



HANDS ON THE *FUTURE*

Quarterly Report September 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 Ahmad
Mufti Muhammad Husain

Chairperson
Member
Member

Audit Committee

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

Chairperson
Member
Member
Member

Risk Management Committee

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

Chairperson
Member
Member
Member
Member

Human Resource Management Committee

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

Chairperson
Member
Member
Member
Member
Member

Board Remuneration Committee

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

Chairperson
Member
Member
Member
Member
Member

Information Technology (IT) Committee

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

Chairperson
Member
Member

* Dr Amjad Waheed resigned as member of Audit Committee and in his place the Board in its meeting held on October 29, 2020 appointed Dr. Lalarukh Ejaz as member of Audit Committee effective from October 29, 2020.

** The Board in its meeting held on October 29, 2020 appointed Mr. Siraj Ahmed Dadabhoy as member of Risk Management Committee, Human Resource Management Committee and Board Remuneration Committee effective from October 29, 2020.

Company Secretary
Mr. Muhammad Shoaib

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 Adnan Siddiqui
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, Information Technology
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

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Block-4, Clifton,
Karachi.
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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:
Friday

9:00 am to 6:30 pm
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 nine months ended September 30, 2020.

Financial Performance

Following are the key financial highlights for the nine months ended September 30, 2020:

Particulars (Financial Position)	Sep 2020	Dec 2019	Growth
	----- Rupees in millions -----		
Total Deposits	254,454	228,827	11%
Total Assets	307,125	283,096	8%
Total Financing and Related Assets – net	134,791	131,775	2%
Investments - net	60,173	55,194	9%
Treasury and Bank Placements	58,291	44,789	30%
Net Assets	20,084	19,696	2%
Branches network (number)	340	334	2%

Particulars (Profit and Loss)	Sep 2020	Sep 2019	Growth
	----- Rupees in millions -----		
Net Spread Earned	9,945	7,417	34%
Fee And Commission Income	657	467	41%
Operating Expenses	6,257	5,387	16%
Operating Profits	4,794	2,784	72%
Provisions And Write Offs-Net	1,891	1,255	51%
Profit After Tax	1,762	973	81%
Basic Earnings per share (Rupees) *	1.589	0.960	66%

* comparative figure has been restated due to issuance of right shares in the year 2019.

Amidst Post-COVID situation and related unpredictability witnessed in Macro Economic Environment, BankIslami posted encouraging financial results for the nine months ended September 30, 2020 whereby Deposits grew by 11% and Total Assets rose by 8% in comparison to December 2019. Growth in Bank deposits was largely attributable to enhancement in Core CASA deposits which grew by 20% as compared to its position at December 2019. To cope with current challenging economic scenario along with SBP accommodative monetary policy stance, the Bank will continue with its current strategy to garner its CASA deposits base so as to generate stable net revenue stream. On the back of growth in deposits, total earning assets of the Bank have also increased which are largely deployed in highly liquid FCY deposits and gilt-edged GoP Sukuks. As the economic indicators are improving, the Bank is gradually building its Corporate, SME, Agri and Consumer financing books.

In order to enhance risk appetite of the Bank and to absorb after-effects of COVID-19 related impediments, certain subjective classifications and additional general provisions are booked on prudent basis, giving rise to non-performing financing portfolio of the Bank. As a result, infection ratio has increased to 12% from 11% in December 2019 and coverage ratio (including general provisions) fell from 85% in December 2019 to 82% in September 2020.

The Profit and loss account of the Bank depicted notable growth during nine month financial period. Net spread earned during nine months ended September 2020 has increased by 34% when compared to same period last year, largely due to healthy growth in earning assets of the Bank and time lag in repricing of asset portfolio on account of dip in policy rates.

Bank's non-funded income increased by 57% due to (i) improved fee income generated through, Investment Banking services, ADC channel and cross-selling of Bancatakaful products; (ii) gain on sale of securities; and (iii) favorable foreign exchange gains. Operating expenses of the Bank increased by 16% on account of inflationary adjustments on staff and non-staff costs, induction of employees on critical positions, increase in variable cost associated with business growth, and investment in the area of technology and information security. Despite this increase in operating expenses, cost to income ratio of the Bank improved to 57% during current period as compared to 66% recorded during the same period last year.

Rise in Core CASA deposits along with improvement in net spreads and cost to income ratio, lead to an impressive growth of 81% in the Profit After Tax, which increased to Rs. 1,762 Mn for the period ended September 30, 2020 vs. Rs. 973 Mn generated during same period last year.

Group Results

As at September 30, 2020, total assets of the Group increased by 8%, as compared with financial position of December 2019. Growth in the balance sheet was largely attributable to rise in Deposits, Balances with other Banks and Investment portfolio 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. 1,599 Mn for the period ended September 30, 2020, which is 60% higher than the profit after tax of Rs. 999 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 steps and business continuity related measures based on the guidelines issued by WHO, SBP and Government of Pakistan to ensure provision of safe and resilient working environment for its human capital and customers. These measures included activation of BCP site, enablement of work from home policy for staff, promotion of free of cost digital services, operating with limited branches and staff, disinfection of office and branch premises on frequent basis and provision of company sponsored medical services and advisory for Bank's staff. Moreover, employees of the Bank were given timely information regarding precautionary measures through various corona virus disease related awareness advisories. Additionally, these measures were also publicised through social media channels to create awareness amongst masses on how to adapt preventive measures for themselves and their family members.

In addition to above, pursuant to the deferment related relief packages announced by SBP, the Bank, engaged its customers so that they can prevent themselves from the financial challenges ensuing from COVID – 19. The Bank also approached existing and new customers to extend financing facilities under specialized re-financing schemes introduced by the regulator. Till September 30, 2020, the Bank approved principal deferment requests of 287 Corporate, SME and Agriculture customers, while on the consumer front, the Bank approved deferment requests of 613 customers.

In order to provide support to hospitals and medical centers in development of their capacity for treatment of infected patients of COVID-19, SBP announced a separate Refinance Scheme to combat Coronavirus. To support this cause, BankIslami till September 30, 2020 approved facilities of around Rs. 332 Mn under the subject scheme, with Rs. 32 Mn already disbursed while Rs. 300 Mn has been allocated for setting up a new hospital for which drawdown under the scheme is available up to June 30, 2021.

In order to maintain employment levels in our country during the pandemic scenario, the Bank, under SBP's Refinance Scheme for payment of wages and salaries, has approved facility requests of 35 clients by September 30, 2020.

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 and the issuance of instrument was completed on April 21, 2020. 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 Nine Months Period 2020

Marketing and CSR

BankIslami received one of the most esteemed national awards during the year by bagging the title of Brand of the Year in the Islamic Banking Category. This accolade was received as an acknowledgement to the BankIslami's notable performance across the industry, brand excellence, rise in trust amongst the target audience and strategic efforts to promote technology and innovative Islamic Banking.

In addition, 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, sponsorship of ACCA's Annual Corporate Networking Conference in Peshawar and sponsorship of IBA Alumni's annual event.

A dedicated and 360-degree Independence Day media campaign with the title of Plantation for the Nation was launched to enhance BankIslami's brand equity and create positive brand association with patriotism and environment protection. To create awareness regarding Islamic Banking products and services, the Bank also developed and promoted informative video clips through digital channels.

Investment Banking

The Bank continued to earn wings; it successfully closed K-Electric's Islamic Commercial Paper (ICP) valued at Rs 22 Bn. Further, during the period, the Bank also concluded re-structuring mandates of its two large customers.

Cash Management

BankIslami continued to widen its Cash Management product suite and customer base. It broadened its 1 Link ADC channel by signing courtesy alliances with new Fintech companies and on-boarded over fifty customers. Employee Banking Services were also introduced for medium to large Corporates which include Bulk Account Processing, Auto & Motor-cycle finance, House finance and Consumer Durables finance.

Agri Finance

Our Agri Finance team worked pro-actively to train its staff and conducted various awareness programs in rural farmlands in Sindh and Punjab for farmers' education. Moreover, Agri department successfully executed Warehousing Receipt Financing with two renowned clients. The Bank also entered into an alliance with a renowned group, entailing financing of tractors at market competitive rates.

Consumer Finance

On the Consumer Finance front, the Auto finance team achieved its record disbursement of over Rupees One Billion comprising of over 525 units during the month of September 2020. To further boost Bank's Auto segment, the Bank is launching a freelancer sales channel whereby freelancers, after completing the screening process, will be allocated to every sales manager to further extend the outreach. Moreover, marketing via multiple other channels (Mobile Application, ATM screens etc) is now under practice to promote Auto Finance product and offerings.

Similarly, the Bank is in process of launching new products in housing finance segment to support the initiative taken by SBP and Government of Pakistan so as to serve low and middle income households via subsidized housing facility.

Alternate Delivery Channel

ADC segment has successfully rolled out its new and improved Mobile Banking App for both iOS and Android mobile phone users. The new App has been launched keeping in mind the consumer convenience. It has been given a fresh look to align with the new identity of BankIslami and offers easy to use interface with contemporary features and services. The Bank has also redesigned its ATM screens which has been installed on more than 250 ATMs nationwide. Further, new services are also made available on ATMs including card activation, SMS subscription, contact update, card blocking, etc.

Home Remittance

The Home Remittance segment of the Bank achieved its highest ever monthly volume of 12,479 transactions in the month of July, indicating enhanced level of confidence from our customers towards services offered by the Bank. Moreover, during the period under review, the Bank has also registered an overall growth of 53% in number of transactions as compared to same period last year.

Information Security

The information security wing of the Bank is working intensely to improve the security infrastructure of the Bank. The department was beefed up with skilled internal resources in 2019, subsequent to which multiple exercises were conducted to fortify information security posture of the Bank. Some of the major initiatives 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.

Compliance

The Bank aims to ensure compliance of applicable laws and regulations. In order to achieve this objective, the management of the Bank has been continuously improving the compliance posture of the Bank with special focus on AML / CFT compliance. Moreover, the Bank is constantly taking various initiatives to improve its use of technology assisting the compliance of KYC/AML and CFT regulations and during the period eKYC and eCRP platforms have been rolled out. The Bank has deployed necessary RegTech to comply with relevant regulations within given timeframes. The Compliance department has also organized various training of branch level staff to ensure that front line staff are well versed with the latest AML / CFT regulations.

Shariah

The Shariah department reviewed more than one thousand transactions and banking documents relating to financing transactions, marketing and promotional material, pool management related activities and income received by BankIslami to ensure its compliance with principle of Shariah and Guidelines established by Shariah Board of the Bank. The Shariah team of the Bank, during the smart lockdown period, ensured the continuation of monitoring of financing transactions using digital means.

The Shariah team also visited branches across different cities including 17 model branches to conduct "Shariah Review and Knowledge Assessment" of branch staff across the country and to ensure a Shariah compliant environment at the branch level.

In order to facilitate the Business Teams and the Clients during the pandemic, guidelines on 'Physical Inspection Waiver' and 'Implementation of Regulatory Relief to Dampen the Effects of COVID-19' were issued which assisted the Business Teams in delivering customised Shariah compliant solutions to the Clients in an unhindered manner especially with reference to the cases pertaining to rescheduling/restructuring of financing facilities.

During the period, despite the COVID-19, the Shariah team continued its focus on Shariah related training of Bank's employees. While ensuring COVID-19 related SoPs, more than 31 online and 29 classroom training sessions of Islamic Banking Concepts have been conducted in various cities with more than 950 participants attended these sessions. The Shariah team also conducted awareness session for general public and students in various cities to interact with general public and address their questions and misconceptions pertaining to Islamic Banking. In order to impart mandatory Islamic Banking training to BankIslami staff and to comply with SBP instructions, the team facilitated and closely coordinated with HR in Launching of Mandatory Self-study Basic Islamic Banking Online Program.

Enterprise Risk Management (ERM)

The ERM team has developed a new model for risk profiling of Trade Customers. The model will assist the Bank to effectively monitor trade related customers so the Bank can adhere with trade based money laundering guidelines of SBP. Moreover, the ERM department implemented a new model for effective monitoring of foreign currency cash in hand. This has allowed the Bank to avoid the cost of carrying idle foreign currency cash, thereby adding to the Bank's overall revenue.

Service Quality

SQ team performed more than eighteen hundred branch visits during the period. Primary focus of these visits is to provide trainings to branch staff on internal service measures, usage of internal portals and soft skills. Furthermore, twelve training sessions on Fair Treatment to Customers for Senior Staff of the Bank, Branch Managers and other Bank staff were conducted through Zoom application and classroom trainings. Three classroom trainings on Customer services and Service Excellence were also conducted during the current period for new joiners in sales team.

Total number of complaints received by the Bank during the current period under review were 31,240. Out of these, 30,096 complaints were resolved with an average resolution TAT of 3.72 working days. 61 complaints received through Banking Mohtasib Pakistan, out of which 60 have been resolved. Further, out of 76 complaints received through State Bank of Pakistan, 75 have been closed.

For quality assurance purposes, product knowledge survey was conducted on the basis of e-product paper. The e-paper was circulated to Branches for knowledge sharing followed by mystery calls to test the awareness of products and services among the staff.

Human Resource

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

Following our strategic goal of "Employer by Choice", BankIslami extended financial support to its employees, during the catastrophic situation ensuing from heavy thunderstorm and urban flooding in Karachi, by paying one-time Rain Emergency relief allowance to staff located in Karachi, to provide coverage against household losses incurred due to Urban Flooding.

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 were launched by the Bank to keep the employees engaged towards the process of continuous learning and development. Furthermore, top management leadership skills training was conducted in order to develop and maintain an organizational culture based on learning, professionalism, ethics and Islamic values.

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.

Board Composition

The current composition of the Board is as follows:

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

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

The present Board of the Bank was elected on May 7, 2020 for which approval from SBP has been received. BankIslami's new 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

October 29, 2020

بینک کا موجودہ بورڈ 7 مئی 2020 کو منتخب ہوا تھا جس کے لئے اسٹیٹ بینک سے منظوری حاصل کی گئی ہے۔ بینک اسلامی کے نئے بورڈ آف ڈائریکٹرز میں صنعت کے ممتاز پیشہ ور افراد شامل ہیں۔ بورڈ کے ممبران کارپوریٹ فنانس، کمپیوٹل مارکیٹ، انویسٹمنٹ مینجمنٹ، پرائیویٹ انکوبیٹ، انٹرنل ریسرچ، فن ٹیک، انویشن اور دیگر شعبوں میں ورشاکل پس منظر رکھتے ہیں۔ کارپوریٹ گورننس بورڈ کے ممبران نامور بین الاقوامی اور مقامی اداروں سے پروفیشنل سند، ماسٹرز اور ڈاکٹریٹ کی ڈگری رکھتے ہیں۔

اعتراف

بورڈ اسٹیٹ بینک آف پاکستان کو اعانت اور رہنمائی فراہم کرنے پر اپنی گہری ستائش ریکارڈ کرنا چاہتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی حمایت کرنے پر بھی ان کا شکریہ ادا کرنا چاہیں گے۔ ہم اپنے گراں قدر صارفین، کاروباری شراکت داروں اور شیئر ہولڈرز کی مسلسل سرپرستی اور اعتماد کے لئے اظہار تشکر کرنا چاہتے ہیں۔ مزید یہ کہ، ہم اپنی مینجمنٹ ٹیم اور ملازمین کی لگن، عزم اور سخت محنت کو بھی تسلیم کرنا چاہیں گے جس نے بینک اسلامی کو خاص طور پر اسلامی بینکاری کی صنعت میں اور عام طور پر بینکنگ انڈسٹری میں قابل احترام مقام حاصل کرنے کے قابل بنایا ہے۔

منجانب بورڈ،

علی حسین
چیرمین آف بورڈ

سید عامر علی
چیف ایگزیکٹو آفیسر

29 اکتوبر 2020

موجودہ مدت کے دوران بینک کو موصول شکایات کی مجموعی تعداد 31,240 تھی۔ ان میں سے 30,096 شکایات کو اوسطاً 3.72 دنوں میں حل کیا گیا۔ بینک جتھب پاکستان کے توسط سے 61 شکایات موصول ہوئی ہیں، جن میں سے 60 کو حل کیا گیا ہے۔ مزید یہ کہ اسٹیٹ بینک آف پاکستان کے ذریعے موصول 76 شکایات میں سے 75 کو حل کر دیا گیا ہے۔

معیاری یقین دہانی کے مقاصد کے لئے مصنوعات کے بارے میں سروے ای پروڈکٹ پیچہ کی بنیاد پر کیا گیا تھا۔ ای پیچہ ہر رچ کے عملے میں معلومات کے لئے تنظیم کیا گیا اور عملے کی مصنوعات اور خدمات کے بارے میں آگاہی کی جانچ کے لئے پراسرار کالیں کی گئیں۔

انسانی وسائل

بینک اسلامی روزگار کے مساوی مواقع کی فراہمی کے مقصد کے ساتھ کام کرتا ہے اور صنف، مذہب، نسل، رنگ اور معذوری کی بنیاد پر اپنے ملازمین اور ملازمت کے درخواست دہندگان میں امتیازی سلوک نہیں کرتا ہے۔ اس مقصد کے مطابق بینک نے اس عرصے کے دوران مختلف اہل ملازمین کی ایک خصوصی کمیٹی شامل کی۔

ہمارے "Employer by Choice" کے اسٹرٹجک ہدف کے بعد، بینک اسلامی نے کراچی میں شدید طوفانی بارش اور سیلاب سے آنے والی تباہ کن صورتحال کے دوران اپنے ملازمین کو مالی امداد فراہم کی۔ کراچی میں رہائش پذیر عملے کو سیلاب سے گھروں کو ہونے والے نقصانات کے ازالے کے لئے ایک بارہنگی امدادی الاؤنس دیا گیا۔

