

Growing with you

Quarterly Report March 2021

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Corporate Information

Board of Directors

Mr. Ali Hussain	Chairman (Non-Executive Director)
Mr. Syed Amir Ali	President & Chief Executive Officer
Dr. Amjad Waheed	Independent Director
Mr. Haider Ali Hilaly	Independent Director
Dr. Lalarukh Ejaz	Independent Director
Mr. Siraj Ahmed Dadabhoy	Non-Executive Director
Mr. Sulaiman Sadruddin Mehdi	Independent Director
Mr. Syed Ali Hasham	Non-Executive Director

Shariah Supervisory Board

Mufti Irshad Ahmad Aijaz	Chairperson
Mufti Javed Ahmad	Member
Mufti Muhammad Husain	Member

Audit Committee

Mr. Haider Ali Hilaly	Chairperson
Dr. Lalarukh Ejaz	Member
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member

Risk Management Committee

Dr. Amjad Waheed	Chairperson
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Mr. Syed Amir Ali	Member

Human Resource Management Committee

Mr. Sulaiman Sadruddin Mehdi	Chairperson
Dr. Amjad Waheed	Member
Dr. Lalarukh Ejaz	Member
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Syed Ali Hasham	Member
Mr. Syed Amir Ali	Member

Board Remuneration Committee

Mr. Sulaiman Sadruddin Mehdi	Chairperson
Mr. Ali Hussain	Member
Dr. Amjad Waheed	Member
Dr. Lalarukh Ejaz	Member
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Syed Ali Hasham	Member

Information Technology (IT) Committee

Dr. Lalarukh Ejaz	Chairperson
Mr. Haider Ali Hilaly	Member
Mr. Syed Amir Ali	Member

Company Secretary

Mr. Muhammad Shoaib

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Adviser

1- Haidermota & Co.
Barrister at Law

2- Mohsin Tayebaly & Co.
Corporate Legal Consultants / Barristers & Advocates
High Courts & Supreme Court

Management (in alphabetical order)

Aasim Salim
Bilal Fiaz
Burhan Hafeez Khan
Irfan Allahrakha
Kashif Nisar
Mahmood Rashid
Masood Muhammad Khan
Mateen Mahmood
Muhammad Adnan Siddiqui
Muhammad Asadullah Chaudhry
Muhammad Shoaib
Muhammad Uzair Sipra
Rizwan Ata
Rizwan Qamar Lari
Sohail Sikandar
Syed Amir Ali
Syed Arif Mahtab
Syed Muhammad Aamir Shamim
Tariq Ali Khan
Zaheer Elahi Babar

General Manager Central
Group Head, Consumer Business
General Manager South West
Head, Risk Management (Interim Assignment)
Head, Products & Shariah Structuring
Head, Security & Government Relations
Head, Compliance
General Manager South East
Head, Information Technology
Head, Human Resource
Company Secretary
Head, Legal
Group Head, Distribution
Group Head, Internal Audit
Chief Financial Officer
President & CEO
Head, Operations
Group Head, Treasury & Financial Institutions
General Manager North
Group Head, Corporate Banking

Registered Office

11th Floor, Executive Tower, Dolmen City, Marine Drive,
Block-4, Clifton, Karachi.
Phone (92-21) 111-247(BIP)-111
Fax: (92-21) 35378373
Email: info@bankislami.com.pk

Share Registrar

CDC Share Registrar Services Limited
Head Office: CDC House, 99 – B, Block ‘B’,
S.M.C.H.S., Main Shakra-e-Faisal
Karachi-74400.
Tel: (92) 0800-23275 Fax: (92-21) 34326040
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

Public Dealing Timings of Share Registrar

In the Month of Ramadan:

Monday to Thursday: 9:00 am to 1:00 pm

Friday : 9:00 am to 12:30 pm

After Ramadan:

Monday to Thursday: 9:00 am to 6:30 pm

Friday : 9:00 am to 12:30 pm and 2:30 pm to 6:30 pm

Website:

Directors' Report

Dear Shareholders,

On behalf of the Board, we are pleased to present the interim report of BankIslami Pakistan Limited ('BankIslami' or 'the Bank') for the three months ended March 31, 2021.

Economic Snapshot

Inflation inched up during the quarter from 8.0% in Dec'20 to 9.1% in Mar'21, mainly due to increase in electricity tariffs and rise in prices of sugar & wheat. Alhamdulillah, GDP is anticipated to grow by around 3% in FY21 (Jul'20 to Jun'21) due to improvements in manufacturing segment depicting positive impact of fiscal and monetary stimulus provided by Government of Pakistan to combat COVID related adversities. However, risk on economic front still remains due to emergence of third wave of COVID despite roll out of state sponsored vaccine program. Accordingly, the Monetary Policy Committee maintained its accommodative stance by keeping policy rate at 7.0% in Mar'21.

The current account remained in surplus of USD 959 Mn from July'20 to March'21, mainly attributable to increased remittances, reduced demand for imports and recovery in exports. Going forward trade deficit is expected to widen due to anticipated increase in import of capital goods and industrial materials; despite this the current account deficit is still expected to remain under 1 percent of GDP. Monthly remittances of over USD 2 Bn for the last nine months, resumption of IMF program and uptick in exports (especially textile) proved to be pivotal in strengthening PKR against the greenback which now stands below PKR 154/USD against the exchange rate of PKR 168/USD at the end of Jun'20.

Till Feb'21 private sector credit has increased to Rs. 6,354 Bn from the level of Rs. 5,966 Bn at the end of Jun'20; primarily owing to sizable credit offtake towards fixed investment loans and consumer financing mainly due to introduction of SBP's subsidized refinancing schemes and lower interest rates.

Source: State Bank of Pakistan

Financial Performance

Following are the key financial highlights for the three months ended March 31, 2021:

Particulars (Financial Position)	March 2021	Dec 2020	Growth
	----- Rupees in million -----		
Total Deposits	286,743	282,016	1.7%
Total Assets	343,555	336,297	2.2%
Total Financing and Related Assets – net	152,726	130,162	17.3%
Investments – net	109,267	95,240	14.7%
Treasury and Bank Placements	26,674	53,948	-50.6%
Net Assets	20,438	19,895	2.7%
Branches network (number)	342	343	-0.3%

Particulars (Profit and Loss)	March 2021	March 2020	Growth
	----- Rupees in million -----		
Net Spread Earned	2,467	3,350	-26.4%
Fee And Commission Income	305	272	12.1%
Operating Expenses	2,180	2,090	4.3%
Operating Profits	684	1,760	-61.1%
Provisions And Write Offs-Net	47	1,127	-95.8%
Profit After Tax	390	368	6.0%
Basic Earnings per share (Rupees)	0.352	0.332	6.0%

In order to cope with prevalent low policy rate scenario and to seize the anticipated GDP growth, the Bank continued its focus to enhance the low cost Deposit base and increase its Financing book, during 1Q'21. While Bank's deposit grew by 1.7% to close at Rs. 286.7 Bn, Current Account and Saving Account Deposits grew by 5.7% and 3.4% respectively during 1Q'21 when compared with the position at the end of Dec'20. The Bank's Term Deposit base shrank by 3.5% as compared to Dec'20 owing to less focus towards rate-sensitive deposits. With increase in market appetite for credit offtake during the post lockdown phase, as a result of financial support and relief provided by GoP and SBP, BankIslami diverted its liquidity from Money Market to Islamic Financing and GoP backed Sukuk to generate better and stable yields. With regards to Islamic Financing, the Bank, without compromising its internally set risk assessment parameters, successfully expanded on all major fronts namely Corporate, Auto and Housing Finance ensuing cumulative growth of 17.3% in Net Islamic Financing. Moreover, delinquency ratio of the Bank also dropped to 11.2% at Mar'21 as opposed to 12.1% at Dec'20 mainly due to increase in financing book.

In spite of robust growth witnessed in better yielding financing and investment book, Net Spreads of the Bank compressed by 26.4% largely due to decline in policy rates during 2Q and 3Q of 2020. Though total NFI of the Bank declined due to one-off capital gains booked last year, fee income of the Bank rose by 12.1% mainly attributable to (i) growing Debit Card base; (ii) improvement in volumes and pricing in Trade Business; and (iii) increased fee generated through BancaTakaful and Branch Banking due to increased business activity and customer base of the Bank. Operating expenses of the Bank rose by only 4.3% on account of inflationary impact linked with staff and non-staff costs and increase in variable cost directly attributable to business growth.

With anticipated decline in gross income due to significant shrinkage in Net Spreads, the Bank operating profits declined to Rs. 684 Mn in 1Q'21. The decline in operating profit was compensated by reduction in provisioning against non-performing assets, as result of which Profit After Tax of the Bank improved by 6% i.e. Rs. 390 Mn for the quarter ended March 31, 2021 as compared to Rs. 368 Mn during the same period last year, *Alhamdulillah*.

Group Results

As at March 31, 2021, total assets of the Group increased by 2.1%, when compared with asset base of December 2020. Growth in the balance sheet was mainly due to growth in Deposits, Islamic Financing and Investment portfolio of the Islamic Banking segment. On account of reduction in Policy rate, net spreads earned of the Group witnessed a decline during the current period under review, nonetheless Profit after tax of the Group improved by 47.5% to close at Rs. 472 Mn in March 2021 (March 2020: Rs. 320 Mn) largely attributable to (i) decrease in provisioning against infected assets during 1Q'21 when compared with same period last year (ii) improvement in profitability of Shakarganj Food Products Limited (associated entity) due to recovery in sales volumes of branded dairy products during post lockdown period and increase in sales prices, and (iii) increase in profits from BIPL Securities (subsidiary company) due to revival of trading volumes in stock exchange.

Board Composition

The current composition of the Board is as follows:

Total number of Directors	8*
Composition:	
(i) Independent Directors:	4
(ii) Non-executive Directors:	3
(iii) Executive Director:	1
(a) Female Director:	1
(b) Male Directors:	7

*Names of Directors of the Bank have been incorporated in the company information section of this report.

Acknowledgement

The Board would like to place on record its deep appreciation to the State Bank of Pakistan for providing assistance and guidance. It would also like to thank the Securities and Exchange Commission of Pakistan and other regulatory authorities for their support. We would like to express our gratitude to our valued customers, business partners and shareholders for their continued patronage and trust. Moreover, we would also like to acknowledge the dedication, commitment and hard work put in by our management team and employees that has enabled BankIslami to achieve a prominent position in the Banking industry in general and Islamic Banking industry in particular.

On behalf of the Board,

Syed Amir Ali
Chief Executive Officer

Ali Hussain
Chairman of the Board

April 27, 2021

خراج تحسین

بورڈ، اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ معاونت اور رہنمائی کو تہہ دل سے سراہتا ہے اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر اداروں کی جانب سے فراہم کی جانے والی مدد پر ان کا بے حد مشکور ہے۔ ہم اپنے معزز کسٹمرز، کاروباری شراکت داروں اور حصص یافتگان کو بھی ان کے مسلسل اعتماد اور تعاون پر بے حد یہ تہنیت پیش کرتے ہیں۔ مزید برآں، ہم انتظامی اراکین اور ملازمین، جنہوں نے بینک اسلامی کو، عمومی طور پر بینکاری کی صنعت اور بالخصوص اسلامی بینکاری کی صنعت میں اس اہم مقام کے حصول کے قابل بنایا، کے اخلاص، عزم اور محنت شائقہ کا اعتراف کرتے ہوئے بے حد سراہتے ہیں۔

مخائب بورڈ

علی حسین

چیئر مین آف دی بورڈ

سید عامر علی

چیف ایگزیکٹو آفیسر

27 اپریل، 2021

بہتر مالی آمدن اور سرمایہ کاری کی بک میں مستحکم اضافے کے باوجود، سال 2020 کی دوسری اورتیسری سہ ماہی (2Q & 3Q) میں پالیسی ریٹ میں گراؤ کی وجہ سے بینک کے صافی رخصاں اسپریڈز کم ہو کر 26.4 فیصد تک رہ گئے۔ پرچند یہ کہ گزشتہ سال تک کئے گئے صرف سرمایہ جاتی منافع کی وجہ سے بینک کے مجموعی این ایف آئی کی سطح میں کمی واقع ہوئی، بینک کی فیس کی آمدن 12.1 فیصد تک بڑھی جسے خاص طور پر درج ذیل سے منسوب کیا گیا: (i) بڑھتا ہوا ڈیٹ کارڈز ہیں (ii) تجارت کاروباری حجم اور نرخ میں بہتری (iii) بینک کے بڑھے ہوئے کاروباری امور اور کسٹمر ہیں کی وجہ سے بینک کا کفیل اور برانچ بینکنگ کے ذریعے جاری کردہ اضافی فیس۔ بینک کے آپریٹنگ اخراجات، عملے اور غیر مملہ افراد کی لاگت اور کاروباری نمو سے براہ راست منسوب مختلف لاگت میں اضافے کے ساتھ منسلک افراط زر کے اثرات کے حوالے سے صرف 4.3% تک بڑھے۔

صافی رخصاں اسپریڈز میں بڑی کمی کی وجہ سے مجموعی آمدن میں متوقع کمی سے، بینک کے آپریٹنگ منافع جات سال 2021 کی پہلی سہ ماہی میں 684 ملین روپے تک کم ہوئے۔ آپریٹنگ منافع میں ہونے والی کمی کا تھفیرہان پر فارمنگ ایسٹس کی فراہمی میں تخفیف کے ذریعے کیا گیا، جس کے نتیجے میں بینک کا بعد از محصل منافع، 31 مارچ، 2021 کو ختم ہونے والے سہ ماہی کے حوالے سے 6 فیصد تک یعنی 390 ملین روپے تک بہتر ہوا، (المحمد للہ) جو کہ گزشتہ سال اسی مدت کے دوران 368 ملین روپے تھا۔

گروپ کے نتائج

31 مارچ، 2021 کو، گروپ کے مجموعی اثاثہ جات کے نتائج کا اگر دسمبر، 2020 کے ایٹ میں (بنیادی اثاثہ) سے موازنہ کیا جائے تو ان میں 2.1% تک اضافہ ہوا۔ نیٹس شیٹ میں ہونے والی بڑھوتری، خاص طور پر اسلاک بینکنگ شعبہ کے اسلاک فنانسنگ، انویسٹمنٹ پورٹ فولیو اور ڈپازٹس میں اضافے کی وجہ سے تھی۔ پالیسی کی شرح میں کمی کے سلسلے میں، گروپ کی نیٹ اسپریڈز آمدن میں زبرجست رواں مدت کے دوران کمی مشاہدہ میں آئی، تاہم گروپ کا بعد از محصل منافع، 31 مارچ، 2021 میں 472 ملین روپے رہا (مارچ 2020: 320 ملین روپے) جو کہ 47.5 فیصد تک بہتر ہوا جو کہ بڑے پیمانے پر درج ذیل سے منسوب ہے: (i) گزشتہ سال کی اسی مدت کے مقابلے میں سال 2021 کی پہلی سہ ماہی کے دوران متاثرہ اثاثہ جات کے حوالے سے فراہمی میں کمی (ii) شکر گنج فوڈ پراڈکٹس لمیٹڈ (منسلک ادارے) کے منافع میں لاک ڈاؤن کے بعد کی مدت کے دوران براؤنڈ ڈبری پراڈکٹس کے حجم کی فروخت کی وصولی اور فروختگی کے نرخ میں اضافے کی وجہ سے ہونے والی بہتری اور (iii) اسٹاک آپٹیمز میں تجارتی حجم کے تجدید نو کی وجہ سے BIPL سکیورٹیز (ڈیلی کپنی) کی جانب سے منافع میں اضافہ۔

بورڈ کی تشکیل:

بورڈ کی موجودہ تشکیل درج ذیل کے مطابق ہے:

ڈائریکٹرز کی مجموعی تعداد 8*

تشکیل:

- | | | |
|---|-------|-------------------------|
| 4 | (i) | آزاد ڈائریکٹرز |
| 3 | (ii) | نان ایگزیکٹیو ڈائریکٹرز |
| 1 | (iii) | ایگزیکٹیو ڈائریکٹر |
| 1 | (a) | خاتون ڈائریکٹر |
| 7 | (b) | مرد ڈائریکٹرز |

* بینک کے ڈائریکٹرز کے نام اس رپورٹ کے کارپوریٹ معلومات سیکشن میں شامل کر دیئے گئے ہیں۔

مالیاتی کارکردگی

31 مارچ، 2021 کو ختم ہونے والی سہ ماہی کے حوالے سے اہم مالیاتی نکات درج ذیل ہیں:

