

Growing with you

Half Yearly Report June 2021

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Corporate Information

Board of Directors

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

Shariah Supervisory Board

| | |
|--------------------------|-------------|
| Mufti Irshad Ahmad Aijaz | Chairperson |
| Mufti Javed Ahmad | Member |
| Mufti Muhammad Husain | Member |
| Mufti Syed Hussain Ahmed | 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 |

* resigned effective from August 25, 2021

**co-opted effective from August 25, 2021 for remaining term in replacement of Mr. Siraj Ahmed Dadabhoy subject to SBP clearance.

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
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
Usman Shahid
Zaheer Elahi Babar

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

Registered Office

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

Share Registrar

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

Public Dealing Timings of Share Registrar

Monday to Thursday: 9:00 am to 5:00 pm
Friday : 9:00 am to 12:30 pm and 2:30 pm to 5:00 pm

Website:

www.bankislami.com.pk

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 half year ended June 30, 2021.

Economic Snapshot

Pakistan's economy continued its momentum of recovery during Fiscal Year 2021 (Jul'20 to Jun'21) due to healthy growth achieved in construction, services, FMCG, steel, cement, petroleum and power generation sectors. This growth momentum is expected to continue in FY22 based on support measures announced in federal budget, accommodative monetary stance and subsidized financing under SBP's Temporary Economic Refinance facility.

While overall year on year inflation increased from 8.0% in Dec'20 to 9.7% in Jun'21, inflation expectations for months ahead ranges between 7% to 9% based on improvement in food related inflation which went down to (i) Urban: 11.6% in Jun'21 from 12.6% in Dec' 20, and (ii) Rural: 9.8% in Jun'21 from 13.4% in Dec'20. This was largely due to administrative measures taken by Government of Pakistan and timely import of wheat and sugar stocks.

Country's FX reserve position is expected to improve this year due to adequate availability of external financing. Like all other emerging markets, Pak Rupee has depreciated by 4% since May'21, due to expectation of normalization of USA's monetary policy in order to balance inflationary trend in the west.

After registering surpluses in initial months, the country ended with a current account deficit of USD 1.8 Bn in FY21 on account of increase in seasonal imports, higher commodity prices at international level, vaccine imports and import of capital goods on the back of positive investment outlook. The current account deficit is expected at a sustainable range of 2-3 percent of GDP in FY22 (Jul'21 to Jun'22).

Based on the above, GDP Growth is now anticipated at around 4% to 5% in FY21. Moreover, Monetary Policy Committee has continued to maintain its accommodative stance and has kept the policy rate unchanged at 7% for sustained growth of economy during the on-going fourth wave of Covid.

Source: State Bank of Pakistan

Financial Performance

Following are the key financial highlights for the half year ended June 30, 2021:

| Particulars (Financial Position) | June 2021 | Dec 2020 | June 2020 | Growth | |
|--|-------------------------------|-------------|--------------|----------------|-----------------|
| | ----- Rupees in Million ----- | | | Vs Dec 2020 | Vs June 2020 |
| Total Deposits | 304,102 | 283,641 | 241,825 | 7.2% | 25.8% |
| Total Assets | 355,131 | 336,297 | 285,926 | 5.6% | 24.2% |
| Total Financing and Related Assets – net | 143,548 | 130,162 | 141,629 | 10.3% | 1.4% |
| Investments – net | 107,128 | 95,240 | 50,846 | 12.5% | 110.7% |
| Treasury and Bank Placements | 48,704 | 53,948 | 31,970 | -9.7% | 52.3% |
| Net Assets | 21,333 | 19,895 | 19,020 | 7.2% | 12.2% |
| Branches network (number) | 343 | 343 | 340 | 0.0% | 0.9% |

| Particulars (Profit and Loss) | June 2021 | June 2020 | Growth |
|-----------------------------------|-------------------------------|-----------|---------|
| | ----- Rupees in million ----- | | |
| Net Spread Earned | 5,067 | 6,789 | -25.4% |
| Fee and Commission Income | 611 | 440 | 38.9% |
| Operating Expenses | 4,484 | 4,142 | 8.3% |
| Operating Profit | 1,592 | 3,412 | -53.3% |
| Provisions and Write Offs-Net | (287) | 1,538 | -118.7% |
| Profit After Tax | 1,162 | 1,074 | 8.2% |
| Basic Earnings per share (Rupees) | 1.0481 | 0.9683 | 8.2% |

In line with its strategy and keeping in view the prevailing low policy rate regime, the nucleus of the Bank's deposit revolved around low cost Current and Saving deposits, which grew by 17.7% and 13.4% respectively since end of December 2020. In view of aforementioned strategy, the Bank's high cost Term Deposits witnessed a decline of 7.7% during the same period. Consequently, overall Deposit grew by 7.2% during period ended Jun'21 when compared with its position at Dec'20. When compared with June 2020, total deposit registered a healthy growth of 25.8%. On the back of improving macroeconomic indicators, positive investment outlook and supportive refinancing facilities from SBP, BankIslami expanded its credit exposures through its financing and investment book. On the financing side the Bank disbursed funds to corporate entities and to retail customers longing for auto and housing finance following the Bank's rigorous underwriting process. The growth in financing portfolio as compared to June 2020 is marginal mainly because of adjustment of large amount during the period which was financed to Government backed commodity operations. Infection ratio of the Bank also declined to 11.5% at Jun'21 as opposed to 12.1% at Dec'20 mainly due to increase in financing book, whereas the coverage ratio (including general provision) improved to 84.2% at Jun'21 from 83.5% at Dec'20. On the investment front, the Bank placed surplus liquidity towards GoP Sukuk which assisted in improving BankIslami's overall credit risk weightings for the purpose of Capital Adequacy Ratio which clocked at 16.7% at the end of Jun'21 as opposed to 16.1% at the end of Dec'20.

While the Bank depicted notable growth in its high yielding earning assets and low cost CASA deposits, Net Spreads of the Bank contracted by 25.4% mainly attributable to outweighing impact of downward repricing on assets vis-à-vis repricing of cost bearing liabilities. Non Funded Income of the Bank rose by 13% due to robust growth in Fee and Commission Income earned through (i) Digital Delivery Channels, (ii) Trade and FI relationships, (iii) Wealth management segment, and (iv) Consumer Finance Services. The Bank also booked one-off capital gains on sale of its holdings in two of its subsidiaries, namely, BIPL Securities Limited and BankIslami Modaraba Investments Limited. Increase in NFI through these avenues, was off-set by decline in FX income and Capital Gains on sale of fixed income securities.

Operating expenses of the Bank rose by 8.3% mainly due to inflationary impact linked with staff and non-staff costs and appreciation in variable cost directly attributable to business growth.

Owing to compression in net spreads, the operating profit of the Bank decreased to Rs. 1,592 Mn in HY'21. This decline was offset by net reversals against non-performing assets during the period as opposed to net provisioning booked against non-performing assets during same period last year. Net reversals booked during the current period includes reversal of provision against advance paid for acquisition of property, amounting to Rs. 722 Mn, as a result of settlement of dispute with a developer and withdrawal of related litigations. This reversal was off-set to certain extent by additional provisioning booked during HY'21 against non-performing accounts. Resultantly, the Bank posted Profit After Tax amounting to Rs. 1,162 Mn for the half year ended June 30, 2021, registering an improvement of 8.2% from last year's PAT of Rs. 1,074 Mn, *Allhamdulillah*.

