



HANDS ON THE *FUTURE*

Quarterly Report March 2020

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Corporate Information

Board of Directors

Mr. Ali Hussain	Chairman
Mr. Fawad Anwar	Vice Chairman
Mr. Syed Amir Ali	President & Chief Executive Officer
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	
Dr. Amjad Waheed	
Mr. Muhammad Nadeem Farooq	
Mr. Noman Yakoob	
Mr. Siraj Ahmed Dadabhoy	

Shariah Supervisory Board

Mufti Irshad Ahmad Aijaz	Chairman
Mufti Javed Ahmed	Member
Mufti Muhammad Husain	Member

Audit Committee

Dr. Amjad Waheed	Chairman
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	Member
Mr. Muhammad Nadeem Farooq	Member
Mr. Noman Yakoob	Member

Risk Management Committee

Mr. Fawad Anwar	Chairman
Mr. Muhammad Nadeem Farooq	Member
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Syed Amir Ali	Member

Human Resource Management Committee

Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	Chairman
Mr. Fawad Anwar	Member
Mr. Muhammad Nadeem Farooq	Member
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Syed Amir Ali	Member

Board Remuneration Committee

Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	Chairman
Mr. Fawad Anwar	Member
Mr. Muhammad Nadeem Farooq	Member
Mr. Siraj Ahmed Dadabhoy	Member

IT Committee

Mr. Muhammad Nadeem Farooq	Chairman
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	Member
Mr. Noman Yakoob	Member
Mr. Syed Amir Ali	Member

Executive Committee

Mr. Ali Hussain	Chairman
Mr. Fawad Anwar	Member
Mr. Muhammad Nadeem Farooq	Member
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Syed Amir Ali	Member

Company Secretary

Mr. Muhammad Shoail

Auditors

EY Ford Rhodes,
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
Kashif Nisar
Mahmood Rashid
Masood Muhammad Khan
Mateen Mahmood
Muhammad Asadullah Chaudhry
Muhammad Shoaib
Muhammad Uzair Sipra
Rizwan Ata
Rizwan Qamar Lari
Sohail Sikandar
Syed Abdul Razzaq
Syed Amir Ali
Syed Arif Mahtab
Syed Ata Hussain Jaffri
Syed Muhammad Aamir Shamim
Tariq Ali Khan
Zaheer Elahi Babar

General Manager Central
Group Head, Consumer Business
General Manager South West
Head, Products & Shariah Structuring
Head, Security & Government Relations
Head, Compliance
General Manager South East
Head, Human Resource
Company Secretary
Head, Legal
Group Head, Distribution
Group Head, Internal Audit
Chief Financial Officer
Group Head, Risk Management
President & CEO
Head, Operations
Head, Information System
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

Monday to Thursday: 9:00 am to 7:00 pm
Friday : 9:00 am to 12:30 pm and 2:30 pm to 7:00 pm
Saturday: 9:00am to 1:00 pm

Website:

www.bankislami.com.pk

Directors' Report

Dear Shareholders,

On behalf of the Board, we are pleased to present the financial results of BankIslami Pakistan Limited ('BankIslami' or 'the Bank') for the three months ended March 31, 2020.

Financial Performance

Following are the key financial highlights for the three months ended March 31, 2020:

Particulars	March 2020	March 2019	Growth
	-----Rupees in millions-----		
Total Deposits *	250,343	191,429	30.8%
Total Assets *	305,927	231,136	32.4%
Total Financing and related assets-net	132,451	115,280	14.9%
Total Investments and treasury placements	118,766	64,590	83.9%
Net Assets *	19,350	14,706	31.6%
Net Spread Earned *	3,350	2,279	47.0%
Operating Profits	1,760	776	126.8%
Profit After Tax	368	192	91.7%
Basic Earnings per share (Rupees) **	0.332	0.190	75.1%
Branches network (number)	340	330	3.0%

* comparative figures have been restated due to adoption of IFRS 16 in 2019.

** comparative figures have been restated due to adoption of IFRS 16 and issuance of right shares in 2019.

BankIslami continued its momentum of growth in 2020 whereby its Assets and Deposits rose by 32% and 31% as compared to its position in March 2019. Increase in Deposits mainly ensued on the back of aggressive deposit mobilization strategy adopted by the Bank, while Asset base of the BankIslami thrived through effective channelizing of funds towards Islamic Financing and Shariah Compliant Treasury Placements. There was an increase in NPFs in March 2020 as opposed to March 2019 due to which the infection ratio of the Bank inched up to 10.9% at the end of March 2020 as compared to 10.0% in March 2019. The Bank made accelerated provisioning during the quarter under review due to which the coverage ratio (including general provisions) of the Bank improved to 86.6% as of March 31, 2020 despite increase in NPFs.

Net spread earned during the quarter improved by 47% as a result of increase in Balance Sheet size of the Bank and repricing impact of rise in benchmark rates during latter half of 2019. However, it is pertinent to mention that, post 1st Quarter of 2020, the top line of the Bank is expected to witness compression on account of strategy adapted by the apex authority to gradually decline benchmark rates to enable the country to sustain prevailing economic challenges posed by COVID-19.

Bank's non-funded income increased by 113% owing to improved FX income, increase in fee earned through ADC services and Investment Banking desk and booking of capital gains on sale of non-government Sukuks. Although, operating expenses of the Bank rose by 20.6%, cost to income ratio of Bank significantly improved to 54.4% during the quarter under review as compared to 69.2% for the corresponding period last year. Expenses of the Bank largely increased due to rise in (a) payroll cost on account of staff salary increments and hiring on critical vacant position during the year 2019; (b) variable expenses incurred to support volumetric growth in business; (c) branch network; and (d) investment towards IT and related security infrastructure of the Bank.

With improvement in net spreads and cost to income ratio, operating profits of BankIslami depicted a robust growth of 127%. Keeping in view the ensuing economic challenges due to COVID-19, the Bank on conservative basis has recorded additional provisioning to the tune of Rs. 700 Mn during the quarter against potential losses in asset portfolio. Despite this, the Bank was able to post a profit after tax of Rs. 368 Mn for the quarter ended March 31, 2020 which is 92% higher than profit after tax of Rs. 192 Mn generated during the same period last year.

Group Results

The Group posted satisfactory results for the period ended March 31, 2020. Total Assets and Deposits of the Group increased by 32% and 30%, respectively, when compared with financial position of March 2019. With improvement in net spreads and cost to income ratio, the Group generated profit after tax of Rs. 320 Mn for the period ended March 31, 2020, which is 60% higher than the profit after tax of Rs. 200 Mn registered during the same period last year.

'Novel Coronavirus Disease -2019' (COVID-19) and Measures Taken by the Bank

COVID-19 outbreak has created disruption and uncertainty for people and business community across the globe. BankIslami being a responsible institution, to inhibit the impact of this pandemic conditions, took a number of precautionary measures based on WHO health guidelines to ensure safe work environment for its employees and clients. These measures include:

- Activation of BCP Sites to mobilize critical head office staff with social distance to provide uninterrupted services to our valued customers;
- Implementation of work from home policy for remaining of our staff;
- Promotion of digital services through various campaigns and marketing channels. The Bank has also waived service charges on IBFT transactions to encourage our customers to transact through digital means;
- Operating through selected branches with reduced timings and limited staff as directed by State Bank of Pakistan (SBP) to curtail exposure of COVID-19 on our staff and customers;
- Installation of sanitizers and temperature checking points at our premises and branches;
- Distribution of face masks and gloves to our staff members;
- Disinfection of head office premises and branches at regular intervals;
- Provision of emergency medical advisory services for our staff and their family members through a dedicated telephonic line;
- As per SBP instruction customized page was developed on our corporate website for awareness of our banking operations such as open and closed branches, timings and other COVID 19 related awareness;
- Circulation of recommended safety measures through social media channels to create awareness amongst masses on how to maintain social distancing and exercising other preventive measures for themselves and their family members; and
- Providing economic safety net to its employees before lock down period, the Bank executed timely disbursement of salaries and increments.

In addition, the Bank, in light of relief packages announced by SBP, is closely working with its financing customers, who have been affected post COVID-19, by advising them on restructuring. The Bank is also accepting and analyzing principal and profit deferral requests as advised by SBP.

Significant Transaction

Issuance of Additional Tier 1 Capital

To further strengthen the capital structure of the Bank and enhance the risk absorption capacity, the Bank completed the issuance of Pakistan's first ever Listed Islamic Additional Tier-I Capital Sukuk (ADT-1 Sukuk'). The instrument has been branded as 'Ehad Sukuk' which is consistent with BankIslami's commitment to offer authentic Islamic Banking products and provide Halal returns to its customers.

The total issue size of this ADT-1 Sukuk is Rs. 2 Bn, of which Rs. 1.7 Bn was raised by the Bank during the Pre-IPO phase in 2019, while the remaining Rs. 300 Mn was collected through IPO successfully conducted at Pakistan Stock Exchange on April 20th and April 21st during the current year.

Achievements and New Initiatives during 1st Quarter 2020

The Bank achieved a total trade business of more than Rs. 50 Bn during 1st Quarter 2020, depicting a growth of 11% as compared to corresponding quarter last year. The Corporate Group also on boarded new relationships for trade business and cash management mandates. Agri Finance department disbursed more than Rs. 96 Mn to 32 farmers, out of which 49% was disbursed under the umbrella of Warehouse Receipt Financing which is an innovative product that is being offered only by BankIslami in Pakistan.

Investment Banking arm of the Bank generated fee income of Rs. 80.4 Mn mainly from Syndicate-Structured Finance transaction in which the Bank assumed lead roles. During 1st Quarter 2020, the Bank successfully signed joint mandate with other banks for NTDC Syndicated Term Finance Facility amounting to Rs. 6.4 Bn and also secured joint mandate with another bank to raise Rs. 22 Bn for K-Electric through series of Islamic Commercial Paper (ICP). The Bank's Shariah Department acted as joint Shariah Structuring Advisor in issuance of ICPs.

On the marketing side, the Bank sponsored and participated in various events to establish its brand equity and create awareness of its Shariah Compliant products and One Touch Banking solution amongst masses. These include, participation in Zameen Expo to promote its House Financing offerings, sponsorship of ACCA's Annual Corporate Networking Conference in Peshawar to strengthen the brand image in the Northern Region and sponsored IBA Alumni's annual event where industry leaders and various high net-worth individuals were present, allowing the Bank the opportunity to build its image amongst them.

National Forum of Environmental & Health organizes a national event every year to recognize CSR initiatives by the corporate sector. This year BankIslami received four accolades in categories, namely Bio Diversity (for its One Touch Banking Solution), Green Energy Initiative, Education Sponsorship and collective contribution towards Edhi (NGO) CSR Campaign. The Bank also won three precious award for its CSR initiatives and activities at 9th Annual CSR Summit and Awards 2020 for its efforts made in the areas of Sustainability Initiative, Environmental Stewardship and Social Impact.

On the Consumer front, the Auto finance team launched a campaign of its 'Residual Value' feature in collaboration with Indus Motor Company to attain the desired mileage in the market. Brand activation and vehicle display activities were also held at various branches in alliance with Honda Atlas Cars. Customized product presentation and training were also arranged by the Bank for its corporate customers to create awareness of our Auto Finance corporate product and its features.

BankIslami is a strong believer of providing equal opportunities of employment and does not discriminate amongst its employees and job applicants because of race, colour, religion, gender and disabilities. In line with this aim, the Bank inducted an exclusive batch of differently-abled employees. The Bank as a pilot project, also launched a very unique initiative by providing out-patient health service through in-house dispensary equipped with a qualified physician for health safety and well-being of employees and their families.

The Bank continues to introduce unique benefits for its staff demonstrating that it is a caring employer which supports the dreams and aspirations of its employees. During 1st Quarter 2020, the Bank launched hajj policy for its employees whereby chosen employee along with family member, selected through a ballot, could perform Hajj sponsored by the Bank.

BankIslami, in collaboration with the Centre for Islamic Finance of Lahore University of Management Science (LUMS) successfully conducted certified program on Islamic Finance for its 200+ Branch Managers and Area Managers in Lahore and Karachi. This learning initiative was part of Bank's continuous development and capacity building initiative.

The Bank conducted its Annual Business Conference 2020 in Bhurban where all the core business and operation staff of BankIslami were gathered with an aim to keep them abreast with the Bank's strategy for the year 2020. The conference also allowed an opportunity for the management to appreciate and distribute spot awards to top performing staff of the Bank.

Board Composition

The current composition of the Board is as follows:

Total number of Directors **8**

Composition:

(i)	Independent Directors:	2
(ii)	Non-executive Directors:	5
(iii)	Executive Director:	1

Name of Directors of the current regime have been incorporated in the company information section of this quarterly report.

The Board is due for reconstitution in the current year for which elections will be held on May 7, 2020. Notice of Extra Ordinary General Meeting to hold these elections was circulated on April 16, 2020.

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 to us. 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 respectable position in the Banking industry in general and Islamic Banking industry in particular.

On behalf of the Board,

Syed Amir Ali
Chief Executive Officer
April 29, 2020

Ali Hussain
Chairman Board of Directors

بینک اسلامی روزگار کے مساوی مواقع کی فراہمی پر مضبوطی سے یقین رکھتا ہے اور رنگ، نسل، مذہب، صنف اور معذوری کی وجہ سے اپنے ملازمین اور ملازمت کے لئے درخواست دہندگان میں امتیازی سلوک نہیں کرتا۔ اس مقصد کے لئے بینک نے منفرد قابلیت والے ملازمین کی ایک خصوصی کھپ شامل کی ہے۔ بینک نے صحت کے تحفظ اور ملازمین اور ان کے خاندانوں کی بہبود کے لئے ماہر فزیٹن سے لیس ان باؤس ڈپنٹری کے ذریعے آؤٹ پیٹھنٹ ہیلتھ سروس فراہم کرتے ہوئے بطور پائلٹ پراجیکٹ ایک انتہائی منفرد اقدام کا بھی آغاز کیا ہے۔

بینک اپنے عملے کے لئے منفرد فوائد متعارف کراتا رہا ہے جس سے یہ ظاہر ہوتا ہے کہ یہ ایک پرواہ کرنے والا آجر ہے جو اپنے ملازمین کے خوابوں اور امکانات کی حمایت کرتا ہے۔ 2020ء کی پہلی سہ ماہی کے دوران بینک نے اپنے ملازمین کے لئے جج پالیسی کا آغاز کیا جس میں قراء امتدازی کے ذریعے منتخب کیا گیا ملازم فیملی کے ہمراہ بینک کی جانب سے سپانسر کردہ حج ادا کر سکتا ہے۔

بینک اسلامی نے لاہور یونیورسٹی آف مینجمنٹ سائنسز (لمز) کے سینئر برائے اسلامک فنانس کے ساتھ شراکت داری کرتے ہوئے لاہور اور کراچی میں اپنے 200 سے زائد برانچ منیجرز اور ایریا منیجرز کے لئے اسلامک فنانس پر سرٹیفائیڈ پروگرام کامیابی سے منعقد کیا۔ سیکے کا یہ اقدام بینک کی مستقل ترقی اور صلاحیت میں اضافہ کے اقدام کا حصہ تھا۔

بینک نے بھارت میں اپنی سالانہ برنس کا نفرنس 2020 کا انعقاد کیا جہاں بینک اسلامی کے تمام بنیادی برنس اور آپریشن اسٹاف کو سال 2020ء کے لئے بینک کی حکمت عملی سے باخبر رکھنے کے مقصد کیلئے جمع کیا گیا تھا۔ کانفرنس کے ذریعے انتظامیہ کو بینک کے اہلی کارکردگی کا مظاہرہ کرنے والے اسٹاف کو سپاٹ ایوارڈز تقسیم کرنے اور انہیں سراہنے کا موقع بھی فراہم کیا گیا۔

بورڈ کی تشکیل

بورڈ کی موجودہ تشکیل حسب ذیل ہے۔

8 ڈائریکٹرز کی مجموعی تعداد

تشکیل

(i)	خود مختار ڈائریکٹرز	2
(ii)	نان ایگزیکٹو ڈائریکٹر	5
(iii)	ایگزیکٹو ڈائریکٹر	1

اس سبہ ماہی رپورٹ کے کچنی افادیشن تشکیل میں موجودہ ڈائریکٹرز کے نام شامل کئے گئے ہیں۔

موجودہ سال کے دوران بورڈ کی تنظیم نو ہونی ہے جس کے لئے انتخابات 7 مئی 2020ء کو ہوں گے۔ ان انتخابات کے انعقاد کے لئے غیر معمولی اجلاس عام کانولس 16 اپریل 2020ء کو جاری کیا گیا تھا۔

اعتراف

بورڈ معاونت اور رہنمائی کے لئے اسٹیف بینک آف پاکستان کو سراہتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کی جانب سے تعاون پر بھی شکر ادا کرنا چاہتا ہے۔ ہم اپنے معزز صارفین، کاروباری شراکت داروں اور شیئرز بولڈرز کے مسلسل اعتماد کیلئے بھی شکر ادا کرنا چاہتے ہیں۔ اس کے علاوہ ہم اپنی انتظامیہ اور ملازمین کی جانب سے سخت محنت اور عزم کا بھی اعتراف کرتے ہیں جس کے باعث بینک اسلامی بالعموم بینکنگ انڈسٹری بالخصوص اسلامک بینکنگ انڈسٹری میں قابل احترام حیثیت حاصل کرنے کے قابل ہوا۔

مخانب بورڈ

علی حسین
چیئر مین بورڈ

سید عامر علی
چیئف ایگزیکٹو آفیسر

مودر 29 اپریل 2020ء

اس کے علاوہ ایس بی پی کی جانب سے اعلان کردہ ریڈیفیکیشن کی روشنی میں بینک COVID-19 کے بعد متاثر ہونے والے اپنے فنانسنگ صارفین کو ری اسٹرکچرنگ کی ہدایت دیتے ہوئے ان کے ساتھ مل کر کام کر رہا ہے۔ ایس بی پی کی ہدایت کے مطابق بینک اصل رقم اور منافع موخر کرنے کی درخواستوں کو قبول اور ان کا جائزہ بھی کر رہا ہے۔