اضافہ	دسمبر 2020	مارچ 2021	کوائف (مالی حیثیت)
	-----روپے بلین میں-----		
1.7%	282,016	286,743	مجموعی ڈپازٹس
2.2%	336,297	343,555	مجموعی اثاثہ جات
17.3%	130,162	152,726	مجموعی فنانسنگ اور متعلقہ اثاثہ جات۔ صافی رخصا
14.7%	95,240	109,267	سرمایہ کاریاں۔ صافی رخصا
-50.6%	53,948	26,674	ٹریڈری اور بینک پلینٹسمٹس
2.7%	19,895	20,438	صافی رخصا اثاثہ جات
-0.3%	343	342	برانچوں کا نیٹ ورک (تعداد)
اضافہ	مارچ 2020	مارچ 2021	کوائف (نفع و نقصان)
	-----روپے بلین میں-----		
-26.4%	3,350	2,467	آمدن اور لاگت میں صافی رخصا فرق
12.1%	272	305	فیس اور کمیشن آمدن
4.3%	2,090	2,180	آپریٹنگ اخراجات
-61.1%	1,760	684	آپریٹنگ منافع جات
-95.8%	1,127	47	سہولیات اور قرض کی معافی۔ صافی رخصا
6.0%	368	390	بعد از حصول منافع
6.0%	0.332	0.352	فی شخص بنیادی آمدن (روپے)

سال 2021 کی پہلی سہ ماہی کے دوران، بینک نے موجودہ کم پالیسی شرح کے حالات سے نمٹنے اور جی ڈی پی میں متوقع اضافہ کو حاصل کرنے کے لیے، کم لاگت ڈپازٹس میں کو بڑھانے پر اپنی توجہ مرکوز رکھی اور اپنی فنانسنگ بک میں اضافہ کیا۔ جبکہ بینک کے ڈپازٹس میں 1.7 فیصد تک اضافہ ہوا جو 286.7 بلین روپے رہا، سال 2021 کی پہلی سہ ماہی کے دوران، کرنٹ اکاؤنٹ اور سیونگز اکاؤنٹ ڈپازٹس کو اگر دسمبر، 2020 کی اختتامی حالت سے موازنہ کیا جائے تو ان میں بالترتیب 5.7% اور 3.4% تک اضافہ ہوا۔ بینک کا ٹرم ڈپازٹس، حساس نرخ ڈپازٹس کی جانب کم توجہ کے باعث دسمبر، 2020 کے مقابلے میں 3.5% تک کم ہو گیا۔ بینک اسلامی نے لاک ڈاؤن کے بعد کے مرحلے کے دوران، حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ مالی معاونت اور سہولت کے نتیجے میں کریڈٹ کے حوالے سے مارکیٹ کی طلب میں اضافے کے ساتھ، بہتر اور مستحکم آمدن کے حصول کے لیے اپنے نئی مارکیٹ سے حاصل کردہ لیکویڈیٹی (سیالیت) کو اسلامک فنانسنگ اور حکومت پاکستان کے حمایت یافتہ صکوک میں منتقل کر دیا۔ اسلامک فنانسنگ کے سلسلے میں بینک، نقصان کے حوالے سے داخلی طور پر طے شدہ تخمینہ جاتی حد بندیاں، تمام اہم محاذوں بنام کارپوریٹ، آٹو اور ہاؤسنگ فنانس پر کامیابی کے ساتھ وسیع ہو گئیں۔ جس کے نتیجے میں صافی رخصا اسلامک فنانسنگ میں 17.3 فیصد کی مجموعی بڑھوتری ہوئی۔ مزید برآں، بینک کی غیر فعال فنانسنگ کا تناسب بھی خاص طور پر فنانسنگ بک میں اضافے کی وجہ سے دسمبر 2020 میں 12.1 فیصد کے مقابلے میں مارچ 2021 کو کم ہو کر 11.2 فیصد

ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

ہم، بورڈ کی طرف سے 31 مارچ، 2021 کو ختم ہونے والی سہ ماہی کے حوالے سے بینک اسلامی پاکستان لمیٹڈ ('بینک اسلامی' یا 'بینک') کی عبوری رپورٹ پیش کرنے پر خوش محسوس کر رہے ہیں۔

معاشی جھلک

دسمبر، 2020 میں سہ ماہی کے دوران، خاص طور پر بجلی کے نرخوں اور شکر اور گندم کی قیمتوں میں ہونے والے اضافے کی وجہ سے افراتفر کی شرح 8.0% سے بڑھ کر 9.1% ہو گئی تھی۔ الحمد للہ، مالی سال 2021 (جولائی، 2020 تا جون 2021) میں مثبت اثرات کے ساتھ صنعت کاری کے شعبہ میں ظاہر ہونے والی بہتری اور COVID سے متعلق مشکلات کا مقابلہ کرنے کے حوالے سے حکومت پاکستان کی جانب سے فراہم کردہ مالیاتی فوائد و سرکات کی وجہ سے مجموعی ملکی پیداوار کی شرح تقریباً 3% تک بڑھنے کی توقع ہے۔ تاہم حکومت کی جانب سے ویکسین لگانے کے پروگرام کے باوجود COVID کی تیسری لہر کی ہنگامی صورتحال کے باعث معاشی محاذ پر تاحال خدشات لاحق ہیں۔ ماٹری پالیسی کمیٹی نے اس کے مطابق مارچ، 2021 میں پالیسی کی شرح کو 7.0% کی شرح پر رکھنے ہوئے اپنا حتمی رہنم آہنگی کا موقف برقرار رکھا۔

جولائی، 2020 سے مارچ، 2021 تک کرنٹ اکاؤنٹ 959 ملین امریکی ڈالر کی اضافی رقم کا حامل رہا، جسے خاص طور پر ترسیلات زر میں اضافے، درآمدات کے حوالے سے طلب میں کمی اور برآمدات کی وصولی سے منسوب کیا گیا ہے۔ مزید برآں بڑھتے ہوئے تجارتی خسارے میں، کرنٹ اکاؤنٹ خسارے کے تاحال جی ڈی پی کے 1 فیصد سے نیچے رہنے کی توقع کے باوجود، سرمایہ جاتی اشیاء اور صنعتی سامان کی درآمدات میں اضافے کی وجہ سے مزید وسعت متوقع ہے۔ گزشتہ نو (09) ماہ کے حوالے سے 2 بلین امریکی ڈالر کی ماہانہ ترسیلات زر (کمپینس)، آئی ایم ایف پروگرام کا دوبارہ آغاز، برآمدات (بالخصوص ٹیکسٹائل) میں اضافہ، امریکی ڈالر کے مقابلے میں، روپے کی قدر کو مستحکم کرنے میں کلیدی اہمیت کا حامل ثابت ہوئے، جو ماہ جون 2020 کے اختتام پر 168 روپے فی امریکی ڈالر کے شرح مبادلہ کے برخلاف اب 154 روپے فی امریکی ڈالر کی سطح سے نیچے ہے۔

فروری 2021 تک نجی شعبہ کے کریڈٹ کی سطح جون، 2020 کے اختتام پر 5,966 بلین روپے کی سطح کے مقابلے میں 6,354 بلین روپے تک بڑھ گئی ہے، جو کہ بنیادی طور پر اسٹیٹ بینک آف پاکستان کی سبسڈائزڈ ری فنانسنگ اسکیمز اور کم شرح سود متعارف کرائے جانے کے سبب ابتدائی طور پر فلکسڈ انویسٹمنٹ لونز اور کزن یومر فنانسنگ کے حوالے سے بڑے پیمانے پر عدم ادائ شدہ کریڈٹ کے سبب تھی۔

ماخذ: اسٹیٹ بینک آف پاکستان

Condensed Interim
Unconsolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter Ended
March 31, 2021

BankIslami Pakistan Limited Condensed Interim Unconsolidated Statement of Financial Position

AS AT MARCH 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	20,165,076	22,034,025
Balances with other banks	7	8,399,450	12,308,269
Due from financial institutions	8	18,275,016	41,640,012
Investments	9	109,267,455	95,239,635
Islamic financing, related assets and advances	10	152,726,479	130,161,889
Fixed assets	11	12,123,536	11,741,506
Intangible assets	12	3,132,867	3,108,498
Deferred tax assets	13	5,619,895	5,824,886
Other assets	14	13,243,863	13,636,969
Non-current assets held for sale	15	601,609	601,609
Total Assets		343,555,246	336,297,298
LIABILITIES			
Bills payable	16	7,303,039	4,949,486
Due to financial institutions	17	15,811,597	16,127,616
Deposits and other accounts	18	286,742,514	282,015,950
Subordinated sukuk	19	2,000,000	2,000,000
Deferred tax liabilities		-	-
Other liabilities	20	11,260,575	11,309,073
		323,117,725	316,402,125
NET ASSETS		20,437,521	19,895,173
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		1,526,894	1,526,894
Surplus on revaluation of assets - net of tax	21	3,181,749	3,030,509
Unappropriated profit		4,720,887	4,329,779
		20,437,521	19,895,173
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 38 form an integral part of these condensed interim unconsolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

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CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2021

	Note	March 31, 2021	March 31, 2020
----- Rupees in '000 -----			
Profit / return earned	23	5,338,723	7,978,585
Profit / return expensed	24	2,871,454	4,628,553
Net Profit / return		<u>2,467,269</u>	<u>3,350,032</u>
OTHER INCOME			
Fee and commission income	25	304,653	271,906
Dividend income		5,170	2,350
Foreign exchange income		61,063	114,127
Gain on securities	26	28,871	105,286
Other income	27	16,386	18,375
Total other income		<u>416,143</u>	<u>512,044</u>
Total Income		<u>2,883,412</u>	<u>3,862,076</u>
OTHER EXPENSES			
Operating expenses	28	2,180,133	2,090,087
Workers' Welfare Fund		18,905	12,213
Other charges	29	45	137
Total other expenses		<u>2,199,083</u>	<u>2,102,437</u>
Profit before provisions		<u>684,329</u>	<u>1,759,639</u>
Provisions and write offs - net Extra ordinary / unusual items	30	47,230	1,126,928
		-	-
PROFIT BEFORE TAXATION		<u>637,099</u>	<u>632,711</u>
Taxation	31	247,170	264,508
PROFIT AFTER TAXATION		<u><u>389,929</u></u>	<u><u>368,203</u></u>
----- Rupees -----			
Basic earnings per share	32	<u>0.3517</u>	<u>0.3321</u>
Diluted earnings per share	32	<u>0.3517</u>	<u>0.3321</u>

The annexed notes 1 to 38 form an integral part of these condensed interim unconsolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	----- Rupees in '000 -----	
Profit after taxation for the period	389,929	368,203
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	152,419	(714,872)
Items that will not be reclassified to profit and loss account in subsequent periods	-	-
Total comprehensive income	<u><u>542,348</u></u>	<u><u>(346,669)</u></u>

The annexed notes 1 to 38 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

	Share capital	Discount on issue of shares	Statutory reserve	Revenue reserve for bad debts & contingencies	Surplus on revaluation of		Unappropriated profit	Total
					Investments	Fixed / Non Banking Assets		
----- Rupees in '000 -----								
Balance as at December 31, 2019	11,087,033	(79,042)	936,267	250,000	2,988,734	1,637,630	2,875,710	19,696,332
Profit after taxation for the quarter ended March 31, 2020	-	-	-	-	-	-	368,203	368,203
Other comprehensive income for the quarter ended March 31, 2020	-	-	-	-	(714,872)	-	-	(714,872)
Total comprehensive income for the quarter ended March 31, 2020	-	-	-	-	(714,872)	-	368,203	(346,669)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(3,199)	3,199	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	(696)	696	-
Balance as at March 31, 2020	11,087,033	(79,042)	936,267	250,000	2,273,862	1,633,735	3,247,808	19,349,663
Profit after taxation for the period from April 01, 2020 to December 31, 2020	-	-	-	-	-	-	1,334,932	1,334,932
Other comprehensive income for the period from April 01, 2020 to December 31, 2020	-	-	-	-	(875,852)	83,150	3,280	(789,422)
Total comprehensive income for the period from April 01, 2020 to December 31, 2020	-	-	-	-	(875,852)	83,150	1,338,212	545,510
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	439	(439)	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	(1,167)	1,167	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(83,658)	83,658	-
Transfer to statutory reserve	-	-	340,627	-	-	-	(340,627)	-
Balance as at December 31, 2020	11,087,033	(79,042)	1,276,894	250,000	1,398,010	1,632,499	4,329,779	19,895,173
Profit after taxation for the quarter ended March 31, 2021	-	-	-	-	-	-	389,929	389,929
Other comprehensive income for the quarter ended March 31, 2021	-	-	-	-	152,419	-	-	152,419
Total comprehensive income for the quarter ended March 31, 2021	-	-	-	-	152,419	-	389,929	542,348
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(833)	833	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	(346)	346	-
Balance as at March 31, 2021	11,087,033	(79,042)	1,276,894	250,000	1,550,429	1,631,320	4,720,887	20,437,521

The annexed notes 1 to 38 form an integral part of these condensed interim unconsolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited Condensed Interim Unconsolidated Cash Flow Statement

FOR THE QUARTER ENDED MARCH 31, 2021

	Note	March 31, 2021	March 31, 2020
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		637,099	632,711
Less: Dividend Income		(5,170)	(2,350)
		<u>631,929</u>	<u>630,361</u>
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		182,279	167,655
Depreciation on non banking assets		1,309	1,449
Depreciation on right-of-use assets		209,441	206,161
Amortization		16,641	17,023
Depreciation on operating Ijarah assets		243,497	704,822
Finance cost on Ijarah (lease) liabilities	24	99,542	108,328
Provisions and write offs - net	30	47,230	1,126,928
Charge for defined benefit plan		31,640	29,032
Loss on sale of property and equipment	27	63	331
		<u>831,642</u>	<u>2,361,729</u>
		1,463,571	2,992,090
Decrease / (increase) in operating assets			
Due from financial institutions		23,364,996	(23,126,260)
Islamic financing and related assets and advances		(22,885,530)	(2,136,113)
Others assets		491,638	(348,005)
		971,104	(25,610,378)
Increase in operating liabilities			
Bills payable		2,353,553	(362,960)
Due to financial institutions		(316,019)	2,495,123
Deposits and other accounts		4,726,564	21,516,690
Other liabilities (excluding current taxation)		(74,729)	(431,495)
		<u>6,689,369</u>	<u>23,217,358</u>
		9,124,044	599,070
Income tax paid		(138,124)	(125,262)
Net cash generated from operating activities		<u>8,985,920</u>	<u>473,808</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(13,862,956)	1,746,778
Dividend received		5,170	2,350
Payment of Ijarah (lease) liability against right-of-use assets		(263,482)	(253,896)
Investments in fixed assets		(601,435)	(73,088)
Investments in intangible assets		(41,010)	(10,211)
Proceeds from disposal of fixed assets	25	25	257
Net cash (used in) / generated from investing activities		<u>(14,763,688)</u>	<u>1,412,190</u>
		(5,777,768)	1,885,998
(Decrease) / increase in cash and cash equivalents		<u>34,342,294</u>	<u>16,517,671</u>
Cash and cash equivalents at the beginning of the period		28,564,526	18,403,669
Cash and cash equivalents at the end of the period		<u>28,564,526</u>	<u>18,403,669</u>

The annexed notes 1 to 38 form an integral part of these condensed interim unconsolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

1 STATUS AND NATURE OF BUSINESS

BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Bank is operating through 342 branches including 81 sub branches as at March 31, 2021 (2020: 343 branches including 81 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited.

Based on financial statements of the Bank for the year ended December 31, 2019, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating at 'A+' and the short-term rating at 'A1' with a stable outlook.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) and notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

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

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2019.
- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services.
- 2.4 SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. 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 carry forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank awaits instructions and issuance of guidelines from SBP for applicability of IFRS - 9 in presence of prevalent regime for classification and calculation of provisioning against non-performing assets. Pakistan Bank's Association (PBA) has requested SBP for the deferment of IFRS 9 till the aforementioned guidelines are issued by SBP. In view of the above situation, the Bank has followed the same accounting policies in respect of classification and measurement of financial instruments as applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2020.
- 2.5 These condensed interim financial statements are separate condensed interim unconsolidated financial statements of the Bank in which investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any, and are not consolidated. The condensed interim consolidated financial statements of the Bank are being issued separately.
- 2.6 The Bank provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Bank.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2020.