بینک اسلامی کی مستقل ترقی اور صلاحیت میں اضافے کے اقدام کے ایک حصے کے طور پر، معاون عملے کی پروفائل اسکریننگ کی گئی تاکہ وہ اپنے پیشہ کو کاروباری ترقی اور دیگر کرداروں میں آگے بڑھانے کا موقع فراہم کر سکیں۔ بینک نے مختلف افعال کے ملازمت کے کردار کو ہموار کرنے کے لئے افرادی قوت کی منصوبہ بندی کی مشق بھی کی۔ مقصد عملے کی ضروریات کو ہموار کرنا اور اس بات کو یقینی بنانا تھا کہ ہر کام میں مناسب افرادی قوت موجود ہو۔

ڈیجیٹل پلٹ فارم کا استعمال کرتے ہوئے مختلف ایئرلنک ماڈیول، ویڈیو پیغام اور تشخص کے ذریعہ ملازمین کو مسلسل سیکھنے اور ترقی کے عمل کی طرف راغب رکھنے کے لئے شروع کیا گیا تھا۔ مزید برآں، انتظامیہ کی اعلیٰ قیادت کی مہارت کی تربیت سیکھنے، پیشہ ورانہ مہارت، اخلاقیات اور اسلامی اقدار پر مبنی تنظیمی ثقافت کو فروغ دینے اور برقرار رکھنے کے لئے کی گئی تھی۔

بینک نے بطور پائلٹ پروجیکٹ صحت کی حفاظت اور ملازمین اور ان کے اہل خانہ کی فلاح و بہبود کے لئے ایک مستند معالج سے لیس اندرون خانہ ڈسپنری کے ذریعے مرلینوں کی صحت کی خدمت متعارف کروا کر ایک انوکھی پہل کی۔ اسی طرح، بینک نے اپنے عملے کے ان کے خوابوں اور ذاتی امیگوں کی حمایت کرنے کے لئے ایک اور انوکھا اقدام بھی شروع کیا جس میں اپنے ملازمین کے لئے جج پالیسی کا اعلان کیا گیا تھا اور قریباً انداز کی کے ذریعے ایک ملازمت کا انتخاب کیا گیا تھا جو اپنے کنبہ کے ایک فرد کے ہمراہ آئندہ سال حج کرے گا۔

یورڈ کی تشکیل

یورڈ کی موجودہ تشکیل مندرجہ ذیل ہے۔

ڈائریکٹرز کی کل تعداد : 8*

تشکیل:

- (i) آزاد ڈائریکٹرز : 4
- (ii) نان ایگزیکٹو ڈائریکٹرز : 3
- (iii) ایگزیکٹو ڈائریکٹرز : 1
- (a) خواتین ڈائریکٹر : 1
- (b) مرد ڈائریکٹرز : 7

* اس رپورٹ کے کچھ انفرامیشن سیکشن میں بینک کے ڈائریکٹرز کے نام شامل کیے گئے ہیں۔

قیل

بینک کا مقصد قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنانا ہے۔ اس مقصد کو حاصل کرنے کے لیے، بینک کی انتظامیہ CFT / AML کی تعمیل پر خصوصی توجہ کے ساتھ مسلسل بہتری کا عمل جاری ہے۔ مزید یہ کہ بینک KYC / AML اور CFT قواعد و ضوابط کی تعمیل میں مدد کرنے والی ٹیکنالوجی کے استعمال میں بہتری لانے کے لئے مستقل طور پر متعدد اقدامات اٹھا رہا ہے اور eKYC اور eCRP پلیٹ فارم کو نافذ کیا گیا ہے۔ بینک نے مقررہ مدت کے اندر متعلقہ قواعد و ضوابط کی تعمیل کے لئے ضروری RegTech تعینات کیا ہے۔ محکمہ قیل نے برانچ کے عمل کی مختلف تربیت کا بھی اہتمام کیا ہے تاکہ یہ یقینی بنایا جاسکے کہ فرنٹ لائن عملہ جدید ترین CFT / AML ضابطے سے واقف ہے۔

شرعیہ

محکمہ شرعیہ نے ایک ہزار سے زیادہ بین دین اور بینکنگ دستاویزات کا جائزہ لیا جس میں فنانسنگ لین دین، مارکیٹنگ اور پروموشنل میٹریل، پول بینچمنٹ سے متعلق سرگرمیاں اور بینک اسلامی کو حاصل کردہ آمدنی سے متعلق بینک کے شرعی بورڈ کے ذریعہ قائم کردہ شرعی اصول اور رہنما اصولوں کی تعمیل کو یقینی بنانا ہے۔ سارٹ لاک ڈاؤن کے دورانیہ کے دوران، بینک کی شرعی ٹیم نے ڈیجیٹل ذرائع کے ذریعہ فنانسنگ لین دین کی نگرانی کا تسلسل یقینی بنایا۔

شرعی ٹیم نے مختلف شعبوں کی شاخوں کا بھی دورہ کیا جس میں ملک بھر میں برانچ عملہ کا "شرعی جائزہ اور تعلیمی شخص" منعقد کرنے اور برانچ کی سطح پر شرعیہ کے مطابق ماحول کو یقینی بنانے کے لئے 17 ماڈل شاخیں بھی شامل تھیں۔

وہابی مرض کے دوران برٹس نیوس اور صارفین کی سہولت کے لیے، "ذاتی معائنہ کی چھوٹ" اور COVID-19 کے اثرات کو کم کرنے کے لئے انضباطی ریلیف کے نفاذ کے بارے میں رہنما خطوط جاری کیے گئے جس نے برٹس نیوس کو شریعت کے مطابق بغیر رکاوٹ کے حل فراہم کرنے میں مدد فراہم کی۔ خاص طور پر ان مقامات جن کا تعلق مالی سہولیات کی تشکیل و انتظام سے تھا۔

اسی مدت کے دوران COVID-19 کے باوجود، شرعی ٹیم نے بینک کے ملازمین کی شریعت سے متعلق تربیت پر اپنی توجہ جاری رکھی۔ جبکہ COVID-19 سے متعلقہ SoPs کو یقینی بناتے ہوئے مختلف شعبوں میں اسلامی بینکاری کی تصورات کے 31 سے زیادہ آسان اور 29 کلاس روم ٹریننگ اجلاس کا انعقاد کیا گیا ہے، جن میں 950 سے زائد شرکاء نے ان اجلاسوں میں شرکت کی۔ شرعی ٹیم نے مختلف شعبوں میں عام لوگوں کو اطلاع دینے کے لئے اسلامی بینکنگ سے متعلق ان کے سوالات اور غلط فہمیوں کو دور کرنے کے لئے آگاہی سیشن کا انعقاد بھی کیا۔ بینک اسلامی کے عملے کو اسلامی بینکنگ کی لازمی تربیت فراہم کرنے اور اسٹیٹ بینک کی ہدایات پر عمل کرنے کے لئے ٹیم نے HR کے باہمی تعاون سے لازمی سیلف اسٹڈی بنیادی اسلامی بینکاری آسان لائن پروگرام کا آغاز کیا۔

اعتراف پر از رسک مینجمنٹ (ERM)

ERM ٹیم نے تجارتی صارفین کی رسک پروفائٹنگ کے لئے ایک نیا ماڈل تیار کیا ہے۔ یہ ماڈل تجارت سے متعلق صارفین کو موثر انداز میں مانیٹر کرنے میں بینک کی مدد کرے گا تاکہ بینک اسٹیٹ بینک کی تجارت پر مبنی منی انڈر ریسک کے رہنما اصولوں پر عمل پیرا ہو سکے۔ مزید برآں، محکمہ ERM نے غیر ملکی کرنسی کی مؤثر نگرانی کے لئے ایک نیا ماڈل نافذ کیا۔ اس سے بینک کو غیر ملکی کرنسی لے جانے کی لاگت سے بچنے کا موقع ملا ہے، جس سے بینک کی مجموعی آمدنی میں اضافہ ہوگا۔

خدمت کا معیار

اس مدت کے دوران SQ ٹیم نے اٹھارہ سو سے زیادہ برانچ ڈسٹ کئے۔ ان دوروں کی بنیادی توجہ شاخ کے عمل کو داخلی خدمت کے اقدامات، داخلی پورنلر کے استعمال اور عام صلاحیتوں کی تربیت فراہم کرنا ہے۔ مزید برآں اس سلسلے میں صارفین سے بہتر سلوک کے بارے میں ترقی پیشین بینک کے سہنر عملے، برانچ منیجرز اور بینک کے دوسرے عملے کو زوم ایپلی کیشن اور کلاس روم ٹریننگ کے ذریعہ کئے گئے سلیژ ٹیم میں سنے شامل ہونے والوں کے لئے موجودہ مدت کے دوران کسٹمر سروسز اور سروس ایپلیکیشن سے متعلق تین کلاس روم ٹریننگز بھی چلائی گئیں۔

زرعی فنانس

ہماری زرعی فنانس ٹیم نے عملی طور پر ہیت دینے کے لئے فعال طور پر کام کیا اور کاشتکاروں کی تعلیم کے لئے سندھ اور پنجاب کے زرعی دہی علاقوں میں آگاہی کے مختلف پروگرام چلائے۔ مزید برآں، زرعی ڈیپارٹمنٹ نے دو معروف صارفین کے ساتھ گودام رسید کی فنانسنگ کامیابی سے انجام دی۔ بینک نے ایک مشہور گروپ کے ساتھ معاہدہ بھی کیا، جس میں مارکیٹ میں سائیلی نژوں پر ٹریڈنگ کے لئے فنانسنگ فراہم کی گئی۔

کنزیومر فنانس

کنزیومر فنانس میں، آؤ فنانس ٹیم نے ستمبر 2020 کے مہینے کے دوران 525 سے زائد پینس پر مشتمل ایک ارب روپے سے زائد کی اپنی ریکارڈ ادائیگی کی حد کامیابی سے حاصل کی۔ بینک کے آؤ فنانس کے شعبے کو مزید فروغ دینے کیلئے بینک نے ایک فری لانس سلیز چیمپل کا آغاز کیا جس میں فری لانسرز کی اسکریننگ کے عمل کو مکمل کرنے کے بعد ہر سلیز مینجر کو تویٹریس کر کے توسیع کو مزید مستحکم کیا جائے گا۔ مزید یہ کہ، آؤ فنانس پروڈکٹ اور پیش کشوں کو فروغ دینے کے لئے اب متعدد دوسرے چینل (موبائل ایپلیکیشن، ایس ٹی ایم اسکرین وغیرہ) کے ذریعے مارکیٹنگ کا عمل جاری ہے۔

اسی طرح اسٹیٹ بینک اور حکومت پاکستان کے اقدامات کی حمایت کے لئے بینک نے باؤسنگ فنانس کے شعبے میں بنی مصنوعات متعارف کرانے کے عمل کو جاری رکھا ہو ہے تاکہ کم آمدنی والے گھرانوں کو سہولت والی رہائشی سہولت فراہم کی جاسکے۔

مبادلہ ترسیل چینل

مبادلہ ترسیل چینل شعبے نے آئی او ایس اور اینڈ رابنڈ موبائل فون صارفین کے لئے اپنی نئی اور بہتر موبائل بینکنگ ایپ کامیابی کے ساتھ شروع کر دی ہے۔ نئی ایپ صارفین کی سہولت کو مد نظر رکھتے ہوئے شروع کی گئی ہے۔ اسے بینک اسلامی کی نئی شناخت کی مطابقت میں لانے کے لئے ایک نئی شکل دی گئی ہے اور جدید خصوصیات اور خدمات کے ساتھ آسان استعمال کے انٹرفیس میں پیش کیا ہے۔ بینک نے اپنی ایس ٹی ایم اسکرینز کو بھی نئے سرے سے ڈیزائن کیا ہے جو ملک بھر میں 250 سے زیادہ ایس ٹی ایمز پر لگا یا گیا ہے۔ مزید یہ کہ اسے ٹی ایم پر بھی نئی خدمات دستیاب ہیں جن میں کارڈ ایکٹیویشن، ایس ایم ایم ایس سمسٹریشن، کنٹیکٹ اپ ڈیٹ، کارڈ بلاکنگ وغیرہ شامل ہیں۔

ہوم زبيلات

بینک کے ہوم زبيلات زرونگ نے جولائی کے مہینے میں 12 ہزار 479 ٹرانزیکشنز کا اب تک کا سب سے زیادہ ماہانہ حجم حاصل کر لیا، جو کہ بینک کی پیش کردہ خدمات کے بارے میں صارفین کی طرف سے اعتماد میں اضافہ کی نشاندہی کرتا ہے۔ مزید برآں، زیر جائزہ مدت کے دوران، بینک نے پچھلے سال کے اسی عرصے کے مقابلے میں، لین دین کی تعداد میں مجموعی طور پر 53 فیصد اضافہ ریکارڈ کیا ہے۔

انفارمیشن سکیورٹی

انفارمیشن سکیورٹی کا شعبہ مستقل طور پر بینک کی حفاظت اور اس کے بنیادی ڈھانچے کو مزید محفوظ بنانے کے لئے کوشاں ہے۔ 2019 میں اس حملہ میں ہنر مند داخلی وسائل کا اضافہ کیا گیا، اس کے بعد بینک کی معلومات کی حفاظت کو مضبوط بنانے کے لئے متعدد مشقیں کی گئیں۔ جن میں سے کچھ اہم اقدامات درج ذیل ہیں:

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

- COVID-19 وباء کی صورتحال کے دوران بینک کے عمل کو محفوظ طریقے سے 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 سینٹر میں مزید بہتری لائی گئی۔

COVID-19 کے متاثرہ مریضوں کے علاج معالجے کے لئے اسپتالوں اور طبی مراکز کی صلاحیتوں کو بڑھانے اور ان کی مدد کرنے اور COVID-19 سے نمٹنے کے لئے اسٹیٹ بینک نے ری فائنانس اسکیم کا اعلان کیا۔ اس مقصد کی تائید کے لئے مذکورہ اسکیم کے تحت بینک اسلامی نے 30 ستمبر 2020 تک تقریباً 332 ملین روپے کی سہولیات کی منظوری دی۔ جس میں سے اب تک 32 ملین روپے جاری کئے جا چکے ہیں جبکہ نئے اسپتال کے قیام کے لئے بقیہ 300 ملین روپے 30 جون 2021 تک اس اسکیم کے تحت جاری کئے جائیں گے۔

وبائی صورتحال کے دوران ملک میں روزگاری سطح کو برقرار رکھنے کے لئے، بینک نے اجرتوں اور تنخواہوں کی ادائیگی کے لئے اسٹیٹ بینک کی ری فائنانس اسکیم کے تحت، 30 ستمبر 2020 تک 35 صارفین کی درخواستوں کی منظوری دے دی ہے۔

اہم پیش رفت

اضافی دسہ 1 کھیل کا اجراء

بینک کے سرمایہ کو مزید وسعت دینے اور ربح جذب کرنے کی صلاحیت کو تقویت دینے کے لئے، بینک نے پاکستان کا پہلا اسلامی ایڈیشنل لیبر-1 کھیل صلوک (ADT-1 صلوک) کا اجراء مکمل کیا۔ اس انٹرمنٹ کو صلوک 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۔ اس ADT-1 صلوک کی مجموعی شہری قیمت 2 ارب روپے ہے اور اس انٹرمنٹ کی اشاعت 21 اپریل، 2020 کو مکمل ہوئی۔ صلوک میں 190 سے زائد کارپوریٹ اور ریتیل سرمایہ کاروں نے سبسکرائب کیا تھا۔ اس صلوک کی ٹریڈنگ کا آغاز 15 مئی 2020 کو پاکستان اسٹاک ایکسچینج میں ہوا۔

2020 کے نو مہینوں کی مدت کے دوران نئے اقدامات

مارکیٹنگ اور ایس ایس آر

بینک اسلامی نے اسلامی بینکاری کی ٹیکسٹ میں براؤز آف دی ایئر کا اعزاز حاصل کر کے سال کے دوران ایک قابل قدر قومی ایوارڈ حاصل کیا۔ اس سٹائنش کو پوری صنعت میں بینک اسلامی کی قابل ذکر کارکردگی، براؤز کی برتری، صارفین کے اعتماد میں اضافے اور ٹیکنالوجی اور جدید اسلامی بینکاری کو فروغ دینے کی اسٹریٹجک کوششوں کے اعتراف کے طور پر موصول ہوا۔

اس کے علاوہ، بینک نے اپنی براؤز پوزیشننگ کو مستحکم کرنے اور کثیر تعداد میں اپنی شریعہ کیپٹل منٹ مصنوعات اور نوٹچ بینکنگ سہولت کے بارے میں آگاہی پیدا کرنے کے لئے متعدد پروگراموں کی سرپرستی کی۔ ان میں زمین انکسپو میں شرکت، پشاور میں ای سی ای کی سالانہ کارپوریٹ نیٹ ورکنگ کانفرنس اور IBA Alumni کی اسپانسر شپ کی سالانہ تقریب شامل ہیں۔

یوم آزادی کے موقع پر ایک سرشار 360 ڈگری میڈیا ہم پلانٹین فارمیٹیشن کے عنوان سے شروع کی گئی تاکہ بینک اسلامی کے براؤز ایکٹیوٹی کو بڑھانے اور حب الوطنی اور ماحولیات کے تحفظ کے ساتھ مثبت براؤز ایسوسی ایشن کو فروغ دیا جاسکے۔ اسلامی بینکاری کی مصنوعات اور خدمات کے بارے میں شعور پیدا کرنے کے لیے، بینک نے ڈیجیٹل چینلز کے ذریعے معلوماتی ویڈیو کلیپس بھی تیار کئے اور ان کو فروغ بھی دیا۔

