

Growing with you

Quarterly Report March 2021

Contents

| | |
|--|-----------|
| Corporate Information | 02 |
| Directors' Report | 04 |
| Statement of Financial Position | 12 |
| Profit and Loss Account | 13 |
| Statement of Comprehensive Income | 14 |
| Statement of Changes in Equity | 15 |
| Cash Flow Statement | 16 |
| Notes to and forming part of the financial statements | 17 |
| Consolidated Financial Statements | 42 |

Corporate Information

Board of Directors

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

Shariah Supervisory Board

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

Audit Committee

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

Risk Management Committee

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

Human Resource Management Committee

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

Board Remuneration Committee

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

Information Technology (IT) Committee

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

Company Secretary

Mr. Muhammad Shoaib

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Adviser

1- Haidermota & Co.
Barrister at Law

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

Management (in alphabetical order)

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

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

Registered Office

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

Share Registrar

CDC Share Registrar Services Limited
Head Office: CDC House, 99 – B, Block ‘B’,
S.M.C.H.S., Main 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

In the Month of Ramadan:

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

Friday : 9:00 am to 12:30 pm

After Ramadan:

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

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

Website:

Directors' Report

Dear Shareholders,

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

Economic Snapshot

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

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

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

Source: State Bank of Pakistan

Financial Performance

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

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

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

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

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

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

Group Results

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

Board Composition

The current composition of the Board is as follows:

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

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

Acknowledgement

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

On behalf of the Board,

Syed Amir Ali
Chief Executive Officer

Ali Hussain
Chairman of the Board

April 27, 2021

خراج تحسین

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

مخائب بورڈ

علی حسین

چیئر مین آف دی بورڈ

سید عامر علی

چیف ایگزیکٹو آفیسر

27 اپریل، 2021

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

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

گروپ کے نتائج

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

بورڈ کی تشکیل:

بورڈ کی موجودہ تشکیل درج ذیل کے مطابق ہے:

ڈائریکٹرز کی مجموعی تعداد 8*

تشکیل:

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

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

مالیاتی کارکردگی

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

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

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

ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

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

معاشی چمک

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

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

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

ماخذ: اسٹیٹ بینک آف پاکستان

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

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

AS AT MARCH 31, 2021

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

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

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

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2021

| | March 31, 2021 | March 31, 2020 |
|---|----------------------------|-------------------------|
| | ----- Rupees in '000 ----- | |
| Profit after taxation for the period | 389,929 | 368,203 |
| Other Comprehensive Income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Movement in surplus on revaluation of investments - net of tax | 152,419 | (714,872) |
| Items that will not be reclassified to profit and loss account in subsequent periods | - | - |
| Total comprehensive income | <u><u>542,348</u></u> | <u><u>(346,669)</u></u> |

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

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

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Cash Flow Statement

FOR THE QUARTER ENDED MARCH 31, 2021

| | Note | March 31, 2021 | March 31, 2020 |
|---|------|---------------------|-------------------|
| ----- Rupees in '000 ----- | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 637,099 | 632,711 |
| Less: Dividend Income | | (5,170) | (2,350) |
| | | <u>631,929</u> | <u>630,361</u> |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation on fixed assets | | 182,279 | 167,655 |
| Depreciation on non banking assets | | 1,309 | 1,449 |
| Depreciation on right-of-use assets | | 209,441 | 206,161 |
| Amortization | | 16,641 | 17,023 |
| Depreciation on operating Ijarah assets | | 243,497 | 704,822 |
| Finance cost on Ijarah (lease) liabilities | 24 | 99,542 | 108,328 |
| Provisions and write offs - net | 30 | 47,230 | 1,126,928 |
| Charge for defined benefit plan | | 31,640 | 29,032 |
| Loss on sale of property and equipment | 27 | 63 | 331 |
| | | <u>831,642</u> | <u>2,361,729</u> |
| | | 1,463,571 | 2,992,090 |
| Decrease / (increase) in operating assets | | | |
| Due from financial institutions | | 23,364,996 | (23,126,260) |
| Islamic financing and related assets and advances | | (22,885,530) | (2,136,113) |
| Others assets | | 491,638 | (348,005) |
| | | 971,104 | (25,610,378) |
| Increase in operating liabilities | | | |
| Bills payable | | 2,353,553 | (362,960) |
| Due to financial institutions | | (316,019) | 2,495,123 |
| Deposits and other accounts | | 4,726,564 | 21,516,690 |
| Other liabilities (excluding current taxation) | | (74,729) | (431,495) |
| | | <u>6,689,369</u> | <u>23,217,358</u> |
| | | 9,124,044 | 599,070 |
| Income tax paid | | (138,124) | (125,262) |
| Net cash generated from operating activities | | <u>8,985,920</u> | <u>473,808</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net investments in available-for-sale securities | | (13,862,956) | 1,746,778 |
| Dividend received | | 5,170 | 2,350 |
| Payment of Ijarah (lease) liability against right-of-use assets | | (263,482) | (253,896) |
| Investments in fixed assets | | (601,435) | (73,088) |
| Investments in intangible assets | | (41,010) | (10,211) |
| Proceeds from disposal of fixed assets | | 25 | 257 |
| Net cash (used in) / generated from investing activities | | <u>(14,763,688)</u> | <u>1,412,190</u> |
| | | (5,777,768) | 1,885,998 |
| (Decrease) / increase in cash and cash equivalents | | <u>34,342,294</u> | <u>16,517,671</u> |
| Cash and cash equivalents at the beginning of the period | | <u>28,564,526</u> | <u>18,403,669</u> |
| Cash and cash equivalents at the end of the period | | <u>62,906,814</u> | <u>34,921,340</u> |

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

1 STATUS AND NATURE OF BUSINESS

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5 FINANCIAL RISK MANAGEMENT

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

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

7 BALANCES WITH OTHER BANKS

In Pakistan:

| | | |
|-----------------------|--------------|--------------|
| - In current accounts | 967 | 2,361 |
| - In deposit accounts | 371 | 369 |
| | <u>1,338</u> | <u>2,730</u> |

Outside Pakistan:

| | | |
|-----------------------|------------------|-------------------|
| - In current accounts | 3,677,355 | 8,992,757 |
| - In deposit accounts | 4,720,757 | 3,312,782 |
| | <u>8,399,450</u> | <u>12,308,269</u> |

8 DUE FROM FINANCIAL INSTITUTIONS

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

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

8.4 Category of classification

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

- 8.4.1 The Bank does not hold overseas classified placements.

9 INVESTMENTS

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

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

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

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

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

9.4 Conventional Investments by segments*

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

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

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

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

| | | |
|----------------------------|------------------|------------------|
| Investments - Islamic | 103,489 | 115,124 |
| Investments - Conventional | 2,333,606 | 2,333,606 |
| | <u>2,437,095</u> | <u>2,448,730</u> |

9.6.2 Particulars of provision against debt securities

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

9.6.2.1 The Bank does not hold overseas classified debt securities.

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

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

| | | Note | Performing | | Non Performing | | Total | |
|---|--|---------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | | | (Un-audited) | (Audited) | (Un-audited) | (Audited) | (Un-audited) | (Audited) |
| | | | March 31, 2021 | December 31, 2020 | March 31, 2021 | December 31, 2020 | March 31, 2021 | December 31, 2020 |
| Rupees in '000 | | | | | | | | |
| 10.1 ISLAMIC FINANCING AND RELATED ASSETS | | | | | | | | |
| In Pakistan | | | | | | | | |
| - | Running Musharakah | 10.11 | 53,885,529 | 39,189,963 | 1,613,510 | 1,668,510 | 55,499,039 | 40,858,473 |
| - | Diminishing Musharakah financing and related assets - Others | 10.3 | 30,025,088 | 28,935,891 | 2,160,512 | 1,491,171 | 32,185,600 | 30,427,062 |
| - | Diminishing Musharakah financing and related assets - Auto | | 17,098,714 | 14,336,290 | 198,845 | 223,763 | 17,297,559 | 14,560,053 |
| - | Diminishing Musharakah - Housing | | 14,980,965 | 13,446,210 | 1,708,757 | 1,631,646 | 16,689,722 | 15,077,856 |
| - | Iteisu financing and related assets | 10.5 & 10.10 | 11,905,733 | 11,397,127 | 1,059,949 | 1,022,049 | 12,965,682 | 12,419,176 |
| - | Murabahah financing and related assets | 10.6 & 10.9 | 6,660,406 | 3,496,899 | 406,124 | 440,795 | 7,066,530 | 3,937,694 |
| - | Investment Agency Wakalah | | 6,250,000 | 6,250,000 | - | - | 6,250,000 | 6,250,000 |
| - | Muswammah financing and related assets / Karobar financing | 10.4 | 5,471,968 | 8,380,530 | 3,959,680 | 3,024,150 | 9,431,648 | 11,404,680 |
| - | Ijarah financing under IFAS 2 and related assets | 10.7 | 1,264,099 | 1,573,616 | 160,547 | 186,736 | 1,424,646 | 1,760,352 |
| - | Financing against Bills | | 779,247 | 23,236 | - | - | 779,247 | 23,236 |
| - | Musharakah financing | | 280,000 | 280,000 | - | - | 280,000 | 280,000 |
| - | Murabahah against Bills | | 191,340 | 72,092 | 892 | 892 | 192,232 | 72,984 |
| - | Net investment in Ijarah financing in Pakistan | | 131,825 | 143,162 | - | - | 131,825 | 143,162 |
| - | Salam | 10.8 | 89,902 | 109,900 | - | - | 89,902 | 109,900 |
| - | Housing finance portfolio - others | | 33,898 | 33,897 | - | - | 33,898 | 33,897 |
| - | Past Due Acceptance | | 29,153 | 29,153 | - | - | 29,153 | 29,153 |
| - | Qardh e Hasana | | 901 | 946 | 532,352 | 541,060 | 533,253 | 542,006 |
| Gross financing and related assets | | | 149,078,768 | 127,698,912 | 11,801,168 | 10,230,772 | 160,879,936 | 137,929,684 |
| Less: Provision against non-performing Islamic financing and related assets | | | | | | | | |
| - | Specific | 10.13 & 10.14 | - | - | (7,596,039) | (7,231,104) | (7,596,039) | (7,231,104) |
| - | General | 10.13 & 10.14 | (801,453) | (801,993) | - | - | (801,453) | (801,993) |
| | | | (801,453) | (801,993) | (7,596,039) | (7,231,104) | (8,397,492) | (8,033,097) |
| Islamic financing and related assets-net of provisions | | | 148,277,315 | 126,896,919 | 4,205,129 | 2,999,668 | 152,482,444 | 129,896,587 |
| 10.2 ADVANCES | | | | | | | | |
| Loans, cash credits, running finances, etc. - In Pakistan* | | | 103,156 | 110,380 | 5,708,478 | 6,009,473 | 5,811,634 | 6,119,853 |
| Net investment in finance lease - In Pakistan | | | - | - | 582,185 | 582,185 | 582,185 | 582,185 |
| Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan | | | - | - | 706,325 | 706,325 | 706,325 | 706,325 |
| Advances - gross | | | 103,156 | 110,380 | 6,996,988 | 7,297,983 | 7,100,144 | 7,408,363 |
| Provision against advances | | | | | | | | |
| - | Specific | 10.13 & 10.14 | - | - | (6,959,510) | (7,260,504) | (6,959,510) | (7,260,504) |
| - | General | 10.13 & 10.14 | (55) | (55) | - | - | (55) | (55) |
| | | | (55) | (55) | (6,959,510) | (7,260,504) | (6,959,565) | (7,260,559) |
| Advances - net of provision | | | 103,101 | 110,325 | 37,478 | 37,479 | 140,579 | 147,804 |
| Fair value adjustment | | | 10.15 | - | 103,456 | 117,498 | 103,456 | 117,498 |
| Advances - net of provision and fair value adjustment | | | 103,101 | 110,325 | 140,934 | 154,977 | 244,035 | 265,302 |

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

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

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

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

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

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

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

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

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

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

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

11 FIXED ASSETS

| Note | (Un-audited) March 31, 2021 | (Audited) December 31, 2020 |
|--------------------------|-----------------------------------|-----------------------------------|
| | -----Rupees in '000----- | |
| Capital work-in-progress | 11.1 | 684,200 |
| Property and equipment | 11.2 & 11.3 | 8,489,735 |
| Right of use assets | 11.2 | 2,949,601 |
| | <u>12,123,536</u> | <u>11,741,506</u> |

11.1 Capital work-in-progress

| | | |
|---|----------------|----------------|
| Advances to suppliers and contractors | 130,341 | 138,670 |
| Advance for acquiring properties: | | |
| - Office premises | 1,275,762 | 762,503 |
| | 1,406,103 | 901,173 |
| Provision for impairment against advance for acquiring floors / office premises | (721,903) | (721,903) |
| | <u>684,200</u> | <u>179,270</u> |

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

11.2 Additions to fixed assets

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

| | | |
|--|----------------|----------------|
| Capital work-in-progress | 49,575 | 139,382 |
| Property and equipment | | |
| Leasehold Building | 8,488 | - |
| Furniture and fixture | 17,226 | 79,693 |
| Electrical office and computer equipment | 69,860 | 66,718 |
| Vehicles | - | 4,014 |
| | 95,573 | 150,425 |
| Right of use assets | | |
| Leasehold Building | 77,774 | 21,578 |
| Total | <u>222,922</u> | <u>311,385</u> |

11.3 Disposal of fixed assets

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

| | | |
|--|-----------|------------|
| Furniture and fixture | - | 4 |
| Electrical office and computer equipment | 73 | 585 |
| Total | <u>73</u> | <u>589</u> |

12 INTANGIBLE ASSETS

| | | (Un-audited) March 31, 2021 | (Audited) December 31, 2020 |
|-------------------|------|-----------------------------------|-----------------------------------|
| | | ----- Rupees in '000 ----- | |
| Computer software | 12.1 | 161,806 | 136,869 |
| Core deposits | | 26,764 | 27,332 |
| Goodwill | | 2,944,297 | 2,944,297 |
| | | <u>3,132,867</u> | <u>3,108,498</u> |

| | | (Un-audited) March 31, 2021 | (Un-audited) March 31, 2020 |
|------|--|-----------------------------------|-----------------------------------|
| | | ----- Rupees in '000 ----- | |
| 12.1 | Additions to intangible assets | | |
| | The following additions have been made to intangible assets during the period: | | |
| | - Directly purchased | <u>41,875</u> | <u>10,211</u> |