Group Results

As at June 30, 2021, total assets of the Group increased by 5.2%, when compared with asset base of December 2020. Growth in the financial position of the Group was mainly due to growth in Deposits and Earning Assets of the Islamic Banking segment. On account of reduction in benchmark profit rates and resultant repricing of assets and liabilities, net spreads earned by the Group contracted during the six months ended June 30, 2021. Despite this, Group reported a Profit After Tax of Rs. 1,108 Mn for HY'21, improving by 16.6% when compared with PAT of Rs. 950 Mn for HY'20. This was mainly attributable to (i) net reversals booked during the outgoing period against delinquent assets; (ii) increase in profitability of Shakarganj Food Products Limited (associated entity) on account of growth in sales volumes and increase in prices of labeled dairy products; and (iii) increase in profits from discontinued operations (held for sale subsidiaries).

During the period ended June 30, 2021, the Group successfully completed the sale transaction of its two subsidiaries which were classified as 'Non-Current Assets held for sale', namely, BIPL Securities Limited and BankIslami Modaraba Investments Limited. As a result, these entities have now ceased to be part of the Group.

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 corporate information section of this report.*

Changes in the Board of Directors

Mr. Siraj Ahmed Dadabhoy, a non-executive Director, has decided to step down and tendered his resignation which has been accepted by the Board effective August 25, 2021. The Board has appointed Mr. Tasnim-ul-Haq Farooqui as a replacement for Mr. Siraj Ahmed Dadabhoy subject to completion of necessary formalities including regulatory approval. The Board places on record its appreciation for the invaluable support and contributions of Mr. Siraj Ahmed Dadabhoy during his tenure on the Board.

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 Banking industry in general and Islamic Banking industry in particular.

On behalf of the Board,

-Sd-

Syed Amir Ali
Chief Executive Officer

-Sd-

Ali Hussain
Chairman of the Board

August 25, 2021

بورڈ آف ڈائریکٹرز میں تبدیلیاں / ترمیمات

جناب سراج احمد داد بھائی، نان ایگزیکٹو ڈائریکٹر نے سبکدوشی کا فیصلہ کیا ہے اور انہوں نے اپنا استعفیٰ پیش کر دیا ہے، جو 25 اگست، 2021 کو بورڈ نے منظور کر لیا ہے۔ بورڈ نے جناب تسنیم الحق فاروقی کی جناب سراج احمد داد بھائی کی جگہ پر تقرری کی ہے جو ضروری کارروائی، بشمول ضابطے کی منظوری سے مشروط ہے۔ بورڈ نے جناب سراج احمد داد بھائی کی جانب سے بورڈ میں دی جانے والی خدمات کے اعتراف اور ان کی بھرپور معاونت کو سراہتے ہوئے اسے ریکارڈ کا حصہ بنایا ہے۔

اظہار تشکر

بورڈ، اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ معاونت اور رہنمائی پر اس کا تہہ دل سے مشکور ہے اور اسے ریکارڈ کا حصہ بنانے کا خواہاں ہے۔ اس کے ساتھ بورڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ضابطہ کار حکام کا بھی شکریہ ادا کرنا چاہتا ہے، جنہوں نے اس کی معاونت کی۔ ہم اپنے گرام قدر صارفین، کاروباری شراکت داروں اور حصص یافتگان کی جانب سے کی جانے والی مسلسل سرپرستی اور ان کے ہم پر اعتماد کا بھی شکریہ ادا کرنا چاہتے ہیں۔ اس کے علاوہ ہم اپنی انتظامی ٹیم کے اراکین اور ملازمین کے خلوص، لگن، عزم اور محنت کا بھی اعتراف کرتے ہوئے انہیں سراہنا چاہتے ہیں، جنہوں نے بینک اسلامی کو عمومی طور پر بینکاری کی صنعت اور خاص طور پر اسلامی بینکاری کی صنعت میں نمایاں مقام حاصل کرنے کے قابل بنایا۔

منجانب بورڈ

-Sd-

علی حسین

چیئر مین آف دی بورڈ

-Sd-

سید عامر علی

چیف ایگزیکٹو آفیسر

25 اگست، 2021

گروپ کے نتائج

30 جون، 2021 کو گروپ کے مجموعی اثاثہ جات میں دسمبر 2020 کے اثاثہ جات کے مقابلے میں 5.2% تک اضافہ ہوا۔ گروپ کے مالی استحکام میں اضافے کی بنیادی وجہ اسلامی بینکاری کے شعبہ کے ڈپازٹس اور آمدن والے اثاثہ جات میں اضافے کی وجہ سے تھی۔ طے شدہ شرح منافع میں کمی اور اثاثہ جات اور واجبات کے نرخ کے دوبارہ تعین کے نتیجے میں، گروپ کی جانب سے حاصل کردہ صافی پھیلاؤ (اسپرڈز) 30 جون، 2021 کے آخری چھ ماہ کے دوران کم ہو گئے۔ اس کے باوجود گروپ نے سال 2021 کی ششماہی میں 16.6% کی بہتری ریزروٹری کو ظاہر کرتے ہوئے 1,108 ملین روپے کا بعد از محصول منافع کا اعلان کیا جو کہ سال 2020 کی ششماہی میں 950 ملین روپے PAT تھا۔ اس کا سہرا بالخصوص (i) غیر فعال اثاثہ جات کے حوالے سے گزرنے والے مدت کے دوران صافی واپسی (ریورسلز) (ii) فروخت کے حجم میں اضافے اور لیبل والی ڈیری پراڈکٹس کی قیمتوں میں اضافے کی وجہ سے شکر گنج فوڈ پراڈکٹس لمیٹڈ (مسلک ادارے) کے منافع میں اضافہ اور (iii) معطل آپریشنز کی فروخت سے حاصل ہونے والے منافع (فروخت کے لیے رکھے گئے ذیلی ادارے) میں اضافے سے منسوب ہے۔

30 جون، 2021 کو ختم ہونے والی مدت کے دوران، گروپ نے اُن دو ذیلی اداروں کی فروختگی کے عمل کو کامیابی کے ساتھ مکمل کیا، جن کی درجہ بندی نان کرنٹ اثاثے برائے فروختگی کے طور پر کی گئی تھی۔ ان اداروں کے نام BIPL سیکورٹیز لمیٹڈ اور بینک اسلامی مضاربہ انویسٹمنٹ لمیٹڈ ہے۔ اس کے نتیجے میں اب یہ ادارے گروپ کا حصہ نہیں رہے ہیں۔

بورڈ کی تشکیل

بورڈ کی موجودہ تشکیل درج ذیل کے مطابق ہے:

ڈائریکٹرز کی مجموعی تعداد 8*

تشکیل:

- | | | |
|-------|-------------------------|---|
| (i) | انڈیپنڈنٹ 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 سیکشن میں شامل کر دیے گئے ہیں۔