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

There are certain standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim unconsolidated financial statements. With regards to adoption of IFRS - 9, explanation has been disclosed in notes 2.4 to these condensed interim unconsolidated financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 per cent' test for de-recognition of financial liabilities	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of International Financial Reporting Standards	January 01, 2014
IFRS 17 – Insurance Contracts	January 01, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

5 FINANCIAL RISK MANAGEMENT

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

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	-----Rupees in '000-----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
- Local currency	7,206,262	6,153,879
- Foreign currency	438,559	601,823
	<u>7,644,821</u>	<u>6,755,702</u>
With the State Bank of Pakistan in:		
- Local currency current account	8,742,223	11,281,084
- Foreign currency deposit accounts:		
- Cash Reserve Account	489,133	431,873
- Special Cash Reserve Account	590,565	522,019
- US Dollar Clearing Account	14,212	21,184
	1,093,910	975,076
With National Bank of Pakistan in:		
- Local currency current account	2,662,207	2,955,558
National Prize Bonds	21,915	66,605
	<u>20,165,076</u>	<u>22,034,025</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan:		
- In current accounts	967	2,361
- In deposit accounts	371	369
	<u>1,338</u>	<u>2,730</u>
Outside Pakistan:		
- In current accounts	3,677,355	8,992,757
- In deposit accounts	4,720,757	3,312,782
	<u>8,399,450</u>	<u>12,308,269</u>

8 DUE FROM FINANCIAL INSTITUTIONS

Note	(Un-audited)			(Audited)			
	March 31, 2021			December 31, 2020			
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total	
----- Rupees in '000 -----							
Secured							
Bai Muajjal Receivable -from Other Financial Institutions	8.1	3,802,787	-	3,802,787	16,888,683	-	16,888,683
Unsecured							
Wakalah Placement	8.2	1,000,000	3,674,119	4,674,119	-	3,073,290	3,073,290
Musharaka Placements	8.3	6,000,000	-	6,000,000	12,000,000	-	12,000,000
Bai Muajjal Receivable -from Banks		-	-	-	4,818,345	-	4,818,345
-from Other Financial Institutions	8.1	3,798,110	-	3,798,110	4,859,694	-	4,859,694
Other placements		26,730	-	26,730	27,540	-	27,540
		<u>14,627,627</u>	<u>3,674,119</u>	<u>18,301,746</u>	<u>38,594,262</u>	<u>3,073,290</u>	<u>41,667,552</u>
Provision against placements	8.4	(26,730)	-	(26,730)	(27,540)	-	(27,540)
		<u>14,600,897</u>	<u>3,674,119</u>	<u>18,275,016</u>	<u>38,566,722</u>	<u>3,073,290</u>	<u>41,640,012</u>

- 8.1 The average return on this product is 5.95% (2020: 6.42% to 10.80%) per annum. The balances have maturities ranging between 30 days to 33 days (2020: 5 days to 46 days). These include Bai Muajjal secured against Federal Government securities received as collateral and having market value of Rs. 3,875 million (2020: Rs. 17,309 million).
- 8.2 These represents foreign & local currency placements and the profit rates on local currency agreement is 7.25% (2020: Nil) and foreign currency agreements range between 0.05% to 1.25% (2020: 0.10% to 1.25%) per annum. The local currency agreement has maturity of 7 days (2020:Nil) and foreign currency agreement have maturities ranging from 7 to 182 days (2020: 6 to 180 days).
- 8.3 The profit rate on these agreements ranges between 7.20% to 7.25% (2020: 7.00% to 7.20%) per annum and the agreements have maturities in the range of 70 to 71 days (2020:14 to 16 days).

8.4 Category of classification

	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	26,730	26,730	27,540	27,540

- 8.4.1 The Bank does not hold overseas classified placements.

9 INVESTMENTS

Note	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	----- Rupees in '000 -----			
Investments - Islamic	9.1 & 9.3	108,689,780	94,661,960	
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	577,675	577,675	
		<u>109,267,455</u>	<u>95,239,635</u>	

Note	(Un-audited)				(Audited)			
	March 31, 2021				December 31, 2020			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
9.1	Islamic Investments by type							
	Available for sale securities							
Federal Government Securities	67,573,580	-	299,087	67,872,667	54,812,890	-	(9,222)	54,803,668
Non Government Shariah Compliant Securities	37,873,602	(35,880)	1,987,070	39,824,792	36,852,598	(35,880)	2,078,535	38,895,253
Shares / Modaraba certificates	332,869	(67,609)	99,119	364,379	332,869	(79,244)	81,472	335,097
	105,780,051	(103,489)	2,385,276	108,061,838	91,998,357	(115,124)	2,150,785	94,034,018
Associates	627,942	-	-	627,942	627,942	-	-	627,942
Total Islamic investments	106,407,993	(103,489)	2,385,276	108,689,780	92,626,299	(115,124)	2,150,785	94,661,960
9.2	Conventional Investments by type*							
	Available for sale securities							
Non Government Debt Securities	263,710	(263,710)	-	-	263,710	(263,710)	-	-
Shares	1,189,030	(611,355)	-	577,675	1,189,030	(611,355)	-	577,675
	1,452,740	(875,065)	-	577,675	1,452,740	(875,065)	-	577,675
	Held to maturity securities							
Non Government Debt Securities	321,601	(321,601)	-	-	321,601	(321,601)	-	-
Associates	1,032,169	(1,032,169)	-	-	1,032,169	(1,032,169)	-	-
Subsidiaries	104,771	(104,771)	-	-	104,771	(104,771)	-	-
Total conventional investments	2,911,281	(2,333,606)	-	577,675	2,911,281	(2,333,606)	-	577,675
9.3	Islamic Investments by segments							
	Federal Government Securities							
GOP Ijarah Sukuks	57,267,744	-	299,087	57,566,831	44,507,054	-	(9,222)	44,497,832
Bai Muajjal	10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
	67,573,580	-	299,087	67,872,667	54,812,890	-	(9,222)	54,803,668
	Non Government Shariah Compliant Securities							
Pakistan Energy Sukuk-I	27,146,945	-	1,832,419	28,979,364	27,503,500	-	1,925,245	29,428,745
Pakistan Energy Sukuk-II	3,409,375	-	17,825	3,427,200	2,000,000	-	12,000	2,012,000
Sukuk certificates - unlisted	7,317,282	(35,880)	136,826	7,418,228	7,349,098	(35,880)	141,290	7,454,508
	37,873,602	(35,880)	1,987,070	39,824,792	36,852,598	(35,880)	2,078,535	38,895,253
Shares								
Ordinary shares of listed companies	332,869	(67,609)	99,119	364,379	332,869	(79,244)	81,472	335,097
Associates - Unlisted								
Shakarganj Food Products Limited	627,942	-	-	627,942	627,942	-	-	627,942
Total	106,407,993	(103,489)	2,385,276	108,689,780	92,626,299	(115,124)	2,150,785	94,661,960

* These assets are related to amalgamated entity. These investments are under process of conversion / liquidation / disposal.

9.3.1 These represents Bank's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

9.3.2 These represents Bank's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR - 10bps.

9.4 Conventional Investments by segments*

	(Un-audited)				(Audited)			
	March 31, 2021				December 31, 2020			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----								
Non Government Debt Securities								
Listed	85,888	(85,888)	-	-	85,888	(85,888)	-	-
Unlisted	499,423	(499,423)	-	-	499,423	(499,423)	-	-
	585,311	(585,311)	-	-	585,311	(585,311)	-	-
Shares								
Unlisted Companies	33,680	(33,680)	-	-	33,680	(33,680)	-	-
Foreign securities								
Equity securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
Associates - Unlisted								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
New Horizon Exploration & Production Limited	558,000	(558,000)	-	-	558,000	(558,000)	-	-
	1,032,169	(1,032,169)	-	-	1,032,169	(1,032,169)	-	-
Subsidiaries								
My Solutions Corporation Limited	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	2,911,281	(2,333,606)	-	577,675	2,911,281	(2,333,606)	-	577,675

* These assets are related to amalgamated entity. These investments are under process of conversion / liquidation / disposal.

	Note	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
-----Rupees in '000-----			
9.5 Investments given as collateral			
Federal Government Securities		5,000,000	5,000,000
9.6 Provision for diminution in value of investments			
9.6.1 Opening balance		2,448,730	2,461,080
Charge / (reversal)			
Charge for the period / year		2,886	-
Reversals for the period / year		(14,521)	(12,350)
Provision for diminution in value of investments - net	30	(11,635)	(12,350)
Closing Balance	9.6.1.1	2,437,095	2,448,730

9.6.1.1 Break up of provision for diminution in the value of investments is as follows:

Investments - Islamic	103,489	115,124
Investments - Conventional	2,333,606	2,333,606
	2,437,095	2,448,730

9.6.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
-----Rupees in '000-----				
Domestic				
Loss	897,442	621,191	897,442	621,191
Total	897,442	621,191	897,442	621,191

9.6.2.1 The Bank does not hold overseas classified debt securities.

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

	Note	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
-----Rupees in '000-----			
Islamic financing and related assets - net	10.1	152,482,444	129,896,587
Advances (relating to amalgamated entity) - net	10.2	244,035	265,302
		<u>152,726,479</u>	<u>130,161,889</u>

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

10.1 ISLAMIC FINANCING AND RELATED ASSETS						
In Pakistan						
- Running Musharakah	10.11	53,885,529	39,189,963	1,613,510	1,668,510	55,499,039
- Diminishing Musharakah financing and related assets - Others	10.3	30,025,088	28,935,891	2,160,512	1,491,171	32,185,600
- Diminishing Musharakah financing and related assets - Auto		17,098,714	14,336,290	1,98,845	223,763	17,297,559
- Diminishing Musharakah - Housing		14,980,965	13,446,210	1,708,757	1,631,646	16,689,722
- Istisna financing and related assets	10.5 & 10.10	11,905,733	11,397,127	1,059,949	1,022,049	12,965,682
- Murabahah financing and related assets	10.6 & 10.9	6,660,406	3,496,899	406,124	440,795	7,066,530
- Investment Agency Wakalah		6,250,000	6,250,000	-	-	6,250,000
- Muswammah financing and related assets / Karobar financing	10.4	5,471,968	8,380,530	3,959,680	3,024,150	9,431,648
- Ijarah financing under IPAS 2 and related assets	10.7	1,264,099	1,573,616	160,547	186,736	1,424,646
- Financing against Bills		779,247	23,236	-	-	779,247
- Musharakah financing		280,000	280,000	-	-	280,000
- Murabahah against Bills		191,340	72,092	892	892	192,232
- Net investment in Ijarah financing in Pakistan		131,825	143,162	-	-	131,825
- Salan	10.8	89,902	109,900	-	-	89,902
- Housing finance portfolio - others		33,898	33,897	-	-	33,898
- Past Due Acceptance		29,153	29,153	-	-	29,153
- Qardh e Hasana		901	946	532,352	541,060	533,253
Gross financing and related assets		<u>149,078,768</u>	<u>127,698,912</u>	<u>11,801,168</u>	<u>10,230,772</u>	<u>160,879,936</u>
Less: Provision against non-performing Islamic financing and related assets						
- Specific	10.13 & 10.14	-	-	(7,596,039)	(7,231,104)	(7,596,039)
- General	10.13 & 10.14	(801,453)	(801,993)	-	-	(801,453)
				(7,596,039)	(7,231,104)	(8,397,492)
Islamic financing and related assets-net of provisions		<u>148,277,315</u>	<u>126,896,919</u>	<u>4,205,129</u>	<u>2,999,668</u>	<u>152,482,444</u>
10.2 ADVANCES						
Loans, cash credits, running finances, etc. - In Pakistan*	103.156	110,380	5,708,478	6,009,473	5,811,634	6,119,853
Net investment in finance lease - In Pakistan		-	582,185	582,185	582,185	582,185
Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		-	706,325	706,325	706,325	706,325
Advances - gross		<u>110,380</u>	<u>6,996,988</u>	<u>7,297,983</u>	<u>7,100,144</u>	<u>7,408,363</u>
Provision against advances						
- Specific	10.13 & 10.14	-	-	(6,959,510)	(7,260,504)	(6,959,510)
- General	10.13 & 10.14	(55)	(55)	-	-	(55)
		(55)	(55)	(6,959,510)	(7,260,504)	(6,959,565)
Advances - net of provision		<u>110,325</u>	<u>6,941,433</u>	<u>6,338,473</u>	<u>6,839,640</u>	<u>7,260,559</u>
Fair value adjustment	10.15	-	103,456	117,498	103,456	117,498
Advances - net of provision and fair value adjustment		<u>110,325</u>	<u>7,044,889</u>	<u>6,455,971</u>	<u>6,943,096</u>	<u>7,478,057</u>

* This includes non-interest bearing performing financing facilities amounting to Rs. 103.043 million (2020: Rs. 106.507 million).

	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
-----Rupees in '000-----		
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	31,168,450	30,180,621
Advance against Diminishing Musharakah financing	1,017,150	246,441
	<u>32,185,600</u>	<u>30,427,062</u>
10.4 Muswammah financing and related assets / Karobar financing		
Muswammah financing	7,318,523	8,036,816
Advance against Muswammah financing	195	205,000
Muswammah inventories	2,112,930	3,162,864
	<u>9,431,648</u>	<u>11,404,680</u>
10.5 Istisna financing and related assets		
Istisna financing	7,709,266	4,131,021
Advance against Istisna financing	5,256,416	8,254,755
Istisna inventories	-	33,400
	<u>12,965,682</u>	<u>12,419,176</u>
10.6 Murabahah financing and related assets		
Murabahah financing	4,194,280	2,292,974
Deferred murabahah income	119,700	71,613
Advances against Murabaha financing	1,225,212	252,008
Murabaha Inventories	1,527,338	1,321,099
	<u>7,066,530</u>	<u>3,937,694</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	1,423,973	1,759,670
Advance against Ijarah financing	673	682
	<u>1,424,646</u>	<u>1,760,352</u>
10.8 Salam		
Salam financing	5,000	-
Advance against Salam	84,902	109,900
	<u>89,902</u>	<u>109,900</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. 138.598 million (2020: Rs. 139.750 million) and advance amounting to Nil (2020: Rs. 80 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 1,074.438 million (2020: Rs. 154.188 million) and advance amounting to Rs. 405 million (2020: Rs. 1,580 million) under Islamic Export Refinance Scheme.		
10.11 Running musharakah financing includes financing amounting to Rs. 1,742 million (2020: 1,492 million) under Islamic Export Refinance Scheme.		
	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
-----Rupees in '000-----		
10.12 Particulars of Islamic financing and related assets and advances - gross		
In local currency	167,371,714	144,618,552
In foreign currency	608,366	719,495
	<u>167,980,080</u>	<u>145,338,047</u>

10.13 Islamic financing and related assets and advances include Rs. 18,798.156 million (2020: Rs. 17,528.755 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	468,642		149,428	-
Substandard	1,943,246	444,684	485,371	34,915
Doubtful	1,680,961	506,646	1,947,553	536,216
Loss	14,705,307	13,604,218	14,946,403	13,920,477
Total	18,798,156	14,555,549	17,528,755	14,491,608

10.13.1 The Bank does not hold overseas classified non performing Islamic financing, related assets and advances.

10.14 Particulars of provision against non-performing Islamic financing, related assets and advances:

Note	(Un-audited)			(Audited)		
	March 31, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	14,491,608	802,048	15,293,656	12,726,980	337,812	13,064,792
Charge for the period / year 10.14.3	464,100	(540)	463,560	2,181,260	464,236	2,645,496
Reversals for the period / year 10.14.4	(400,159)		(400,159)	(416,632)	-	(416,632)
	63,941	(540)	63,401	1,764,628	464,236	2,228,864
Closing balance	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656
10.14.1						
Islamic	7,596,039	801,453	8,397,492	7,231,104	801,993	8,033,097
Conventional	6,959,510	55	6,959,565	7,260,504	55	7,260,559
	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656

10.14.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	----- Rupees in '000 -----			
Gross reversals for the period / year			400,159	416,632
Charge for the period / year			(463,560)	(2,645,496)
			(63,401)	(2,228,864)
Fair value adjusted - net			(14,042)	(1,361)
Net charge taken to the profit and loss account			(77,443)	(2,230,225)

10.14.3 Particulars of provision against non-performing Islamic financing and related assets and advances:

In local currency	(Un-audited)			(Audited)		
	March 31, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656
	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656

- 10.14.4** The Bank maintains general reserve (provision) amounting to Rs. 401.508 million (2020: 352.048 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. In addition the Bank carries general provision of Rs. 400 million (December 31, 2020: 450 million) as a matter of prudence based on management estimate.
- 10.14.5** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2021 amounts to Rs. 872.378 million (2020: Rs. 890.288 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 532.150 million (2020: Rs. 543.076 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.
- 10.15** Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by the Independent consultant.
- 10.16** Total gross financing and related assets includes financing amounting to Rs. 2,682.885 million, Rs. 31.89 million and Rs. 93.112 million, under "Islamic refinance scheme for payment of wages and salaries", "Islamic refinance scheme for combating COVID (IRFCC)" and "Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)", respectively.

	Note	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
-----Rupees in '000-----			
11			
FIXED ASSETS			
Capital work-in-progress	11.1	684,200	179,270
Property and equipment	11.2 & 11.3	8,489,735	8,575,597
Right of use assets	11.2	2,949,601	2,986,639
		12,123,536	11,741,506

11.1 Capital work-in-progress

Advances to suppliers and contractors

Advance for acquiring properties:

- Office premises

130,341	138,670
1,275,762	762,503
1,406,103	901,173
(721,903)	(721,903)
684,200	179,270

Provision for impairment against advance for acquiring floors / office premises

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

11.2 Additions to fixed assets

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

Capital work-in-progress

49,575 139,382

Property and equipment

Leasehold Building

Furniture and fixture

Electrical office and computer equipment

Vehicles

8,488	-
17,226	79,693
69,860	66,718
-	4,014
95,573	150,425

Right of use assets

Leasehold Building

77,774 21,578

Total

222,922 311,385

11.3 Disposal of fixed assets

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

Furniture and fixture

- 4

Electrical office and computer equipment

73 585

Total

73 589

12 INTANGIBLE ASSETS

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Computer software	161,806	136,869
Core deposits	26,764	27,332
Goodwill	2,944,297	2,944,297
	<u>3,132,867</u>	<u>3,108,498</u>

12.1 Additions to intangible assets

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

	(Un-audited)	(Audited)
	March 31, 2021	March 31, 2020
	----- Rupees in '000 -----	
- Directly purchased	41,875	10,211

12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period.