اہم لین دین

ایڈیشنل ٹیئر 1 کیپٹل کا اجراء

بینک کے سرمایہ کے سٹرکچر کو مزید مضبوط بنانے اور خطے کو جذب کرنے کی صلاحیت کو بڑھانے کے لئے بینک نے پاکستان کے پبلک سیکٹر اسلامک ایڈیشنل ٹیئر 1 کیپٹل سکل (ADT-1) کا اجراء مکمل کیا۔ اس انسرومنٹ کو ”عہد سکل“ کا نام دیا گیا ہے جو اپنے صارفین کو مستند اسلامی بینکنگ مصنوعات اور حلال منافع کی فراہمی بینک اسلامی کے عزم پر مشتمل ہے۔

ADT-1 سکل کو مجموعی اجراء کا حجم 2 بلین روپے ہے جس میں سے 2019ء میں Pre-IPO فیز کے دوران بینک کی جانب سے 1.7 بلین روپے اکٹھے کئے جبکہ بقیہ 300 بلین روپے موجودہ سال کے دوران 20 اور 21 اپریل کو پاکستان اسٹاک ایکسچینج میں ہونے والی کامیاب آئی پی او کے ذریعے جمع کئے گئے۔

2020ء کی پہلی سہ ماہی کے دوران کامیابیاں اور نئے اقدامات

بینک نے 2020ء کی پہلی سہ ماہی کے دوران 50 ارب روپے سے زیادہ کا مجموعی تجارتی کاروبار حاصل کیا جس میں گزشتہ سال کی اسی سہ ماہی کے مقابلہ میں 11 فیصد نمو دکھائی گئی ہے۔ کارپوریٹ گروپ نے بھی تجارتی کاروبار اور کیش منجمنٹ مینڈیٹ کے لئے نئے تعلقات قائم کئے۔ انگریزی فنانس ڈیپارٹمنٹ نے 32 کسانوں میں 96 بلین روپے سے زائد تقسیم کئے جس میں سے 49 فیصد Warehouse Receipt Financing کی مدد میں تقسیم کئے گئے جو پاکستان میں صرف بینک اسلامی کی جانب سے پیش کی جانے والی ایک جدید پروڈکٹ ہے۔

بینک کے سرمایہ کاری بینکنگ آرم نے بنیادی طور پر Syndicate-Structured Finance سے 80.4 بلین روپے فیس آمدن پیدا کی جس میں بینک نے اہم کردار ادا کیا۔ 2020ء کی پہلی سہ ماہی کے دوران بینک نے دیگر بینکوں کے ساتھ NTDC Syndicated Term Finance Facility کیلئے مشترکہ مینڈیٹ پر کامیابی سے دستخط کئے جن کی ماییت 6.4 ارب روپے ہے اور اسلامک کرشل ہیج (آئی سی پی) کی سربز کے ذریعے کے الیکٹرک کے لئے 22 بلین روپے جمع کرنے کیلئے دیگر بینکوں کے ساتھ مشترکہ مینڈیٹ بھی حاصل کئے۔ بینک کے شریعہ ڈیپارٹمنٹ نے آئی سی پی کے اجراء میں مشترکہ شریعی اسٹرکچرنگ ایڈوائزر کی حیثیت سے کام کیا۔

مارکیٹنگ کی جانب بینک نے اپنی برانڈ ایجوکیشن قائم کرنے اور عوام میں اس کی شرعی اصولوں کے مطابق مصنوعات اور نوٹس بینکنگ سلوشن کے بارے میں آگاہی پیدا کرنے کیلئے مختلف ایپنس میں شرکت کی اور انہیں سپانسر کیا۔ ان ایپنس میں ہاؤسنگ فنانس کے بارے میں پیشکشوں کو فروغ دینے کے لئے زمین ایکسپو میں شرکت، شمالی علاقے میں برانڈ ایجنٹ کو مضبوط بنانے کے لئے پشاور میں ای سی ای کے سالانہ کارپوریٹ نیٹ ورکنگ کانفرنس کی سپانسر شپ اور سپانسر کئے گئے آئی بی اے ایلمنٹری سالانہ ایونٹ شامل ہیں جہاں انڈسٹری رہنماء اور بہت سی اعلیٰ شخصیات موجود تھیں، شامل ہیں تاکہ بینک کو ان کے درمیان اپنا شخص قائم کرنے کا موقع ملے۔

کارپوریٹ سیکٹر کے ایس بی آراقدامات کو تسلیم کرنے کے لئے فیصل فورم آف انوٹرینشل ایڈیٹوریٹس ہرسال ایک قومی تقریب کا انعقاد کرتی ہے۔ رواں سال بینک اسلامی نے انوٹرینڈ انویسٹی (ایس بی آراقدامات کو تسلیم کرنے کے لئے)، گرین انرجی ایٹی شی ایڈ، ایجوکیشن سپانسر شپ اور ایڈی (این جی ای) ایس آرمز میں اجتماعی تعاون سے کیٹیگریز میں چار تقریریں اسناد حاصل کیں۔ بینک نے منظم اقدامات، انوٹرینٹل سٹیورڈ شپ اور سرمایہ اثر کے شعبوں میں کی جانے والی اپنی کوششوں کے لئے 9 ویں سالانہ ایس آر سٹ اور ایوارڈ 2020ء کیلئے ایس آر اقدامات اور سرگرمیوں کے لئے تین فنی ایوارڈ بھی جیتے۔

صارفین کے حوالے سے آٹو فنانس ٹیم نے انڈسٹری سٹرکچر کے ساتھ شراکت کرتے ہوئے اپنی ”Residual Value“ ٹھیکہ کی مہم شروع کی تاکہ مارکیٹ میں مطلوبہ نتائج حاصل کئے جاسکیں۔ براچ ایگٹی ویٹن اور گاڑیوں کی نمائش کی سرگرمیاں ہنڈا اٹل کار کے تعاون سے مختلف برانچوں میں بھی منعقد کی گئیں۔ بینک کی جانب سے اپنے کارپوریٹ صارفین کیلئے پریزنٹیشن اور ٹریننگ کی کسمائز پروڈکٹ کا بھی انتظام کیا گیا تھا تاکہ اپنی آٹو فنانس کارپوریٹ پروڈکٹ اور اس کی خصوصیات کے بارے میں آگاہی پیدا کی جاسکے۔

ایف ایکس آمدنی میں بہتری، اے ڈی سی سرورز اور انویسٹمنٹ بینکنگ ڈیپ کے ذریعے حاصل کی جانے والی فیس میں اضافہ اور غیر سرکاری صکوک کی فروخت پر بڑے منافع کی بلنگ کی وجہ سے بینک کی غیر منڈی آمدنی میں 113 فیصد اضافہ ہوا ہے۔ اگرچہ بینک کے آپریٹنگ اخراجات میں 20.6 فیصد اضافہ ہوا، بینک کی لاگت سے آمدن کی شرح میں زیر جائزہ مدت کے دوران گزشتہ سال کے اسی عرصہ کے لئے 69.2 فیصد کے مقابلہ میں 54.4 فیصد نمایاں بہتری آئی۔ (اے) سال 2019ء کے دوران عملیاتی تنخواہوں میں اضافے اور اہم مالی عہدہ پر پھرنی (بی) کاروباری خطوط میں اضافہ کیلئے آنے والے متغیر اخراجات، (سی) برائے پچھت و رک اور (ڈی) آئی ٹی کے شعبہ اور بینک کے متعلقہ سیکورٹی اسٹریکچر میں سرمایہ کاری کے باعث بینک کے اخراجات میں بڑے پیمانے پر اضافہ ہوا۔

لاگت سے آمدن کی شرح اور خالص پھیلاؤ میں بہتری کے ساتھ بینک اسلامی کے آپریٹنگ منافع میں 126.8 فیصد کی مضبوط نمو آئی۔ COVID-19 کے نتیجہ میں آنے والے معاشی چیلنجوں کو مد نظر رکھتے ہوئے بینک نے زیر جائزہ سہ ماہی میں اثاثہ جات کے پورے فوریہ میں کم آمدنی نقصانات کے خلاف اعتماد پسندی کی بنیاد پر 700 ملین روپے کی اضافی پروویژن ریکارڈ کی۔ اس کے باوجود بینک 31 مارچ 2020ء کو ختم ہونے والی سہ ماہی کے لئے 368 ملین روپے بعد از ٹیکس منافع ظاہر کرنے کے قابل ہوا جو گزشتہ سال کی اسی مدت کے دوران 192 ملین روپے کے بعد از ٹیکس منافع سے 91.7 فیصد زیادہ ہے۔

گروپ کے نتائج

گروپ نے 31 مارچ 2020ء کو ختم ہونے والی سہ ماہی کے تسلی بخش نتائج پیش کئے۔ مارچ 2019ء کے مالی اعداد و شمار کے مقابلے میں گروپ کے کل اثاثوں اور ڈیپازٹس میں بالترتیب 32 اور 30 فیصد کا اضافہ ہوا۔ Net Spread اور آمدنی سے لاگت کے تناسب میں بہتری کی وجہ سے گروپ نے 31 مارچ 2020ء کو ختم ہونے والی سہ ماہی کے لئے 320 ملین روپے بعد از ٹیکس منافع حاصل کیا جو کہ گزشتہ سال کی اسی مدت کے دوران 200 ملین روپے بعد از ٹیکس منافع سے 60 فیصد زیادہ ہے۔

”نول کو رونا وائرس مرض-2019“ (COVID-19) اور بینک کی جانب سے اٹھائے گئے اقدامات

COVID-19 کے پھیلاؤ نے دنیا بھر میں لوگوں اور کاروباری برادری کیلئے رکاوٹ اور غیر یقینی صورتحال پیدا کر دی ہے۔ ایک محدود ادارے کی حیثیت سے بینک اسلامی نے اپنے ملازمین اور صارفین کے لئے محفوظ کام کے ماحول کو یقینی بنانے کے لئے اس وبا کی صورتحال کے اثرات کو روکنے کے لئے ڈبلیو ایچ او کی صحت کے بارے میں گائیڈ لائنز پر مبنی متعدد احتیاطی اقدامات اٹھائے۔ ان اقدامات میں:

☆ اپنے معزز صارفین کو بلا قفل خدمات کی فراہمی کے لئے سماجی فاصلے کے ساتھ ہیڈ آفس کے اہم اسٹاف کو متحرک کرنے کے لئے BCP سائنس کو فعال بنانا

☆ اپنے بقیہ اسٹاف کے لئے گھر سے کام کی پالیسی کا نفاذ

☆ مختلف مہمات اور مارکیٹنگ چیلنجز کے ذریعے ڈیجیٹل خدمات کا فروغ۔ بینک نے اپنے صارفین کو ڈیجیٹل ذرائع کے ذریعے لین دین کرنے کی ترغیب دینے کے لئے IBFT لین دین پرسوں چار بجے معاف کر دیئے ہیں۔

☆ اپنے اسٹاف اور صارفین کو COVID-19 کے اثرات سے بچانے کے لئے اسٹیٹ بینک آف پاکستان (ایس بی پی) کی ہدایت کے مطابق محدود

اوقات اور محدود اسٹاف کے ساتھ منتقلی برائچوں کے ذریعے کام کرنا

☆ اپنی حدود اور برائچوں میں سینیٹائزر کی دستیابی اور پھر ریجینل بینکنگ پوائنٹ

☆ اپنے اسٹاف ممبران میں فیس ماسک اور دستاؤں کی تقسیم

☆ باقاعدہ وقفوں سے ہیڈ آفس کی حدود اور برائچوں کو جراثیم کش کرنا

☆ ایک مخصوص بلیوٹیک لائن کے ذریعے اپنے اسٹاف اور ان کے اہل خانہ کے لئے ایمرجنسی میڈیکل ایڈوائسز سرورسز کی فراہمی

☆ ایس بی پی کی ہدایت کے مطابق اپنی کارپوریٹ ویب سائٹ پر اپنے بینکنگ آپریشنز جیسے کہ کھلی اور بند برائچوں، اوقات اور COVID-19 سے متعلق دیگر گاہی کیلئے ایک کسمائز ڈیجیٹل تیار کیا گیا۔

☆ معاشی قریبی قائل کو برقرار رکھنے اور اپنے لئے اور اپنی فیملی کے ارکان کیلئے دیگر احتیاطی تدابیر کو بروئے کار لانے کے طریقوں سے عوام میں شعور پیدا کرنے کے لئے سوشل میڈیا چیلنجز کے ذریعے حفاظتی اقدامات سے آگاہی، اور

☆ لاک ڈاؤن سے پہلے اپنے ملازمین کو معاشی تحفظ فراہم کرتے ہوئے بینک نے تنخواہوں اور دیگر بحالی کی بروقت تقسیم کی۔

ڈائریکٹرز کی رپورٹ

معزز حاملین حصص

بورڈ کی جانب سے ہم 31 مارچ 2020ء کو ختم ہونے والی سہ ماہی کے لئے بینک اسلامی پاکستان لمیٹڈ ("بینک اسلامی" یا "دی بینک") کے مالیاتی نتائج پیش کرنے پر خوشی محسوس کر رہے ہیں۔

مالی کارکردگی

31 مارچ 2020ء کو ختم ہونے والی سہ ماہی کیلئے مالیاتی نکات درج ذیل ہیں۔

تفصیلات	مارچ 2020ء	مارچ 2019ء	نمو
روپیے میں			
مجموعی ذیلیپازس*	250,343	191,429	30.8%
مجموعی اثاثے*	305,927	231,136	32.4%
مجموعی فنانسنگ اور متعلقہ اثاثے - صافی	132,451	115,280	14.9%
مجموعی سرمایہ کاریاں اور خزانہ کی پلٹیمینٹ	118,766	64,590	83.9%
کل اثاثے	19,350	14,706	31.6%
Net Spread آمدن*	3,350	2,279	47.0%
آپریٹنگ منافع	1,760	776	126.8%
منافع بعد از ٹیکس	368	192	91.7%
بنیادی آمدن فی حصص (روپے)**	0.332	0.190	75.1%
براؤنچ نیٹ ورک (تعداد)	340	330	3.0%

* 2019ء میں اپنائے گئے IFRS 16 کی وجہ سے تقابلی اعداد و شمار دوبارہ بیان کئے گئے ہیں۔

** 2019ء میں رائٹ شیئرز کے اجراء اور IFRS 16 کو اپنانے کی وجہ سے تقابلی اعداد و شمار دوبارہ بیان کئے گئے ہیں۔

بینک اسلامی نے 2020ء میں اپنی ترقی کی رفتار کو جاری رکھا جس کے تحت اس کے اثاثوں اور ذخائر میں مارچ 2019ء میں اس کی پوزیشن کے مقابلہ میں 32 فیصد اور 31 فیصد اضافہ ہوا۔ ذیلیپازس میں اضافہ بینک کی جانب سے اپنائی گئی بنیادی طور پر جارحانہ ڈپازٹ موبائلیزیشن حکمت عملی کے نتیجہ میں ہوا جبکہ بینک اسلامی کے اثاثہ جات کا بینک اسلامی فنانسنگ اور شریعہ کمپلیٹ ٹریڈری پلٹیمینٹ کی جانب فنڈز کو موثر انداز میں تبدیل کرنے کے ذریعہ فروغ پایا۔ مارچ 2019ء کے مقابلہ میں مارچ 2020ء میں غیر فعال فنانسنگ (این پی ایف) میں اضافہ ہوا جس کی وجہ سے بینک کی انفلیکشن ریشو مارچ 2019ء میں 10 فیصد کے مقابلہ میں مارچ 2020ء میں 10.9 فیصد تک بڑھ گئی۔ بینک نے زیر جائزہ سہ ماہی کے دوران فراہمی کی رفتار کو بڑھایا جس کی وجہ سے این پی ایف میں اضافے کے باوجود بینک کی کوریج ریشو (بشمول جزل پرویزنز) میں 31 مارچ 2020ء تک 86.6 فیصد بہتری آئی۔

بینک کی پیٹنس شیٹ کے سامان میں اضافہ اور 2019ء کے نصف کے دوران بیٹج مارک ریش میں اضافے کے اثرات کو دوبارہ پیش کرنے کے نتیجہ میں سہ ماہی کے دوران خالص پھیلی ہوئی آمدن میں 47 فیصد بہتری آئی۔ تاہم یہ ذکر کرنا ضروری ہے کہ 2020ء کی پہلی سہ ماہی کے بعد توقع کی جاتی ہے کہ بینک کی ٹاپ لائن کو انٹیکس اتھارٹی کی جانب سے اپنائی گئی حکمت عملی کی وجہ سے دباؤ کا سامنا کرنا پڑے گا جس سے آہستہ آہستہ بیٹج مارک کی شرحوں میں کمی کی جاری ہے تاکہ مکمل Covid-19 کی وجہ سے درپیش موجودہ معاشی چیلنجوں سے نمٹنے کے قابل ہو سکے۔

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

AS AT MARCH 31, 2020

	Note	Un-audited March 31, 2020	Audited December 31, 2019
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	16,857,794	14,640,163
Balances with other banks	7	1,545,875	1,877,508
Due from financial institutions	8	66,037,880	42,911,620
Investments	9	52,728,104	55,194,471
Islamic financing, related assets and advances	10	132,450,996	131,774,504
Fixed assets	11	12,437,653	12,717,391
Intangible assets	12	3,094,982	3,101,794
Deferred tax assets	13	5,922,279	5,621,695
Other assets	14	14,249,953	14,655,739
Non-current assets held for sale	15	601,609	601,609
Total Assets		305,927,125	283,096,494
LIABILITIES			
Bills payable	16	3,282,364	3,645,324
Due to financial institutions	17	17,598,730	15,103,607
Deposits and other accounts	18	250,343,365	228,826,675
Subordinated sukuk	19	1,700,000	1,700,000
Deferred tax liabilities		-	-
Other liabilities	20	13,653,003	14,124,556
		286,577,462	263,400,162
NET ASSETS		19,349,663	19,696,332
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		1,186,267	1,186,267
Surplus on revaluation of assets - net of tax	21	3,907,597	4,626,364
Unappropriated profit		3,247,808	2,875,710
		19,349,663	19,696,332
CONTINGENCIES AND COMMITMENTS			
	22		

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
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, 2020

