In addition to above Standards, there are certain new and amended standards, interpretations and amendments that are mandatory for accounting periods beginning on or after 01 January 2022 but are considered not to be relevant to the Bank's operations and therefore, are not detailed in these condensed interim financial statements.

The Bank has complied with the requirement of BPRD Circular Letter No. 24 of 2021 regarding quarterly parallel run of IFRS 9 from period ending 31 March 2021. The Bank has calculated the impact of adoption of IFRS 9 on the financial statement of the Bank on the date of initial application, which will be finalized post issuance of final IFRS 9 guidelines from SBP.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

- IFRS 1 – First time adoption of IFRSs
- IFRS 17 – Insurance Contracts
- IFRS 14 – Regulatory Deferral Accounts

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 2020.

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 2020.

		30 June 2021	31 December 2020
	Note	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,090,553	3,278,211
Foreign currencies		701,971	1,572,873
		3,792,524	4,851,084
With State Bank of Pakistan in			
Local currency current account	6.1	10,557,069	8,054,209
Foreign currency current account	6.1	4,288	7,452
Foreign currency deposit account	6.1	1,394,319	1,350,659
		11,955,676	9,412,320
With National Bank of Pakistan in			
Local currency current account		1,595,718	1,510,200
Local currency deposit account		8	8
		1,595,726	1,510,208
		17,343,926	15,773,612
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.		
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		12,535	57,105
In deposit account	7.1	808,657	695,286
		821,192	752,391
Outside Pakistan			
In current account		1,665,994	5,829,554
In deposit account	7.1	242,642	3,595,150
		1,908,636	9,424,704
		2,729,828	10,177,095
7.1	The expected return on remunerative deposits ranges from 0.08% to 6.50% (31 December 2020: 0.08% to 6.6%) per annum.		
8. DUE FROM FINANCIAL INSTITUTIONS			
Bai Muajjal receivable			
- from financial institutions	8.1	4,444,474	2,748,221
8.1	The return on bai muajjal is 7.15% (31 December 2020: 6.5% to 7.4%) per annum. These will mature by September 2021.		

9. INVESTMENTS

		30 June 2021 (Un-Audited)				31 December 2020 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Note	----- (Rupees in '000) -----							
9.1 Investments by type									
Held-for-trading securities									
Shares		-	-	-	-	14,992	-	(9,557)	5,435
Federal Government securities		4,657,756	-	216	4,657,972	535,672	-	320	535,992
Available-for-sale securities									
Federal Government securities		49,730,400	-	555,727	50,286,127	47,554,778	-	424,280	47,979,058
Shares		844,228	(488,122)	155,255	511,361	967,571	(521,217)	184,697	631,051
Non Government debt securities	9.2	953,755	(111,455)	9,914	852,214	1,322,105	(111,455)	10,886	1,221,536
Foreign securities	9.2	1,255,550	-	24,539	1,280,089	2,085,119	-	27,666	2,112,785
		52,783,933	(599,577)	745,435	52,929,791	51,929,573	(632,672)	647,529	51,944,430
Held-to-maturity securities									
Federal Government securities	9.2	4,631,375	-	-	4,631,375	4,631,375	-	-	4,631,375
Total investments		62,073,064	(599,577)	745,651	62,219,138	57,111,612	(632,672)	638,292	57,117,232

	30 June 2021 (Un-Audited)				31 December 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- (Rupees in '000) -----							
9.2 Investments by segments								
Federal Government Securities:								
Ijarah Sukuk	31,424,612	-	35,926	31,460,538	25,974,598	-	(170,364)	25,804,234
Bai Muajjal	4,631,375	-	-	4,631,375	4,631,375	-	-	4,631,375
Other Sukuk	22,963,544	-	520,017	23,483,561	22,115,852	-	594,964	22,710,816
	59,019,531	-	555,943	59,575,474	52,721,825	-	424,600	53,146,425
Shares:								
Listed companies	756,619	(461,968)	155,255	449,906	925,733	(495,063)	175,140	605,810
Unlisted companies	87,609	(26,154)	-	61,455	56,830	(26,154)	-	30,676
	844,228	(488,122)	155,255	511,361	982,563	(521,217)	175,140	636,486
Non Government Debt Securities								
Unlisted	953,755	(111,455)	9,914	852,214	1,322,105	(111,455)	10,886	1,221,536
Foreign Securities								
Government securities	473,120	-	18,216	491,336	480,083	-	14,359	494,442
Non Government Debt securities	782,430	-	6,323	788,753	1,605,036	-	13,307	1,618,343
	1,255,550	-	24,539	1,280,089	2,085,119	-	27,666	2,112,785
Total investments	62,073,064	(599,577)	745,651	62,219,138	57,111,612	(632,672)	638,292	57,117,232