انویسٹمنٹ بینکنگ

بینک نے موصول کرنا جاری رکھا۔ اس نے کے ایکٹرک کے 22 ارب روپے مالیت کے اسلامی کمرشل ہیپر (آئی بی پی) کو کامیابی سے مکمل کیا۔ مزید برآں، اس عرصے کے دوران بینک نے اپنے دو بڑے صارفین کے تشکیل نو کا میڈیٹ بھی حاصل کیا۔

کیش منیجمنٹ

بینک اسلامی نے اپنے کیش منیجمنٹ پروڈکٹ سوٹ اور کسٹمرز کو مزید وسعت دی۔ اس نے نئی Fintech کمپنیوں اور پچاس سے زائد آن بورڈ صارفین کے ساتھ معاہدوں پر دستخط کر کے اپنا 1 لکھ ADC چینل وسیع کیا۔ ملازمین بینکاری خدمات درمیانے تا بڑے کارپوریشن کے لیے بھی متعارف کروائی گئیں جس میں بلک اکاؤنٹ پروسیسنگ، آٹو موٹر سائیکل فنانس، ہاؤس فنانس اور کنزرویٹو پورٹفولیو فنانس شامل ہیں۔

COVID-19 کے نتیجے میں بینک میں خطرات سے نمٹنے اور اس کے اثرات کو ختم کرنے کیلئے کچھ مخصوص درجہ بندی اور اضافی اقدامات کئے گئے جس سے بینک کے نان پرفارمنگ فنانس پورٹ فولیو میں اضافہ ہوا۔ نتیجہ کے طور پر، انٹیکشن تناسب دسمبر 2019 کے مقابلے میں 11 فیصد سے بڑھ کر 12 فیصد ہو گیا ہے اور کوریج تناسب (بشمول جزل پروویژن) دسمبر 2019 کے مقابلے میں 85 فیصد سے گھٹ کر ستمبر 2020 میں 82 فیصد رہ گیا ہے۔

بینک کے منافع اور خسارے کے کھاتے میں نو ماہ کی مالی مدت کے دوران نمایاں اضافہ ہوا ہے۔ ستمبر 2020 کو ختم ہونے والے نو ماہ کے دوران حاصل کردہ Net Spread میں گزشتہ سال کی اسی مدت کے مقابلے میں 34 فیصد کا اضافہ ہوا ہے، اس کی بڑی وجہ بینک کے اثاثوں کی آمدنی میں اضافہ اور پالیسی کی شرحوں میں کمی کی وجہ سے اثاثہ جات کے پورٹ فولیو کی دیر سے ریٹ میں تبدیلی ہے۔

بینک کی غیر فنڈڈ آمدنی میں 57 فیصد کا اضافہ ہوا جس کی وجہ (i) انوسٹمنٹ بینکنگ سروسز، ای ڈی سی چینل اور بینکاکل مصنوعات کی کراس سیلنگ کے ذریعہ حاصل ہونے والی بہتر آمدنی (ii) سکیورٹیز کی فروخت کے ذریعے حاصل ہونے والی آمدنی میں اضافہ اور (iii) درمہاد کی آمدنی میں اضافہ شامل ہے۔ عملے اور غیر عملے کے اخراجات پر افراط زر کی ایڈجسٹمنٹ، اہم عہدوں پر ملازمین کی شمولیت، کاروباری قسٹے و اہستہ متبادل لاگت میں اضافے، ٹیکنالوجی کے شعبے اور انفارمیشن سیکٹر کی آمدنی میں سرمایہ کاری کے سبب بینک کے آپریٹنگ اخراجات میں 16 فیصد اضافہ ہوا ہے۔ آپریٹنگ اخراجات میں اس اضافے کے باوجود، موجودہ مدت کے دوران بینک کی لاگت سے آمدنی کا تناسب 57 فیصد تک بہتر ہوا جبکہ اس سے گزشتہ سال اسی عرصے کے دوران 66 فیصد رہا رہا۔

Core CASA سپازٹ میں اضافے کے ساتھ ساتھ Net Spread اور آمدنی کے تناسب میں بہتری کے باعث بعد از ٹیکس منافع میں 81 فیصد کا متاثرہ اضافہ ہوا ہے، جو بڑھ کر گزشتہ سال اسی عرصے کے دوران 973 ملین روپے کے مقابلے میں اس سال 30 ستمبر 2020 کے اختتام پر 1,762 ملین روپے رہا۔

گروپ کے نتائج

30 ستمبر، 2020 تک گروپ کے مجموعی اثاثوں میں دسمبر 2019 کے مالیاتی نتائج کے مقابلے میں 8 فیصد کا اضافہ ہوا۔ بیلنس شیٹ میں مجموعی وجہ بڑے پیمانے پر پریپازٹس، دیگر بینکوں کے ساتھ ڈیپازٹ اور اسلامی بینکنگ سیکٹس کے سرمایہ کاری پورٹ فولیو میں اضافہ ہے۔ آمدنی سے لاگت کے تناسب اور Net Spread میں بہتری کے باعث گروپ نے 30 ستمبر 2020 کو ختم ہونے والے عرصہ پر بعد از ٹیکس منافع 1,599 ملین روپے حاصل کیا جو گزشتہ سال اسی مدت کے دوران بعد از ٹیکس منافع 999 ملین روپے سے 60 فیصد بڑھ گیا ہے۔

2019 کی SARS Coronavirus بیماری (COVID-19) اور بینک کے کئے گئے حفاظتی اقدامات

COVID-19 وبائی بیماری نے بین الاقوامی سطح پر معاشرے اور کاروباری برادری کیلئے مسائل اور غیر یقینی صورت حال پیدا کی۔ بطور ایک ذمہ دار ادارے کے طور پر بینک اسلامی نے اس بلاء سے بچنے والے اثرات سے نمٹنے کے لیے، اپنے عملے اور صارفین کے لئے محفوظ اور سازگار ماحول کی فراہمی کو یقینی بنانے کے لئے عالمی ادارہ صحت، اسٹیٹ بینک اور حکومت پاکستان کے جاری کردہ رہنما خطوط کی بنیاد پر متعدد احتیاطی اقدامات اور کاروباری تسلسل سے متعلق اقدامات اٹھائے۔ ان اقدامات میں بی سی پی سائٹ کی بحالی، عملے کیلئے گھر سے کام کرنے کی پالیسی کا نفاذ، ڈیجیٹل خدمات کی مفت فراہمی، محدود برانچوں اور عملے کے ساتھ کام کرنا، دفتر اور برانچ کے احاطے کی جراثیم کش اسپرے سے صفائی اور ڈس انفیکشن کے ساتھ بینک کے ذمہ داریاں بھی خدمات اور عملے کیلئے ایڈوائزری کی فراہمی شامل ہیں۔ مزید برآں، بینک کے ملازمین کو کوویڈ ٹائرس بیماری سے متعلق بروقت آگاہی اور مشوروں کے ذریعے احتیاطی تدابیر کے بارے میں معلومات فراہم کی گئیں۔ اس کے ساتھ، ان اقدامات کو کوشل میڈیا چینلز کے ذریعے بھی عام کیا گیا تاکہ عوام میں یہ آگاہی پیدا کی جاسکے کہ وہ اپنے اور اپنے اہل خانہ کیلئے کس طرح سے احتیاطی تدابیر اختیار کریں۔

مذکورہ بالا کے علاوہ، اسٹیٹ بینک کی جانب سے اعلان کردہ التوا سے متعلق ریلیف پیکیج کے تسلسل میں، بینک نے اپنے صارفین کو COVID-19 کے باعث آنے والے مالی چیلنجوں سے تہہ در تہہ ماہوں کیلئے تیار کیا۔ بینک نے فنانسنگ سہولیات میں توسیع کے لئے رنگوبڑے کے ذریعے متعارف کروائی گئی خصوصی ری فنانسنگ اسکیموں کے تحت موجودہ ادارے صارفین سے بھی رابطہ کیا۔ 30 ستمبر 2020 تک، بینک نے 287 کارپوریٹ، ایس ایم ایم اور زرعی صارفین کی پرنسپل ادائیگیوں کو منظور کر لیا، جبکہ صارف کی طرف سے بینک نے 613 صارفین کی ادائیگیوں کو درخواستوں کو منظور کر لیا۔

ڈائریکٹرز کی رپورٹ

محترم حاملین حصص،
بورڈ کی جانب سے، ہم 30 ستمبر 2020 کو ختم ہونے والے نو ماہ کے بینک اسلامی پاکستان لیمنڈ ('بینک اسلامی' یا 'بینک') کے مالیاتی نتائج پیش کرنے پر خوشی محسوس کر رہے ہیں۔

مالیاتی کارکردگی

30 ستمبر 2020 کو ختم ہونے والے نو مہینوں کے اہم مالیاتی نکات درج ذیل ہیں۔

تفصیلات (مالیاتی پوزیشن)	ستمبر 2020	دسمبر 2019	نمو
----- روپے بلین میں -----			
مجموعی ڈیپازٹس	254,454	228,827	11%
مجموعی اثاثے	307,125	283,096	8%
مجموعی فنانسنگ اور متعلقہ اثاثے - صافی	134,791	131,775	2%
سر مایہ کاری - صافی	60,173	55,194	9%
ٹریڈری اور بینک پلٹسمینٹ	58,291	44,789	30%
کل اثاثے	20,084	19,696	2%
برائے ٹرانزیکٹ کاپیٹ ورک (تعداد)	340	334	2%

تفصیلات (منافع اور نقصان)	ستمبر 2020	ستمبر 2019	نمو
----- روپے بلین میں -----			
Net Spread آمدن	9,945	7,417	34%
فیس اور کمیشن کی آمدنی	657	467	41%
آپریٹنگ اخراجات	6,257	5,387	16%
آپریٹنگ منافع	4,794	2,784	72%
Provisions اور Write Offs - صافی	1,891	1,255	51%
منافع بعد از ٹیکس	1,762	973	81%
بنیادی آمدنی فی حصص (روپے)*	1.589	0.960	66%

* سال 2019 میں Right Shares کے اجرا کی وجہ سے تقابلی اعداد و شمار کا اعادہ کیا گیا ہے۔

میکرو اقتصادی ماحولیات میں COVID-19 کے بعد کی صورتحال اور اس سے متعلق غیر متوقع حالات کے دوران، بینک اسلامی نے 30 ستمبر 2020 کو ختم ہونے والے نو ماہ کے عرصے میں حوصلہ افزاء مالیاتی نتائج شائع کیے جہاں پر دسمبر 2019 کے مقابلے میں ڈیپازٹس میں 11 فیصد اضافہ ہوا اور کل اثاثوں میں 8 فیصد اضافہ ہوا۔ بینک کے ڈیپازٹس میں اضافہ کی وجہ سے نیٹے پر Core CASA ڈیپازٹس میں اضافہ تھا جو دسمبر 2019 کے مقابلے میں 20 فیصد بڑھا تھا۔ موجودہ چیلنجنگ معاشی منظر نامے کے ساتھ ساتھ SBP کے سازگار مالیاتی پالیسی موقف سے نمٹنے کے لئے اور مستحکم خالص آمدنی کا سلسلہ پیدا کرنے کے لیے بینک اپنی موجودہ حکمت عملی جاری رکھے گا۔ ڈیپازٹس میں اضافے کے نتیجے میں، بینک کے بڑے آمدن کے حامل اثاثہ جات میں بھی اضافہ ہوا ہے جو بڑے پیمانے پر Liquid FCY ڈیپازٹس اور اعلیٰ معیار کے جی او پی اسکوکس میں مختص ہیں۔ چونکہ معاشی اعداد و شمار میں بہتری آ رہی ہے، بینک آہستہ آہستہ اپنی کارپوریٹ، ایس ایم ای، زرعی اور صارفین کی فنانسنگ میں بھی بہتری لارہا ہے۔

Condensed Interim
Unconsolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter and Nine Months Ended
September 30, 2020

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

AS AT SEPTEMBER 30, 2020

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
	Note		
		----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	19,724,062	14,640,163
Balances with other banks	7	27,469,815	1,877,508
Due from financial institutions	8	30,820,944	42,911,620
Investments	9	60,173,465	55,194,471
Islamic financing, related assets and advances	10	134,791,484	131,774,504
Fixed assets	11	12,020,613	12,717,391
Intangible assets	12	3,107,105	3,101,794
Deferred tax assets	13	5,676,217	5,621,695
Other assets	14	12,740,181	14,655,739
Non-current assets held for sale	15	601,609	601,609
Total Assets		307,125,495	283,096,494
LIABILITIES			
Bills payable	16	4,382,674	3,645,324
Due to financial institutions	17	14,289,724	15,103,607
Deposits and other accounts	18	254,454,192	228,826,675
Subordinated sukuk	19	2,000,000	1,700,000
Deferred tax liabilities		-	-
Other liabilities	20	11,914,622	14,124,556
		287,041,212	263,400,162
NET ASSETS		20,084,283	19,696,332
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		1,186,267	1,186,267
Surplus on revaluation of assets - net of tax	21	3,247,892	4,626,364
Unappropriated profit		4,642,133	2,875,710
		20,084,283	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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	Quarter Ended		Nine Months Ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- Rupees in '000 -----					
Profit / return earned	23	5,754,452	6,228,367	20,523,594	16,093,787
Profit / return expensed	24	2,598,158	3,675,053	10,578,704	8,676,814
Net Profit / return		3,156,294	2,553,314	9,944,890	7,416,973
OTHER INCOME					
Fee and commission income	25	216,699	138,213	656,732	467,003
Dividend income		-	-	7,050	8,597
Foreign exchange income		90,166	33,384	303,940	139,592
Gain on securities	26	8,669	10,672	241,555	28,253
Other income	27	46,540	117,548	85,933	179,416
Total other income		362,074	299,817	1,295,210	822,861
Total Income		3,518,368	2,853,131	11,240,100	8,239,834
OTHER EXPENSES					
Operating expenses	28	2,115,381	1,843,302	6,257,329	5,387,366
Workers' Welfare Fund		20,419	14,213	58,061	31,746
Other charges	29	622	136	130,354	36,316
Total other expenses		2,136,422	1,857,651	6,445,744	5,455,428
Profit before provisions		1,381,946	995,480	4,794,356	2,784,406
Provisions and write offs - net	30	353,340	361,053	1,891,286	1,255,315
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		1,028,606	634,427	2,903,070	1,529,091
Taxation	31	340,035	242,603	1,140,891	556,496
PROFIT AFTER TAXATION		688,571	391,824	1,762,179	972,595
----- Rupees -----					
		(Restated)			(Restated)
Basic earnings per share	32	0.6211	0.3867	1.5894	0.9599
Diluted earnings per share	32	0.6211	0.3867	1.5894	0.9599

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

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DIRECTOR

-Sd-
DIRECTOR

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Quarter Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- Rupees in '000 -----			
Profit after taxation for the period	688,571	391,824	1,762,179	972,595
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	375,319	(35,459)	(1,374,228)	(36,041)
Total comprehensive income	<u>1,063,890</u>	<u>356,365</u>	<u>387,951</u>	<u>936,554</u>

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

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BankIslami Pakistan Limited

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2019	-	-	-	-	-	-	972,595	972,595
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	(36,041)	-	-	(36,041)
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	(36,041)	-	972,595	936,554
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(11,038)	11,038	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(319)	319	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(16,619)	16,619	-
Transfer from surplus on revaluation of non banking assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(196,315)	196,315	-
Balance as at September 30, 2019	10,079,121	(79,042)	718,799	250,000	(26,053)	1,616,368	2,892,176	15,451,369
Issuance of Right Shares	1,007,912	-	-	-	-	-	-	1,007,912
Profit after taxation for the period from October 01, 2019 to December 31, 2019	-	-	-	-	-	-	114,743	114,743
Other comprehensive income for the period from October 01, 2019 to December 31, 2019	-	-	-	-	3,014,787	56,341	51,180	3,122,308
Total comprehensive income for the period from October 01, 2019 to December 31, 2019	-	-	-	-	3,014,787	56,341	165,923	3,237,051
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(3,243)	3,243	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(657)	657	-
Transfer to statutory reserve	-	-	217,468	-	-	-	(217,468)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non banking assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(31,179)	31,179	-
Balance as at December 31, 2019	11,087,033	(79,042)	936,267	250,000	2,988,734	1,637,630	2,873,710	19,696,332
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	1,762,179	1,762,179
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	(1,374,228)	-	-	(1,374,228)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	(1,374,228)	-	1,762,179	387,951
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	-	-	-	-	-	(1,045)	1,045	-
Balance as at September 30, 2020	11,087,033	(79,042)	936,267	250,000	1,614,506	1,633,386	4,642,133	20,084,283

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

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Condensed Interim Unconsolidated Cash Flow Statement

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	September 30, 2020	September 30, 2019
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,903,070	1,529,091
Less: Dividend Income		(7,050)	(8,597)
		<u>2,896,020</u>	<u>1,520,494</u>
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		535,645	491,657
Depreciation on non banking assets		3,382	3,016
Depreciation on right-of-use assets		607,620	556,918
Amortization		49,734	54,022
Depreciation on operating Ijarah assets		852,470	660,955
Finance cost on Ijarah (lease) liabilities	24	327,410	351,042
Provisions and write offs - net	30	1,891,286	1,255,315
Charge for defined benefit plan		87,095	67,503
Gain on sale of property and equipment	27	(4,278)	(10,315)
Gain on sale of non-banking assets	27	-	(105,204)
		<u>4,350,364</u>	<u>3,324,909</u>
		<u>7,246,384</u>	<u>4,845,403</u>
Decrease / (increase) in operating assets			
Due from financial institutions		12,090,676	(18,723,145)
Held-for-trading securities		-	144,537
Islamic financing and related assets and advances		(5,357,912)	(7,118,444)
Others assets		781,103	(3,660,312)
		<u>7,513,867</u>	<u>(29,357,364)</u>
Increase in operating liabilities			
Bills payable		737,350	(73,780)
Due to financial institutions		(813,883)	11,353,736
Deposits and other accounts		25,627,517	28,517,807
Other liabilities (excluding current taxation)		(2,177,867)	2,476,531
		<u>23,373,117</u>	<u>42,274,294</u>
		<u>38,133,368</u>	<u>17,762,333</u>
Income tax paid		(357,320)	(227,571)
Net cash generated from operating activities		<u>37,776,048</u>	<u>17,534,762</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(6,364,941)	(17,470,022)
Dividend received		7,050	8,597
Payment of Ijarah (lease) liability against right-of-use assets		(714,183)	(619,410)
Investments in fixed assets		(295,697)	(2,991,373)
Investments in intangible assets		(55,045)	(37,293)
Proceeds from disposal of fixed assets		22,974	61,852
Net cash used in investing activities		<u>(7,399,842)</u>	<u>(21,047,649)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
IPO proceeds of subordinated sukuk		300,000	-
Net cash generated from financing activities		<u>300,000</u>	<u>-</u>
Increase in cash and cash equivalents		<u>30,676,206</u>	<u>(3,512,887)</u>
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		<u><u>47,193,877</u></u>	<u><u>11,612,486</u></u>

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

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BankIslami Pakistan Limited

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2020 (2019: 334 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 of financial statements of the Bank for the year ended December 31, 2019, The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating at 'A+' and the short-term rating at 'A1' with a stable outlook.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 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 financing 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 financing 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 financing, debt and capital advisory services etc. Major risks and mitigating factors 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 September 30, 2020 for subjective downgrading.

The Bank has also conducted various stress tests on the financing 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 on extremely rare intances, profit) and / or restructuring / rescheduling. These applications were 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 165.7021 as at September 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. In addition to the measures by SBP, the Senior management of the Bank is continuously monitoring the impacts of various decisions on 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.

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

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- Local currency	5,003,882	4,578,845
- Foreign currency	1,244,344	449,739
	<u>6,248,226</u>	<u>5,028,584</u>

With the State Bank of Pakistan in:

- Local currency current account	10,470,676	6,032,362
- Foreign currency deposit accounts:		
- Cash Reserve Account	432,814	369,621
- Special Cash Reserve Account	522,956	446,116
- US Dollar Clearing Account	39,934	14,450
	<u>995,704</u>	<u>830,187</u>

With National Bank of Pakistan in:

- Local currency current account	2,009,456	2,744,790
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National Prize Bonds

-	4,240
<u>19,724,062</u>	<u>14,640,163</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	2,861	2,861
- In deposit accounts	147	360
	<u>3,008</u>	<u>3,221</u>

Outside Pakistan:

- In current accounts	3,144,907	1,874,287
- In deposit accounts	24,321,900	-
	<u>27,469,815</u>	<u>1,877,508</u>

8 DUE FROM FINANCIAL INSTITUTIONS

Note	(Un-audited)			(Audited)		
	September 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	-	1,971,592	1,971,592	-	1,316,205	1,316,205
Musharaka Placements 8.3	2,500,000	-	2,500,000	-	-	-
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	5,356,281	-	5,356,281	8,658,653	-	8,658,653
Other placements	28,350	-	28,350	30,780	-	30,780
	28,877,702	1,971,592	30,849,294	41,626,195	1,316,205	42,942,400
Provision against placements 8.4	(28,350)	-	(28,350)	(30,780)	-	(30,780)
	28,849,352	1,971,592	30,820,944	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 6.35% to 10.95% (2019: 12.95% to 17.07%) per annum. The balances have maturities ranging between 08 days to 118 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. 22,065 million (2019: Rs. 22,739 million)

8.3 The profit rate on this agreements is 7% (2019: Nil) per annum and the agreements has maturity in 1 day (2019: Nil).

8.4 Category of classification

Loss	(Un-audited)		(Audited)	
	September 30, 2020		December 31, 2019	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
	28,350	28,350	30,780	30,780

8.4.1 The Bank does not hold overseas classified placements.

Note	(Un-audited)	(Audited)
	September 30, 2020	December 31, 2019
	-----Rupees in '000-----	
Investments - Islamic 9.1 & 9.3	59,595,790	54,616,796
Investments - Conventional (relating to amalgamated entity) 9.2 & 9.4	577,675	577,675
	60,173,465	55,194,471

9 INVESTMENTS

Note	(Un-audited)				(Audited)			
	September 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	19,363,479	-	5,367	19,368,846	10,305,836	-	-	10,305,836
Non Government Shariah Compliant Securities	36,924,752	(35,880)	2,480,957	39,369,829	38,875,056	(35,880)	4,565,437	43,404,613
Mutual fund units	21	-	46	67	21	-	42	63
Shares / Modaraba certificates	332,863	(101,243)	(2,514)	229,106	332,863	(87,094)	32,573	278,342
	56,621,115	(137,123)	2,483,856	58,967,848	49,513,776	(122,974)	4,598,052	53,988,854
Associates	627,942	-	-	627,942	627,942	-	-	627,942
Total Islamic investments	57,249,057	(137,123)	2,483,856	59,595,790	50,141,718	(122,974)	4,598,052	54,616,796

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
	1,457,240	(879,565)	-	577,675	1,457,240	(879,565)	-	577,675

Held to maturity securities

Non Government Debt Securities	321,601	(321,601)	-	-	321,601	(321,601)	-	-
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Associates

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

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

	2,915,781	(2,338,106)	-	577,675	2,915,781	(2,338,106)	-	577,675
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9.3 Islamic Investments by segments

Federal Government Securities

GOP Ijarah Sukuks	9,057,643	-	5,367	9,063,010	-	-	-	-
Bai Muajjal	10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
	19,363,479	-	5,367	19,368,846	10,305,836	-	-	10,305,836

Non Government Shariah

Compliant Securities

Pakistan Energy Sukuk-I	27,461,143	-	2,475,315	29,936,458	30,535,000	-	4,564,983	35,099,983
Pakistan Energy Sukuk-II	2,000,000	-	6,134	2,006,134	-	-	-	-
Sukuk certificates - unlisted	7,463,609	(35,880)	(492)	7,427,237	8,340,056	(35,880)	454	8,304,630
	36,924,752	(35,880)	2,480,957	39,369,829	38,875,056	(35,880)	4,565,437	43,404,613

Mutual fund units

Units of open-end mutual funds	21	-	46	67	21	-	42	63
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Shares

Ordinary shares of listed companies	332,863	(101,243)	(2,514)	229,106	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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	57,249,057	(137,123)	2,483,856	59,595,790	50,141,718	(122,974)	4,598,052	54,616,796
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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*

	(Un-audited)				(Audited)			
	September 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	(Un-audited) September 30, 2020	(Audited) 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		14,149	39,677
	Reversals for the period / year		-	(2,376)
	Provision for diminution in value of investments - net	30	14,149	37,301
	Transfer to Non-current assets held for sale	15	-	(1,984,343)
	Closing Balance	9.6.1.1	2,475,229	2,461,080

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

Investments - Islamic	137,123	122,974
Investments - Conventional	2,338,106	2,338,106
	2,475,229	2,461,080

9.6.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	September 30, 2020		December 31, 2019	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	901,942	625,691	901,942	625,691
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

Islamic financing and related assets - net
Advances (relating to amalgamated entity) - net

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

10.1 134,516,987 131,471,570
10.2 274,497 302,934
134,791,484 131,774,504

Note	Performing		Non Performing		Total	
	(Un-audited) September 30, 2020	(Audited) December 31, 2019	(Un-audited) September 30, 2020	(Audited) December 31, 2019	(Un-audited) September 30, 2020	(Audited) December 31, 2019

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

10.1 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan							
- Running Musharakah	10.11	43,774,186	35,522,924	1,723,510	-	45,497,696	35,522,924
- Diminishing Musharakah financing and related assets - Others	10.3	28,273,743	26,611,862	1,494,101	1,241,965	29,767,844	27,853,827
- Muswammah financing and related assets / Karobar financing	10.4	8,978,898	11,176,623	3,026,150	2,806,150	12,005,048	13,982,773
- Istisna financing and related assets	10.5 & 10.10	11,992,847	13,625,060	846,216	858,108	12,839,063	14,483,168
- Diminishing Musharakah - Housing		10,324,727	11,903,851	1,716,726	1,323,994	12,041,453	13,227,845
- Murabahah financing and related assets	10.6 & 10.9	3,460,888	6,634,565	428,954	664,272	3,889,842	7,298,837
- Diminishing Musharakah financing and related assets - Auto		12,169,676	10,670,368	273,441	87,725	12,443,117	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	1,942,014	3,094,951	189,524	187,321	2,131,538	3,282,272
- Financing to employees		3,278,454	2,750,540	148,125	138,085	3,426,579	2,888,625
- Qardh e Hasana		1,898	2,081	545,168	552,330	547,066	554,411
- Murabahah against Bills		179,712	166,338	892	892	180,604	167,230
- Salam	10.8	85,000	100,000	-	337	85,000	100,337
- Past Due Acceptance		35,330	239,534	-	-	35,330	239,534
- Housing finance portfolio - others		33,897	33,786	-	-	33,897	33,786
- Net investment in Ijarah financing in Pakistan		128,783	35,242	-	-	128,783	35,242
- Musharakah financing		280,000	280,000	-	-	280,000	280,000
- Financing against Bills		97,829	59,173	-	-	97,829	59,173
Gross financing and related assets		131,287,882	129,156,898	10,392,807	7,861,179	141,680,689	137,018,077

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

- Specific	10.13 & 10.14	-	-	(6,531,967)	(5,208,752)	(6,531,967)	(5,208,752)
- General	10.13 & 10.14	(631,735)	(337,755)	-	-	(631,735)	(337,755)
		(631,735)	(337,755)	(6,531,967)	(5,208,752)	(7,163,702)	(5,546,507)

Islamic financing and related assets-net of provisions

130,656,147 128,819,143 3,860,840 2,652,427 134,516,987 131,471,570

10.2 ADVANCES

Loans, cash credits, running finances, etc. - In Pakistan*		114,722	175,815	6,141,958	6,229,714	6,256,680	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		-	-	706,325	714,646	706,325	714,646
Advances - gross		<u>114,722</u>	<u>175,815</u>	<u>7,430,468</u>	<u>7,526,545</u>	<u>7,545,190</u>	<u>7,702,360</u>
Provision against advances							
- Specific	10.13 & 10.14	-	-	(7,388,136)	(7,518,228)	(7,388,136)	(7,518,228)
- General	10.13 & 10.14	(55)	(57)	-	-	(55)	(57)
		(55)	(57)	(7,388,136)	(7,518,228)	(7,388,191)	(7,518,285)
Advances - net of provision		<u>114,667</u>	<u>175,758</u>	<u>42,332</u>	<u>8,317</u>	<u>156,999</u>	<u>184,075</u>
Fair value adjustment	10.15	-	-	117,498	118,859	117,498	118,859
Advances - net of provision and fair value adjustment		<u>114,667</u>	<u>175,758</u>	<u>159,830</u>	<u>127,176</u>	<u>274,497</u>	<u>302,934</u>

* This includes non-interest bearing performing financing facilities amounting to Rs. 114.494 million (2019: Rs. 121.991 million).

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees in '000-----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	29,712,657	27,821,116
Advance against Diminishing Musharakah financing	55,187	32,711
	<u>29,767,844</u>	<u>27,853,827</u>
10.4 Muswammah financing and related assets / Karobar financing		
Muswammah financing	9,129,330	10,543,334
Advance against Muswammah financing	213,500	1,619
Muswammah inventories	2,662,218	3,437,820
	<u>12,005,048</u>	<u>13,982,773</u>
10.5 Istisna financing and related assets		
Istisna financing	8,408,767	8,771,480
Advance against Istisna financing	4,430,296	5,711,688
	<u>12,839,063</u>	<u>14,483,168</u>
10.6 Murabahah financing and related assets		
Murabahah financing	2,351,694	5,364,666
Deferred murabahah income	86,174	185,009
Advances against Murabaha financing	411,316	252,766
Murabaha Inventories	1,040,658	1,496,396
	<u>3,889,842</u>	<u>7,298,837</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	2,130,856	3,281,590
Advance against Ijarah financing	682	682
	<u>2,131,538</u>	<u>3,282,272</u>
10.8 Salam		
Salam financing	75,002	55,337
Advance against Salam	9,998	45,000
	<u>85,000</u>	<u>100,337</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. Nil (2019: Rs. 994 million) and advance amounting to Rs. 80 million (2019: Rs. 741 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 977.192 million (2019: Rs. 1,209.817 million) and advance amounting to Rs. 855 million (2019: Rs. 147 million) under Islamic Export Refinance Scheme.		
10.11 Running musharakah financing includes financing amounting to Rs. 1,692 million (2019: 993.187 million) under Islamic Export Refinance Scheme.		
	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees in '000-----	
10.12 Particulars of Islamic financing and related assets and advances - gross		
In local currency	148,843,883	142,150,863
In foreign currency	381,996	2,569,574
	<u>149,225,879</u>	<u>144,720,437</u>

- 10.13 Islamic financing and related assets and advances include Rs. 17,823.275 million (2019: Rs. 15,387.724 million) which have been placed under non-performing status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	September 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	211,669	-	525,244	-
Substandard	1,103,617	67,730	695,454	76,698
Doubtful	3,240,010	1,146,972	1,904,229	821,090
Loss	13,267,979	12,705,401	12,262,797	11,829,192
Total	17,823,275	13,920,103	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:

	(Un-audited)			(Audited)		
	September 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	1,424,970	300,000	1,724,970	2,798,104	107,170	2,905,274
Reversals for the period / year	(231,847)	(6,022)	(237,869)	(884,736)	-	(884,736)
	1,193,123	293,978	1,487,101	1,913,368	107,170	2,020,538
Amount written off	-	-	-	(119,339)	-	(119,339)
Closing balance	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792

Islamic	6,531,967	631,735	7,163,702	5,208,752	337,755	5,546,507
Conventional	7,388,136	55	7,388,191	7,518,228	57	7,518,285
	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792

- 10.14.1

	(Un-audited)	(Audited)
	September 30, 2020	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	237,869	884,736
Charge for the period / year	(1,724,970)	(2,905,274)
	(1,487,101)	(2,020,538)
Fair value adjusted - net	(1,361)	(37,601)
Net charge taken to the profit and loss account	(1,488,462)	(2,058,139)

10.14.3 Quarterly Charge for the current period

Quarter - 1 (Jan to Mar)
Quarter - 2 (Apr to Jun)
Quarter - 3 (Jul to Sep)

(Un-audited)		
September 30, 2020		
Specific	General	Total
-----Rupees in '000-----		
540,750	330,000	870,750
773,218	(330,000)	443,218
111,002	300,000	411,002
1,424,970	300,000	1,724,970

10.14.4 Quarterly Reversals for the current period

Quarter - 1 (Jan to Mar)
Quarter - 2 (Apr to Jun)
Quarter - 3 (Jul to Sep)

(103,713)	(13,599)	(117,312)
(50,230)	(6,626)	(56,856)
(77,904)	14,203	(63,701)
(231,847)	(6,022)	(237,869)

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

	(Un-audited)			(Audited)		
	September 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
-----Rupees in '000-----						
In local currency	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792
In foreign currency	-	-	-	-	-	-
	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792

- 10.14.6** The Bank maintains general reserve (provision) amounting to Rs. 331.790 million (2019: 337.812 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. In addition the Bank carries general provision of Rs. 300 million (December 31, 2019: Nil) as a matter of prudence based on management estimate.
- 10.14.7** 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 September 30, 2020 amounts to Rs. 730.370 million (2019: Rs. 345.792 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 445.526 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

Capital work-in-progress
Property and equipment
Right of use assets

Note	(Un-audited)	(Audited)
	September 30, 2020	December 31, 2019
-----Rupees in '000-----		
11.1	293,594	362,346
11.2 & 11.3	8,620,121	8,810,013
11.2	3,106,898	3,545,032
	12,020,613	12,717,391

11.1 Capital work-in-progress

Advances to suppliers and contractors
Advance for acquiring properties:
- Office premises

Provision for impairment against advance for acquiring floor / office premises

252,994	321,746
762,503	762,503
1,015,497	1,084,249
(721,903)	(721,903)
293,594	362,346

(Un-audited) (Un-audited)
September 30, September
2020 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	148,978	157,840
Property and equipment		
Freehold / Leasehold land	-	1,895,503
Leasehold Building	164,716	582,139
Furniture and fixture	27,114	139,099
Electrical office and computer equipment	198,290	288,661
Vehicles	4,014	10,705
	394,135	2,916,107
Right of use assets		
Leasehold Building	77,774	4,335,931
Total	620,886	7,409,878

11.3 Disposal of fixed assets

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

Leasehold Building	17,958	51,529
Furniture and fixture	35	-
Electrical office and computer equipment	703	8
Vehicles	-	1
Total	18,696	51,538

12 INTANGIBLE ASSETS

Computer software	12.1	134,905	127,885
Core deposits		27,903	29,612
Goodwill		2,944,297	2,944,297
		3,107,105	3,101,794

(Un-audited) (Un-audited)
September 30, September
2020 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	55,044	42,448
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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:

Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
13.1	2,738,329	3,299,042
	36,508	269,938
	326,246	326,246
	3,612,993	3,785,670
	-	21,253
	326,181	218,663
	78,842	16,377
	260,753	240,830
	7,379,852	8,178,019

Taxable Temporary Differences on:

	(201,013)	(229,846)
21	(621,662)	(623,385)
21	(11,610)	(12,172)
21	(869,350)	(1,609,318)
	-	(81,603)
	(1,703,635)	(2,556,324)
	5,676,217	5,621,695

- 13.1 The Bank has aggregate tax losses of Rs. 7,823.798 million as at September 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. 2,738.329 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.

14 OTHER ASSETS

Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees in '000-----	
	7,815,224	7,483,717
	16,039	12,132
	695,163	468,406
	2,074,083	2,075,858
	-	46,064
	37,102	23,996
	50,000	50,000
	2,161,311	4,347,956
	153,529	-
	738,477	738,477
	410,070	461,129
	14,150,998	15,707,735
14.1	(1,610,396)	(1,253,182)
	12,540,602	14,454,553
21	199,579	201,186
	12,740,181	14,655,739
	1,568,983	1,572,365

	(Un-audited) September 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	738,477	369,239
Others	140,548	152,572
14.1.1	1,610,396	1,253,182

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	(12,024)	(1,275)
Adjustment for the period / year	-	(124,190)
Closing balance	1,610,396	1,253,182

15 NON-CURRENT ASSETS HELD FOR SALE

	(Un-audited) September 30, 2020			(Audited) 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
	2,585,952	(1,984,343)	601,609	2,585,952	(1,984,343)	601,609

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 date of Statement of Financial Position. However, the Bank expects a sale to occur during the year. Accordingly, these investments have been classified as held for sale.

16 BILLS PAYABLE

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-----Rupees in '000-----	
In Pakistan	4,382,674	3,645,324
Outside Pakistan	-	-
	4,382,674	3,645,324

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 / Salaries and wages

Total secured

2,537,000	3,816,813
3,302,862	3,086,794
1,949,862	1,000,000
7,789,724	7,903,607

Unsecured

Wakalah Acceptance
Musharakah Acceptance

Total unsecured

4,300,000	4,000,000
2,200,000	3,200,000
6,500,000	7,200,000
14,289,724	15,103,607

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	September 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	78,347,042	3,077,295	81,424,337	64,907,052	2,728,254	67,635,306
Savings deposits	67,127,609	3,641,628	70,769,237	55,379,811	3,120,219	58,500,030
Term deposits	82,207,591	1,690,278	83,897,869	87,652,008	1,303,894	88,955,902
Others	1,983,134	41,593	2,024,727	2,673,856	19,555	2,693,411
	229,665,376	8,450,794	238,116,170	210,612,727	7,171,922	217,784,649
Financial Institutions						
Current deposits	220,981	13,603	234,584	197,108	7,673	204,781
Savings deposits	7,605,438	-	7,605,438	7,607,705	-	7,607,705
Term deposits	8,498,000	-	8,498,000	3,229,540	-	3,229,540
	16,324,419	13,603	16,338,022	11,034,353	7,673	11,042,026
	245,989,795	8,464,397	254,454,192	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 I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

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

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
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	(Un-audited)	(Audited)
	September 30, 2020	December 31, 2019
	-----Rupees in '000-----	
Profit / return payable in local currency	2,229,040	2,015,445
Profit / return payable in foreign currencies	15,905	16,216
Accrued expenses	768,586	661,911
Deferred Murabahah Income - Financing and IERS	99,348	138,841
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	25,381	2,656
Defined Benefit Plan liabilities	197,721	110,626
Security deposits against Ijarah	1,219,288	1,453,017
Ijarah (lease) Liability	3,564,650	3,781,937
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	2,161,311	4,347,956
Receipt appropriation account	184,031	195,818
Current taxation (provisions less payments)	381,337	283,212
Provision against other tax liabilities	82,870	55,334
Sundry creditors	118,228	175,312
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	-	33,978
Charity payable	28,976	21,605
Retention money payable	8,941	17,499
Provision for Workers' Welfare Fund	125,904	67,843
Branch adjustment account	113,642	-
Rental received in advance	403,243	563,555
Others	95,568	91,143
	<u>11,914,622</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	2,483,856	4,598,052
Fixed Assets		2,067,079	2,072,001
Non-banking assets acquired in satisfaction of claims	14	199,579	201,186
		4,750,514	6,871,239

Deferred tax liability on surplus on revaluation of:

	13		
Available for sale securities		(869,350)	(1,609,318)
Fixed Assets		(621,662)	(623,385)
Non-banking assets acquired in satisfaction of claims		(11,610)	(12,172)
		<u>(1,502,622)</u>	<u>(2,244,875)</u>
		<u>3,247,892</u>	<u>4,626,364</u>

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	9,637,252	10,629,042
- Commitments	22.2	(5,907,967)	13,618,551
- Other contingent liabilities	22.3	2,404,485	2,404,485
		<u>6,133,770</u>	<u>26,652,078</u>

22.1 Guarantees:

Financial guarantees	80,182	80,182
Performance guarantees	5,175,262	8,290,906
Other guarantees	4,381,808	2,257,954
	<u>9,637,252</u>	<u>10,629,042</u>

22.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit	11,105,842	10,938,636
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Commitments in respect of:

- Shariah compliant alternative of forward foreign exchange contracts	22.2.1	(24,233,911)	(1,162,379)
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Commitments for acquisition of:

Commitments for acquisition of:			
- fixed assets		255,625	219,931
- intangible assets		30,147	38,037
Other commitments	22.2.2	6,934,330	3,584,326
		(5,907,967)	13,618,551

	(Un-audited) September 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	9,833,611	12,252,861
Sale	(34,067,522)	(13,415,240)
	(24,233,911)	(1,162,379)
22.2.2 Other commitments		
Bills for collection	6,934,330	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 There is no change in the status of contingencies related to pending legal cases, as set out in note 22.3.1.1 to 22.3.1.4 to the financial statements of the Bank for the half year ended June 30, 2020.		
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) -----	
	September 30, 2020	September 30, 2019
	----- Rupees in '000 -----	
23 PROFIT / RETURN EARNED		
Profit earned on:		
Financing	11,506,849	9,548,606
Investments	3,797,923	3,494,636
Placements	5,132,021	2,973,926
Others	86,801	76,619
	20,523,594	16,093,787

24 PROFIT / RETURN EXPENSED		
Deposits and other accounts	9,417,450	7,766,702
Due to financial institutions	620,815	496,247
Cost of foreign currency swaps against foreign currency deposits	23,577	62,823
Finance cost on Ijarah (lease) liabilities	327,410	351,042
Additional Tier-1 sukuk	189,452	-
	10,578,704	8,676,814

25 FEE AND COMMISSION INCOME		
Branch banking customer fees	42,067	32,309
Commission on bancatakaful	80,617	63,819
Card related fees	173,933	120,148
Commission on arrangement with financial institutions	45,176	25,003
Consumer finance related fees	22,687	19,116
Commission on guarantees	33,468	42,075
Investment banking fees	125,006	42,197
Commission on cash management	2,728	2,712
Commission on remittances including home remittances	23,993	32,602
Commission on trade	97,627	82,236
Others	9,430	4,786
	656,732	467,003

----- (Un-audited) -----
Note **September 30,** **September 30,**
 2020 **2019**
 -----Rupees in '000-----

26 GAIN ON SECURITIES

Realized gain	26.1	241,555	28,253
26.1 Realized gain on:			
Federal Government Securities		-	2,487
Non-Government Shariah compliant Securities		241,555	20,039
Shares / Mutual Funds Units		-	5,727
		<u>241,555</u>	<u>28,253</u>

27 OTHER INCOME

Rent on property	7,763	6,419
Gain on termination of financing	65,298	48,308
Gain on sale of property and equipment	4,278	10,315
Gain on sale of non-banking assets	-	105,204
Recoveries against previously expensed items	3,329	8,383
Others	5,265	787
	<u>85,933</u>	<u>179,416</u>

28 OPERATING EXPENSES

Total compensation expense	2,604,758	2,197,635
Property expense		
Rent & taxes	52,367	80,216
Takaful / Insurance	2,931	1,389
Utilities cost	248,343	279,127
Security (including guards)	273,444	245,978
Repair & maintenance (including janitorial charges)	127,231	104,269
Depreciation	255,095	214,716
Depreciation on right-of-use assets	607,620	556,918
Others	30	1,034
	<u>1,567,061</u>	<u>1,483,647</u>
Information technology expenses		
Software maintenance	177,686	105,455
Hardware maintenance	94,051	107,055
Depreciation	145,487	140,186
Amortization	48,025	52,314
Network charges	113,493	108,157
	<u>578,742</u>	<u>513,167</u>
Other operating expenses		
Directors' fees and allowances	7,070	5,175
Fees and allowances to Shariah Board	11,701	9,643
Legal & professional charges	82,979	113,272
Travelling & conveyance	22,818	31,877
NIFT clearing charges	21,464	15,276
Depreciation	135,063	136,755
Depreciation on non banking assets	3,382	3,016
Entertainment expense	43,663	53,993
Training & development	6,298	6,804
Postage & courier charges	49,588	24,260
Communication	50,913	37,776
Stationery & printing	140,988	92,083
Marketing, advertisement & publicity	111,219	101,128
Repairs and maintenance	75,617	62,836
Takaful, tracker and other charges on car Ijarah	135,241	52,304
Insurance	262,694	197,391
Fee and subscription	135,782	56,540
Vehicle running and maintenance	95,361	94,765
Donation	5,541	-
Auditors' remuneration	12,696	8,608
Amortization	1,709	1,708
CDC and share registrar services	7,510	5,430
Brokerage and commission	19,404	10,314
Stamp duty, registration & verification charges	12,204	37,243
Others	55,863	34,720
	<u>1,506,768</u>	<u>1,192,917</u>
	<u>6,257,329</u>	<u>5,387,366</u>

29 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan

Note	----- (Un-audited) -----	
	September 30, 2020	September 30, 2019

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

	130,354	36,316
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30 PROVISIONS AND WRITE OFFS - NET

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

Provision against Islamic financing and related assets and advances - net

Other provisions / write offs - net

10.14.2

	11,719	56,947
	1,488,462	818,732
	391,105	379,636
	1,891,286	1,255,315

- 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. 14.149 million in the financial statements of the current period, and has deferred the recognition of impairment amounting to Rs. 4.715 million to the subsequent period as allowed by the SBP.

31 TAXATION

Current year

Deferred

	455,445	257,074
	685,446	299,422
	1,140,891	556,496

- 31.1 The income tax assessment of the bank have been finalized upto and 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	----- (Un-audited) -----	
	September 30, 2020	September 30, 2019

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

Profit after taxation for the period

	1,762,179	972,595
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----- Number of shares -----

Weighted average number of ordinary shares in issue

	1,108,703,299	1,013,207,752
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----- Rupees -----

Earnings per share - basic / diluted

32.1	1.5894	0.9599
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- 32.1 There were no convertible / dilutive potential ordinary shares outstanding as at September 30, 2020 and September 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)			
September 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	229,106	-	-	229,106
GOP Ijara Sukuk	-	9,063,010	-	9,063,010
Non-Government Shariah compliant Securities	31,942,592	7,427,237	-	39,369,829
Units of open ended mutual funds	67	-	-	67
Non-current assets held for sale	-	-	601,609	601,609

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,687,892	6,687,892
Non-banking assets	-	-	1,568,983	1,568,983

Off-balance sheet financial instruments - measured at fair value

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

(Audited)			
December 31, 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
GOP Sukuks	The fair value of GOP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
WAPDA Sukuks	Investment in WAPDA Sukuks are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

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

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

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

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

(Un-audited)					
September 30, 2020					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	6,937,513	(5,827,625)	8,937,866	(102,864)	9,944,890
Inter segment revenue - net	(5,353,610)	14,119,416	(8,765,806)	-	-
Total other income	597,721	411,596	265,259	20,635	1,295,210
Total Income	2,181,624	8,703,387	437,319	(82,229)	11,240,100
Segment direct expenses	47,057	3,839,731	175,201	2,383,755	6,445,744
Inter segment expense allocation	143,428	1,535,324	650,582	(2,329,334)	-
Total expenses	190,485	5,375,055	825,783	54,421	6,445,744
Provisions	11,719	147,293	1,350,788	381,485	1,891,286
Profit / (loss) before tax	1,979,419	3,181,038	(1,739,253)	(518,135)	2,903,070
----- Rupees in '000 -----					
September 30, 2020					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Balance Sheet					
Assets					
Cash & Bank balances	37,356,767	9,837,110	-	-	47,193,877
Investments	60,173,465	-	-	-	60,173,465
Net inter segment placements	-	209,721,460	-	4,529,975	214,251,435
Due from financial institutions	30,820,944	-	-	-	30,820,944
Islamic financing and related assets - performing	-	22,033,217	105,619,169	3,235,724	130,888,110
- non-performing	-	1,780,509	2,026,330	96,535	3,903,374
Others	3,248,127	4,019,833	5,654,522	21,223,244	34,145,725
Total Assets	131,599,303	247,392,129	113,300,021	29,085,477	521,376,930
Liabilities					
Due to financial institutions	9,802,862	994,633	3,492,229	-	14,289,724
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	14,961,519	239,492,673	-	-	254,454,192
Net inter segment acceptances	106,680,197	-	107,571,239	-	214,251,435
Others	154,726	6,904,821	2,236,553	7,001,196	16,297,296
Total liabilities	131,599,303	247,392,127	113,300,021	9,001,196	501,292,647
Equity	-	-	-	20,084,283	20,084,283
Total Equity & liabilities	131,599,303	247,392,127	113,300,021	29,085,479	521,376,930
Contingencies & Commitments	(24,233,911)	-	20,743,094	9,624,587	6,133,770

(un-audited)
September 30, 2019

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

Profit & Loss

Net profit / return	5,943,454	(5,565,590)	6,962,491	76,618	7,416,973
Inter segment revenue - net	(5,013,344)	12,910,524	(7,897,180)	-	-
Total other income	201,445	319,161	168,925	133,330	822,861
Total Income	1,131,555	7,664,095	(765,764)	209,948	8,239,834

Segment direct expenses	43,579	3,182,396	57,133	2,172,320	5,455,428
Inter segment expense allocation	93,227	1,580,883	244,890	(1,919,000)	-
Total expenses	136,806	4,763,279	302,023	253,320	5,455,428
Provisions	56,947	148,844	658,891	390,633	1,255,315
Profit / (loss) before tax	937,802	2,751,972	(1,726,678)	(434,005)	1,529,091

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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34.2 Segment wise Quarterly Profit & Loss for the current period

(Un-audited)

Quarter 1 (January to March)

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

Profit & Loss

Net profit / return	2,734,139	(2,686,621)	3,271,971	30,543	3,350,032
Inter segment revenue - net	(2,688,245)	5,872,733	(3,184,488)	-	-
Total other income	261,671	137,502	125,267	(12,396)	512,044
Total Income	307,565	3,323,614	212,750	18,147	3,862,076

Segment direct expenses

Inter segment expense allocation	9,210	1,330,077	48,411	714,738	2,102,437
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Total expenses	30,994	513,519	151,390	(695,903)	0
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Provisions	40,205	1,843,596	199,801	18,835	2,102,437
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Profit / (loss) before tax	4,684	24,744	730,088	367,412	1,126,928
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	262,676	1,455,274	(717,139)	(368,100)	632,711
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(Un-audited)

Quarter 2 (April to June)

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

Profit & Loss

Net profit / return	2,163,672	(1,652,585)	3,037,568	(110,091)	3,438,564
Inter segment revenue - net	(1,203,464)	4,312,619	(3,109,155)	-	-
Total other income	219,217	121,963	58,223	21,690	421,093
Total Income	1,179,425	2,781,997	(13,364)	(88,401)	3,859,657

Segment direct expenses

Inter segment expense allocation	23,708	1,110,251	67,389	1,036,408	2,237,755
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Total expenses	73,734	729,067	322,695	(1,125,496)	(0)
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Provisions	97,441	1,839,318	390,084	(89,088)	2,237,755
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Profit / (loss) before tax	(777)	50,573	334,187	(3,831)	380,152
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	1,082,761	892,106	(737,635)	4,518	1,241,750
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(Un-audited)

Quarter 3 (July to September)

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

Profit & Loss

Net profit / return	2,039,702	(1,488,419)	2,628,327	(23,316)	3,156,294
Inter segment revenue - net	(1,461,901)	3,934,064	(2,472,163)	-	(0)
Total other income	116,833	152,131	81,769	11,341	362,073
Total Income	694,634	2,597,776	237,933	(11,975)	3,518,367

Segment direct expenses

Inter segment expense allocation	14,139	1,399,403	59,401	632,609	2,105,552
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Total expenses	38,700	292,738	176,497	(507,935)	0
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Provisions	52,839	1,692,141	235,898	124,674	2,105,552
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Profit / (loss) before tax	7,812	71,976	286,513	17,904	384,206
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	633,982	833,658	(284,479)	(154,553)	1,028,609
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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:

	(Unaudited)					(Audited)				
	September 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 / Non-current assets held for sale										
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	-	-	(2,069,114)	(1,032,169)	-	-	-	(2,089,114)	(1,032,169)	-
Islamic financing and related assets										
Opening balance	22,538	194,707	154,779	525,179	1,193,862	25,280	284,740	256,850	392,853	461,667
Addition during the period / year	-	80,176	475,000	80,395	2,624,409	-	67,330	512,000	887,767	2,871,793
Repaid during the period / year	(2,463)	(24,085)	(426,500)	(121,100)	(2,638,908)	(2,742)	(51,589)	(614,071)	(755,441)	(2,299,598)
Transfer in / (out) - net	-	1,402	-	-	(509,282)	-	(105,794)	-	-	160,000
Closing balance	20,075	252,200	203,279	484,474	670,081	22,538	194,707	154,779	525,179	1,193,862
Other Assets										
Profit receivable on financings	176	16	304	15,824	17,826	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	269,777	82,086	1,062,262	3,696	46,092	263,847	80,269	1,232,106
Received during the period / year	43,705	397,520	18,405,788	1,345,012	6,772,221	224,391	271,707	15,564,101	3,265,405	8,151,896
Withdrawn during the period / year	(42,845)	(254,050)	(18,026,032)	(1,286,496)	(6,756,415)	(224,553)	(270,748)	(15,558,171)	(3,263,588)	(8,321,740)
Transfer in / (out) - net	(168)	-	(792)	-	(11)	-	(40,791)	-	-	-
Closing balance	4,226	149,730	648,741	140,602	1,078,057	3,534	6,260	269,777	82,086	1,062,262
Other Liabilities										
Profit / return payable	-	1	158	3,044	6,865	1	138	2,497	18	10,786
Fee payable	2,380	-	-	-	-	300	-	-	-	-
Contingencies and Commitments										
Other contingencies	-	-	-	150,183	296,605	-	-	-	49,406	50,957

	(Unaudited)					(Unaudited)				
	September 30, 2020					September 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	2,413	6,397	19,178	21,467	55,236	1,723	2,430	18,457	40,378	73,682
Other income	-	2,425	755	-	-	-	1,010	32	-	-
Expense										
Profit / return expensed	15	226	23,752	701	83,434	30	141	20,128	1,111	106,593
Other administrative expenses	86	1,636	355	-	5,005	3,336	4,094	571	92	-
Meeting Fee / Remuneration	7,070	139,871	-	-	-	5,175	117,795	-	-	-
Contribution to employees provident fund	-	-	-	-	88,774	-	-	-	-	68,439
Charge for defined benefit plan	-	-	-	-	87,095	-	-	-	-	67,503

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.

	September 30, 2020	December 31, 2019
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	15,459,531	13,488,185
Eligible Additional Tier 1 (ADT 1) Capital	2,000,000	1,700,000
Total Eligible Tier 1 Capital	17,459,531	15,188,185
Eligible Tier 2 Capital	5,694,364	4,264,299
Total Eligible Capital (Tier 1 + Tier 2)	23,153,895	19,452,484
Risk Weighted Assets (RWAs):		
Credit Risk	103,162,500	113,639,899
Market Risk	785,925	926,050
Operational Risk	15,588,775	15,588,775
Total	119,537,200	130,154,724
Common Equity Tier 1 Capital Adequacy ratio	12.93%	10.36%
Tier 1 Capital Adequacy Ratio	14.61%	11.67%
Total Capital Adequacy Ratio	19.37%	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.

	September 30, 2020	December 31, 2019
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	17,459,531	15,188,185
Total Exposures	335,647,963	312,180,465
Leverage Ratio	5.20%	4.87%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	57,390,396	52,694,993
Total Net Cash Outflow	32,805,697	33,979,271
Liquidity Coverage Ratio	191.74%	162.60%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	261,956,796	230,215,305
Total Required Stable Funding	117,760,925	115,685,066
Net Stable Funding Ratio	222.45%	199.00%



37 GENERAL

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

38 DATE OF AUTHORISATION FOR ISSUE

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter and Nine Months Ended
September 30, 2020

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Financial Position

AS AT SEPTEMBER 30, 2020

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	19,724,062	14,640,163
Balances with other banks	7	27,471,950	1,880,592
Due from financial institutions	8	30,820,944	42,911,620
Investments	9	60,564,450	55,806,907
Islamic financing, related assets and advances	10	134,637,704	131,619,725
Fixed assets	11	12,000,980	12,717,885
Intangible assets	12	3,154,116	3,148,805
Deferred tax assets	13	5,551,131	5,566,768
Other assets	14	12,740,944	14,656,497
Assets classified as held for sale	15	1,753,568	1,515,051
Total Assets		308,419,849	284,464,013
LIABILITIES			
Bills payable	16	4,382,674	3,645,324
Due to financial institutions	17	14,289,724	15,103,607
Deposits and other accounts	18	254,017,040	228,556,897
Subordinated Sukuk	19	2,000,000	1,700,000
Other liabilities	20	11,930,318	14,014,986
Liabilities directly associated with assets held for sale	15	1,126,438	989,683
		287,746,194	264,010,497
NET ASSETS		20,673,655	20,453,516
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		1,187,624	1,187,624
Surplus on revaluation of assets - net of tax	21	3,236,264	4,626,773
Unappropriated profit		5,026,456	3,436,341
		20,458,335	20,258,729
Non-controlling interest		215,320	194,787
		20,673,655	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-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
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OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

		Quarter Ended		Nine Months Ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
-----Rupees in '000-----					
Profit / return earned	23	5,754,457	6,221,437	20,510,569	16,074,522
Profit / return expensed	24	2,598,158	3,665,647	10,562,930	8,656,686
Net Profit / return		3,156,299	2,555,790	9,947,639	7,417,836
OTHER INCOME					
Fee and commission income	25	216,699	138,213	656,732	467,003
Dividend income		-	375	7,050	8,972
Foreign exchange income		90,166	33,384	303,940	139,592
Income from shariah compliant forward and future contracts		-	-	-	-
Gain / (loss) on securities	26	8,669	10,672	241,555	28,253
Other income	27	46,540	117,730	85,840	179,598
Total other income		362,074	300,374	1,295,117	823,418
Total Income		3,518,373	2,856,164	11,242,756	8,241,254
OTHER EXPENSES					
Operating expenses	28	2,084,213	1,844,213	6,250,900	5,391,566
Workers welfare fund		20,419	14,213	58,061	31,746
Other charges	29	622	136	130,354	36,316
Total other expenses		2,105,254	1,858,562	6,439,315	5,459,628
Profit before provisions		1,413,119	997,602	4,803,441	2,781,626
Provisions / (reversal of provisions) and write offs - net	30	384,209	354,075	1,891,286	1,230,108
Loss for the period from BIPL Securities Limited - net of tax	31	-	(14,733)	-	(7,821)
Share of loss from associate - net of tax		(80,876)	-	(221,451)	11,525
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		948,034	628,794	2,690,704	1,555,222
Taxation	32	340,035	242,598	1,140,891	556,496
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		607,999	386,196	1,549,813	998,726
DISCONTINUING OPERATIONS					
Profit After Taxation From Discontinuing Operations		40,478	-	49,122	-
PROFIT AFTER TAXATION		648,477	386,196	1,598,935	998,726
ATTRIBUTABLE TO:					
Equity shareholders of the Bank		638,972	389,342	1,585,871	1,000,553
Non-controlling interest		9,505	(3,146)	13,064	(1,827)
		648,477	386,196	1,598,935	998,726
-----Rupees-----					
		(Restated)		(Restated)	
Basic earnings per share	33	0.5849	0.3812	1.4304	0.9875
Diluted earnings per share	33	0.5849	0.3812	1.4304	0.9875

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Quarter Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- Rupees in '000 -----			
Profit after taxation for the period attributable to:				
Equity shareholders of the Bank	638,972	389,342	1,585,871	1,000,553
Non-controlling interest	9,505	(3,146)	13,064	(1,827)
	<u>648,477</u>	<u>386,196</u>	<u>1,598,935</u>	<u>998,726</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	(664,346)	(42,827)	(1,386,265)	(47,898)
Non-controlling interest	4,990	(1,676)	7,469	2,763
	<u>(659,356)</u>	<u>(44,503)</u>	<u>(1,378,796)</u>	<u>(45,135)</u>
Total comprehensive income	<u>(10,879)</u>	<u>341,693</u>	<u>220,139</u>	<u>953,591</u>
Total comprehensive income attributable to:				
Equity shareholders of the Bank	(25,374)	346,515	199,606	952,655
Non-controlling interest	14,495	(4,822)	20,533	936
	<u>(10,879)</u>	<u>341,693</u>	<u>220,139</u>	<u>953,591</u>

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 Statement Of Changes In Equity (Un-audited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share capital	Discount on Issue of shares	Statutory reserve	Reserve for bad debts & contingencies	Surplus on revaluation of Investments	Fixed / Non Banking Assets	Unappropriated profit	Sub total	Non-controlling interest	Total
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 Nine Months ended September 30, 2019	-	-	-	-	-	-	1,000,553	1,000,553	(1,827)	998,726
Other comprehensive income for the Nine Months ended September 30, 2019	-	-	-	-	(47,898)	-	-	(47,898)	2,763	(45,135)
Total comprehensive income for the Nine Months ended September 30, 2019	-	-	-	-	(47,898)	-	1,000,553	952,655	936	953,591
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(11,038)	11,038	-	-	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(304)	304	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(16,619)	16,619	-	-	-
Transfer from surplus on revaluation of non banking assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(196,315)	196,315	-	-	-
Balance as at September 30, 2019	10,079,121	(79,042)	718,799	250,000	(13,062)	1,616,383	3,461,654	16,033,853	195,550	16,229,403
Profit after taxation for the period	-	-	-	-	-	-	107,238	107,238	(2,159)	105,079
Other comprehensive income - net of tax	-	-	-	-	3,002,205	56,341	51,180	3,109,726	1,396	3,111,122
Total comprehensive income for the period	-	-	-	-	3,002,205	56,341	158,418	3,216,964	(763)	3,216,201
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(3,243)	3,243	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(672)	672	-	-	-
Transfer from Surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(31,179)	31,179	-	-	-
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	-	-	-	-	-	-	1,585,871	1,585,871	13,064	1,598,935
Other comprehensive income - net of tax	-	-	-	-	(1,386,265)	-	-	(1,386,265)	7,469	(1,378,796)
Total comprehensive income for the period	-	-	-	-	(1,386,265)	-	1,585,871	199,606	20,533	220,139
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 on sale to unappropriated profit - net of tax	-	-	-	-	-	(1,045)	1,045	-	-	-
Balance as at September 30, 2020	11,087,033	(79,042)	937,624	250,000	1,602,878	1,633,386	5,026,456	20,458,335	215,320	20,673,655

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		September 30, 2020	September 30, 2019
	Note	Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Taxation from Continuing Operations		2,690,704	1,555,222
Profit before taxation from Discontinuing Operations		79,852	-
Less: Dividend Income		(7,050)	(8,972)
Less: Share of loss / (profit) from associate		221,451	(11,525)
		<u>2,984,957</u>	<u>1,534,725</u>
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		534,970	491,575
Depreciation on non banking assets		3,382	3,016
Depreciation on right-of-use assets		607,620	561,574
Amortization		49,734	54,022
Depreciation on operating Ijarah assets		852,470	660,955
Finance cost on Ijarah (lease) liabilities	24	327,410	351,940
Provisions / (reversal of provisions) and write offs - net	30	1,891,286	1,230,108
Unrealised gain on revaluation of investments classified as held for trading	26	-	-
Charge for defined benefit plan		87,095	67,503
Gain on sale of property and equipment	27	(4,278)	(10,315)
Gain on sale of non-banking assets		-	(105,204)
		<u>4,349,689</u>	<u>3,305,174</u>
		<u>7,334,646</u>	<u>4,839,899</u>
Decrease / (increase) in operating assets			
Due from financial institutions		12,090,676	(18,723,145)
Held-for-trading securities		-	97,975
Islamic financing and related assets and advances		(5,358,911)	(7,218,444)
Others assets		707,898	(3,330,649)
		<u>7,439,663</u>	<u>(29,174,263)</u>
Increase in operating liabilities			
Bills payable		737,350	(73,780)
Due to financial institutions		(813,883)	11,353,736
Deposits and other accounts		25,460,143	28,734,748
Other liabilities (excluding current taxation)		(2,041,735)	2,444,675
		<u>23,341,875</u>	<u>42,459,379</u>
		<u>38,116,184</u>	<u>18,125,015</u>
		<u>(357,320)</u>	<u>(536,283)</u>
Income tax paid			
Net cash generated from operating activities		<u>37,758,864</u>	<u>17,588,732</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(6,369,507)	(17,470,021)
Dividend received		7,050	8,972
Payment of Ijarah (lease) liability against right-of-use assets		(714,183)	(626,256)
Investments in fixed assets		(274,895)	(2,991,739)
Investments in intangible assets		(55,045)	(36,936)
Proceeds from disposal of fixed assets		22,974	69,650
Net cash used in investing activities		<u>(7,383,607)</u>	<u>(21,046,330)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
IPO proceeds of subordinated sukuk		300,000	-
Net cash generated from financing activities		<u>300,000</u>	<u>-</u>
Increase in cash and cash equivalents		<u>30,675,257</u>	<u>(3,457,598)</u>
Cash and cash equivalents at the beginning of the period		16,520,755	15,457,305
Cash and cash equivalents at the end of the period		<u>47,196,012</u>	<u>11,999,707</u>

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Notes to and Forming Part of

Condensed Interim Consolidated Financial Information

(Un-audited)

FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 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 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 nine months ended September 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 nine months ended September 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

2.2 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 financing 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 banks in Pakistan from various facets which includes increase in overall credit risk pertaining to financing 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 financing, debt and capital advisory services etc. Major risks and mitigating factors 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 September 30, 2020 for subjective downgrading.

The Holding Company has also conducted various stress tests on the financing 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 on extremely rare instances, profit) and / or restructuring / rescheduling. These applications were 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 165.7021 as at September 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. In addition to the measures by SBP, the Senior management of the Holding Company is continuously monitoring the impacts of various decisions on 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)
September December
30, 2020 31, 2019
----- Rupees in '000 -----

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- Local currency	5,003,882	4,578,845
- Foreign currency	1,244,344	449,739
	<u>6,248,226</u>	<u>5,028,584</u>

With the State Bank of Pakistan in:

- Local currency current account	10,470,676	6,032,362
- Foreign currency deposit accounts:		
- Cash Reserve Account	432,814	369,621
- Special Cash Reserve Account	522,956	446,116
- US Dollar Clearing Account	39,934	14,450
	<u>995,704</u>	<u>830,187</u>

With National Bank of Pakistan in:

- Local currency current account	2,009,456	2,744,790
National Prize Bonds	-	4,240
	<u>19,724,062</u>	<u>14,640,163</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	2,861	2,861
- In deposit accounts	2,282	3,444
	<u>5,143</u>	<u>6,305</u>

Outside Pakistan:

- In current accounts	3,144,907	1,874,287
- In deposit accounts	24,321,900	-
	<u>27,471,950</u>	<u>1,880,592</u>

8 DUE FROM FINANCIAL INSTITUTIONS

		(Un-audited)			(Audited)		
		September 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	-	1,971,592	1,971,592	-	1,316,205	1,316,205
Musharaka Placements	8.3	2,500,000	-	2,500,000	-	-	-
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	5,356,281	-	5,356,281	8,658,653	-	8,658,653
Other placements		28,350	-	28,350	30,780	-	30,780
		28,877,702	1,971,592	30,849,294	41,626,195	1,316,205	42,942,400
Provision against placements	8.4	(28,350)	-	(28,350)	(30,780)	-	(30,780)
		28,849,352	1,971,592	30,820,944	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 6.35% to 10.95% (2019: 12.95% to 17.07%) per annum. The balances have maturities ranging between 08 days to 118 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. 22,065 million (2019: Rs. 22,739 million)

8.3 The profit rate on this agreement is 7% (2019: Nil) per annum and the agreement has maturity in 1 day (2019: Nil).

8.4 Category of classification

Loss	(Un-audited)		(Audited)	
	September 30, 2020		December 31, 2019	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
	28,350	28,350	30,780	30,780

8.4.1 The Group does not hold overseas classified placements.

9 INVESTMENTS

		(Un-audited)	(Audited)
	Note	September 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
INVESTMENTS			
Investments - Islamic	9.1 & 9.3	59,986,775	55,229,232
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	577,675	577,675
		<u>60,564,450</u>	<u>55,806,907</u>

(Un-audited)
September 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
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Rupees in '000

9.1 Islamic Investments by type

Available for sale securities

Federal Government Securities

Non Government Shariah compliant

Securities

Mutual fund units

Shares / Modaraba certificates

19,363,479	-	5,367	19,368,846	10,305,836	-	-	10,305,836
36,924,752	(35,880)	2,480,957	39,369,829	38,875,056	(35,880)	4,565,437	43,404,613
21	-	46	67	21	-	42	63
332,863	(101,243)	(2,514)	229,106	332,863	(87,094)	32,573	278,342
56,621,115	(137,123)	2,483,856	58,967,848	49,513,776	(122,974)	4,598,052	53,988,854

Associates

1,018,927	-	-	1,018,927	1,240,378	-	-	1,240,378
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Total Islamic investments

57,640,042	(137,123)	2,483,856	59,986,775	50,754,154	(122,974)	4,598,052	55,229,232
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9.2 Conventional Investments by type*

Available for sale securities

Non Government Debt Securities

Shares

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

Held to maturity securities

Non Government Debt Securities

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

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

2,811,587	(2,233,912)	-	577,675	2,811,587	(2,233,912)	-	577,675
-----------	-------------	---	---------	-----------	-------------	---	---------

Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
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Rupees in '000

9.3 Islamic Investments by segments

Federal Government Securities

GOP Ijarah Sukuks

Bai Muajjal

9,057,643	-	5,367	9,063,010	-	-	-	-
10,305,836	-	-	10,305,836	10,305,836	-	-	10,305,836
19,363,479	-	5,367	19,368,846	10,305,836	-	-	10,305,836

Non Government Shariah

compliant Securities

Pakistan Energy Sukuk-I

Pakistan Energy Sukuk-II

Other sukuk certificates-unlisted

27,461,143	-	2,475,315	29,936,458	30,535,000	-	4,564,983	35,099,983
2,000,000	-	6,134	2,006,134	-	-	-	-
7,463,609	(35,880)	(492)	7,427,237	8,340,056	(35,880)	454	8,304,630
36,924,752	(35,880)	2,480,957	39,369,829	38,875,056	(35,880)	4,565,437	43,404,613

Mutual fund units

Units of open-end mutual funds

21	-	46	67	21	-	42	63
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Shares

Ordinary shares of listed companies

332,863	(101,243)	(2,514)	229,106	332,863	(87,094)	32,573	278,342
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Associates - Unlisted

Shakarganj Food Products Limited

1,018,927	-	-	1,018,927	1,240,378	-	-	1,240,378
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57,640,042	(137,123)	2,483,856	59,986,775	50,754,154	(122,974)	4,598,052	55,229,232
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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 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)			
September 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)	-	-
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Foreign Securities

Equity Securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
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Associates - Unlisted

KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
New Horizon Exploration & Production Limited	558,577	(558,577)	-	-	558,577	(558,577)	-	-
	1,032,746	(1,032,746)	-	-	1,032,746	(1,032,746)	-	-
	2,811,587	(2,233,912)	-	577,675	2,811,587	(2,233,912)	-	577,675

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

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
9.5	Investments given as collateral	----- Rupees in '000 -----	
	Federal Government Securities	5,000,000	5,000,000
9.6	Provision for diminution in value of investments		
9.6.1	Opening balance	2,356,886	2,440,469
	Charge / (reversals)		
	Charge for the period / year	14,149	12,850
	Reversals for the period / year	-	(46,657)
	Provision for diminution in value of investments - net	14,149	(33,807)
	Transfer to non-current assets held for sale	-	(49,776)
	Closing Balance	2,371,035	2,356,886

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

Investments - Islamic	137,123	122,974
Investments - Conventional	2,233,912	2,233,912
	2,371,035	2,356,886

9.6.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2020		(Audited) December 31, 2019	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	901,942	625,691	901,942	625,691
	901,942	625,691	901,942	625,691

9.6.2.1 The Bank does not hold overseas classified debt securities.

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----			
10	ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES		
	Islamic financing and related assets - net	134,363,207	131,316,791
	Advances (relating to amalgamated entity) - net	274,497	302,934
		134,637,704	131,619,725

Note

Performing		Non Performing		Total	
(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019

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

10.1 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan

- Running Musharakah and related assets	10.11	43,719,186	35,522,924	1,778,510	-	45,497,696	35,522,924
- Diminishing Musharakah financing and related assets - Others	10.3	28,130,406	26,461,862	1,483,658	1,241,965	29,614,064	27,703,827
- Muswammah financing and related assets / Karobar financing	10.4	9,203,898	11,176,623	2,801,150	2,806,150	12,005,048	13,982,773
- Istisna financing and related assets	10.5 & 10.10	11,982,847	13,625,060	856,216	858,108	12,839,063	14,483,168
- Diminishing Musharakah - Housing		10,572,062	11,903,851	1,469,391	1,323,994	12,041,453	13,227,845
- Murabahah financing and related assets	10.6 & 10.9	3,457,229	6,634,565	432,613	664,272	3,889,842	7,298,837
- Diminishing Musharakah financing and related assets - Auto		12,173,470	10,670,368	269,647	87,725	12,443,117	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	1,906,872	3,090,172	224,666	187,321	2,131,538	3,277,493
- Financing to employees		3,274,096	2,750,540	152,483	138,085	3,426,579	2,888,625
- Qardh e Hasana		698	2,081	546,368	552,330	547,066	554,411
- Murabahah against Bills		179,712	166,338	892	892	180,604	167,230
- Salam	10.8	84,663	100,000	337	337	85,000	100,337
- Past Due Acceptance		35,330	239,534	-	-	35,330	239,534
- Housing finance portfolio - others		33,897	33,786	-	-	33,897	33,786
- Net investment in Ijarah financing in Pakistan		128,783	35,242	-	-	128,783	35,242
- Musharakah financing		280,000	280,000	-	-	280,000	280,000
- Financing against Bills		97,829	59,173	-	-	97,829	59,173
Gross financing and related assets		131,510,978	129,002,119	10,015,951	7,861,179	141,526,909	136,863,298

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

- Specific	10.13 & 10.14	-	-	(6,531,967)	(5,208,752)	(6,531,967)	(5,208,752)
- General	10.13 & 10.14	(631,735)	(337,755)	-	-	(631,735)	(337,755)
		(631,735)	(337,755)	(6,531,967)	(5,208,752)	(7,163,702)	(5,546,507)

Islamic financing and related assets - net of provisions

130,879,243	128,664,364	3,483,984	2,652,427	134,363,207	131,316,791
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10.2 ADVANCES

Loans, cash credits, running finances, etc. - In Pakistan*

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	(6,967)	-	713,292	714,646	706,325	714,646	
Advances - gross	111,120	175,815	7,434,070	7,526,545	7,545,190	7,702,360	
Provision against advances							
- Specific	10.13 & 10.14	-	-	(7,388,136)	(7,518,228)	(7,388,136)	(7,518,228)
- General	10.13 & 10.14	(55)	(57)	-	-	(55)	(57)
		(55)	(57)	(7,388,136)	(7,518,228)	(7,388,191)	(7,518,285)
Advances - net of provision		111,065	175,758	45,934	8,317	156,999	184,075
Fair Value adjustment	10.15	-	-	117,498	118,859	117,498	118,859
Advances - net of provision and fair value adjustment		111,065	175,758	163,432	127,176	274,497	302,934

* This includes non-interest bearing performing financing facilities amounting to Rs. 114.494 million (2019: Rs. 121.991 million).

	(Un-audited) September 30, 2020 ----- Rupees in '000 -----	(Audited) December 31, 2019
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	29,558,877	27,671,116
Advance against Diminishing Musharakah financing	55,187	32,711
	<u>29,614,064</u>	<u>27,703,827</u>
10.4 Muswammah financing and related assets / Karobar financing		
Muswammah financing	9,129,330	10,543,334
Advance against Muswammah financing	213,500	1,619
Muswammah inventories	2,662,218	3,437,820
	<u>12,005,048</u>	<u>13,982,773</u>
10.5 Istisna financing and related assets		
Istisna financing	8,408,767	8,771,480
Advance against Istisna financing	4,430,296	5,711,688
	<u>12,839,063</u>	<u>14,483,168</u>
10.6 Murabahah financing and related assets		
Murabahah financing	2,351,694	5,364,666
Deferred murabahah income	86,174	185,009
Advances against Murabaha financing	411,316	252,766
Murabaha Inventories	1,040,658	1,496,396
	<u>3,889,842</u>	<u>7,298,837</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	2,130,856	3,276,811
Advance against Ijarah financing	682	682
	<u>2,131,538</u>	<u>3,277,493</u>
10.8 Salam		
Salam financing	75,002	55,337
Advance against Salam	9,998	45,000
	<u>85,000</u>	<u>100,337</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. Nil (2019: Rs. 994 million) and advance amounting to Rs. 80 million (2019: Rs. 741 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 977.192 million (2019: Rs. 1,209.817 million) and advance amounting to Rs. 855 million (2019: Rs. 147 million) under Islamic Export Refinance Scheme.		
10.11 Running musharakah financing includes financing amounting to Rs. 1,692 million (2019: 993.187 million) under Islamic Export Refinance Scheme.		
10.12 Particulars of Islamic financing and related assets and advances - gross		
In local currency	148,690,103	141,996,084
In foreign currency	381,996	2,569,574
	<u>149,072,099</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) September 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	67,730	695,454	76,698
Doubtful	3,354,440	1,146,972	1,904,229	821,090
Loss	13,174,295	12,705,401	12,262,797	11,829,192
Total	17,450,001	13,920,103	15,387,724	12,726,980

- 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) September 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	1,424,970	300,000	1,724,970	2,798,104	107,170	2,905,274
Reversals for the period / year	(231,847)	(6,022)	(237,869)	(884,736)	-	(884,736)
	1,193,123	293,978	1,487,101	1,913,368	107,170	2,020,538
Amount written off	-	-	-	(119,339)	-	(119,339)
Closing balance	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792
10.14.1 Islamic	6,531,967	631,735	7,163,702	5,208,752	337,755	5,546,507
Conventional	7,388,136	55	7,388,191	7,518,228	57	7,518,285
	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792

	(Un-audited) September 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	237,869	884,736
Charge for the period / year	(1,724,970)	(2,905,274)
	(1,487,101)	(2,020,538)
Fair value adjusted - net	(1,361)	(37,601)
Net (charged) / reversals taken to the profit and loss account	(1,488,462)	(2,058,139)

10.14.3 Quarterly Charge for the current period

Quarter - 1 (Jan to Mar)
Quarter - 2 (Apr to Jun)
Quarter - 3 (Jul to Sep)

(Un-audited)		
September 30, 2020		
Specific	General	Total
-----Rupees in '000-----		
540,750	330,000	870,750
773,218	(330,000)	443,218
111,002	300,000	411,002
1,424,970	300,000	1,724,970

10.14.4 Quarterly Reversals for the current period

Quarter - 1 (Jan to Mar)
Quarter - 2 (Apr to Jun)
Quarter - 3 (Jul to Sep)

(103,713)	(13,599)	(117,312)
(50,230)	(6,626)	(56,856)
(77,904)	14,203	(63,701)
(231,847)	(6,022)	(237,869)

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

	(Un-audited)			(Audited)		
	September 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
-----Rupees in '000-----						
In local currency	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792
In foreign currency	-	-	-	-	-	-
	13,920,103	631,790	14,551,893	12,726,980	337,812	13,064,792

10.14.6 The Holding Company maintains general reserve (provision) amounting to Rs. 331.790 million (2019: 337.812 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. In addition the Holding Company carries general provision of Rs. 300 million (December 31, 2019: Nil) as a matter of prudence based on management estimate.

10.14.7 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 September 30, 2020 amounts to Rs. 730.370 million (2019: Rs. 345.792 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 445.526 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	(Un-audited)	(Audited)
	September 30, 2020	December 31, 2019
----- (Rupees in '000) -----		

11 FIXED ASSETS

Capital work-in-progress
Property and equipment
Right of use assets

11.1	293,594	382,346
11.2 & 11.3	8,600,488	8,790,507
11.2	3,106,898	3,545,032
	12,000,980	12,717,885

11.1 Capital work-in-progress

Advances to suppliers and contractors
Advance for acquiring properties:
- Office premises

252,994	341,746
762,503	762,503
1,015,497	1,104,249

Provision for impairment against advance for acquiring floor / office premises

(721,903)	(721,903)
293,594	382,346

September 30, September 30,
2020 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	148,978	157,840
Property and equipment		
Freehold / leasehold land	-	1,895,503
Leasehold building	164,716	582,139
Furniture and fixture	27,114	139,517
Electrical office and computer equipment	198,290	290,137
Vehicles	4,014	16,026
	394,135	2,923,322
Right of use assets		
Leasehold building	77,774	4,361,047
Total	620,886	7,442,209

11.3 Disposal of fixed assets

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

Leasehold building	17,958	51,529
Furniture and fixture	35	-
Electrical office and computer equipment	703	8
Vehicles	-	6,152
	18,696	57,689

12 INTANGIBLE ASSETS

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
Computer software	12.1	134,905	128,740
Core deposits		27,903	28,757
Goodwill		2,991,308	2,991,308
		3,154,116	3,148,805

* Customer list has been fully amortized in the year 2018

September 30, September 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	55,044	42,448
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12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period

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

13 DEFERRED TAX ASSETS

Deductible temporary differences on:

Accumulated tax losses	13.1	2,738,329	3,299,042
Tax credit against minimum tax		36,508	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		3,612,993	3,785,670
Provision for gratuity		-	21,253
Ijarah financing and related assets		326,181	218,663
Accelerated tax depreciation		78,842	16,377
Others		260,753	310,989
		7,254,766	8,123,092

Taxable temporary difference on:

Fair value adjustments relating to assets acquired upon amalgamation		(201,013)	(229,846)
Surplus on revaluation of fixed assets	21	(621,662)	(623,385)
Surplus on revaluation of non-banking assets	21	(11,610)	(12,172)
Surplus on revaluation of available for sale securities	21	(869,350)	(1,609,318)
Net investment in finance lease		-	(81,603)
		(1,703,635)	(2,556,324)
		5,551,131	5,566,768

- 13.1 The Holding Company has aggregate tax losses of Rs. 7,823.798 million as at September 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. 2,738.329 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.

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
	Note	----- (Rupees in '000) -----	
14	OTHER ASSETS		
Profit / return accrued in local currency		7,815,226	7,483,719
Profit / return accrued in foreign currency		16,039	12,132
Advances, deposits, advance rent and other prepayments		695,394	468,630
Non-banking assets acquired in satisfaction of claims		2,074,083	2,075,858
Branch Adjustment Account		-	46,064
Takaful / insurance claim receivable		37,102	23,996
Receivable against First WAPDA Sukuk		50,000	50,000
Trade debts		532	532
Acceptances		2,161,311	4,347,956
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		153,529	-
Amount held with financial institution		738,477	738,477
Other receivables		410,068	461,129
		<u>14,151,761</u>	<u>15,708,493</u>
Less: Provision held against other assets	14.1	<u>(1,610,396)</u>	<u>(1,253,182)</u>
Other Assets (Net of Provision)		12,541,365	14,455,311
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	<u>199,579</u>	<u>201,186</u>
Total other assets		<u>12,740,944</u>	<u>14,656,497</u>
Market value of non-banking assets acquired in satisfaction of claims		<u>1,568,983</u>	<u>1,572,365</u>
14.1	Provision held against other assets		
Advances, deposits, advance rent & other prepayments		26,692	26,692
Non banking assets acquired in satisfaction of claims		704,679	704,679
Amount held with financial institution		738,477	369,239
Others		140,548	152,572
	14.1.1	<u>1,610,396</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		(12,024)	(5,266)
Adjustment for the period / year		-	(124,190)
Closing balance		<u>1,610,396</u>	<u>1,253,182</u>

15 ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
BankIslami Modaraba Investments Limited	2,975	20,032
BIPL Securities Limited	1,750,594	1,495,027
	<u>1,753,568</u>	<u>1,515,059</u>

Liabilities directly associated with assets held for sale

BankIslami Modaraba Investments Limited	(598)	431
BIPL Securities Limited	1,127,036	989,461
	<u>1,126,438</u>	<u>989,892</u>

Net assets directly associated with disposal groups

	<u>627,131</u>	<u>525,167</u>
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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 date of Statement of Financial Position. 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

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
In Pakistan	4,382,674	3,645,324
Outside Pakistan	-	-
	<u>4,382,674</u>	<u>3,645,324</u>

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	2,537,000	3,816,813
Acceptances from State Bank of Pakistan for financial assistance	3,302,862	3,086,794
Refinance facility for Islamic mortgage / salaries and wages	1,949,862	1,000,000
Total secured	<u>7,789,724</u>	<u>7,903,607</u>

Unsecured

Wakalah Acceptance	4,300,000	4,000,000
Musharakah Acceptance	2,200,000	3,200,000
Total unsecured	<u>6,500,000</u>	<u>7,200,000</u>
	<u>14,289,724</u>	<u>15,103,607</u>

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 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	78,347,042	3,077,295	81,424,337	64,907,052	2,728,254	67,635,306
Savings deposits	67,127,609	3,641,628	70,769,237	55,379,811	3,120,219	58,500,030
Term deposits	82,207,591	1,690,278	83,897,869	87,652,008	1,303,894	88,955,902
Others	1,983,134	41,593	2,024,727	2,673,856	19,555	2,693,411
	229,665,376	8,450,794	238,116,170	210,612,727	7,171,922	217,784,649
Financial Institutions						
Current deposits	220,150	13,603	233,753	197,102	7,673	204,775
Savings deposits	7,169,117	-	7,169,117	7,337,933	-	7,337,933
Term deposits	8,498,000	-	8,498,000	3,229,540	-	3,229,540
	15,887,267	13,603	15,900,870	10,764,575	7,673	10,772,248
	245,552,643	8,464,397	254,017,040	221,377,302	7,179,595	228,556,897

19 SUBORDINATED SUKUK

19.1 The Holding Company has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-I) 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-I 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 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

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	----- (Rupees in '000) -----	
Profit / return payable in local currency	2,223,155	2,012,348
Profit / return payable in foreign currencies	15,905	16,216
Accrued expenses	785,238	678,551
Deferred Murabahah Income - Financing and IERS	99,348	138,841
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	25,381	2,656
Defined Benefit Plan liabilities	197,721	110,626
Security deposits against Ijarah	1,219,523	1,453,252
Ijarah (lease) Liability	3,564,650	3,781,937
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	2,161,311	4,347,956
Receipt appropriation account	184,031	195,818
Current taxation (provisions less payments)	370,630	146,616
Provision against other tax liabilities	85,023	55,334
Sundry creditors	118,228	175,312
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	-	33,978
Charity payable	28,976	21,605
Retention money payable	8,941	17,499
Provision for Workers' Welfare Fund	125,904	67,843
Branch adjustment account	113,642	-
Rental received in advance	403,243	563,555
Others	108,816	104,391
	<u>11,930,318</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	2,483,856	4,598,052
Fixed Assets		2,067,079	2,072,001
Non-banking assets acquired in satisfaction of claims	14	199,579	201,186
		4,750,514	6,871,239

Deferred tax liability on surplus on revaluation of:

Available for sale securities	13	(869,350)	(1,604,750)
Fixed Assets		(621,662)	(623,385)
Non-banking assets acquired in satisfaction of claims		(11,610)	(12,172)
		(1,502,622)	(2,240,307)
Total surplus on revaluation of assets- net of tax		3,247,892	4,630,932
Less: Share of non-controlling interest		(11,628)	(4,159)
Group's share		<u>3,236,264</u>	<u>4,626,773</u>

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	9,637,252	10,629,042
- Commitments	22.2	(5,907,967)	13,618,551
- Other contingent liabilities	22.3	2,404,485	2,404,485
		<u>6,133,770</u>	<u>26,652,078</u>

	Note	(Un-audited) September 30, 2020 ----- Rupees in '000 -----	(Audited) December 31, 2019
22.1 Guarantees:			
Financial guarantees		80,182	80,182
Performance guarantees		5,175,262	8,290,906
Other guarantees		4,381,808	2,257,954
		<u>9,637,252</u>	<u>10,629,042</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		11,105,842	10,938,636
Commitments in respect of: - Shariah compliant alternative of forward foreign Exchange contracts	22.2.1	(24,233,911)	(1,162,379)
Commitments for acquisition of: - operating fixed assets - intangible assets		255,625 30,147	219,931 38,037
Other commitments	22.2.2	6,934,330 (5,907,967)	3,584,326 13,618,551
22.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts			
Purchase		9,833,611	12,252,861
Sale		(34,067,522)	(13,415,240)
		(24,233,911)	(1,162,379)
22.2.2 Other commitments			
Bills for collection		<u>6,934,330</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	There is no change in the status of contingencies related to pending legal cases, as set out in note 22.3.1.1 to 22.3.1.4 to the financials statements of the Holding Company for the half year ended June 30, 2020.		
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.		

----- (Un-audited) -----
Note **September 30,** **September 30,**
 2020 **2019**
 ----- Rupees in '000 -----

23 PROFIT / RETURN EARNED

Profit earned on:

Financing	11,493,807	9,530,149
Investments	3,797,923	3,494,636
Placements	5,132,038	2,973,118
Others	86,801	76,619
	<u>20,510,569</u>	<u>16,074,522</u>

24 PROFIT / RETURN EXPENSED

Deposits and other accounts	9,414,434	7,761,926
Due to financial institutions	608,057	480,895
Cost of foreign currency swaps against foreign currency deposits	23,577	62,823
Finance cost on ijarah (lease) liabilities	327,410	351,042
Additional Tier-1 sukuk	189,452	-
	<u>10,562,930</u>	<u>8,656,686</u>

25 FEE AND COMMISSION INCOME

Branch banking customer fees	42,067	32,309
Commission on bancatakaful	80,617	63,819
Card related fees	173,933	120,148
Commission on arrangement with financial institutions	45,176	25,003
Consumer finance related fees	22,687	19,116
Commission on guarantees	33,468	42,075
Investment banking fees	125,006	42,197
Commission on cash management	2,728	2,712
Commission on remittances including home remittances	23,993	32,602
Commission on trade	97,627	82,236
Others	9,430	4,786
	<u>656,732</u>	<u>467,003</u>

26 GAIN ON SECURITIES

Realised gain	26.1	<u>241,555</u>	<u>28,253</u>
		<u>241,555</u>	<u>28,253</u>

26.1 Realised gain on:

Federal Government Securities	-	2,487
Non-Government Shariah compliant Securities	241,555	20,039
Shares	-	5,727
	<u>241,555</u>	<u>28,253</u>

27 OTHER INCOME

Rent on property	7,763	6,419
Gain on termination of financing	65,298	48,308
Gain on sale of property and equipment	4,278	10,315
Gain on sale of non-banking assets	-	105,204
Recoveries against previously expensed items	3,329	8,383
Others	5,172	969
	<u>85,840</u>	<u>179,598</u>

28 OPERATING EXPENSES

	----- (Un-audited) -----	
	September 30, 2020	September 30, 2019
	----- Rupees in '000 -----	
Total compensation expense	2,604,758	2,200,553
Property expense		
Rent & taxes	52,367	80,288
Takaful / insurance	2,931	1,434
Utilities cost	248,343	279,127
Security (including guards)	273,444	245,978
Repair & maintenance (including janitorial charges)	127,231	104,269
Depreciation	255,095	214,716
Depreciation on right-of-use assets	607,620	556,918
Others	30	1,034
	1,567,061	1,483,764
Information technology expenses		
Software maintenance	174,043	105,455
Hardware maintenance	97,694	107,055
Depreciation	145,487	140,186
Amortisation	48,025	52,314
Network charges	113,493	108,157
	578,742	513,167
Other operating expenses		
Directors' fees and allowances	7,070	5,450
Fees and allowances to Shariah Board	11,701	9,643
Legal & professional charges	83,075	113,794
Travelling & conveyance	22,818	31,877
NIFT clearing charges	21,464	15,276
Depreciation	134,388	136,673
Depreciation on non banking assets	3,382	3,016
Entertainment expense	43,663	53,993
Training & development	6,298	6,804
Postage & courier charges	49,588	24,260
Communication	50,913	37,776
Marketing, advertisement & publicity	140,988	101,127
Repairs and maintenance	111,219	62,903
Takaful, tracker and other charges on car Ijarah	75,617	52,304
Stationery & printing	135,241	92,083
Takaful / insurance	262,694	197,391
Fee and subscription	135,784	56,540
Vehicle running and maintenance	95,361	94,733
Auditors' remuneration	12,740	8,898
Amortization	1,709	1,708
CDC and share registrar services	7,510	5,474
Brokerage and commission	19,049	9,743
Stamp duty, registration & verification charges	12,204	37,243
Writeoff against fixed asset	-	-
Others	55,863	35,373
	1,500,339	1,194,082
	6,250,900	5,391,566

29	OTHER CHARGES	Note	(Un-audited)	
			September 30, 2020	September 30, 2019
			Rupees in '000	
	Penalties imposed by the State Bank of Pakistan		130,354	36,316

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

Provision for diminution in value of investments and due from financial institutions	30.1	11,719	31,740
Provision / (Reversal) against Islamic financing and related assets and advances - net	10.14.2	1,488,462	818,732
Other provisions / write offs - net		391,105	379,636
		1,891,286	1,230,108

- 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. 14.149 million in the financial statements of the current period, and has deferred the recognition of impairment amounting to Rs. 4.715 million to the subsequent period as allowed by the SBP.

31	FINANCIAL RESULTS OF BIPL SECURITIES LIMITED	Note	(Un-audited)	
			September 30, 2020	September 30, 2019
			Rupees in '000	
	Total income for the period		-	188,201
	Total expenses for the period		-	210,039
	Loss before taxation		-	(21,838)
	less: taxation			
	- Current		-	(4,308)
	- Deferred		-	18,325
			-	14,017
	Profit / (loss) after taxation		-	(7,821)

32 TAXATION

Current	455,445	257,074
Deferred	685,446	299,422
	1,140,891	556,496

- 32.1 The income tax assessment of the Holding Company have been finalized upto and 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.

	Note	September 30, 2020	(Restated) September 30, 2019
		----- Rupees in '000 -----	
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period (Attributable to equity shareholders of the Bank)		1,585,871	1,000,553
		----- 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	1.4304	0.9875

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

34 FAIR VALUE MEASUREMENTS

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

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

34.1 Fair value of financial assets

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

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

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

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)			
September 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	229,106	-	-	229,106
GOP Ijara Sukuk	-	9,063,010	-	9,063,010
Non-Government Shariah compliant Securities	31,942,592	7,427,237	-	39,369,829
Units of open ended mutual funds	67	-	-	67

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	9,451,658	9,451,658
Non-banking assets	-	-	1,568,983	1,568,983

Off-balance sheet financial instruments - measured at fair value

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

(Audited)			
December 31, 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
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
WAPDA Sukuks	Investment in WAPDA Sukuks are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

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

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) September 30, 2020					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	6,937,513	(5,824,876)	8,937,866	(102,864)	9,947,639
Inter segment revenue - net	(5,353,610)	14,119,416	(8,765,806)	-	-
Total other income	597,721	239,174	265,259	20,635	1,122,788
Total Income	2,181,624	8,533,713	437,319	(82,229)	11,070,427
Segment direct expenses	47,057	3,833,302	175,201	2,383,755	6,439,315
Inter segment expense allocation	143,428	1,535,324	650,582	(2,329,334)	0
Total expenses	190,485	5,368,626	825,783	54,421	6,439,315
Provisions	11,719	147,293	1,350,788	381,485	1,891,286
Profit / loss before tax	1,979,419	3,017,794	(1,739,253)	(518,135)	2,739,825

(Un-audited) September 30, 2020					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Balance Sheet					
Assets					
Cash & Bank balances	37,356,767	9,839,245	-	-	47,196,012
Investments	60,564,450	-	-	-	60,564,450
Net inter segment placements	-	209,721,460	-	4,529,975	214,251,435
Due from financial institutions	30,820,944	-	-	-	30,820,944
Islamic financing and related assets - performing	-	22,033,217	105,619,169	3,235,724	130,888,110
- non-performing	-	1,626,729	2,026,330	96,535	3,749,594
Others	3,248,127	5,074,847	5,654,522	21,223,244	35,200,739
Total Assets	131,990,288	248,295,498	113,300,021	29,085,477	522,671,284
Liabilities					
Due to financial institutions	9,802,862	994,633	3,492,229	-	14,289,724
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	14,961,519	239,055,521	-	-	254,017,040
Net inter segment acceptances	106,680,197	-	107,571,239	-	214,251,435
Others	154,726	8,046,955	2,236,553	7,001,196	17,439,430
Total liabilities	131,599,303	248,097,109	113,300,021	9,001,196	501,997,629
Equity	-	-	-	20,084,283	20,084,283
Total Equity & liabilities	131,599,303	248,097,109	113,300,021	29,085,479	522,081,912
Contingencies & Commitments	(24,233,911)	-	20,743,094	9,624,587	6,133,770

(Un-audited)

September 30, 2019

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
Rupees in '000					
Profit & Loss					
Profit / return earned	5,943,454	(5,565,590)	6,962,491	77,481	7,417,836
Inter segment revenue - net	(5,013,344)	12,910,524	(7,897,180)	-	-
Other income	201,445	319,161	168,925	137,591	827,122
Total Income	1,131,555	7,664,095	(765,764)	215,072	8,244,958
Segment direct expenses	43,579	3,182,396	57,133	2,176,520	5,459,628
Inter segment expense allocation	93,227	1,580,883	244,890	(1,919,000)	-
Total expenses	136,806	4,763,279	302,023	257,520	5,459,628
Provisions / (reversals)	56,947	148,844	658,891	365,426	1,230,108
Profit before tax	937,802	2,751,972	(1,726,678)	(407,874)	1,555,222

(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

35.2 Quarterly profit & Loss Segment Details for the current period

(Un-audited)
Quarter 1 (January to March)

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	2,734,139	(2,686,621)	3,271,971	33,232	3,352,721
Inter segment revenue - net	(2,688,245)	5,872,733	(3,184,488)	-	-
Total other income	261,671	137,502	125,267	(65,275)	459,165
Total Income	307,565	3,323,614	212,750	(32,043)	3,811,886
Segment direct expenses	9,210	1,330,077	48,411	713,235	2,100,934
Inter segment expense allocation	30,994	513,519	151,390	(695,903)	0
Total expenses	40,205	1,843,596	199,801	17,332	2,100,934
Provisions	4,684	24,744	730,088	367,412	1,126,928
Profit / (loss) before tax	262,676	1,455,274	(717,139)	(416,787)	584,024

(Un-audited)
Quarter 2 (April to June)

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	2,163,672	(1,652,584)	3,037,568	(106,481)	3,442,174
Inter segment revenue - net	(1,203,463)	4,312,619	(3,109,155)	-	(0)
Total other income	83,638	121,962	58,223	74,569	338,392
Total Income	1,043,846	2,781,997	(13,365)	(31,912)	3,780,566
Segment direct expenses	23,707	1,110,251	67,389	1,031,781	2,233,127
Inter segment expense allocation	69,646	650,915	298,262	(1,018,822)	(0)
Total expenses	93,353	1,761,165	365,650	12,959	2,233,127
Provisions	3,129	43,947	342,382	(9,309)	380,149
Profit / (loss) before tax	947,364	976,885	(721,397)	(35,562)	1,167,290

(Un-audited)
Quarter 3 (July to September)

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	2,039,702	(1,485,670)	2,628,327	(29,615)	3,152,744
Inter segment revenue - net	(1,461,901)	3,934,064	(2,472,163)	-	(0)
Total other income	252,412	(20,291)	81,769	11,340	325,231
Total Income	830,212	2,428,103	237,934	(18,274)	3,477,975
Segment direct expenses	14,139	1,392,974	59,401	638,739	2,105,254
Inter segment expense allocation	42,788	370,891	200,930	(614,609)	0
Total expenses	56,927	1,763,865	260,331	24,130	2,105,254
Provisions	3,906	78,602	278,319	23,382	384,209
Profit / (loss) before tax	769,379	585,635	(300,716)	(65,786)	988,512

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:

	September 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 / Non-current assets held for sale								
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	525,179	1,193,862	25,280	284,740	392,853	461,667
Addition during the period / year	-	80,176	80,395	2,624,409	-	67,350	887,767	2,871,793
Repaid during the period / year	(2,463)	(24,085)	(121,100)	(2,638,908)	(2,742)	(51,589)	(755,441)	(2,299,598)
Transfer in / (out) - net	-	1,402	-	(509,282)	-	(105,794)	-	160,000
Closing balance	20,075	252,200	484,474	670,081	22,538	194,707	525,179	1,193,862
Provision held against Islamic financing and related assets	-	-	-	-	-	-	-	-
Other Assets								
Profit receivable on financings	176	16	15,824	17,826	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	-	-	-	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	43,705	397,520	1,345,012	6,772,221	224,391	271,707	3,265,405	8,151,896
Withdrawn during the period / year	(42,845)	(254,050)	(1,286,496)	(6,756,415)	(224,553)	(270,748)	(3,263,588)	(8,321,740)
Transfer in / (out) - net	(168)	-	-	(11)	-	(40,791)	-	-
Closing balance	4,226	149,730	140,602	1,078,058	3,534	6,260	82,086	1,062,262
Other Liabilities								
Profit / return payable	-	1	3,044	6,865	1	138	18	10,786
Fee payable	2,380	-	-	-	300	-	-	-
Contingencies and Commitments								
Other contingencies	-	-	150,183	296,605	-	-	49,406	50,957
	September 30, 2020				September 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	2,413	6,397	21,467	55,236	1,723	2,430	40,378	73,682
Other income	-	2,425	-	-	-	1,010	-	-
Expense								
Profit / return expensed	15	226	701	83,434	30	141	1,111	106,593
Other administrative expenses	86	1,636	-	5,005	3,336	4,094	92	-
Meeting Fee / Remuneration	7,070	139,871	-	-	5,175	117,795	-	-
Contribution to employees provident fund	-	-	-	88,774	-	-	-	68,439
Contribution to employees gratuity fund	-	-	-	87,095	-	-	-	67,503

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.

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	15,846,714	14,090,734
Eligible Additional Tier 1 (ADT 1) Capital	2,000,000	1,706,990
Total Eligible Tier 1 Capital	17,846,714	15,797,724
Eligible Tier 2 Capital	5,829,967	4,453,551
Total Eligible Capital (Tier 1 + Tier 2)	23,676,681	20,251,275
Risk Weighted Assets (RWAs):		
Credit Risk	106,189,781	119,531,402
Market Risk	1,841,125	935,200
Operational Risk	15,621,900	15,621,900
Total	123,652,806	136,088,502
Common Equity Tier 1 Capital Adequacy ratio	12.82%	10.35%
Tier 1 Capital Adequacy Ratio	14.43%	11.61%
Total Capital Adequacy Ratio	19.15%	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.

	September 30, 2020	December 31, 2019
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	17,846,714	15,797,724
Total Exposures	336,941,922	313,347,566
Leverage Ratio	5.30%	5.04%
Liquidity Coverage Ratio (LCR)*:		
Total High Quality Liquid Assets	57,390,396	52,694,993
Total Net Cash Outflow	32,805,697	33,979,271
Liquidity Coverage Ratio	191.74%	162.60%
Net Stable Funding Ratio (NSFR)*:		
Total Available Stable Funding	261,956,796	230,215,305
Total Required Stable Funding	117,760,925	115,685,066
Net Stable Funding Ratio	222.45%	199.00%

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

38 GENERAL

- 38.1** Captions, as prescribed by BPRD Circular Letter No. 5 dated March 22, 2019 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for captions of the Statement of Financial Position and Profit and Loss Account.
- 38.2** These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Groups's functional and presentation currency.
- 38.3** The figures in these 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 October 29, 2020 by the Board of Directors of the Holding Company.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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