موجودہ پالیسی کی کم شرح کے پیش نظر حکمت عملی کے مطابق، کم لاگت کے کرنٹ اور سیونگ ڈپازٹس بینک کے ڈپازٹ کی توجہ کا مرکز رہے، جو دسمبر، 2020 سے بالترتیب 17.7% اور 13.4% تک بڑھے۔ مذکورہ بالا حکمت عملی کے پیش نظر، اسی مدت کے دوران بینک کا مینڈیٹ لاگت کے خرم ڈپازٹس میں 7.7% کی تیزی دیکھنے میں آئی۔ جس کے نتیجے میں جون 2021 کی مدت کے دوران مجموعی ڈپازٹ کا اگر دسمبر 2020 سے موازنہ کیا جائے تو اس میں 7.2% فیصد تک اضافہ ہوا۔ جب اس کا جون 2020 کے دوران مدت سے موازنہ کیا گیا تو مجموعی ڈپازٹ میں 25.8% فیصد کی صحت مند نمو رجسٹر ہوئی۔ بینک و اکنامک انڈیکس میں بہتری، سرمایہ کاری کی مثبت سطح اور اسٹیٹ بینک آف پاکستان کی معاونت پر مبنی ری فنانسنگ کی سہولت کی بنیاد پر، بینک اسلامی نے اپنی فنانسنگ اور انویسٹمنٹ بک کے ذریعے کریڈٹ ایکسیپوژر کو وسعت دی۔ مالیاتی معاملات میں بینک نے اپنے سخت معاہدہ جات اور طریقہ کار کے تحت آٹو اور ہاؤس فنانسنگ کے خواہشمند کارپوریٹ اور ریٹیل کسٹمرز میں فنڈ تقسیم کئے۔ جون 2020 کے مقابلے میں کم نمو کی وجہ سے بڑی مقدار میں حکومتی ادارے کو فنانسنگ میں ایڈجسٹمنٹ ہے۔ بینک کی غیر فعال فنانسنگ کا تناسب خاص طور پر فنانسنگ بک میں بڑھوتری کی وجہ سے دسمبر، 2020 میں 12.1% کے برخلاف اگر جون 2021 میں 11.5% رہ گیا، جبکہ کوریج کا تناسب (بیشل عمومی فراہمی) دسمبر 2020 کے 83.5% کے مقابلے میں بڑھ کر جون 2021 میں 84.2% رہ گیا۔ سرمایہ کاری کے محاذ پر بینک نے حکومت پاکستان صکوک پراضافی رقوم (سرپلس) ترسیل زر (لیکویڈیٹی) کو رکھا، جس سے سرمایہ کاری کی موزونیت کے تناسب کے مقصد کے حوالے سے بینک اسلامی کے مجموعی کریڈٹ رسک ویٹیکو بہتر بنانے میں مدد ملی، جو دسمبر، 2020 کے آخر میں 16.1% کے برخلاف جون 2021 کے آخر میں 16.7% پر پہنچ گیا۔

ہر چند یہ کہ بینک نے اپنے بہترین پیداواری آمدن کے اثاثہ جات اور کم لاگت والے CASA ڈپازٹس میں قابل ذکر نمو رتی ظاہر کی۔ بینک کے صافی پھیلاؤ کا حجم کم ہو کر 25.4% تک رہ گیا، جس کی بنیادی وجہ لاگت کے حامل واجبات کے زرخوں کے دوبارہ تعین کے مقابلے میں اثاثہ جات پر گرتی ہوئی قیمتوں کے اثرات ہیں۔ فیس اور کمیشن میں مستحکم اضافے کی وجہ سے بینک کی نان فنڈڈ آمدن میں اضافہ ہوا۔ یہ آمدن (i) ڈیجیٹل ڈیلیوری چیلنجر (ii) ٹریڈ اور ایف آئی ریلیشن شپس (iii) ویلٹھ منجمنٹ سیگمنٹ اور (iv) کنزرویٹو فنانس سروسز کے ذریعے حاصل ہوئی۔ بینک نے اپنے دو ذیلی اداروں BIPL سکیورٹیز لمیٹڈ اور بینک اسلامی مضاربہ انویسٹمنٹ لمیٹڈ میں اپنی ہولڈنگز کی فروخت پر ون آف کیپیٹل منافع بھی حاصل کیا۔ ان شعبہ جات کے ذریعے NFI میں اضافہ، فیکسڈ انکم سیکورٹیز کی فروخت اور غیر ملکی زرمبادلہ کی آمدن والے منافع جات میں کمی کے باعث آف سیٹ ہو گیا۔

بینک کے آپریٹنگ اخراجات میں 8.3% اضافہ ہوا، جو بنیادی طور پر بالخصوص افراط زر سے مرتب ہونے والے اثرات سے منسلک ہے اور عملے اور غیر عملے کے اخراجات اور مختلف مصارف کی لاگت میں اضافے کی وجہ سے براہ راست کاروباری نموسے عبارت ہے۔

صافی اسپرڈز میں پیدا ہونے والے دباؤ کی وجہ سے، 2021 کی ششماہی مدت میں بینک کا آپریٹنگ منافع کم ہو کر 1,592 ملین روپے پر آ گیا۔ اس کمی کی بنیادی وجہ اس دوران میں مندرجہ غیر فعال اثاثہ جات کے حوالے سے ہونے والی صافی واپسی کا مکمل تھا، جو کہ گزشتہ سال کی اس مدت میں غیر فعال اثاثہ جات کے حوالے سے بک کی گئی صافی فراہمی کے برعکس تھا۔ موجودہ مدت کے دوران بک کئے گئے نیٹ ریورسلز میں 722 ملین روپے کے ریورسلز شامل ہیں جو کہ ڈیولپر کے ساتھ تنازعہ کے حل اور متعلقہ مقدمات کی واپسی کے نتیجے میں حاصل ہوئے۔ غیر فعال اکاؤنٹس کے حوالے سے سال 2021 کی ششماہی مدت کے دوران بک کی گئی اضافی فراہمی کے ذریعے اس واپسی (ریورسل) کو ایک خاص حد تک بند رکھا گیا۔ جس کے نتیجے میں بینک نے گزشتہ سال کے 1,074 روپے کے PAT کے مقابلے میں 8.2% بہتری ریورسوز کی کو ظاہر کرتے ہوئے، 30 جون، 2021 کو ختم ہونے والی ششماہی کے حوالے سے 1,162 ملین روپے کے بعد از محمول منافع کا اندراج کیا۔ الحمد للہ

مالیاتی کارکردگی

30 جون، 2021 کو ختم ہونے والی ششماہی کے حوالے سے اہم مالیاتی نکات درج ذیل ہیں:

| کوائف | جون - 2021 | دسمبر 2020 | جون 2020 | نمو |
|---------------------------|------------|------------|----------|-------------------|
| (مالی حیثیت) | | | | |
| | | | | 2020 Vs 2020، جون |
| | | | | |
| مجموعی ڈپازٹس | 304,102 | 283,641 | 241,825 | 25.8% 7.2% |
| مجموعی اثاثہ جات | 355,131 | 336,297 | 285,926 | 24.2% 5.6% |
| مجموعی فنانسنگ اور متعلقہ | 143,548 | 130,162 | 141,629 | 1.4% 10.3% |
| اثاثہ جات - صافی | | | | |
| سرمایہ کاری - صافی | 107,128 | 95,240 | 50,846 | 110.7% 12.5% |
| ٹریڈری اور بینک پلیٹفم | 48,704 | 53,948 | 31,970 | 52.3% -9.7% |
| صافی اثاثہ جات | 21,333 | 19,895 | 19,020 | 12.2% 7.2% |
| برانچر کا نیٹ ورک (نمبر) | 343 | 343 | 340 | 0.9% - |

| کوائف (نفع و نقصان) | جون 2021 | جون 2020 | نمو |
|-----------------------------|----------|----------|---------|
| | | | |
| | | | |
| حاصل کردہ صافی آمدن | 5,067 | 6,789 | -25.4% |
| فیس اور کمیشن آمدن | 611 | 440 | 38.9% |
| آپریٹنگ اخراجات | 4,484 | 4,142 | 8.3% |
| آپریٹنگ منافع | 1,592 | 3,412 | -53.3% |
| فراہمی اور دستبرداری - صافی | (287) | 1,538 | -118.7% |
| بعد از محصل منافع | 1,162 | 1,074 | 8.2% |
| فی حصص بنیادی آمدن (روپے) | 1.0481 | 0.9683 | 8.2% |

ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان

ہم بورڈ کی جانب سے 30 جون، 2021 کو ختم ہونے والی ششماہی کے حوالے سے بینک اسلامی پاکستان لمیٹڈ ("بینک" یا "بینک اسلامی") کی عبوری رپورٹ پیش کرنے پر خوشی محسوس کر رہے ہیں۔