13 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
Accumulated tax losses	2,647,684	2,748,819
Provision for diminution in the value of investments	326,246	326,246
Provision against non-performing Islamic financing and related assets and advances	3,708,949	3,797,882
Ijarah financing and related assets	228,745	207,080
Accelerated tax depreciation	83,044	61,891
Others	270,385	263,243
	<u>7,265,053</u>	<u>7,405,161</u>

Taxable Temporary Differences on:

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
Fair value adjustments relating to net assets acquired upon amalgamation	(174,664)	(191,218)
Surplus on revaluation of fixed assets	(621,450)	(621,899)
Surplus on revaluation of non-banking assets	(14,197)	(14,383)
Surplus on revaluation of available for sale securities	(834,847)	(752,775)
	<u>(1,645,158)</u>	<u>(1,580,275)</u>
	<u>5,619,895</u>	<u>5,824,886</u>

13.1 The Bank has aggregate tax losses of Rs. 7,564.810 million as at March 31, 2021 (2020: Rs. 7,853.768 million) which includes tax losses of the amalgamated entity. The management has carried out an assessment for estimating the benefit of these losses. The Bank would be able to set off the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs. 2,647.684 million (2020: Rs. 2,748.819 million). The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the Board of Directors. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing loans and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

14 OTHER ASSETS

Note	(Un-audited)		(Audited)	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	-----Rupees in '000-----			
	8,247,404	8,121,504	8,247,404	8,121,504
Profit / return accrued in local currency	9,930	7,772	9,930	7,772
Profit / return accrued in foreign currency	635,476	951,923	635,476	951,923
Advances, deposits, advance rent and other prepayments	2,148,981	2,149,758	2,148,981	2,149,758
Non-banking assets acquired in satisfaction of claims	35,122	30,985	35,122	30,985
Takaful / insurance claim receivable	50,000	50,000	50,000	50,000
Receivable against First WAPDA Sukuk	2,182,069	2,392,561	2,182,069	2,392,561
Acceptances	174,887	60,489	174,887	60,489
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts	-	814,546	-	814,546
Amount held with financial institution	403,151	419,274	403,151	419,274
Others	13,887,020	14,998,812	13,887,020	14,998,812
Less: Provision held against other assets	(868,933)	(1,588,151)	(868,933)	(1,588,151)
Other Assets (Net of Provision)	13,018,087	13,410,661	13,018,087	13,410,661
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	225,776	226,308	225,776	226,308
Other assets - total	13,243,863	13,636,969	13,243,863	13,636,969
Market value of non-banking assets acquired in satisfaction of claims	1,670,078	1,671,387	1,670,078	1,671,387

14.1 Provision held against other assets

Advances, deposits, advance rent & other prepayments	26,692	26,692	26,692	26,692
Non banking assets acquired in satisfaction of claims	704,679	704,679	704,679	704,679
Amount held with financial institution	-	719,218	-	719,218
Others	137,562	137,562	137,562	137,562
14.1.1	868,933	1,588,151	868,933	1,588,151

14.1.1 Movement in provision held against other assets

Opening balance	1,588,151	1,253,182	1,588,151	1,253,182
Charge for the period / year	-	369,238	-	369,238
Reversals for the period / year	(17,768)	(34,269)	(17,768)	(34,269)
Adjustment during the period / year	(701,450)	-	(701,450)	-
Closing balance	868,933	1,588,151	868,933	1,588,151

15 NON-CURRENT ASSETS HELD FOR SALE

On April 25, 2019, the Board of Directors announced their decision on Pakistan Stock Exchange to explore and evaluate the strategic options including divestment of shares held by the Bank in one or more associated and subsidiary companies. Subsequently, after following a detail process, the Bank has identified buyers and signed a Share Purchase Agreement with respect to sale of its investment in BankIslami Modaraba Investment Limited and BIPL Securities Limited. The buyers have made payment of 25% of the sale consideration in advance (refer note 20). Currently, the Bank and respective buyers are in the process of arranging regulatory approvals. The Bank expects the completion of sale transactions during the year. Accordingly, these investments have been classified as held for sale.

	(Un-audited)		(Audited)	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	-----Rupees in '000-----			
Islamic Investment				
BankIslami Modaraba Investments Limited	78,808	78,808	78,808	78,808
Conventional Investment				
BIPL Securities Limited	522,801	522,801	522,801	522,801
	601,609	601,609	601,609	601,609

16 BILLS PAYABLE

	(Un-audited)		(Audited)	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	-----Rupees in '000-----			
In Pakistan	7,303,039	4,949,486	7,303,039	4,949,486
	7,303,039	4,949,486	7,303,039	4,949,486

17 DUE TO FINANCIAL INSTITUTIONS

	(Un-audited)		(Audited)	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	-----Rupees in '000-----			
Secured				
Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	3,199,000	3,622,550		
Acceptances from State Bank of Pakistan for financial assistance	3,453,229	3,375,410		
Refinance facility for Islamic Mortgage	2,899,742	1,989,031		
Islamic refinance scheme for payment of wages and salaries	2,684,778	2,805,692		
Islamic refinance scheme for combating COVID (IRFCC)	31,895	31,895		
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	42,953	3,038		
Total secured	12,311,597	11,827,616		
Unsecured				
Wakalah Acceptance	-	4,300,000		
Musharakah Acceptance	3,500,000	-		
Total unsecured	3,500,000	4,300,000		
	15,811,597	16,127,616		

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	March 31, 2021			December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	91,368,346	3,086,929	94,455,275	87,643,313	3,068,383	90,711,696
Savings deposits	75,261,799	3,479,000	78,740,799	74,101,851	3,615,238	77,717,089
Term deposits	88,742,313	2,959,044	91,701,357	91,499,914	1,630,147	93,130,061
Others	4,324,204	53,006	4,377,210	2,701,340	56,786	2,758,126
	259,696,662	9,577,979	269,274,641	255,946,418	8,370,554	264,316,972
Financial Institutions						
Current deposits	278,545	11,806	290,351	286,076	3,880	289,956
Savings deposits	9,573,522	-	9,573,522	7,665,522	-	7,665,522
Term deposits	7,604,000	-	7,604,000	9,743,500	-	9,743,500
	17,456,067	11,806	17,467,873	17,695,098	3,880	17,698,978
	277,152,729	9,589,785	286,742,514	273,641,516	8,374,434	282,015,950

19 SUBORDINATED SUKUK

19.1 The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

19.2 Salient features of the ADT-1 sukuk are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this sukuk at 'A-' (A minus).
Security	Unsecured
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Call option	The Bank may, at its sole discretion, call the sukuk, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	Profit on the sukuk shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements.
Loss absorbency clause	The sukuk shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written-off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

19.3 The funds raised through this instrument are being utilized towards Bank's General Pool, that is, financing and investment activities as permitted by Bank's Memorandum and Articles of Association. With permission of Sukuk holders, the proceeds of this issue have been commingled with other funds of the depositors (which may include Bank's own equity) i.e. invested in General Pool of the Bank.

20 OTHER LIABILITIES

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	-----Rupees in '000-----	
Profit / return payable in local currency	1,647,425	1,733,220
Profit / return payable in foreign currencies	15,914	14,583
Accrued expenses	717,606	877,787
Deferred Murabahah Income - Financing and IERS	130,515	104,322
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	29,136	2,876
Defined Benefit Plan liabilities	163,378	131,738
Security deposits against Ijarah	1,029,167	1,122,450
Ijarah (lease) Liability	3,452,336	3,443,873
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	2,182,069	2,392,561
Receipt appropriation account	71,280	6,638
Current taxation (provisions less payments)	185,409	199,281
Provision against other tax liabilities	151,933	146,409
Sundry creditors	260,747	190,839
Charity payable	7,521	14,712
Retention money payable	7,361	10,167
Provision for Workers' Welfare Fund	142,069	123,164
Branch adjustment account	248,245	-
Rental received in advance	293,243	348,243
Advance against disposal of Non current asset held for sale	188,303	188,303
Others	246,266	167,255
	11,260,575	11,309,073

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Available for sale securities	9.1	2,385,276	2,150,785
Fixed Assets		2,041,191	2,042,473
Non-banking assets acquired in satisfaction of claims	14	225,776	226,308
		4,652,243	4,419,566

Deferred tax liability on surplus on revaluation of:

Available for sale securities	13	(834,847)	(752,775)
Fixed Assets		(621,450)	(621,899)
Non-banking assets acquired in satisfaction of claims		(14,197)	(14,383)
		(1,470,494)	(1,389,057)
		3,181,749	3,030,509

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	8,924,081	10,342,243
- Commitments	22.2	18,720,736	10,298,481
- Other contingent liabilities	22.3	1,353,580	1,360,580
		28,998,397	22,001,304

22.1 Guarantees:

Financial guarantees		-	84,182
Performance guarantees		3,367,613	5,888,773
Other guarantees		5,556,468	4,369,288
		8,924,081	10,342,243

22.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit		16,990,882	12,003,211
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Commitments in respect of:

- Shariah compliant alternative of forward foreign exchange contracts	22.2.1	(6,347,240)	(9,435,135)
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Commitments for acquisition of:

- fixed assets		268,525	232,703
- intangible assets		26,948	15,559
Other commitments	22.2.2	7,781,621	7,482,143
		18,720,736	10,298,481

	Note	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
22.2.1	Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts		
	Purchase	6,076,681	11,389,226
	Sale	(12,423,921)	(20,824,361)
		(6,347,240)	(9,435,135)
22.2.2	Other commitments		
	Bills for collection	7,781,621	7,482,143
22.3	Other contingent liabilities		
	Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt	4,200	11,200
	Tax Contingencies	1,349,380	1,349,380
		1,353,580	1,360,580
22.3.1	There is no change in the status of contingencies related to pending legal cases, as set out in note 26.3.1 to 26.3.1.4 to the financials statements of the Bank for the year ended December 31, 2020 except for note 26.3.1.4 where the legal formalities have been completed and settlement with international payment scheme has been concluded. The financial effects of the settlement has been recorded in these unconsolidated condensed interim financial statements (refer note 14).		
22.3.2	There is no change in the status of tax and other contingencies, as set out in note 26.3.2 to the annual financial statements of the Bank for the year ended December 31, 2020.		
		----- (Un-audited) -----	
		March 31, 2021	March 31, 2020
		----- Rupees in '000 -----	
23	PROFIT / RETURN EARNED		
	Profit earned on:		
	Financing	2,813,473	4,207,041
	Investments	1,677,268	1,372,064
	Placements	818,451	2,368,802
	Others	29,531	30,678
		5,338,723	7,978,585
24	PROFIT / RETURN EXPENSED		
	Deposits and other accounts	2,518,945	4,249,568
	Due to financial institutions	203,262	200,611
	Cost of foreign currency swaps against foreign currency deposits	-	650
	Finance cost on Ijarah (lease) liabilities	99,542	108,328
	Additional Tier-1 sukuk	49,705	69,396
		2,871,454	4,628,553
25	FEE AND COMMISSION INCOME		
	Branch banking customer fees	12,271	11,810
	Commission on bancatakaful	50,739	31,762
	Card related fees	81,810	64,633
	Commission on arrangement with financial institutions	24,002	13,949
	Consumer finance related fees	18,157	11,969
	Commission on guarantees	29,255	7,986
	Investment banking fees	28,849	80,427
	Commission on cash management	1,195	725
	Commission on remittances including home remittances	7,777	8,948
	Commission on trade	48,708	34,212
	Others	1,890	5,485
		304,653	271,906

	Note	----- (Un-audited) -----	
		March 31, 2021	March 31, 2020
-----Rupees in '000-----			
26 GAIN ON SECURITIES			
Realized gain	26.1	28,871	105,286
26.1 Realized gain on:			
Non-Government Shariah compliant Securities		28,871	105,286
27 OTHER INCOME			
Rent on property		232	718
Gain on termination of financing		13,849	16,987
Loss on sale of property and equipment		(63)	(331)
Recoveries against previously expensed items		867	620
Others		1,501	381
		<u>16,386</u>	<u>18,375</u>
28 OPERATING EXPENSES			
Total compensation expense		984,424	885,526
Property expense			
Rent & taxes		21,066	19,316
Takaful / Insurance		967	879
Utilities cost		81,714	73,044
Security (including guards)		79,933	87,843
Repair & maintenance (including janitorial charges)		52,108	44,348
Depreciation		81,811	73,745
Depreciation on right-of-use assets		209,441	206,161
		<u>527,040</u>	<u>505,336</u>
Information technology expenses			
Software maintenance		66,402	46,772
Hardware maintenance		6,809	24,142
Depreciation		54,493	48,425
Amortization		16,071	16,453
Network charges		40,626	42,402
		<u>184,401</u>	<u>178,194</u>
Other operating expenses			
Directors' fees and allowances		4,280	3,750
Fees and allowances to Shariah Board		4,354	3,339
Legal & professional charges		29,466	20,316
Travelling & conveyance		11,002	14,221
NIFT clearing charges		6,610	6,185
Depreciation		45,975	45,485
Depreciation on non banking assets		1,309	1,449
Entertainment expense		16,596	16,155
Training & development		1,179	3,133
Postage & courier charges		10,751	32,630
Communication		7,717	7,646
Stationery & printing		38,346	70,103
Marketing, advertisement & publicity		31,021	41,515
Repairs and maintenance		28,614	23,408
Takaful, tracker and other charges on car Ijarah		69,739	24,763
Takaful / Insurance		59,895	83,948
Fee and subscription		40,147	37,343
Vehicle running and maintenance		36,611	41,282
Donation		1,100	600
Auditors' remuneration		3,613	3,285
Amortization		570	570
CDC and share registrar services		2,208	2,413
Brokerage and commission		6,753	7,113
Stamp duty, registration & verification charges		16,356	6,231
Others		10,056	24,148
		<u>484,268</u>	<u>521,031</u>
		<u>2,180,133</u>	<u>2,090,087</u>

		----- (Un-audited) -----	
		March 31, 2021	March 31, 2020
		-----Rupees in '000-----	
29	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	45	137
30	PROVISIONS AND WRITE OFFS - NET		
	Provision for diminution in value of investments and due from financial institutions	(12,445)	4,717
	Provision against Islamic financing and related assets and advances - net	77,443	754,799
	Other provisions / (reversal) / write offs - net	(17,768)	367,412
		<u>47,230</u>	<u>1,126,928</u>

31 TAXATION

	Current year	124,252	180,162
	Deferred	122,918	84,346
		<u>247,170</u>	<u>264,508</u>

32 BASIC AND DILUTED EARNINGS PER SHARE

		----- (Un-audited) -----	
		March 31, 2021	March 31, 2020
		-----Rupees in '000-----	
	Profit after taxation for the period	389,929	368,203
		----- Number of shares -----	
	Weighted average number of ordinary shares in issue	1,108,703,299	1,108,703,299
		----- Rupees -----	
	Earnings per share - basic / diluted	0.3517	0.3321

32.1 There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2021 and March 31, 2020.

33 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity or investments in subsidiaries & associates, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted Shariah compliant securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

33.1 Fair value of financial assets

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

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

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

(Un-audited)			
March 31, 2021			
Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	364,379	-	-	364,379
GOP Ijara Sukuk	-	57,566,831	-	57,566,831
Non-Government Shariah compliant Securities	32,406,564	7,418,228	-	39,824,792
Non-current assets held for sale	-	-	601,609	601,609

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,454,788	6,454,788
Non-banking assets	-	-	1,670,078	1,670,078

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	9,818,819	-	9,818,819
Shariah compliant alternative of forward sale of foreign exchange	-	34,221,529	-	34,221,529

(Audited)			
December 31, 2020			
Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	335,097	-	-	335,097
GOP Ijara Sukuk	-	44,497,832	-	44,497,832
Non-Government Shariah compliant Securities	31,440,745	7,454,508	-	38,895,253
Non-current assets held for sale	-	-	601,609	601,609

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,491,725	6,491,725
Non-banking assets	-	-	1,671,387	1,671,387

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	11,246,372	-	11,246,372
Shariah compliant alternative of forward sale of foreign exchange	-	20,631,765	-	20,631,765

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
WAPDA Sukuks	Investment in WAPDA Sukuks are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Operating fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets	Non banking assets are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.