	30 June 2021	31 December 2020
	(Un-Audited)	(Audited)
9.3 Provision for diminution in value of investments		
9.3.1 Opening balance	632,672	675,529
Charge / reversals		
Charge for the period / year	4,692	118,475
Reversal on disposals	(37,787)	(161,332)
	(33,095)	(42,857)
Closing balance	599,577	632,672

9.3.2 Particulars of provision against debt securities Category of classification	30 June 2021		31 December 2020	
	Non-performing Investment	Provision	Non-performing Investment	Provision
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
	(Un-Audited)		(Audited)	
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	111,455	111,455	111,455	111,455
	111,455	111,455	111,455	111,455

9.4 The market value of securities classified as held to maturity as at 30 June 2021 amounted to Rs 4,631 (31 December 2020: Rs 4,631) million respectively.

10. ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non Performing		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	----- (Rupees in '000) -----					
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
- Murabaha financing	2,282,744	3,362,130	2,786,672	2,782,161	5,069,416	6,144,291
- Advance against murabaha financing	498,481	164,741	203,337	203,337	701,818	368,078
- Export refinance under Islamic scheme	247,000	247,000	62,750	62,750	309,750	309,750
- Advance against export refinance under Islamic scheme	5,124,423	4,470,566	24,755	24,755	5,149,178	4,495,321
- Inventory against export refinance under Islamic scheme	16,000	-	-	-	16,000	-
- Diminishing musharaka and Ijarah financing	48,961,207	41,606,252	2,434,014	2,267,830	51,395,221	43,874,082
- Advance against diminishing musharaka finance	2,247,939	1,350,224	-	-	2,247,939	1,350,224
- Running musharaka	13,303,567	11,930,644	-	-	13,303,567	11,930,644
- Tijarah finance	1,923,007	1,759,385	-	-	1,923,007	1,759,385
- Over due acceptances	9,886	38,400	498,420	505,913	508,306	544,313
- Payment against guarantee	3,776	15,081	50,112	40,291	53,888	55,372
- Payment against documents	659,439	429,669	-	-	659,439	429,669
- Advance against salam	10,945,181	6,630,662	2,280,764	2,302,703	13,225,945	8,933,365
- Salam inventory	152,863	193	-	-	152,863	193
- Financing against bills	397,258	8,391	13,735	13,735	410,993	22,126
- Istasna finance	-	-	576,271	576,271	576,271	576,271
- Advance against istasna	14,863,144	15,557,217	2,631,371	698,106	17,494,515	16,255,323
- Istasna inventory	345,983	179,536	-	13,256	345,983	192,792
- Qarz-e-Hasna	55,309	93,268	60,367	20,900	115,676	114,168
Islamic financing and related assets - gross	102,037,207	87,843,359	11,622,568	9,512,008	113,659,775	97,355,367
Provisions for non-performing financing						
- Specific	-	-	(7,528,224)	(6,557,682)	(7,528,224)	(6,557,682)
- General	(255,014)	(518,641)	-	-	(255,014)	(518,641)
	(255,014)	(518,641)	(7,528,224)	(6,557,682)	(7,783,238)	(7,076,323)
Islamic financing and related assets - net of provisions	101,782,193	87,324,718	4,094,344	2,954,326	105,876,537	90,279,044

10.1 Particulars of Islamic financing and related assets (Gross)	30 June 2021	31 December 2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
	(Un-Audited)	(Audited)
In local currency	112,703,378	97,300,991
In foreign currencies	956,397	54,376
	113,659,775	97,355,367

- 10.2** Islamic financing and related assets include Rs.11,622.568 (31 December 2020: Rs.9,512.008) million which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2021 (Un-Audited)		31 December 2020 (Audited)	
	Classified Islamic financing and related assets	Provision	Classified Islamic financing and related assets	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	47,050	-	29,208	-
Substandard	939,916	124,106	607,176	100,664
Doubtful	2,170,678	1,025,918	366,796	75,159
Loss	8,464,924	6,378,200	8,508,828	6,381,859
	11,622,568	7,528,224	9,512,008	6,557,682

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

	30 June 2021 (Un-Audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	6,557,682	518,641	7,076,323	5,676,672	169,940	5,846,612
Charge for the period / year	861,944	36,373	898,317	1,002,384	348,701	1,351,085
Reversals for the period / year	(191,288)	-	(191,288)	(113,215)	-	(113,215)
	670,656	36,373	707,029	889,169	348,701	1,237,870
Amounts reversed / charged off - agriculture financing	(114)	-	(114)	3,467	-	3,467
	670,542	36,373	706,915	892,636	348,701	1,241,337
Amounts written off against provision	-	-	-	(11,626)	-	(11,626)
Transfer for the period / year	300,000	(300,000)	-	-	-	-
Closing balance	7,528,224	255,014	7,783,238	6,557,682	518,641	7,076,323

- 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. 2,641.066 (31 December 2020: Rs. 2,532.521) 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 2020: Rs. 40.581) million.
- 10.3.4** The SBP vide BPRD circular letter 13 of 2020 dated 26 March 2020, had relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). These include deferment of principal and profit in case customer falls in the eligibility criteria prescribed for this purpose; and revision in criteria of classifying customer as non-performing in case of delayed repayment. These relaxations are mainly applicable for one year from the date of circular.

	Note	30 June 2021 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2020 (Audited)
11. FIXED ASSETS			
Capital work-in-progress	11.1	367,478	348,311
Property and equipment		2,039,024	2,075,061
Right-of-use assets		1,774,016	1,972,910
		4,180,518	4,396,282
11.1 Capital work-in-progress			
Civil works		289,240	296,275
Advances to suppliers		78,238	52,036
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		367,478	348,311

Half year ended	
30 June 2021	30 June 2020
----- (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	51,270	65,323
Property and equipment		
Buidling on leasehold land	48,936	64,912
Furniture and fixture	6,560	2,614
Electrical office and computer equipment	22,081	21,716
Vehicles	5,625	31,887
	83,202	121,129
Total	134,472	186,452

11.3 Disposal of fixed assets

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

Buidling on leasehold land	1,376	2,102
Furniture and fixture	295	335
Electrical office and computer equipment	873	780
Vehicles	-	3,231
Total	2,544	6,448

30 June 2021	31 December 2020
----- (Rupees in '000) -----	
(Un-Audited) (Audited)	

12 INTANGIBLE ASSETS

Computer software	106,137	69,668
Advance to supplier against computer software	54,141	20,036
Core deposits	411,956	460,688
Brand	383,145	383,145
Goodwill	396,117	396,117
	1,351,496	1,329,654

Half year ended	
30 June 2021	30 June 2020
----- (Rupees in '000) -----	
(Un-Audited)	

12.1 Additions to intangible assets

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

Capital work-in-progress	37,522	6,679
Directly purchased	59,784	4,680
Total	97,306	11,359

		30 June 2021 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2020 ----- (Rupees in '000) ----- (Audited)
13. DEFERRED TAX ASSETS			
Deductible Temporary Differences on:			
- Tax losses carried forward		1,094,505	1,244,800
- Minimum tax		539,858	539,858
- Post retirement employee benefits		19,281	19,281
- Provision against assets		1,103,704	1,367,430
- Other deductible temporary differences		19,581	-
		2,776,929	3,171,369
Taxable Temporary Differences on:			
- Surplus on revaluation of investments		(260,977)	(223,404)
- Surplus on revaluation of non-banking assets		(162,215)	(162,947)
- Accelerated tax depreciation		(136,140)	(144,234)
		(559,332)	(530,585)
		2,217,597	2,640,784
14. OTHER ASSETS			
Profit / return accrued in local currency		4,191,660	3,910,987
Profit / return accrued in foreign currency		12,540	15,160
Advances, deposits, advance rent and other prepayments		561,934	441,236
Advance taxation (payments less provisions)		30,637	106,647
Receivable against sale of shares		-	9,798
Non-banking assets acquired in satisfaction of claims		1,360,775	1,382,794
Branch adjustment account		161,267	-
Unrealised gain on re-measurement of forward exchange contracts		432,807	80,190
Stamps and stationery		5,210	6,422
Acceptances		2,239,098	1,808,125
Others		279,700	273,990
		9,275,628	8,035,349
Less: Provision held against other assets	14.2	(149,212)	(149,212)
Other assets (net of provision)		9,126,416	7,886,137
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		463,471	465,561
Other assets - total		9,589,887	8,351,698
14.2 Provision held against other assets			
Non-performing receivables		148,966	148,966
Others		246	246
		149,212	149,212
15. BILLS PAYABLE			
In Pakistan		5,208,531	3,696,482
Outside Pakistan		-	-
		5,208,531	3,696,482
16. DUE TO FINANCIAL INSTITUTIONS			
Secured			
Borrowings from State Bank of Pakistan			
- Under Islamic export refinance scheme	16.1	5,332,642	3,363,810
- Under Islamic refinance scheme for payment of salaries and wages	16.2	1,786,635	2,336,366
- Under Islamic temporary economic refinance facility for plant and machinery	16.3	344,689	4,859
- Under Islamic refinance facility for combating Covid-19	16.4	13,547	15,052
Unsecured			
Overdrawn nostro accounts		-	2,249
		7,477,513	5,722,336
16.1	The range of profit rates on these borrowings is 1% to 2% (31 December 2020: 1% to 2%) per annum. The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs.6.609 (31 December 2020: Rs.6.609) billion. These contracts will mature by December 2021.		
16.2	SBP vide its Circular no.07 of 2020 has introduced a 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 by December 2022.		
16.3	SBP vide its Circular no.02 of 2020 has introduced a 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 2020: 1%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs.2 billion. These contracts will mature by January 2029.		
16.4	SBP vide its Circular no.04 of 2020 has introduced a 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 by November 2025.		