معاشی جائزہ

پاکستان کی معیشت نے تعمیریاتی، خدمات، FMCG، آئیل، سینٹ، پٹرولیم اور بجلی کی پیداوار کے شعبہ جات میں حاصل ہونے والی نمو کی وجہ سے مالی سال 2021 (جولائی، 2020 تا جون، 2021) کے دوران بحالی کا عمل جاری رکھا۔ وفاقی بجٹ میں امدادی اقدامات، مستحکم مالیاتی موقف اور اسٹیٹ بینک آف پاکستان کی عارضی اقتصادی ری فنانسنگ سہولت کے تحت دی جانے والی سبسڈائزڈ فنانسنگ کی بنیاد پر ترقی کی یہ رفتار مالی سال 2022 میں بھی جاری رہنے کا امکان ہے۔

جبکہ مجموعی طور پر سال بہ سال کے افراط زر کی شرح دسمبر، 2020 کی 8.0% شرح سے بڑھ کر جون 2021 میں 9.7% ہو گئی اور آنے والے مہینوں میں افراط زر کی شرح، متزلی کا شکا خوراک کے افراط زر جو کہ (i) شہری: دسمبر، 2020 کے 12.6% سے گر کر جون 2021 میں 11.6% اور (ii) دیہی: دسمبر، 2020 کے 13.4% سے گر کر جون 2021 میں 9.8% ہونے کی وجہ سے 7% سے 9% درمیان رہنے کی توقعات ہیں۔ اس کی بڑی وجہ حکومت پاکستان کے انتظامی اقدامات اور گندم، چینی کے اسٹاک کی بروقت درآمد تھی۔

خارجی فنانسنگ کی موزوں دستیابی کی وجہ سے اس سال ملک کے غیر ملکی زرمبادلہ کے ذخائر بہتر ہونے کی توقع ہے۔ دیگر ابھرتی ہوئی مارکیٹوں کی طرح، مغربی ممالک میں افراط زر کو متوازن کرنے کی غرض سے امریکہ کی مالیاتی پالیسی کو معمول پر لانے کے امکانات کی وجہ سے مئی 2021 سے پاکستانی روپے کی قدر میں 4% کمی واقع ہوئی۔ ابتدائی مہینوں میں اضافی رقوم (سرپلس) کے اندراج کے بعد، مالی سال 2021 میں ملک کا کرنٹ اکاؤنٹ خسارہ یزن میں ہونے والی درآمدات، بین الاقوامی سطح پر اجناس کے بلند نرخ، درآمد شدہ ویکسین اور مثبت سرمایہ کاری کی بنیاد پر کمپینل گڈز کی درآمد کی وجہ سے 1.8 بلین امریکی ڈالر رہا۔ مالی سال 2022 (جولائی، 2021 تا جون، 2022) میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کا 3-2% کی مستحکم سطح پر رہنے کی توقع ہے۔

مذکورہ بالا عوامل کی بنیاد پر، مالی سال 2021 میں جی ڈی پی گروتھ کی شرح اب تقریباً 4% سے 5% رہنے کی توقع ہے۔ مزید یہ کہ مالیاتی پالیسی کمیٹی نے اپنے مستحکم اور موثر موقف کو برقرار رکھا ہے اور پائیدار اقتصادی ترقی کے لیے COVID کی جاری چوٹی لہر کے دوران پالیسی کی شرح کو تبدیل کئے بغیر 7% پر رکھا ہے۔

اختصار کردہ: اسٹیٹ بینک آف پاکستان

Achievements and New Initiatives

ACHIEVEMENTS AND NEW INITIATIVES DURING HALF YEAR ENDED JUNE 30, 2021

Consumer Finance

Year 2021 have so far proved to be a robust year for Automobile industry where the country has witnessed launch of various new brands. Keeping up with the rising demand, BankIslami's Auto Finance segment also captured commendable business whereby it disbursed over Rs. 7.5 Bn during the first half of 2021. The Auto Finance team was also successful in implementing SBP's Kamyab Jawan Program through which it disbursed Rs. 28.2 Mn. Moreover, the Auto Team of the Bank also recorded its highest ever disbursement of Rs. 1.7 Bn during the Month of March 2021.

Similarly, Housing Sector of Pakistan has also witnessed significant recovery on account of initiatives taken by the Government of Pakistan. Taking advantage of the traction in the Housing Sector, the Bank also grew its Housing book on the back of over Rs. 4 Bn disbursements during the first half of the year. The Bank also achieved monthly disbursement of Rs. 1.8 Bn against 123 housing units in the month of March 2021 which is the highest ever number in a single month in the history of BankIslami and the banking industry. In addition to this, the Bank has also disbursed Rs. 435 Mn against 91 units under Government's Subsidy Schemes – 'Mera Pakistan, Mera Ghar' – which is over 3 times higher than assigned target as of June 2021. To further expand Bank's customer outreach the Bank has signed three MoU's with renowned builders, namely, EMAAR, Bahria and GFS.

To enhance turnaround time and operational efficiency in consumer financing, the Bank is expanding its Consumer Credit Risk footing in the regions of Faisalabad and Multan which will pave the way to improve the customer service.

Marketing

On the marketing side, the Bank launched a TVC campaign which was dedicated to our talented and differently abled children of Pakistan. This campaign was well received amongst masses. As a sequel to this campaign the Bank had organized a CSR fun day event for our special kids of the country.

Keeping in view the significance of digital platforms for marketing and dissemination of information to our stakeholders, the Marketing team of the Bank also launched its new and improved website which has been designed based on latest trend and needs of all our stakeholders.

Digital Delivery Channel

BankIslami successfully launched Whatsapp Banking channel through which it is now offering its valued customers with optimal digital convenience by leveraging state of the art digital platforms. With launch of this service, customers can interact with the Bank's representatives to acquire wide range of services.

On the technical side, the Bank has upgraded its Rendezvous Middleware which has enabled us in integrating our front-end channels with back-end systems in a seamless manner. This upgrade is compliant with latest PA-DSS mandates related to information security and has also allowed the Bank to significantly increase efficiency of its digital delivery channels.

Distribution

HY'21 has proved to be a landmark period for the Distribution Team. The Bank was not only able to increase its CASA mix composition from 64% in Dec'20 to 69% in Jun'21, but was also successful in crossing the Rs. 300 Bn benchmark for its overall deposit book. In order to achieve these milestones, the Bank has been actively working on strengthening its distribution structure and field force. Working on these lines, the Bank during the outgoing period, also expanded its field force by onboarding freelance Business Professionals and hiring of sales staff from rural areas which played a pivotal role towards enhancing CASA deposits.

Corporate Banking

Corporate Banking continued to pursue its strategy of portfolio rationalization and diversification. During the first half of 2021, the Bank remained focused towards adding New to Bank (NTB) customers, preferably Rated customers, with an aim to diversify and improve the credit quality of the financing portfolio encompassing all major economic sectors, such as Chemicals & Pharmaceuticals, Automobile, IT, Ceramics, Wires & Cables, Packaging and Textile.

Under Islamic Temporary Economic Relief facility, the response from various businesses across different industries has been overwhelming. The Bank opened LCs of over Rs 8.5 Bn under the Scheme against its approved limit of Rs. 9.1 Bn. These LCs are being retired through disbursement under ITERF facility and so far Rs. 1.4 Bn has been disbursed under subject Scheme.