33.2 The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 from last year.

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

(Un-audited)
March 31, 2021

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	2,040,200	(1,633,854)	2,081,145	(20,221)	2,467,269
Inter segment revenue - net	(1,866,706)	3,719,380	(1,804,331)	(48,344)	-
Total other income	119,107	185,825	108,676	2,535	416,143
Total Income	292,601	2,271,351	385,490	(66,030)	2,883,412
Segment direct expenses	19,506	1,453,818	79,601	646,158	2,199,083
Inter segment expense allocation	34,041	337,052	180,623	(551,715)	-
Total expenses	53,546	1,790,870	260,224	94,443	2,199,083
Provisions / (reversals)	(6,272)	21,596	48,620	(16,714)	47,230
Profit / (loss) before tax	245,326	458,885	76,646	(143,759)	637,099

(Un-audited)
March 31, 2021

Balance Sheet	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	17,008,941	11,555,585	-	-	28,564,526
Investments	109,267,455	-	-	-	109,267,455
Net inter segment placements	-	233,057,133	-	2,846,643	235,903,776
Due from financial institutions	18,275,016	-	-	-	18,275,016
Islamic financing and related assets - performing	-	28,861,418	116,668,967	2,850,031	148,380,416
- non-performing	-	1,289,368	2,895,758	160,937	4,346,063
Others	612,149	7,553,161	2,750,951	23,805,509	34,721,770
Total Assets	145,163,561	282,316,665	122,315,676	29,663,120	579,459,022
Liabilities					
Due to financial institutions	6,953,229	2,899,742	5,958,626	-	15,811,597
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	16,503,902	270,238,612	-	-	286,742,514
Net inter segment acceptances	121,666,764	-	114,237,012	-	235,903,776
Others	39,665	9,179,535	2,126,212	7,218,202	18,563,614
Total liabilities	145,163,560	282,317,889	122,321,850	9,218,202	559,021,501
Equity				20,436,564	20,437,521
Total Equity & liabilities	145,163,560	282,317,889	122,321,850	29,654,766	579,459,022
Contingencies & Commitments	(6,347,240)	-	25,914,963	9,430,674	28,998,397

(Un-audited)
March 31, 2020

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	2,734,139	(2,686,621)	3,271,971	30,543	3,350,032
Inter segment revenue - net	(2,688,245)	5,872,733	(3,184,488)	-	-
Total other income	261,671	137,502	125,267	(12,396)	512,044
Total Income	307,565	3,323,614	212,750	18,147	3,862,076
Segment direct expenses	9,210	1,330,077	48,411	714,738	2,102,437
Inter segment expense allocation	30,994	513,519	151,390	(695,903)	-
Total expenses	40,205	1,843,596	199,801	18,835	2,102,437
Provisions	4,684	24,744	730,088	367,412	1,126,928
Profit / (loss) before tax	262,676	1,455,274	(717,139)	(368,100)	632,711

(Audited)
December 31, 2020

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	23,781,391	10,560,903	-	-	34,342,294
Investments	95,239,635	-	-	-	95,239,635
Net inter segment placements	-	232,280,589	-	2,801,703	235,082,292
Due from financial institutions	41,640,012	-	-	-	41,640,012
Islamic financing and related assets - performing	-	24,718,161	99,668,978	2,887,371	127,274,510
- non-performing	-	1,265,885	1,505,851	115,643	2,887,379
Others	1,144,752	5,271,853	5,430,218	23,066,645	34,913,468
Total Assets	161,805,790	274,097,391	106,605,047	28,871,362	571,379,590
Liabilities					
Due to financial institutions	7,675,410	1,989,031	6,463,175	-	16,127,616
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	16,691,764	265,324,186	-	-	282,015,950
Net inter segment acceptances	137,226,369	-	97,855,923	-	235,082,292
Others	133,484	6,784,172	2,437,698	6,903,205	16,258,559
Total liabilities	161,727,027	274,097,389	106,756,796	8,903,205	551,484,417
Equity	-	-	-	19,895,173	19,895,173
Total Equity & liabilities	161,727,027	274,097,389	106,756,796	28,798,378	571,379,590
Contingencies & Commitments	(9,435,135)	-	22,345,454	9,090,985	22,001,304

35 RELATED PARTY TRANSACTIONS

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

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

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

	(Un-audited)					(Audited)				
	March 31, 2021					December 31, 2020				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments / Non-current assets held for sale										
Opening balance	-	-	706,380	1,660,111	-	-	-	2,690,723	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	(1,984,343)	-	-
Closing balance	-	-	706,380	1,660,111	-	-	-	706,380	1,660,111	-
Provision for diminution in value of investments	-	-	(104,771)	(1,032,169)	-	-	-	(104,771)	(1,032,169)	-
Islamic financing and related assets										
Opening balance	19,239	305,603	192,779	489,677	496,392	22,538	194,707	154,779	525,179	1,193,862
Addition during the period / year	-	7,048	579,000	3,675	1,639,661	-	180,438	780,000	92,048	3,216,340
Repaid during the period / year	(929)	(5,976)	(619,500)	(8,088)	(1,274,821)	(3,299)	(66,942)	(742,000)	(127,550)	(3,404,538)
Transfer in / (out) - net	-	(61,371)	-	-	-	-	(2,600)	-	-	(509,282)
Closing balance	18,310	245,304	152,279	485,264	861,232	19,239	305,603	192,779	489,677	496,392
Other Assets										
Profit receivable on financings	120	8	1,391	19,263	10,098	812	167	-	1,626	3,153
Subordinated sukuk										
Opening balance	-	1,015	-	-	-	-	10,000	-	-	-
Issued / subscribed during the period / year	-	-	-	-	-	-	15	-	-	-
Redemption / Sold during the period / year	-	-	-	-	-	-	(9,000)	-	-	-
Closing balance	-	1,015	-	-	-	-	1,015	-	-	-
Deposits and other accounts										
Opening balance	18,887	25,210	704,601	85,142	1,171,529	3,534	6,260	269,777	82,086	1,062,262
Received during the period / year	1,884	76,917	11,261,682	393,095	2,072,943	96,690	694,472	23,549,788	1,641,620	8,820,606
Withdrawn during the period / year	(15,756)	(73,932)	(11,337,209)	(402,927)	(2,073,056)	(81,169)	(675,522)	(23,114,034)	(1,638,684)	(8,711,343)
Transfer in / (out) - net	-	(840)	-	-	-	(168)	-	(930)	120	4
Closing balance	5,015	27,355	629,074	75,310	1,171,416	18,887	25,210	704,601	85,142	1,171,529
Other Liabilities										
Profit / return payable	2	386	3,628	707	7,194	2	160	3,972	689	7,141
Meeting Fee / Remuneration Payable	1,640	-	-	-	-	2,260	-	-	-	-
Contingencies and Commitments										
Other contingencies	-	-	-	8,595	124,217	-	-	-	-	279,802

	(Un-audited)					(Un-audited)				
	March 31, 2021					March 31, 2020				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Profit / return earned	476	2,123	8,532	7,597	22,033	845	2,261	6,824	11,214	30,063
Other income	-	1,090	232	-	-	-	629	93	-	-
Expense										
Profit / return expensed	13	396	16,190	989	27,463	4	166	9,506	117	37,361
Other administrative expenses	-	509	178	-	1,757	1,200	350	277	-	-
Meeting Fee / Remuneration	4,280	86,806	-	-	-	3,750	42,845	-	-	-
Contribution to employees provident fund	-	-	-	-	33,756	-	-	-	-	24,563
Charge for defined benefit plan	-	-	-	-	31,640	-	-	-	-	29,032

36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The State Bank of Pakistan vide its letter no BPRD/BA&CP/649/3634/2019 dated February 15, 2019 has advised the Bank to apply regulatory deductions with respect to the balance sheet amount of "Goodwill" and "Deferred Tax Assets" pertaining to Defunct KASB Bank in the year ending 31 December 2019, 31 December 2020, 31 December 2021 at the cumulative rate of 25%, 60% and 100% respectively. Accordingly, the amounts of goodwill and deferred tax asset pertaining to defunct KASB Bank Limited have been deducted at the rate of 60% from CET 1 capital as at 31 December 2020.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----		
Minimum Capital Requirement (MCR):		
Paid-up Capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	13,594,715	13,347,239
Eligible Additional Tier 1 (ADT 1) Capital	2,000,000	2,000,000
Total Eligible Tier 1 Capital	15,594,715	15,347,239
Eligible Tier 2 Capital	4,827,029	4,779,847
Total Eligible Capital (Tier 1 + Tier 2)	20,421,744	20,127,086
Risk Weighted Assets (RWAs):		
Credit Risk	111,830,297	103,520,752
Market Risk	1,596,200	956,425
Operational Risk	20,563,275	20,563,275
Total	133,989,772	125,040,452
Common Equity Tier 1 Capital Adequacy ratio	10.15%	10.67%
Tier 1 Capital Adequacy Ratio	11.64%	12.27%
Total Capital Adequacy Ratio	15.24%	16.10%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
CCB (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	15,594,715	15,347,239
Total Exposures	378,844,056	367,824,737
Leverage Ratio	4.12%	4.17%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	112,016,221	66,806,359
Total Net Cash Outflow	51,183,338	33,817,378
Liquidity Coverage Ratio	219.75%	210.41%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	285,975,253	282,534,177
Total Required Stable Funding	126,675,288	112,435,298
Net Stable Funding Ratio	225.75%	251.29%

37 GENERAL

- 37.1 Captions, as prescribed by BPRD Circular Letter No. 5 dated March 22, 2019 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for captions of the Statement of Financial Position and Profit and Loss Account.
- 37.2 These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.
- 37.3 The figures in the financial statements have been rounded off to the nearest thousand rupee.

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on April 27, 2021 by the Board of Directors of the Bank.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter Ended
March 31, 2021

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Financial Position

AS AT MARCH 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	20,165,076	22,034,025
Balances with other banks	7	8,401,650	12,310,472
Due from financial institutions	8	18,275,016	41,640,012
Investments	9	109,672,538	95,622,282
Islamic financing, related assets and advances	10	152,574,199	129,971,889
Fixed assets	11	12,103,903	11,721,873
Intangible assets	12	3,179,878	3,155,509
Deferred tax assets	13	5,494,809	5,699,800
Other assets	14	13,244,833	13,637,939
Assets classified as held for sale	15	1,859,366	2,146,789
Total Assets		344,971,268	337,940,590
LIABILITIES			
Bills payable	16	7,303,039	4,949,486
Due to financial institutions	17	15,811,597	16,127,616
Deposits and other accounts	18	286,113,439	281,311,349
Subordinated Sukuk	19	2,000,000	2,000,000
Other liabilities	20	11,275,231	11,343,041
Liabilities directly associated with assets held for sale	15	1,331,148	1,696,016
		323,834,454	317,427,508
NET ASSETS		21,136,814	20,513,082
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		1,526,894	1,526,894
Surplus on revaluation of assets - net of tax	21	3,176,448	3,026,358
Unappropriated profit		5,193,022	4,734,999
		20,904,355	20,296,242
Non-controlling interest		232,459	216,840
		21,136,814	20,513,082
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
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-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Profit and Loss Account (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2021

	Note	March 31, 2021	March 31, 2020
----- Rupees in '000 -----			
Profit / return earned	23	5,330,191	7,971,768
Profit / return expensed	24	2,855,270	4,619,047
Net Profit / return		<u>2,474,921</u>	<u>3,352,721</u>
OTHER INCOME			
Fee and commission income	25	304,653	271,906
Dividend income		5,170	2,350
Foreign exchange income		61,063	114,127
Gain on securities	26	28,871	105,286
Other income	27	16,154	18,282
Total other income		<u>415,911</u>	<u>511,951</u>
Total Income		<u>2,890,832</u>	<u>3,864,672</u>
OTHER EXPENSES			
Operating expenses	28	2,180,133	2,088,584
Workers welfare fund		18,905	12,213
Other charges	29	45	137
Total other expenses		<u>2,199,083</u>	<u>2,100,934</u>
Profit before provisions		<u>691,749</u>	<u>1,763,738</u>
Provisions and write offs - net	30	47,230	1,126,928
Extra ordinary / unusual items		-	-
Share of profit / (loss) from associate - net of tax		22,436	(60,653)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		<u>666,955</u>	<u>576,157</u>
Taxation	31	247,170	264,508
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		<u><u>419,785</u></u>	<u><u>311,649</u></u>
DISCONTINUING OPERATIONS			
Profit after taxation from Discontinuing Operations		52,394	7,867
PROFIT AFTER TAXATION		<u><u>472,179</u></u>	<u><u>319,516</u></u>
ATTRIBUTABLE TO:			
Equity shareholders of the Bank		456,844	316,968
Non-controlling interest		15,335	2,548
		<u><u>472,179</u></u>	<u><u>319,516</u></u>
----- Rupees -----			
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank			
Basic and diluted	32	<u>0.3786</u>	<u>0.2811</u>
Earnings per share for profit attributable to the ordinary equity holders of the Bank			
Basic and diluted	32	<u>0.4121</u>	<u>0.2859</u>

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

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-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	----- Rupees in '000 -----	
Profit after taxation for the year attributable to:		
Equity shareholders of the Bank	456,844	316,968
Non-controlling interest	15,335	2,548
	<u>472,179</u>	<u>319,516</u>
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 attributable to:		
Equity shareholders of the Bank	151,269	316,968
Non-controlling interest	284	2,548
	151,553	319,516
Total comprehensive income	<u>623,732</u>	<u>639,032</u>
Total comprehensive income attributable to:		
Equity shareholders of the Bank	608,113	633,936
Non-controlling interest	15,619	5,096
	<u>623,732</u>	<u>639,032</u>
Total comprehensive income attributable to equity shareholders of the Bank:		
Continuing operations	607,154	619,483
Discontinued operations	959	14,453
	<u>608,113</u>	<u>633,936</u>

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

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CHAIRMAN

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-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

	Share capital	Discount on Issue of shares	Statutory reserve	Revenue reserve for bad debts & contingencies	Surplus on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
					Investments	Fixed / Non Banking Assets				
Rupees in '000										
Balance as at December 31, 2019	11,087,033	(79,042)	937,624	250,000	2,989,143	1,637,630	3,436,341	20,258,729	194,787	20,453,516
Profit after taxation for the quarter ended March 31, 2020	-	-	-	-	-	-	316,968	316,968	2,548	319,516
Other comprehensive income for the quarter ended March 31, 2020	-	-	-	-	(721,919)	-	-	(721,919)	2,479	(719,440)
Total comprehensive income for the quarter ended March 31, 2020	-	-	-	-	(721,919)	-	316,968	(404,951)	5,027	(399,924)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(3,199)	3,199	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(696)	696	-	-	-
Balance as at March 31, 2020	11,087,033	(79,042)	937,624	250,000	2,267,224	1,633,735	3,757,204	19,853,778	199,814	20,053,592
Profit after taxation for the period from April 01, 2020 to December 31, 2020	-	-	-	-	-	-	1,229,399	1,229,399	18,647	1,248,046
Other comprehensive income for the period from April 01, 2020 to December 31, 2020	-	-	-	-	(873,365)	83,150	3,280	(786,935)	(1,621)	(788,556)
Total comprehensive income for the period from April 01, 2020 to December 31, 2020	-	-	-	-	(873,365)	83,150	1,232,679	442,464	17,026	459,490
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	439	(439)	-	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	(1,167)	1,167	-	-	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(83,658)	83,658	-	-	-
Transfer to statutory reserve	-	-	339,270	-	-	-	(339,270)	-	-	-
Balance as at December 31, 2020	11,087,033	(79,042)	1,276,894	250,000	1,393,859	1,632,499	4,734,999	20,296,242	216,840	20,513,082
Profit after taxation for the quarter ended March 31, 2021	-	-	-	-	-	-	456,844	456,844	15,335	472,179
Other comprehensive income for the quarter ended March 31, 2021	-	-	-	-	151,269	-	-	151,269	284	151,553
Total comprehensive income for the quarter ended March 31, 2021	-	-	-	-	151,269	-	456,844	608,113	15,619	623,732
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(833)	833	-	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	(346)	346	-	-	-
Balance as at March 31, 2021	11,087,033	(79,042)	1,276,894	250,000	1,545,128	1,631,320	5,193,022	20,904,355	232,459	21,136,814

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

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-Sd-
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-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation from Continuing Operations	666,955	576,157
Profit before taxation from Discontinuing Operations	78,336	13,162
Less: Dividend Income	(5,170)	(2,350)
Less: Share of loss from associate	<u>(22,436)</u>	<u>60,653</u>
	717,685	647,622
Adjustments for non-cash charges and other items:		
Depreciation on fixed assets	182,279	166,980
Depreciation on non banking assets	1,309	1,449
Depreciation on right-of-use assets	209,441	206,161
Amortization	16,641	17,023
Depreciation on operating Ijarah assets	1,112,358	704,822
Finance cost on Ijarah (lease) liabilities	24 99,542	108,328
Provisions and write offs - net	30 47,230	1,126,928
Charge for defined benefit plan	31,640	29,032
Loss on sale of property and equipment	27 63	331
	<u>1,700,503</u>	<u>2,361,054</u>
	2,418,188	3,008,676
(Increase) / decrease in operating assets		
Due from financial institutions	23,364,996	(23,126,260)
Held-for-trading securities	-	-
Islamic financing and related assets and advances	(23,792,111)	(2,136,613)
Others assets	<u>465,696</u>	<u>173,558</u>
	38,581	(25,089,315)
Increase in operating liabilities		
Bills payable	2,353,553	(362,960)
Due to financial institutions	(316,019)	2,495,123
Deposits and other accounts	4,802,090	21,283,292
Other liabilities (excluding current taxation)	<u>(82,040)</u>	<u>(194,624)</u>
	6,757,584	23,220,831
	9,214,353	1,140,192
Income tax paid	<u>(138,123)</u>	<u>(2,892)</u>
Net cash generated from Continuing Operations	9,076,230	1,137,300
Net cash used in Discontinuing Operations	<u>(77,445)</u>	<u>(443,087)</u>
Net cash generated from operating activities	8,998,785	694,213
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(13,863,822)	1,742,210
Dividend received	5,170	2,350
Payment of ijarah (lease) liability against right-of-use assets	(275,483)	(253,896)
Investments in fixed assets	(601,435)	(289,807)
Investments in intangible assets	(41,010)	(10,211)
Proceeds from disposal of fixed assets	25	257
Net cash (used in) / generated from investing activities	<u>(14,776,556)</u>	<u>1,190,903</u>
(Decrease) / increase in cash and cash equivalents	(5,777,771)	1,885,116
Cash and cash equivalents at the beginning of the period	<u>34,344,497</u>	<u>16,520,755</u>
Cash and cash equivalents at the end of the period	<u>28,566,726</u>	<u>18,405,871</u>

The annexed notes 1 to 38 form an integral part of these condensed interim consolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

BankIslami Pakistan Limited (the Holding Company) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Holding Company commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Holding Company is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Holding Company is operating through 342 branches including 81 sub branches as at March 31, 2021 (2020: 343 branches including 81 sub branches). The registered office of the Holding Company is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Holding Company are quoted on the Pakistan Stock Exchange Limited (PSX).