	Note	March 31, 2020	(Restated) March 31, 2019
----- Rupees in '000 -----			
Profit / return earned	23	7,978,585	4,640,758
Profit / return expensed	24	<u>4,628,553</u>	<u>2,361,494</u>
Net Profit / return		3,350,032	2,279,264
OTHER INCOME			
Fee and commission income	25	<u>271,906</u>	<u>181,048</u>
Dividend income		2,350	2,989
Foreign exchange income		114,127	25,948
Gain on securities	26	<u>105,286</u>	<u>(4,145)</u>
Other income	27	<u>18,375</u>	<u>34,089</u>
Total other income		512,044	239,929
Total Income		<u>3,862,076</u>	<u>2,519,193</u>
OTHER EXPENSES			
Operating expenses	28	<u>2,090,087</u>	<u>1,699,054</u>
Workers' Welfare Fund		12,213	8,057
Other charges	29	<u>137</u>	<u>36,150</u>
Total other expenses		2,102,437	1,743,261
Profit before provisions		<u>1,759,639</u>	<u>775,932</u>
Provisions and write offs - net	30	1,126,928	458,736
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>632,711</u>	<u>317,196</u>
Taxation	31	264,508	125,070
PROFIT AFTER TAXATION		<u><u>368,203</u></u>	<u><u>192,126</u></u>
----- Rupees -----			
(Restated)			
Basic earnings per share	32	<u><u>0.3321</u></u>	<u><u>0.1896</u></u>
Diluted earnings per share	32	<u><u>0.3321</u></u>	<u><u>0.1896</u></u>

The annexed notes 1 to 38 form an integral part of these 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 Statement of
Comprehensive Income (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020	(Restated) March 31, 2019
	----- Rupees in '000 -----	
Profit after taxation for the year	368,203	192,126
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	(714,872)	(660)
Items that will not be reclassified to profit and loss account in subsequent periods	-	-
Total comprehensive income	<u><u>(346,669)</u></u>	<u><u>191,466</u></u>

The annexed notes 1 to 38 form an integral part of these 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, 2020

	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, 2018	10,079,121	(79,042)	718,799	250,000	9,988	1,840,659	1,695,290	14,514,815
Profit after taxation for the quarter ended March 31, 2019 (restated)	-	-	-	-	-	-	192,126	192,126
Other comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(660)	-	-	(660)
Total comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(660)	-	192,126	191,466
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(4,881)	4,881	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(520)	520	-
Surplus on revaluation of fixed assets transferred to unappropriated profit	-	-	-	-	-	(15,850)	15,850	-
Balance as at March 31, 2019 (restated)	10,079,121	(79,042)	718,799	250,000	9,328	1,819,408	1,908,667	14,706,281
Issuance of Right Shares	1,007,912	-	-	-	-	-	-	1,007,912
Profit after taxation for the period from April 01, 2019 to December 31, 2019	-	-	-	-	-	-	895,212	895,212
Other comprehensive income for the period from April 01, 2019 to December 31, 2019	-	-	-	-	2,979,406	56,341	51,180	3,086,927
Total comprehensive income for the period from April 01, 2019 to December 31, 2019	-	-	-	-	2,979,406	56,341	946,392	3,982,139
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(9,400)	9,400	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(456)	456	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Surplus on revaluation of fixed assets transferred to unappropriated profit	-	-	-	-	-	(769)	769	-
Transfer from surplus on revaluation of non-banking assets on sale	-	-	-	-	-	(227,494)	227,494	-
Transfer to statutory reserve	-	-	217,468	-	-	-	(217,468)	-
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

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

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DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2020

			(Restated)
	Note	March 31, 2020	March 31, 2019
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		632,711	317,196
Less: Dividend Income		(2,350)	(2,989)
		630,361	314,207
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		167,655	161,106
Depreciation on non banking assets		1,449	1,842
Depreciation on right-of-use assets		206,161	190,366
Amortization		17,023	16,994
Depreciation on operating Ijarah assets		704,822	244,140
Finance cost on Ijarah (lease) liabilities	24	108,328	122,685
Provisions and write offs - net	30	1,126,928	458,736
Unrealized loss on revaluation of investments classified as held for trading	26	-	(6)
Charge for defined benefit plan		29,032	22,501
Gain on sale of property and equipment	27	331	(13,762)
		2,361,729	1,204,602
		2,992,090	1,518,809
(Increase) / decrease in operating assets			
Due from financial institutions		(23,126,260)	11,270,411
Held-for-trading securities		-	144,135
Islamic financing and related assets and advances		(2,136,113)	2,601,444
Others assets		(348,005)	(2,146,302)
		(25,610,378)	11,869,688
Increase / (decrease) in operating liabilities			
Bills payable		(362,960)	432,990
Due to financial institutions		2,495,123	669,781
Deposits and other accounts		21,516,690	6,735,847
Other liabilities (excluding current taxation)		(431,495)	3,389,895
		23,217,358	11,228,513
		599,070	24,617,010
Contributions to defined benefit plan		-	-
Income tax paid		(125,262)	(74,520)
Net cash generated from operating activities		473,808	24,542,490
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		1,746,778	(19,013,464)
Dividend received		2,350	2,989
Payment of Ijarah (lease) liability against right-of-use assets		(253,896)	(796,487)
Investments in fixed assets		(73,088)	(2,675,250)
Investments in intangible assets		(10,211)	-
Proceeds from disposal of fixed assets		257	65,299
Net cash generated from / (used in) investing activities		1,412,190	(22,416,913)
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		1,885,998	2,125,577
Cash and cash equivalents at the end of the period		16,517,671	15,125,373
		18,403,669	17,250,950

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

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BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2020

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 340 branches including 81 sub branches as at March 31, 2020 (2019: 330 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.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

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** 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 Group is being issued separately.
- 2.5** The Bank 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 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

- 3.1** 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, 2019, except as described below:
- 3.2 Effect on corresponding period on account of adopting IFRS 16 - 'Leases' during last year:**
- 3.3** During the year 2019, in view of SBP circular no. BPRD/RPD/2019/17 dated July 26, 2019, the Bank adopted accounting standard IFRS 16 - 'Leases' applicable on lease contracts where the Bank acting in capacity of lessee. The Bank had adopted modified retrospective approach for transition to IFRS 16 and applied practical expedients as allowed under IFRS 16. The changes due to adoption of IFRS 16 were first reported in the Bank's financial statement for the half year ended June 30, 2019 with an effective date of January 01, 2019.

The impact of the initial application of IFRS 16 on the corresponding period are summarized below:

	For the quarter ended March 31, 2019 Rupees in '000
Increase in profit / return expensed	122,685
Decrease in operating expenses - rent expense	222,010
Increase in operating expenses - depreciation on right-of-use-assets	190,366
Decrease in profit after tax	59,177

3.4 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective:

3.4.1 The following standard and amendment with respect to the accounting and reporting standards as applicable in Pakistan would be effective for accounting periods beginning on 01 January 2021:

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. SBP has advised the effective date of implementation of IFRS 9 from January 01, 2021. Meanwhile, SBP has directed banks to perform parallel run of IFRS 9 implementation starting from January 01, 2020 to assess the impact of implementation of IFRS 9. The Bank is currently evaluating the impact of the IFRS 9.

3.4.2 Early adoption of standards

The Bank has not early adopted any new or amended standard in the year 2020.

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, 2019.

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 of the Bank for the year ended December 31, 2019 except for the following additional considerations due to the COVID - 19:

The COVID – 19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced various fiscal and economic stimulus measures to mitigate its impact.

The SBP has responded to the crisis by cutting the policy rate by 425 basis points to 9 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on financing obligations by one year; and (v) relaxing regulatory criteria for restructured /rescheduled financing for borrowers who require relief beyond the extension of principal repayment for one year.

COVID 19 has impacted the banks in Pakistan from various facets which includes increase in overall credit risk pertaining to financing and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity etc. We have discussed below the major aspects of COVID 19 on the Bank's risk management policies:

Assets quality and credit risk

The Risk department of the Bank is regularly conducting assessments to identify financing customers operating in various sectors which are most likely to get affected. The Bank has further strengthened its credit review procedures in the light of COVID 19. The Bank has also reassessed its portfolio as at March 31, 2020 for subjective downgrading. Further, as a matter of prudence, the Bank has made a general provision amounting to Rs. 330 Million in respect of Bank's exposure to the financing customers operating in sectors most impacted by COVID 19 disruptions.

Liquidity management

The Bank, under SBP's relief package, is receiving applications from financing customers for deferral of principal and profit . These applications are being reviewed by the Bank as per its established policies. The above will have an impact on the maturity profile of the Bank as estimated previously. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed. The Bank is confident that the liquidity buffer currently maintained by the Bank is sufficient to cater any adverse movement in cash flow maturity profile.

Operations

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank's staff and an uninterrupted service to its customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested.

March 31, 2020 December 31,
2019

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- local currency	5,874,230	4,578,845
- foreign currency	545,861	449,739
	<u>6,420,091</u>	<u>5,028,584</u>

With the State Bank of Pakistan in:

- local currency current account	7,996,964	6,032,362
- foreign currency deposit accounts:		
- Cash Reserve Account	435,430	369,621
- Special Cash Reserve Account	526,117	446,116
- US Dollar Clearing Account	93,691	14,450
	<u>1,055,238</u>	<u>830,187</u>

With National Bank of Pakistan in:

- local currency current account	1,385,501	2,744,790
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National Prize Bonds

-	4,240
<u>16,857,794</u>	<u>14,640,163</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- in current accounts	2,861	2,861
- in deposit accounts	91,787	360
	<u>94,648</u>	<u>3,221</u>

Outside Pakistan:

- in current accounts	1,451,227	1,874,287
	<u>1,545,875</u>	<u>1,877,508</u>

8 DUE FROM FINANCIAL INSTITUTIONS

Note	March 31, 2020			December 31, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----						
Secured						
Bai Muajjal Receivable						
-from Banks	8.3	9,970,024	-	9,970,024	-	-
-from Other Financial Institutions	8.4	33,618,354	-	33,618,354	20,821,525	20,821,525
Unsecured						
Commodity Murabahah		-	-	-	-	-
Wakalah Placement	8.1	-	1,416,981	1,416,981	-	1,316,205
Bai Muajjal Receivable						
-from State Bank of Pakistan	8.2	-	-	6,172,475	-	6,172,475
-from Banks	8.3	12,237,966	-	12,237,966	5,942,762	5,942,762
-from Other Financial Institutions	8.4	8,794,555	-	8,794,555	8,658,653	8,658,653
Other placements		30,780	-	30,780	-	30,780
		64,651,679	1,416,981	66,068,660	41,626,195	1,316,205
Provision against placements	8.5	(30,780)	-	(30,780)	-	(30,780)
		64,620,899	1,416,981	66,037,880	41,595,415	1,316,205
						42,911,620

8.1 This represents foreign currency placements and the profit rates on these agreements range between 1.80% to 3.40% (2019: 1.70% to 3.40%) per annum. The agreements have maturities ranging from 14 to 27 days (2019: 27 to 106 days).

8.2 The profit rates on Bai Muajjal from State Bank of Pakistan range between Nil (2019: 10.50% to 10.60%) per annum and the agreements have maturities in Nil (2019: 38 days).

8.3 The profit rate on Bai Muajjal from banks range between 12% to 13.60% (2019: 13.60% to 13.75%) per annum and the agreements have maturities ranging from 3 to 147 days (2019: 6 to 94 days). These include Bai Muajjal secured against Federal Government securities received as collateral and having market value of Rs. 9,900 million (2019: Nil)

8.4 The average return on this product ranges between 10.08% to 17.07% (2019: 12.95% to 17.07%) per annum. The balances have maturities ranging between 1 day to 301 days (2019: 10 days to 266 days). These include Bai Muajjal secured against Federal Government securities received as collateral and having market value of Rs. 36,075 million (2019: Rs. 22,739 million)

8.5 Category of classification

	March 31, 2020		December 31, 2019	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	30,780	30,780	30,780	30,780

8.5.1 The Bank does not hold overseas classified placements.

9 INVESTMENTS

	Note	March 31, 2020	December 31, 2019
		-----Rupees in '000-----	
Investments - Islamic	9.1 & 9.3	52,150,429	54,616,796
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	577,675	577,675
		<u>52,728,104</u>	<u>55,194,471</u>

Note	March 31, 2020				December 31, 2019			
	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

Non Government Shariah

Compliant Securities

Mutual fund units

Shares / Modaraba certificates

10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
37,513,208	(35,880)	3,540,447	41,017,775	38,875,056	(35,880)	4,565,437	43,404,613
21	-	35	56	21	-	42	63
332,863	(91,811)	(42,232)	198,820	332,863	(87,094)	32,573	278,342
48,151,928	(127,691)	3,498,250	51,522,487	49,513,776	(122,974)	4,598,052	53,988,854

Associates

627,942	-	-	627,942	627,942	-	-	627,942
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Total Islamic investments

<u>48,779,870</u>	<u>(127,691)</u>	<u>3,498,250</u>	<u>52,150,429</u>	<u>50,141,718</u>	<u>(122,974)</u>	<u>4,598,052</u>	<u>54,616,796</u>
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9.2 Conventional Investments by type*

Available for sale securities

Non Government Debt Securities

Shares

268,210	(268,210)	-	-	268,210	(268,210)	-	-
1,189,030	(611,355)	-	577,675	1,189,030	(611,355)	-	577,675
1,457,240	(879,565)	-	577,675	1,457,240	(879,565)	-	577,675

Held to maturity securities

Non Government Debt Securities

321,601	(321,601)	-	-	321,601	(321,601)	-	-
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Associates

1,032,169	(1,032,169)	-	-	1,032,169	(1,032,169)	-	-
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Subsidiaries

104,771	(104,771)	-	-	104,771	(104,771)	-	-
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Total conventional investments

<u>2,915,781</u>	<u>(2,338,106)</u>	<u>-</u>	<u>577,675</u>	<u>2,915,781</u>	<u>(2,338,106)</u>	<u>-</u>	<u>577,675</u>
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* These assets are related to amalgamated entity. These investments are under process of conversion / liquidation / disposal.

Note	March 31, 2020				December 31, 2019			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees in '000-----							

9.3 Islamic Investments by segments

Federal Government Securities

Bai Muajjal

10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
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Non Government Shariah

Compliant Securities

Pakistan Energy Sukuk-I

Sukuk certificates - unlisted

29,501,500	-	3,540,447	33,041,947	30,535,000	-	4,564,983	35,099,983
8,011,708	(35,880)	-	7,975,828	8,340,056	(35,880)	454	8,304,630
37,513,208	(35,880)	3,540,447	41,017,775	38,875,056	(35,880)	4,565,437	43,404,613

Mutual fund units

Units of open-end mutual funds

21	-	35	56	21	-	42	63
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Shares

Ordinary shares of listed companies

332,863	(91,811)	(42,232)	198,820	332,863	(87,094)	32,573	278,342
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Associates - Unlisted

Shakarganj Food Products Limited

627,942	-	-	627,942	627,942	-	-	627,942
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<u>48,779,870</u>	<u>(127,691)</u>	<u>3,498,250</u>	<u>52,150,429</u>	<u>50,141,718</u>	<u>(122,974)</u>	<u>4,598,052</u>	<u>54,616,796</u>
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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.

9.4 Conventional Investments by segments*

	March 31, 2020				December 31, 2019			
	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	90,388	(90,388)	-	-	90,388	(90,388)	-	-
Unlisted	499,423	(499,423)	-	-	499,423	(499,423)	-	-
	589,811	(589,811)	-	-	589,811	(589,811)	-	-
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)	-	-
	2,915,781	(2,338,106)	-	577,675	2,915,781	(2,338,106)	-	577,675

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

		March 31, 2020	December 31, 2019
		----- 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	Note	March 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
9.6.1 Opening balance		2,461,080	4,408,122
Charge / (reversal)			
Charge for the period / year		4,717	39,677
Reversals for the period / year		-	(2,376)
Provision for diminution in value of investments - net	30	4,717	37,301
Transfer to Non-current assets held for sale	15	-	(1,984,343)
Closing Balance	9.6.1.1	2,465,797	2,461,080
9.6.1.1 Break up of provision for diminution in the value of investments is as follows:			
Investments - Islamic		127,691	122,974
Investments - Conventional		2,338,106	2,338,106
		2,465,797	2,461,080
9.6.2 Particulars of provision against debt securities			
Category of classification		March 31, 2020	December 31, 2019
		Non-performing investments	Non-performing investments
		Specific Provision	Specific Provision
----- Rupees in '000 -----			
Domestic			
Other assets especially mentioned	-	-	-
Substandard	-	-	-
Doubtful	-	-	-
Loss	901,942	625,691	901,942
Total	901,942	625,691	625,691

9.6.2.1 The Bank does not hold overseas classified debt securities.

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

	Note	March 31, 2020	December 31, 2019
Islamic financing and related assets - net	10.1	132,153,783	131,471,570
Advances (relating to amalgamated entity) - net	10.2	297,213	302,934
		<u>132,450,996</u>	<u>131,774,504</u>

Note	Performing		Non Performing		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	Rupees in '000					

10.1 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan							
- Running Musharakah	10.11	38,448,751	35,522,924	-	-	38,448,751	35,522,924
- Diminishing Musharakah financing and related assets - Others	10.3	27,667,740	26,611,862	1,468,265	1,241,965	29,136,005	27,853,827
- Muswammah financing and related assets / Karobar financing	10.4 & 10.12	10,647,123	11,176,623	2,804,150	2,806,150	13,451,273	13,982,773
- Istisna financing and related assets	10.5 & 10.10	12,807,886	13,625,060	856,216	858,108	13,664,102	14,483,168
- Diminishing Musharakah - Housing		10,857,164	11,903,851	1,866,325	1,323,994	12,723,489	13,227,845
- Murabahah financing and related assets	10.6 & 10.9	6,129,020	6,634,565	437,626	664,272	6,566,646	7,298,837
- Diminishing Musharakah financing and related assets - Auto		11,050,927	10,670,368	187,975	87,725	11,238,902	10,758,093
- Investment Agency Wakalah		6,250,000	6,250,000	-	-	6,250,000	6,250,000
- Ijarah financing under IFAS 2 and related assets	10.7	2,234,977	3,094,951	183,912	187,321	2,418,889	3,282,272
- Financing to employees		2,774,433	2,750,540	149,199	138,085	2,923,632	2,888,625
- Qardh e Hasana		2,081	2,081	548,605	552,330	550,686	554,411
- Murabahah against Bills		71,498	166,338	892	892	72,390	167,230
- Salam	10.8	104,999	100,000	337	337	105,336	100,337
- Post Due Acceptance		305,019	239,534	-	-	305,019	239,534
- Housing finance portfolio - others		33,786	33,786	-	-	33,786	33,786
- Net investment in Ijarah financing in Pakistan		89,328	35,242	-	-	89,328	35,242
- Musharakah financing		280,000	280,000	-	-	280,000	280,000
- Financing against Bills		262,842	59,173	-	-	262,842	59,173
Gross financing and related assets		130,017,574	129,156,898	8,503,502	7,861,179	138,521,076	137,018,077

Less: Provision against non-performing Islamic financing and related assets

- Specific	10.14 & 10.15	-	-	(5,713,146)	(5,208,752)	(5,713,146)	(5,208,752)
- General	10.14 & 10.15	(654,147)	(337,755)	-	-	(654,147)	(337,755)
		<u>(654,147)</u>	<u>(337,755)</u>	<u>(5,713,146)</u>	<u>(5,208,752)</u>	<u>(6,367,293)</u>	<u>(5,546,507)</u>

Islamic financing and related assets-net of provisions

	<u>129,363,427</u>	<u>128,819,143</u>	<u>2,790,356</u>	<u>2,652,427</u>	<u>132,153,783</u>	<u>131,471,570</u>
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10.2 ADVANCES

Loans, cash credits, running finances, etc. - In Pakistan*	174,089	175,815	6,159,933	6,229,714	6,334,022	6,405,529	
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	-	-	714,445	714,646	714,445	714,646	
Advances - gross	174,089	175,815	7,456,563	7,526,545	7,630,652	7,702,360	
Provision against advances							
- Specific	10.14 & 10.15	-	(7,450,871)	(7,518,228)	(7,450,871)	(7,518,228)	
- General	10.14 & 10.15	(66)	(57)	-	(66)	(57)	
		(66)	(57)	(7,450,871)	(7,518,228)	(7,450,937)	(7,518,285)
Advances - net of provision	174,023	175,758	5,692	8,317	179,715	184,075	
Fair value adjustment	10.16	-	117,498	118,859	117,498	118,859	
Advances - net of provision and fair value adjustment	174,023	175,758	123,190	127,176	297,213	302,934	

* This includes non-interest bearing performing financing facilities amounting to Rs. 119,877 million (2019: Rs. 121,991 million).