SME Banking

SME team of BankIslami continued its focus on booking NTBs which exceeded 150 during the half year under review. Clients were embarked from trade intensive markets through our Import based Programs via 50 branches of the Bank across Pakistan. Through this thrust, the SME segment of the Bank achieved trade volumes of Rs. 47 Bn during first half of the year 2021 with a customer base of 650. Recognizing the importance of PM Kamyab Jawan Program for creation of employment in the country, the Bank played its role and effectively disbursed a sizable amount over Rs. 162 Mn. The focus of BankIslami's SME team is in line with initiatives taken by SBP with regards to Renewable Energy and Construction Finance. Several solar finance projects are in pipeline while the Team managed to disburse Rs. 550 Mn to support construction activities.

Besides the above achievements, SME segment of the Bank successfully launched 'Islamic Karobar Asaan Financing' program under Prime Minister's Youth Entrepreneurship Scheme, which will cater to the needs of relatively smaller entrepreneurs to set up or further expand their businesses.

Investment Banking

Investment Banking booked fee income of Rs. 79.6 Mn during HY'21. The fee income was mainly derived from advisory & arrangement services from Syndicate, Sukuk and Islamic Commercial Paper (ICP) transactions. BankIslami, as an Advisor, launched PIA Sukuk-I for Pakistan International Airlines (PIA). This was first SLR eligible Corporate Sukuk issuance during 2021 which was not only GoP backed but also Privately Placed Listed instrument issued through PSX Book Building process during mid of July 2021. Moreover, BankIslami, as Lead Advisor and Arranger, successfully closed two ICP issues amounting to Rs. 8,500 Mn for K-Electric Limited. With this, BankIslami has crossed Rs. 75 Bn milestone by successfully Structuring, Advising and Arranging ICP & Short Term Sukuk for the leading corporates during last three years.

Other notable achievements by Investment Banking Department include, (i) designation of BankIslami as Market Maker at PSX for Pakistan Energy Sukuk I and II; and (ii) issuance of CTI license (Consultant to the Issue) by SECP to BankIslami, making it the first Islamic bank in Pakistan to receive this approval. This license will broaden investment banking product suite and offerings relating to transaction advisory, investment agency and market maker services for both listed and privately placed Islamic debt instruments.

Agri Finance

BankIslami launched a new scheme of Tractor and Solar Finance under Prime Minister's Kamyab Jawan initiative under which the Bank, till June 2021, has disbursed Rs. 98 Mn to 83 farmers for purchase of Tractors and Rs. 6 Mn to 3 farmers for installation of Solar Tubewells on their farms for the purpose of conserving energy and reducing their cost of production. To facilitate customers in timely delivery of Tractors, the Bank entered into an agreement with renowned company M/s Millat Tractors Limited.

The Bank also introduced a new concept of Field Warehouse Receipt Financing to facilitate farmers / traders to store their produce (Maize & Paddy) near their farm. As a pilot scheme, the Bank, entered into agreement with M/S Haji Sons to provide storage facilities in Hermetic Technology bags for Bank's customer in lieu of which we have disbursed Rs. 4.7 Mn in four transactions. BankIslami conducted 31 awareness program at different locations (villages) across Pakistan to bring awareness among rural community on Islamic Banking, Shariah Compliant Agri products, and developing habits on how to accumulate capital.

Employee Banking

In line with Bank's business strategy to pass on the benefits of Islamic Banking to grass root level, BankIslami launched Bike and Durable Goods Financing product for the employees of Bank's Corporate, Commercial and SME customers under Employees Banking Services. Through this Islamic Financing facility one can own its dream bike or home appliance on easy, affordable and flexible payment plans in a Riba-free way. The response under the Scheme is overwhelming and several mandates have been signed off for which financing requests are being processed.

Cash Management Services

BankIslami's Cash Management solution under the label of LinkIslami made considerable progress during the current period wherein the Bank has implemented new features for our valued customers. These include:

- Launch of Electronic Payment Gateway Services in collaboration with NIFT ePay.
- Electronic processing feature for settlement of all Bank's Digital Delivery Channel (DDC) merchants.
- Customized offering for onboarding collection clients over 1-Link network via our billing aggregator Partner Kuickpay.

With these product upgrades, the Bank is now able to cross-sell market competitive cash management and employee banking services to corporate and business customers which will add value to their business cash flows in an efficient manner with reduced operational cost.

Shariah

On the product side, the Shariah department made pivotal contribution towards launching of new Agri Finance products and structuring of Investment Banking deals. Moreover, to improve Bank's product suite and offerings, product manuals and standard agreement terms for Murabaha, Tijarah, Salam and Istisna were updated in line with the applicable Shariah Framework so as to cater business needs. The Shariah team also developed Urdu write ups of transaction summaries pertaining to modes of financing for SME and Agri Clients. This initiative aided improvement in customers' as well as staff's understanding about Islamic Banking products.

To maintain highest level of Islamic Banking and operating standards, the Shariah team reviewed more than 1,300 cases including Transaction Fact Sheets of various clients, bank guarantee drafts and approvals along with external and internal agreements. The team has also reviewed marketing and promotional material of the Bank including social media posts, sponsorship contents and marketing designs. In order to ensure a Shariah compliant environment at the branch level, Shariah team visited 20 branches across different cities to conduct Shariah Review and Knowledge Assessment of branch staff.

BankIslami, took an unprecedented initiative of launching a free of cost Islamic awareness programme with unique identity of 'Deen Connect', which was launched across all platforms. Under this program, different courses, webinars and workshops were conducted offering courses related to understanding of Arabic language used in the Quran, Quranic Tasfeer, and Quranic Tajweed. Moreover, under the umbrella of Deen Connect the Bank also conducted (i) two Live Islamic Awareness Webinars on Shariah aspects of Real Estate Business and Understanding Zakat: Its Importance, Calculation & Distribution'; and (ii) online workshops on topics of Ramadan, Halal Awareness and Islamic Law of Inheritance.

The Bank arranged a radio awareness session in Chitral which was delivered in the local language. The session provided a basic understanding of Islamic Banking to the listeners of the largest radio station in the region.

Human Resource

The Bank completed its performance appraisal exercise for the year 2020 in the first quarter of 2021 through e-portal to ensure smooth processing and transparency. Increments, promotions and performance bonus were awarded to deserving staff for their excellent performance and contributions towards achievement of Bank's goals. Moreover, the Bank made new hiring of over 500 plus staff at various levels of the Bank to support the business growth of the Bank. BankIslami believes in providing equal employment opportunities and built a talent pool by attracting batches of young graduates under its 'Graduate Trainees' and 'Trainee Personal Banking Officers' programs

For the wellbeing, convenience, health and safety of our valuable staff and their beloved family members, BankIslami took a remarkable initiative by setting up a Covid vaccination camp through which more than 525 staff members including their family members were immunized and jabbed through WHO approved vaccines.

Training and Development

Through a hybrid model which included classroom sessions as well as online virtual sessions, various training sessions were conducted by the Bank. BankIslami rolled out two certification courses i.e. Certified Islamic Retail Banker program and Certified Customer Service Officer Diploma program, accredited by Institute of Business Management (IoBM). The Bank also carried out 11 staff training sessions on Fair Treatment to Customers and Service Excellence including Complaint Management.

During the period under review, more than 30 classroom and 20 online training sessions of Islamic Banking Concepts were conducted in various cities with more than 916 participants attended these sessions. Specific training sessions were also conducted for Treasury Front and Back office staff and Agriculture Finance department's staff. Further, in a bid to improve staff's Shariah and Islamic Banking knowledge, the team also took an initiative to share daily posts with the title 'Islam aur Maeeshat', 'Seerat un Nabi (SAW)', 'Ramadan Kareem' and 'Zakat' etc.

Service Quality

The Bank received, total number of 27,260 complaints from Jan'21 till Jun'21 of which 25,427 were resolved with an average resolution TAT of 4 working days. Quantum of complaints received from Banking Mohtasib Pakistan was 60 of which 57 were resolved, while 84 complaints received through State Bank of Pakistan of which 83 were resolved.