Based on financial statements of the Holding Company for the year ended December 31, 2019, The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Holding Company's long-term rating at 'A+' and the short-term rating at 'A1' with a stable outlook.

1.2 Subsidiary Companies

1.2.1 Subsidiary Companies classified as 'Held for Sale'

1.2.1.1 BankIslami Modaraba Investments Limited - 100 percent holding

The subsidiary company was incorporated in Pakistan on January 22, 1986 as a public limited company. Later on it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The principal activity of the subsidiary company is to float and operate Modaraba. The subsidiary company is managing its Modaraba with the name of Modaraba-Al-Mali. The principal place of business of the subsidiary company is situated at 10th Floor, Progressive Square, Shahrah-e-Faisal, Karachi.

In the year 2019, the Holding Company decided to sell its investment in BankIslami Modaraba Investments Limited (refer note 15). During the year, the Holding Company has identified a buyer and signed a Share Purchase Agreement with respect to sale of its investment in BankIslami Modaraba Investments Limited. The buyer has made an advance payment of 25% of the sale consideration. Subsequent to the year end, the members of the Holding Company, in an Extraordinary General Meeting (EOGM), passed a resolution to approve the sale of BankIslami Modaraba Investments Limited.

The financial statements of the subsidiary company have been consolidated on the basis of condensed interim financial information for the quarter and period ended March 31, 2021.

The financial statements of Modaraba Al-Mali, a modaraba floated by the subsidiary company in which it has 13 percent holding, have not been consolidated although the Holding Company has control over Modaraba Al-Mali by virtue of management rights. The management of the Holding Company is of the view that consolidated financial statements are required to be prepared only for subsidiaries as defined in the Companies Act, 2017. Modaraba Al-Mali is a modaraba floated under the Modaraba Companies and Modaraba (floatation and control) Ordinance, 1980 and does not fall under the definition of subsidiary as defined under the Companies Act, 2017. Hence, the financial statements of Modaraba Al-Mali are not required to be consolidated in the Holding Company's condensed interim consolidated financial statements.

1.2.1.2 BIPL Securities Limited - 77.12 percent holding

BIPL Securities Limited was incorporated in Pakistan on October 24, 2000 and commenced its operations effective January 01, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the PSX. The registered office of the company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Company is a TREC holder of the PSX and Corporate member of Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in listed and unlisted equity and debt securities, economic research and advisory services.

During the year 2019, the Holding Company had decided to sell its investment in BIPL Securities Limited (refer Note 15).

The financial statements of the subsidiary company have been consolidated on the basis of condensed interim financial information for the quarter and period ended March 31, 2021.

1.2.2 Other Subsidiary Companies

1.2.2.1 My Solutions Corporation Limited - 100 percent holding

My Solutions Corporation Limited (the Company) was incorporated as a private limited company on November 05, 1995 and was converted into a public limited company on March 24, 2003. The Company is currently dormant. Its registered office is situated at the 9th floor, Trade Centre, I.I Chundrigar Road, Karachi.

1.2.2.2 Structured Ventures (Private) Limited - 77.12 percent holding - (Indirect subsidiary)

Structured Venture (Private) Limited was incorporated in Pakistan on June 25, 2010. The registered office of the company is situated at 5th floor, Trade Centre, I.I. Chundrigar Road, Karachi. The company is a wholly owned subsidiary of BIPL Securities Limited. The ultimate parent company is BankIslami Pakistan Limited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) and notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.
- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services.
- 2.4 SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. 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 carry forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Holding Company awaits instructions and issuance of guidelines from SBP for applicability of IFRS - 9 in presence of prevalent regime for classification and calculation of provisioning against non-performing assets. Pakistan Bank's Association (PBA) has requested SBP for the deferment of IFRS 9 till the aforementioned guidelines are issued by SBP. In view of the above situation, the Holding Company has followed the same accounting policies in respect of classification and measurement of financial instruments as applied in the preparation of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2020.

- 2.5 The Holding Company provides financing mainly through Murabahah, Ijarah, Istisna, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these condensed interim consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Holding Company.

2.6 **Basis of Consolidation**

The condensed interim consolidated financial statements incorporate the financial statements of the Holding Company and the financial statements of subsidiary companies from the date that control of the subsidiary by the Holding Company commences until the date that control ceases. The financial statements of the subsidiary companies, other than those classified as 'Held for Sale' (refer note 15), are incorporated on a line-by-line basis and the investment held by The Holding Company is eliminated against the corresponding share capital of subsidiaries in these consolidated financial statements.

The financial statements of all material subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of IFRS 9: Financial Instruments, IAS 40: Investment Property and IFRS - 7: Financial Instruments: Disclosures, which are required to comply with local regulations enforced within the respective jurisdictions.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Holding Company has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Holding Company has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

- 2.6.1 The SBP vide its letter No. BPRD(R&P-02)/625-112/2017/4911 dated February 27, 2017, has allowed the Holding Company to disclose financial results (net) of BIPL Securities Limited as a single line item in the Consolidated Profit and Loss account as majority of the operations of BIPL Securities Limited are of conventional nature and line by line consolidation would result in non-compliance of Shariah requirements.

3 **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2020.

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

There are certain other standards, interpretations and amendments that are mandatory for the Holding Company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Holding Company's operations and therefore not detailed in these condensed interim consolidated financial statements. With regard to adoption of IFRS-9, explanation has been disclosed in note 2.4 to these condensed interim consolidated financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for de-recognition of financial liabilities	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of International Financial Reporting Standards	January 01, 2014
IFRS 17 – Insurance Contracts	January 01, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Bank for the year ended December 31, 2020.

5 FINANCIAL RISK MANAGEMENT

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

	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
- local currency	7,206,262	6,153,879
- foreign currency	438,559	601,823
	<u>7,644,821</u>	<u>6,755,702</u>
With the State Bank of Pakistan in:		
- local currency current account	8,742,223	11,281,084
- foreign currency deposit accounts:		
- Cash Reserve Account	489,133	431,873
- Special Cash Reserve Account	590,565	522,019
- US Dollar Clearing Account	14,212	21,184
	1,093,910	975,076
With National Bank of Pakistan in:		
- local currency current account	2,662,207	2,955,558
National Prize Bonds	21,915	66,605
	<u>20,165,076</u>	<u>22,034,025</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan:		
- in current accounts	962	2,356
- in deposit accounts	2,576	2,577
	<u>3,538</u>	<u>4,933</u>
Outside Pakistan:		
- in current accounts	3,677,355	8,992,757
- in deposit accounts	4,720,757	3,312,782
	<u>8,401,650</u>	<u>12,310,472</u>

8 DUE FROM FINANCIAL INSTITUTIONS

Note	(Un-audited)			(Audited)			
	March 31, 2021			December 31, 2020			
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total	
----- Rupees in '000 -----							
Secured							
Bai Muajjal Receivable							
-from Other Financial Institutions	8.1	3,802,787	-	3,802,787	16,888,683	-	16,888,683
Unsecured							
Wakalah Placement	8.2	-	4,674,119	4,674,119	-	3,073,290	3,073,290
Musharaka Placements	8.3	6,000,000	-	6,000,000	12,000,000	-	12,000,000
Bai Muajjal Receivable							
-from Banks		-	-	-	4,818,345	-	4,818,345
-from other financial Institutions	8.1	3,798,110	-	3,798,110	4,859,694	-	4,859,694
Other placements		26,730	-	26,730	27,540	-	27,540
		13,627,627	4,674,119	18,301,746	38,594,262	3,073,290	41,667,552
Provision against placements	8.4	(26,730)	-	(26,730)	(27,540)	-	(27,540)
		13,600,897	4,674,119	18,275,016	38,566,722	3,073,290	41,640,012

- 8.1 The average return on this product is 5.95% (2020: 6.42% to 10.80%) per annum. The balances have maturities ranging between 30 days to 33 days (2020: 5 days to 46 days). These include Bai Muajjal secured against Federal Government securities received as collateral and having market value of Rs. 3,875 million (2020: Rs. 17.309 million).
- 8.2 These represents foreign & local currency placements and the profit rates on local currency agreement is 7.25% (2020: Nil) and foreign currency agreements range between 0.05% to 1.25% (2020: 0.10% to 1.25%) per annum. The local currency agreement has maturity of 7 days (2020: Nil) and foreign currency agreement have maturities ranging from 7 to 182 days (2020: 6 to 180 days).
- 8.3 The profit rate on these agreements ranges between 7.20% to 7.25% (2020: 7.00% to 7.20%) per annum and the agreements have maturities in the range of 70 to 71 days (2020: 14 to 16 days).

8.4 Category of classification

	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	26,730	26,730	30,780	30,780

- 8.4.1 The Holding Company does not hold overseas classified placements.

9 INVESTMENTS

	Note	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
----- Rupees in '000 -----			
Investments - Islamic	9.1 & 9.3	109,094,863	95,044,607
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	577,675	577,675
		<u>109,672,538</u>	<u>95,622,282</u>

Note	(Un-audited)				(Audited)			
	March 31, 2021				December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
9.1 Islamic Investments by type								
Available for sale securities								
Federal Government Securities	67,573,580	-	299,087	67,872,667	54,812,890	-	(9,222)	54,803,668
Non Government Shariah compliant Securities	37,873,602	(35,880)	1,987,070	39,824,792	36,852,598	(35,880)	2,078,535	38,895,253
Shares / Modaraba certificates	332,869	(67,609)	99,119	364,379	332,869	(79,244)	81,472	335,097
	105,780,051	(103,489)	2,385,276	108,061,838	91,998,357	(115,124)	2,150,785	94,034,018
Associates	1,033,025	-	-	1,033,025	1,010,589	-	-	1,010,589
Total Islamic investments	<u>106,813,076</u>	<u>(103,489)</u>	<u>2,385,276</u>	<u>109,094,863</u>	<u>93,008,946</u>	<u>(115,124)</u>	<u>2,150,785</u>	<u>95,044,607</u>
9.2 Conventional Investments by type*								
Available for sale securities								
Non Government Debt Securities	263,710	(263,710)	-	-	263,710	(263,710)	-	-
Shares	1,189,030	(611,355)	-	577,675	1,189,030	(611,355)	-	577,675
	1,452,740	(875,065)	-	577,675	1,452,740	(875,065)	-	577,675
Held to maturity securities								
Non Government Debt Securities	321,601	(321,601)	-	-	321,601	(321,601)	-	-
Associates	1,032,746	(1,032,746)	-	-	1,032,746	(1,032,746)	-	-
Total conventional investments	<u>2,807,087</u>	<u>(2,229,412)</u>	<u>-</u>	<u>577,675</u>	<u>2,807,087</u>	<u>(2,229,412)</u>	<u>-</u>	<u>577,675</u>
9.3 Islamic Investments by segments								
Federal Government Securities								
GOP Ijarah Sukuks	57,267,744	-	299,087	57,566,831	44,507,054	-	(9,222)	44,497,832
Bai Muajjal	10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
	67,573,580	-	299,087	67,872,667	54,812,890	-	(9,222)	54,803,668
Non Government Shariah compliant Securities								
Pakistan Energy Sukuk-I	9.3.1 27,146,945	-	1,832,419	28,979,364	27,503,500	-	1,925,245	29,428,745
Pakistan Energy Sukuk-II	9.3.2 3,409,375	-	17,825	3,427,200	2,000,000	-	12,000	2,012,000
Other sukuk certificates-unlisted	7,317,282	(35,880)	136,826	7,418,228	7,349,098	(35,880)	141,290	7,454,508
	37,873,602	(35,880)	1,987,070	39,824,792	36,852,598	(35,880)	2,078,535	38,895,253
Shares								
Ordinary shares of listed companies	332,869	(67,609)	99,119	364,379	332,869	(79,244)	81,472	335,097
Associates - Unlisted								
Shakarganj Food Products Limited	1,033,025	-	-	1,033,025	1,010,589	-	-	1,010,589
	<u>106,813,076</u>	<u>(103,489)</u>	<u>2,385,276</u>	<u>109,094,863</u>	<u>93,008,946</u>	<u>(115,124)</u>	<u>2,150,785</u>	<u>95,044,607</u>

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

9.3.1 These represents Holding Company's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

9.3.2 These represents Holding Company's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR -10bps.

9.4 Conventional Investments by segments*

Note	(Un-audited)				(Audited)			
	March 31, 2021				December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- Rupees in '000 -----							
Non Government Debt Securities								
Listed	85,888	(85,888)	-	-	85,888	(85,888)	-	-
Unlisted	499,423	(499,423)	-	-	499,423	(499,423)	-	-
	585,311	(585,311)	-	-	585,311	(585,311)	-	-
Shares								
Unlisted Companies	33,680	(33,680)	-	-	33,680	(33,680)	-	-
Foreign Securities								
Equity Securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
Associates - Unlisted								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
New Horizon Exploration & Production Limited	558,577	(558,577)	-	-	558,577	(558,577)	-	-
	1,032,746	(1,032,746)	-	-	1,032,746	(1,032,746)	-	-
	2,807,087	(2,229,412)	-	577,675	2,807,087	(2,229,412)	-	577,675

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
9.5 Investments given as collateral		
Federal Government Securities	5,000,000	5,000,000

9.6 Provision for diminution in value of investments

9.6.1 Opening balance		2,344,536	2,356,886
Charge / (reversals)			
Charge for the period		2,886	-
Reversals for the period		(14,521)	(12,350)
Provision for diminution in value of investments - net	30	(11,635)	(12,350)
Closing Balance	9.6.1.1	2,332,901	2,344,536

9.6.1.1 Break up of provision for diminution in the value of investments is as follows:

Investments - Islamic	103,489	115,124
Investments - Conventional	2,229,412	2,229,412
	2,332,901	2,344,536

9.6.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
	----- Rupees in '000 -----			
Domestic				
Loss	897,442	621,191	897,442	621,191
Total	897,442	621,191	897,442	621,191

9.6.2.1 The Holding Company does not hold overseas classified debt securities.

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
Islamic financing and related assets - net	10.1	152,330,164	129,706,587
Advances (relating to amalgamated entity) - net	10.2	244,035	265,302
		<u>152,574,199</u>	<u>129,971,889</u>

----- Rupees in '000 -----

Note	Performing		Non Performing		Total	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020

Rupees in '000

10.1 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan							
- Running Musharakah	10.11	53,885,529	39,189,963	1,613,510	1,668,510	54,499,039	40,858,473
- Diminishing Musharakah financing and related assets - Others	10.3	29,872,808	28,745,891	2,160,512	1,491,171	32,033,320	30,237,062
- Diminishing Musharakah financing and related assets - Auto		17,098,714	14,336,290	198,845	223,763	17,297,559	14,560,053
- Diminishing Musharakah - Housing		14,980,965	13,446,210	1,708,757	1,631,646	16,689,722	15,077,856
- Istisna financing and related assets	10.5 & 10.10	11,905,733	11,397,127	1,059,949	1,022,049	12,965,682	12,419,176
- Murabahah financing and related assets	10.6 & 10.9	6,660,406	3,496,899	406,124	440,795	7,066,530	3,937,694
- Investment Agency Wakalah		6,250,000	6,250,000	-	-	6,250,000	6,250,000
- Musawamah financing and related assets / Karobar financing	10.4	5,471,968	8,380,530	3,959,680	3,024,150	9,431,648	11,404,680
- Ijarah financing under IFAS 2 and related assets	10.7	1,264,099	1,573,616	160,547	186,736	1,424,646	1,760,352
- Financing against Bills		779,247	23,236	-	-	779,247	23,236
- Musharakah financing		280,000	280,000	-	-	280,000	280,000
- Murabahah against Bills		191,340	72,092	892	892	192,232	72,984
- Net investment in Ijarah financing in Pakistan	10.12	131,825	143,162	-	-	131,825	143,162
- Salam	10.8	89,902	109,900	-	-	89,902	109,900
- Housing finance portfolio - others		33,898	33,897	-	-	33,898	33,897
- Past Due Acceptance		29,153	29,153	-	-	29,153	29,153
- Qardh e Hasana		901	946	532,352	541,060	533,253	542,006
Gross financing and related assets		<u>148,926,488</u>	<u>127,508,912</u>	<u>11,801,168</u>	<u>10,230,772</u>	<u>160,727,656</u>	<u>137,739,684</u>
Less: Provision against non-performing Islamic financing and related assets							
- Specific	10.14	-	-	(7,596,039)	(7,231,104)	(7,596,039)	(7,231,104)
- General	10.14	(801,453)	(801,993)	-	-	(801,453)	(801,993)
		(801,453)	(801,993)	(7,596,039)	(7,231,104)	(8,397,492)	(8,033,097)
Islamic financing and related assets - net of provisions		<u>140,125,035</u>	<u>126,706,919</u>	<u>4,205,129</u>	<u>2,999,668</u>	<u>152,330,164</u>	<u>129,706,587</u>

10.2 ADVANCES

Loans, cash credits, running finances, etc. - In Pakistan*	103,156	110,380	5,708,478	6,009,473	5,811,634	6,119,853
Net investment in finance lease - In Pakistan	-	-	582,185	582,185	582,185	582,185
Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan	-	-	706,325	706,325	706,325	706,325
Advances - gross	<u>103,156</u>	<u>110,380</u>	<u>6,996,988</u>	<u>7,297,983</u>	<u>7,100,144</u>	<u>7,408,363</u>
Provision against advances						
- Specific	10.14	-	(6,959,510)	(7,260,504)	(6,959,510)	(7,260,504)
- General	10.14	(55)	(55)	-	(55)	(55)
		(55)	(6,959,510)	(7,260,504)	(6,959,565)	(7,260,559)
Advances - net of provision	<u>103,101</u>	<u>110,325</u>	<u>37,478</u>	<u>37,479</u>	<u>140,579</u>	<u>147,804</u>
Fair Value adjustment	10.15	-	103,456	117,498	103,456	117,498
Advances - net of provision and fair value adjustment	<u>103,101</u>	<u>110,325</u>	<u>140,934</u>	<u>154,977</u>	<u>244,035</u>	<u>265,302</u>

* This includes non-interest bearing performing financing facilities amounting to Rs. 103.043 million (2020: Rs. 106.507 million).

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
----- Rupees in '000 -----		
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	31,016,170	29,990,621
Advance against Diminishing Musharakah financing	1,017,150	246,441
	<u>32,033,320</u>	<u>30,237,062</u>
10.4 Musawamah financing and related assets / Karobar financing		
Musawamah financing	7,318,523	8,036,816
Advance against Musawamah financing	195	205,000
Musawamah inventories	2,112,930	3,162,864
	<u>9,431,648</u>	<u>11,404,680</u>
10.5 Istisna financing and related assets		
Istisna financing	7,709,266	4,131,021
Advance against Istisna financing	5,256,416	8,254,755
Istisna inventories	-	33,400
	<u>12,965,682</u>	<u>12,419,176</u>
10.6 Murabahah financing and related assets		
Murabahah financing	4,194,280	2,292,974
Deferred murabahah income	119,700	71,613
Advances against Murabaha financing	1,225,212	252,008
Murabaha Inventories	1,527,338	1,321,099
	<u>7,066,530</u>	<u>3,937,694</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	1,423,973	1,759,670
Advance against Ijarah financing	673	682
	<u>1,424,646</u>	<u>1,760,352</u>
10.8 Salam		
Salam financing	5,000	-
Advance against Salam	84,902	109,900
	<u>89,902</u>	<u>109,900</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. 138.598 million (2020: Rs. 139.750 million) and advance amounting to Nil (2020: Rs. 80 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 1,074.438 million (2020: Rs. 154.188 million) and advance amounting to Rs. 405 million (2020: Rs. 1,580 million) under Islamic Export Refinance Scheme.		
10.11 Running musharakah financing includes financing amounting to Rs. 1,742 million (2020: 1,492 million) under Islamic Export Refinance Scheme.		
	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
	----- Rupees in '000-----	
10.12 Particulars of Islamic financing and related assets and advances - gross		
In local currency	167,219,434	143,965,752
In foreign currency	608,366	1,182,295
	<u>167,827,800</u>	<u>145,148,047</u>

10.13 Islamic financing and related assets and advances include Rs. 18,798.156 million (2020: Rs. 17,528.755 million) which have been placed under non-performing status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision

----- Rupees in '000 -----

Domestic

Other assets especially mentioned	468,642		149,428	-
Substandard	1,943,246	444,684	485,371	34,915
Doubtful	1,680,961	506,646	1,947,553	536,216
Loss	14,705,307	13,604,218	14,946,403	13,920,477
Total	18,798,156	14,555,549	17,528,755	14,491,608

10.13.1 The Holding Company does not hold overseas classified non performing Islamic financing, related assets and advances.

10.14 Particulars of provision against non-performing Islamic financing and related assets and advances:

	(Un-audited)			(Audited)		
	March 31, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total

----- (Rupees in '000) -----

Opening balance	14,491,608	802,048	15,293,656	12,726,980	337,812	13,064,792
Charge for the period / year	464,100	(540)	463,560	2,181,260	464,236	2,645,496
Reversals for the period / year	(400,159)		(400,159)	(416,632)	-	(416,632)
	63,941	(540)	63,401	1,764,628	464,236	2,228,864
Closing balance	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656
10.14.1 Islamic	7,596,039	801,453	8,397,492	7,231,104	801,993	8,033,097
Conventional	6,959,510	55	6,959,565	7,260,504	55	7,260,559
	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656

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

10.14.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account

Gross reversals for the period / year	400,159	416,632
Charge for the period / year	(463,560)	(2,645,496)
	(63,401)	(2,228,864)
Fair value adjusted - net	(14,042)	(1,361)
Net charge taken to the profit and loss account	(7,443)	(2,230,225)

10.14.3 Particulars of provision against non-performing Islamic financing and related assets and advances:

	(Un-audited)			(Audited)		
	March 31, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total

----- Rupees in '000 -----

In local currency	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656
	14,555,549	801,508	15,357,057	14,491,608	802,048	15,293,656

- 10.14.4** The Holding Company maintains general reserve (provision) amounting to Rs. 401.508 million (2020: 352.048 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. In addition the Bank carries general provision of Rs. 400 million (December 31, 2020: 450 million) as a matter of prudence based on management estimate.
- 10.14.5** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2021 amounts to Rs. 872.378 million (2020: Rs. 890.288 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 532.150 million (2020: Rs. 543.076 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.
- 10.15** Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by the Independent consultant.
- 10.16** Total gross financing and related assets includes financing amounting to Rs. 2,682.885 million, Rs. 31.89 million and Rs. 93.112 million, under "Islamic refinance scheme for payment of wages and salaries", "Islamic refinance scheme for combating COVID (IRFCC)" and "Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)", respectively.

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
11	FIXED ASSETS		
Capital work-in-progress	11.1	684,200	179,270
Property and equipment	11.2 & 11.3	8,470,102	8,555,964
Right of use assets	11.2	2,949,601	2,986,639
		<u>12,103,903</u>	<u>11,721,873</u>
11.1	Capital work-in-progress		
Advances to suppliers and contractors		130,341	138,670
Advance for acquiring properties:			
- Office premises		1,275,762	762,503
		1,406,103	901,173
Provision for impairment against advance for acquiring floor / office premises		(721,903)	(721,903)
		<u>684,200</u>	<u>179,270</u>

		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		----- (Rupees in '000) -----	
11.2	Additions to fixed assets		
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	49,575	139,382
	Property and equipment		
	Leasehold building	8,488	-
	Furniture and fixture	17,226	79,693
	Electrical office and computer equipment	69,860	66,718
	Vehicles	-	4,014
		95,573	150,425
	Right of use assets		
	Leasehold building	77,774	21,578
	Total	<u>222,922</u>	<u>311,385</u>

11.3	Disposal of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
	Furniture and fixture	-	4
	Electrical office and computer equipment	73	585
		<u>73</u>	<u>589</u>
		<u>(Un-audited)</u>	<u>(Audited)</u>
	Note	March 31, 2021	December 31, 2020
		----- (Rupees in '000) -----	

12 INTANGIBLE ASSETS

	Computer software	12.1	161,806	137,722
	Core deposits		26,764	26,479
	Goodwill		2,991,308	2,991,308
			<u>3,179,878</u>	<u>3,155,509</u>
			<u>(Un-audited)</u>	<u>(Un-audited)</u>
			March 31, 2021	March 31, 2020
			----- (Rupees in '000) -----	

12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	- Directly purchased	41,875	10,211

12.2	Disposals of intangible assets		
	There were no disposals of intangible assets during the period		

13 DEFERRED TAX ASSETS

Deductible temporary differences on:

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
Accumulated tax losses	13.1	2,647,684	2,748,819
Provision for diminution in the value of investments		201,160	201,160
Provision against non-performing islamic financing and related assets and advances		3,708,949	3,797,882
Ijarah financing and related assets		228,745	207,080
Accelerated tax depreciation		83,044	61,891
Others		270,385	263,243
		<u>7,139,967</u>	<u>7,280,075</u>

Taxable temporary difference on:

Fair value adjustments relating to assets acquired upon amalgamation		(174,664)	(191,218)
Surplus on revaluation of fixed assets	21	(621,450)	(621,899)
Surplus on revaluation of non-banking assets	21	(14,197)	(14,383)
Surplus on revaluation of available for sale securities	21	(834,847)	(752,775)
		<u>(1,645,158)</u>	<u>(1,580,275)</u>
		<u>5,494,809</u>	<u>5,699,800</u>

- 13.1 The Holding Company has aggregate tax losses of Rs. 7,564.810 million as at March 31, 2021 (2020: Rs. 7,853.768 million) which includes tax losses of the amalgamated entity. The management has carried out an assessment for estimating the benefit of these losses. The Holding Company would be able to set off the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs. 2,647.684 million (2020: Rs. 2,748.819 million). The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the Board of Directors. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Holding Company, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing loans and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

14 OTHER ASSETS

		March 31, 2021	December 31, 2020
Profit / return accrued in local currency		8,247,406	8,121,506
Profit / return accrued in foreign currency		9,930	7,772
Advances, deposits, advance rent and other prepayments		635,689	952,136
Non-banking assets acquired in satisfaction of claims		2,148,981	2,149,758
Takaful / insurance claim receivable		35,122	30,985
Receivable against First WAPDA Sukuk		50,000	50,000
Trade debts		532	532
Acceptances		2,182,069	2,392,561
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		174,887	60,489
Amount held with financial institution		-	814,546
Other receivables		403,374	419,497
		<u>13,887,990</u>	<u>14,999,782</u>
Less: Provision held against other assets	14.1	(868,933)	(1,588,151)
Other Assets (net of provision)		<u>13,019,057</u>	<u>13,411,631</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	225,776	226,308
Total other assets		<u>13,244,833</u>	<u>13,637,939</u>
Market value of non-banking assets acquired in satisfaction of claims		<u>1,670,078</u>	<u>1,671,387</u>

Note	<u>(Un-audited)</u>	<u>(Audited)</u>
	March 31, 2021	December 31, 2020
----- (Rupees in '000) -----		
14.1	Provision held against other assets	
	26,692	26,692
	704,679	704,679
	-	719,218
	137,562	137,562
14.1.1	<u>868,933</u>	<u>1,588,151</u>
14.1.1	Movement in provision held against other assets	
	1,588,151	1,253,182
	-	369,238
	(17,768)	(34,269)
	(701,450)	-
	<u>868,933</u>	<u>1,588,151</u>

15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On April 25, 2019, the Board of Directors announced their decision on Pakistan Stock Exchange to explore and evaluate the strategic options including divestment of shares held by the Holding Company in one or more associated and subsidiary companies. Subsequently, after following a detail process, the Holding Company has identified buyers and signed a Share Purchase Agreement with respect to sale of its investment in BankIslami Modaraba Investment Limited and BIPL Securities Limited. The buyers have made payment of 25% of the sale consideration in advance (refer note 20). Currently, the Holding Company and respective buyers are in the process of arranging regulatory approvals. The Holding Company expects the completion of sale transactions during the year. Accordingly, these investments have been classified as held for sale.

	<u>(Un-audited)</u>	<u>(Audited)</u>
	March 31, 2021	December 31, 2020
----- (Rupees in '000) -----		
Assets classified as held for sale		
BankIslami Modaraba Investments Limited	4,833	4,701
BIPL Securities Limited	1,854,534	2,142,088
	<u>1,859,366</u>	<u>2,146,789</u>
Liabilities directly associated with assets held for sale		
BankIslami Modaraba Investments Limited	2,199	1,953
BIPL Securities Limited	1,328,777	1,694,063
	<u>1,330,976</u>	<u>1,696,016</u>
Net assets directly associated with disposal groups	<u>528,391</u>	<u>450,773</u>

16 BILLS PAYABLE

	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
In Pakistan	7,303,039	4,949,486
	<u>7,303,039</u>	<u>4,949,486</u>

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	3,199,000	3,622,550
Acceptances from State Bank of Pakistan for financial assistance	3,453,229	3,375,410
Refinance facility of Islamic mortgage	2,899,742	1,989,031
Islamic refinance scheme for payment of wages and salaries	2,684,778	2,805,692
Islamic refinance scheme for combating COVID (IRFCC)	31,895	31,895
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	42,953	3,038
Total secured	12,311,597	11,827,616

Unsecured

Wakalah Acceptance	-	4,300,000
Musharakah Acceptance	3,500,000	-
Total unsecured	3,500,000	4,300,000

15,811,597 16,127,616

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	March 31, 2021			December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					

Customers

Current deposits	91,368,021	3,086,929	94,454,950	87,643,313	3,068,383	90,711,696
Savings deposits	75,259,926	3,478,467	78,738,393	74,101,851	3,615,238	77,717,089
Term deposits	90,521,367	1,179,990	91,701,357	91,499,914	1,630,147	93,130,061
Others	4,324,204	53,006	4,377,210	2,701,340	56,786	2,758,126
	<u>261,473,518</u>	<u>7,798,392</u>	<u>269,271,910</u>	<u>255,946,418</u>	<u>8,370,554</u>	<u>264,316,972</u>

Financial Institutions

Current deposits	278,822	11,806	290,628	285,829	3,880	289,709
Savings deposits	8,946,368	533	8,946,901	6,961,168	-	6,961,168
Term deposits	5,824,946	1,779,054	7,604,000	9,743,500	-	9,743,500
	<u>15,050,136</u>	<u>1,791,393</u>	<u>16,841,529</u>	<u>16,990,497</u>	<u>3,880</u>	<u>16,994,377</u>
	<u>276,523,654</u>	<u>9,589,785</u>	<u>286,113,439</u>	<u>272,936,915</u>	<u>8,374,434</u>	<u>281,311,349</u>

19 SUBORDINATED SUKUK

19.1 The Holding Company has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

19.2 Salient features of the ADT-1 sukuk are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Security	Unsecured
Expected Profit Rate	The Sukuk carries profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding Company inline with SBP's guidelines of pool management.
Instrument Rating	PACRA has rated this sukuk at 'A-' (A minus).
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Call option	The Holding Company may, at its sole discretion, call the sukuk, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	Profit on the sukuk shall only be paid from the current year's earnings and if the Holding Company is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements.
Loss absorbency clause	The sukuk shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written-off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

19.3 The funds raised through this instrument are being utilized towards the Holding Company's General Pool, that is, financing and investment activities as permitted by Holding Company's Memorandum and Articles of Association. With permission of Sukuk holders, the proceeds of this issue have been commingled with other funds of the depositors (which may include Holding Company's own equity) i.e. invested in General Pool of the Holding Company.

20 OTHER LIABILITIES

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Profit / return payable in local currency	1,642,406	1,733,615
Profit / return payable in foreign currencies	15,914	14,583
Accrued expenses	734,282	894,463
Deferred Murabahah Income - Financing and IERS	130,515	104,322
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	29,136	2,877
Defined Benefit Plan liabilities	163,378	131,738
Security deposits against Ijarah	1,029,402	1,122,685
Ijarah (lease) Liability	3,452,336	3,455,874
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	2,182,069	2,392,561
Receipt appropriation account	71,280	6,638
Current taxation (provisions less payments)	174,925	188,797
Provision against other tax liabilities	151,933	148,305
Sundry creditors	260,747	190,839
Charity payable	7,521	14,712
Retention money payable	7,361	10,167
Provision for Workers' Welfare Fund	142,069	123,164
Branch adjustment account	248,245	30,867
Rental received in advance	293,243	348,243
Advance against disposal of Non current asset held for sale	188,303	188,303
Others	259,514	149,636
	11,275,231	11,343,041

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Available for sale securities

Fixed Assets

Non-banking assets acquired in satisfaction of claims

Deferred tax liability on surplus on revaluation of:

Available for sale securities

Fixed Assets

Non-banking assets acquired in satisfaction of claims

Total surplus on revaluation of assets- net of tax

Less: Share of non-controlling interest

Holding Company's share

Note	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020
----- Rupees in '000 -----		
9.1	2,385,276	2,150,785
	2,041,191	2,042,473
14	225,776	226,308
	4,652,243	4,419,566
13	(834,847)	(751,909)
	(621,450)	(621,899)
	(14,197)	(14,383)
	(1,470,494)	(1,388,191)
	3,181,749	3,031,375
	(284)	(5,017)
	3,181,465	3,026,358

22 CONTINGENCIES AND COMMITMENTS

- Guarantees

- Commitments

- Other contingent liabilities

22.1	8,924,081	10,342,243
22.2	18,720,736	10,298,481
22.3	1,353,580	1,360,580
	28,998,397	22,001,304

22.1 Guarantees:

Financial guarantees

Performance guarantees

Other guarantees

-	782,961
3,367,613	5,888,773
5,556,468	3,670,509
8,924,081	10,342,243

22.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit

Commitments in respect of:

- Shariah compliant alternative of forward foreign Exchange contracts

Commitments for acquisition of:

- operating fixed assets

- intangible assets

Other commitments

	16,990,882	12,003,211
22.2.1	(6,347,240)	(9,435,135)
	268,525	232,703
	26,948	15,559
22.2.2	7,781,621	7,482,143
	18,720,736	10,298,481

22.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts

Purchase

Sale

6,076,681	11,389,226
(12,423,921)	(20,824,361)
(6,347,240)	(9,435,135)

22.2.2 Other commitments

Bills for collection

7,781,621	7,482,143
-----------	-----------

22.3 Other contingent liabilities

Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt

Tax Contingencies

22.3.1	4,200	11,200
22.3.2	1,349,380	1,349,380
	1,353,580	1,360,580

22.3.1 There is no change in the status of contingencies related to pending legal cases, as set out in note 26.3.1 to 26.3.1.4 to the consolidated financial statements of the Holding Company for the year ended December 31, 2020 except for note 26.3.1.4 where the legal formalities have been completed and settlement with international payment scheme has been concluded. The financial effects of the settlement has been recorded in these consolidated condensed interim financial statements (refer note 14).

22.3.2 There is no change in the status of tax and other contingencies, as set out in note 26.3.2 to the annual consolidated financial statements of the Holding Company for the year ended December 31, 2020.

		----- (Un-audited) -----	
	Note	March 31, 2021	March 31, 2020
		----- Rupees in '000 -----	
23	PROFIT / RETURN EARNED		
	Profit earned on:		
	Financing	2,793,347	4,200,217
	Investments	1,688,862	1,372,064
	Placements	818,451	2,368,809
	Others	29,531	30,678
		<u>5,330,191</u>	<u>7,971,768</u>
24	PROFIT / RETURN EXPENSED		
	Deposits and other accounts	2,502,761	4,248,975
	Due to financial institutions	203,262	191,698
	Cost of foreign currency swaps against foreign currency deposits	-	650
	Finance cost on ijarah (lease) liabilities	99,542	108,328
	Additional Tier-1 sukuk	49,705	69,396
		<u>2,853,270</u>	<u>4,619,047</u>
25	FEE AND COMMISSION INCOME		
	Branch banking customer fees	12,271	11,810
	Commission on bancataka ful	50,739	31,762
	Card related fees	81,810	64,633
	Commission on arrangement with financial institutions	24,002	13,949
	Consumer finance related fees	18,157	11,969
	Commission on guarantees	29,255	7,986
	Investment banking fees	28,849	80,427
	Commission on cash management	1,195	725
	Commission on remittances including home remittances	7,777	8,948
	Commission on trade	48,708	34,212
	Others	1,890	5,485
		<u>304,653</u>	<u>271,906</u>
26	GAIN ON SECURITIES		
	Realized gain	26.1 <u>28,871</u>	<u>105,286</u>
26.1	Realized gain on:		
	Non-Government Shariah compliant Securities	<u>28,871</u>	<u>105,286</u>
27	OTHER INCOME		
	Rent on property	-	718
	Gain on termination of financing	13,849	16,987
	Loss on sale of property and equipment	(63)	(331)
	Recoveries against previously expensed items	867	620
	Others	1,501	288
		<u>16,154</u>	<u>18,282</u>

28 OPERATING EXPENSES

	----- (Un-audited) -----	
	March 31, 2021	March 31, 2020
	----- Rupees in '000 -----	
Total compensation expense	984,424	885,526
Property expense		
Rent & taxes	21,066	19,316
Takaful / insurance	967	879
Utilities cost	81,714	73,044
Security (including guards)	79,933	87,843
Repair & maintenance (including janitorial charges)	52,108	44,348
Depreciation	81,811	73,745
Depreciation on right-of-use assets	209,441	206,161
	527,040	505,336
Information technology expenses		
Software maintenance	66,402	46,772
Hardware maintenance	6,809	24,142
Depreciation	54,493	48,425
Amortisation	16,071	16,453
Network charges	40,626	42,402
	184,401	178,194
Other operating expenses		
Directors' fees and allowances	4,280	3,750
Fees and allowances to Shariah Board	4,354	3,339
Legal & professional charges	29,466	20,350
Travelling & conveyance	11,002	14,221
NIFT clearing charges	6,610	6,185
Depreciation	45,975	44,810
Depreciation on non banking assets	1,309	1,449
Entertainment expense	16,596	16,155
Training & development	1,179	3,133
Postage & courier charges	10,751	32,630
Communication	7,717	7,646
Marketing, advertisement & publicity	31,021	41,515
Repairs and maintenance	28,614	23,408
Takaful, tracker and other charges on car Ijarah	69,739	24,763
Stationery & printing	38,346	70,103
Takaful / Insurance	59,895	83,948
Fee and subscription	40,147	37,343
Vehicle running and maintenance	36,611	41,282
Donation	1,100	600
Auditors' remuneration	3,613	3,300
Amortization	570	570
CDC and share registrar services	2,208	2,413
Brokerage and commission	6,753	6,836
Stamp duty, registration & verification charges	16,356	6,231
Others	10,056	23,548
	484,268	519,528
	2,180,133	2,088,584

33 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted Shariah compliant securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

33.1 Fair value of financial assets

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

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

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

March 31, 2021			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	364,379	-	-	364,379
GOP Ijara Sukuk	-	57,566,831	-	57,566,831
Non-Government Shariah compliant Securities	32,406,564	7,418,228	-	39,824,792

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,891,351	6,891,351
Non-banking assets	-	-	1,670,078	1,670,078

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	9,818,819	-	9,818,819
Shariah compliant alternative of forward sale of foreign exchange	-	34,221,529	-	34,221,529

December 31, 2020			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	335,097	-	-	335,097
GOP Ijara Sukuk	-	44,497,832	-	44,497,832
Non-Government Shariah compliant Securities	31,440,745	7,454,508	-	38,895,253

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,891,351	6,891,351
Non-banking assets	-	-	1,671,387	1,671,387

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	11,246,372	-	11,246,372
Shariah compliant alternative of forward sale of foreign exchange	-	20,631,765	-	20,631,765

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
WAPDA Sukuks	Investment in WAPDA Sukuks are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Operating fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets	Non banking assets are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.

33.2 The Holding Company's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 from last year.

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

(Un-audited)
March 31, 2021

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	2,040,200	(1,633,854)	2,081,145	(12,569)	2,474,921
Inter segment revenue - net	(1,866,706)	3,719,380	(1,804,331)	(48,344)	-
Total other income	141,543	185,825	108,676	54,698	490,741
Total Income	315,037	2,271,351	385,490	(6,215)	2,965,662
Segment direct expenses	19,506	1,453,818	79,601	646,158	2,199,083
Inter segment expense allocation	34,041	337,052	180,623	(551,716)	-
Total expenses	53,546	1,790,870	260,224	94,443	2,199,083
Provisions / (reversals)	(6,272)	21,596	48,620	(16,714)	47,230
Profit / loss before tax	267,762	458,885	76,646	(83,944)	719,349

(Un-audited)
March 31, 2021

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Balance Sheet					
Assets					
Cash & Bank balances	17,008,941	11,557,785	-	-	28,566,726
Investments	109,672,538	-	-	-	109,672,538
Net inter segment placements	-	233,057,133	-	2,846,643	235,903,776
Due from financial institutions	18,275,016	-	-	-	18,275,016
Islamic financing and related assets					
- performing	-	28,861,418	116,668,966	2,850,031	148,380,415
- non-performing	-	1,289,368	2,743,480	160,937	4,193,784
Others	612,149	7,553,161	2,750,951	24,966,528	35,882,789
Total Assets	145,568,644	282,318,865	122,163,396	30,824,139	580,875,044
Liabilities					
Due to financial institutions	6,953,229	2,899,742	5,958,626	-	15,811,597
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	16,503,902	269,609,537	-	-	286,113,439
Net inter segment acceptances	121,666,764	-	114,237,012	-	235,903,776
Others	39,665	9,179,535	2,126,212	8,564,006	19,909,418
Total liabilities	145,163,559	281,688,815	122,321,850	10,564,006	559,738,230
Equity	-	-	-	21,136,814	21,136,814
Total Equity & liabilities	145,163,559	281,688,815	122,321,850	31,700,820	580,875,044
Contingencies & Commitments	(6,347,240)	-	25,914,963	9,430,674	28,998,397

(Un-audited)

March 31, 2020

Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total	
-----Rupees in '000-----					
Profit & Loss					
Profit / return earned	2,734,139	(2,686,621)	3,271,971	33,232	3,352,721
Inter segment revenue - net	(2,688,245)	5,872,733	(3,184,488)	-	-
Other income	261,671	137,502	125,267	(65,275)	459,165
Total Income	307,565	3,323,614	212,750	(32,043)	3,811,886
Segment direct expenses	9,211	1,330,077	48,411	713,235	2,100,934
Inter segment expense allocation	30,994	513,519	151,390	(695,903)	-
Total expenses	40,205	1,843,596	199,801	17,332	2,100,934
Provisions / (reversals)	4,684	24,744	730,088	367,412	1,126,928
Profit before tax	262,676	1,455,273	(717,139)	(416,787)	584,024

(Audited)

December 31, 2020

Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total	
-----Rupees in '000-----					
Assets					
Cash & Bank balances	23,783,594	10,560,903	-	-	34,344,497
Investments	95,622,282	-	-	-	95,622,282
Net inter segment placements	-	232,280,586	-	2,801,703	235,082,289
Due from financial institutions	41,640,012	-	-	-	41,640,012
Islamic financing and related assets					
- performing	-	24,718,161	99,428,978	2,887,371	127,034,510
- non-performing	-	1,265,885	1,555,851	115,643	2,937,379
Others	1,171,691	5,271,853	5,430,218	24,488,148	36,361,910
Total Assets	162,217,579	274,097,388	106,415,047	30,292,865	573,022,879
Liabilities					
Borrowings	7,675,409	1,989,031	6,463,176	-	16,127,616
Subordinated debt	-	-	-	2,000,000	2,000,000
Deposits & other accounts	15,987,163	265,324,186	-	-	281,311,349
Net inter segment acceptances	137,226,368	-	97,855,921	-	235,082,289
Others	133,484	6,784,172	2,437,698	8,633,189	17,988,543
Total liabilities	161,022,424	274,097,389	106,756,795	10,633,189	552,509,797
Equity	-	-	-	20,513,082	20,513,082
Total Equity & liabilities	161,022,424	274,097,389	106,756,795	31,146,271	573,022,879
Contingencies & Commitments	(9,435,135)	-	22,345,454	9,090,985	22,001,304

35 RELATED PARTY TRANSACTIONS

The Holding Company has related party transactions with its associates, employee benefit plans and its directors and Key Management Personnel.

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

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

	(Un-audited)				(Audited)			
	March 31, 2021				December 31, 2020			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Investments								
Opening balance	-	-	1,660,111	-	-	-	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	1,660,111	-	-	-	1,660,111	-
Provision for diminution in value of investments	-	-	(1,032,169)	-	-	-	(1,032,169)	-
Islamic financing and related assets								
Opening balance	19,239	305,603	489,677	496,392	22,538	194,707	525,179	1,193,862
Addition during the period / year	-	7,048	3,675	1,639,961	-	180,438	92,048	3,216,340
Repaid during the period / year	(929)	(5,976)	(8,088)	(1,274,821)	(3,299)	(66,942)	(127,550)	(3,404,528)
Transfer in / (out) - net	-	(61,371)	-	-	-	(2,600)	-	(509,282)
Closing balance	18,310	245,304	485,264	861,232	19,239	305,603	489,677	496,392
Provision held against Islamic financing and related assets	-	-	-	-	-	-	-	-
Other Assets								
Profit receivable on financings	120	8	19,263	10,098	812	167	1,626	3,153
Subordinated debt								
Opening balance	-	1,015	-	-	-	10,000	-	-
Issued / Purchased during the period / year	-	-	-	-	-	15	-	-
Redemption / Sold during the period / year	-	-	-	-	-	(9,000)	-	-
Closing balance	-	1,015	-	-	-	1,015	-	-
Deposits and other accounts								
Opening balance	18,887	25,210	85,142	1,171,529	3,534	6,260	82,086	1,062,262
Received during the period / year	1,884	76,917	393,095	2,072,943	96,690	694,472	1,641,620	8,820,606
Withdrawn during the period / year	(15,756)	(73,932)	(402,927)	(2,073,056)	(81,169)	(675,522)	(1,638,684)	(8,711,343)
Transfer in / (out) - net	-	(840)	-	-	(168)	-	120	4
Closing balance	5,015	27,355	75,310	1,171,416	18,887	25,210	85,142	1,171,529
Other Liabilities								
Profit / return payable	2	386	707	7,194	2	160	689	7,141
Meeting Fee / Remuneration Payable	1,640	-	-	-	2,260	-	-	-
Contingencies and Commitments								
Other contingencies	-	-	8,595	124,217	-	-	-	279,802

	(Un-audited)				(Un-audited)			
	March 31, 2021				March 31, 2020			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Income								
Profit / return earned	476	2,123	7,597	22,033	845	2,261	11,214	30,063
Other income	-	1,090	-	-	-	629	-	-
Expense								
Profit / return expensed	13	396	989	27,463	4	166	117	37,361
Other administrative expenses	-	509	-	1,757	1,200	350	-	-
Meeting Fee / Remuneration	4,280	86,806	-	-	3,750	42,845	-	-
Contribution to employees provident fund	-	-	-	33,756	-	-	-	24,563
Charge for employees gratuity fund	-	-	-	31,640	-	-	-	29,032

36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The State Bank of Pakistan vide its letter no BPRD/BA&CP/649/3634/2019 dated February 15, 2019 has advised the Holding Company to apply regulatory deductions with respect to the balance sheet amount of "Goodwill" and "Deferred Tax Assets" pertaining to Defunct KASB Bank in the year ending 31 December 2019, 31 December 2020, 31 December 2021 at the cumulative rate of 25%, 60% and 100% respectively. Accordingly, the amounts of goodwill and deferred tax asset pertaining to defunct KASB Bank Limited have been deducted at the rate of 60% from CET 1 capital as at 31 December 2020.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,184,538	13,877,167
Eligible Additional Tier 1 (ADT 1) Capital	2,007,989	2,007,989
Total Eligible Tier 1 Capital	16,192,527	15,885,156
Eligible Tier 2 Capital	5,046,919	4,972,587
Total Eligible Capital (Tier 1 + Tier 2)	21,239,446	20,857,743
Risk Weighted Assets (RWAs):		
Credit Risk	115,751,479	107,957,298
Market Risk	1,824,525	1,020,400
Operational Risk	20,552,900	20,552,900
Total	138,128,904	129,530,598
Common Equity Tier 1 Capital Adequacy ratio	10.27%	10.71%
Tier 1 Capital Adequacy Ratio	11.72%	12.26%
Total Capital Adequacy Ratio	15.38%	16.10%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
CCB (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	16,192,527	15,885,156
Total Exposures	380,237,300	369,368,591
Leverage Ratio	4.26%	4.30%
Liquidity Coverage Ratio (LCR)*:		
Total High Quality Liquid Assets	112,016,221	66,806,359
Total Net Cash Outflow	51,183,338	33,817,378
Liquidity Coverage Ratio	219.75%	210.41%
Net Stable Funding Ratio (NSFR)*:		
Total Available Stable Funding	285,975,253	282,534,177
Total Required Stable Funding	126,675,288	112,435,298
Net Stable Funding Ratio	225.75%	251.29%

* Holding Company's LCR and NSFR ratios have been presented.

37 GENERAL

- 37.1 Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for captions of the Statement of Financial Position and Profit and Loss Account.
- 37.2 These consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.
- 37.3 The figures in these financial statements have been rounded off to the nearest thousand rupee.

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on April 27, 2021 by the Board of Directors of the Holding Company.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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BankIslami Pakistan Limited
11th Floor, Executive Tower, Dolmen City,
Marine Clifton, Drive Block-4, Karachi, Pakistan
UAN: (021) - 111 - BIP - 111 (111 - 247 - 111)
Fax: (021) - 35378373
E-mail: info@bankislami.com.pk