17. DEPOSITS AND OTHER ACCOUNTS

	30 June 2021 (Un-Audited)			31 December 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	35,937,374	6,484,897	42,422,271	32,089,357	6,414,325	38,503,682
Savings deposits	57,828,012	5,182,464	63,010,476	53,918,588	5,063,563	58,982,151
Term deposits	49,261,181	1,440,812	50,701,993	47,062,823	2,090,886	49,153,709
Others	1,301,727	-	1,301,727	1,716,866	-	1,716,866
	144,328,294	13,108,173	157,436,467	134,787,634	13,568,774	148,356,408
Financial Institutions						
Current deposits	54,464	47,070	101,534	195,242	2,722	197,964
Savings deposits	14,801,686	644	14,802,330	9,483,154	651	9,483,805
Term deposits	1,035,050	-	1,035,050	1,325,550	-	1,325,550
	15,891,200	47,714	15,938,914	11,003,946	3,373	11,007,319
	160,219,494	13,155,887	173,375,381	145,791,580	13,572,147	159,363,727

18. SUBORDINATED DEBT

	Note	30 June 2021 (Un-Audited)	31 December 2020 (Audited)
Tier II mudaraba sukuk - first issue	18.1	142,846	285,704
Tier II mudaraba sukuk - second issue	18.2	1,500,000	1,500,000
Additional Tier I capital	18.3	1,389,241	1,389,241
		3,032,087	3,174,945

- 18.1 In September 2014, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier-II Sukuk (First Issue) based on Mudaraba of Rs.2 billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II Sukuk (First Issue) is as follows:

Credit Rating	A- by PACRA (The Pakistan Credit Rating Agency Limited)
Issue Date	26 September 2014
Tenor	7 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Semi-annually
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 Month KIBOR + 1.25% 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 and/or redemption 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 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 VIS Credit Rating Company Limited.
Issue Date	August 22, 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** In December 2018, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier-I (ADT-1) Capital based on Mudaraba of Rs.1.4 Billion as instrument of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Additional Tier-I (ADT-1) Capital is as follows:

Credit Rating	Not rated
Issue Date	26 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 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.

19. OTHER LIABILITIES

Return on deposits and borrowings:

	30 June 2021 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2020 ----- (Rupees in '000) ----- (Audited)
- payable in local currency	814,993	1,070,591
- payable in foreign currencies	1,448	1,308
Accrued expenses	345,775	435,346
Advance payments	891,424	710,271
Charity fund balance	95,645	77,238
Security deposits against ijarah	209,353	302,103
Payable against purchase of listed shares	3,058	3,310
Payable in respect of defined benefit plan	7,899	7,899
Takaful payable against ijarah and diminishing musharakah assets	415,173	349,211
Branch adjustment account	-	396,685
Acceptances	2,239,098	1,808,125
Lease liability against right-of-use assets	1,843,710	1,966,167
Others	688,194	698,426
	7,555,770	7,826,680

		30 June 2021 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2020 ----- (Rupees in '000) ----- (Audited)
20. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of:			
- Available for sale securities	9.1	745,435	647,529
- Non-banking assets acquired in satisfaction of claims	14	463,471	465,561
		<u>1,208,906</u>	<u>1,113,090</u>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(260,902)	(226,635)
- Non-banking assets acquired in satisfaction of claims		(162,215)	(162,946)
		<u>(423,117)</u>	<u>(389,581)</u>
		<u>785,789</u>	<u>723,509</u>
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	10,540,377	8,052,300
- Commitments	21.2	61,283,102	43,468,442
		<u>71,823,479</u>	<u>51,520,742</u>
21.1 Guarantees:			
Financial guarantees		9,623	9,017
Performance guarantees		5,991,140	4,919,029
Other guarantees		4,539,614	3,124,254
		<u>10,540,377</u>	<u>8,052,300</u>
21.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		15,068,041	10,638,401
Commitments in respect of forward foreign exchange contracts	21.2.1	46,208,245	32,815,873
Commitments for acquisition of fixed assets		6,816	14,168
		<u>61,283,102</u>	<u>43,468,442</u>
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		26,672,907	16,049,914
Sale		19,535,338	16,765,959
		<u>46,208,245</u>	<u>32,815,873</u>

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

21.3 Other Contingencies

21.3.1 There is no change, except as stated below, in the status of contingencies disclosed in note 21.3 to the financial statements for the year ended 31 December 2020.

21.3.2 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 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. 8.4 million.

		Half year ended	
		30 June 2021	30 June 2020
		----- (Rupees in '000) -----	
		----- (Un-Audited) -----	
22	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS		
	On:		
	- Islamic financing and related assets	4,236,018	4,942,124
	- Investments	2,116,637	1,434,400
	- Due from financial institutions	55,290	1,347,664
	- Balances with banks	3,406	2,375
		<u>6,411,351</u>	<u>7,726,563</u>
23	RETURN ON DEPOSITS AND OTHER DUES EXPENSED		
	On:		
	-Deposits	2,742,984	4,238,677
	-Borrowings	78,606	7,995
	-Conversion cost against foreign currency deposits / borrowings	148,658	62,605
	-Subordinated debt	140,082	255,452
	-Finance charge on lease liability against right-of-use assets	84,513	113,639
	-Export refinance under Islamic scheme	45,720	43,261
		<u>3,240,563</u>	<u>4,721,629</u>
24	FEE AND COMMISSION INCOME		
	Branch banking customer fees	46,542	48,891
	Consumer finance related fees	55,531	38,338
	Debit card related fees and income	49,703	31,523
	Investment banking fees	79,572	43,660
	Commission on trade	160,837	121,156
	Commission on guarantees	41,952	20,943
	Commission on cash management	6,314	1,998
	Commission on remittances including home remittances	16,379	12,712
	Commission on bancatakaful	1,328	5,132
	Export rebates	4,118	7,380
	Others	9,459	6,484
		<u>471,735</u>	<u>338,217</u>
25	GAIN / (LOSS) ON SECURITIES		
	Realised	25.1 142,340	141,140
	Unrealised - held for trading	9,453	823
		<u>151,793</u>	<u>141,963</u>
25.1	Realised gain / (loss) on:		
	Federal Government securities	111,216	145,696
	Shares	31,124	(4,556)
		<u>142,340</u>	<u>141,140</u>

		Half year ended	
		30 June 2021	30 June 2020
Note		---- (Rupees in '000) ----	
		----- (Un-Audited) -----	
26	OTHER INCOME		
	Rent on property	4,280	1,262
	Gain on sale of fixed assets-net	3,485	25,957
	Loss on sale of non banking assets	(1,987)	-
		<u>5,778</u>	<u>27,219</u>
27	OPERATING EXPENSES		
	Compensation expense		
	Salaries, allowances, etc.	1,151,501	1,094,999
	Charge for defined benefit / contribution plan and other benefits	91,570	83,321
		<u>1,243,071</u>	<u>1,178,320</u>
	Property expense		
	Rent and taxes	3,439	31,290
	Takaful expense	22,830	27,816
	Utilities	94,209	81,023
	Security (including guards)	132,685	114,182
27.1	Repair and maintenance (including janitorial charges)	41,404	44,038
27.1	Depreciation	31,942	30,586
	Depreciation - Right-of-use assets	350,593	329,614
	Depreciation - non banking assets	16,011	12,834
	Others	3,950	3,775
		<u>697,063</u>	<u>675,158</u>
	Information technology expenses		
	Software maintenance	90,229	85,229
	Hardware maintenance	27,146	29,575
	Depreciation on fixed assets	18,153	13,949
	Amortisation	23,315	26,541
	Network charges	42,170	39,783
	Others	24,395	26,179
		<u>225,408</u>	<u>221,256</u>
	Other operating expenses		
	Directors' fees and allowances	29,083	26,500
	Fees and allowances to Shariah Board	1,500	2,666
	Legal and professional charges	30,423	36,492
	Outsourced services costs	81,290	88,305
	Travelling and conveyance	11,276	12,531
	NIFT clearing charges	8,270	8,779
	Depreciation	46,863	44,484
	Amortization	48,732	65,999
	Takaful and registration expenses	5,837	16,870
	Training and development	1,749	3,150
	Postage and courier charges	12,545	15,441
	Communication	23,784	24,605
	Stationery and printing	43,702	45,565
27.1	Marketing, advertisement and publicity	13,866	16,612
	Repair and maintenance	22,970	17,488
	Auditors' remuneration	7,682	6,195
	Depositor's protection premium	68,436	56,917
	Brokerage, commission and bank charges	80,072	100,969
	Others	24,136	27,186
		<u>562,216</u>	<u>616,754</u>
		<u>2,727,758</u>	<u>2,691,488</u>
27.1	These amounts include outsourcing services with regards to janitorial services, security services, contractual employees over third party contracts and printing activities.		
28	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	<u>35</u>	<u>19,341</u>

	Note	Half year ended	
		2021	2020
		---- (Rupees in '000) ----	----- (Un-Audited) -----
29 PROVISIONS AND WRITE OFFS - NET			
(Reversal) / provisions for diminution in value of investments	9.3.1	(33,095)	104,036
Provision against non-performing Islamic financing and related assets	10.3	706,915	378,612
Write off against other assets		667	483
Write off against fixed assets		19,756	857
		<u>694,243</u>	<u>483,988</u>
30 TAXATION			
Current		184,647	154,326
Deferred		389,652	183,832
		<u>574,299</u>	<u>338,158</u>
31 BASIC AND DILUTED PROFIT (LOSS) PER SHARE			
Profit after taxation for the period		<u>211,028</u>	<u>443,691</u>
		--- Number of shares ---	
Weighted average number of ordinary shares		<u>1,373,962,760</u>	<u>1,373,962,760</u>
Basic / diluted profit per share - Rupee		<u>0.15</u>	<u>0.32</u>
32 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.

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).

32.1 Fair value of financial assets

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

30 June 2021 (Un-Audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	21,153,749	33,790,350	-	54,944,099
Other securities	-	752,214	-	752,214
Shares	449,906	-	-	449,906
Foreign Securities	1,280,089	-	-	1,280,089
	22,883,744	34,542,564	-	57,426,308
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	17,343,926
Balances with other banks	-	-	-	2,729,828
Due from financial institutions	-	-	-	4,444,474
Investments	-	-	-	4,792,830
Islamic financing and related assets	-	-	-	105,876,537
Other assets	-	-	-	7,797,378
	-	-	-	142,984,973
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	26,672,907	-	26,672,907
Forward sale of foreign exchange	-	19,535,338	-	19,535,338
31 December 2020 (Audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	20,079,599	28,435,451	-	48,515,050
Other securities	-	1,121,536	-	1,121,536
Shares	605,810	-	-	605,810
Foreign Securities	2,112,785	-	-	2,112,785
	22,798,194	29,556,987	-	52,355,181
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	15,773,612
Balances with other banks	-	-	-	10,177,095
Due from financial institutions	-	-	-	2,748,221
Investments	-	-	-	4,762,051
Islamic financing and related assets	-	-	-	90,279,044
Other assets	-	-	-	6,312,268
	-	-	-	130,052,291
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	16,049,914	-	16,049,914
Forward sale of foreign exchange	-	16,765,959	-	16,765,959

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

32.2 Fair value of non-financial assets

30 June 2021 (Un-Audited)			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Non banking assets acquired in satisfaction of claims			
-	-	1,872,240	1,872,240
31 December 2020 (Audited)			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Non banking assets acquired in satisfaction of claims			
-	-	1,880,440	1,880,440

32.3 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.
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). Investment in non-Government debt securities denominated in other currencies are valued on the basis of rates taken from bloomberg / Reuters.
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.
Non banking assets acquired in satisfaction of claims - Gross	Non banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

30 June 2021 (Un-Audited)					
Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
(Rupees in '000)					
Profit and Loss					
Net return earned / expensed	1,894,648	569,142	(992,960)	1,808,698	3,170,788
Inter segment revenue - net	-	-	3,859,434	-	3,859,434
Other income	230,800	104,358	162,446	548,260	1,052,602
Total Income	2,125,448	673,500	3,028,920	2,356,958	8,441,198
Segment direct expenses	(105,363)	(113,908)	(2,495,325)	(29,224)	(2,743,820)
Inter segment expense allocation	(1,783,401)	(526,549)	-	(1,907,858)	(4,217,808)
Total expenses	(1,888,764)	(640,457)	(2,495,325)	(1,937,082)	(6,961,628)
Provisions	(550,973)	(108,268)	(46,149)	33,095	(694,243)
Profit / (loss) before tax	(314,289)	(75,225)	487,446	452,971	785,327
30 June 2021 (Un-Audited)					
Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
(Rupees in '000)					
Statement of Financial Position					
Cash and balances with treasury banks	53,814	-	14,709,787	-	17,343,926
Balances with other banks	-	-	-	2,729,828	2,729,828
Due from financial institutions	-	-	-	4,444,474	4,444,474
Investments	3,182,290	-	-	59,036,848	62,219,138
Net inter segment lending	-	-	143,872,225	-	143,872,225
Islamic financing and related assets - performing	62,115,924	14,141,331	23,816,433	-	100,073,688
- non-performing	2,415,559	1,300,846	340,465	-	4,056,870
Others	2,094,050	813,382	6,828,015	2,622,282	11,557,729
Total assets	69,861,637	16,255,559	189,566,925	68,833,432	344,481,553
Bills payable	-	-	5,208,531	-	5,208,531
Due to financial institutions	6,124,253	1,353,260	-	-	7,477,513
Subordinated debt	-	-	-	3,032,087	3,032,087
Deposits and other accounts	18,061,687	-	155,313,694	-	173,375,381
Net inter segment borrowing	43,576,565	14,929,894	24,877,895	67,571,926	150,956,280
Others	2,413,423	47,630	3,679,360	22,745	7,555,770
Total liabilities	70,175,928	16,330,784	189,079,480	67,594,671	343,180,863
Equity	(314,289)	(75,225)	487,446	1,238,761	13,304,119
Total equity and liabilities	69,861,639	16,255,559	189,566,926	68,833,432	344,481,556
Contingencies and commitments	16,972,784	8,635,634	6,816	46,208,245	72,178,932
30 June 2020 (Un-Audited)					
Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
(Rupees in '000)					
Profit and Loss					
Net return earned / expensed	2,782,206	70,480	(1,793,377)	2,401,326	3,004,934
Inter segment revenue - net	-	-	4,090,775	-	4,090,775
Other income	129,472	63,718	135,857	626,770	955,817
Total Income	2,911,678	134,198	2,433,255	3,028,096	8,507,227
Segment direct expenses	(108,760)	(496,802)	(2,143,129)	(41,017)	(2,795,708)
Inter segment expense allocation	(2,568,935)	728,008	-	(2,975,486)	(4,816,413)
Total expenses	(2,677,695)	231,206	(2,143,129)	(3,016,503)	(7,543,198)
Provisions	(104,345)	(209,552)	(64,493)	(104,036)	(482,426)
Profit / (loss) before tax	129,638	155,852	225,633	(92,443)	418,480
31 December 2020 (Audited)					
Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
(Rupees in '000)					
Statement of Financial Position					
Cash and balances with treasury banks	-	-	4,851,084	10,922,528	15,773,612
Balances with other banks	-	-	-	10,177,095	10,177,095
Due from financial institutions	-	-	-	2,748,221	2,748,221
Investments	4,094,768	-	-	53,022,464	57,117,232
Net inter segment lending	-	25,523,155	107,779,875	-	133,303,030
Islamic financing and related assets - performing	53,995,510	12,216,562	19,477,902	-	85,690,074
- non-performing	1,235,379	658,658	1,033,346	-	2,927,383
Others	3,152,991	1,325,801	2,755,502	1,918,198	9,152,492
Total assets	62,478,648	39,724,176	135,897,709	78,788,506	316,888,439
Bills payable	-	-	3,696,482	-	3,696,482
Due to financial institutions	4,439,972	1,280,115	-	2,249	5,722,336
Subordinated debt	-	-	-	3,174,945	3,174,945
Deposits and other accounts	17,199,482	33,137,752	109,026,493	-	159,363,727
Net inter segment borrowing	40,734,080	4,195,014	19,692,894	77,793,205	142,415,193
Others	147,931	770,769	2,919,902	9,011	7,826,680
Total liabilities	62,521,465	39,383,650	135,335,771	77,804,465	315,045,351
Equity	(42,817)	340,526	561,938	984,041	1,483,688
Total equity and liabilities	62,478,648	39,724,176	135,897,709	78,788,506	316,888,439
Contingencies and commitments	11,786,383	6,904,318	14,168	32,815,873	51,516,642

34 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, employee benefit plans, 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:

Note	30 June 2021 (Un-Audited)					31 December 2020 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	----- (Rupees in '000) -----									
Islamic financing and related assets										
Opening balance	-	-	260,191	-	260,191	-	-	260,522	-	260,522
Addition during the period	-	-	51,842	-	51,842	-	-	74,556	-	74,556
Repaid during the period	-	-	(14,379)	-	(14,379)	-	-	(45,928)	-	(45,928)
Transfer in/(out)	-	-	(44,887)	-	(44,887)	-	-	(28,959)	-	(28,959)
Closing balance	-	-	252,767	-	252,767	-	-	260,191	-	260,191
Fixed assets										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										
Profit receivable on Islamic financing and related assets	-	-	215	-	215	-	-	430	-	430

	30 June 2021 (Un-Audited)					31 December 2020 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	----- (Rupees in '000) -----									
Subordinated debt	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
Deposits and other accounts										
Opening balance	4,414	249,380	54,832	999,524	1,308,150	4,413	241,699	67,187	1,020,924	1,334,223
Received during the period	-	4,754	162,139	1,959,031	2,125,924	1	411,368	263,013	1,629,698	2,304,080
Withdrawn during the period	-	(1,950)	(185,795)	(2,313,582)	(2,501,327)	-	(403,687)	(299,053)	(1,563,853)	(2,266,593)
Transfer in/(out)	-	(195,678)	(4,728)	195,280	(5,126)	-	-	23,685	(87,245)	(63,560)
Closing balance	4,414	56,506	26,448	840,253	927,621	4,414	249,380	54,832	999,524	1,308,150
Other Liabilities										
Return payable on deposits	-	32	60	4,049	4,141	-	1,270	102	2,395	3,767
Return payable on Sub-ordinated debt	79,947	-	-	-	79,947	223,914	-	-	-	223,914
Payable in respect of defined benefit plan	-	-	-	7,899	7,899	-	-	-	7,899	7,899
Other liabilities	-	-	-	657	657	-	-	-	657	657
Non-funded exposure	-	-	-	59,829	59,829	-	-	-	60,869	60,869
	Half year ended 30 June 2021 (Un-Audited)					Half year ended 30 June 2020 (Un-Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	----- (Rupees in '000) -----									
Related party transactions										
Income										
Profit earned on Islamic financing and related assets	-	-	2,629	-	2,629	-	-	3,631	-	3,631
Fee and commission income	-	-	-	325	325	-	-	-	32	32
Expense										
Return on deposits expenses	-	154	545	18,196	18,895	-	10,137	848	26,802	37,787
Salaries, allowances and benefits	-	-	153,955	-	153,955	-	-	131,475	-	131,475
Director fee and other allowances	-	29,083	-	-	29,083	-	26,500	-	-	26,500
Shariah Board fee	-	-	-	1,500	1,500	-	-	-	2,666	2,666
Contribution to defined contribution plan	-	-	-	50,966	50,966	-	-	-	45,800	45,800
Contribution to defined benefit plan	-	-	-	40,604	40,604	-	-	-	37,522	37,522
Return on Sub-ordinated loan	69,993	-	-	-	69,993	110,177	-	-	-	110,177
Rent - branch premises	-	-	-	22,353	22,353	-	-	-	28,154	28,154

30 June 2021 31 December 2020

----- (Rupees in '000) -----
(Un-Audited) (Audited)

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

12,143,893	11,973,712
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

9,487,947	8,874,080
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Eligible Additional Tier 1 (ADT 1) Capital

1,389,241	1,389,241
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Total Eligible Tier 1 Capital

10,877,188	10,263,321
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Eligible Tier 2 Capital

1,639,547	1,539,536
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Total Eligible Capital (Tier 1 + Tier 2)

12,516,735	11,802,857
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Risk Weighted Assets (RWAs):

Credit Risk

86,417,030	77,349,830
------------	------------

Market Risk

1,777,021	1,702,497
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Operational Risk

12,459,666	12,459,666
------------	------------

Total

100,653,717	91,511,993
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Common Equity Tier 1 Capital Adequacy ratio

9.43%	9.70%
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Tier 1 Capital Adequacy Ratio

10.81%	11.22%
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Total Capital Adequacy Ratio

12.44%	12.90%
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Leverage Ratio (LR):

Eligible Tier-1 Capital

10,877,188	10,263,321
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Total Exposures

281,313,406	249,237,843
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Leverage Ratio

3.87%	4.12%
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Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

73,496	65,751
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Total Net Cash Outflow

43,685	35,490
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Liquidity Coverage Ratio

168.24%	185.27%
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Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

141,702	134,272
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Total Required Stable Funding

83,510	76,869
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Net Stable Funding Ratio

169.68%	174.68%
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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 **26 August 2021** by the Board of Directors of the Bank.

Ahmed Shuja Kidwai
Chief Executive Officer

Tamim Shabbir
Chief Financial Officer

Tariq Kazim
Chairman (Acting)

Mohamed Tareq Sadeq
Director

Azhar Hamid
Director