The service quality team performed more than 1800 branch visits in which it provided trainings on internal service standards/memos and soft skills to enable Bank's staff in maintaining highest quality of service standards. The team also conducted meetings with General Managers and Area Managers on regular basis to update them on branch performance with regards to service quality.

The Bank conducted various product knowledge survey on the basis of e-product paper. The e-paper was circulated to Branches for knowledge purpose and then mystery calls were made to ensure quality assurance.

Condensed Interim
Unconsolidated Financial Statements
of
BankIslami Pakistan Limited
For the Half Year Ended
June 30, 2021

Independent Auditor's Review Report

To the members of BankIslami Pakistan Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **BankIslami Pakistan Limited** ("the Bank") as at 30 June 2021 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The financial statements of the Bank for six-month period ended 30 June 2020 and for the year ended 31 December 2020 were respectively reviewed and audited by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated 28 August 2020 and 4 March 2021, respectively.

The figures for the quarter ended 30 June 2021 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

-Sd-

Date: August 26, 2021

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

AS AT JUNE 30, 2021

| | | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|--|------|----------------------------------|-----------------------------------|
| | Note | ----- ((Rupees in '000)) ----- | |
| ASSETS | | | |
| Cash and balances with treasury banks | 6 | 20,508,979 | 22,034,025 |
| Balances with other banks | 7 | 6,876,919 | 12,308,269 |
| Due from financial institutions | 8 | 41,827,168 | 41,640,012 |
| Investments | 9 | 107,128,325 | 95,239,635 |
| Islamic financing, related assets and advances | 10 | 143,548,069 | 130,161,889 |
| Fixed assets | 11 | 12,825,878 | 11,741,506 |
| Intangible assets | 12 | 3,141,187 | 3,108,498 |
| Deferred tax assets | 13 | 5,060,194 | 5,824,886 |
| Other assets | 14 | 14,214,707 | 13,636,969 |
| Non-current assets held for sale | 15 | - | 601,609 |
| | | 355,131,426 | 336,297,298 |
| LIABILITIES | | | |
| Bills payable | 16 | 4,221,517 | 3,324,085 |
| Due to financial institutions | 17 | 12,668,506 | 16,127,616 |
| Deposits and other accounts | 18 | 304,101,931 | 283,641,351 |
| Subordinated sukuk | 19 | 2,000,000 | 2,000,000 |
| Deferred tax liabilities | | - | - |
| Other liabilities | 20 | 10,806,422 | 11,309,073 |
| | | 333,798,376 | 316,402,125 |
| NET ASSETS | | 21,333,050 | 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 | 3,297,968 | 3,030,509 |
| Unappropriated profit | | 5,500,197 | 4,329,779 |
| | | 21,333,050 | 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 AND HALF YEAR ENDED JUNE 30, 2021

| | | Quarter Ended | | Half Year Ended | |
|---------------------------------|------|---------------|---------------|-----------------|---------------|
| | Note | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| ----- (Rupees in '000) ----- | | | | | |
| Profit / return earned | 23 | 5,618,530 | 6,790,557 | 10,957,253 | 14,769,142 |
| Profit / return expensed | 24 | 3,019,024 | 3,351,993 | 5,890,478 | 7,980,546 |
| Net Profit / return | | 2,599,506 | 3,438,564 | 5,066,775 | 6,788,596 |
| OTHER INCOME | | | | | |
| Fee and commission income | 25 | 306,551 | 168,127 | 611,204 | 440,033 |
| Dividend income | | 3,878 | 4,700 | 9,048 | 7,050 |
| Foreign exchange income | | 108,516 | 99,647 | 169,579 | 213,774 |
| Gain on securities | 26 | 189,724 | 127,600 | 218,595 | 232,886 |
| Other income | 27 | 28,356 | 21,018 | 44,742 | 39,393 |
| Total other income | | 637,025 | 421,092 | 1,053,168 | 933,136 |
| Total Income | | 3,236,531 | 3,859,656 | 6,119,943 | 7,721,732 |
| OTHER EXPENSES | | | | | |
| Operating expenses | 28 | 2,304,340 | 2,051,861 | 4,484,473 | 4,141,948 |
| Workers' Welfare Fund | | 22,029 | 25,429 | 40,934 | 37,642 |
| Other charges | 29 | 2,010 | 129,595 | 2,055 | 129,732 |
| Total other expenses | | 2,328,379 | 2,206,885 | 4,527,462 | 4,309,322 |
| Profit before provisions | | 908,152 | 1,652,771 | 1,592,481 | 3,412,410 |
| Provisions and write offs - net | 30 | (334,508) | 411,018 | (287,278) | 1,537,946 |
| PROFIT BEFORE TAXATION | | 1,242,660 | 1,241,753 | 1,879,759 | 1,874,464 |
| Taxation | 31 | 470,561 | 536,348 | 717,731 | 800,856 |
| PROFIT AFTER TAXATION | | 772,099 | 705,405 | 1,162,028 | 1,073,608 |
| ----- Rupees ----- | | | | | |
| Basic earnings per share | 32 | 0.6964 | 0.6362 | 1.0481 | 0.9683 |
| Diluted earnings per share | 32 | 0.6964 | 0.6362 | 1.0481 | 0.9683 |

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 AND HALF YEAR ENDED JUNE 30, 2021

| | Quarter Ended | | Half Year Ended | |
|---|------------------------------|------------------|------------------|------------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | ----- (Rupees in '000) ----- | | | |
| Profit after taxation for the period | 772,099 | 705,405 | 1,162,028 | 1,073,608 |
| Other Comprehensive Income | | | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | | | |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | 122,280 | (1,034,675) | 274,699 | (1,749,547) |
| Items that will not be reclassified to profit and loss account in subsequent periods | | | | |
| Movement in surplus on revaluation of operating fixed assets - net of tax | - | - | 1,150 | - |
| | - | - | 1,150 | - |
| Total comprehensive income | 894,379 | (329,270) | 1,437,877 | (675,939) |

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 AND HALF YEAR ENDED JUNE 30, 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 half year ended June 30, 2020 | - | - | - | - | - | - | 1,073,608 | 1,073,608 |
| Other comprehensive income for the half year ended June 30, 2020 | - | - | - | - | (1,749,547) | - | - | (1,749,547) |
| Total comprehensive income for the half year ended June 30, 2020 | - | - | - | - | (1,749,547) | - | 1,073,608 | (675,939) |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | (3,199) | 3,199 | - |
| Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax | - | - | - | - | - | (696) | 696 | - |
| Balance as at June 30, 2020 | 11,087,033 | (79,042) | 936,267 | 250,000 | 1,239,187 | 1,633,735 | 3,953,213 | 19,020,393 |
| Profit after taxation for the period from July 01, 2020 to December 31, 2020 | - | - | - | - | - | - | 629,527 | 629,527 |
| Other comprehensive income for the period from July 01, 2020 to December 31, 2020 | - | - | - | - | 158,823 | 83,150 | 3,280 | 245,253 |
| Total comprehensive income for the period from July 01, 2020 to December 31, 2020 | - | - | - | - | 158,823 | 83,150 | 632,807 | 874,780 |
| 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 half year ended June 30, 2021 | - | - | - | - | - | - | 1,162,028 | 1,162,028 |
| Other comprehensive income for the half year ended June 30, 2021 | - | - | - | - | 274,699 | 1,150 | - | 275,849 |
| Total comprehensive income for the half year ended June 30, 2021 | - | - | - | - | 274,699 | 1,150 | 1,162,028 | 1,437,877 |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | (833) | 833 | - |
| Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax | - | - | - | - | - | (6,866) | 6,866 | - |
| Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax | - | - | - | - | - | (691) | 691 | - |
| Balance as at June 30, 2021 | 11,087,033 | (79,042) | 1,276,894 | 250,000 | 1,672,709 | 1,625,259 | 5,500,197 | 21,333,050 |

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 (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2021

| | Note | June 30, 2021 | June 30, 2020 |
|---|------|---------------------|-------------------|
| ----- (Rupees in '000) ----- | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 1,879,759 | 1,874,464 |
| Less: Dividend Income | | (9,048) | (7,050) |
| | | <u>1,870,711</u> | <u>1,867,414</u> |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation on fixed assets | | 395,041 | 362,495 |
| Depreciation on non banking assets | | 2,976 | 2,416 |
| Depreciation on right-of-use assets | | 420,710 | 405,807 |
| Amortization | | 29,855 | 35,341 |
| Depreciation on operating Ijarah assets | | 428,712 | 1,154,433 |
| Finance cost on Ijarah (lease) liabilities | 24 | 197,460 | 219,065 |
| Provisions and write offs - net | 30 | (287,278) | 1,507,077 |
| Charge for defined benefit plan | | 63,279 | 58,064 |
| Gain on sale of non-current assets held for sale | | (151,601) | - |
| Gain on sale of property and equipment | 27 | (269) | (1,355) |
| | | <u>1,098,885</u> | <u>3,743,343</u> |
| | | <u>2,969,596</u> | <u>5,610,757</u> |
| Decrease / (increase) in operating assets | | | |
| Due from financial institutions | | (187,156) | 14,000,073 |
| Islamic financing, related assets and advances | | (14,276,061) | (12,150,353) |
| Others assets | | 444,288 | 620,731 |
| | | <u>(14,018,929)</u> | <u>2,470,451</u> |
| Increase in operating liabilities | | | |
| Bills payable | | 897,432 | 718,390 |
| Due to financial institutions | | (3,459,110) | (4,645,991) |
| Deposits and other accounts | | 20,460,580 | 10,850,268 |
| Other liabilities (excluding current taxation) | | (327,261) | (3,789,245) |
| | | <u>17,571,641</u> | <u>3,133,422</u> |
| | | <u>6,522,308</u> | <u>11,214,630</u> |
| Income tax paid | | (380,836) | (243,849) |
| Net cash generated from operating activities | | <u>6,141,472</u> | <u>10,970,781</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net investments in available-for-sale securities | | (11,593,597) | 2,591,116 |
| Dividend received | | 9,048 | 7,050 |
| Payment of Ijarah (lease) liability against right-of-use assets | | (500,619) | (480,210) |
| Investments in fixed assets | | (1,736,619) | (207,174) |
| Investments in intangible assets | | (62,544) | (51,802) |
| Proceeds from disposal of non-current assets held for sale | | 753,210 | - |
| Proceeds from disposal of fixed assets | | 33,253 | 1,964 |
| Net cash (used in) / generated from investing activities | | <u>(13,097,868)</u> | <u>1,860,944</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| IPO proceeds of subordinated sukuk | | - | 300,000 |
| Net cash generated from financing activities | | <u>-</u> | <u>300,000</u> |
| (Decrease) / increase in cash and cash equivalents | | (6,956,396) | 13,131,725 |
| Cash and cash equivalents at the beginning of the period | | 34,342,294 | 16,517,671 |
| Cash and cash equivalents at the end of the period | | <u>27,385,898</u> | <u>29,649,396</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 HALF YEAR ENDED JUNE 30, 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 343 branches including 80 sub branches as at June 30, 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, 2020, 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 positive outlook.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.2 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 Accounting 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, 2020.
- 2.3 The SBP, vide its BSD Circular Letter no. 10 dated 26 August 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated 25 February 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP, through S.R.O 411 (1) / 2008 dated 28 April 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, Financial Instruments, Recognition and Measurement, and has directed all Banks to implement IFRS 9, Financial Instruments, with effect from 01 January 2021 vide BPRD Circular No. 04 of 2019 dated 23 October 2019. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 2.4 Further, 'SBP, vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021, has deferred the applicability of IFRS 9 on banks in Pakistan to accounting period beginning on or after January 01, 2022. The impact of application of IFRS 9 on Bank's financial statements is presently being assessed and the same will conclude subsequent to issuance of final application guidelines by SBP.
- 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.

3.2 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) (Audited)
June 30, December 31,
2021 2020
------(Rupees in '000)-----

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

| | | |
|--------------------|------------------|------------------|
| - Local currency | 7,889,957 | 6,153,879 |
| - Foreign currency | 328,412 | 601,823 |
| | <u>8,218,369</u> | <u>6,755,702</u> |

With the State Bank of Pakistan in:

| | | |
|--------------------------------------|------------------|----------------|
| - Local currency current account | 8,109,313 | 11,281,084 |
| - Foreign currency deposit accounts: | | |
| - Cash Reserve Account | 635,059 | 431,873 |
| - Special Cash Reserve Account | 525,723 | 522,019 |
| - US Dollar Clearing Account | 24,890 | 21,184 |
| | <u>1,185,672</u> | <u>975,076</u> |

With National Bank of Pakistan in:

| | | |
|----------------------------------|-----------|-----------|
| - Local currency current account | 2,942,010 | 2,955,558 |
|----------------------------------|-----------|-----------|

National Prize Bonds

| | |
|-------------------|-------------------|
| 53,615 | 66,605 |
| <u>20,508,979</u> | <u>22,034,025</u> |

7 BALANCES WITH OTHER BANKS

In Pakistan:

| | | |
|-----------------------|--------------|--------------|
| - In current accounts | 967 | 2,361 |
| - In deposit accounts | 123 | 369 |
| | <u>1,090</u> | <u>2,730</u> |

Outside Pakistan:

| | | |
|-----------------------|------------------|-------------------|
| - In current accounts | 6,475,860 | 8,992,757 |
| - In deposit accounts | 399,969 | 3,312,782 |
| | <u>6,876,919</u> | <u>12,308,269</u> |

8 DUE FROM FINANCIAL INSTITUTIONS

| Note | (Un-audited) | | | (Audited) | | | |
|--|----------------------|--------------------------|-----------|----------------------|--------------------------|-----------|------------|
| | June 30, 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 | 16,392,558 | - | 16,392,558 | 16,888,683 | - | 16,888,683 |
| Unsecured | | | | | | | |
| Wakalah Placement | 8.2 | - | 2,550,428 | 2,550,428 | - | 3,073,290 | 3,073,290 |
| Musharaka Placements | 8.3 | - | - | - | 12,000,000 | - | 12,000,000 |
| Bai Muajjal Receivable | | | | | | | |
| - from Banks | 8.1 | 2,944,618 | - | 2,944,618 | 4,818,345 | - | 4,818,345 |
| - from Other Financial Institutions | 8.1 | 19,939,564 | - | 19,939,564 | 4,859,694 | - | 4,859,694 |
| Other placements | | 25,920 | - | 25,920 | 27,540 | - | 27,540 |
| | | 39,302,660 | 2,550,428 | 41,853,088 | 38,594,262 | 3,073,290 | 41,667,552 |
| Provision against placements | 8.4 | (25,920) | - | (25,920) | (27,540) | - | (27,540) |
| | | 39,276,740 | 2,550,428 | 41,827,168 | 38,566,722 | 3,073,290 | 41,640,012 |

8.1 The average return on this product is 7.07% to 7.58% (2020: 6.42% to 10.80%) per annum. The balances have maturities ranging between 02 days to 128 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. 16,461 million (2020: Rs. 17,309 million).