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

13 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

| | | | |
|--|------|------------------|------------------|
| Accumulated tax losses | 13.1 | 2,647,684 | 2,748,819 |
| Provision for diminution in the value of investments | | 326,246 | 326,246 |
| Provision against non-performing Islamic financing and related assets and advances | | 3,708,949 | 3,797,882 |
| Ijarah financing and related assets | | 228,745 | 207,080 |
| Accelerated tax depreciation | | 83,044 | 61,891 |
| Others | | 270,385 | 263,243 |
| | | <u>7,265,053</u> | <u>7,405,161</u> |

Taxable Temporary Differences on:

| | | | |
|--|----|--------------------|--------------------|
| Fair value adjustments relating to net assets acquired upon amalgamation | | (174,664) | (191,218) |
| Surplus on revaluation of fixed assets | 21 | (621,450) | (621,899) |
| Surplus on revaluation of non-banking assets | 21 | (14,197) | (14,383) |
| Surplus on revaluation of available for sale securities | 21 | (834,847) | (752,775) |
| | | <u>(1,645,158)</u> | <u>(1,580,275)</u> |
| | | <u>5,619,895</u> | <u>5,824,886</u> |

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

14 OTHER ASSETS

| Note | (Un-audited) | (Audited) |
|--|--------------------------|----------------------|
| | March 31, 2021 | December 31, 2020 |
| | -----Rupees in '000----- | |
| Profit / return accrued in local currency | 8,247,404 | 8,121,504 |
| Profit / return accrued in foreign currency | 9,930 | 7,772 |
| Advances, deposits, advance rent and other prepayments | 635,476 | 951,923 |
| Non-banking assets acquired in satisfaction of claims | 2,148,981 | 2,149,758 |
| Takaful / insurance claim receivable | 35,122 | 30,985 |
| Receivable against First WAPDA Sukuk | 50,000 | 50,000 |
| Acceptances | 2,182,069 | 2,392,561 |
| Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts | 174,887 | 60,489 |
| Amount held with financial institution | - | 814,546 |
| Others | 403,151 | 419,274 |
| | <u>13,887,020</u> | <u>14,998,812</u> |
| Less: Provision held against other assets | (868,933) | (1,588,151) |
| Other Assets (Net of Provision) | <u>13,018,087</u> | <u>13,410,661</u> |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 225,776 | 226,308 |
| Other assets - total | <u>13,243,863</u> | <u>13,636,969</u> |
| Market value of non-banking assets acquired in satisfaction of claims | <u>1,670,078</u> | <u>1,671,387</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 | - | 719,218 |
| Others | 137,562 | 137,562 |
| 14.1.1 | <u>868,933</u> | <u>1,588,151</u> |

14.1.1 Movement in provision held against other assets

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

15 NON-CURRENT ASSETS HELD FOR SALE

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

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

16 BILLS PAYABLE

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

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme
 Acceptances from State Bank of Pakistan for financial assistance
 Refinance facility for Islamic Mortgage
 Islamic refinance scheme for payment of wages and salaries
 Islamic refinance scheme for combating COVID (IRFCC)
 Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)

Total secured**Unsecured**

Wakalah Acceptance
 Musharakah Acceptance

Total unsecured

| (Un-audited) | | (Audited) | |
|--------------------------|-------------------|----------------|-------------------|
| March 31, 2021 | December 31, 2020 | March 31, 2021 | December 31, 2020 |
| -----Rupees in '000----- | | | |
| | | 3,199,000 | 3,622,550 |
| | | 3,453,229 | 3,375,410 |
| | | 2,899,742 | 1,989,031 |
| | | 2,684,778 | 2,805,692 |
| | | 31,895 | 31,895 |
| | | 42,953 | 3,038 |
| | | 12,311,597 | 11,827,616 |
| | | - | 4,300,000 |
| | | 3,500,000 | - |
| | | 3,500,000 | 4,300,000 |
| | | 15,811,597 | 16,127,616 |

18 DEPOSITS AND OTHER ACCOUNTS

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

19 SUBORDINATED SUKUK

19.1 The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-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) |
| Instrument Rating | PACRA has rated this sukuk at 'A-' (A minus). |
| Security | Unsecured |
| Expected Profit Rate | The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management. |
| Profit payment frequency | Profit shall be payable monthly in arrears, on a non-cumulative basis |
| Call option | The Bank may, at its sole discretion, call the sukuk, at any time after five years from the Issue Date subject to the prior approval of the SBP. |
| Lock-in clause | Profit on the sukuk shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements. |
| Loss absorbency clause | The sukuk shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written-off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013. |

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

20 OTHER LIABILITIES

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

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

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

Deferred tax liability on surplus on revaluation of:

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

22 CONTINGENCIES AND COMMITMENTS

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

22.1 Guarantees:

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

22.2 Commitments:

Documentary credits and short-term trade-related transactions

| | | | |
|---------------------|--|------------|------------|
| - letters of credit | | 16,990,882 | 12,003,211 |
|---------------------|--|------------|------------|

Commitments in respect of:

| | | | |
|---|--------|-------------|-------------|
| - Shariah compliant alternative of forward foreign exchange contracts | 22.2.1 | (6,347,240) | (9,435,135) |
|---|--------|-------------|-------------|

Commitments for acquisition of:

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

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

26 GAIN ON SECURITIES

| Note | (Un-audited) | |
|------|--------------|-----------|
| | March 31, | March 31, |
| | 2021 | 2020 |

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

26.1 Realized gain on:

| | | |
|---|--------|---------|
| Non-Government Shariah compliant Securities | 28,871 | 105,286 |
|---|--------|---------|

27 OTHER INCOME

| | | |
|--|---------------|---------------|
| Rent on property | 232 | 718 |
| Gain on termination of financing | 13,849 | 16,987 |
| Loss on sale of property and equipment | (63) | (331) |
| Recoveries against previously expensed items | 867 | 620 |
| Others | 1,501 | 381 |
| | <u>16,386</u> | <u>18,375</u> |

28 OPERATING EXPENSES

| | | |
|----------------------------|---------|---------|
| Total compensation expense | 984,424 | 885,526 |
|----------------------------|---------|---------|

Property expense

| | | |
|---|----------------|----------------|
| Rent & taxes | 21,066 | 19,316 |
| Takaful / Insurance | 967 | 879 |
| Utilities cost | 81,714 | 73,044 |
| Security (including guards) | 79,933 | 87,843 |
| Repair & maintenance (including janitorial charges) | 52,108 | 44,348 |
| Depreciation | 81,811 | 73,745 |
| Depreciation on right-of-use assets | 209,441 | 206,161 |
| | <u>527,040</u> | <u>505,336</u> |

Information technology expenses

| | | |
|----------------------|----------------|----------------|
| Software maintenance | 66,402 | 46,772 |
| Hardware maintenance | 6,809 | 24,142 |
| Depreciation | 54,493 | 48,425 |
| Amortization | 16,071 | 16,453 |
| Network charges | 40,626 | 42,402 |
| | <u>184,401</u> | <u>178,194</u> |

Other operating expenses

| | | |
|--|------------------|------------------|
| Directors' fees and allowances | 4,280 | 3,750 |
| Fees and allowances to Shariah Board | 4,354 | 3,339 |
| Legal & professional charges | 29,466 | 20,316 |
| Travelling & conveyance | 11,002 | 14,221 |
| NIFT clearing charges | 6,610 | 6,185 |
| Depreciation | 45,975 | 45,485 |
| Depreciation on non banking assets | 1,309 | 1,449 |
| Entertainment expense | 16,596 | 16,155 |
| Training & development | 1,179 | 3,133 |
| Postage & courier charges | 10,751 | 32,630 |
| Communication | 7,717 | 7,646 |
| Stationery & printing | 38,346 | 70,103 |
| Marketing, advertisement & publicity | 31,021 | 41,515 |
| Repairs and maintenance | 28,614 | 23,408 |
| Takaful, tracker and other charges on car Ijarah | 69,739 | 24,763 |
| Takaful / Insurance | 59,895 | 83,948 |
| Fee and subscription | 40,147 | 37,343 |
| Vehicle running and maintenance | 36,611 | 41,282 |
| Donation | 1,100 | 600 |
| Auditors' remuneration | 3,613 | 3,285 |
| Amortization | 570 | 570 |
| CDC and share registrar services | 2,208 | 2,413 |
| Brokerage and commission | 6,753 | 7,113 |
| Stamp duty, registration & verification charges | 16,356 | 6,231 |
| Others | 10,056 | 24,148 |
| | <u>484,268</u> | <u>521,031</u> |
| | <u>2,180,133</u> | <u>2,090,087</u> |

29 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan

| Note | (Un-audited) | |
|------|--------------------------|-------------------|
| | March 31, 2021 | March 31, 2020 |
| | -----Rupees in '000----- | |
| | 45 | 137 |

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 / (reversal) / write offs - net

10.14.2

| | |
|----------|-----------|
| (12,445) | 4,717 |
| 77,443 | 754,799 |
| (17,768) | 367,412 |
| 47,230 | 1,126,928 |

31 TAXATION

Current year

Deferred

| | |
|---------|---------|
| 124,252 | 180,162 |
| 122,918 | 84,346 |
| 247,170 | 264,508 |

32 BASIC AND DILUTED EARNINGS PER SHARE

Note

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

Profit after taxation for the period

| | |
|---------|---------|
| 389,929 | 368,203 |
|---------|---------|

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

Weighted average number of ordinary shares in issue

| | |
|---------------|---------------|
| 1,108,703,299 | 1,108,703,299 |
|---------------|---------------|

----- Rupees -----

Earnings per share - basic / diluted

| | |
|--------|--------|
| 0.3517 | 0.3321 |
|--------|--------|

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

33 FAIR VALUE MEASUREMENTS

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

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

33.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

| (Un-audited) | | | | |
|---|------------|------------|-----------|------------|
| March 31, 2021 | | | | |
| Level 1 | Level 2 | Level 3 | Total | |
| ----- Rupees in '000 ----- | | | | |
| On balance sheet financial instruments | | | | |
| Financial assets - measured at fair value | | | | |
| Investments | | | | |
| Shares | 364,379 | - | - | 364,379 |
| GOP Ijara Sukuk | - | 57,566,831 | - | 57,566,831 |
| Non-Government Shariah compliant Securities | 32,406,564 | 7,418,228 | - | 39,824,792 |
| Non-current assets held for sale | - | - | 601,609 | 601,609 |
| Non-Financial Assets - measured at fair value | | | | |
| Fixed assets - Land and building | - | - | 6,454,788 | 6,454,788 |
| Non-banking assets | - | - | 1,670,078 | 1,670,078 |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| Shariah compliant alternative of forward purchase of foreign exchange | - | 9,818,819 | - | 9,818,819 |
| Shariah compliant alternative of forward sale of foreign exchange | - | 34,221,529 | - | 34,221,529 |

| (Audited) | | | | |
|---|------------|------------|-----------|------------|
| December 31, 2020 | | | | |
| Level 1 | Level 2 | Level 3 | Total | |
| Rupees in '000 | | | | |
| On balance sheet financial instruments | | | | |
| Financial assets - measured at fair value | | | | |
| Investments | | | | |
| Shares | 335,097 | - | - | 335,097 |
| GOP Ijara Sukuk | - | 44,497,832 | - | 44,497,832 |
| Non-Government Shariah compliant Securities | 31,440,745 | 7,454,508 | - | 38,895,253 |
| Non-current assets held for sale | - | - | 601,609 | 601,609 |
| Non-Financial Assets - measured at fair value | | | | |
| Fixed assets - Land and building | - | - | 6,491,725 | 6,491,725 |
| Non-banking assets | - | - | 1,671,387 | 1,671,387 |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| Shariah compliant alternative of forward purchase of foreign exchange | - | 11,246,372 | - | 11,246,372 |
| Shariah compliant alternative of forward sale of foreign exchange | - | 20,631,765 | - | 20,631,765 |

Valuation techniques used in determination of fair values within level 2

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

Valuation techniques used in determination of fair values within level 3

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

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

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

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

| (Un-audited) March 31, 2021 | | | | | |
|----------------------------------|-----------------|----------------|--------------------|----------------|-----------|
| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
| ----- Rupees in '000 ----- | | | | | |
| Profit & Loss | | | | | |
| Net profit / return | 2,040,200 | (1,633,854) | 2,081,145 | (20,221) | 2,467,269 |
| Inter segment revenue - net | (1,866,706) | 3,719,380 | (1,804,331) | (48,344) | - |
| Total other income | 119,107 | 185,825 | 108,676 | 2,535 | 416,143 |
| Total Income | 292,601 | 2,271,351 | 385,490 | (66,030) | 2,883,412 |
| Segment direct expenses | 19,506 | 1,453,818 | 79,601 | 646,158 | 2,199,083 |
| Inter segment expense allocation | 34,041 | 337,052 | 180,623 | (551,715) | - |
| Total expenses | 53,546 | 1,790,870 | 260,224 | 94,443 | 2,199,083 |
| Provisions / (reversals) | (6,272) | 21,596 | 48,620 | (16,714) | 47,230 |
| Profit / (loss) before tax | 245,326 | 458,885 | 76,646 | (143,759) | 637,099 |

| (Un-audited) March 31, 2021 | | | | | |
|---|-----------------|----------------|--------------------|----------------|-------------|
| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
| ----- Rupees in '000 ----- | | | | | |
| Balance Sheet | | | | | |
| Assets | | | | | |
| Cash & Bank balances | 17,008,941 | 11,555,585 | - | - | 28,564,526 |
| Investments | 109,267,455 | - | - | - | 109,267,455 |
| Net inter segment placements | - | 233,057,133 | - | 2,846,643 | 235,903,776 |
| Due from financial institutions | 18,275,016 | - | - | - | 18,275,016 |
| Islamic financing and related assets - performing | - | 28,861,418 | 116,668,967 | 2,850,031 | 148,380,416 |
| - non-performing | - | 1,289,368 | 2,895,758 | 160,937 | 4,346,063 |
| Others | 612,149 | 7,553,161 | 2,750,951 | 23,805,509 | 34,721,770 |
| Total Assets | 145,163,561 | 282,316,665 | 122,315,676 | 29,663,120 | 579,459,022 |
| Liabilities | | | | | |
| Due to financial institutions | 6,953,229 | 2,899,742 | 5,958,626 | - | 15,811,597 |
| Subordinated sukuk | - | - | - | 2,000,000 | 2,000,000 |
| Deposits & other accounts | 16,503,902 | 270,238,612 | - | - | 286,742,514 |
| Net inter segment acceptances | 121,666,764 | - | 114,237,012 | - | 235,903,776 |
| Others | 39,665 | 9,179,535 | 2,126,212 | 7,218,202 | 18,563,614 |
| Total liabilities | 145,163,560 | 282,317,889 | 122,321,850 | 9,218,202 | 559,021,501 |
| Equity | - | - | - | 20,436,564 | 20,437,521 |
| Total Equity & liabilities | 145,163,560 | 282,317,889 | 122,321,850 | 29,654,766 | 579,459,022 |
| Contingencies & Commitments | (6,347,240) | - | 25,914,963 | 9,430,674 | 28,998,397 |

(Un-audited)
March 31, 2020

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

(Audited)
December 31, 2020

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

35 RELATED PARTY TRANSACTIONS

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

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

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

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

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

36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

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

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

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

37 GENERAL

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

38 DATE OF AUTHORISATION FOR ISSUE

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Financial Position

AS AT MARCH 31, 2021

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

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

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

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

| | March 31, 2021 | March 31, 2020 |
|---|----------------------------|-------------------|
| | ----- Rupees in '000 ----- | |
| Profit after taxation for the year attributable to: | | |
| Equity shareholders of the Bank | 456,844 | 316,968 |
| Non-controlling interest | 15,335 | 2,548 |
| | <u>472,179</u> | <u>319,516</u> |
| Other Comprehensive Income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Movement in surplus on revaluation of investments - net of tax attributable to: | | |
| Equity shareholders of the Bank | 151,269 | 316,968 |
| Non-controlling interest | 284 | 2,548 |
| | <u>151,553</u> | <u>319,516</u> |
| Total comprehensive income | <u>623,732</u> | <u>639,032</u> |
| Total comprehensive income attributable to: | | |
| Equity shareholders of the Bank | 608,113 | 633,936 |
| Non-controlling interest | 15,619 | 5,096 |
| | <u>623,732</u> | <u>639,032</u> |
| Total comprehensive income attributable to equity shareholders of the Bank: | | |
| Continuing operations | 607,154 | 619,483 |
| Discontinued operations | 959 | 14,453 |
| | <u>608,113</u> | <u>633,936</u> |

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

| | Share capital | Discount on issue of shares | Statutory reserve | Revenue reserve for bad debts & contingencies | Surplus on revaluation of | | Unappropriated profit | Sub total | Non-controlling interest | Total |
|--|----------------|-----------------------------|-------------------|---|---------------------------|----------------------------|-----------------------|------------|--------------------------|------------|
| | | | | | Investments | Fixed / Non Banking Assets | | | | |
| | Rupees in '000 | | | | | | | | | |
| Balance as at December 31, 2019 | 11,087,033 | (79,042) | 937,624 | 250,000 | 2,889,143 | 1,637,630 | 3,436,341 | 20,258,729 | 194,787 | 20,453,516 |
| Profit after taxation for the quarter ended March 31, 2020 | - | - | - | - | - | - | 316,968 | 316,968 | 2,548 | 319,516 |
| Other comprehensive income for the quarter ended March 31, 2020 | - | - | - | - | (721,919) | - | - | (721,919) | 2,479 | (719,440) |
| Total comprehensive income for the quarter ended March 31, 2020 | - | - | - | - | (721,919) | - | 316,968 | (404,951) | 5,027 | (399,924) |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | (3,199) | 3,199 | - | - | - |
| Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax | - | - | - | - | - | (696) | 696 | - | - | - |
| Balance as at March 31, 2020 | 11,087,033 | (79,042) | 937,624 | 250,000 | 2,267,224 | 1,633,735 | 3,757,204 | 19,853,778 | 199,814 | 20,053,592 |
| Profit after taxation for the period from April 01, 2020 to December 31, 2020 | - | - | - | - | - | - | 1,229,399 | 1,229,399 | 18,647 | 1,248,046 |
| Other comprehensive income for the period from April 01, 2020 to December 31, 2020 | - | - | - | - | (873,365) | 83,150 | 3,280 | (786,935) | (1,621) | (788,556) |
| Total comprehensive income for the period from April 01, 2020 to December 31, 2020 | - | - | - | - | (873,365) | 83,150 | 1,232,679 | 442,464 | 17,026 | 459,490 |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | 439 | (439) | - | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax | - | - | - | - | - | (1,167) | 1,167 | - | - | - |
| Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax | - | - | - | - | - | (83,658) | 83,658 | - | - | - |
| Transfer to statutory reserve | - | - | 339,270 | - | - | - | (339,270) | - | - | - |
| Balance as at December 31, 2020 | 11,087,033 | (79,042) | 1,276,894 | 250,000 | 1,393,859 | 1,632,499 | 4,734,999 | 20,296,242 | 216,840 | 20,513,082 |
| Profit after taxation for the quarter ended March 31, 2021 | - | - | - | - | - | - | 456,844 | 456,844 | 15,335 | 472,179 |
| Other comprehensive income for the quarter ended March 31, 2021 | - | - | - | - | 151,269 | - | - | 151,269 | 284 | 151,553 |
| Total comprehensive income for the quarter ended March 31, 2021 | - | - | - | - | 151,269 | - | 456,844 | 608,113 | 15,619 | 623,732 |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | (833) | 833 | - | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax | - | - | - | - | - | (346) | 346 | - | - | - |
| Balance as at March 31, 2021 | 11,087,033 | (79,042) | 1,276,894 | 250,000 | 1,545,128 | 1,631,320 | 5,193,022 | 20,904,355 | 232,459 | 21,136,814 |

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

-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 QUARTER ENDED MARCH 31, 2021

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

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2021

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

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

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

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

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

1.2 Subsidiary Companies

1.2.1 Subsidiary Companies classified as 'Held for Sale'

1.2.1.1 BankIslami Modaraba Investments Limited - 100 percent holding

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

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

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

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

1.2.1.2 BIPL Securities Limited - 77.12 percent holding

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

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

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

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

1.2.2 Other Subsidiary Companies

1.2.2.1 My Solutions Corporation Limited - 100 percent holding

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services.

2.4 SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carry forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Holding Company awaits instructions and issuance of guidelines from SBP for applicability of IFRS - 9 in presence of prevalent regime for classification and calculation of provisioning against non-performing assets. Pakistan Bank's Association (PBA) has requested SBP for the deferment of IFRS 9 till the aforementioned guidelines are issued by SBP. In view of the above situation, the Holding Company has followed the same accounting policies in respect of classification and measurement of financial instruments as applied in the preparation of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2020.

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

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

2.6 Basis of Consolidation

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

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

Material intra-group balances and transactions are eliminated.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5 FINANCIAL RISK MANAGEMENT

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

| | (Un-audited) March 31, 2021 | (Audited) December 31, 2020 |
|--------------------|-----------------------------------|-----------------------------------|
| - local currency | 7,206,262 | 6,153,879 |
| - foreign currency | 438,559 | 601,823 |
| | <u>7,644,821</u> | <u>6,755,702</u> |

With the State Bank of Pakistan in:

| | | |
|--------------------------------------|------------------|----------------|
| - local currency current account | 8,742,223 | 11,281,084 |
| - foreign currency deposit accounts: | | |
| - Cash Reserve Account | 489,133 | 431,873 |
| - Special Cash Reserve Account | 590,565 | 522,019 |
| - US Dollar Clearing Account | 14,212 | 21,184 |
| | <u>1,093,910</u> | <u>975,076</u> |

With National Bank of Pakistan in:

| | | |
|----------------------------------|-------------------|-------------------|
| - local currency current account | 2,662,207 | 2,955,558 |
| National Prize Bonds | 21,915 | 66,605 |
| | <u>20,165,076</u> | <u>22,034,025</u> |

7 BALANCES WITH OTHER BANKS

In Pakistan:

| | | |
|-----------------------|--------------|--------------|
| - in current accounts | 962 | 2,356 |
| - in deposit accounts | 2,576 | 2,577 |
| | <u>3,538</u> | <u>4,933</u> |

Outside Pakistan:

| | | |
|-----------------------|------------------|-------------------|
| - in current accounts | 3,677,355 | 8,992,757 |
| - in deposit accounts | 4,720,757 | 3,312,782 |
| | <u>8,401,650</u> | <u>12,310,472</u> |

8 DUE FROM FINANCIAL INSTITUTIONS

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

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

8.4 Category of classification

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

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

9 INVESTMENTS

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

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

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

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

9.4 Conventional Investments by segments*

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

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

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

9.6 Provision for diminution in value of investments

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

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

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

9.6.2 Particulars of provision against debt securities

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

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

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

| | Note | (Un-audited) March 31, 2021 | (Audited) December 31, 2020 |
|---|------|-----------------------------------|-----------------------------------|
| ----- Rupees in '000 ----- | | | |
| Islamic financing and related assets - net | 10.1 | 152,330,164 | 129,706,587 |
| Advances (relating to amalgamated entity) - net | 10.2 | 244,035 | 265,302 |
| | | <u>152,574,199</u> | <u>129,971,889</u> |

| Note | Performing | | Non Performing | | Total | |
|---|-------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | March 31, 2021 | December 31, 2020 | March 31, 2021 | December 31, 2020 | March 31, 2021 | December 31, 2020 |
| ----- Rupees in '000 ----- | | | | | | |
| 10.1 ISLAMIC FINANCING AND RELATED ASSETS | | | | | | |
| In Pakistan | | | | | | |
| - Running Musharakah | 10.11 | 53,885,529 | 39,189,963 | 1,613,510 | 1,668,510 | 54,499,039 |
| - Diminishing Musharakah financing and related assets - Others | 10.3 | 29,872,808 | 28,745,891 | 2,160,512 | 1,491,171 | 32,033,320 |
| - Diminishing Musharakah financing and related assets - Auto | | 17,098,714 | 14,336,290 | 198,845 | 223,763 | 17,297,559 |
| - Diminishing Musharakah - Housing | | 14,980,965 | 13,446,210 | 1,708,757 | 1,631,646 | 16,689,722 |
| - Istisna financing and related assets | 10.5 & 10.10 | 11,905,733 | 11,397,127 | 1,059,949 | 1,022,049 | 12,965,682 |
| - Murabahah financing and related assets | 10.6 & 10.9 | 6,660,406 | 3,496,899 | 406,124 | 440,795 | 7,066,530 |
| - Investment Agency Wakalah | | 6,250,000 | 6,250,000 | - | - | 6,250,000 |
| - Musawamah financing and related assets / Karobar financing | 10.4 | 5,471,968 | 8,380,530 | 3,959,680 | 3,024,150 | 9,431,648 |
| - Ijarah financing under IFAS 2 and related assets | 10.7 | 1,264,099 | 1,573,616 | 160,547 | 186,736 | 1,424,646 |
| - Financing against Bills | | 779,247 | 23,236 | - | - | 779,247 |
| - Musharakah financing | | 280,000 | 280,000 | - | - | 280,000 |
| - Murabahah against Bills | | 191,340 | 72,092 | 892 | 892 | 192,232 |
| - Net investment in Ijarah financing in Pakistan | 10.12 | 131,825 | 143,162 | - | - | 131,825 |
| - Salam | 10.8 | 89,902 | 109,900 | - | - | 89,902 |
| - Housing finance portfolio - others | | 33,898 | 33,897 | - | - | 33,898 |
| - Past Due Acceptance | | 29,153 | 29,153 | - | - | 29,153 |
| - Qardh e Hasana | | 901 | 946 | 532,352 | 541,060 | 533,253 |
| Gross financing and related assets | | <u>148,926,488</u> | <u>127,508,912</u> | <u>11,801,168</u> | <u>10,230,772</u> | <u>160,727,656</u> |
| Less: Provision against non-performing Islamic financing and related assets | | | | | | |
| - Specific | 10.14 | - | - | (7,596,039) | (7,231,104) | (7,596,039) |
| - General | 10.14 | (801,453) | (801,993) | - | - | (801,453) |
| | | <u>(801,453)</u> | <u>(801,993)</u> | <u>(7,596,039)</u> | <u>(7,231,104)</u> | <u>(8,397,492)</u> |
| Islamic financing and related assets - net of provisions | | <u>140,125,035</u> | <u>126,706,919</u> | <u>4,205,129</u> | <u>2,999,668</u> | <u>152,330,164</u> |
| 10.2 ADVANCES | | | | | | |
| Loans, cash credits, running finances, etc. - In Pakistan* | | 103,156 | 110,380 | 5,708,478 | 6,009,473 | 5,811,634 |
| Net investment in finance lease - In Pakistan | 10.12 | - | - | 582,185 | 582,185 | 582,185 |
| Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan | | - | - | 706,325 | 706,325 | 706,325 |
| Advances - gross | | <u>103,156</u> | <u>110,380</u> | <u>6,996,988</u> | <u>7,297,983</u> | <u>7,100,144</u> |
| Provision against advances | | | | | | |
| - Specific | 10.14 | - | - | (6,959,510) | (7,260,504) | (6,959,510) |
| - General | 10.14 | (55) | (55) | - | - | (55) |
| | | <u>(55)</u> | <u>(55)</u> | <u>(6,959,510)</u> | <u>(7,260,504)</u> | <u>(6,959,565)</u> |
| Advances - net of provision | | <u>103,101</u> | <u>110,325</u> | <u>37,478</u> | <u>37,479</u> | <u>140,579</u> |
| Fair Value adjustment | 10.15 | - | - | 103,456 | 117,498 | 103,456 |
| Advances - net of provision and fair value adjustment | | <u>103,101</u> | <u>110,325</u> | <u>140,934</u> | <u>154,977</u> | <u>244,035</u> |

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

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

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

Category of classification

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

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

Domestic

Other assets especially mentioned

468,642

149,428

-

Substandard

1,943,246

444,684

485,371

34,915

Doubtful

1,680,961

506,646

1,947,553

536,216

Loss

14,705,307

13,604,218

14,946,403

13,920,477

Total

18,798,156

14,555,549

17,528,755

14,491,608

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

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

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

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

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

Gross reversals for the period / year

400,159

416,632

Charge for the period / year

(463,560)

(2,645,496)

(63,401)

(2,228,864)

Fair value adjusted - net

(14,042)

(1,361)

Net charge taken to the profit and loss account

(77,443)

(2,230,225)

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

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

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

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

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

11.3 Disposal of fixed assets

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

| | | | |
|--|--|------------------------------|----------------------|
| | | | |
| | Furniture and fixture | - | 4 |
| | Electrical office and computer equipment | 73 | 585 |
| | | 73 | 589 |
| | | | |
| | | (Un-audited) | (Audited) |
| | Note | March 31, 2021 | December 31, 2020 |
| | | ----- (Rupees in '000) ----- | |

12 INTANGIBLE ASSETS

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

12.1 Additions to intangible assets

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

| | | | |
|--|----------------------|--------|--------|
| | - Directly purchased | 41,875 | 10,211 |
|--|----------------------|--------|--------|

12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period

13 DEFERRED TAX ASSETS

Deductible temporary differences on:

| | | (Un-audited) March 31, 2021 | (Audited) December 31, 2020 |
|--|------|-----------------------------------|-----------------------------------|
| | Note | ----- (Rupees in '000) ----- | ----- |
| Accumulated tax losses | 13.1 | 2,647,684 | 2,748,819 |
| Provision for diminution in the value of investments | | 201,160 | 201,160 |
| Provision against non-performing islamic financing and related assets and advances | | 3,708,949 | 3,797,882 |
| Ijarah financing and related assets | | 228,745 | 207,080 |
| Accelerated tax depreciation | | 83,044 | 61,891 |
| Others | | 270,385 | 263,243 |
| | | 7,139,967 | 7,280,075 |

Taxable temporary difference on:

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

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

14 OTHER ASSETS

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

| | | (Un-audited) | (Audited) |
|------------------------------|---|-------------------|----------------------|
| | Note | March 31, 2021 | December 31, 2020 |
| ----- (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 | - | 719,218 |
| | Others | 137,562 | 137,562 |
| | 14.1.1 | 868,933 | 1,588,151 |
| 14.1.1 | Movement in provision held against other assets | | |
| | Opening balance | 1,588,151 | 1,253,182 |
| | Charge for the period / year | - | 369,238 |
| | Reversals for the period / year | (17,768) | (34,269) |
| | Adjustment during the period / year | (701,450) | - |
| | Closing balance | 868,933 | 1,588,151 |

15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

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

16 BILLS PAYABLE

In Pakistan

| (Un-audited) | (Audited) |
|------------------------------|----------------------|
| March 31, 2021 | December 31, 2020 |
| ----- (Rupees in '000) ----- | |
| 7,303,039 | 4,949,486 |
| <u>7,303,039</u> | <u>4,949,486</u> |

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme
 Acceptances from State Bank of Pakistan for financial assistance
 Refinance facility of Islamic mortgage
 Islamic refinance scheme for payment of wages and salaries
 Islamic refinance scheme for combating COVID (IRFCC)
 Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)

| | |
|-------------------|-------------------|
| 3,199,000 | 3,622,550 |
| 3,453,229 | 3,375,410 |
| 2,899,742 | 1,989,031 |
| 2,684,778 | 2,805,692 |
| 31,895 | 31,895 |
| 42,953 | 3,038 |
| <u>12,311,597</u> | <u>11,827,616</u> |

Total secured

Unsecured

Wakalah Acceptance
 Musharakah Acceptance

| | |
|------------------|------------------|
| - | 4,300,000 |
| 3,500,000 | - |
| <u>3,500,000</u> | <u>4,300,000</u> |

Total unsecured

| | |
|-------------------|-------------------|
| <u>15,811,597</u> | <u>16,127,616</u> |
|-------------------|-------------------|

18 DEPOSITS AND OTHER ACCOUNTS

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

Customers

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

Financial Institutions

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

19 SUBORDINATED SUKUK

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

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

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

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

20 OTHER LIABILITIES

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

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Available for sale securities

Fixed Assets

Non-banking assets acquired in satisfaction of claims

Deferred tax liability on surplus on revaluation of:

Available for sale securities

Fixed Assets

Non-banking assets acquired in satisfaction of claims

Total surplus on revaluation of assets- net of tax

Less: Share of non-controlling interest

Holding Company's share

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

22 CONTINGENCIES AND COMMITMENTS

- Guarantees

- Commitments

- Other contingent liabilities

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

22.1 Guarantees:

Financial guarantees

Performance guarantees

Other guarantees

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

22.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit

Commitments in respect of:

- Shariah compliant alternative of forward foreign Exchange contracts

Commitments for acquisition of:

- operating fixed assets

- intangible assets

Other commitments

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

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

Purchase

Sale

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

22.2.2 Other commitments

Bills for collection

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

22.3 Other contingent liabilities

Suit filed by customers for recovery of alleged losses suffered, pending in the

High Court, which the Holding Company has not acknowledged as debt

Tax Contingencies

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

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

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

| | | (Un-audited) | |
|---|----------------------------------|---------------------------|---------------------------|
| | Note | March 31, 2021 | March 31, 2020 |
| | | Rupees in '000 | |
| 23 | PROFIT / RETURN EARNED | | |
| Profit earned on: | | | |
| Financing | | 2,793,347 | 4,200,217 |
| Investments | | 1,688,862 | 1,372,064 |
| Placements | | 818,451 | 2,368,809 |
| Others | | 29,531 | 30,678 |
| | | <u>5,330,191</u> | <u>7,971,768</u> |
| 24 | PROFIT / RETURN EXPENSED | | |
| Deposits and other accounts | | 2,502,761 | 4,248,975 |
| Due to financial institutions | | 203,262 | 191,698 |
| Cost of foreign currency swaps against foreign currency deposits | | - | 650 |
| Finance cost on ijarah (lease) liabilities | | 99,542 | 108,328 |
| Additional Tier-1 sukuk | | 49,705 | 69,396 |
| | | <u>2,855,270</u> | <u>4,619,047</u> |
| 25 | FEE AND COMMISSION INCOME | | |
| Branch banking customer fees | | 12,271 | 11,810 |
| Commission on bancataka ful | | 50,739 | 31,762 |
| Card related fees | | 81,810 | 64,633 |
| Commission on arrangement with financial institutions | | 24,002 | 13,949 |
| Consumer finance related fees | | 18,157 | 11,969 |
| Commission on guarantees | | 29,255 | 7,986 |
| Investment banking fees | | 28,849 | 80,427 |
| Commission on cash management | | 1,195 | 725 |
| Commission on remittances including home remittances | | 7,777 | 8,948 |
| Commission on trade | | 48,708 | 34,212 |
| Others | | 1,890 | 5,485 |
| | | <u>304,653</u> | <u>271,906</u> |
| 26 | GAIN ON SECURITIES | | |
| Realized gain | 26.1 | <u>28,871</u> | <u>105,286</u> |
| 26.1 | Realized gain on: | | |
| Non-Government Shariah compliant Securities | | <u>28,871</u> | <u>105,286</u> |
| 27 | OTHER INCOME | | |
| Rent on property | | - | 718 |
| Gain on termination of financing | | 13,849 | 16,987 |
| Loss on sale of property and equipment | | (63) | (331) |
| Recoveries against previously expensed items | | 867 | 620 |
| Others | | 1,501 | 288 |
| | | <u>16,154</u> | <u>18,282</u> |

28 OPERATING EXPENSES

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

29 OTHER CHARGES

| | Note | ----- (Un-audited) ----- March 31, 2021 | March 31, 2020 ----- Rupees in '000 ----- |
|---|------|---|---|
| Penalties imposed by the State Bank of Pakistan | | 45 | 137 |

30 PROVISIONS AND WRITE OFFS - NET

| | | | |
|--|---------|----------|-----------|
| Provision / (reversal of provision) for diminution in value of investments and due from financial institutions | | (12,445) | 4,717 |
| Provision against Islamic financing and related assets and advances - net | 10.14.2 | 77,443 | 754,799 |
| Other provisions / (reversal) / write offs - net | | (17,768) | 367,412 |
| | | 47,230 | 1,126,928 |

31 TAXATION

| | | |
|----------|---------|---------|
| Current | 124,252 | 180,162 |
| Deferred | 122,918 | 84,346 |
| | 247,170 | 264,508 |

32 BASIC AND DILUTED EARNINGS PER SHARE

| | | |
|---|---------|---------|
| Profit after taxation for the period from continuing operations (Attributable to equity shareholders of the Holding Company) | 419,785 | 311,649 |
| Profit after taxation for the period from discontinuing operations (Attributable to equity shareholders of the Holding Company) | 37,059 | 5,319 |
| Profit after taxation for the period (Attributable to equity shareholders of the Holding Company) | 456,844 | 316,968 |

| | | |
|---|------------------------------|---------------|
| | ----- Number of shares ----- | |
| Weighted average number of ordinary shares in issue | 1,108,703,299 | 1,108,703,299 |

| | | |
|--|--------------------|--------|
| | ----- Rupees ----- | |
| Earnings per share - basic / diluted from continuing operations | 0.3786 | 0.2811 |
| Earnings per share - basic / diluted from discontinuing operations | 0.0334 | 0.0048 |
| Earnings per share - basic / diluted | 0.4121 | 0.2859 |

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

33 FAIR VALUE MEASUREMENTS

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

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

33.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

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

Non-Financial Assets - measured at fair value

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

Off-balance sheet financial instruments - measured at fair value

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

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

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

Non-Financial Assets - measured at fair value

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

Off-balance sheet financial instruments - measured at fair value

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

Valuation techniques used in determination of fair values within level 2

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

Valuation techniques used in determination of fair values within level 3

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

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

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

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

(Un-audited)

March 31, 2021

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

(Un-audited)

March 31, 2021

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

(Un-audited)

March 31, 2020

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

(Audited)

December 31, 2020

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

35 RELATED PARTY TRANSACTIONS

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

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

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

| | (Un-audited) | | | | (Audited) | | | |
|---|----------------|--------------------------|-------------|-----------------------|-------------------|--------------------------|-------------|-----------------------|
| | March 31, 2021 | | | | December 31, 2020 | | | |
| | Directors | Key management personnel | Associates | Other related parties | Directors | Key management personnel | Associates | Other related parties |
| Rupees in '000 | | | | | | | | |
| Investments | | | | | | | | |
| Opening balance | - | - | 1,660,111 | - | - | - | 1,660,111 | - |
| Investment made during the period / year | - | - | - | - | - | - | - | - |
| Investment redeemed / disposed off during the period / year | - | - | - | - | - | - | - | - |
| Closing balance | - | - | 1,660,111 | - | - | - | 1,660,111 | - |
| Provision for diminution in value of investments | - | - | (1,032,169) | - | - | - | (1,032,169) | - |
| Islamic financing and related assets | | | | | | | | |
| Opening balance | 19,239 | 305,603 | 489,677 | 496,392 | 22,538 | 194,707 | 525,179 | 1,193,862 |
| Addition during the period / year | - | 7,048 | 3,675 | 1,639,661 | - | 180,438 | 92,048 | 3,216,340 |
| Repaid during the period / year | (929) | (5,976) | (8,088) | (1,274,821) | (3,299) | (66,942) | (127,550) | (3,404,528) |
| Transfer in / (out) - net | - | (61,371) | - | - | - | (2,600) | - | (509,282) |
| Closing balance | 18,310 | 245,304 | 485,264 | 861,232 | 19,239 | 305,603 | 489,677 | 496,392 |
| Provision held against Islamic financing and related assets | - | - | - | - | - | - | - | - |
| Other Assets | | | | | | | | |
| Profit receivable on financings | 120 | 8 | 19,263 | 10,098 | 812 | 167 | 1,626 | 3,153 |
| Subordinated debt | | | | | | | | |
| Opening balance | - | 1,015 | - | - | - | 10,000 | - | - |
| Issued / Purchased during the period / year | - | - | - | - | - | 15 | - | - |
| Redemption / Sold during the period / year | - | - | - | - | - | (9,000) | - | - |
| Closing balance | - | 1,015 | - | - | - | 1,015 | - | - |
| Deposits and other accounts | | | | | | | | |
| Opening balance | 18,887 | 25,210 | 85,142 | 1,171,529 | 3,534 | 6,260 | 82,086 | 1,062,262 |
| Received during the period / year | 1,884 | 76,917 | 393,095 | 2,072,943 | 96,690 | 694,472 | 1,641,620 | 8,820,606 |
| Withdrawn during the period / year | (15,756) | (73,932) | (402,927) | (2,073,056) | (81,169) | (675,522) | (1,638,684) | (8,711,343) |
| Transfer in / (out) - net | - | (840) | - | - | (168) | - | 120 | 4 |
| Closing balance | 5,015 | 27,355 | 75,310 | 1,171,416 | 18,887 | 25,210 | 85,142 | 1,171,529 |
| Other Liabilities | | | | | | | | |
| Profit / return payable | 2 | 386 | 707 | 7,194 | 2 | 160 | 689 | 7,141 |
| Meeting Fee / Remuneration Payable | 1,640 | - | - | - | 2,260 | - | - | - |
| Contingencies and Commitments | | | | | | | | |
| Other contingencies | - | - | 8,595 | 124,217 | - | - | - | 279,802 |

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

36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

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

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

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

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

37 GENERAL

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

38 DATE OF AUTHORISATION FOR ISSUE

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

This page has been left blank intentionally



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