10.3 Diminishing Musharakah financing and related assets - Others

Diminishing Musharakah financing	29,116,468	27,821,116
Advance against Diminishing Musharakah financing	19,537	32,711
	<u>29,136,005</u>	<u>27,853,827</u>

10.4 Muswammah financing and related assets / Karobar financing

Muswammah financing	9,076,978	10,543,334
Advance against Muswammah financing	252,084	1,619
Muswammah inventories	4,122,211	3,437,820
	<u>13,451,273</u>	<u>13,982,773</u>

	March 31, 2020	December 31, 2019
	-----Rupees in '000-----	
10.5 Istisna financing and related assets		
Istisna financing	8,870,209	8,771,480
Advance against Istisna financing	4,793,893	5,711,688
	<u>13,664,102</u>	<u>14,483,168</u>
10.6 Murabahah financing and related assets		
Murabahah financing	4,504,036	5,364,666
Deferred murabahah income	146,678	185,009
Advances against Murabaha financing	488,188	252,766
Murabaha Inventories	1,427,744	1,496,396
	<u>6,566,646</u>	<u>7,298,837</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	2,418,207	3,281,590
Advance against Ijarah financing	682	682
	<u>2,418,889</u>	<u>3,282,272</u>
10.8 Salam		
Salam financing	60,338	55,337
Advance against Salam	44,998	45,000
	<u>105,336</u>	<u>100,337</u>

- 10.9** Murabahah financing and related assets includes financing amounting to Rs. 450 million (2019: Rs. 994 million) and advance amounting to Rs. 220.989 million (2019: Rs. 741 million) under Islamic Export Refinance Scheme.
- 10.10** Istisna financing and related assets includes financing amounting to Rs. 150.004 million (2019: Rs. 1,209.817 million) and advance amounting to Rs. 1,557 million (2019: Rs. 147 million) under Islamic Export Refinance Scheme.
- 10.11** Running musharakah financing and related assets includes financing amounting to Rs. 1,777.187 million (2019: 993.187 million) and advance amounting to Nil (2019: Nil) under Islamic Export Refinance Scheme.
- 10.12** Muswammah financing and related assets / Karobar financing includes financing amounting to Rs. Nil (2019: Nil) and advance amounting to Rs. 200 million (2019: Nil) under Islamic Export Refinance Scheme.

	March 31, 2020	December 31, 2019
	-----Rupees in '000-----	
10.13 Particulars of Islamic financing and related assets and advances - gross		
In local currency	143,703,173	142,150,863
In foreign currency	2,448,555	2,569,574
	<u>146,151,728</u>	<u>144,720,437</u>
10.14 Islamic financing and related assets and advances include Rs. 15,960.065 million (2019: Rs. 15,387.724 million) which have been placed under non-performing status as detailed below:		

March 31, 2020		December 31, 2019	
Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision

Category of classification

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

Total

----- Rupees in '000 -----			
901,552	-	525,244	-
681,415	79,326	695,454	76,698
2,090,799	1,291,833	1,904,229	821,090
12,286,299	11,792,858	12,262,797	11,829,192
<u>15,960,065</u>	<u>13,164,017</u>	<u>15,387,724</u>	<u>12,726,980</u>

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

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

	March 31, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	12,726,980	337,812	13,064,792	10,932,951	230,642	11,163,593
Charge for the period / year	540,750	330,000	870,750	2,798,104	107,170	2,905,274
Reversals for the period / year	(103,713)	(13,599)	(117,312)	(884,736)	-	(884,736)
	437,037	316,401	753,438	1,913,368	107,170	2,020,538
Amount written off	-	-	-	(119,339)	-	(119,339)
Closing balance	<u>13,164,017</u>	<u>654,213</u>	<u>13,818,230</u>	<u>12,726,980</u>	<u>337,812</u>	<u>13,064,792</u>

10.15.1

Islamic	5,713,146	654,147	6,367,293	5,208,752	337,755	5,546,507
Conventional	7,450,871	66	7,450,937	7,518,228	57	7,518,285
	<u>13,164,017</u>	<u>654,213</u>	<u>13,818,230</u>	<u>12,726,980</u>	<u>337,812</u>	<u>13,064,792</u>

	March 31, 2020	December 31, 2019
-----Rupees in '000-----		
10.15.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account		
Gross reversals for the period / year		117,312
Charge for the period / year		(870,750)
		(753,438)
Fair value adjusted - net		(1,361)
Net charge taken to the profit and loss account		(754,799)
		(2,058,139)

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

	March 31, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	13,164,017	654,213	13,818,230	12,726,980	337,812	13,064,792
In foreign currency	-	-	-	-	-	-
	<u>13,164,017</u>	<u>654,213</u>	<u>13,818,230</u>	<u>12,726,980</u>	<u>337,812</u>	<u>13,064,792</u>

10.15.4 The Bank maintains general reserve (provision) amounting to Rs. 324.213 million (2019: 337.812 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 provision of Rs. 330 million (December 31, 2019: Nil) as a matter of prudence based on management estimate.

10.15.5 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, 2020 amounts to Rs. 474.178 million (2019: Rs. 345.792 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 288.625 million (2019: Rs. 210.933 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.16 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.

	Note	March 31, 2020	December 31, 2019
		-----Rupees in '000-----	
11	FIXED ASSETS		
Capital work-in-progress	11.1	284,902	362,346
Property and equipment	11.2 & 11.3	8,792,302	8,810,013
Right of use assets	11.2	3,360,449	3,545,032
		<u>12,437,653</u>	<u>12,717,391</u>
11.1	Capital work-in-progress		
Advances to suppliers and contractors		244,302	321,746
Advance for acquiring properties:			
- Office premises		762,503	762,503
		1,006,805	1,084,249
Provision for impairment against advance for acquiring floor / office premises		(721,903)	(721,903)
		<u>284,902</u>	<u>362,346</u>
		March 31, 2020	March 31, 2019
		----- 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		139,382	502,638
Property and equipment			
Freehold / Leasehold land		-	1,895,503
Leasehold Building		-	222,377
Furniture and fixture		79,693	16,889
Electrical office and computer equipment		66,718	54,740
Vehicles		4,014	6,997
		150,425	2,196,506
Right of use assets			
Leasehold Building		21,578	4,152,378
Total		<u>311,385</u>	<u>6,851,522</u>
11.3	Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold Building		-	51,529
Furniture and fixture		4	-
Electrical office and computer equipment		585	8
Total		<u>588</u>	<u>51,537</u>

	Note	March 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
12 INTANGIBLE ASSETS			
Computer software	12.1	121,643	127,885
Core deposits		29,042	29,612
Goodwill		2,944,297	2,944,297
		<u>3,094,982</u>	<u>3,101,794</u>
		March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	

12.1 Additions to intangible assets

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

- Directly purchased	<u>10,211</u>	<u>-</u>
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12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period

	Note	March 31, 2020	December 31, 2019
		----- Rupees in '000 -----	

13 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

Accumulated tax losses	13.1	3,066,272	3,299,042
Tax credit against minimum tax		164,528	269,938
Provision for diminution in the value of investments		326,246	326,246
Provision against non-performing Islamic financing and related assets and advances		3,811,225	3,785,670
Provision for gratuity		21,253	21,253
Impairment of goodwill		-	-
Ijarah financing and related assets		413,895	218,663
Accelerated tax depreciation		33,841	16,377
Others		244,796	240,830
		<u>8,082,056</u>	<u>8,178,019</u>

Taxable Temporary Differences on:

Fair value adjustments relating to net assets acquired upon amalgamation		(220,327)	(229,846)
Accelerated tax depreciation		-	-
Surplus on revaluation of fixed assets	21	(621,662)	(623,385)
Surplus on revaluation of non-banking assets	21	(11,797)	(12,172)
Surplus on revaluation of available for sale securities	21	(1,224,388)	(1,609,318)
Net investment in finance lease		(81,603)	(81,603)
		<u>(2,159,777)</u>	<u>(2,556,324)</u>
		<u>5,922,279</u>	<u>5,621,695</u>

- 13.1** The Bank has aggregate tax losses of Rs. 8,760.777 million as at March 31, 2020 (2019: Rs. 9,425.835 million) which includes tax losses of 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. 3,066.272 million (2019: Rs. 3,299.042 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.

	Note	March 31, 2020	December 31, 2019
14 OTHER ASSETS		-----Rupees in '000-----	
Profit / return accrued in local currency		7,899,543	7,483,717
Profit / return accrued in foreign currency		23,777	12,132
Advances, deposits, advance rent and other prepayments		860,285	468,406
Non-banking assets acquired in satisfaction of claims		2,075,479	2,075,858
Branch Adjustment Account		-	46,064
Takaful / insurance claim receivable		31,914	23,996
Receivable against First WAPDA Sukuk		50,000	50,000
Acceptances		3,479,904	4,347,956
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		83,035	-
Amount held with financial institution		738,477	738,477
Others		428,017	461,129
		<u>15,670,431</u>	<u>15,707,735</u>
Less: Provision held against other assets	14.1	<u>(1,620,593)</u>	<u>(1,253,182)</u>
Other Assets (Net of Provision)		14,049,838	14,454,553
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		200,115	201,186
Other assets - total		<u>14,249,953</u>	<u>14,655,739</u>
Market value of non-banking assets acquired in satisfaction of claims		<u>1,570,915</u>	<u>1,572,365</u>
14.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		26,692	26,692
Non banking assets acquired in satisfaction of claims		704,679	704,679
Amount held with financial institution		369,239	369,239
Others		519,983	152,572
	14.1.1	<u>1,620,593</u>	<u>1,253,182</u>
14.1.1 Movement in provision held against other assets			
Opening balance		1,253,182	678,959
Charge for the period / year		370,000	699,688
Reversals for the period / year		(2,589)	(1,275)
Adjustment for the period / year		-	(124,190)
Closing balance		<u>1,620,593</u>	<u>1,253,182</u>

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, the Bank has made some progress in sale of its investment in BankIslami Modaraba Investment Limited and BIPL Securities Limited but none of these transactions had been completed at the balance sheet date. However, the Bank expects a sale to occur during the year. Accordingly, these investments have been classified as held for sale. The Board considered these investments to meet the criteria for classification as assets held for sale for the following reasons:

BankIslami Modaraba Investment Limited

- A potential buyer has been identified for the sale and has made final offer.
- The management is in the process of taking necessary steps including arranging regulatory approvals to conclude the transaction.

BIPL Securities Limited

- The management is committed to complete the sale transaction.
- The subsidiary is available for immediate sale and can be sold in present condition.
- The sale is expected to occur within the next twelve months.
- The potential buyers have been identified and they have also announced their intention to acquire the subsidiary at Pakistan Stock Exchange and have also initiated the due diligence exercise.

	March 31, 2020			December 31, 2019		
	Cost / Amortized cost	Provision for diminution	Carrying Value	Cost / Amortized cost	Provision for diminution	Carrying Value
	----- Rupees in '000 -----					
Islamic Investment						
BankIslami Modaraba Investments Limited	191,015	(112,207)	78,808	191,015	(112,207)	78,808
Conventional Investment						
BIPL Securities Limited	2,394,937	(1,872,136)	522,801	2,394,937	(1,872,136)	522,801
	<u>2,585,952</u>	<u>(1,984,343)</u>	<u>601,609</u>	<u>2,585,952</u>	<u>(1,984,343)</u>	<u>601,609</u>

16 BILLS PAYABLE

	March 31, 2020	December 31, 2019
	-----Rupees in '000-----	
In Pakistan	3,282,364	3,645,324
Outside Pakistan	-	-
	<u>3,282,364</u>	<u>3,645,324</u>

17 DUE TO FINANCIAL INSTITUTIONS

March 31, 2020 December 31 2019

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

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	3,865,176	3,816,813
Acceptances from State Bank of Pakistan for financial assistance	3,158,554	3,086,794
Refinance facility for Islamic Mortgage	1,000,000	1,000,000
Total secured	8,023,730	7,903,607

Unsecured

Wakalah Acceptance	2,000,000	4,000,000
Musharakah Acceptance	7,575,000	3,200,000
Total unsecured	9,575,000	7,200,000
	17,598,730	15,103,607

18 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020			December 31, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	63,921,808	3,208,618	67,130,426	64,907,052	2,728,254	67,635,306
Savings deposits	58,852,477	3,507,622	62,360,099	55,379,811	3,120,219	58,500,030
Term deposits	89,279,873	1,684,024	90,963,897	87,652,008	1,303,894	88,955,902
Others	2,210,963	20,707	2,231,670	2,673,856	19,555	2,693,411
	214,265,121	8,420,971	222,686,092	210,612,727	7,171,922	217,784,649
Financial Institutions						
Current deposits	165,815	37,308	203,123	197,108	7,673	204,781
Savings deposits	27,277,630	-	27,277,630	7,607,705	-	7,607,705
Term deposits	176,520	-	176,520	3,229,540	-	3,229,540
	27,619,965	37,308	27,657,273	11,034,353	7,673	11,042,026
	241,885,086	8,458,279	250,343,365	221,647,080	7,179,595	228,826,675

19 SUBORDINATED SUKUK

The Bank is in the process of issuing 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 1 (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. The total size of ADT-1 sukuk is Rs. 2,000 million.

As of 31 December 2019, the Pre-IPO (Initial public offer) phase of ADT-1 sukuk was achieved through which subscription amounting to Rs. 1,700 million was received. Subsequent to the period end March 31, 2020, the Bank completed the process of the IPO of ADT-1 sukuk, amounting to Rs. 300 million.

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

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Rating	'A-' by Pakistan Credit Rating Agency Limited (PACRA)
Tenor	Perpetual (i.e. no fixed or final redemption date)
Security	The Sukuk will be unsecured and subordinated to payment of principal and profit of all other claims except ordinary shares
Profit rate	The sukuk shall carry profit at the rate of 3 Months KIBOR + 2.75%
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.

20 OTHER LIABILITIES

	March 31, 2020	December 31, 2019
	-----Rupees in '000-----	
Profit / return payable in local currency	2,625,949	2,015,445
Profit / return payable in foreign currencies	18,836	16,216
Accrued expenses	688,912	661,911
Deferred Murabahah Income - Financing and IERS	135,303	138,841
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	(4,400)	2,656
Defined Benefit Plan liabilities	147,452	110,626
Security deposits against Ijarah	1,340,069	1,453,017
Ijarah (lease) Liability	3,657,947	3,781,937
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	3,479,904	4,347,956
Receipt appropriation account	225,666	195,818
Current taxation (provisions less payments)	338,112	283,212
Provision against other tax liabilities	69,226	55,334
Sundry creditors	59,031	175,312
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	-	33,978
Charity payable	3,365	21,605
Retention money payable	16,646	17,499
Provision for Workers' Welfare Fund	80,056	67,843
Branch adjustment account	27,347	-
Rental received in advance	513,243	563,555
Others	139,687	91,143
	<u>13,653,003</u>	<u>14,124,556</u>

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	March 31, 2020	December 31, 2019
		-----Rupees in '000-----	
Surplus on revaluation of:			
Available for sale securities	9.1	3,498,250	4,598,052
Fixed Assets		2,067,079	2,072,001
Non-banking assets acquired in satisfaction of claims		200,115	201,186
		5,765,444	6,871,239
Deferred tax liability on surplus on revaluation of:			
	13		
Available for sale securities		(1,224,388)	(1,609,318)
Fixed Assets		(621,662)	(623,385)
Non-banking assets acquired in satisfaction of claims		(11,797)	(12,172)
		(1,857,847)	(2,244,875)
		3,907,597	4,626,364

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	9,274,503	10,629,042
- Commitments	22.2	13,719,812	13,618,551
- Other contingent liabilities	22.3	2,404,485	2,404,485
		<u>25,398,800</u>	<u>26,652,078</u>

	Note	March 31, 2020	December 31, 2019
		-----Rupees in '000-----	
22.1 Guarantees:			
Financial guarantees		80,182	80,182
Performance guarantees		6,786,607	8,290,906
Other guarantees		2,407,714	2,257,954
		9,274,503	10,629,042
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		10,951,396	10,938,636
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	22.2.1	(1,103,385)	(1,162,379)
Commitments for acquisition of:			
- fixed assets		296,090	219,931
- intangible assets		17,833	38,037
Other commitments	22.2.2	3,557,878	3,584,326
		13,719,812	13,618,551
22.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts			
Purchase		17,702,286	12,252,861
Sale		(18,805,671)	(13,415,240)
		(1,103,385)	(1,162,379)
22.2.2 Other commitments			
Bills for collection		3,557,878	3,584,326
22.2.2.1 The Bank makes commitments to extend financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
		March 31, 2020	December 31, 2019
		-----Rupees in '000-----	
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		11,200	11,200
Tax Contingencies		2,393,285	2,393,285
		2,404,485	2,404,485
22.3.1 There is no change in the status of tax and other contingencies, as set out in note 25.3.1 and 25.3.2 to the annual financial statements of the Bank for the year ended December 31, 2019.			

Note March 31, 2020 March 31, 2019
-----Rupees in '000-----

23 PROFIT / RETURN EARNED

Profit earned on:

Financing	4,207,041	3,408,070
Investments	1,372,064	794,694
Placements	2,368,802	415,029
Others	30,678	22,965
	<u>7,978,585</u>	<u>4,640,758</u>

24 PROFIT / RETURN EXPENSED

Deposits and other accounts	4,249,568	2,056,910
Due to financial institutions	200,611	167,837
Cost of foreign currency swaps against foreign currency deposits	650	14,062
Finance cost on Ijarah (lease) liabilities	108,328	122,685
Additional Tier-1 sukuk	69,396	-
	<u>4,628,553</u>	<u>2,361,494</u>

25 FEE AND COMMISSION INCOME

Branch banking customer fees	11,810	11,534
Commission on bancatakaful	31,762	21,948
Card related fees	64,633	45,060
Financing related fees	-	36
Commission on arrangement with financial institutions	13,949	6,245
Consumer finance related fees	11,969	10,364
Commission on guarantees	7,986	16,817
Investment banking fees	80,427	28,626
Commission on cash management	725	1,210
Commission on remittances including home remittances	8,948	9,924
Commission on trade	34,212	27,276
Others	5,485	2,008
	<u>271,906</u>	<u>181,048</u>

26 GAIN ON SECURITIES

Realized gain	105,286	(4,151)
Unrealized gain - held for trading	-	6
	<u>105,286</u>	<u>(4,145)</u>

26.1 Realized gain on:

Federal Government Securities	-	(8,185)
Non-Government Shariah compliant Securities	105,286	-
Shares / Mutual Funds Units	-	4,034
	<u>105,286</u>	<u>(4,151)</u>

27 OTHER INCOME

March 31, 2020 March 31, 2019
-----Rupees in '000-----

Rent on property	718	1,332
Gain on termination of financing	16,987	17,151
Gain on sale of property and equipment	(331)	13,762
Recoveries against previously expensed items	620	1,644
Others	381	200
	<u>18,375</u>	<u>34,089</u>

28 OPERATING EXPENSES

March 31, 2020 March 31, 2019
-----Rupees in '000-----

Total compensation expense	885,526	705,706
Property expense		
Rent & taxes	19,316	15,065
Takaful / Insurance	879	1,389
Utilities cost	73,044	67,158
Security (including guards)	87,843	78,025
Repair & maintenance (including janitorial charges)	44,348	32,259
Depreciation	73,745	68,642
Depreciation on right-of-use assets	206,161	190,366
Others	-	305
	<u>505,336</u>	<u>453,209</u>
Information technology expenses		
Software maintenance	46,772	36,589
Hardware maintenance	24,142	30,346
Depreciation	48,425	43,986
Amortization	16,453	16,424
Network charges	42,402	37,593
	<u>178,194</u>	<u>164,938</u>
Other operating expenses		
Directors' fees and allowances	3,750	1,725
Fees and allowances to Shariah Board	3,339	3,339
Legal & professional charges	20,316	29,035
Travelling & conveyance	14,221	10,403
NIFT clearing charges	6,185	3,180
Depreciation	45,485	48,478
Depreciation on non banking assets	1,449	1,842
Entertainment expense	16,155	17,029
Training & development	3,133	2,985
Postage & courier charges	32,630	9,166
Communication	7,646	6,637
Stationery & printing	70,103	28,300
Marketing, advertisement & publicity	41,515	32,108
Repairs and maintenance	23,408	11,439
Takaful, tracker and other charges on car Ijarah	24,763	17,827
Takaful / Insurance	83,948	61,200
Fee and subscription	37,343	28,277
Vehicle running and maintenance	41,282	27,486
Donation	600	-
Auditors' remuneration	3,285	3,028
Amortization	570	570
CDC and share registrar services	2,413	3,234
Brokerage and commission	7,113	1,567
Stamp duty, registration & verification charges	6,231	14,056
Others	24,148	12,290
	<u>521,031</u>	<u>375,201</u>
	<u>2,090,087</u>	<u>1,699,054</u>

29

OTHER CHARGES

Note

March 31, 2020

March 31, 2019

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

Penalties imposed by the State Bank of Pakistan

137

36,150

30

PROVISIONS AND WRITE OFFS - NET

Provision for diminution in value of investments and due from financial institutions

30.1

4,717

13,448

Provision against Islamic financing and related assets and advances - net

10.15.2

754,799

445,288

Other provisions - net

367,412

-

1,126,928

458,736

30.1

The downward movement of index at Pakistan Stock Exchange, post COVID 19, has triggered an impairment of Rs. 18.864 million in the value of equity securities. The Bank has only recorded an impairment of Rs. 4.717 million in the financial statements of the current period, and has deferred the recognition of impairment amounting to Rs. 14.147 million to the subsequent periods as allowed by the SBP.

31

TAXATION

March 31, 2020

March 31, 2019

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

Current year

180,162

61,009

Deferred

84,346

64,061

264,508

125,070

31.1

The numerical reconciliation between average tax rate and the applicable tax rate has not been presented in these financial statements as the provision for current year income tax has been made under section 113 of the Income Tax Ordinance, 2001 (minimum tax on turnover) due to available tax losses brought forward from prior years and transferred from the amalgamated entity.

Under Section 114 of the Income Tax Ordinance, 2001 (Ordinance), the Bank has filed the return of income for the tax years 2006 to 2019 on due dates. These returns were deemed completed under the provisions of the prevailing income tax laws as applicable in Pakistan during the relevant accounting years.

32

BASIC AND DILUTED EARNINGS PER SHARE

Note

March 31, 2020

(Restated)
March 31, 2019

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

Profit after taxation for the period

368,203

192,126

----- Number of shares -----

Weighted average number of ordinary shares in issue

1,108,703,299

1,013,207,752

----- Rupees -----

Earnings per share - basic / diluted

32.1

0.3321

0.1896

32.1

There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2020 and March 31, 2019.

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:

March 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	198,820	-	-	198,820
Non-Government Shariah compliant Securities	29,501,500	7,168,134	-	36,669,634
Units of open ended mutual funds	56	-	-	56
Non-current assets held for sale	-	-	601,609	601,609

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,791,098	6,791,098
Non-banking assets	-	-	1,570,915	1,570,915

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	16,902,301	-	16,902,301
Shariah compliant alternative of forward sale of foreign exchange	-	17,911,839	-	17,911,839

December 31, 2019			
Level 1	Level 2	Level 3	Total

Rupees in '000

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	278,342	-	-	278,342
Non-Government Shariah compliant Securities	35,099,983	7,233,845	-	42,333,828
Units of open ended mutual funds	63	-	-	63
Non-current assets held for sale	-	-	601,609	601,609

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,819,172	6,819,172
Non-banking assets	-	-	1,572,365	1,572,365

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	12,350,287	-	12,350,287
Shariah compliant alternative of forward sale of foreign exchange	-	13,486,552	-	13,486,552

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
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	Nonbanking 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

	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)	0
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
	March 31, 2020				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Balance Sheet					
Assets					
Cash & Bank balances	8,519,570	9,884,098	-	-	18,403,669
Investments	52,728,104	-	-	-	52,728,104
Net inter segment placements	-	191,677,784	-	-	191,677,784
Due from financial institutions	66,037,880	-	-	-	66,037,880
Islamic financing and related assets - performing	-	24,354,968	103,220,739	2,733,455	130,309,161
- non-performing	-	1,930,886	97,143	113,805	2,141,835
Others	3,899,284	3,271,734	5,513,076	23,622,382	36,306,476
Total Assets	131,184,838	231,119,470	108,830,958	26,469,642	497,604,909
Liabilities					
Due to financial institutions	12,733,554	4,865,176	-	-	17,598,730
Subordinated sukuk	-	-	-	1,700,000	1,700,000
Deposits & other accounts	27,386,381	222,956,984	-	-	250,343,365
Net inter segment acceptances	86,711,541	-	108,142,056	(3,175,814)	191,677,784
Others	4,347,955	3,297,310	688,902	8,601,200	16,935,367
Total Liabilities	131,179,431	231,119,470	108,830,958	7,125,386	478,255,246
Equity				19,349,663	19,349,663
Total Equity & liabilities	131,179,431	231,119,470	108,830,958	26,475,049	497,604,909
Contingencies & Commitments	(1,103,385)	-	20,225,899	6,276,286	25,398,800

March 31, 2019					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Profit & Loss					
Net profit / return	1,356,153	(1,303,896)	2,326,726	(99,719)	2,279,264
Inter segment revenue - net	(1,155,000)	3,485,609	(2,330,609)	-	-
Total other income	31,031	117,326	74,451	17,121	239,929
Total Income	232,184	2,299,039	70,568	(82,598)	2,519,193
Segment direct expenses	16,738	1,009,693	24,376	692,454	1,743,261
Inter segment expense allocation	33,671	478,122	154,885	(666,678)	-
Total expenses	50,409	1,487,815	179,261	25,776	1,743,261
Provisions	13,448	144,936	305,769	(5,417)	458,736
Profit / (loss) before tax	168,327	666,288	(414,462)	(102,957)	317,196
December 31, 2019					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Assets					
Cash & Bank balances	7,296,147	9,221,524	-	-	16,517,671
Investments	55,194,471	-	-	-	55,194,471
Net inter segment placements	-	187,685,751	-	1,689,747	189,375,498
Due from financial institutions	42,911,620	-	-	-	42,911,620
Islamic financing and related assets - performing	-	25,517,712	101,226,832	2,707,029	129,451,573
- non-performing	-	1,328,137	886,548	108,246	2,322,931
Others	9,263,877	4,383,533	4,512,287	18,538,531	36,698,228
Total Assets	114,666,115	228,136,657	106,625,667	23,043,553	472,471,992
Liabilities					
Due to financial institutions	10,286,794	4,816,813	-	-	15,103,607
Subordinated sukuk	-	-	-	1,700,000	1,700,000
Deposits & other accounts	7,501,146	221,325,529	-	-	228,826,675
Net inter segment acceptances	92,530,220	-	96,845,278	-	189,375,498
Others	4,347,955	1,994,315	9,780,389	1,647,221	17,769,880
Total liabilities	114,666,115	228,136,657	106,625,667	3,347,221	452,775,660
Equity	-	-	-	19,696,332	19,696,332
Total Equity & liabilities	114,666,115	228,136,657	106,625,667	23,043,553	472,471,992
Contingencies & Commitments	(1,162,379)	-	21,567,678	6,246,779	26,652,078

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

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

	March 31, 2020					December 31, 2019				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)										
Investments										
Opening balance	-	-	2,690,723	1,660,111	-	-	-	2,690,723	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	2,690,723	1,660,111	-	-	-	2,690,723	1,660,111	-
Provision for diminution in value of investments	-	-	(2,089,114)	(1,032,169)	-	-	-	(2,089,114)	(1,032,169)	-
Islamic financing and related assets										
Opening balance	22,538	194,707	154,779	525,178	1,193,861	25,280	284,740	256,850	392,853	461,667
Addition during the period / year	-	10,802	-	50,000	932,304	-	67,350	512,000	887,767	2,871,793
Repaid during the period / year	(790)	(4,420)	(500)	(89,680)	(885,974)	(2,742)	(51,589)	(614,071)	(755,441)	(2,299,598)
Transfer in / (out) - net	-	-	-	-	-	-	(105,794)	-	-	160,000
Closing balance	21,748	201,089	154,279	485,498	1,240,191	22,538	194,707	154,779	525,179	1,193,862
Other Assets										
Profit receivable on financings	204	67	686	11,422	29,308	116	68	670	7,392	33,659
Subordinated sukuk										
Opening balance	-	10,000	-	-	-	-	-	-	-	-
Issued / subscribed during the period / year	-	-	-	-	-	-	10,000	-	-	-
Redemption / Sold during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	10,000	-	-	-	-	10,000	-	-	-
Deposits and other accounts										
Opening balance	3,534	6,260	269,778	82,086	1,062,263	3,696	46,092	263,847	80,269	1,232,106
Received during the period / year	3,167	44,531	5,220,866	564,284	2,220,060	224,391	271,707	15,564,101	3,265,405	8,151,896
Withdrawn during the period / year	(2,291)	(43,819)	(4,987,468)	(617,170)	(2,283,415)	(224,553)	(270,748)	(15,558,171)	(3,263,588)	(8,321,740)
Transfer in / (out) - net	-	-	-	-	-	-	(40,791)	-	-	-
Closing balance	4,410	6,972	503,176	29,200	998,908	3,534	6,260	269,777	82,086	1,062,262
Other Liabilities										
Profit / return payable	2	146	3,135	33	8,895	1	138	2,497	18	10,786
Contingencies and Commitments										
Other contingencies	-	-	-	33,719	267,512	-	-	-	49,406	50,957

	March 31, 2020					March 31, 2019				
	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	845	2,261	6,824	11,214	30,063	557	2,166	4,402	13,177	21,204
Other income	-	629	93	-	-	-	4	32	-	-
Expense										
Profit / return expensed	4	166	9,506	117	37,361	5	760	166	236	22,660
Other administrative expenses	1,200	350	277	-	-	-	2,310	-	92	-
Meeting Fee / Remuneration	3,750	42,845	-	-	-	1,725	40,177	-	-	-
Contribution to employees provident fund	-	-	-	-	24,563	-	-	-	-	22,981
Contribution to employees gratuity fund	-	-	-	-	29,032	-	-	-	-	22,501

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 25% from CET 1 capital as at 31 December 2019 and 31 March 2020.

Further, SBP vide its letter no. BPRD/BA&CP/649/3760/20 dated February 24, 2020 has allowed the bank to consider funds received against Pre-IPO of ADT-1 sukuk as ADT-1 sukuk for the purpose of calculation of capital adequacy ratio.

	March 31, 2020	December 31, 2019
	----- 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	13,954,659	13,488,185
Eligible Additional Tier 1 (ADT 1) Capital	1,700,000	1,700,000
Total Eligible Tier 1 Capital	15,654,659	15,188,185
Eligible Tier 2 Capital	5,027,104	4,264,299
Total Eligible Capital (Tier 1 + Tier 2)	20,681,763	19,452,484
Risk Weighted Assets (RWAs):		
Credit Risk	109,019,550	113,639,899
Market Risk	1,365,612	926,050
Operational Risk	15,588,775	15,588,775
Total	125,973,937	130,154,724
Common Equity Tier 1 Capital Adequacy ratio	11.08%	10.36%
Tier 1 Capital Adequacy Ratio	12.43%	11.67%
Total Capital Adequacy Ratio	16.42%	14.95%
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%	2.50%
Total Capital plus CCB	11.50%	12.50%

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.

March 31, 2020 December 31,
2019
----- Rupees in '000 -----

Leverage Ratio (LR):

Eligible Tier-1 Capital	15,658,487	15,188,185
Total Exposures	334,747,087	312,180,465
	4.68%	4.87%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	54,341,556	52,694,993
Total Net Cash Outflow	26,964,592	33,979,271
Liquidity Coverage Ratio	238.42%	162.60%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	258,156,892	230,215,305
Total Required Stable Funding	110,021,121	115,685,066
Net Stable Funding Ratio	234.64%	199.00%

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 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 unconsolidated financial statements were authorized for issue on April 29, 2020 by the Board of Directors of the Bank.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

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CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited
For The Quarter Ended March 31, 2020

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Financial Position

AS AT MARCH 31, 2020

	Note	Un-audited March 31, 2020	Audited December 31, 2019
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	16,857,794	14,640,163
Balances with other banks	7	1,548,077	1,880,592
Due from financial institutions	8	66,037,880	42,911,620
Investments	9	53,279,886	55,806,907
Islamic financing, related assets and advances	10	132,296,717	131,619,725
Fixed assets	11	12,418,020	12,717,885
Intangible assets	12	3,141,993	3,148,805
Deferred tax assets	13	5,797,193	5,566,768
Other assets	14	14,250,686	14,656,497
Assets classified as held for sale	15	1,288,474	1,515,051
Total Assets		306,916,720	284,464,013

LIABILITIES

Bills payable	16	3,282,364	3,645,324
Due to financial institutions	17	17,598,730	15,103,607
Deposits and other accounts	18	249,840,189	228,556,897
Subordinated Sukuk	19	1,700,000	1,700,000
Other liabilities	20	13,668,672	14,014,986
Liabilities directly associated with assets held for sale	15	773,173	989,683
		286,863,128	264,010,497
NET ASSETS		20,053,592	20,453,516

REPRESENTED BY

Share capital - net		11,007,991	11,007,991
Reserves		1,187,624	1,187,624
Surplus on revaluation of assets - net of tax	21	3,900,959	4,626,773
Unappropriated profit		3,757,204	3,436,341
		19,853,778	20,258,729
Non-controlling interest		199,814	194,787
		20,053,592	20,453,516

CONTINGENCIES AND COMMITMENTS

22

The annexed notes 1 to 39 form an integral part of this condensed interim consolidated financial information.

-Sd-
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CHIEF EXECUTIVE
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-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2020

	Note	March 31, 2020	(Restated) March 31, 2019
		----- Rupees in '000 -----	
Profit / return earned	23	7,971,768	4,637,336
Profit / return expensed	24	4,619,047	2,357,081
Net Profit / return		3,352,721	2,280,255
OTHER INCOME			
Fee and commission income	25	271,906	181,048
Dividend income		2,350	2,989
Foreign exchange income		114,127	25,948
Income from shariah compliant forward and future contracts		-	-
Gain / (loss) on securities	26	105,286	(4,145)
Other income	27	18,282	34,089
Total other income		511,951	239,929
Total Income		3,864,672	2,520,184
OTHER EXPENSES			
Operating expenses	28	2,088,584	1,700,391
Workers welfare fund		12,213	8,057
Other charges		137	36,150
Total other expenses		2,100,934	1,744,598
Profit before provisions		1,763,738	775,586
Provisions / (reversal of provisions) and write offs - net	30	1,126,928	441,312
Loss for the period from BIPL Securities Limited - net of tax	31	-	(9,121)
Share of loss from associate - net of tax		(60,653)	-
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		576,157	325,153
Taxation	32	264,508	125,070
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		311,649	200,083
DISCONTINUING OPERATIONS			
Profit After Taxation From Discontinuing Operations		7,867	-
PROFIT AFTER TAXATION		319,516	200,083
ATTRIBUTABLE TO:			
Equity shareholders of the Bank		316,968	202,184
Non-controlling interest		2,548	(2,101)
		319,516	200,083
		----- Rupees -----	
		(Restated)	
Basic earnings per share	31	0.2859	0.1995
Diluted earnings per share	31	0.2859	0.1995

The annexed notes 1 to 39 form an integral part of this condensed interim consolidated financial information.

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-Sd-
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 ----- Rupees in '000 -----	(Restated) March 31, 2019 ----- Rupees in '000 -----
Profit after taxation for the period attributable to:		
Equity shareholders of the Bank	316,968	202,184
Non-controlling interest	2,548	(2,101)
	<u>319,516</u>	<u>200,083</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	(721,919)	(138)
Non-controlling interest	2,479	5,689
	<u>(719,440)</u>	<u>5,551</u>
Total comprehensive income	<u><u>(399,924)</u></u>	<u><u>205,634</u></u>
Total comprehensive income attributable to:		
Equity shareholders of the Bank	(404,951)	202,046
Non-controlling interest	5,027	3,588
	<u><u>(399,924)</u></u>	<u><u>205,634</u></u>

The annexed notes 1 to 39 form an integral part of this condensed interim consolidated financial information.

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DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement Of Changes In Equity (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2020

	Share capital	Discount on Issue of shares	Statutory reserve	Reserve for bad debts & contingencies	Surplus on revaluation		Unappropriated profit	Sub total	Non-controlling interest	Total
					Investments	Fixed / Non Banking Assets				
Rupees in '000										
Balance as at December 31, 2018	10,079,121	(79,042)	718,799	250,000	34,836	1,840,659	2,236,825	15,081,198	194,614	15,275,812
Profit after taxation for the quarter ended March 31, 2019 (restated)	-	-	-	-	-	-	202,184	202,184	(2,101)	200,083
Other comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(138)	-	-	(138)	5,689	5,551
Total comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(138)	-	202,184	202,046	3,588	205,634
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(4,881)	4,881	-	-	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(520)	520	-	-	-
Surplus on revaluation of non banking assets transferred to unappropriated profit	-	-	-	-	-	(15,850)	15,850	-	-	-
Balance as at March 31, 2019 (restated)	10,079,121	(79,042)	718,799	250,000	34,698	1,819,408	2,460,260	15,283,244	198,202	15,481,446
Profit after taxation for the period	-	-	-	-	-	-	905,607	905,607	(1,885)	903,722
Other comprehensive income - net of tax	-	-	-	-	2,954,445	56,341	51,180	3,061,966	(1,530)	3,060,436
Total comprehensive income for the period	-	-	-	-	2,954,445	56,341	956,787	3,967,573	(3,415)	3,964,158
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(9,400)	9,400	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(456)	456	-	-	-
Transfer from Surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(16,619)	16,619	-	-	-
Transfer from Surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(211,644)	211,644	-	-	-
Transfer to statutory reserve	-	-	218,825	-	-	-	(218,825)	-	-	-
Transactions with owners, recorded directly in equity										
Issue of share capital (right shares)	1,007,912	-	-	-	-	-	-	1,007,912	-	1,007,912
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 period	-	-	-	-	-	-	316,968	316,968	2,548	319,516
Other comprehensive income - net of tax	-	-	-	-	(721,919)	-	(721,919)	(721,919)	2,479	(719,440)
Total comprehensive income for the period	-	-	-	-	(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

The annexed notes 1 to 39 form an integral part of this condensed interim consolidated financial information.

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CHAIRMAN

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-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2020

		March 31, 2020	(Restated) March 31, 2019
Note		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
	Profit Before Taxation from Continuing Operations	576,157	325,153
	Loss before taxation from Discontinuing Operations	13,162	-
	Less: Dividend Income	(2,350)	(2,989)
	Less: Share of profit from associate	60,653	-
		647,622	322,164
Adjustments for non-cash charges and other items:			
	Depreciation on fixed assets	166,980	161,106
	Depreciation on non banking assets	1,449	1,842
	Depreciation on right-of-use assets	206,161	190,366
	Amortization	17,023	16,994
	Depreciation on operating Ijarah assets	704,822	244,141
	Finance cost on Ijarah (lease) liabilities	108,328	122,685
24	Provisions / (reversal of provisions) and write offs - net	1,126,928	441,312
	Unrealised gain on revaluation of investments classified as held for trading	-	(6)
26	Charge for defined benefit plan	29,032	22,501
27	Gain on sale of property and equipment	331	(13,762)
		2,361,054	1,187,179
		3,008,676	1,509,343
(Increase) / decrease in operating assets			
	Due from financial institutions	(23,126,260)	11,270,411
	Held-for-trading securities	-	71,268
	Islamic financing and related assets and advances	(2,136,613)	2,518,357
	Others assets	(53,019)	(2,231,285)
		(25,315,892)	11,628,751
Increase / (decrease) in operating liabilities			
	Bills payable	(362,960)	432,990
	Due to financial institutions	2,495,123	670,291
	Deposits and other accounts	21,283,292	6,704,828
	Other liabilities (excluding current taxation)	(411,134)	3,177,649
		23,004,321	10,985,758
		697,105	24,123,852
		(2,892)	(206,322)
		694,213	23,917,530
Net cash generated from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
	Net investments in available-for-sale securities	1,742,210	(19,030,957)
	Dividend received	2,350	2,989
	Payment of ijarah (lease) liability against right-of-use assets	(253,896)	(235,680)
	Investments in fixed assets	(289,807)	(2,691,343)
	Investments in intangible assets	(10,211)	-
	Proceeds from disposal of fixed assets	257	65,299
		1,190,903	(21,889,692)
Net cash generated from / (used in) investing activities			
Increase in cash and cash equivalents			
	Cash and cash equivalents at the beginning of the period	16,520,755	15,457,305
	Cash and cash equivalents at the end of the period	18,405,871	17,485,143

The annexed notes 1 to 39 form an integral part of this condensed interim consolidated financial information.

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-Sd-
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2020

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 340 branches including 81 sub branches as at March 31, 2020 (2019: 334 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).

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

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.

During the year 2019, the Holding Company had decided to sell its investment in BankIslami Modaraba Investments 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 ended March 31, 2020.

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 Group has control over Modaraba Al-Mali by virtue of management rights. The management of the Group 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 Group'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 ended March 31, 2020.

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 - (Sub 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, 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 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.

2.5 Basis of Consolidation

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

- 2.5.1 The SBP vide its letter No. BPRD(R&P-02)/625-112/2017/4911 dated February 27, 2017, has allowed the Group 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

- 3.1 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 Group for the year ended December 31, 2019, except as described below:
- 3.2 **Effect on corresponding period on account of adopting IFRS 16 - 'Leases' during last year:**
- 3.3 During the year 2019, in view of SBP circular no. BPRD/RPD/2019/17 dated July 26, 2019, the Holding Company adopted accounting standard IFRS 16 - 'Leases' applicable on lease contracts where the Holding Company is acting in capacity of lessee. The Holding Company had adopted modified retrospective approach for transition to IFRS 16 and applied practical expedients as allowed under IFRS 16. The changes due to adoption of IFRS 16 were first reported in the Holding Company's financial statement for the half year ended June 30, 2019 with an effective date of January 01, 2019.

The impact of the initial application of IFRS 16 on the corresponding period are summarized below:

	For the quarter ended March 31, 2019 Rupees in '000
Increase in profit / return expensed	122,685
Decrease in operating expenses - rent expense	222,010
Increase in operating expenses - depreciation on right-of-use-assets	190,366
Decrease in profit after tax	59,177

3.4 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective:

3.4.1 The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective for accounting periods beginning on or after 01 January 2021:

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. SBP has advised the effective date of implementation of IFRS 9 from January 01, 2021. Meanwhile, SBP has directed banks to perform parallel run of IFRS 9 implementation starting from January 01, 2020 to assess the impact of implementation of IFRS 9. The bank is currently evaluating the impact of the IFRS 9.

3.4.2 Early adoption of standards

The Group has not early adopted any new or amended standard in the year 2020.

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 Holding Company for the year ended December 31, 2019.

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 of the Holding Company for the year ended December 31, 2019 except for the following additional considerations due to the COVID - 19:

The COVID – 19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced various fiscal and economic stimulus measures to mitigate its impact.

The SBP has responded to the crisis by cutting the policy rate by 425 basis points to 9 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on financing obligations by one year; and (v) relaxing regulatory criteria for restructured/rescheduled financing for borrowers who require relief beyond the extension of principal repayment for one year.

COVID 19 has impacted the banks in Pakistan from various facets which includes increase in overall credit risk pertaining to financing and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity etc. We have discussed below the major aspects of COVID 19 on the Holding Company's risk management policies:

Assets quality and credit risk

The Risk department of the Holding Company is regularly conducting assessments to identify financing customers operating in various sectors which are most likely to get affected. The Holding Company has further strengthened its credit review procedures in the light of COVID 19. The Holding Company has also reassessed its portfolio as at March 31, 2020 for subjective downgrading. Further, as a matter of prudence, the Holding Company has made a general provision amounting to Rs 330 Million in respect of Holding Company's exposure to the financing customers operating in sectors most impacted by COVID 19 disruptions.

Liquidity management

The Holding Company, under SBP's relief package, is receiving applications from financing customers for deferral of principal and profit. These applications are being reviewed by the Holding Company as per its established policies. The above will have an impact on the maturity profile of the Holding Company as estimated previously. The Asset and Liability Committee (ALCO) of the Holding Company is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed. The Holding Company is confident that the liquidity buffer currently maintained by the Holding Company is sufficient to cater any adverse movement in cash flow maturity profile.

Operations

The Holding Company is closely monitoring the situation and has invoked required actions to ensure safety and security of its staff and an uninterrupted service to its customers. The senior management of the Holding Company is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested.

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

	March 31, 2020	December 31, 2019
- local currency	5,874,230	4,578,845
- foreign currency	545,861	449,739
	<u>6,420,091</u>	<u>5,028,584</u>

With the State Bank of Pakistan in:

- local currency current account	7,996,964	6,032,362
- foreign currency deposit accounts:		
- Cash Reserve Account	435,430	369,621
- Special Cash Reserve Account	526,117	446,116
- US Dollar Clearing Account	93,691	14,450
	<u>1,055,238</u>	<u>830,187</u>

With National Bank of Pakistan in:

- local currency current account	1,385,501	2,744,790
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National Prize Bonds	-	4,240
	<u>16,857,794</u>	<u>14,640,163</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- in current accounts	2,856	2,861
- in deposit accounts	93,994	3,444
	<u>96,850</u>	<u>6,305</u>

Outside Pakistan:

- in current accounts	1,451,227	1,874,287
	<u>1,548,077</u>	<u>1,880,592</u>

March 31, 2020 December 31, 2019
----- Rupees in '000 -----

March 31, 2020 December 31, 2019
----- Rupees in '000 -----

8 DUE FROM FINANCIAL INSTITUTIONS

Note	March 31, 2020			December 31, 2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
Secured						
Bai Muajjal Receivable						
-from Banks	8.3	9,970,024	-	9,970,024	-	-
-from Other Financial Institutions	8.4	33,618,354	-	33,618,354	20,821,525	20,821,525
Unsecured						
Wakalah Placement	8.1	-	1,416,981	1,416,981	-	1,316,205
Bai Muajjal Receivable						
-from State Bank of Pakistan	8.2	-	-	6,172,475	-	6,172,475
-from Banks	8.3	12,237,966	-	12,237,966	5,942,762	5,942,762
-from other financial Institutions	8.4	8,794,555	-	8,794,555	8,658,653	8,658,653
Other placements		30,780	-	30,780	-	30,780
		64,651,679	1,416,981	66,068,660	41,626,195	1,316,205
Provision against placements	8.5	(30,780)	-	(30,780)	-	(30,780)
		<u>64,620,899</u>	<u>1,416,981</u>	<u>66,037,880</u>	<u>41,595,415</u>	<u>1,316,205</u>
						<u>42,911,620</u>

8.1 This represents foreign currency placements and the profit rates on these agreements range between 1.80% to 3.40% (2019: 1.70% to 3.40%) per annum. The agreements have maturities ranging from 14 to 27 days (2019: 27 to 106 days).

8.2 The profit rates on Bai Muajjal from State Bank of Pakistan range between Nil (2019: 10.50% to 10.60%) per annum and the agreements have maturities in Nil (2019: 38 days).

8.3 The profit rate on Bai Muajjal from banks range between 12% to 13.60% (2019: 13.60% to 13.75%) per annum and the agreements have maturities ranging from 3 to 147 days (2019: 6 to 94 days). These include Bai Muajjal secured against Federal Government securities received as collateral and having market value of Rs. 9,900 million (2019: Nil)

8.4 The average return on this product ranges between 10.08% to 17.07% (2019: 12.95% to 17.07%) per annum. The balances have maturities ranging between 1 days to 301 days (2019: 10 days to 266 days). These include Bai Muajjal secured against Federal Government securities received as collateral and having market value of Rs. 36,075 million (2019: Rs. 22,739 million)

8.5 Category of classification

	March 31, 2020		December 31, 2019	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	30,780	30,780	30,780	32,400
	<u>30,780</u>	<u>30,780</u>	<u>30,780</u>	<u>32,400</u>

8.5.1 The Group does not hold overseas classified placements.

9 INVESTMENTS

Note	March 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
Investments - Islamic	9.1 & 9.3	52,702,211
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	577,675
		<u>53,279,886</u>
		<u>55,806,907</u>

March 31, 2020				December 31, 2019			
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

Non Government Shariah compliant Securities

Mutual fund units

Shares / Modaraba certificates

10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
37,513,208	(35,880)	3,540,447	41,017,775	38,875,056	(35,880)	4,565,437	43,404,613
21	-	35	56	21	-	42	63
332,863	(91,811)	(42,232)	198,820	332,863	(87,094)	32,573	278,342
48,151,928	(127,691)	3,498,250	51,522,487	49,513,776	(122,974)	4,598,052	53,988,854

Associates

1,179,724	-	-	1,179,724	1,240,378	-	-	1,240,378
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Total Islamic investments

49,331,652	(127,691)	3,498,250	52,702,211	50,754,154	(122,974)	4,598,052	55,229,232
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9.2 Conventional Investments by type*

Available for sale securities

Non Government Debt Securities

Shares

268,210	(268,210)	-	-	268,210	(268,210)	-	-
1,189,030	(611,355)	-	577,675	1,189,030	(611,355)	-	577,675
1,457,240	(879,565)	-	577,675	1,457,240	(879,565)	-	577,675

Held to maturity securities

Non Government Debt Securities

321,601	(321,601)	-	-	321,601	(321,601)	-	-
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Associates

1,032,746	(1,032,746)	-	-	1,032,746	(1,032,746)	-	-
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Total conventional investments

2,811,587	(2,233,912)	-	577,675	2,811,587	(2,233,912)	-	577,675
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* These assets are related to amalgamated entity. These investments are under process of conversion / liquidation / disposal.

March 31, 2020				December 31, 2019			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

Rupees in '000

9.3 Islamic Investments by segments

Federal Government Securities

Bai Muajjal

10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
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Non Government Shariah compliant Securities

Pakistan Energy Sukuk-I

Other sukuk certificates-unlisted

29,501,500	-	3,540,447	33,041,947	30,535,000	-	4,564,983	35,099,983
8,011,708	(35,880)	-	7,975,828	8,340,056	(35,880)	454	8,304,630
37,513,208	(35,880)	3,540,447	41,017,775	38,875,056	(35,880)	4,565,437	43,404,613

Mutual fund units

Units of open-end mutual funds

21	-	35	56	21	-	42	63
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Shares

Ordinary shares of listed companies

332,863	(91,811)	(42,232)	198,820	332,863	(87,094)	32,573	278,342
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Associates - Unlisted

Shakarganj Food Products Limited

1,179,724	-	-	1,179,724	1,240,378	-	-	1,240,378
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49,331,652	(127,691)	3,498,250	52,702,211	50,754,154	(122,974)	4,598,052	55,229,232
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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.

	March 31, 2020				December 31, 2019			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
9.4 Conventional Investments by segments*								
Non Government Debt Securities								
Listed	90,388	(90,388)	-	-	90,388	(90,388)	-	-
Unlisted	499,423	(499,423)	-	-	499,423	(499,423)	-	-
	589,811	(589,811)	-	-	589,811	(589,811)	-	-
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)	-	-
	2,811,587	(2,233,912)	-	577,675	2,811,587	(2,233,912)	-	577,675

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

	Note	March 31, 2020	December 31, 2019
----- 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		2,356,886	2,440,469
Charge / (reversals)			
Charge for the period / year		4,717	12,850
Reversals for the period / year		-	(46,657)
Provision for diminution in value of investments - net		4,717	(33,807)
Amounts written off		-	-
Transfer to non-current assets held for sale		-	(49,776)
Closing Balance	9.6.1.1	2,361,603	2,356,886

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

Investments - Islamic	127,691	122,974
Investments - Conventional	2,233,912	2,233,912
	2,361,603	2,356,886

9.6.2 Particulars of provision against debt securities

Category of classification	March 31, 2020		December 31, 2019	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	901,942	625,691	901,942	625,691
	901,942	625,691	901,942	625,691

9.6.2.1 The Bank does not hold overseas classified debt securities.

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

	Note	March 31, 2020	December 31, 2019
Islamic financing and related assets - net	10.1	131,999,504	131,316,791
Advances (relating to amalgamated entity) - net	10.2	297,213	302,934
		<u>132,296,717</u>	<u>131,619,725</u>

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

Note	Performing		Non Performing		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019

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

10.1 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan

- Running Musharakah	10.11	38,448,751	35,522,924	-	-	38,448,751	35,522,924
- Diminishing Musharakah financing and related assets - Others	10.3	27,513,461	26,461,862	1,468,265	1,241,965	28,981,726	27,703,827
- Muswammah financing and related assets / Karobar financing	10.4 & 10.12	10,647,123	11,176,623	2,804,150	2,806,150	13,451,273	13,982,773
- Istisna financing and related assets	10.5 & 10.10	12,807,886	13,625,060	856,216	858,108	13,664,102	14,483,168
- Diminishing Musharakah - Housing		10,857,164	11,903,851	1,866,325	1,323,994	12,723,489	13,227,845
- Murabahah financing and related assets	10.6 & 10.9	6,129,020	6,634,565	437,626	664,272	6,566,646	7,298,837
- Diminishing Musharakah financing and related assets - Auto		11,050,927	10,670,368	187,975	87,725	11,238,902	10,758,093
- Investment Agency Wakalah		6,250,000	6,250,000	-	-	6,250,000	6,250,000
- Ijarah financing under IFAS 2 and related assets	10.7	2,234,977	3,090,172	183,912	187,321	2,418,889	3,277,493
- Financing to employees		2,774,433	2,750,540	149,199	138,085	2,923,632	2,888,625
- Qardh e Hasana		2,081	2,081	548,605	552,330	550,686	554,411
- Murabaha against bills		71,498	166,338	892	892	72,390	167,230
- Salam	10.8	104,999	100,000	337	337	105,336	100,337
- Post Due Acceptance		305,019	239,534	-	-	305,019	239,534
- Housing finance portfolio - others		33,786	33,786	-	-	33,786	33,786
- Net investment in Ijarah financing in Pakistan		89,328	35,242	-	-	89,328	35,242
- Musharakah financing		280,000	280,000	-	-	280,000	280,000
- Financing against Bills		262,842	59,173	-	-	262,842	59,173
Gross financing and related assets		129,863,295	129,002,119	8,503,502	7,861,179	138,366,797	136,863,298

Less: Provision against non-performing Islamic financing and related assets

- Specific	10.14 & 10.15	-	-	(5,713,146)	(5,208,752)	(5,713,146)	(5,208,752)
- General	10.14 & 10.15	(654,147)	(337,755)	-	-	(654,147)	(337,755)
		(654,147)	(337,755)	(5,713,146)	(5,208,752)	(6,367,293)	(5,546,507)

Islamic financing and related assets - net of provisions

	<u>129,209,148</u>	<u>128,664,364</u>	<u>2,790,356</u>	<u>2,652,427</u>	<u>131,999,504</u>	<u>131,316,791</u>
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10.2 ADVANCES

Loans, cash credits, running finances, etc. - in Pakistan*	174,089	175,815	6,159,933	6,229,714	6,334,022	6,405,529
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	-	-	714,445	714,646	714,445	714,646
Advances - gross	174,089	175,815	7,456,563	7,526,545	7,630,652	7,702,360
Provision against advances						
- Specific	10.14 & 10.15	-	-	(7,450,871)	(7,450,871)	(7,518,228)
- General	10.14 & 10.15	(66)	(57)	-	(66)	(57)
		(66)	(57)	(7,450,871)	(7,450,937)	(7,518,285)
Advances - net of provision	174,023	175,758	5,692	8,317	179,715	184,075
Fair Value adjustment	10.16	-	-	117,498	117,498	118,859
Advances - net of provision and fair value adjustment	174,023	175,758	123,190	127,176	297,213	302,934

* This includes non-interest bearing performing financing facilities amounting to Rs. 119,877 million (2019: Rs. 121,991 million).

	March 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	28,962,189	27,671,116
Advance against Diminishing Musharakah financing	<u>19,537</u>	<u>32,711</u>
	<u>28,981,726</u>	<u>27,703,827</u>
10.4 Muswammah financing and related assets / Karobar financing		
Muswammah financing	9,076,978	10,543,334
Advance against Muswammah financing	252,084	1,619
Muswammah inventories	<u>4,122,211</u>	<u>3,437,820</u>
	<u>13,451,273</u>	<u>13,982,773</u>
10.5 Istisna financing and related assets		
Istisna financing	8,870,209	8,771,480
Advance against Istisna financing	<u>4,793,893</u>	<u>5,711,688</u>
	<u>13,664,102</u>	<u>14,483,168</u>
10.6 Murabahah financing and related assets		
Murabahah financing	4,504,036	5,364,666
Deferred murabahah income	146,678	185,009
Advances against Murabaha financing	488,188	252,766
Murabaha Inventories	<u>1,427,744</u>	<u>1,496,396</u>
	<u>6,566,646</u>	<u>7,298,837</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	2,418,207	3,276,811
Advance against Ijarah financing	<u>682</u>	<u>682</u>
	<u>2,418,889</u>	<u>3,277,493</u>
10.8 Salam		
Salam financing	60,338	55,337
Advance against Salam	<u>44,998</u>	<u>45,000</u>
	<u>105,336</u>	<u>100,337</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. 450 million (2019: Rs. 994 million) and advance amounting to Rs. 220.989 million (2019: Rs. 741 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 150.004 million (2019: Rs. 1,209.817 million) and advance amounting to Rs. 1,557 million (2019: Rs. 147 million) under Islamic Export Refinance Scheme.		
10.11 Running musharakah financing and related assets includes financing amounting to Rs. 1,777.187 million (2019: 993.187 million) and advance amounting to Nil (2019: Nil) under Islamic Export Refinance Scheme.		
10.12 Muswammah financing and related assets / Karobar financing includes financing amounting to Rs. Nil (2019: Nil) and advance amounting to Rs. 200 million (2019: Nil) under Islamic Export Refinance Scheme.		
10.13 Particulars of Islamic financing and related assets and advances - gross		
In local currency	143,548,894	141,996,084
In foreign currency	<u>2,448,555</u>	<u>2,569,574</u>
	<u>145,997,449</u>	<u>144,565,658</u>

- 10.14 Islamic financing and related assets and advances include Rs. 15,960.065 million (2019: Rs. 15,387.724 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2020		December 31, 2019	
	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	901,552	-	525,244	-
Substandard	681,415	79,326	695,454	76,698
Doubtful	2,090,799	1,291,833	1,904,229	821,090
Loss	12,286,299	11,792,858	12,262,797	11,829,192
Total	15,960,065	13,164,017	15,387,724	12,726,980

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

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

	March 31, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	12,726,980	337,812	13,064,792	10,932,951	230,642	11,163,593
Charge for the period / year	540,750	330,000	870,750	2,798,104	107,170	2,905,274
Reversals for the period / year	(103,713)	(13,599)	(117,312)	(884,736)	-	(884,736)
	437,037	316,401	753,438	1,913,368	107,170	2,020,538
Amount written off	-	-	-	(119,339)	-	(119,339)
Closing balance	13,164,017	654,213	13,818,230	12,726,980	337,812	13,064,792

10.15.1	Islamic	5,713,146	654,147	6,367,293	5,208,752	337,755	5,546,507
	Conventional	7,450,871	66	7,450,937	7,518,228	57	7,518,285
		13,164,017	654,213	13,818,230	12,726,980	337,812	13,064,792

				March 31, 2020	December 31, 2019
				----- Rupees in '000 -----	

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

Gross reversals for the period / year	117,312	884,736
Charge for the period / year	(870,750)	(2,905,274)
	(753,438)	(2,020,538)
Fair value adjusted - net	(1,361)	(37,601)
Net (charged) / reversals taken to the profit and loss account	(754,799)	(2,058,139)

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

	March 31, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	13,164,017	654,213	13,818,230	12,726,980	337,812	13,064,792
In foreign currency						
	13,164,017	654,213	13,818,230	12,726,980	337,812	13,064,792

- 10.15.4 The Holding Company maintains general reserve (provision) amounting to Rs. 324.213 million (2019: 337.812 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 Holding Company carries provision of Rs. 330 million (December 31, 2019: Nil) as a matter of prudence based on management estimate.

- 10.15.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2020 amounts to Rs. 474.178 million (2019: Rs. 345.792 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 288.625 million (2019: Rs. 210.933 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

- 10.16 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.

	Note	March 31, 2020	December 31, 2019
		----- (Rupees in '000) -----	
11	FIXED ASSETS		
Capital work-in-progress	11.1	284,902	382,346
Property and equipment	11.2 & 11.3	8,772,669	8,790,507
Right of use assets	11.2	3,360,449	3,545,032
		<u>12,418,020</u>	<u>12,717,885</u>
11.1	Capital work-in-progress		
Advances to suppliers and contractors		244,302	341,746
Advance for acquiring properties:			
- Office premises		762,503	762,503
		1,006,805	1,104,249
Provision for impairment against advance for acquiring floor / office premises		(721,903)	(721,903)
		<u>284,902</u>	<u>382,346</u>
		March 31, 2020	March 31, 2019
		----- (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		139,382	502,638
Property and equipment			
Freehold / leasehold land		-	1,895,503
Leasehold building		-	222,377
Furniture and fixture		79,693	16,889
Electrical office and computer equipment		66,718	54,740
Vehicles		4,014	6,997
		150,425	2,196,506
Right of use assets			
Leasehold building		21,578	4,152,378
Total		<u>311,385</u>	<u>6,851,522</u>
11.3	Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold building		-	51,529
Furniture and fixture		4	-
Electrical office and computer equipment		585	8
		<u>588</u>	<u>51,537</u>

	Note	March 31, 2020	December 31, 2019
		----- (Rupees in '000) -----	
12	INTANGIBLE ASSETS		
Computer software	12.1	121,643	128,740
Core deposits		29,042	28,757
Goodwill		2,991,308	2,991,308
		<u>3,141,993</u>	<u>3,148,805</u>

* Customer list has been fully amortized in the year 2018

	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
12.1	Additions to intangible assets	
The following additions have been made to intangible assets during the period:		
- Directly purchased	10,211	-

	March 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
12.2	Disposals of intangible assets	
There were no disposals of intangible assets during the period		

13 DEFERRED TAX ASSETS

Deductible temporary differences on:

Accumulated tax losses	13.1	3,066,272	3,299,042
Tax credit against minimum tax		164,528	269,938
Provision for diminution in the value of investments		201,160	201,160
Provision against non-performing islamic financing and related assets and advances		3,811,225	3,785,670
Provision for gratuity		21,253	21,253
Ijarah financing and related assets		413,895	218,663
Accelerated tax depreciation		33,841	16,377
Others		244,796	310,989
		7,956,970	8,123,092

Taxable temporary difference on:

Fair value adjustments relating to assets acquired upon amalgamation		(220,327)	(229,846)
Surplus on revaluation of fixed assets	21	(621,662)	(623,385)
Surplus on revaluation of non-banking assets	21	(11,797)	(12,172)
Surplus on revaluation of available for sale securities	21	(1,224,388)	(1,609,318)
Net investment in finance lease		(81,603)	(81,603)
		<u>(2,159,777)</u>	<u>(2,556,324)</u>
		<u>5,797,193</u>	<u>5,566,768</u>

- 13.1 The Holding Company has aggregate tax losses of Rs. 8,760.777 million as at March 31, 2020 (2019: Rs. 9,425.835 million) which includes tax losses of 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. 3,066.272 million (2019: Rs. 3,299.042 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.

		March 31, 2020	December 31, 2019
	Note	----- (Rupees in '000) -----	
14 OTHER ASSETS			
Profit / return accrued in local currency		7,899,545	7,483,719
Profit / return accrued in foreign currency		23,777	12,132
Advances, deposits, advance rent and other prepayments		860,484	468,630
Non-banking assets acquired in satisfaction of claims		2,075,479	2,075,858
Branch Adjustment Account		-	46,064
Takaful / insurance claim receivable		31,914	23,996
Receivable against First WAPDA Sukuk		50,000	50,000
Trade debts		532	532
Acceptances		3,479,904	4,347,956
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		83,035	-
Amount held with financial institution		738,477	738,477
Other receivables		428,017	461,129
		15,671,164	15,708,493
Less: Provision held against other assets	14.1	(1,620,593)	(1,253,182)
Other Assets (Net of Provision)		14,050,571	14,455,311
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		200,115	201,186
Total other assets		14,250,686	14,656,497

14.1 Provision held against other assets

Advances, deposits, advance rent & other prepayments		26,692	26,692
Non banking assets acquired in satisfaction of claims		704,679	704,679
Amount held with financial institution		369,239	369,239
Others		519,983	152,572
	14.1.1	1,620,593	1,253,182

14.1.1 Movement in provision held against other assets

Opening balance		1,253,182	682,950
Charge for the period / year		370,000	699,688
Reversals for the period / year		(2,589)	(5,266)
Adjustment for the period / year		-	(124,190)
Closing balance		1,620,593	1,253,182

15 ASSETS CLASSIFIED AS HELD FOR SALE

15.1 On April 25, 2019, the Board of Directors of Holding Company 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, the Holding Company has made some progress in sale of its investment in BankIslami Modaraba Investment Limited and BIPL Securities Limited but none of these transactions had been completed at the balance sheet date. However, the Holding Company expects a sale to occur during the current year. Accordingly, these investments have been classified as held for sale. The Board considered these investments to meet the criteria for classification as assets held for sale for the following reasons:

BankIslami Modaraba Investment Limited

- (a) A potential buyer has been identified for the sale and has made final offer.
- (b) The management is in the process of taking necessary steps including arranging regulatory approvals to conclude the transaction.

BIPL Securities Limited

- (a) The management is committed to complete the sale transaction.
- (b) The subsidiary is available for immediate sale and can be sold in present condition.
- (c) The sale is expected to occur within the next twelve months.
- (d) The potential buyers have been identified and they have also announced their intention to acquire the subsidiary at Pakistan Stock Exchange and have also initiated the due diligence exercise.

	March 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
Assets classified as held for sale		
BankIslami Modaraba Investments Limited	47,718	20,032
BIPL Securities Limited	1,240,756	1,495,019
	<u>1,288,474</u>	<u>1,515,051</u>
Liabilities directly associated with assets held for sale		
BankIslami Modaraba Investments Limited	(498)	431
BIPL Securities Limited	773,671	989,252
	<u>773,173</u>	<u>989,683</u>
Net assets directly associated with disposal groups	<u>515,301</u>	<u>525,368</u>

16 BILLS PAYABLE

	March 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
In Pakistan	3,282,364	3,645,324
Outside Pakistan	-	-
	<u>3,282,364</u>	<u>3,645,324</u>

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	3,865,176	3,816,813
Acceptances from State Bank of Pakistan for financial assistance	3,158,554	3,086,794
Refinance facility of Islamic mortgage	1,000,000	1,000,000
Total secured	8,023,730	7,903,607

Unsecured

Wakalah Acceptance	2,000,000	4,000,000
Musharakah Acceptance	7,575,000	3,200,000
Total unsecured	9,575,000	7,200,000
	<u>17,598,730</u>	<u>15,103,607</u>

18 DEPOSITS AND OTHER ACCOUNTS

March 31, 2020			December 31, 2019		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----					

Customers

Current deposits	63,921,808	3,208,618	67,130,426	64,907,052	2,728,254	67,635,306
Savings deposits	58,852,477	3,507,622	62,360,099	55,379,811	3,120,219	58,500,030
Term deposits	89,279,873	1,684,024	90,963,897	87,652,008	1,303,894	88,955,902
Others	2,210,963	20,707	2,231,670	2,673,856	19,555	2,693,411
	<u>214,265,121</u>	<u>8,420,971</u>	<u>222,686,092</u>	<u>210,612,727</u>	<u>7,171,922</u>	<u>217,784,649</u>

Financial Institutions

Current deposits	164,833	37,308	202,141	197,102	7,673	204,775
Savings deposits	26,775,436	-	26,775,436	7,337,933	-	7,337,933
Term deposits	176,520	-	176,520	3,229,540	-	3,229,540
	<u>27,116,789</u>	<u>37,308</u>	<u>27,154,097</u>	<u>10,764,575</u>	<u>7,673</u>	<u>10,772,248</u>
	<u>241,381,910</u>	<u>8,458,279</u>	<u>249,840,189</u>	<u>221,377,302</u>	<u>7,179,595</u>	<u>228,556,897</u>

19 SUBORDINATED SUKUK

The Holding Company is in the process of issuing 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. The total size of ADT-1 sukuk is Rs. 2,000 million.

As of 31 December 2019, the Pre-IPO (Initial public offer) phase of ADT-1 sukuk was achieved through which subscription amounting to Rs. 1,700 million was received. Subsequent to the period end March 31, 2020, the Holding Company completed the process of the IPO of ADT-1 sukuk, amounting to Rs. 300 million.

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

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Rating	"A-" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor	Perpetual (i.e. no fixed or final redemption date)
Security	The Sukuk will be unsecured and subordinated to payment of principal and profit of all other claims except ordinary shares
Profit rate	The sukuks shall carry profit at the rate of 3 Months KIBOR + 2.75%
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 sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP
Lock-in clause	Profit on the sukuks 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 sukuks 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.

20

OTHER LIABILITIES

March 31, December 31,
2020 2019
----- (Rupees in '000) -----

Profit / return payable in local currency	2,622,178	2,012,348
Profit / return payable in foreign currencies	18,836	16,216
Accrued expenses	705,576	678,551
Deferred Murabahah Income - Financing and IERS	135,303	138,841
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	(4,400)	2,656
Defined Benefit Plan liabilities	147,452	110,626
Security deposits against Ijarah	1,340,304	1,453,252
Ijarah (lease) Liability	3,657,947	3,781,937
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	3,479,904	4,347,956
Receipt appropriation account	225,666	195,818
Current taxation (provisions less payments)	327,405	146,616
Provision against other tax liabilities	69,226	55,334
Sundry creditors	59,031	175,312
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	-	33,978
Charity payable	3,365	21,605
Retention money payable	16,646	17,499
Provision for Workers' Welfare Fund	80,056	67,843
Branch adjustment account	27,347	-
Rental received in advance	513,243	563,555
Others	152,935	104,391
	<u>13,668,672</u>	<u>14,014,986</u>

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	March 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
Surplus on revaluation of:			
Available for sale securities	9.1	3,498,250	4,598,052
Fixed Assets		2,067,079	2,072,001
Non-banking assets acquired in satisfaction of claims		200,115	201,186
		5,765,444	6,871,239
Deferred tax liability on surplus on revaluation of:	13		
Available for sale securities		(1,224,388)	(1,604,750)
Fixed Assets		(621,662)	(623,385)
Non-banking assets acquired in satisfaction of claims		(11,797)	(12,172)
		(1,857,847)	(2,240,307)
Total surplus on revaluation of assets- net of tax		3,907,597	4,630,932
Less; Share of non-controlling interest		(6,638)	(4,159)
Group's share		3,900,959	4,626,773

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	9,274,503	10,629,042
- Commitments	22.2	13,719,812	13,618,551
- Other contingent liabilities	22.3	2,404,485	2,404,485
		25,398,800	26,652,078

22.1 Guarantees:

Financial guarantees	80,182	80,182
Performance guarantees	6,786,607	8,290,906
Other guarantees	2,407,714	2,257,954
	9,274,503	10,629,042

22.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		10,951,396	10,938,636
Commitments in respect of:			
- Shariah compliant alternative of forward foreign Exchange contracts	22.2.1	(1,103,385)	(1,162,379)
- Shariah compliant alternative of future sale of shares		-	-
- operating leases		-	-
Commitments for acquisition of:			
- operating fixed assets		296,090	219,931
- intangible assets		17,833	38,037
Other commitments	22.2.2	3,557,878	3,584,326
		13,719,812	13,618,551

	March 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
22.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts		
Purchase	17,702,286	12,252,861
Sale	(18,805,671)	(13,415,240)
	(1,103,385)	(1,162,379)
22.2.2 Other commitments		
Bills for collection	3,557,878	3,584,326
22.2.2.1 The Holding Company makes commitments to extend financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
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	11,200	11,200
Tax Contingencies	2,393,285	2,393,285
	2,404,485	2,404,485
22.3.1 There is no change in the status of tax and other contingencies, as set out in note 25.3.1 and 25.3.2 to the annual financial statements of the Holding Company for the year ended December 31, 2019.		

	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----	
23 PROFIT / RETURN EARNED		
Profit earned on:		
Financing	4,200,217	3,403,614
Investments	1,372,064	794,694
Placements	2,368,809	416,063
Others	30,678	22,965
	7,971,768	4,637,336

24 PROFIT / RETURN EXPENSED		
Deposits and other accounts	4,248,975	2,056,910
Due to financial institutions	191,698	163,424
Cost of foreign currency swaps against foreign currency deposits	650	14,062
Finance cost on ijarah (lease) liabilities	108,328	122,685
Additional Tier-1 sukuk	69,396	-
	4,619,047	2,357,081

	Note	March 31, 2020	March 31, 2019
		----- Rupees in '000 -----	
25 FEE AND COMMISSION INCOME			
Branch banking customer fees		11,810	11,534
Commission on bancatakaful		31,762	21,948
Card related fees		64,633	45,060
Commission on arrangement with financial institutions		13,949	6,245
Consumer finance related fees		11,969	10,364
Commission on guarantees		7,986	16,817
Investment banking fees		80,427	28,626
Commission on cash management		725	1,210
Commission on remittances including home remittances		8,948	9,924
Commission on trade		34,212	27,276
Others		5,485	2,008
		<u>271,906</u>	<u>181,048</u>
26 GAIN ON SECURITIES			
Realised gain	26.1	105,286	(4,151)
Unrealised loss - held for trading		-	6
		<u>105,286</u>	<u>(4,145)</u>
26.1 Realised gain on:			
Federal Government Securities		-	(8,185)
Non-Government Shariah compliant Securities		105,286	-
Shares		-	4,034
		<u>105,286</u>	<u>(4,151)</u>
27 OTHER INCOME			
Rent on property		718	1,332
Gain on termination of financing		16,987	17,151
Gain on sale of property and equipment		(331)	13,762
Recoveries against previously expensed items		620	1,644
Others		288	200
		<u>18,282</u>	<u>34,089</u>

28 OPERATING EXPENSES

March 31, March 31,
2020 2019
----- Rupees in '000 -----

Total compensation expense	885,526	706,949
Property expense		
Rent & taxes	19,316	15,089
Takaful / insurance	879	1,389
Utilities cost	73,044	67,158
Security (including guards)	87,843	78,025
Repair & maintenance (including janitorial charges)	44,348	32,259
Depreciation	73,745	68,642
Depreciation on right-of-use assets	206,161	190,366
Others	-	305
	505,336	453,233
Information technology expenses		
Software maintenance	46,772	36,589
Hardware maintenance	24,142	30,346
Depreciation	48,425	43,986
Amortisation	16,453	16,424
Network charges	42,402	37,593
	178,194	164,938
Other operating expenses		
Directors' fees and allowances	3,750	1,725
Fees and allowances to Shariah Board	3,339	3,339
Legal & professional charges	20,350	29,035
Travelling & conveyance	14,221	10,403
NIFT clearing charges	6,185	3,180
Depreciation	44,810	48,478
Depreciation on non banking assets	1,449	1,842
Entertainment expense	16,155	17,029
Training & development	3,133	2,985
Postage & courier charges	32,630	9,166
Communication	7,646	6,637
Marketing, advertisement & publicity	41,515	32,108
Repairs and maintenance	23,408	11,461
Takaful, tracker and other charges on car Ijarah	24,763	17,827
Stationery & printing	70,103	28,300
Takaful / insurance	83,948	61,200
Fee and subscription	37,343	28,277
Vehicle running and maintenance	41,282	27,486
Auditors' remuneration	3,300	3,135
Amortization	570	570
CDC and share registrar services	2,413	3,243
Brokerage and commission	6,836	1,535
Stamp duty, registration & verification charges	6,231	14,056
Others	24,148	12,254
	519,528	375,271
	2,088,584	1,700,391

29

OTHER CHARGES

Penalties imposed by the State Bank of Pakistan

137

36,150

30

PROVISIONS / (REVERSAL OF PROVISIONS) AND WRITE OFFS - NET

Provision for diminution in value of investments and due from financial institutions

30.1

4,717

(3,976)

Provision / (Reversal) against Islamic financing and related assets and advances - net

10.15.2

754,799

445,288

Other provisions - net

367,412

-

1,126,928

441,312

30.1

The downward movement of index at Pakistan Stock Exchange, post COVID 19, has triggered an impairment of Rs.18.864 million in the value of investment in equity securities. The Holding Company has only recorded an impairment of Rs.4.717 million in the financial statements of the current period, and has deferred the recognition of impairment amounting to Rs. 14.147 million to the subsequent periods as allowed by SBP.

31

FINANCIAL RESULTS OF BIPL SECURITIES LIMITED

Total income for the period

-

67,568

Total expenses for the period

-

76,368

Loss before taxation

-

(8,800)

less: taxation

- Current

1,106

- Deferred

(785)

321

Profit / (loss) after taxation

-

(9,121)

32

TAXATION

Current

180,162

61,009

Deferred

84,346

64,061

264,508

125,070

32.1

The numerical reconciliation between average tax rate and the applicable tax rate has not been presented in these financial statements as the provision for current year income tax has been made under section 113 of the Income Tax Ordinance, 2001 (minimum tax on turnover) due to available tax losses brought forward from prior years and transferred from the defunct KASB Bank Limited.

Under Section 114 of the Income Tax Ordinance, 2001 (Ordinance), the Holding Company has filed the return of income for the tax years 2006 to 2019 on due dates. These returns were deemed completed under the provisions of the prevailing income tax laws as applicable in Pakistan during the relevant accounting years.

(Restated)

Note March 31, 2020 March 31, 2019
----- Rupees in '000 -----

33 BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation for the period (Attributable to equity shareholders of the Bank)		316,968	202,184
		----- Number of shares -----	
Weighted average number of ordinary shares in issue		1,108,703,299	1,013,207,752
		----- Rupees -----	
Earnings per share - basic / diluted	33.1	0.2859	0.1995

33.1 There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2020 and March 31, 2019.

34 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.

34.1 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, 2020			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	776,495	-	-	776,495
Non-Government Shariah compliant Securities	29,501,500	7,168,134	-	36,669,634
Units of open ended mutual funds	56	-	-	56

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	9,451,658	9,451,658
Non-banking assets	-	-	1,570,915	1,570,915

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	16,902,301	-	16,902,301
Shariah compliant alternative of forward sale of foreign exchange	-	17,911,839	-	17,911,839

December 31, 2019			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	856,017	-	-	856,017
Non-Government Shariah compliant Securities	35,099,983	7,233,845	-	42,333,828
Units of open ended mutual funds	63	-	-	63

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,214,418	7,214,418
Non-banking assets	-	-	1,572,365	1,572,365

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	12,350,287	-	12,350,287
Shariah compliant alternative of forward sale of foreign exchange	-	13,486,552	-	13,486,552

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
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.

34.2 The Group'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.

35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities

	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	33,232	3,352,721
Inter segment revenue - net	(2,688,245)	5,872,733	(3,184,488)	-	-
Total 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	9,210	1,330,077	48,411	713,235	2,100,934
Inter segment expense allocation	30,994	513,519	151,390	(695,903)	0
Total expenses	40,205	1,843,596	199,801	17,332	2,100,934
Provisions	4,684	24,744	730,088	367,412	1,126,928
Profit / loss before tax	262,676	1,455,274	(717,139)	(416,787)	584,024

Balance Sheet	March 31, 2020				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	8,521,944	9,883,927	-	-	18,405,871
Investments	53,279,886	-	-	-	53,279,886
Net inter segment placements	-	191,677,784	-	-	191,677,784
Due from financial institutions	66,037,880	-	-	-	66,037,880
Islamic financing and related assets - performing	-	24,354,968	103,066,460	2,733,455	130,154,882
- non-performing	-	1,930,886	97,143	113,805	2,141,835
Others	3,899,284	3,271,734	5,513,076	24,212,273	36,896,366
Total Assets	131,738,994	231,119,299	108,676,679	27,059,533	498,594,504
Liabilities					
Due to financial institutions	12,733,554	4,865,176	-	-	17,598,730
Subordinated sukuk	-	-	-	1,700,000	1,700,000
Deposits & other accounts	26,883,205	222,956,984	-	-	249,840,189
Net inter segment acceptances	86,711,541	-	108,142,056	(3,175,814)	191,677,784
Others	4,347,955	3,297,310	688,902	9,390,042	17,724,209
Total liabilities	130,676,255	231,119,470	108,830,958	7,914,228	478,540,912
Equity	-	-	-	20,053,592	20,053,592
Total Equity & liabilities	130,676,255	231,119,470	108,830,958	27,967,820	498,594,504
Contingencies & Commitments					
	(1,103,385)	-	20,225,899	6,276,286	25,398,800

March 31, 2019					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
-----Rupees in '000-----					
Profit & Loss					
Profit / return earned	1,356,153	(1,303,896)	2,326,726	(98,728)	2,280,255
Inter segment revenue - net	(1,155,000)	3,485,609	(2,330,609)	-	-
Other income	31,031	117,326	74,451	8,000	230,808
Total Income	232,184	2,299,039	70,568	(90,728)	2,511,063
Segment direct expenses	16,738	1,009,693	24,376	693,791	1,744,598
Inter segment expense allocation	33,671	478,122	154,885	(666,678)	-
Total expenses	50,409	1,487,815	179,261	27,113	1,744,598
Provisions / (reversals)	(3,976)	144,936	305,769	(5,417)	441,312
Profit before tax	185,751	666,288	(414,462)	(112,424)	325,153
December 31, 2019					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
-----Rupees in '000-----					
Assets					
Cash & Bank balances	7,296,147	9,224,608	-	-	16,520,755
Investments	55,806,907	-	-	-	55,806,907
Net inter segment placements	-	187,682,667	-	2,420,266	190,102,933
Due from financial institutions	42,911,620	-	-	-	42,911,620
Islamic financing and related assets - performing	-	25,517,712	101,226,832	2,707,029	129,451,573
- non-performing	-	1,328,137	731,769	108,246	2,168,152
Others	9,263,877	4,383,533	4,512,287	19,445,309	37,605,006
Total Assets	115,278,551	228,136,657	106,470,888	24,680,850	474,566,946
Liabilities					
Borrowings	10,286,794	4,816,813	-	-	15,103,607
Subordinated debt	-	-	-	1,700,000	1,700,000
Deposits & other accounts	7,231,368	221,325,529	-	-	228,556,897
Net inter segment acceptances	93,412,434	-	96,690,499	-	190,102,933
Others	4,347,955	1,994,315	9,780,389	2,527,334	18,649,993
Total liabilities	115,278,551	228,136,657	106,470,888	4,227,334	454,113,430
Equity	-	-	-	20,453,516	20,453,516
Total Equity & liabilities	115,278,551	228,136,657	106,470,888	24,680,850	474,566,946
Contingencies & Commitments	(1,162,379)	-	21,567,678	6,246,779	26,652,078

36 RELATED PARTY TRANSACTIONS

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

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

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

	March 31, 2020				December 31, 2019			
	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	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
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	22,538	194,707	525,178	1,193,861	25,280	284,740	392,853	461,667
Addition during the period / year	-	10,802	50,000	932,304	-	67,350	887,767	2,871,793
Repaid during the period / year	(790)	(4,420)	(89,680)	(885,974)	(2,742)	(51,589)	(755,441)	(2,299,598)
Transfer in / (out) - net	-	-	-	-	-	(105,794)	-	160,000
Closing balance	21,748	201,089	485,498	1,240,191	22,538	194,707	525,179	1,193,862
Provision held against Islamic financing and related assets	-	-	-	-	-	-	-	-
Other Assets								
Profit receivable on financings	204	67	11,422	29,308	116	68	7,392	33,659
Subordinated debt								
Opening balance	-	10,000	-	-	-	-	-	-
Issued / Purchased during the period / year	-	-	-	-	-	10,000	-	-
Redemption / Sold during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	10,000	-	-	-	10,000	-	-
Deposits and other accounts								
Opening balance	3,534	6,260	82,086	1,062,263	3,696	46,092	80,269	1,232,106
Received during the period / year	3,167	44,531	564,284	2,220,060	224,391	271,707	3,265,405	8,151,896
Withdrawn during the period / year	(2,291)	(43,819)	(617,170)	(2,283,415)	(224,553)	(270,748)	(3,263,588)	(8,321,740)
Transfer in / (out) - net	-	-	-	-	-	(40,791)	-	-
Closing balance	4,410	6,972	29,200	998,908	3,534	6,260	82,086	1,062,262
Other Liabilities								
Profit / return payable	2	146	33	8,895	1	138	18	10,786
Contingencies and Commitments								
Other contingencies	-	-	33,719	267,512	-	-	49,406	50,957
	March 31, 2020				March 31, 2019			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Income								
Profit / return earned	845	2,261	11,214	30,063	557	2,166	13,177	21,204
Other income	-	629	-	-	-	4	-	-
Expense								
Profit / return expensed	4	166	117	37,361	5	760	236	22,660
Other administrative expenses	1,200	350	-	-	-	2,310	92	-
Meeting Fee / Remuneration	3,750	42,845	-	-	1,725	40,177	-	-
Contribution to employees provident fund	-	-	-	24,563	-	-	-	22,981
Contribution to employees gratuity fund	-	-	-	29,032	-	-	-	22,501

37 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 25% from CET 1 capital as at 31 December 2019 and 31 March 2020.

Further, SBP vide its letter no. BPRD/BA&CP/649/3760/20 dated February 24, 2020 has allowed the Holding Company to consider funds received against Pre-IPO of ADT-1 sukuk as ADT-1 sukuk for the purpose of calculation of capital adequacy ratio.

	March 31, 2020	December 31, 2019
	----- 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	14,489,025	14,090,734
Eligible Additional Tier 1 (ADT 1) Capital	1,704,884	1,706,990
Total Eligible Tier 1 Capital	16,193,909	15,797,724
Eligible Tier 2 Capital	5,219,214	4,453,551
Total Eligible Capital (Tier 1 + Tier 2)	21,413,123	20,251,275
Risk Weighted Assets (RWAs):		
Credit Risk	113,873,171	119,531,402
Market Risk	1,365,612	935,200
Operational Risk	15,621,900	15,621,900
Total	130,860,683	136,088,502
Common Equity Tier 1 Capital Adequacy ratio	11.07%	10.35%
Tier 1 Capital Adequacy Ratio	12.37%	11.61%
Total Capital Adequacy Ratio	16.36%	14.88%
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%	1.90%
Total Capital plus CCB	11.50%	11.90%

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 Standardised Approach for credit and market risk and Basic Indicator Approach for operational risk.

	March 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	16,193,909	15,797,724
Total Exposures	335,749,076	313,347,566
Leverage Ratio	4.82%	5.04%
Liquidity Coverage Ratio (LCR)*:		
Total High Quality Liquid Assets	54,341,556	52,694,993
Total Net Cash Outflow	26,964,592	33,979,271
Liquidity Coverage Ratio	238.42%	162.60%
Net Stable Funding Ratio (NSFR)*:		
Total Available Stable Funding	258,156,892	230,215,305
Total Required Stable Funding	110,021,121	115,685,066
Net Stable Funding Ratio	234.64%	199.00%

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



38 GENERAL

- 38.1 Captions, as prescribed by BPRD Circular No. 02 of 2018, 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.
- 38.2 These consolidated financial statements are presented in Pakistani Rupees, which is the Groups's functional and presentation currency.
- 38.3 The figures in the financial statements have been rounded off to the nearest thousand rupee.

39 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial information were authorised for issue on April 29, 2020 by the Board of Directors of the Holding Company.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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