8.2 These represents foreign placements and the profit rates on these agreements range between 0.05% to 0.95% (2020: 0.10% to 1.25%) per annum. These agreements have maturities ranging from 19 to 142 days (2020: 6 to 180 days).

8.3 The profit rate on these agreements is Nil (2020: 7.00% to 7.20%) per annum and the agreements have maturities in the Nil (2020: 14 to 60 days).

8.4 Category of classification

| | (Un-audited) | | (Audited) | |
|------------------|-----------------------|----------------|-----------------------|----------------|
| | June 30, 2021 | | December 31, 2020 | |
| | Classified Placements | Provision held | Classified Placements | Provision held |
| (Rupees in '000) | | | | |
| Loss | 25,920 | 25,920 | 27,540 | 27,540 |

8.4.1 The Bank does not hold overseas classified placements.

9 INVESTMENTS

| | <i>Note</i> | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|--|-------------|----------------------------------|-----------------------------------|
| INVESTMENTS | | ----- (Rupees in '000) ----- | |
| Investments - Islamic | 9.1 & 9.3 | 106,550,650 | 94,661,960 |
| Investments - Conventional (relating to amalgamated entity) | 9.2 & 9.4 | 577,675 | 577,675 |
| | | 107,128,325 | 95,239,635 |

| Note | (Un-audited) | | | | (Audited) | | | |
|--|-----------------------------|--------------------------------|------------------------|--------------------|-----------------------------|-----------------------------|------------------------|-------------------|
| | June 30, 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 | 65,879,923 | - | 480,518 | 66,360,441 | 54,812,890 | - | (9,222) | 54,803,668 |
| Non Government Shariah Compliant Securities | 37,286,163 | (35,880) | 1,985,522 | 39,235,805 | 36,852,598 | (35,880) | 2,078,535 | 38,895,253 |
| Shares / Modaraba certificates | 282,677 | (63,573) | 107,358 | 326,462 | 332,869 | (79,244) | 81,472 | 335,097 |
| | 103,448,763 | (99,453) | 2,573,398 | 105,922,708 | 91,998,357 | (115,124) | 2,150,785 | 94,034,018 |
| Associates | 627,942 | - | - | 627,942 | 627,942 | - | - | 627,942 |
| Total Islamic investments | 104,076,705 | (99,453) | 2,573,398 | 106,550,650 | 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 | 232,645 | (232,645) | - | - | 263,710 | (263,710) | - | - |
| Shares | 1,189,030 | (611,355) | - | 577,675 | 1,189,030 | (611,355) | - | 577,675 |
| | 1,421,675 | (844,000) | - | 577,675 | 1,452,740 | (875,065) | - | 577,675 |
| Held to maturity securities | | | | | | | | |
| Non Government Debt Securities | 92,145 | (92,145) | - | - | 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 | 2,650,760 | (2,073,085) | - | 577,675 | 2,911,281 | (2,333,606) | - | 577,675 |
| 9.3 Islamic Investments by segments | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| GOP Ijarah Sukuks | 55,574,087 | - | 480,518 | 56,054,605 | 44,507,054 | - | (9,222) | 44,497,832 |
| Bai Muajjal | 10,305,836 | - | - | 10,305,836 | 10,305,836 | - | - | 10,305,836 |
| | 65,879,923 | - | 480,518 | 66,360,441 | 54,812,890 | - | (9,222) | 54,803,668 |
| Non Government Shariah Compliant Securities | | | | | | | | |
| Pakistan Energy Sukuk-I | 21,446,945 | - | 1,832,419 | 28,979,364 | 27,503,500 | - | 1,925,245 | 29,428,745 |
| Pakistan Energy Sukuk-II | 3,393,034 | - | 17,873 | 3,410,907 | 2,000,000 | - | 12,000 | 2,012,000 |
| Sukuk certificates - unlisted | 6,746,184 | (35,880) | 135,230 | 6,845,534 | 7,349,098 | (35,880) | 141,290 | 7,454,508 |
| | 37,286,163 | (35,880) | 1,985,522 | 39,235,805 | 36,852,598 | (35,880) | 2,078,535 | 38,895,253 |
| Shares | | | | | | | | |
| Ordinary shares of listed companies | 282,677 | (63,573) | 107,358 | 326,462 | 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 | 104,076,705 | (99,453) | 2,573,398 | 106,550,650 | 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) | | | |
|--|-----------------------|--------------------------|---------------------|----------------|-----------------------|--------------------------|---------------------|----------------|
| | June 30, 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 | 82,785 | (82,785) | - | - | 85,888 | (85,888) | - | - |
| Unlisted | 242,005 | (242,005) | - | - | 499,423 | (499,423) | - | - |
| | 324,790 | (324,790) | - | - | 585,311 | (585,311) | - | - |
| Shares | | | | | | | | |
| Unlisted Companies | 33,680 | (33,680) | - | - | 33,680 | (33,680) | - | - |
| Foreign securities | | | | | | | | |
| Equity securities | 1,155,350 | (577,675) | - | 577,675 | 1,155,350 | (577,675) | - | 577,675 |
| Associates - Unlisted | | | | | | | | |
| KASB Capital Limited | 41,867 | (41,867) | - | - | 41,867 | (41,867) | - | - |
| KASB Funds Limited | 432,302 | (432,302) | - | - | 432,302 | (432,302) | - | - |
| New Horizon Exploration & Production Limited | 558,000 | (558,000) | - | - | 558,000 | (558,000) | - | - |
| | 1,032,169 | (1,032,169) | - | - | 1,032,169 | (1,032,169) | - | - |
| Subsidiaries | | | | | | | | |
| My Solutions Corporation Limited | 104,771 | (104,771) | - | - | 104,771 | (104,771) | - | - |
| | 2,650,760 | (2,073,085) | - | 577,675 | 2,911,281 | (2,333,606) | - | 577,675 |

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

| | | (Un-audited) | (Audited) |
|-----|---------------------------------|------------------------------|--------------|
| | Note | June 30, | December 31, |
| | | 2021 | 2020 |
| | | ----- (Rupees in '000) ----- | |
| 9.5 | Investments given as collateral | | |

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 | | - | - |
| Reversals for the period / year | | (18,774) | (12,350) |
| Provision for diminution in value of investments - net | 30 | (18,774) | (12,350) |
| Amounts written off | | (257,418) | - |
| Closing Balance | 9.6.1.1 | 2,172,538 | 2,448,730 |

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

| | | |
|----------------------------|-----------|-----------|
| Investments - Islamic | 99,453 | 115,124 |
| Investments - Conventional | 2,073,085 | 2,333,606 |
| | 2,172,538 | 2,448,730 |

9.6.2 Particulars of provision against debt securities

| Category of classification | (Un-audited) | | (Audited) | |
|----------------------------|----------------------------|--------------------|----------------------------|--------------------|
| | June 30, 2021 | | December 31, 2020 | |
| | Non-performing investments | Specific Provision | Non-performing investments | Specific Provision |
| (Rupees in '000) | | | | |
| Domestic | | | | |
| Loss | 636,921 | 360,670 | 897,442 | 621,191 |
| Total | 636,921 | 360,670 | 897,442 | 621,191 |

9.6.2.1 The Bank does not hold overseas classified debt securities.

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES

| | Note | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|---|------|----------------------------------|-----------------------------------|
| ------(Rupees in '000)----- | | | |
| Islamic financing and related assets - net | 10.1 | 143,355,929 | 129,896,587 |
| Advances (relating to amalgamated entity) - net | 10.2 | 192,140 | 265,302 |
| | | <u>143,548,069</u> | <u>130,161,889</u> |

10.1 Islamic financing and related assets - net

| | Note | Performing | | Non Performing | | