



HANDS ON THE *FUTURE*

Half Yearly Report June 2020

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Corporate Information

Board of Directors

Mr. Ali Hussain
Mr. Syed Amir Ali
Dr. Amjad Waheed
Mr. Haider Ali Hilaly
Dr. Lalarukh Ejaz
Mr. Siraj Ahmed Dadabhoy*
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham

Chairman
President & Chief Executive Officer
Independent Director
Independent Director
Independent Director
Director
Independent Director
Director

Shariah Supervisory Board

Mufti Irshad Ahmad Aijaz
Mufti Javed Ahmed
Mufti Muhammad Husain

Chairperson
Member
Member

Audit Committee

Mr. Haider Ali Hilaly
Dr. Amjad Waheed
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham

Chairperson
Member
Member
Member

Risk Management Committee

Dr. Amjad Waheed
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham
Mr. Syed Amir Ali

Chairperson
Member
Member
Member

Human Resource Management Committee

Mr. Sulaiman Sadruddin Mehdi
Dr. Amjad Waheed
Dr. Lalarukh Ejaz
Mr. Syed Ali Hasham
Mr. Syed Amir Ali

Chairperson
Member
Member
Member
Member

Board Remuneration Committee

Mr. Sulaiman Sadruddin Mehdi
Mr. Ali Hussain
Dr. Amjad Waheed
Dr. Lalarukh Ejaz
Mr. Syed Ali Hasham

Chairperson
Member
Member
Member
Member

Information Technology (IT) Committee

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

Chairperson
Member
Member

Company Secretary

Mr. Muhammad Shoaib

* Subject to SBP approval.

Note: The Audit Committee, Risk Management Committee, Human Resource Management Committee, Board Remuneration Committee and Information Technology (IT) Committee were reconstituted by the Board in its meeting held on August 17, 2020.

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 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
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 Shahra-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 6:30 pm
Friday: 9:00 am to 12:30 pm and 2:30 pm to 6:30 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 half year ended June 30, 2020.

Financial Performance

Following are the key financial highlights for the half year ended June 30, 2020:

Particulars	June 2020	June 2019	Growth
	----- Rupees in millions -----		
Total Deposits	239,677	213,941	12.0%
Total Assets	285,926	254,159	12.5%
Total Financing and related assets – net	141,629	118,017	20.0%
Total Investments and treasury placements - net	79,758	76,798	3.9%
Net Assets	19,020	15,095	26.0%
Net Spread Earned	6,789	4,864	39.6%
Operating Profits	3,382	1,789	89.0%
Profit After Tax	1,074	581	84.9%
Basic Earnings per share (Rupees) *	0.968	0.573	68.9%
Branches network (number)	340	330	3.0%

* comparative figures have been restated due to issuance of right shares in 2019.

The balance sheet of BankIslami has registered growth during the half year ended 2020 whereby total Assets rose by 13% and deposits increased by 12% as compared to June 2019. Growth in Deposits was attributable to improvement in Core CASA deposits (excluding FI deposits) by 15% as compared to position as at June 30, 2019. Keeping in view the downward trend in profit rates and spreads amidst challenging economic environment, the Bank, going forward will continue its approach to re-profile its deposit base with a greater focus towards low cost CASA deposits. With growth in liability base of the Bank, total assets also witnessed a rise, largely ensuing from financing to sound corporate and public sector entities. To enhance the risk absorption capacity of the Bank and inhibit prevailing economic challenges, certain subjective classifications and provisions were booked during the outgoing period, given rise to non-performing financing portfolio of the Bank. As a result, infection ratio increased to 11% as compared to 10% in June 2019 and coverage ratio dropped to 80% at the end of June 2020 as opposed to 85% at June 2019.

Net spread earned during the half year ended June 2020 improved by 40% on account of increase in fund flow of the Bank and higher yields on earning assets when compared with same period last year. Nonetheless, going forward banking spreads are expected to shrink, as the asset portfolio will be repriced, on account of post-Covid downward movement in benchmark rates by 625 bps since March 2020.

Bank's non-funded income depicted an increase of 78% in consequence to (i) improved FX income on the back of increase in trade volumes, (ii) increase in fee earned through ADC services, Investment Banking activities and FI desk, and (iii) booking of capital gains on sale of non-government Sukuks. While, operating expenses of the Bank rose by 18%, cost to income ratio of the Bank considerably improved to 56% during current period as compared to 67% registered during the same period last year. Expenses of the Bank mainly inched up due to increase in (a) staff cost arising from increments and employee inductions on vital and vacant position during second half of 2019; (b) variable expenses linked with growth in business volumes; (c) fixed asset write offs associated with branch relocations; (d) increase in branch network and (e) investment towards technological advancements and information security infrastructure of the Bank.

In line with increase in net spreads and improvement in cost to income ratio, operating profits of BankIslami recorded growth of 89%. As stated above, bearing in mind external challenges arising due to current macro-economic scenario and following prudent approach, the Bank booked subjective provisioning of Rs. 662 Mn against potential losses in asset portfolio during the period under review. Regardless of this, the Bank posted a profit after tax of Rs. 1,074 Mn for the period ended June 30, 2020 which is 85% higher than profit after tax of Rs. 581 Mn booked during corresponding half year.

Group Results

As at June 30, 2020, total assets and liabilities of the Group increased by 12%, when compared with financial position of June 2019. Growth in the balance sheet was largely attributable to rise in deposits and financing base of the Islamic Banking segment. On the back of improvement in net spreads and cost to income ratio, the Group generated profit after tax of Rs. 950 Mn for the half year ended June 30, 2020, which is 55% higher than the profit after tax of Rs. 613 Mn posted during the corresponding period last year.

‘SARS Coronavirus Disease of 2019’ (COVID-19) and Counter Measures Taken by the Bank

The COVID-19 pandemic created disruption and uncertainty for the society and business community at a global level. BankIslami being a responsible institute, to counter the impacts caused by this outbreak, took numerous precautionary and business continuity measures based on guidelines issued by WHO, SBP and Government of Pakistan to ensure provision of safe and resilient work environment for its human capital and customers. These measures include:

- Timely activation of BCP Sites to mobilize critical head office staff with social distancing to enable them in providing uninterrupted services to our valued customers;
- Enabling ‘Work from Home’ option for remaining employees to work remotely during lockdown period;
- Promotion of digital services through various campaigns and marketing channels. The Bank also waived service charges on IBFT transactions to encourage our customers to transact through digital means;
- Operating through selected branches during lockdown period with reduced timings and limited staff as directed by State Bank of Pakistan (SBP) to curb the exposure posed by COVID-19 on our front line staff and customers;
- Deployment of sanitizers and temperature checking points at our premises and branches. Moreover, disinfection of head office premises and branches were also exercised at regular intervals;
- Employees were given timely information regarding precautionary measures through various corona virus disease awareness advisories. Likewise, circulation of these measures were also made through social media channels to create awareness amongst masses on how to adapt preventive measures for themselves and their family members;
- Diagnosis of suspected COVID cases with medical coverage. Bank’s in-house dispensary was fully engaged to determine and advise the course of action with regular follow-up through telephonic consultation with affected employees; and
- 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.

In addition to the above, the Bank till June 30, 2020, in tandem with relief packages announced by SBP, played its role towards providing economic relief and approved principal deferment requests of 108 Corporate, SME and Agriculture customers. On the consumer side, the Bank approved deferment requests of 383 customers till the end of June 2020.

In order to support hospitals and medical centers to develop their capacity for treatment of infected patients of COVID-19, SBP came up with Refinance Scheme for combating COVID-19 at subsidized rate of 3% for a tenor of 5 years. To support this cause, BankIslami till June 30, 2020 approved facilities of around Rs. 332 Mn under the subject scheme.

To sustain employment levels in our country in these times of economic slowdown, BankIslami, under SBP's Refinance Scheme for payment of wages and salaries, has approved facility limits amounting to Rs. 1,488 Mn till June 30, 2020. The Bank encouraged not only its existing clients but also approached new clients to offer this financing facility.

The Shariah team of the Bank, due to pandemic COVID-19, started monitoring financing transactions of the Bank's customers under various Islamic modes through digital means. This was done to ensure that all the transactions are executed according to the instructions of the Shariah Board. Moreover, in light of the economic challenges rising from current situation, the Shariah team also developed guidelines for implementation of regulatory relief to dampen the effects of COVID-19.

Significant Transaction

Issuance of Additional Tier 1 Capital

To further enhance the capital base of the Bank and strengthen 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. The Sukuk was subscribed by more than 190+ institutional and retail investors. The trading of this Sukuk commenced on May 15, 2020 at PSX.

Achievements and New Initiatives during Half Year 2020

Investment Banking

Investment Banking team of the Bank generated fee income of Rs. 102.7 Mn, primarily through Syndicate-Structured Finance transactions in which the Bank assumed lead roles. During the first half of 2020, the Bank successfully signed joint mandate with other banks for NTDC Syndicated Term Finance Facility amounting to Rs. 6.4 Bn. Being pioneer of Islamic Commercial Paper (ICPs) in the banking industry, BankIslami successfully closed its joint mandate of K-Electric Islamic Commercial Paper amounting to Rs. 22 Bn. The Bank's Shariah department acted as joint Shariah Structuring Advisor in the issuance of ICPs.

Marketing and CSR

On the marketing side, the Bank sponsored multiple events to strengthen its brand positioning and create awareness of its Shariah Compliant products and One Touch Banking solution amongst multitudes. These include, participation in Zameen Expo to promote its House Financing offerings, sponsorship of ACCA's Annual Corporate Networking Conference in Peshawar to establish its brand in the Northern Region and sponsored IBA Alumni's annual event which was attended by various industry leaders and high net-worth individuals. To educate the masses and create awareness regarding Islamic Banking products and its structure, the Bank developed and promoted informative video clips across social media.

The Bank received three accolades for its CSR initiatives and activities at 9th Annual CSR Summit and Awards 2020 for its endeavors towards Sustainability Initiative, Environmental Stewardship and Social Impact.

Consumer Finance

On the Consumer Finance front, the Auto finance team launched a campaign of its 'Residual Value' product in partnership with Indus Motor Company to increase Bank's outreach. Furthermore, Special Auto Finance offering for Toyota Yaris was launched which received a good response from our customers. To boost auto sales, a widespread social media campaign was initiated whereby popular brands with the likes of Yaris, Fortuner, Picanto and Sportage were promoted. Moreover, special discount campaigns for Armed Forces & Medical Staff were also introduced during second quarter of 2020.

In terms of principal outstanding, BankIslami's Housing Finance position is still standing as a market leader in the domain with the highest ENR of Rs. 12.3 Bn in House financing portfolio as of June 30, 2020.

Employee Banking

The Bank successfully introduced its employee banking services for business houses and corporate/commercial entities at large during second quarter of 2020. This product has been embedded with Auto & Home Financing, Consumer Durables and Bike Financing at attractive rates.

Home Remittance

The Home Remittance wing of the Bank achieved its highest ever monthly volume of 10,048 transactions in the month of June, indicating enhanced level of confidence from our customers towards services offered by the Bank.

Information Security

The information security department is consistently working hard to improve the security posture of the Bank and its infrastructure. After strengthening the InfoSec department with skilled internal resources in 2019, multiple exercises have been conducted to improve information security posture of the Bank. Some of the major achievements comprised of:

- Revamping of the security features with improved controls of BankIslami's public website and critical applications.
- Provision of secure remote access to critical staff of the Bank amid Covid-19 Pandemic situation to enable them to work from home.
- Improvement in monitoring and visibility of Information Security Operation Centre to timely monitor and mitigate any external threats.

Enterprise Risk Management

The ERM team has developed a new model for profiling of Trade Customers. The model will assist the Bank to perform effective review and monitoring of trade customers and allow us to timely adhere with trade monitoring guidelines of SBP. Moreover, ERM department has also developed a model for enlistment of valuers on Bank's Corporate/SME panel. The model covers all key risk indicators and each indicator is assigned with risk measurement score. This has now enabled the Bank to perform an effective due diligence of valuator companies.

Shariah

The Shariah team of the Bank visited various branches in different cities to conduct Shariah Review and knowledge assessment of branch staff across the country to ensure and establish a strong Shariah compliant environment at the branch level. The team has also reviewed marketing and promotional material of the Bank including social media posts, sponsorship content and marketing design.

The Shariah department continued to provide Shariah Structuring support (including development of Transaction Fact Sheets and Process flows for Corporate/SME/Agri clients) to all business units enabling them to cater to needs of Customers in a Shariah compliant manner.

During the period under review, more than 31 online and 17 classroom training sessions of Islamic Banking Concepts in various cities were conducted for staff of the Bank. The Shariah team also continued to conduct awareness session for general public and students in various cities to interact with general public and address their questions and misconception. The Bank also conducted an Islamic Banking awareness seminar via Zoom for capacity building of staff of SBP BSC, Sukkur.

Human Resource

BankIslami operates with a goal of providing equal opportunities of employment and does not discriminate with its employees and job applicants on the basis of gender, religion, race, color, and disabilities. Continuing with this objective, the Bank inducted an exclusive batch of differently-abled employees during the outgoing period.

As part of BankIslami's continuous development and capacity building initiative profile screening of support staff was done to provide them opportunity to advance their careers in business development and other roles. The Bank also conducted manpower planning exercise to streamline job roles of various functions. The objective was to streamline staffing needs and ensure that each function has proper manpower.

Using digital platforms, various E-learning modules, video tutorials and assessments have been launched by the Bank to keep the employees engaged towards the process of continuous learning and to equip them with advanced knowledge.

The Bank as a pilot project, took a unique initiative by introducing out-patient health service through in-house dispensary equipped with a qualified physician for health safety and well-being of employees and their families. Likewise, the Bank also initiated another unique benefit for its staff to support their dreams and personal aspirations wherein Hajj policy for its employees was announced and an employee along with family member, through balloting, was chosen and sponsored by the Bank to perform Hajj in next season.

Employee Engagement

The Bank held its Annual Business Conference 2020 at Bhurban at the start of the year 2020 where all core business and operation staff of BankIslami were gathered to make them conversant with the Bank's strategy for the year 2020. The conference also allowed an opportunity for the senior management of the Bank to appreciate and distribute spot awards to top performing staff.

Board Composition

The current composition of the Board is as follows:

Total number of Directors **7***

Composition:

(i)	Independent Directors:	4
(ii)	Non-executive Directors:	2
(iii)	Executive Director:	1
(a)	Female Director:	1
(b)	Male Directors:	6

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

The present Board of the Bank was elected on May 7, 2020 after receiving approval from SBP. Of the total 7 seats for elected directors, SBP approval for one director is pending.

BankIslami's Board of Directors comprises of leading professionals from the industry. The members of the Board carry versatile background in the fields of Corporate Finance, Capital Market, Investment Management, Private Equity, Economic Research, FinTech, Innovation and Corporate Governance. The Board members hold Professional certifications, Masters and Doctorate degrees from renowned international and local institutions.

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

Ali Hussain
Chairman of the Board

August 28, 2020

بینک کا موجودہ بورڈ کا انتخاب 7 مئی 2020 کو اسٹیٹ بینک سے منظوری حاصل کرنے کے بعد کیا گیا تھا۔ منتخب ڈائریکٹرز کے لئے کل 7 نشستوں میں سے ایک ڈائریکٹر کے لئے اسٹیٹ بینک کی منظوری زیر التوا ہے۔

بینک اسلامی کے بورڈ آف ڈائریکٹرز صنعت کے ممتاز پیشہ ور افراد پر مشتمل ہے۔ بورڈ کے ممبران کارپوریٹ فنانس، کمپیوٹر مارکیٹ، انویسٹمنٹ مینجمنٹ، پرائیویٹ ایکویٹی، اکاؤنٹنٹس، فن ٹیک، انویسٹمنٹ اور کارپوریٹ گورننس کے شعبوں میں ور سٹائل پل منظر رکھتے ہیں۔ بورڈ کے ممبران نامور بین الاقوامی اور مقامی اداروں سے پروفیشنل سند، ماسٹرز اور ڈاکٹریٹ کی ڈگری رکھتے ہیں۔

اعتراقات

بورڈ رہنمائی فراہم کرنے پر اسٹیٹ بینک آف پاکستان کو اپنی جہتی پیش کرنا چاہتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی طرف سے ان کی حمایت کرنے پر بھی ان کا شکریہ ادا کرنا چاہتا ہے۔ ہم اپنے قابل قدر گاہکوں، کاروباری شراکت داروں اور شیئرز ہولڈرز کو ان کی مسلسل سرپرستی اور اعتماد کے لئے اظہار تشکر کرنا چاہتے ہیں۔ مزید برآں، ہم اپنی مینجمنٹ ٹیم اور ملازمین کے لگن، عزم اور سخت محنت کو بھی تسلیم کرنا چاہیں گے جس نے بینک اسلامی کو عام طور پر اور اسلامی بینکاری کی صنعت میں خاص طور پر بینکنگ انڈسٹری میں نمایاں مقام حاصل کرنے کے قابل بنایا ہے، الحمد للہ۔

منجانب بورڈ

علی حسین

چیئر مین بورڈ آف ڈائریکٹرز

سید عامر علی

صدر چیف ایگزیکٹو آفیسر

28 اگست، 2020

انسانی وسائل

بینک اسلامی ملازمت کے مساوی مواقع کی فراہمی کے مقصد کے ساتھ کام کرتا ہے اور مصنف، مذہب، نسل، رنگ اور معذوری کی بنیاد پر اپنے ملازمین اور ملازمت کے درخواست دہندگان سے امتیازی سلوک نہیں کرتا ہے۔ اس مقصد کو جاری رکھتے ہوئے، بینک نے مکمل ہونے والے عرصے میں مختلف اہل خصوصی ملازمین کی ایک کیپ شامل کی۔

بینک اسلامی کی مستقل ترقی اور صلاحیت سازی کے اقدام کے ایک حصے کے طور پر، معاون عملے کی پروفائل اسکریننگ کی گئی تھی تاکہ انہیں اپنے کیریئر کو کاروباری ترقی اور دیگر مہمیتوں میں آگے بڑھانے کا موقع فراہم کیا جاسکے۔ بینک نے مختلف فعال ملازمت کے کردار کو ہموار کرنے کے لئے افرادی قوت کی منصوبہ بندی کی مشق بھی کی۔ جس کا مقصد عملے کی ضروریات کو ہموار کرنا اور اس بات کو یقینی بنانا تھا کہ ہر کام میں مناسب افرادی قوت موجود ہو۔

ڈیجیٹل پبلٹ فارم کا استعمال کرتے ہوئے متعدد ای آرنگک ماڈیولز، ویڈیو ٹیوٹوریل اور تشخص بینک کی جانب سے ملازمین کو مستقل سیکھنے کے عمل کی طرف راغب رکھنے اور انہیں جدید پیشہ دارانہ مہارت سے آراستہ کرنے کے لئے شروع کیے گئے ہیں۔

بینک نے بطور پائلٹ پروجیکٹ سہولت کی حفاظت اور ملازمین اور ان کے اہل خانہ کی فلاح و بہبود کیلئے قابل ڈاکٹر سے لیس ان ہاؤس ڈیپنری کے ذریعے مریضوں کی صحت کی خدمت متعارف کروا کر ایک انوکھا اقدام اٹھایا ہے۔ اسی طرح، بینک نے اپنے عملے کے لئے ان کے خوابوں اور ذاتی انگلوں کی حمایت کرنے کے لئے ایک اور انوکھی سہولت بھی شروع کی جس میں ملازمین کے لئے چیچ پالسی کا اعلان کیا گیا تھا اور ایک ملازم، اہل خانہ کے ساتھ، ہیلتھ کے ذریعے، آئندہ ہیزن میں چیچ کرنے کے لئے روانہ ہوگا جس کی مالی سرپرستی اور انتخاب بینک کریگا۔

ملازمین کی مصروفیت

سال 2020 کے آغاز پر بینک نے اپنی سالانہ بزنس کانفرنس 2020 کا انعقاد بھورہن میں کیا تھا جہاں بینک اسلامی کے تمام بنیادی کاروباری اور عملی عملے سال 2020 کے لئے بینک کی حکمت عملی پر تبادلہ خیال کرنے کے لئے اکٹھا کیا گیا تھا۔ کانفرنس کے ذریعہ بینک کی بینئر مینجمنٹ کو بھی موقع فراہم کیا گیا کہ اعلیٰ کارکردگی کا مظاہرہ کرنے والے عملے کو سپاٹ ایوارڈ اور تعریفی اسناد تقسیم کر سکیں۔

بورڈ کی تشکیل

بورڈ کی موجودہ تشکیل مندرجہ ذیل ہے۔

ڈائریکٹرز کی کل تعداد 7*

تشکیل:

- (i) غیر جانبدار ڈائریکٹر 4
- (ii) غیر ایگزیکٹو ڈائریکٹر 2
- (iii) ایگزیکٹو ڈائریکٹر 1

(a) خاتون ڈائریکٹر 1

(b) مرد ڈائریکٹر 6

* اس رپورٹ کے کئی اضافی سیکشن میں ڈائریکٹرز کے نام شامل کیے گئے ہیں۔

اسلامی بینکنگ

بینک نے 2020 کی دوسری سہ ماہی کے دوران بڑے پیمانے پر بزنس ہاؤس اور کارپوریٹ/تجارتی اداروں کے لئے ملازمین کیلئے بینکاری خدمات کامیابی کے ساتھ متعارف کروائیں۔ اس پروڈکٹ کو پرکشش نرخوں پر آلو، ہوم فنانسنگ، کنزیومر durables اور موٹر سائیکل فنانسنگ کے ساتھ شامل کیا گیا ہے۔

گھریلو ترسیلات

بینک کے ہوم ترسیلات زرونگ نے جون کے مہینے میں 10 ہزار 48 ٹرانزیکشنز کا ایک تک کاسب سے زیادہ ماہانہ حجم حاصل کر لیا، جو ظاہر کرتا ہے کہ بینک کی پیش کردہ خدمات کے بارے میں صارفین کی طرف سے اعتماد میں اضافہ کی نشاندہی کرتا ہے۔

انفارمیشن سکیورٹی

انفارمیشن سکیورٹی کو شعبہ مستقل طور پر بینک کی حفاظت اور اس کے بنیادی ڈھانچے کو مزید محفوظ بنانے کے لئے کوشاں ہے۔ 2019 میں انفارمیشن سکیورٹی شعبہ کو ماہر داخلی وسائل سے مضبوط بنانے کے بعد، بینک کے انفارمیشن سکیورٹی پوچھ میں بہتری کیلئے متعدد مشقیں کی گئیں۔ کچھ بڑی کامیابیاں درج ذیل ہیں:

- بینک اسلامی کی عوامی ویب سائٹ اور اہم ایپلیکیشنز کو بہتر کنٹرول کے ساتھ سکیورٹی کی خصوصیات میں مزید بہتری کی گئی۔

- کووڈ 19 وبا کی صورتحال کے دوران بینک کے اہم عملہ کو محفوظ رکھنے اور دور سے رابطہ کی فراہمی کر کے انہیں گھر سے کام کرنے کا موقع فراہم کیا گیا۔

- کسی بھی بیرونی خطرات کی بروقت نگرانی اور اس کے خاتمے کیلئے انفارمیشن سکیورٹی آپریشن سنٹر میں مزید بہتری۔

اوپر پراثر رسک مینجمنٹ

ERM ٹیم نے تجارتی صارفین کی پروفاٹنگ کے لئے ایک نیا ماڈل تیار کیا ہے۔ یہ ماڈل بینک کو تجارتی صارفین کی موثر جائزہ لینے اور نگرانی کرنے میں معاونت کرے گا اور اسٹیٹ بینک کے تجارتی پراٹنگ کے رہنما اصولوں پر بروقت عمل کرنے میں مددگار ثابت ہوگا۔ مزید یہ کہ ERM ڈیپارٹمنٹ نے بینک کے کارپوریٹ/ایس ایم ای پیٹل پر ویلیو ایڈز کے اندراج کے لئے بھی ایک ماڈل تیار کیا ہے۔ ماڈل میں خطرہ کے تمام اہم اشاروں کا احاطہ کیا گیا ہے اور ہر اشارے کو خطرہ پیکائج کے سکور کے ساتھ تفویض کیا گیا ہے۔ اس سے اب بینک کو ویلیو ایڈز کہنیوں کیلئے مؤثر مستعد کارکردگی کا مظاہرہ کرنے میں مدد ملے گی۔

شریعت

بینک کی شریعت ٹیم نے براؤنچ سٹاپ پراکے مضبوط شریعت کے مطابق ماحول کو یقینی بنانے اور اس کے قیام کے لئے ملک بھر میں براؤنچ عملہ کا شرعی جائزہ اور علی تفصیلات کے لئے مختلف شہروں میں مختلف برانچوں کا دورہ کیا۔ اس ٹیم نے بینک کے مارکیٹنگ اور تسمیراتی مواد کا بھی جائزہ لیا ہے جس میں سوشل میڈیا پوسٹس، اسپانسرشپ کا مواد اور مارکیٹنگ کے ڈیزائن شامل ہیں۔

شریعت ڈیپارٹمنٹ نے شریعت ساختہ تعاون کی فراہمی جاری رکھنے کیلئے (بشمول کارپوریٹ/ایس ایم ای/انگریزی کانٹیکٹ کیلئے ٹرانزیکشن فیکٹ شیٹ اور پروپس فلوزی ترقی) تمام کاروباری اکائیوں کو جان کو اہل بناتے ہیں تاکہ وہ شریعت کے انداز کے مطابق صارفین کی ضروریات کو پورا کر سکیں۔

زیر جائزہ مدت کے دوران، بینک کے عملے کے لئے مختلف شہروں میں اسلامی بینکاری تصورات کے 31 سے زیادہ آن لائن اور 17 کلاس روم فریڈنگ سیشنز منعقد کی گئے۔ شریعت ٹیم مختلف شہروں میں عام لوگوں اور طلباء کے لئے عام لوگوں سے بات چیت کرنے اور ان کے سوالات اور غلط فہمیوں کو دور کرنے کے لئے آگاہی سیشن بھی جاری رکھے گی۔ بینک نے BSC، SBP، سکھر کے عمل کی صلاحیت میں اضافہ کیلئے ذمہ کے ذریعے اسلامی بینکاری سے متعلق آگاہی سیشنز بھی منعقد کیا۔

اس ADT-1 سٹاک کا مجموعی حجم 2 ارب روپے ہے، جس میں سے 2019 میں پری آئی ٹی او مرحلے کے دوران بینک نے 1.7 بلین روپے اکٹھا کیا تھا، جبکہ باقی 300 بلین روپے رواں سال کے دوران 20 اپریل اور 21 اپریل کو پاکستان اسٹاک ایکسچینج میں کامیابی کے ساتھ آئی ٹی او کے ذریعے اکٹھا کیا گیا۔ سٹاک میں 190 سے زائد ادارہ جاتی اور ریٹیل سرمایہ کاروں نے سبسکرائب کیا تھا۔ اس سٹاک کی ٹریڈنگ کا آغاز 15 مئی 2020 کو پی ایس ایکس میں ہوا۔

نصف سال 2020 کے دوران کامیابیاں اور نئے اقدامات

سرمایہ کاری بینکنگ

بینک کی انویسٹمنٹ بینکنگ ٹیم نے بنیادی طور پر سنڈیکیٹ سٹرکچرڈ فنانس ٹرانزیکشنز کے ذریعے 102.7 بلین روپے کی فیس آمدنی پوسٹ کی جس میں بینک نے اہم کردار ادا کیا۔ 2020 کی پہلی ششماہی کے دوران، بینک نے دیگر بینکوں کے ساتھ NTDC سنڈیکیٹڈ ٹرم فنانس سہولت کے لئے مشترکہ مینڈیٹ پر کامیابی کے ساتھ خطے کی جس کی مالیت 6.4 بلین روپے ہے۔ بینکنگ انڈسٹری میں اسلامک کمرشل ہیپ (ICPs) کا علمبردار ہونے کے طور پر، بینک اسلامی نے کے الیکٹریک کمرشل ہیپ کے مشترکہ مینڈیٹ کو کامیابی کے ساتھ مکمل کیا، جس کی لاگت 22 بلین روپے ہے۔ بینک کے شرعی محکمہ نے آئی سی بیز کے اجراء میں مشترکہ سٹریٹریجرنگ ایڈوائزر کی حیثیت سے کام کیا۔

مارکیٹنگ اور سی ایس آر

مارکیٹنگ کی جانب سے، بینک نے اپنی برانڈ پوزیشننگ کو مستحکم کرنے اور کثیر تعداد میں اپنی شرعی کمپلائنس مصنوعات اور نوٹج بینکنگ حل کے بارے میں شعور پیدا کرنے کے لئے متعدد پروگراموں کی سرپرستی کی۔ ان میں، ہاؤس فنانسنگ کی پیشکشوں کو فروغ دینے کے لئے زمین، ایکسپو میں شرکت، شمالی علاقہ میں اپنے برانڈ کو قائم کرنے کے لئے پشاور میں ACCA کی سالانہ کارپوریٹ نیٹ ورکنگ کانفرنس کا انفراسٹرکچر اور آئی ٹی ایس ایلیمنٹس کے سالانہ پروگرام کی سرپرستی کی گئی جس میں مختلف صنعتوں کے رہنماؤں اور اعلیٰ نیٹ ورکھ کے حامل افراد نے شرکت کی۔ عوام کی آگاہی اور اسلامی بینکار کی مصنوعات اور اس کے ڈھانچے کے بارے میں شعور بیدار کرنے کیلئے، بینک نے سوشل میڈیا پر معلوماتی ویڈیو کلیپس تیار کر کے فروغ دیئے ہیں۔

بینک نے 9 ویں سالانہ سی ایس آر رپورٹ میں اپنے سی ایس آر اقدامات اور سرگرمیوں کے لئے 13 اعزازات حاصل کئے جس میں سسٹیمیٹیکل انیشی ایٹو، اینڈورسمنٹل اسٹیوڈیو شپ اور سوشل امپیکٹ کے ایوارڈ 2020 شامل ہیں۔

کنزرویٹو فنانس

کنزرویٹو فنانس کے طرف سے، آئو فنانس ٹیم نے انڈس موٹر کمپنی کے ساتھ شراکت میں بینک کی رسائی کو بڑھانے کے لئے اپنی بھائی قدر کیلئے ایک ہم کار آغاز کیا ہے۔ مزید برآں، ٹیو نیٹو یارس کیلئے خصوصی آئو فنانس کی پیشکش کی گئی جس کو صارفین نے بہت سراہا۔ آئو فروخت کو بڑھانے کے لئے، ایک وسیع پیمانے پر سوشل میڈیا مہم شروع کی گئی جس کے تحت یارس، فارچیونر، پکائنو اور اسپورٹس کی طرح مقبول برانڈز کو فروغ دیا گیا تھا۔ مزید یہ کہ 2020 کی دوسری سہ ماہی کے دوران منج افواج اور میڈیکل اسٹاف کیلئے خصوصی رعایت کی مہم بھی چلائی گئی۔

بینک اپنی اعلیٰ روایات کے مطابق، بینک اسلامی کی ہاؤسنگ فنانس پوزیشن ابھی بھی مارکیٹ لیڈر کی حیثیت سے برقرار ہے جس میں 30 جون 2020 تک سب سے زیادہ ENR کے ساتھ 12.3 بلین روپے کا ہاؤسنگ پورٹ فولیو ہے۔

- برانچوں میں سینیٹائزر اور درجہ حرارت کی جانچ پڑتال کے مقامات کی تعیناتی۔ مزید برآں، باقاعدہ وقفوں پر ہیڈ آفس کے احاطے اور برانچوں میں جراثیم کش اسپرے کا استعمال۔

- ملازمین کو مختلف کورونا وائرس سے متعلق آگاہی مشوروں کے ذریعے احتیاطی تدابیر کے بارے میں بروقت معلومات فراہم کی گئیں۔ اسی طرح، ان اقدامات کی سوشل میڈیا چینلوں کے ذریعہ تشہیر کی گئی تاکہ عوام میں یہ آگاہی پیدا کی جاسکے کہ وہ اپنے اور اپنے اہل خانہ کیلئے کس طرح سے احتیاطی تدابیر اختیار کریں۔

- طبی کوریج کے ساتھ COVID کے مشینہ کیسز کی تشخیص۔ بینک کی ان باؤس ڈیپنری متاثرہ ملازمین سے ٹیلیفونک مشاورت کے ذریعہ باقاعدگی سے فلو اپ کے ساتھ ملائگیل اور مشورے دینے کیلئے پوری طرح سے مصروف عمل تھی۔

- اسٹیٹ بینک کی ہدایت کے مطابق بینکاری کے معاملات، اور آگاہی کیلئے ویب سائٹ پر ایک مخصوص پیج ترتیب دیا گیا جس میں برانچوں کے کھلنے اور بند ہونے، ان کے اوقات کار اور کووڈ 19 سمیت دیگر معلومات فراہم کی گئیں۔

مذکورہ بالا کے علاوہ، بینک نے 30 جون 2020 تک، اسٹیٹ بینک کے ذریعہ اعلان کردہ متواتر امدادی چیلنجوں کے ساتھ، معاشی ریلیف کی فراہمی اور 108 کارپوریٹ، ایس ایم ای اور زراعت صارفین کے پرنسپل الٹوا کی درخواستوں کی منظوری کے لئے اپنا کردار ادا کیا۔ صارفین کی طرف، بینک نے جون 2020 کے آخر تک 383 صارفین کی الٹوا کی درخواستوں کو منظوری دی۔

کووڈ 19 کے متاثرہ مریضوں کے علاج معالجے کے لئے ان کی صلاحیتوں کو بڑھانے، اسپتالوں اور طبی مراکز کی مدد کرنے کے لئے، اسٹیٹ بینک نے 5 سال کی مدت کے لئے 3 فیصد کی رعایتی شرح پر کووڈ 19 کا مطالبہ کرنے کے لئے ری فنانس اسکیم متعارف کرائی۔ اس مقصد کی تائید کے لئے، مذکورہ اسکیم کے تحت بینک اسلامی نے 30 جون 2020 تک تقریباً 332 ملین روپے کی سہولیات کی منظوری دی۔

معاشی ست روی کے اس وقت میں ملک میں روزگار کی سطح کو برقرار رکھنے کیلئے، بینک اسلامی، جس نے تنخواہوں اور تنخواہوں کی ادائیگی کے لئے اسٹیٹ بینک کی ری فنانس اسکیم کے تحت، فنڈنگ کی مدد میں 30 جون 2020 تک 1,488 روپے کی منظوری دی ہے۔ بینک نے نہ صرف اپنے موجودہ صارفین کی حوصلہ افزائی کی بلکہ نئے صارفین کو بھی اس فنانسنگ سہولت کی پیشکش کی۔

بینک کی شریعی ٹیم نے کووڈ 19 کی وجہ سے، ڈیجیٹل ذرائع کے ذریعہ مختلف اسلامی طریقوں کے تحت بینک کے صارفین کے فنانسنگ ٹرانزیکشنز کی نگرانی کرنا شروع کر دی۔ یہ اس بات کو یقینی بنانے کے لئے کیا گیا تھا کہ تمام ٹرانزیکشنز شرعی بورڈ کی ہدایت کے مطابق عمل میں آئیں۔ مزید یہ کہ موجودہ صورتحال میں بڑھتے ہوئے معاشی چیلنجوں کی روشنی میں، شریعی ٹیم نے بھی کووڈ 19 کے اثرات کو کم کرنے کے لئے باقاعدہ ریگولیٹری ریلیف کے نفاذ کے لئے رہنما اصول تیار کیے۔

اہم ٹرانزیکشنز

ایڈیشنل نمبر 1- کیپٹل جاری کرنا

بینک کے سرمایہ کو مزید وسعت دینے اور رسک جذب کی صلاحیت کو تقویت دینے کے لئے، بینک نے پاکستان کا سپر لیستڈ اسلامی ایڈیشنل نمبر 1- کیپٹل سلوک (ADT-1 سلوک) کا اجراء مکمل کیا۔ اس انشرومنٹ کو عہدہ سلوک کا نام دیا گیا ہے جو مستند اسلامی بینکاری مصنوعات پیش کرنے اور اپنے صارفین کو حلال آمدنی کی فراہمی کے لئے بینک اسلامی کے عزم کے مطابق ہے۔

بینک non-funded آمدنی میں 78% فیصد کا اضافہ ہوا ہے جس کے نتیجے میں (i) تجارتی حجم میں اضافے کے بعد FX آمدنی میں بہتری آئی ہے، (ii) اے ڈی کی خدمات، انویسٹمنٹ بینکاری سرگرمیوں اور ایف آئی ڈی کے ذریعہ حاصل کی جانے والی فیس میں اضافہ اور (iii) غیر سرکاری سہولتوں کی فروخت پر منافع کی بگم۔ جبکہ، بینک کے آپریٹنگ اخراجات میں 18% فیصد کا اضافہ ہوا، موجودہ مدت کے دوران بینک کے لاگت سے آمدنی کا تناسب کافی حد تک 56% فیصد تک بڑھ گیا جس کا سب سے پہلے سال اسی عرصہ کے دوران 67% فیصد ریشٹریڈ تھا۔ بینک کے اخراجات میں بنیادی طور پر اضافہ کی وجہ (a) 2019 کے دوسرے نصف حصہ کے دوران increment کی وجہ سے اضافہ اور عملی لاگت میں اہم اور خالی نشیمنوں پر ملازمین کی شمولیت میں اضافہ؛ (b) متغیر اخراجات جو کاروباری حجم میں اضافے سے منسلک ہیں۔ (c) براؤنچ کی جگہ تبدیل کرنے سے وابستہ مجدد اثاثہ ختم کرنا (d) براؤنچ نیٹ ورک میں اضافہ اور (e) بینک کی تکنیکی ترقی اور انفارمیشن سکیورٹی انفراسٹرکچر کی طرف سرمایہ کاری ہے۔

آمدنی کے تناسب سے منبہ اسپرڈ میں اضافہ اور لاگت میں بہتری کے ساتھ، بینک اسلامی کے آپریٹنگ منافع میں 89% فیصد اضافہ ریکارڈ کیا گیا۔ جیسا پہلے بیان کیا گیا ہے، کووڈ 19 کی وجہ سے پیدا ہونے والے بیرونی چیلنجوں کو مد نظر رکھتے ہوئے اور حکمت عملی کے بعد، بینک نے 662 ملین روپے سے زائد کی رقم زیر جائزہ مدت کے دوران کمزور نقصانات اور اثاثوں کے پورٹ فولیو کیلئے خصوصی طور پر مختص کئے ہیں۔ اس سے قطع نظر، بینک نے 30 جون 2020 کو ختم ہونے والی مدت کے دوران بعد از ٹیکس منافع 1,074 ملین روپے پوسٹ کیا جو اسی نصف سال کے عرصہ کے دوران 581 ملین روپے کے بعد از ٹیکس منافع سے 85% فیصد زیادہ ہے۔

گروپ کے نتائج

30 جون، 2020، تک، جون 2019 کے موازنے میں گروپ کے کل اثاثوں اور واجبات میں 12% فیصد کا اضافہ ہوا۔ بلیٹنس شیٹ میں اضافہ بڑے پیمانے پر گروپ کے اسلامی بینکاری کے سیکٹور کی طرف سے پیش کردہ ڈیپازٹ اور فنڈنگ میں اضافے سے منسوب ہے۔ بہتری کی باعث نیٹ اسپرڈ اور آمدنی کے تناسب کی لاگت میں گروپ نے 30 جون 2020 کو ختم ہونے والے نصف سال کیلئے 950 ملین روپے کا بعد از ٹیکس منافع حاصل کیا، جو گزشتہ سال اسی مدت کے دوران 613 ملین روپے کے مقابلے میں 55% فیصد زیادہ ہے۔

2019 کے سارس کووڈ 19 (COVID-19) اور بینک کی جانب سے کیے جانے والے اقدامات

کووڈ 19 وبا کی بیماری نے عالمی سطح پر معاشرے اور کاروباری برادری کے لئے خلل اور غیر یقینی پیدا کی۔ بینک اسلامی نے بطور ایک ذمہ دار ادارے کے اس وباء سے ہونے والے اثرات سے نمٹنے کیلئے، عالمی ادارہ صحت، اسٹیٹ بینک اور حکومت پاکستان کے جاری کردہ رہنما خطوط کی بنیاد پر متعدد احتیاطی اور کاروباری سلسلے کے اقدامات اٹھائے تاکہ اس سے اپنے انسانی سرمائے اور صارفین کے لئے محفوظ اور مستحکم کام کے ماحول کی فراہمی کو یقینی بنایا جائے۔ ان اقدامات میں شامل ہیں:

- بی سی بی سائنسوں کی بروقت سرگرمی جو ہیڈ آفس کے عمل کو سماجی دوری کو یقینی بناتے ہوئے قابل قدر صارفین کو بلا احتیاط خدمات فراہم کرنے میں اہل بنائے۔

- لاک ڈاؤن مدت کے دوران باقی ملازمین کو دور سے کام کرنے کیلئے ورک فرام ہووم کی سہولت فراہم کرنا؛

- مختلف مہم اور مارکیٹنگ چینلوں کے توسط سے ڈیجیٹل خدمات کا فروغ۔ بینک نے اپنے صارفین کو ڈیجیٹل ذرائع سے رقم کی منتقلی کو ترجیح دینے کے لئے IBFT ٹرانزیکشنز پر مشرور چار بجھی معاف کر دیے۔

- اسٹیٹ بینک آف پاکستان (SBP) کی جاری کردہ ہدایات لاک ڈاؤن کے دوران منتخب برانچوں میں مختصر عرصہ کے ساتھ، وقت میں کمی کے مطابق فراہمی کی انجام دینے کے لئے فرنٹ لائن عملہ اور صارفین کو کووڈ 19 سے متاثر ہونے سے بچایا جاسکے۔

ڈائریکٹرز کی رپورٹ

محترم حصص دار،
بوڈ کی جانب سے، ہمیں 30 جون 2020 کو ختم ہونے والے نصف سال کے لئے بینک اسلامی پاکستان لمیٹڈ ('بینک اسلامی پابلیک') کے مالی نتائج پیش کرنے پر مسرت ہے۔

مالیاتی کارکردگی

30 جون 2020 کو ختم ہونے والے نصف سال کی اہم مالی جھلکیاں درج ذیل ہیں۔

تفصیلات	جون 2020	جون 2019	گروٹھ
مجموعی ڈیپازٹ	239,677	213,941	12.0%
مجموعی اثاثے	285,926	254,159	12.5%
کل فنانسنگ اور اس سے وابستہ اثاثے	141,629	118,017	20.0%
کل سرمایہ کاری	79,758	76,798	3.9%
نیٹ اثاثے	19,020	15,095	26.0%
نیٹ پریڈ حاصل	6,789	4,864	39.6%
آپریٹنگ منافع	3,382	1,789	89.0%
ٹیکس کے بعد منافع	1,074	581	84.9%
بنیادی کمائی فی حصہ دار (روپے میں)*	0.968	0.573	68.9%
برائچر کا نیٹ ورک	340	330	3.0%

* 2019 میں مجموعی حصص کے اجراء کی وجہ سے تھالی اعداد و شمار کو بحال کیا گیا ہے۔

بینک اسلامی کے بیلنس شیٹ میں 2020 کو ختم ہونے والے آدھے سال کے دوران نمونہ کارڈ کی گئی ہے جس کے تحت جون 2019 کے مقابلے میں کل اثاثوں میں 13% فیصد اور ڈیپازٹس میں 12% فیصد اضافہ ہوا ہے۔ CASA ڈیپازٹس (الیف آئی ڈی پیازٹس کو چھوڑ کر) میں بہتری ڈیپازٹس میں اضافہ کا سبب بنی جس میں 30 جون، 2019 کی پوزیشن کے مقابلے میں 15% فیصد اضافہ ہوا۔ مشکل معاشی ماحول کے درمیان منافع کی شرحوں اور spread میں کمی کے رجحان کو مد نظر رکھتے ہوئے، کم لاگت والے CASA ڈیپازٹس کی طرف زیادہ توجہ کے ساتھ اپنے ڈیپازٹس کو دوبارہ سے ری پروفائل کرنے کیلئے اپنی نقطہ نظر جاری رکھے ہوئے ہے۔ بینک کی لائیکلیٹیٹی میں اضافہ کے ساتھ کل اثاثوں میں بھی اضافہ دیکھنے میں آیا، جس میں بڑے پیمانے پر مستحکم کارپوریٹ اور سرکاری شعبے کے اداروں کو فنانسنگ فراہم کی گئی ہے۔ بینک کی رسک لینے کی صلاحیت کو بڑھانے اور کوڈ 19 کے نتیجے میں درجیش معاشی چیلنجوں کو عبور کرنے کیلئے، بینک نے کچھ مخصوص موضوعات کی درجہ بندی اور دفعات درج کی ہیں جو کہ بینک کے نان پرفارمنگ فنانسنگ میں اضافے کا باعث بنی ہیں۔ نتیجے کے طور پر، انفلیکشن کی شرح جون 2019 میں 11% فیصد کے مقابلے میں 10% فیصد تک بڑھ گیا اور کوڈ 19 کا تناسب جون 2020 کے آخر میں 80% فیصد رہ گیا جو جون 2019 میں 85% فیصد تھا۔

گذشتہ سال اسی مدت کے مقابلے میں جب بینک کے فنڈ فلو میں اضافے اور اثاثوں کی آمدنی پر زیادہ پیداوار کی وجہ سے جون 2020 کو ختم ہونے والے نصف سال کے دوران حاصل شدہ خالص spread میں 40% فیصد کی بہتری آئی ہے۔ تاہم، توقع کی جارہی ہے کہ مارچ 2020 سے بیچ مارک ریٹ میں 19 کوڈ کے بعد 625 میں پوائنٹس (bps) تک کمی کے نتیجے میں، اثاثہ جات کے پورٹ فولیو کو ری پرائس کیا جائے گا، کیونکہ بینکوں کے spread میں تیزی سے کمی واقع ہوگی۔

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **BankIslami Pakistan Limited** (the Bank) as at **30 June 2020** and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement and notes to the financial statement for the six-month's period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the three months ended 30 June 2020 and 30 June 2019 have not been subject to limited scope review by us as we are required to review only the cumulative figures for the six month's period ended 30 June 2020.

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's review report is Omer Chughtai.

EY Ford Rhodes
Chartered Accountants
Karachi
Date: August 28, 2020

BankIslami Pakistan Limited Condensed Interim Unconsolidated Statement of Financial Position

AS AT JUNE 30, 2020

	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	26,591,688	14,640,163
Balances with other banks	7	3,057,708	1,877,508
Due from financial institutions	8	28,911,547	42,911,620
Investments	9	50,845,995	55,194,471
Islamic financing, related assets and advances	10	141,629,263	131,774,504
Fixed assets	11	12,325,139	12,717,391
Intangible assets	12	3,118,255	3,101,794
Deferred tax assets	13	6,112,723	5,621,695
Other assets	14	12,732,425	14,655,739
Non-current assets held for sale	15	601,609	601,609
Total Assets		285,926,352	283,096,494
LIABILITIES			
Bills payable	16	4,363,714	3,645,324
Due to financial institutions	17	10,457,616	15,103,607
Deposits and other accounts	18	239,676,943	228,826,675
Subordinated sukuk	19	2,000,000	1,700,000
Deferred tax liabilities		-	-
Other liabilities	20	10,407,686	14,124,556
		266,905,959	263,400,162
NET ASSETS		19,020,393	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	2,872,922	4,626,364
Unappropriated profit		3,953,213	2,875,710
		19,020,393	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 AND HALF YEAR ENDED JUNE 30, 2020

	Note	Quarter Ended		Half Year Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		----- Rupees in '000 -----			
Profit / return earned	23	6,790,557	5,224,662	14,769,142	9,865,420
Profit / return expensed	24	3,351,993	2,640,267	7,980,546	5,001,761
Net Profit / return		3,438,564	2,584,395	6,788,596	4,863,659
OTHER INCOME					
Fee and commission income	25	168,127	147,742	440,033	328,790
Dividend income		4,700	5,608	7,050	8,597
Foreign exchange income		99,647	80,260	213,774	106,208
Gain on securities	26	127,600	21,726	232,886	17,581
Other income	27	21,018	27,779	39,393	61,868
Total other income		421,092	283,115	933,136	523,044
Total Income		3,859,656	2,867,510	7,721,732	5,386,703
OTHER EXPENSES					
Operating expenses	28	2,082,730	1,845,010	4,172,817	3,544,064
Workers' Welfare Fund		25,429	9,476	37,642	17,533
Other charges	29	129,595	30	129,732	36,180
Total other expenses		2,237,754	1,854,516	4,340,191	3,597,777
Profit before provisions		1,621,902	1,012,994	3,381,541	1,788,926
Provisions and write offs - net	30	380,149	435,526	1,507,077	894,262
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		1,241,753	577,468	1,874,464	894,664
Taxation	31	536,348	188,823	800,856	313,893
PROFIT AFTER TAXATION		705,405	388,645	1,073,608	580,771
----- Rupees -----					
		(Restated)		(Restated)	
Basic earnings per share	32	0.6362	0.3836	0.9683	0.5732
Diluted earnings per share	32	0.6362	0.3836	0.9683	0.5732

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 Statement of Comprehensive Income (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

	Quarter Ended		Half Year Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----			
Profit after taxation for the period	705,405	388,645	1,073,608	580,771
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	(1,034,675)	78	(1,749,547)	(582)
Total comprehensive income	<u>(329,270)</u>	<u>388,723</u>	<u>(675,939)</u>	<u>580,189</u>

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

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CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 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 half year ended June 30, 2019	-	-	-	-	-	-	580,771	580,771
Other comprehensive income for the half year ended June 30, 2019	-	-	-	-	(582)	-	-	(582)
Total comprehensive income for the half year ended June 30, 2019	-	-	-	-	(582)	-	580,771	580,189
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(7,794)	7,794	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(304)	304	-
Surplus on revaluation of fixed assets transferred to unappropriated profit	-	-	-	-	-	(16,619)	16,619	-
Surplus on revaluation of non banking assets transferred to unappropriated profit	-	-	-	-	-	(26,574)	26,574	-
Balance as at June 30, 2019	10,079,121	(79,042)	718,799	250,000	9,406	1,789,368	2,327,352	15,095,004
Issuance of Right Shares	1,007,912	-	-	-	-	-	-	1,007,912
Profit after taxation for the period from July 01, 2019 to December 31, 2019	-	-	-	-	-	-	506,567	506,567
Other comprehensive income for the period from July 01, 2019 to December 31, 2019	-	-	-	-	2,979,328	56,341	51,180	3,086,849
Total comprehensive income for the period from July 01, 2019 to December 31, 2019	-	-	-	-	2,979,328	56,341	557,747	3,593,416
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(6,487)	6,487	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(672)	672	-
Transfer to statutory reserve	-	-	217,468	-	-	-	(217,468)	-
Surplus on revaluation of fixed assets transferred to unappropriated profit	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non-banking assets on sale	-	-	-	-	-	(200,920)	200,920	-
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 half year ended June 30, 2020	-	-	-	-	-	-	1,073,608	1,073,608
Other comprehensive income for the half year ended June 30, 2020	-	-	-	-	(1,749,547)	-	-	(1,749,547)
Total comprehensive income for the half year ended June 30, 2020	-	-	-	-	(1,749,547)	-	1,073,608	(675,939)
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 June 30, 2020	11,087,033	(79,042)	936,267	250,000	1,239,187	1,633,735	3,953,213	19,020,393

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 Cash Flow Statement

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,874,464	894,664
Less: Dividend Income		(7,050)	(8,597)
		1,867,414	886,067
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		362,495	322,406
Depreciation on non banking assets		2,416	3,016
Depreciation on right-of-use assets		405,807	384,482
Amortization		35,341	35,656
Depreciation on operating Ijarah assets		1,154,433	462,637
Finance cost on Ijarah (lease) liabilities	24	219,065	246,264
Provisions and write offs - net	30	1,507,077	894,262
Unrealized loss on revaluation of investments classified as held for trading	26	-	-
Charge for defined benefit plan		58,064	45,002
Gain on sale of property and equipment	27	(1,355)	(18,113)
		3,743,343	2,375,612
		5,610,757	3,261,679
Decrease / (increase) in operating assets			
Due from financial institutions		14,000,073	(2,341,197)
Held-for-trading securities		-	144,537
Islamic financing and related assets and advances		(12,150,353)	(377,045)
Others assets		620,731	(3,813,667)
		2,470,451	(6,387,372)
Increase in operating liabilities			
Bills payable		718,390	1,159,175
Due to financial institutions		(4,645,991)	485,909
Deposits and other accounts		10,850,268	29,247,818
Other liabilities (excluding current taxation)		(3,789,245)	2,748,639
		3,133,422	33,641,541
		11,214,630	30,515,848
Contributions to defined benefit plan		-	-
Income tax paid		(243,849)	(141,195)
Net cash generated from operating activities		10,970,781	30,374,653
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		2,591,116	(17,641,968)
Dividend received		7,050	8,597
Payment of Ijarah (lease) liability against right-of-use assets		(480,210)	(428,191)
Investments in fixed assets		(207,174)	(2,975,225)
Investments in intangible assets		(51,802)	(33,884)
Proceeds from disposal of fixed assets		1,964	69,650
Net cash generated / (used in) from investing activities		1,860,944	(21,001,021)
Increase in cash and cash equivalents			
		13,131,725	9,373,632
Cash and cash equivalents at the beginning of the period		16,517,671	15,125,373
Cash and cash equivalents at the end of the period		29,649,396	24,499,005

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

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

FOR THE HALF YEAR ENDED JUNE 30, 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 June 30, 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.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2019.

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

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim unconsolidated financial statements.

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 9 'Financial Instruments'	January 01, 2021
Covid-19-Related Rent Concessions - Amendment to IFRS 16	June 01, 2020
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and	Not yet finalized

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2019.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements 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 fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 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 for retail asset classification by 44 percent to Rs 180 million, thus resulting in reduced risk weighted assets; (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 loan obligations by one year; and (v) relaxing regulatory criteria for restructured/rescheduled loans 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 loans and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity, operational issues such as operations of Branches, managing cyber security threat and managing investment banking activities including arrangement of syndicate loans, debt and capital advisory services etc. Major aspects of COVID 19 on the Bank is discussed below:

5.1 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 June 30, 2020 for subjective downgrading.

The Bank has also conducted various stress tests on the Credit portfolio and is confident that the CAR buffer currently maintained is sufficient. It is expected that several borrowers will be affected by COVID-19 as the Bank has received requests from borrowers to avail deferment/restructuring/rescheduling schemes announced by SBP.

5.2 Liquidity management

Bank has received applications for deferral of principal and / or restructuring / rescheduling and is expected to receive further such applications. These applications are being reviewed by the Bank as per its established policies. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Bank has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer currently maintained by the Bank is sufficient to cater any adverse movement in cash flow maturity profile.

5.3 Equity investments

The Bank has availed relaxation provided by SBP with regard to impairment against equity instrument arising due to post COVID - 19 decline in PSX index (refer note 30.1).

5.4 Foreign Exchange Risk

Due to recent economic slowdown, the PKR has been devalued against USD significantly from December 31, 2019 and the USD / PKR parity stood at Rs 168.05 as at June 30, 2020. The exchange rate is expected to remain volatile till the uncertainty around COVID 19 resolves. The Bank has reviewed the Net Open Position of the bank and has had no significant impact on P&L.

5.5 Operations

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank staff and an uninterrupted service to our 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. The Bank has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Bank has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

The Bank is communicating with its customers on how they can connect with the Bank through its full suite of channels including digital and online channels. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved as per SLAs and the Bank continues to meet the expectations of their clients as they would in a normal scenario.

5.6 Capital adequacy ratio

Under the current scenario, Banking industry is under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective inline with this, SBP has relaxed the Capital Conversion Buffer (CCB) requirements for banks to 1.5%, resulting in an overall CAR requirement of 11.5%. The reduced CCB has also provided an additional limit to the Bank for its Tier 2 capital. Further, the regulatory limit for retail loans has also increased by SBP to Rs. 180 million, which will now result in reduced Risk Weighted Assets for some of its financing. In addition to the measures by SBP, the Senior management of the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further financing decisions based on the overall impacts on RWA. The Bank also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

	June 30, 2020	December 31, 2019
- local currency	6,023,729	4,578,845
- foreign currency	634,187	449,739
	<u>6,657,916</u>	<u>5,028,584</u>

With the State Bank of Pakistan in:

- local currency current account	15,497,133	6,032,362
- foreign currency deposit accounts:		
- cash reserve account	438,948	369,621
- special cash reserve account	530,368	446,116
- US Dollar clearing account	21,524	14,450
	<u>990,840</u>	<u>830,187</u>

With National Bank of Pakistan in:

- local currency current account	3,445,799	2,744,790
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National Prize Bonds

-	4,240
<u>26,591,688</u>	<u>14,640,163</u>

June 30, December 31,
2020 2019
-----Rupees in '000-----

7 BALANCES WITH OTHER BANKS

In Pakistan:

- in current accounts	2,861	2,861
- in deposit accounts	1,489	360
	4,350	3,221

Outside Pakistan:

- in current accounts	3,053,358	1,874,287
	3,057,708	1,877,508
	3,057,708	1,877,508

8 DUE FROM FINANCIAL INSTITUTIONS

Note	June 30, 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 Other Financial Institutions	8.2	20,993,071	-	20,993,071	20,821,525	-	20,821,525

Unsecured

Wakalah Placement	8.1	-	2,665,309	2,665,309	-	1,316,205	1,316,205
Bai Muajjal Receivable							
-from State Bank of Pakistan		-	-	-	6,172,475	-	6,172,475
-from Banks		-	-	-	5,942,762	-	5,942,762
-from Other Financial Institutions	8.2	5,253,167	-	5,253,167	8,658,653	-	8,658,653
Other placements		29,160	-	29,160	30,780	-	30,780
		26,275,398	2,665,309	28,940,707	41,626,195	1,316,205	42,942,400
Provision against placements	8.3	(29,160)	-	(29,160)	(30,780)	-	(30,780)
		26,246,238	2,665,309	28,911,547	41,595,415	1,316,205	42,911,620
		26,246,238	2,665,309	28,911,547	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% to 1.70% (2019: 1.70% to 3.40%) per annum. The agreements have maturities ranging from 29 to 182 days (2019: 27 to 106 days).

8.2 The average return on this product ranges between 7.10% to 13.42% (2019: 12.95% to 17.07%) per annum. The balances have maturities ranging between 29 days to 210 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. 22,900 million (2019: Rs. 22,739 million)

8.3 Category of classification

June 30, 2020		December 31, 2019	
Classified Placements	Provision held	Classified Placements	Provision held
-----Rupees in '000-----			
29,160	29,160	30,780	30,780
29,160	29,160	30,780	30,780

Loss

8.3.1 The Bank does not hold overseas classified placements.

9 INVESTMENTS

	Note	June 30, 2020	December 31, 2019
		-----Rupees in '000-----	
Investments - Islamic	9.1 & 9.3	50,268,320	54,616,796
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	577,675	577,675
		<u>50,845,995</u>	<u>55,194,471</u>

Note	June 30, 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	10,405,836	-	(3,000)	10,402,836	10,305,836	-	-	10,305,836
Non Government Shariah Compliant Securities	37,127,623	(35,880)	1,938,592	39,030,335	38,875,056	(35,880)	4,565,437	43,404,613
Mutual fund units	21	-	38	59	21	-	42	63
Shares / Modaraba certificates	332,863	(96,527)	(29,188)	207,148	332,863	(87,094)	32,573	278,342
	<u>47,866,343</u>	<u>(132,407)</u>	<u>1,906,442</u>	<u>49,640,378</u>	<u>49,513,776</u>	<u>(122,974)</u>	<u>4,598,052</u>	<u>53,988,854</u>

Associates

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

	<u>48,494,285</u>	<u>(132,407)</u>	<u>1,906,442</u>	<u>50,268,320</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	268,210	(268,210)	-	-	268,210	(268,210)	-	-
Shares	1,189,030	(611,355)	-	577,675	1,189,030	(611,355)	-	577,675
	<u>1,457,240</u>	<u>(879,565)</u>	<u>-</u>	<u>577,675</u>	<u>1,457,240</u>	<u>(879,565)</u>	<u>-</u>	<u>577,675</u>

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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9.3 Islamic Investments by segments

Federal Government Securities

GOP Ijarah Sukuks	100,000	-	(3,000)	97,000	-	-	-	-
Bai Muajjal	10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
	<u>10,405,836</u>	<u>-</u>	<u>(3,000)</u>	<u>10,402,836</u>	<u>10,305,836</u>	<u>-</u>	<u>-</u>	<u>10,305,836</u>

Non Government Shariah Compliant Securities

Pakistan Energy Sukuk-I	27,701,500	-	1,939,105	29,640,605	30,535,000	-	4,564,983	35,099,983
Pakistan Energy Sukuk-II	2,000,000	-	-	2,000,000	-	-	-	-
Sukuk certificates - unlisted	7,426,123	(35,880)	(513)	7,389,730	8,340,056	(35,880)	454	8,304,630
	<u>37,127,623</u>	<u>(35,880)</u>	<u>1,938,592</u>	<u>39,030,335</u>	<u>38,875,056</u>	<u>(35,880)</u>	<u>4,565,437</u>	<u>43,404,613</u>

Mutual fund units

Units of open-end mutual funds	21	-	38	59	21	-	42	63
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Shares

Ordinary shares of listed companies	332,863	(96,527)	(29,188)	207,148	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>48,494,285</u>	<u>(132,407)</u>	<u>1,906,442</u>	<u>50,268,320</u>	<u>50,141,718</u>	<u>(122,974)</u>	<u>4,598,052</u>	<u>54,616,796</u>
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* These assets are related to amalgamated entity. These investments are under process of conversion / liquidation / disposal.

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

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

9.4 Conventional Investments by segments*

	June 30, 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.

	Note	June 30, 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		2,461,080	4,408,122
Charge / (reversal)			
Charge for the period / year	30.1	9,433	39,677
Reversals for the period / year		-	(2,376)
Provision for diminution in value of investments - net		9,433	37,301
Transfer to Non-current assets held for sale	15	-	(1,984,343)
Closing Balance	9.6.1.1	2,470,513	2,461,080

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

Investments - Islamic	132,407	122,974
Investments - Conventional	2,338,106	2,338,106
	2,470,513	2,461,080

9.6.2 Particulars of provision against debt securities

	June 30, 2020		December 31, 2019	
Category of classification	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
Total	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	June 30, 2020	December 31, 2019
Islamic financing and related assets - net	10.1	141,336,119	131,471,570
Advances (relating to amalgamated entity) - net	10.2	293,144	302,934
		<u>141,629,263</u>	<u>131,774,504</u>

		Note	Performing		Non Performing		Total	
			June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Rupees in '000								
10.1 ISLAMIC FINANCING AND RELATED ASSETS								
In Pakistan								
-	Running Musharakah and related assets	10.11	49,136,075	35,522,924	1,778,510	-	50,914,585	35,522,924
-	Diminishing Musharakah financing and related assets - Others	10.3	26,559,516	26,611,862	1,483,658	1,241,965	28,043,174	27,853,827
-	Muswammah financing and related assets / Karobar financing	10.4	10,508,082	11,176,623	2,801,150	2,806,150	13,309,232	13,982,773
-	Istisna financing and related assets	10.5 & 10.10	13,083,813	13,625,060	856,216	858,108	13,940,029	14,483,168
-	Diminishing Musharakah - Housing		10,757,994	11,903,851	1,469,391	1,323,994	12,227,385	13,227,845
-	Murabahah financing and related assets	10.6 & 10.9	5,881,059	6,634,565	432,613	664,272	6,313,672	7,298,837
-	Diminishing Musharakah financing and related assets - Auto		10,704,266	10,670,368	269,647	87,725	10,973,913	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	1,687,004	3,094,951	224,666	187,321	1,911,670	3,282,272
-	Financing to employees		2,772,630	2,750,540	152,483	138,085	2,925,113	2,888,625
-	Qardh e Hasana		1,943	2,081	546,368	552,330	548,311	554,411
-	Murabahah against Bills		107,512	166,338	892	892	108,404	167,230
-	Salam	10.8	25,000	100,000	337	337	25,337	100,337
-	Past Due Acceptance		72,907	239,534	-	-	72,907	239,534
-	Housing finance portfolio - others		33,897	33,786	-	-	33,897	33,786
-	Net investment in Ijarah financing in Pakistan		95,503	35,242	-	-	95,503	35,242
-	Musharakah financing		280,000	280,000	-	-	280,000	280,000
-	Financing against Bills		138,711	59,173	-	-	138,711	59,173
Gross financing and related assets			138,095,912	129,156,898	10,015,931	7,861,179	148,111,843	137,018,077
Less: Provision against non-performing Islamic financing and related assets								
-	Specific	10.13 & 10.14	-	-	(6,458,194)	(5,208,752)	(6,458,194)	(5,208,752)
-	General	10.13 & 10.14	(317,530)	(337,755)	-	-	(317,530)	(337,755)
			(317,530)	(337,755)	(6,458,194)	(5,208,752)	(6,775,724)	(5,546,507)
Islamic financing and related assets-net of provisions			137,778,382	128,819,143	3,557,737	2,652,427	141,336,119	131,471,570
10.2 ADVANCES								
Loans, cash credits, running finances, etc. - In Pakistan*			170,444	175,815	6,138,593	6,229,714	6,309,037	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			-	-	713,292	714,646	713,292	714,646
Advances - gross			170,444	175,815	7,434,070	7,526,545	7,604,514	7,702,360
Provision against advances								
-	Specific	10.13 & 10.14	-	-	(7,428,811)	(7,518,228)	(7,428,811)	(7,518,228)
-	General	10.13 & 10.14	(57)	(57)	-	-	(57)	(57)
			(57)	(57)	(7,428,811)	(7,518,228)	(7,428,868)	(7,518,285)
Advances - net of provision			170,387	175,758	5,259	8,317	175,646	184,075
Fair value adjustment			10.15	-	117,498	118,859	117,498	118,859
Advances - net of provision and fair value adjustment			170,387	175,758	122,757	127,176	293,144	302,934

* This includes non-interest bearing performing financing facilities amounting to Rs. 120.197 million (2019: Rs. 121.991 million).

	June 30, 2020	December 31, 2019
	-----Rupees in '000-----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	27,716,044	27,821,116
Advance against Diminishing Musharakah financing	327,130	32,711
	<u>28,043,174</u>	<u>27,853,827</u>
10.4 Muswammah financing and related assets / Karobar financing		
Muswammah financing	10,725,421	10,543,334
Advance against Muswammah financing	201,699	1,619
Muswammah inventories	2,382,112	3,437,820
	<u>13,309,232</u>	<u>13,982,773</u>
10.5 Istisna financing and related assets		
Istisna financing	8,091,173	8,771,480
Advance against Istisna financing	5,698,188	5,711,688
Istisna inventories	150,668	-
	<u>13,940,029</u>	<u>14,483,168</u>
10.6 Murabahah financing and related assets		
Murabahah financing	4,147,627	5,364,666
Deferred murabahah income	123,783	185,009
Advances against Murabaha financing	121,084	252,766
Murabaha Inventories	1,921,178	1,496,396
	<u>6,313,672</u>	<u>7,298,837</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	1,910,988	3,281,590
Advance against Ijarah financing	682	682
	<u>1,911,670</u>	<u>3,282,272</u>
10.8 Salam		
Salam financing	337	55,337
Advance against Salam	25,000	45,000
	<u>25,337</u>	<u>100,337</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. 670.989 million (2019: Rs. 994 million) and advance amounting to Rs. Nil (2019: Rs. 741 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 1,387.304 million (2019: Rs. 1,209.817 million) and advance amounting to Rs. 235 million (2019: Rs. 147 million) under Islamic Export Refinance Scheme.		
10.11 Running musharakah financing and related assets includes financing amounting to Rs. 1,277.187 million (2019: 993.187) and advance amounting to Rs. 200 million (2019: Nil) under Islamic Export Refinance Scheme.		
10.12 Particulars of Islamic financing and related assets and advances - gross	June 30, 2020	December 31, 2019
	-----Rupees in '000-----	
In local currency	154,534,062	142,150,863
In foreign currency	1,182,295	2,569,574
	<u>155,716,357</u>	<u>144,720,437</u>

- 10.13 Islamic financing and related assets and advances include Rs. 17,450.001 million (2019: Rs. 15,387.724 million) which have been placed under non-performing status as detailed below:

Category of classification

	June 30, 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	229,588	-	525,244	-
Substandard	691,678	53,882	695,454	76,698
Doubtful	3,354,440	1,163,889	1,904,229	821,090
Loss	13,174,295	12,669,233	12,262,797	11,829,192
Total	17,450,001	13,887,004	15,387,724	12,726,980

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

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

	June 30, 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	1,313,968	-	1,313,968	2,798,104	107,170	2,905,274
Reversals for the period / year	(153,943)	(20,225)	(174,168)	(884,736)	-	(884,736)
	1,160,025	(20,225)	1,139,800	1,913,368	107,170	2,020,538
Amount written off	-	-	-	(119,339)	-	(119,339)
Closing balance	13,887,005	317,587	14,204,592	12,726,980	337,812	13,064,792
----- Rupees in '000 -----						
10.14.1						
Islamic	6,458,194	317,530	6,775,724	5,208,752	337,755	5,546,507
Conventional	7,428,811	57	7,428,868	7,518,228	57	7,518,285
	13,887,005	317,587	14,204,592	12,726,980	337,812	13,064,792

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

	June 30, 2020	December 31, 2019
----- Rupees in '000 -----		
Gross reversals for the period / year	174,168	884,736
Charge for the period / year	(1,313,968)	(2,905,274)
	(1,139,800)	(2,020,538)
Fair value adjusted - net	(1,361)	(37,601)
Net charge taken to the profit and loss account	(1,141,161)	(2,058,139)

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

	June 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	13,887,005	317,587	14,204,592	12,726,980	337,812	13,064,792
In foreign currency	-	-	-	-	-	-
	<u>13,887,005</u>	<u>317,587</u>	<u>14,204,592</u>	<u>12,726,980</u>	<u>337,812</u>	<u>13,064,792</u>

10.14.4 The Bank maintains general reserve (provision) amounting to Rs. 317.587 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.

10.14.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at June 30, 2020 amounts to Rs. 589.868 million (2019: Rs. 345.792 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 359.819 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.

10.15 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by the Independent consultant.

	Note	June 30, 2020	December 31, 2019
		-----Rupees in '000-----	
Capital work-in-progress	11.1	276,974	362,346
Property and equipment	11.2 & 11.3	8,739,455	8,810,013
Right of use assets	11.2	3,308,710	3,545,032
		<u>12,325,139</u>	<u>12,717,391</u>

11.1 Capital work-in-progress

Advances to suppliers and contractors	236,374	321,746
Advance for acquiring properties:		
- Office premises	762,503	762,503
	998,877	1,084,249
Provision for impairment against advance for acquiring floor / office premises	(721,903)	(721,903)
	<u>276,974</u>	<u>362,346</u>

(Un-audited) (Un-audited)
June 30, June 30, 2019
2020
----- Rupees in '000 -----

11.2 Additions to fixed assets

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

Capital work-in-progress	189,017	226,045
Property and equipment		
Freehold / Leasehold land	-	1,895,503
Leasehold Building	133,706	582,139
Furniture and fixture	21,440	54,731
Electrical office and computer equipment	162,326	233,431
Vehicles	4,014	6,824
	321,486	2,772,628
Right of use assets		
Leasehold Building	77,774	4,382,898
Total	<u>588,277</u>	<u>7,381,571</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	605	8
Total	<u>609</u>	<u>51,537</u>

Note June 30, December 31,
2020 2019
----- Rupees in '000 -----

12 INTANGIBLE ASSETS

Computer software	12.1 145,485	127,885
Core deposits	28,473	29,612
Goodwill	2,944,297	2,944,297
	<u>3,118,255</u>	<u>3,101,794</u>

(Un-audited) (Un-audited)
June 30, June 30, 2020 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>51,793</u>	<u>33,715</u>
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12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period

Note June 30, 2020 December 31, 2019

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

13 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

Accumulated tax losses	13.1	2,799,042	3,299,042
Tax credit against minimum tax		5,473	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		3,698,224	3,785,670
Provision for gratuity		21,253	21,253
Ijarah financing and related assets		540,556	218,663
Accelerated tax depreciation		61,360	16,377
Others		253,694	240,830
		<u>7,705,848</u>	<u>8,178,019</u>

Taxable Temporary Differences on:

Fair value adjustments relating to net assets acquired upon amalgamation		(210,808)	(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	(667,255)	(1,609,318)
Net investment in finance lease		(81,603)	(81,603)
		<u>(1,593,125)</u>	<u>(2,556,324)</u>
		<u>6,112,723</u>	<u>5,621,695</u>

- 13.1 The Bank has aggregate tax losses of Rs. 7,997.264 million as at June 30, 2020 (2019: Rs. 9,425.835 million) which includes tax losses of the amalgamated entity. The management has carried out an assessment for estimating the benefit of these losses. The Bank would be able to set off the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs. 2,799,042 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.

June 30, 2020 December 31, 2019

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

14 OTHER ASSETS

Profit / return accrued in local currency		9,015,675	7,483,717
Profit / return accrued in foreign currency		5,544	12,132
Advances, deposits, advance rent and other prepayments		562,688	468,406
Non-banking assets acquired in satisfaction of claims		2,074,513	2,075,858
Branch Adjustment Account		479,793	46,064
Takaful / insurance claim receivable		34,723	23,996
Receivable against First WAPDA Sukuk		50,000	50,000
Acceptances		647,475	4,347,956
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		94,460	-
Amount held with financial institution	22.3.1.4	738,477	738,477
Others		<u>440,247</u>	<u>461,129</u>
		14,143,595	15,707,735
Less: Provision held against other assets	14.1	(1,611,285)	(1,253,182)
Other Assets (Net of Provision)		<u>12,532,310</u>	<u>14,454,553</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	200,115	201,186
Other assets - total		<u>12,732,425</u>	<u>14,655,739</u>
Market value of non-banking assets acquired in satisfaction of claims		<u>1,569,949</u>	<u>1,572,365</u>

	Note	June 30, 2020	December 31, 2019
		-----Rupees in '000-----	
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	22.3.1.4	738,477	369,239
Others		141,437	152,572
	14.1.1	<u>1,611,285</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	369,238	699,688
Reversals for the period / year	(11,135)	(1,275)
Adjustment for the period / year	-	(124,190)
Closing balance	<u>1,611,285</u>	<u>1,253,182</u>

15 NON-CURRENT ASSETS HELD FOR SALE

	June 30, 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>

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.

	June 30, 2020	December 31, 2019
	-----Rupees in '000-----	
16 BILLS PAYABLE		
In Pakistan	4,363,714	3,645,324
Outside Pakistan	-	-
	<u>4,363,714</u>	<u>3,645,324</u>

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme
Acceptances from State Bank of Pakistan for financial assistance
Refinance facility for Islamic Mortgage

Total secured

3,712,176	3,816,813
3,230,313	3,086,794
1,015,127	1,000,000
<u>7,957,616</u>	<u>7,903,607</u>

Unsecured

Wakalah Acceptance
Musharakah Acceptance

Total unsecured

-	4,000,000
2,500,000	3,200,000
<u>2,500,000</u>	<u>7,200,000</u>
<u>10,457,616</u>	<u>15,103,607</u>

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2020			December 31, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000						
Customers						
Current deposits	73,297,918	3,285,756	76,583,674	64,907,052	2,728,254	67,635,306
Savings deposits	62,022,044	3,480,799	65,502,843	55,379,811	3,120,219	58,500,030
Term deposits	80,559,866	1,603,901	82,163,767	87,652,008	1,303,894	88,955,902
Others	1,985,405	21,233	2,006,638	2,673,856	19,555	2,693,411
	217,865,233	8,391,689	226,256,922	210,612,727	7,171,922	217,784,649
Financial Institutions						
Current deposits	204,617	9,143	213,760	197,108	7,673	204,781
Savings deposits	10,161,761	-	10,161,761	7,607,705	-	7,607,705
Term deposits	3,044,500	-	3,044,500	3,229,540	-	3,229,540
	13,410,878	9,143	13,420,021	11,034,353	7,673	11,042,026
	231,276,111	8,400,832	239,676,943	221,647,080	7,179,595	228,826,675

19 SUBORDINATED SUKUK

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

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

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

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

20 OTHER LIABILITIES

Note	June 30, 2020	December 31, 2019
	-----Rupees in '000-----	
Profit / return payable in local currency	2,053,453	2,015,445
Profit / return payable in foreign currencies	22,195	16,216
Accrued expenses	807,634	661,911
Deferred Murabahah Income - Financing and IERS	115,693	138,841
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	26,872	2,656
Defined Benefit Plan liabilities	168,689	110,626
Security deposits against Ijarah	1,289,004	1,453,017
Ijarah (lease) Liability	3,690,277	3,781,937
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	647,475	4,347,956
Receipt appropriation account	183,247	195,818
Current taxation (provisions less payments)	389,183	283,212
Provision against other tax liabilities	47,829	55,334
Sundry creditors	198,698	175,312
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	-	33,978
Charity payable	2,458	21,605
Retention money payable	11,002	17,499
Provision for Workers' Welfare Fund	105,485	67,843
Rental received in advance	458,243	563,555
Others	99,597	91,143
	<u>10,407,686</u>	<u>14,124,556</u>

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Available for sale securities	9.1	1,906,442	4,598,052
Fixed Assets		2,067,079	2,072,001
Non-banking assets acquired in satisfaction of claims	14	200,115	201,186
		<u>4,173,636</u>	<u>6,871,239</u>

Deferred tax liability on surplus on revaluation of:

Available for sale securities	13	(667,255)	(1,609,318)
Fixed Assets		(621,662)	(623,385)
Non-banking assets acquired in satisfaction of claims		(11,797)	(12,172)
		<u>(1,300,714)</u>	<u>(2,244,875)</u>
		<u>2,872,922</u>	<u>4,626,364</u>

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	7,377,973	10,629,042
- Commitments	22.2	10,249,183	13,618,551
- Other contingent liabilities	22.3	2,404,485	2,404,485
		<u>20,031,641</u>	<u>26,652,078</u>

22.1 Guarantees:

Financial guarantees	80,182	80,182
Performance guarantees	4,900,864	8,290,906
Other guarantees	2,396,927	2,257,954
	<u>7,377,973</u>	<u>10,629,042</u>

22.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		8,634,371	10,938,636
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	22.2.1	(1,290,402)	(1,162,379)
Commitments for acquisition of:			
- fixed assets		286,240	219,931
- intangible assets		10,789	38,037
Other commitments	22.2.2	2,608,185	3,584,326
		<u>10,249,183</u>	<u>13,618,551</u>

		June 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
22.2.1	Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts		
	Purchase	13,222,096	12,252,861
	Sale	(14,512,498)	(13,415,240)
		(1,290,402)	(1,162,379)
22.2.2	Other commitments		
	Bills for collection	2,608,185	3,584,326
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	22.3.1 11,200	11,200
	Tax Contingencies	22.3.2 2,393,285	2,393,285
		2,404,485	2,404,485
22.3.1	Suit filed by customers / borrowers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt		
22.3.1.1	These are court cases, which represent counter claims filed by the borrowers, for restricting the Bank for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Bank has pleaded as proforma defendant for defending its interest.		
22.3.1.2	Consequent to the amalgamation of defunct KASB Bank Limited with and into BankIslami Pakistan Limited as at May 7, 2015 certain cases have been filed by individuals pertaining to amalgamation, at Honorable Sindh High Court, Honorable Lahore High Court and Islamabad High Court, in which the Bank has been made a party. The double bench of Honorable Sindh High Court has disposed-off the prayers in three Constitutional Petitions, without any negative inference to the Bank, and issued certain directions to SBP which were then complied with. Subsequently, an appeal was filed against the decision of the Honorable Sindh High Court which has also been dismissed by the Honorable Supreme Court. Thereafter, Civil Review Petitions were filed in Honorable Supreme Court against dismissal order of the appeal, which have also been dismissed by the Honorable Supreme Court of Pakistan. The cases at Honorable Lahore High Court are also disposed off in the light of Honorable Supreme Court and Honorable Sindh High Court order. The cases at Honorable Islamabad High Court are pending. The management based on the opinion of its legal counsel is confident that these cases will also be dismissed by the Honorable Court.		
22.3.1.3	There are two cases filed against the Bank by KASB Corporation Ltd. One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. The Corporation claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the financial statements with the permission of SBP. Subsequent to the merger, KASB Corporation Limited and Mr. Nasir Ali Shah Bokhari filed a suit against the Bank in the Honorable High Court of Sindh; and also filed Miscellaneous Applications, praying thereby to restrain the Bank from using or transferring the amount of advance; and for directing the Bank to deposit the aforementioned amount with the Nazir of the Court; and to invest the same in interest / mark-up bearing certificates. On April 18, 2018, these Miscellaneous Applications were dismissed by the Honorable High Court of Sindh, however, the main Suit is still pending adjudication. In addition, the Corporation has filed a Writ Petition at Honorable Islamabad High Court, which is yet pending for hearing. The management based on the opinion of its legal counsel is confident that the main Suit will be dismissed by the Honorable Courts.		
22.3.1.4	The Bank has filed Suit no. 2038 of 2018 in Honorable High Court of Sindh against the international payment scheme and others along with an application for interim order restraining international payment scheme from deducting amounts aggregating to USD 6.1 million, relating to potential financial impact that may arise from a cybercrime incident. Following this incident, the local settlement bank deducted the above mentioned amount from the Bank's respective clearing account (refer note 14). The Honorable Court issued the stay order restraining the international payment scheme from taking any steps to debit the aforementioned amount. The management strongly believes that it substantially complied with actions required to be taken during the cybercrime incident involving an ATM Cash out. The international payment scheme filed an application for return of plaint on grounds of jurisdiction, which after arguments, has been dismissed by the Honorable Court. Subsequently, the international payment scheme has filed an Appeal against decision of Honorable Court which is pending for hearing. In addition, the Bank has filed an application in the Court, seeking Court directions to local settlement bank to place the deducted funds with the Court Office, for further investing in US Dollar account of a reputed Islamic bank, till adjudication of the Suit. The management is hopeful to have a favorable order by the Court in this regard. In addition, the Bank on the advice of the international payment scheme has also conducted an independent review of the incident by engaging PCI Forensic Investigator (PFI) which could not forensically identify any malicious software / activity directly related to the cybercrime incident.		

During the period, the international payment scheme has filed a Civil Case against the Bank at District Court of California, USA claiming the payment of USD 6.2 million in lieu of cybercrime incident plus assessments representing interest, costs, fees etc. in the amount of USD 7.3 million. The international payment scheme has not shared the basis of calculation of assessments of USD 7.3 million. The Bank has engaged a legal counsel based in United States to defend the Bank against the subject case. The case is presently in the mediation stage being mediated by the Mediation Magistrate mandated by the California Court. In case if mediation process is not successful, the case will proceed to discovery stage, depositions and trial. The Bank has also filed counterclaims against the international payment scheme at the District Court of California. The Bank's US legal counsel is of the opinion that the additional assessments of USD 7.3 million claimed by international payment scheme are not enforceable.

The management based on the advice of its Pakistan legal counsel as well as that of US legal counsel and on the basis of the counterclaims filed against the international payment scheme, believes that it has a good arguable case and it is expected that the matter will be settled amicably (refer Note 14.1).

22.3.2 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.

	(Un-audited) June 30, 2020	(Un-audited) June 30, 2019
	----- Rupees in '000 -----	
23 PROFIT / RETURN EARNED		
Profit earned on:		
Financing	8,190,725	7,308,109
Investments	2,725,356	2,078,445
Placements	3,793,354	429,781
Others	59,707	49,085
	<u>14,769,142</u>	<u>9,865,420</u>

24 PROFIT / RETURN EXPENSED		
Deposits and other accounts	7,191,394	4,418,829
Due to financial institutions	407,407	299,319
Cost of foreign currency swaps against foreign currency deposits	23,577	37,349
Finance cost on Ijarah (lease) liabilities	219,065	246,264
Additional Tier-1 sukuk	139,103	-
	<u>7,980,546</u>	<u>5,001,761</u>

25 FEE AND COMMISSION INCOME		
Branch banking customer fees	30,493	22,257
Commission on bancatakaful	50,767	42,295
Card related fees	112,045	82,369
Commission on arrangement with financial institutions	27,178	13,944
Consumer finance related fees	14,821	15,465
Commission on guarantees	14,977	32,624
Investment banking fees	102,667	39,248
Commission on cash management	1,623	1,961
Commission on remittances including home remittances	17,518	20,465
Commission on trade	60,952	55,549
Others	6,992	2,613
	<u>440,033</u>	<u>328,790</u>

26 GAIN ON SECURITIES

Realized gain
Unrealized gain - held for trading

26.1 Realized gain on:

Federal Government Securities
Non-Government Shariah compliant Securities
Shares / Mutual Funds Units

27 OTHER INCOME

Rent on property
Gain on termination of financing
Gain on sale of property and equipment
Recoveries against previously expensed items
Others

28 OPERATING EXPENSES

Total compensation expense

Property expense

Rent & taxes
Takaful / Insurance
Utilities cost
Security (including guards)
Repair & maintenance (including janitorial charges)
Depreciation
Depreciation on right-of-use assets
Others

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortization
Network charges

Other operating expenses

Directors' fees and allowances
Fees and allowances to Shariah Board
Legal & professional charges
Travelling & conveyance
NIFT clearing charges
Depreciation
Depreciation on non banking assets
Entertainment expense
Training & development
Postage & courier charges
Communication
Stationery & printing
Marketing, advertisement & publicity
Repairs and maintenance
Takaful, tracker and other charges on car Ijarah
Insurance
Fee and subscription
Vehicle running and maintenance
Donation
Auditors' remuneration
Amortization
CDC and share registrar services
Brokerage and commission
Stamp duty, registration & verification charges
Writeoff against fixed asset
Others

Note	June 30, 2020	June 30, 2019
	-----Rupees in '000-----	
26.1	232,886	17,581
	-	-
	232,886	17,581
	-	(8,185)
	232,886	20,039
	-	5,727
	232,886	17,581
	5,126	5,132
	30,099	31,617
	1,355	18,113
	1,763	6,715
	1,050	291
	39,393	61,868
	1,732,694	1,451,341
	29,928	33,948
	1,759	1,389
	157,395	149,446
	176,921	164,540
	83,980	70,650
	178,999	141,546
	405,807	384,482
	10	405
	1,034,799	946,406
	117,477	73,471
	48,913	74,071
	91,955	90,089
	34,202	34,517
	84,468	74,557
	377,015	346,705
	4,210	3,450
	7,756	6,304
	57,863	73,595
	17,090	20,812
	8,819	10,094
	91,541	90,771
	2,416	3,016
	30,691	33,343
	4,776	5,380
	40,973	15,669
	34,858	24,356
	91,429	50,742
	85,368	62,322
	45,737	41,999
	90,088	50,319
	163,398	141,482
	69,724	39,464
	70,480	58,338
	5,200	-
	7,680	5,815
	1,139	1,139
	3,649	5,991
	15,109	2,704
	4,918	26,637
	30,869	-
	42,528	25,870
	1,028,309	799,612
	4,172,817	3,544,064

29 OTHER CHARGES

Note	June 30, 2020	June 30, 2019
	-----Rupees in '000-----	
Penalties imposed by the State Bank of Pakistan	129,732	36,180

30 PROVISIONS AND WRITE OFFS - NET

Provision for diminution in value of investments and due from financial institutions	7,813	46,127
Provision against Islamic financing and related assets and advances - net	1,141,161	468,499
Other provisions / write offs - net	358,103	379,636
	1,507,077	894,262

- 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 Bank has only recorded an impairment of Rs. 9.433 million in the financial statements of the current period, and has deferred the recognition of impairment amounting to Rs. 9.431 million to the subsequent periods as allowed by the SBP.

31 TAXATION

Current year	349,820	155,827
Deferred	451,036	158,066
	800,856	313,893

- 31.1 The income tax assessment of the bank have been finalized upto & including tax year 2019.

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	June 30, 2020	(Restated) June 30, 2019
	-----Rupees in '000-----	
Profit after taxation for the period	1,073,608	580,771
	----- 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	0.9683	0.5732

- 32.1 There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2020 and June 30, 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:

(Un-audited) June 30, 2020			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	207,148	-	-	207,148
GOP Ijara Sukuk	-	97,000	-	97,000
Non-Government Shariah compliant Securities	29,640,605	9,389,730	-	39,030,335
Units of open ended mutual funds	59	-	-	59
Non-current assets held for sale	-	-	601,609	601,609

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,736,961	6,736,961
Non-banking assets	-	-	1,569,949	1,569,949

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	12,773,176	-	12,773,176
Shariah compliant alternative of forward sale of foreign exchange	-	14,109,334	-	14,109,334

(Audited) 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	Non banking assets are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.

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

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

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

(Un-audited)					
June 30, 2020					
Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total	
Rupees in '000					
Profit & Loss					
Net profit / return	4,897,811	(4,339,206)	6,309,539	(79,548)	6,788,596
Inter segment revenue - net	(3,891,708)	10,185,352	(6,293,643)	-	-
Total other income	480,888	259,465	183,490	9,294	933,136
Total Income	1,486,990	6,105,611	199,385	(70,254)	7,721,732
Segment direct expenses	32,918	2,440,328	115,800	1,751,146	4,340,191
Inter segment expense allocation	100,640	1,164,433	449,652	(1,714,725)	-
Total expenses	133,558	3,604,761	565,452	36,421	4,340,191
Provisions	7,813	68,691	1,072,470	358,103	1,507,077
Profit / (loss) before tax	1,345,619	2,432,158	(1,438,536)	(464,778)	1,874,464
June 30, 2020					
Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total	
Rupees in '000					
Balance Sheet					
Assets					
Cash & Bank balances	17,229,776	12,419,620	-	-	29,649,396
Investments	50,845,995	-	-	-	50,845,995
Net inter segment placements	-	194,365,211	-	-	194,365,211
Due from financial institutions	28,911,547	-	-	-	28,911,547
Islamic financing and related assets - performing	-	20,890,105	114,444,422	2,731,739	138,066,266
- non-performing	-	1,626,659	1,828,018	108,323	3,563,000
Others	574,240	4,558,250	4,655,738	25,101,923	34,890,151
Total Assets	97,561,557	233,859,845	120,928,178	27,941,984	480,291,565
Liabilities					
Due to financial institutions	5,730,313	1,015,127	3,712,176	-	10,457,616
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	12,427,150	227,249,793	-	-	239,676,943
Net inter segment acceptances	77,618,916	-	116,685,332	60,962	194,365,210
Others	1,785,178	5,594,923	530,670	6,860,629	14,771,400
Total liabilities	97,561,557	233,859,842	120,928,178	8,921,591	461,271,169
Equity	-	-	-	19,020,393	19,020,393
Total Equity & liabilities	97,561,557	233,859,842	120,928,178	27,941,984	480,291,562
Contingencies & Commitments	(1,290,402)	-	16,012,344	5,309,699	20,031,641

(un-audited)

June 30, 2019

Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
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----- Rupees in '000 -----

Profit & Loss

Net profit / return	3,270,085	(3,056,336)	4,600,825	49,085	4,863,659
Inter segment revenue - net	(2,672,607)	7,426,790	(4,754,183)	-	-
Total other income	146,330	215,906	128,740	32,068	523,044
Total Income	743,808	4,586,360	(24,618)	81,153	5,386,703

Segment direct expenses

Inter segment expense allocation	35,310	2,077,563	38,089	1,446,815	3,597,777
Total expenses	62,151	1,053,922	163,260	(1,279,333)	-
Provisions	97,461	3,131,485	201,349	167,482	3,597,777
Profit / (loss) before tax	46,127	104,750	365,018	378,367	894,262
	600,220	1,350,125	(590,985)	(464,696)	894,664

December 31, 2019

Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
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----- 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
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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:

June 30, 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	-	28,568	35,000	73,000	1,809,529	-	67,350	512,000	887,767	2,871,793	-
Repaid during the period / year	(1,626)	(10,227)	(1,000)	(116,166)	(1,636,308)	(2,742)	(51,589)	(614,071)	(735,441)	(2,299,598)	-
Transfer in / (out) - net	-	-	-	-	(524,882)	-	(105,794)	-	-	160,000	-
Closing balance	20,912	213,048	188,779	484,012	842,200	22,538	194,707	154,779	525,179	1,193,862	-
Other Assets											
Profit receivable on financings	186	48	664	19,536	24,900	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	4,237	201,294	10,778,426	1,014,541	3,698,983	224,391	271,707	15,564,101	3,265,405	8,151,896	-
Withdrawn during the period / year	(5,181)	(168,130)	(10,611,046)	(955,227)	(3,695,451)	(224,553)	(270,748)	(15,558,171)	(3,263,588)	(8,321,740)	-
Transfer in / (out) - net	(168)	-	-	-	(11)	-	(40,791)	-	-	-	-
Closing balance	2,422	39,424	437,158	141,400	1,065,784	3,534	6,260	269,777	82,086	1,062,262	-
Other Liabilities											
Profit / return payable	2	367	2,446	229	6,669	1	138	2,497	18	10,786	-
Contingencies and Commitments											
Other contingencies	-	-	-	87,433	292,961	-	-	-	49,406	50,957	-

June 30, 2020						June 30, 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	1,671	4,483	12,746	20,866	35,668	1,145	2,445	12,280	24,806	43,936	-
Other income	-	954	93	-	-	-	589	32	-	-	-
Expense											
Profit / return expensed	10	418	12,581	403	61,303	12	146	10,721	867	55,645	-
Other administrative expenses	1,500	787	355	-	540	1,850	3,501	-	92	-	-
Meeting Fee / Remuneration	4,210	93,431	-	-	-	3,450	78,496	-	-	-	-
Contribution to employees provident fund	-	-	-	-	58,152	-	-	-	-	46,052	-
Contribution to employees gratuity fund	-	-	-	-	58,064	-	-	-	-	45,002	-

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.

	June 30, 2020	December 31, 2019
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,776,030	13,488,185
Eligible Additional Tier 1 (ADT 1) Capital	2,000,000	1,700,000
Total Eligible Tier 1 Capital	16,776,030	15,188,185
Eligible Tier 2 Capital	5,424,156	4,264,299
Total Eligible Capital (Tier 1 + Tier 2)	22,200,186	19,452,484
Risk Weighted Assets (RWAs):		
Credit Risk	100,801,904	113,639,899
Market Risk	812,962	926,050
Operational Risk	15,588,775	15,588,775
Total	117,203,641	130,154,724
Common Equity Tier 1 Capital Adequacy ratio	12.61%	10.36%
Tier 1 Capital Adequacy Ratio	14.31%	11.67%
Total Capital Adequacy Ratio	18.94%	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.

	June 30, 2020	December 31, 2019
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	16,776,030	15,188,185
Total Exposures	310,800,136	312,180,465
	5.40%	4.87%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	56,935,190	52,694,993
Total Net Cash Outflow	30,880,559	33,979,271
Liquidity Coverage Ratio	205.43%	162.60%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	249,883,065	230,215,305
Total Required Stable Funding	118,304,734	115,685,066
Net Stable Funding Ratio	211.22%	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.
- 37.4 Figures for the profit & loss account and comprehensive income for the quarters ended June 30, 2020 & June 30, 2019 have not been subject to limited scope review by the auditors, as they are only required to review half-yearly figures.

38 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on August 28, 2020 by the Board of Directors of the Bank.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

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OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited
For The Half Year Ended June 30, 2020

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Financial Position

AS AT JUNE 30, 2020

(Un-audited) (Audited)
June 30, 2020 December 31,
Note 2019
----- Rupees in '000 -----

ASSETS

Cash and balances with treasury banks	6	26,591,688	14,640,163
Balances with other banks	7	3,059,910	1,880,592
Due from financial institutions	8	28,911,547	42,911,620
Investments	9	51,317,855	55,806,907
Islamic financing, related assets and advances	10	141,475,483	131,619,725
Fixed assets	11	12,305,506	12,717,885
Intangible assets	12	3,165,266	3,148,805
Deferred tax assets	13	5,987,637	5,566,768
Other assets	14	12,733,133	14,656,497
Assets classified as held for sale	15	1,367,585	1,515,051
Total Assets		286,915,610	284,464,013

LIABILITIES

Bills payable	16	4,363,714	3,645,324
Due to financial institutions	17	10,457,616	15,103,607
Deposits and other accounts	18	239,239,786	228,556,897
Subordinated Sukuk	19	2,000,000	1,700,000
Other liabilities	20	10,420,989	14,014,986
Liabilities directly associated with assets held for sale	15	783,646	989,683
		267,265,751	264,010,497
NET ASSETS		19,649,859	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	2,866,284	4,626,773
Unappropriated profit		4,387,135	3,436,341
		19,449,034	20,258,729
Non-controlling interest		200,825	194,787
		19,649,859	20,453,516

CONTINGENCIES AND COMMITMENTS

22

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

-Sd-
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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

Note	Quarter Ended		Half Year Ended		
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	
----- Rupees in '000 -----					
Profit / return earned	23	6,784,344	5,215,749	14,756,112	9,853,085
Profit / return expensed	24	3,345,725	2,633,958	7,964,772	4,991,039
Net Profit / return		3,438,619	2,581,791	6,791,340	4,862,046
OTHER INCOME					
Fee and commission income	25	168,127	147,742	440,033	328,790
Dividend income		4,700	5,608	7,050	8,597
Foreign exchange income		99,647	80,260	213,774	106,208
Gain / (loss) on securities	26	127,600	21,726	232,886	17,581
Other income	27	21,018	27,779	39,300	61,868
Total other income		421,092	283,115	933,043	523,044
Total Income		3,859,711	2,864,906	7,724,383	5,385,090
OTHER EXPENSES					
Operating expenses	28	2,078,103	1,846,962	4,166,687	3,547,353
Workers welfare fund		25,429	9,476	37,642	17,533
Other charges	29	129,595	30	129,732	36,180
Total other expenses		2,233,127	1,856,468	4,334,061	3,601,066
Profit before provisions		1,626,584	1,008,438	3,390,322	1,784,024
Provisions / (reversal of provisions) and write offs - net	30	380,149	434,721	1,507,077	876,033
Loss for the period from BIPL Securities Limited - net of tax	31	-	16,033	-	6,912
Share of loss from associate - net of tax		(79,922)	11,525	(140,575)	11,525
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		1,166,513	601,275	1,742,670	926,428
Taxation	32	536,348	188,828	800,856	313,898
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		630,165	412,447	941,814	612,530
DISCONTINUING OPERATIONS					
Profit After Taxation From Discontinuing Operations		777	-	8,644	-
PROFIT AFTER TAXATION		630,942	412,447	950,458	612,530
ATTRIBUTABLE TO:					
Equity shareholders of the Bank		629,931	409,027	946,899	611,211
Non-controlling interest		1,011	3,420	3,559	1,319
		630,942	412,447	950,458	612,530
----- Rupees -----					
		(Restated)		(Restated)	
Basic earnings per share	33	0.5691	0.4071	0.8541	0.6032
Diluted earnings per share	33	0.5691	0.4071	0.8541	0.6032

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

-Sd-
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-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

	Quarter Ended		Half Year Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----			
Profit after taxation for the period attributable to:				
Equity shareholders of the Bank	629,931	409,027	946,899	611,211
Non-controlling interest	1,011	3,420	3,559	1,319
	<u>630,942</u>	<u>412,447</u>	<u>950,458</u>	<u>612,530</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	(1,034,675)	(4,933)	(1,756,594)	(5,071)
Non-controlling interest	-	(1,250)	2,479	4,439
	<u>(1,034,675)</u>	<u>(6,183)</u>	<u>(1,754,115)</u>	<u>(632)</u>
Total comprehensive income	<u>(403,733)</u>	<u>406,264</u>	<u>(803,657)</u>	<u>611,898</u>
Total comprehensive income attributable to:				
Equity shareholders of the Bank	(404,744)	404,094	(809,695)	606,140
Non-controlling interest	1,011	2,170	6,038	5,758
	<u>(403,733)</u>	<u>406,264</u>	<u>(803,657)</u>	<u>611,898</u>

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

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BankIslami Pakistan Limited

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 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				
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 ended June 30, 2019 (restated)	-	-	-	-	-	-	611,211	611,211	1,319	612,530
Other comprehensive income for the quarter ended ended June 30, 2019	-	-	-	-	(5,071)	-	-	(5,071)	4,439	(632)
Total comprehensive income for the quarter ended ended June 30, 2019	-	-	-	-	(5,071)	-	611,211	606,140	5,758	611,898
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(7,794)	7,794	-	-	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(304)	304	-	-	-
Surplus on revaluation of fixed assets transferred to unappropriated profit	-	-	-	-	-	(16,619)	16,619	-	-	-
Surplus on revaluation of non banking assets transferred to unappropriated profit	-	-	-	-	-	(26,574)	26,574	-	-	-
Balance as at June 30, 2019 (restated)	10,079,121	(79,042)	718,799	250,000	29,765	1,789,368	2,899,327	15,687,338	200,372	15,887,710
Profit after taxation for the period	-	-	-	-	-	-	496,580	496,580	(5,305)	491,275
Other comprehensive income - net of tax	-	-	-	-	2,959,378	56,341	51,180	3,066,899	(280)	3,066,619
Total comprehensive income for the period	-	-	-	-	2,959,378	56,341	547,760	3,563,479	(5,585)	3,557,894
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(6,487)	6,487	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(672)	672	-	-	-
Transfer from Surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-
Transfer from Surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(200,920)	200,920	-	-	-
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	-	-	-	-	-	-	946,899	946,899	3,559	950,458
Other comprehensive income - net of tax	-	-	-	-	(1,756,594)	-	-	(1,756,594)	2,479	(1,754,115)
Total comprehensive income for the period	-	-	-	-	(1,756,594)	-	946,899	(809,695)	6,038	(803,657)
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 June 30, 2020	11,087,033	(79,042)	937,624	250,000	1,232,549	1,633,735	4,387,135	19,449,034	200,825	19,649,859

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

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
Note	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation from Continuing Operations	1,742,670	926,428
Loss before taxation from Discontinuing Operations	17,723	-
Less: Dividend Income	(7,050)	(8,597)
Less: Share of profit from associate	140,575	(11,525)
	1,893,918	906,306
Adjustments for non-cash charges and other items:		
Depreciation on fixed assets	361,820	322,252
Depreciation on non banking assets	2,416	3,016
Depreciation on right-of-use assets	405,807	384,482
Amortization	35,341	35,656
Depreciation on operating Ijarah assets	704,822	244,141
Finance cost on Ijarah (lease) liabilities	219,065	246,264
Provisions / (reversal of provisions) and write offs - net	1,507,077	876,033
Unrealised gain on revaluation of investments classified as held for trading	-	-
Charge for defined benefit plan	58,064	45,002
Gain on sale of property and equipment	(1,355)	(18,113)
	3,293,057	2,138,733
	5,186,975	3,045,039
(Increase) / decrease in operating assets		
Due from financial institutions	14,000,073	(2,341,197)
Held-for-trading securities	-	55,599
Islamic financing and related assets and advances	(11,701,741)	(258,549)
Others assets	935,342	(3,643,769)
	3,233,674	(6,187,916)
Increase / (decrease) in operating liabilities		
Bills payable	718,390	1,159,175
Due to financial institutions	(4,645,991)	485,909
Deposits and other accounts	10,682,889	29,237,625
Other liabilities (excluding current taxation)	(3,998,298)	2,756,430
	2,756,990	33,639,139
	11,077,639	30,496,262
Income tax paid	(223,974)	(306,658)
Net cash generated from operating activities	10,953,665	30,189,604
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	2,586,548	(17,641,968)
Dividend received	7,050	8,597
Payment of ijarah (lease) liability against right-of-use assets	(480,210)	(428,191)
Investments in fixed assets	(186,372)	(2,973,410)
Investments in intangible assets	(51,802)	(33,656)
Proceeds from disposal of fixed assets	1,964	69,650
Net cash generated from / (used in) investing activities	1,877,178	(20,998,978)
Increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	13,130,843	9,190,626
Cash and cash equivalents at the end of the period	16,520,755	15,457,305
	29,651,598	24,647,931

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

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-Sd-
DIRECTOR

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 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 June 30, 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).

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

1.2 Subsidiary Companies

1.2.1 Subsidiary Companies classified as 'Held for Sale'

1.2.1.1 BankIslami Modaraba Investments Limited - 100 percent holding

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

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 Half year ended June 30, 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 Half year ended June 30, 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) 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 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 SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

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

2.6 Basis of Consolidation

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.

- 2.6.1** 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

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 financial statements of the Group for the year ended December 31, 2019.

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

There are certain interpretations and amendments that are mandatory for the Holding Company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Holding Company's operations and therefore not detailed in these condensed interim consolidated financial statements.

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 9 'Financial Instruments'	January 01, 2021
Covid-19-Related Rent Concessions - Amendment to IFRS 16	June 01, 2020
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Group 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 consolidated financial statements 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 fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 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 for retail asset classification by 44 percent to Rs 180 million, thus resulting in reduced risk weighted assets; (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 loan obligations by one year; and (v) relaxing regulatory criteria for restructured/rescheduled loans 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 loans and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity, operational issues such as operations of Branches, managing cyber security threat and managing investment banking activities including arrangement of syndicate loans, debt and capital advisory services etc. Major aspects of COVID 19 on the Holding Company is discussed below:

5.1 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 June 30, 2020 for subjective downgrading.

The Holding Company has also conducted various stress tests on the Credit portfolio and is confident that the CAR buffer currently maintained is sufficient. It is expected that several borrowers will be affected by COVID-19 as the Holding Company has received requests from borrowers to avail deferment/restructuring/rescheduling schemes announced by SBP.

5.2 Liquidity management

Holding Company has received applications for deferral of principal and / or restructuring / rescheduling and is expected to receive further such applications. These applications are being reviewed by the Holding Company as per its established policies. The Asset and Liability Committee (ALCO) of the Holding Company is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Holding Company has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer currently maintained by the Holding Company is sufficient to cater any adverse movement in cash flow maturity profile.

5.3 Equity investments

The Holding Company has availed relaxation provided by SBP with regard to impairment against equity instrument arising due to post COVID - 19 decline in PSX index (refer note 30.1).

5.4 Foreign Exchange Risk

Due to recent economic slowdown, the PKR has been devalued against USD significantly from December 31, 2019 and the USD / PKR parity stood at Rs 168.05 as at June 30, 2020. The exchange rate is expected to remain volatile till the uncertainty around COVID 19 resolves. The Holding Company has reviewed the Net Open Position of the Holding Company and has had no significant impact on P&L.

5.5 Operations

The Holding Company is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank staff and an uninterrupted service to our 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. The Holding Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Holding Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

The Holding Company is communicating with its customers on how they can connect with the Holding Company through its full suite of channels including digital and online channels. The Holding Company has taken all measures to ensure that service levels are maintained, customer complaints are resolved as per SLAs and the Holding Company continues to meet the expectations of their clients as they would in a normal scenario.

5.6 Capital adequacy ratio

Under the current scenario, Banking industry is under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Holding Company from Capital Adequacy Ratio perspective inline with this, SBP has relaxed the Capital Conversion Buffer (CCB) requirements for banks to 1.5%, resulting in an overall CAR requirement of 11.5%. The reduced CCB has also provided an additional limit to the Holding Company for its Tier 2 capital. Further, the regulatory limit for retail loans has also increased by SBP to Rs. 180 million, which will now result in reduced Risk Weighted Assets for some of its financing. In addition to the measures by SBP, the Senior management of the Holding Company is continuously monitoring the impacts of various decisions of its CAR and taking further financing decisions based on the overall impacts on RWA. The Holding Company also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

(Un-audited)	(Audited)
June 30, 2020	December 31, 2019

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- local currency	6,023,729	4,578,845
- foreign currency	634,187	449,739
	<u>6,657,916</u>	<u>5,028,584</u>

With the State Bank of Pakistan in:

- local currency current account	15,497,133	6,032,362
- foreign currency deposit accounts:		
- Cash Reserve Account	438,948	369,621
- Special Cash Reserve Account	530,368	446,116
- US Dollar Clearing Account	21,524	14,450
	<u>990,840</u>	<u>830,187</u>

With National Bank of Pakistan in:

- local currency current account	3,445,799	2,744,790
National Prize Bonds	-	4,240
	<u>26,591,688</u>	<u>14,640,163</u>

(Un-audited) (Audited)
June 30, 2020 December
31, 2019

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

7 BALANCES WITH OTHER BANKS

In Pakistan:

- in current accounts	2,856	2,861
- in deposit accounts	3,696	3,444
	<u>6,552</u>	<u>6,305</u>

Outside Pakistan:

- in current accounts	3,053,358	1,874,287
	<u>3,059,910</u>	<u>1,880,592</u>

8 DUE FROM FINANCIAL INSTITUTIONS

		(Un-audited)			(Audited)		
		June 30, 2020			December 31, 2019		
Note		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----							
Secured							
Bai Muajjal Receivable							
-from Other Financial Institutions	8.2	20,993,071	-	20,993,071	20,821,525	-	20,821,525
Unsecured							
Wakalah Placement							
	8.1	-	2,665,309	2,665,309	-	1,316,205	1,316,205
Bai Muajjal Receivable							
-from State Bank of Pakistan		-	-	-	6,172,475	-	6,172,475
-from Banks		-	-	-	5,942,762	-	5,942,762
-from other financial Institutions	8.2	5,253,167	-	5,253,167	8,658,653	-	8,658,653
Other placements		29,160	-	29,160	30,780	-	30,780
		26,275,398	2,665,309	28,940,707	41,626,195	1,316,205	42,942,400
Provision against placements							
	8.3	(29,160)	-	(29,160)	(30,780)	-	(30,780)
		26,246,238	2,665,309	28,911,547	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% to 1.70% (2019: 1.70% to 3.40%) per annum. The agreements have maturities ranging from 29 to 182 days (2019: 27 to 106 days).

8.2 The average return on this product ranges between 7.10% to 13.42% (2019: 12.95% to 17.07%) per annum. The balances have maturities ranging between 29 days to 210 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. 22,900 million (2019: Rs. 22,739 million)

8.3 Category of classification

	(Un-audited) June 30, 2020		(Audited) December 31, 2019	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	29,160	29,160	30,780	30,780

8.3.1 The Group does not hold overseas classified placements.

9 INVESTMENTS

	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
Investments - Islamic	9.1 & 9.3	50,740,180	55,229,232
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	577,675	577,675
		<u>51,317,855</u>	<u>55,806,907</u>

(Un-audited) June 30, 2020				(Audited) 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

10,405,836	-	(3,000)	10,402,836	10,305,836	-	-	10,305,836
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Non Government Shariah
compliant Securities

37,127,623	(35,880)	1,938,592	39,030,335	38,875,056	(35,880)	4,565,437	43,404,613
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Mutual fund units

21	-	38	59	21	-	42	63
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Shares / Modaraba certificates

332,863	(96,527)	(29,188)	207,148	332,863	(87,094)	32,573	278,342
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47,866,343	(132,407)	1,906,442	49,640,378	49,513,776	(122,974)	4,598,052	53,988,854
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Associates

1,099,802	-	-	1,099,802	1,240,378	-	-	1,240,378
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Total Islamic investments

<u>48,966,145</u>	<u>(132,407)</u>	<u>1,906,442</u>	<u>50,740,180</u>	<u>50,754,154</u>	<u>(122,974)</u>	<u>4,598,052</u>	<u>55,229,232</u>
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9.2 Conventional Investments by type*

Available for sale securities

Non Government Debt Securities

268,210	(268,210)	-	-	268,210	(268,210)	-	-
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Shares

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

<u>2,811,587</u>	<u>(2,233,912)</u>	<u>-</u>	<u>577,675</u>	<u>2,811,587</u>	<u>(2,233,912)</u>	<u>-</u>	<u>577,675</u>
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		(Un-audited)				(Audited)			
		June 30, 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								
	GOP Ijarah Sukuks	100,000	-	(3,000)	97,000	-	-	-	-
	Bai Muajjal	10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
		10,405,836	-	(3,000)	10,402,836	10,305,836	-	-	10,305,836
	Non Government Shariah compliant Securities								
9.3.1	Pakistan Energy Sukuk-I	27,701,500	-	1,939,105	29,640,605	30,535,000	-	4,564,983	35,099,983
9.3.2	Pakistan Energy Sukuk-II	2,000,000	-	-	2,000,000	-	-	-	-
	Other sukuk certificates-unlisted	7,626,123	(35,880)	(513)	7,589,730	8,340,056	(35,880)	454	8,304,630
		37,127,623	(35,880)	1,938,592	39,030,335	38,875,056	(35,880)	4,565,437	43,404,613
	Mutual fund units								
	Units of open-end mutual funds	21	-	38	59	21	-	42	63
	Shares								
	Ordinary shares of listed companies	332,863	(96,527)	(29,188)	207,148	332,863	(87,094)	32,573	278,342
	Associates - Unlisted								
	Shakarganj Food Products Limited	1,099,802	-	-	1,099,802	1,240,378	-	-	1,240,378
		48,966,145	(132,407)	1,906,442	50,740,180	50,754,154	(122,974)	4,598,052	55,229,232

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

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

		(Un-audited)				(Audited)			
		June 30, 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.

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
9.5	Investments given as collateral		
		----- Rupees in '000 -----	
		5,000,000	5,000,000
	Federal Government Securities		
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	9,433	12,850
	Reversals for the period / year	-	(46,657)
	Provision for diminution in value of investments - net	9,433	(33,807)
	Transfer to non-current assets held for sale	-	(49,776)
	Closing Balance	2,366,319	2,356,886

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

Investments - Islamic	132,407	122,974
Investments - Conventional	2,233,912	2,233,912
	2,366,319	2,356,886

9.6.2	Particulars of provision against debt securities	(Un-audited)		Audited	
		June 30, 2020		December 31, 2019	
Category of classification		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	(Un-audited) June 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----			
Islamic financing and related assets - net	10.1	141,182,339	131,316,791
Advances (relating to amalgamated entity) - net	10.2	293,144	302,934
		<u>141,475,483</u>	<u>131,619,725</u>

Note	Performing		Non Performing		Total	
	(Un-audited) June 30, 2020	(Audited) December 31, 2019	(Un-audited) June 30, 2020	(Audited) December 31, 2019	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----					

10.1 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan

- Running Musharakah and related assets	10.11	49,136,075	35,522,924	1,778,510	-	50,914,585	35,522,924
- Diminishing Musharakah financing and related assets - Others	10.3	26,405,736	26,461,862	1,483,658	1,241,965	27,889,394	27,703,827
- Muswammah financing and related assets / Karobar financing	10.4 & 10.12	10,508,082	11,176,623	2,801,150	2,806,150	13,309,232	13,982,773
- Istisna financing and related assets	10.5 & 10.10	13,083,813	13,625,060	856,216	858,108	13,940,029	14,483,168
- Diminishing Musharakah - Housing		10,757,994	11,903,851	1,469,391	1,323,994	12,227,385	13,227,845
- Murabahah financing and related assets	10.6 & 10.9	5,881,059	6,634,565	432,613	664,272	6,313,672	7,298,837
- Diminishing Musharakah financing and related assets - Auto		10,704,266	10,670,368	269,647	87,725	10,973,913	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	1,687,004	3,090,172	224,666	187,321	1,911,670	3,277,493
- Financing to employees		2,772,630	2,750,540	152,483	138,085	2,925,113	2,888,625
- Qardh e Hasana		1,943	2,081	546,368	552,330	548,311	554,411
- Murabahah against Bills		107,512	166,338	892	892	108,404	167,230
- Salam	10.8	25,000	100,000	337	337	25,337	100,337
- Past Due Acceptance		72,907	239,534	-	-	72,907	239,534
- Housing finance portfolio - others		33,897	33,786	-	-	33,897	33,786
- Net investment in Ijarah financing in Pakistan		95,503	35,242	-	-	95,503	35,242
- Musharakah financing		280,000	280,000	-	-	280,000	280,000
- Financing against Bills		138,711	59,173	-	-	138,711	59,173
Gross financing and related assets		137,942,132	129,002,119	10,015,931	7,861,179	147,958,063	136,863,298

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

- Specific	10.13 & 10.14	-	-	(6,458,194)	(5,208,752)	(6,458,194)	(5,208,752)
- General	10.13 & 10.14	(317,530)	(337,755)	-	-	(317,530)	(337,755)
		(317,530)	(337,755)	(6,458,194)	(5,208,752)	(6,775,724)	(5,546,507)

Islamic financing and related assets - net of provisions

	137,624,602	128,664,364	3,557,737	2,652,427	141,182,339	131,316,791
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10.2 ADVANCES

Loans, cash credits, running finances, etc. - In Pakistan*	170,444	175,815	6,138,593	6,229,714	6,309,037	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	-	-	713,292	714,646	713,292	714,646	
Advances - gross	170,444	175,815	7,434,070	7,526,545	7,604,514	7,702,360	
Provision against advances							
- Specific	10.13 & 10.14	-	-	(7,428,811)	(7,518,228)	(7,428,811)	(7,518,228)
- General	10.13 & 10.14	(57)	(57)	-	(57)	(57)	(57)
		(57)	(57)	(7,428,811)	(7,518,228)	(7,428,868)	(7,518,285)
Advances - net of provision		170,387	175,758	5,259	8,317	175,646	184,075
Fair Value adjustment	10.15	-	-	117,498	118,859	117,498	118,859
Advances - net of provision and fair value adjustment		170,387	175,758	122,757	127,176	293,144	302,934

* This includes non-interest bearing performing financing facilities amounting to Rs. 120.197 million (2019: Rs. 121.991 million).

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	27,562,264	27,671,116
Advance against Diminishing Musharakah financing	327,130	32,711
	<u>27,889,394</u>	<u>27,703,827</u>
10.4 Muswammah financing and related assets / Karobar financing		
Muswammah financing	10,725,421	10,543,334
Advance against Muswammah financing	201,699	1,619
Muswammah inventories	2,382,112	3,437,820
	<u>13,309,232</u>	<u>13,982,773</u>
10.5 Istisna financing and related assets		
Istisna financing	8,091,173	8,771,480
Advance against Istisna financing	5,698,188	5,711,688
Istisna inventories	150,668	-
	<u>13,940,029</u>	<u>14,483,168</u>
10.6 Murabahah financing and related assets		
Murabahah financing	4,147,627	5,364,666
Deferred murabahah income	123,783	185,009
Advances against Murabaha financing	121,084	252,766
Murabaha Inventories	1,921,178	1,496,396
	<u>6,313,672</u>	<u>7,298,837</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	1,910,988	3,276,811
Advance against Ijarah financing	682	682
	<u>1,911,670</u>	<u>3,277,493</u>
10.8 Salam		
Salam financing	337	55,337
Advance against Salam	25,000	45,000
	<u>25,337</u>	<u>100,337</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. 670.989 million (2019: Rs. 994 million) and advance amounting to Rs. Nil (2019: Rs. 741 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 1,387.304 million (2019: Rs. 1,209.817 million) and advance amounting to Rs. 235 million (2019: Rs. 147 million) under Islamic Export Refinance Scheme.		
10.11 Running musharakah financing and related assets includes financing amounting to Rs. 1,277.187 million (2019: 993.187) and advance amounting to Rs. 200 million (2019: Nil) under Islamic Export Refinance Scheme.		
10.12 Particulars of Islamic financing and related assets and advances - gross		
In local currency	154,380,282	141,996,084
In foreign currency	1,182,295	2,569,574
	<u>155,562,577</u>	<u>144,565,658</u>

- 10.13 Islamic financing and related assets and advances include Rs. 17,450,001 million (2019: Rs. 15,387,724 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) June 30, 2020		(Audited) 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	229,588	-	525,244	-
Substandard	691,678	53,882	695,454	76,698
Doubtful	3,354,440	1,163,889	1,904,229	821,090
Loss	13,174,295	12,669,234	12,262,797	11,829,192
Total	<u>17,450,001</u>	<u>13,887,005</u>	<u>15,387,724</u>	<u>12,726,980</u>

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

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

	(Un-audited) June 30, 2020			(Audited) 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	1,313,968	-	1,313,968	2,798,104	107,170	2,905,274
Reversals for the period / year	(153,943)	(20,225)	(174,168)	(884,736)	-	(884,736)
	1,160,025	(20,225)	1,139,800	1,913,368	107,170	2,020,538
Amount written off	-	-	-	(119,339)	-	(119,339)
Closing balance	<u>13,887,005</u>	<u>317,587</u>	<u>14,204,592</u>	<u>12,726,980</u>	<u>337,812</u>	<u>13,064,792</u>
10.14.1 Islamic	6,458,194	317,530	6,775,724	5,208,752	337,755	5,546,507
Conventional	7,428,811	57	7,428,868	7,518,228	57	7,518,285
	<u>13,887,005</u>	<u>317,587</u>	<u>14,204,592</u>	<u>12,726,980</u>	<u>337,812</u>	<u>13,064,792</u>

(Unaudited) June 30, 2020
(Audited) December 31, 2019
----- Rupees in '000 -----

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

Gross reversals for the period / year	174,168	884,736
Charge for the period / year	(1,313,968)	(2,905,274)
	(1,139,800)	(2,020,538)
Fair value adjusted - net	(1,361)	(37,601)
Net (charged) / reversals taken to the profit and loss account	<u>(1,141,161)</u>	<u>(2,058,139)</u>

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

	(Unaudited) June 30, 2020			(Audited) December 31, 2019		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	13,887,005	317,587	14,204,592	12,726,980	337,812	13,064,792
In foreign currency	-	-	-	-	-	-
	<u>13,887,005</u>	<u>317,587</u>	<u>14,204,592</u>	<u>12,726,980</u>	<u>337,812</u>	<u>13,064,792</u>

- 10.14.4 The Holding Company maintains general reserve (provision) amounting to Rs. 317.587 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.

- 10.14.5 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 June 30, 2020 amounts to Rs. 589,868 million (2019: Rs. 345,792 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 359,819 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.

- 10.15 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by the Independent consultant.

11 FIXED ASSETS

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
		----- (Rupees in '000) -----	
Capital work-in-progress	11.1	276,974	382,346
Property and equipment	11.2 & 11.3	8,719,822	8,790,507
Right of use assets	11.2	3,308,710	3,545,032
		<u>12,305,506</u>	<u>12,717,885</u>

11.1 Capital work-in-progress

Advances to suppliers and contractors		236,374	341,746
Advance for acquiring properties:			
- Office premises		762,503	762,503
		998,877	1,104,249
Provision for impairment against advance for acquiring floor / office premises		(721,903)	(721,903)
		<u>276,974</u>	<u>382,346</u>

June 30, 2020 June 30, 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		189,017	226,045
Property and equipment			
Freehold / leasehold land		-	1,895,503
Leasehold building		133,706	582,139
Furniture and fixture		21,440	55,149
Electrical office and computer equipment		162,326	234,662
Vehicles		4,014	10,086
		321,486	2,777,479
Right of use assets			
Leasehold building		77,774	4,382,898
Total		<u>588,277</u>	<u>7,386,422</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	605	8
Vehicles	-	3,262
	<u>609</u>	<u>54,799</u>

Note (Unaudited)
June 30,
2020 (Audited)
December 31,
2019
----- (Rupees in '000) -----

12 INTANGIBLE ASSETS

Computer software	12.1	145,485	128,740
Core deposits		28,473	28,757
Goodwill		2,991,308	2,991,308
		<u>3,165,266</u>	<u>3,148,805</u>

* Customer list has been fully amortized in the year 2018

June 30, 2020 June 30, 2019
----- (Rupees in '000) -----

12.1 Additions to intangible assets

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

- Directly purchased		51,793	33,715
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12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period

13 DEFERRED TAX ASSETS

Deductible temporary differences on:

		(Unaudited) June 30, 2020	(Audited) December 31, 2019
Note		----- (Rupees in '000) -----	
Accumulated tax losses	13.1	2,799,042	3,299,042
Tax credit against minimum tax		5,473	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		3,698,224	3,785,670
Provision for gratuity		21,253	21,253
Ijarah financing and related assets		540,556	218,663
Accelerated tax depreciation		61,360	16,377
Others		253,694	310,989
		7,580,762	8,123,092

Taxable temporary difference on:

		(Unaudited) June 30, 2020	(Audited) December 31, 2019
Fair value adjustments relating to assets acquired upon amalgamation		(210,808)	(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	(667,255)	(1,609,318)
Net investment in finance lease		(81,603)	(81,603)
		(1,593,125)	(2,556,324)
		5,987,637	5,566,768

- 13.1 The Holding Company has aggregate tax losses of Rs. 7,997.264 million as at June 30, 2020 (2019: Rs. 9,425.835 million) which includes tax losses of the amalgamated entity. The management has carried out an assessment for estimating the benefit of these losses. The Holding Company would be able to set off the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs. 2,799.042 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.

14 OTHER ASSETS

		(Unaudited) June 30, 2020	(Audited) December 31, 2019
Note		----- (Rupees in '000) -----	
Profit / return accrued in local currency		9,015,677	7,483,719
Profit / return accrued in foreign currency		5,544	12,132
Advances, deposits, advance rent and other prepayments		562,862	468,630
Non-banking assets acquired in satisfaction of claims		2,074,513	2,075,858
Branch Adjustment Account		479,793	46,064
Takaful / insurance claim receivable		34,723	23,996
Receivable against First WAPDA Sukuk		50,000	50,000
Trade debts		532	532
Acceptances		647,475	4,347,956
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		94,460	-
Amount held with financial institution	22.3.1.4	738,477	738,477
Other receivables		440,247	461,129
		14,144,303	15,708,493
Less: Provision held against other assets	14.1	(1,611,285)	(1,253,182)
Other Assets (Net of Provision)		12,533,018	14,455,311
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	200,115	201,186
Total other assets		12,733,133	14,656,497
Market value of non-banking assets acquired in satisfaction of claims		1,569,949	1,572,365

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
		----- (Rupees in '000) -----	
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	22.3.1.4 738,477	369,239
	Others	141,437	152,572
		<u>1,611,285</u>	<u>1,253,182</u>
14.1.1	Movement in provision held against other assets		
	Opening balance	1,253,182	682,950
	Charge for the period / year	369,238	699,688
	Reversals for the period / year	(11,135)	(5,266)
	Adjustment for the period / year	-	(124,190)
	Closing balance	<u>1,611,285</u>	<u>1,253,182</u>

15 ASSETS CLASSIFIED AS HELD FOR SALE

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	----- (Rupees in '000) -----	
Assets classified as held for sale		
BankIslami Modaraba Investments Limited	1,596	20,032
BIPL Securities Limited	<u>1,365,989</u>	<u>1,495,027</u>
	<u>1,367,585</u>	<u>1,515,059</u>
Liabilities directly associated with assets held for sale		
BankIslami Modaraba Investments Limited	(669)	431
BIPL Securities Limited	<u>784,315</u>	<u>989,461</u>
	<u>783,646</u>	<u>989,892</u>
Net assets directly associated with disposal groups	<u>583,939</u>	<u>525,167</u>

On April 25, 2019, the Board of Directors announced their decision on Pakistan Stock Exchange to explore and evaluate the strategic options including divestment of shares held by the Holding Company in one or more associated and subsidiary companies. Subsequently, 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 year. Accordingly, these investments have been classified as held for sale.

16 BILLS PAYABLE

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	----- (Rupees in '000) -----	
In Pakistan	4,363,714	3,645,324
Outside Pakistan	-	-
	<u>4,363,714</u>	<u>3,645,324</u>

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme

Acceptances from State Bank of Pakistan for financial assistance

Refinance facility of Islamic mortgage

Total secured

Unsecured

Wakalah Acceptance

Musharakah Acceptance

Total unsecured

3,712,176	3,816,813
3,230,313	3,086,794
1,015,127	1,000,000
<u>7,957,616</u>	<u>7,903,607</u>
-	4,000,000
<u>2,500,000</u>	<u>3,200,000</u>
<u>2,500,000</u>	<u>7,200,000</u>
<u>10,457,616</u>	<u>15,103,607</u>

18 DEPOSITS AND OTHER ACCOUNTS

	(Unaudited) June 30, 2020			(Audited) December 31, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	73,297,918	3,285,756	76,583,674	64,907,052	2,728,254	67,635,306
Savings deposits	62,022,044	3,480,799	65,502,843	55,379,811	3,120,219	58,500,030
Term deposits	80,559,866	1,603,901	82,163,767	87,652,008	1,303,894	88,955,902
Others	1,985,405	21,233	2,006,638	2,673,856	19,555	2,693,411
	<u>217,865,233</u>	<u>8,391,689</u>	<u>226,256,922</u>	<u>210,612,727</u>	<u>7,171,922</u>	<u>217,784,649</u>
Financial Institutions						
Current deposits	203,781	9,143	212,924	197,102	7,673	204,775
Savings deposits	9,725,440	-	9,725,440	7,337,933	-	7,337,933
Term deposits	3,044,500	-	3,044,500	3,229,540	-	3,229,540
	<u>12,973,721</u>	<u>9,143</u>	<u>12,982,864</u>	<u>10,764,575</u>	<u>7,673</u>	<u>10,772,248</u>
	<u>230,838,954</u>	<u>8,400,832</u>	<u>239,239,786</u>	<u>221,377,302</u>	<u>7,179,595</u>	<u>228,556,897</u>

19 SUBORDINATED SUKUK

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

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

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

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

20 OTHER LIABILITIES

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
	----- (Rupees in '000) -----	
Profit / return payable in local currency	2,047,351	2,012,348
Profit / return payable in foreign currencies	22,195	16,216
Accrued expenses	824,263	678,551
Deferred Murabahah Income - Financing and IERS	115,693	138,841
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	26,872	2,656
Defined Benefit Plan liabilities	168,689	110,626
Security deposits against Ijarah	1,289,239	1,453,252
Ijarah (lease) Liability	3,690,277	3,781,937
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	647,475	4,347,956
Receipt appropriation account	183,247	195,818
Current taxation (provisions less payments)	378,476	146,616
Provision against other tax liabilities	47,829	55,334
Sundry creditors	198,698	175,312
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	-	33,978
Charity payable	2,458	21,605
Retention money payable	11,002	17,499
Provision for Workers' Welfare Fund	105,485	67,843
Branch adjustment account	-	-
Rental received in advance	458,243	563,555
Others	112,845	104,391
	<u>10,420,989</u>	<u>14,014,986</u>

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Available for sale securities	9.1	1,906,442	4,598,052
Fixed Assets		2,067,079	2,072,001
Non-banking assets acquired in satisfaction of claims	14	200,115	201,186
		4,173,636	6,871,239

Deferred tax liability on surplus on revaluation of:

Available for sale securities	13	(667,255)	(1,604,750)
Fixed Assets		(621,662)	(623,385)
Non-banking assets acquired in satisfaction of claims		(11,797)	(12,172)
		(1,300,714)	(2,240,307)
Total surplus on revaluation of assets- net of tax		2,872,922	4,630,932
Less; Share of non-controlling interest		(6,638)	(4,159)
Group's share		<u>2,866,284</u>	<u>4,626,773</u>

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	7,377,973	10,629,042
- Commitments	22.2	10,249,183	13,618,551
- Other contingent liabilities	22.3	2,404,485	2,404,485
		<u>20,031,641</u>	<u>26,652,078</u>

22.1 Guarantees:

Financial guarantees	80,182	80,182
Performance guarantees	4,900,864	8,290,906
Other guarantees	2,396,927	2,257,954
	<u>7,377,973</u>	<u>10,629,042</u>

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		8,634,371	10,938,636
Commitments in respect of:			
- Shariah compliant alternative of forward foreign Exchange contracts	22.2.1	(1,290,402)	(1,162,379)
Commitments for acquisition of:			
- operating fixed assets		286,240	219,931
- intangible assets		10,789	38,037
Other commitments	22.2.2	2,608,185	3,584,326
		<u>10,249,183</u>	<u>13,618,551</u>
		(Unaudited) June 30, 2020	(Audited) December 31, 2019
		----- Rupees in '000 -----	
22.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts			
Purchase		13,222,096	12,252,861
Sale		(14,512,498)	(13,415,240)
		(1,290,402)	(1,162,379)
22.2.2 Other commitments			
Bills for collection		<u>2,608,185</u>	<u>3,584,326</u>
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	22.3.1	11,200	11,200
Tax Contingencies	22.3.2	2,393,285	2,393,285
		<u>2,404,485</u>	<u>2,404,485</u>
22.3.1 Suit filed by customers / borrowers for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt			
22.3.1.1 These are court cases, which represent counter claims filed by the borrowers, for restricting the Holding Company for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Holding Company has pleaded as proforma defendant for defending its interest.			
22.3.1.2 Consequent to the amalgamation of defunct KASB Bank Limited with and into BankIslami Pakistan Limited as at May 7, 2015 certain cases have been filed by individuals pertaining to amalgamation, at Honorable Sindh High Court, Honorable Lahore High Court and Islamabad High Court, in which the Holding Company has been made a party. The double bench of Honorable Sindh High Court has disposed-off the prayers in three Constitutional Petitions, without any negative inference to the Holding Company, and issued certain directions to SBP which were then complied with. Subsequently, an appeal was filed against the decision of the Honorable Sindh High Court which has also been dismissed by the Honorable Supreme Court. Thereafter, Civil Review Petitions were filed in Honorable Supreme Court against dismissal order of the appeal, which have also been dismissed by the Honorable Supreme Court of Pakistan. The cases at Honorable Lahore High Court are also disposed off in the light of Honorable Supreme Court and Honorable Sindh High Court order. The cases at Honorable Islamabad High Court are pending. The management based on the opinion of its legal counsel is confident that these cases will also be dismissed by the Honorable Court.			

22.3.1.3 There are two cases filed against the Holding Company by KASB Corporation Ltd. One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. The Corporation claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the financial statements with the permission of SBP. Subsequent to the merger, KASB Corporation Limited and Mr. Nasir Ali Shah Bokhari filed a suit against the Holding Company in the Honorable High Court of Sindh; and also filed Miscellaneous Applications, praying thereby to restrain the Holding Company from using or transferring the amount of advance; and for directing the Holding Company to deposit the aforementioned amount with the Nazir of the Court; and to invest the same in interest / mark-up bearing certificates. On April 18, 2018, these Miscellaneous Applications were dismissed by the Honorable High Court of Sindh, however, the main Suit is still pending adjudication. In addition, the Corporation has filed a Writ Petition at Honorable Islamabad High Court, which is yet pending for hearing. The management based on the opinion of its legal counsel is confident that the main Suit will be dismissed by the Honorable Courts.

22.3.1.4 The Holding Company has filed Suit no. 2038 of 2018 in Honorable High Court of Sindh against the international payment scheme and others along with an application for interim order restraining international payment scheme from deducting amounts aggregating to USD 6.1 million, relating to potential financial impact that may arise from a cybercrime incident. Following this incident, the local settlement bank deducted the above mentioned amount from the Holding Company's respective clearing account (refer note 14). The Honorable Court issued the stay order restraining the international payment scheme from taking any steps to debit the aforementioned amount. The management strongly believes that it substantially complied with actions required to be taken during the cybercrime incident involving an ATM Cash out. The international payment scheme filed an application for return of plaint on grounds of jurisdiction, which after arguments, has been dismissed by the Honorable Court. Subsequently, the international payment scheme has filed an Appeal against decision of Honorable Court which is pending for hearing. In addition, the Holding Company has filed an application in the Court, seeking Court directions to local settlement bank to place the deducted funds with the Court Office, for further investing in US Dollar account of a reputed Islamic bank, till adjudication of the Suit. The management is hopeful to have a favorable order by the Court in this regard. In addition, the Holding Company on the advice of the international payment scheme has also conducted an independent review of the incident by engaging PCI Forensic Investigator (PFI) which could not forensically identify any malicious software / activity directly related to the cybercrime incident.

During the period, the international payment scheme has filed a Civil Case against the Holding Company at District Court of California, USA claiming the payment of USD 6.2 million in lieu of cybercrime incident plus assessments representing interest, costs, fees etc. in the amount of USD 7.3 million. The international payment scheme has not shared the basis of calculation of assessments of USD 7.3 million. The Holding Company has engaged a legal counsel based in United States to defend the Holding Company against the subject case. The case is presently in the mediation stage being mediated by the Mediation Magistrate mandated by the California Court. In case if mediation process is not successful, the case will proceed to discovery stage, depositions and trial. The Holding Company has also filed counterclaims against the international payment scheme at the District Court of California. The Bank's US legal counsel is of the opinion that the additional assessments of USD 7.3 million claimed by international payment scheme are not enforceable.

The management based on the advice of its Pakistan legal counsel as well as that of US legal counsel and on the basis of the counterclaims filed against the international payment scheme, believes that it has a good arguable case and it is expected that the matter will be settled amicably (refer Note 14.1).

22.3.2 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.

		(Unaudited) June 30, 2020	(Unaudited) June 30, 2019
	Note	----- Rupees in '000 -----	
23 PROFIT / RETURN EARNED			
Profit earned on:			
Financing		8,177,683	7,295,829
Investments		2,725,356	2,078,445
Placements		3,793,366	429,726
Others		59,707	49,085
		<u>14,756,112</u>	<u>9,853,085</u>
24 PROFIT / RETURN EXPENSED			
Deposits and other accounts		7,188,378	4,416,158
Due to financial institutions		394,649	291,268
Cost of foreign currency swaps against foreign currency deposits		23,577	37,349
Finance cost on ijarah (lease) liabilities		219,065	246,264
Additional Tier-1 sukuk		139,103	-
		<u>7,964,772</u>	<u>4,991,039</u>
25 FEE AND COMMISSION INCOME			
Branch banking customer fees		30,493	22,257
Commission on bancatakaful		50,767	42,295
Card related fees		112,045	82,369
Commission on arrangement with financial institutions		27,178	13,944
Consumer finance related fees		14,821	15,465
Commission on guarantees		14,977	32,624
Investment banking fees		102,667	39,248
Commission on cash management		1,623	1,961
Commission on remittances including home remittances		17,518	20,465
Commission on trade		60,952	55,549
Others		6,992	2,613
		<u>440,033</u>	<u>328,790</u>
26 GAIN ON SECURITIES			
Realised gain	26.1	232,886	17,581
Unrealised loss - held for trading		-	-
		<u>232,886</u>	<u>17,581</u>
26.1 Realised gain on:			
Federal Government Securities		-	(8,185)
Non-Government Shariah compliant Securities		232,886	20,039
Shares		-	5,727
		<u>232,886</u>	<u>17,581</u>
27 OTHER INCOME			
Rent on property		5,126	5,132
Gain on termination of financing		30,099	31,617
Gain on sale of property and equipment		1,355	18,113
Recoveries against previously expensed items		1,763	6,715
Others		957	291
		<u>39,300</u>	<u>61,868</u>

28 OPERATING EXPENSES

	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----	
Total compensation expense	1,732,694	1,453,302
Property expense		
Rent & taxes	29,928	33,996
Takaful / insurance	1,759	1,421
Utilities cost	157,395	149,446
Security (including guards)	176,921	164,540
Repair & maintenance (including janitorial charges)	83,980	70,650
Depreciation	178,999	141,546
Depreciation on right-of-use assets	405,807	384,482
Others	10	405
	1,034,799	946,486
Information technology expenses		
Software maintenance	117,477	73,471
Hardware maintenance	48,913	74,071
Depreciation	91,955	90,089
Amortisation	34,202	34,517
Network charges	84,468	74,557
	377,015	346,705
Other operating expenses		
Directors' fees and allowances	4,210	3,635
Fees and allowances to Shariah Board	7,756	6,304
Legal & professional charges	57,931	73,950
Travelling & conveyance	17,090	20,812
NIFT clearing charges	8,819	10,094
Depreciation	90,866	90,617
Depreciation on non banking assets	2,416	3,016
Entertainment expense	30,691	33,343
Training & development	4,776	-
Postage & courier charges	40,973	15,669
Communication	34,858	24,356
Marketing, advertisement & publicity	85,368	62,321
Repairs and maintenance	45,737	42,043
Takaful, tracker and other charges on car Ijarah	90,088	50,319
Stationery & printing	91,429	50,742
Takaful / insurance	163,398	-
Fee and subscription	69,726	39,464
Vehicle running and maintenance	70,480	58,338
Auditors' remuneration	7,710	5,993
Amortization	1,139	1,139
CDC and share registrar services	3,649	6,014
Brokerage and commission	14,754	2,672
Stamp duty, registration & verification charges	4,918	26,637
Writeoff against fixed asset	30,869	-
Others	42,528	173,382
	1,022,179	800,860
	4,166,687	3,547,353

29 OTHER CHARGES

Note	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----	
Penalties imposed by the State Bank of Pakistan	129,732	36,180

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

Provision for diminution in value of investments and due from financial institutions	30.1	7,813	27,898
Provision / (Reversal) against Islamic financing and related assets and advances - net	10.14.2	1,141,161	468,499
Other provisions - net		358,103	379,636
		<u>1,507,077</u>	<u>876,033</u>

- 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. 9.433 million in the financial statements of the current period, and has deferred the recognition of impairment amounting to Rs. 9.431 million to the subsequent periods as allowed by the SBP.

31 FINANCIAL RESULTS OF BIPL SECURITIES LIMITED

Total income for the period	-	131,712
Total expenses for the period	-	135,180
Loss before taxation	-	(3,468)
less: taxation		
- Current	-	(2,340)
- Deferred	-	12,720
	-	10,380
Profit / (loss) after taxation	-	6,912

32 TAXATION

Current	349,820	155,827
Deferred	451,036	158,071
	<u>800,856</u>	<u>313,898</u>

- 32.1 The income tax assessment of the Holding Company have been finalized upto & including tax year 2019.

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 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.

33 BASIC AND DILUTED EARNINGS PER SHARE

		(Restated)	
	Note	June 30, 2020	June 30, 2019
		----- Rupees in '000 -----	
BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period (Attributable to equity shareholders of the Bank)		946,899	611,211
		----- 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	0.8541	0.6032

- 33.1 There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2020 and June 30, 2019.

34 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.

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:

June 30, 2020			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	207,148	-	-	207,148
GOP Ijara Sukuk	-	97,000	-	97,000
Non-Government Shariah compliant Securities	29,640,605	9,389,730	-	39,030,335
Units of open ended mutual funds	59	-	-	59

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	9,451,658	9,451,658
Non-banking assets	-	-	1,569,949	1,569,949

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	12,773,176	-	12,773,176
Shariah compliant alternative of forward sale of foreign exchange	-	14,109,334	-	14,109,334

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

	(Un-audited) June 30, 2020				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	4,897,811	(4,339,206)	6,309,539	(73,249)	6,794,895
Inter segment revenue - net	(3,891,708)	10,185,352	(6,293,643)	-	-
Total other income	345,309	259,465	183,490	9,294	797,557
Total Income	1,351,411	6,105,611	199,385	(63,955)	7,592,452
Segment direct expenses	32,918	2,440,328	115,800	1,745,016	4,334,061
Inter segment expense allocation	100,640	1,164,433	449,652	(1,714,725)	-
Total expenses	133,558	3,604,761	565,452	30,291	4,334,061
Provisions	7,813	68,691	1,072,470	358,103	1,507,077
Profit / loss before tax	1,210,040	2,432,158	(1,438,536)	(452,349)	1,751,314
	(Un-audited) June 30, 2020				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	----- Rupees in '000 -----				
Balance Sheet					
Assets					
Cash & Bank balances	17,231,978	12,419,620	-	-	29,651,598
Investments	51,317,855	-	-	-	51,317,855
Net inter segment placements	-	194,365,211	-	-	194,365,211
Due from financial institutions	28,911,547	-	-	-	28,911,547
Islamic financing and related assets - performing	-	20,890,105	114,444,422	2,731,739	138,066,266
- non-performing	-	1,626,659	1,674,235	108,323	3,409,217
Others	574,240	4,558,250	4,655,738	25,770,899	35,559,127
Total Assets	98,035,619	233,859,845	120,774,395	28,610,960	481,280,820
Liabilities					
Due to financial institutions	5,730,313	1,015,127	3,712,176	-	10,457,616
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	12,427,150	226,812,636	-	-	239,239,786
Net inter segment acceptances	77,618,916	-	116,685,332	60,962	194,365,210
Others	1,785,178	5,594,923	530,670	7,657,578	15,568,349
Total liabilities	97,561,557	233,422,685	120,928,178	9,718,540	461,630,961
Equity	-	-	-	19,649,859	19,649,859
Total Equity & liabilities	97,561,557	233,422,685	120,928,178	29,368,399	481,280,820
Contingencies & Commitments	(1,290,402)	-	16,012,344	5,309,699	20,031,641

(Un-audited)
June 30, 2019

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Profit / return earned	3,270,085	(3,056,336)	4,600,825	47,472	4,862,046
Inter segment revenue - net	(2,672,607)	7,426,790	(4,754,183)	-	-
Other income	146,330	215,906	128,740	50,505	541,481
Total Income	743,808	4,586,360	(24,618)	97,977	5,403,527
Segment direct expenses	35,310	2,077,563	38,089	1,450,104	3,601,066
Inter segment expense allocation	62,151	1,053,922	163,260	(1,279,333)	-
Total expenses	97,461	3,131,485	201,349	170,771	3,601,066
Provisions / (reversals)	46,127	104,750	365,018	360,138	876,033
Profit before tax	600,220	1,350,125	(590,985)	(432,932)	926,428

(Audited)
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:

	June 30, 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	-	28,568	75,000	1,809,529	-	67,350	887,767	2,871,793
Repaid during the period / year	(1,626)	(10,227)	(116,166)	(1,636,308)	(2,742)	(51,589)	(755,441)	(2,299,598)
Transfer in / (out) - net	-	-	-	(524,882)	-	(105,794)	-	160,000
Closing balance	20,912	213,048	484,012	842,200	22,538	194,707	525,179	1,193,862
Provision held against Islamic financing and related assets	-	-	-	-	-	-	-	-
Other Assets								
Profit receivable on financings	186	48	19,536	24,900	116	68	7,392	33,659
Subordinated debt								
Opening balance	-	-	-	-	-	-	-	-
Issued / Purchased during the period / year	-	10,000	-	-	-	10,000	-	-
Redemption / Sold during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	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	4,237	201,294	1,014,541	3,698,983	224,391	271,707	3,265,405	8,151,896
Withdrawn during the period / year	(5,181)	(168,130)	(955,227)	(3,695,451)	(224,553)	(270,748)	(3,263,588)	(8,321,740)
Transfer in / (out) - net	(168)	-	-	(11)	-	(40,791)	-	-
Closing balance	2,422	39,424	141,400	1,065,784	3,534	6,260	82,086	1,062,262
Other Liabilities								
Profit / return payable	2	367	229	6,669	1	138	18	10,786
Contingencies and Commitments								
Other contingencies	-	-	87,433	292,961	-	-	49,406	50,957
	June 30, 2020				June 30, 2019			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Income								
Profit / return earned	1,671	4,483	20,866	35,668	1,145	2,445	24,806	43,936
Other income	-	954	-	-	-	589	-	-
Expense								
Profit / return expensed	10	418	403	61,303	12	146	867	55,645
Other administrative expenses	1,500	787	-	540	1,850	3,501	92	-
Meeting Fee / Remuneration	4,210	93,431	-	-	3,450	78,496	-	-
Contribution to employees provident fund	-	-	-	58,152	-	-	-	46,052
Contribution to employees gratuity fund	-	-	-	58,064	-	-	-	45,002

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 Holding Company to apply regulatory deductions with respect to the balance sheet amount of "Goodwill" and "Deferred Tax Assets" pertaining to Defunct KASB Bank in the year ending 31 December 2019, 31 December 2020, 31 December 2021 at the cumulative rate of 25%, 60% and 100% respectively. Accordingly, the amounts of goodwill and deferred tax asset pertaining to defunct KASB Bank Limited have been deducted at the rate of 25% from CET 1 capital as at 31 December 2019.

	(Unaudited) June 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----		
Minimum Capital Requirement (MCR):	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	15,261,525	14,090,734
Eligible Additional Tier 1 (ADT 1) Capital	2,005,261	1,706,990
Total Eligible Tier 1 Capital	17,266,786	15,797,724
Eligible Tier 2 Capital	5,588,603	4,453,551
Total Eligible Capital (Tier 1 + Tier 2)	22,855,389	20,251,275
Risk Weighted Assets (RWAs):		
Credit Risk	105,825,988	119,531,402
Market Risk	1,810,637	935,200
Operational Risk	15,621,900	15,621,900
Total	123,258,525	136,088,502
Common Equity Tier 1 Capital Adequacy ratio	12.38%	10.35%
Tier 1 Capital Adequacy Ratio	14.01%	11.61%
Total Capital Adequacy Ratio	18.54%	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%	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.		
	June 30, 2020	December 31, 2019
----- Rupees in '000 -----		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	17,266,786	15,797,724
Total Exposures	312,552,587	313,347,566
	5.52%	5.04%
Liquidity Coverage Ratio (LCR)*:		
Total High Quality Liquid Assets	56,935,190	52,694,993
Total Net Cash Outflow	30,880,559	33,979,271
Liquidity Coverage Ratio	205.43%	162.60%
Net Stable Funding Ratio (NSFR)*:		
Total Available Stable Funding	249,883,065	230,215,305
Total Required Stable Funding	118,304,734	115,685,066
Net Stable Funding Ratio	211.22%	199.00%

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

38 GENERAL

- 38.1 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.
- 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 statements were authorized for issue on August 28, 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

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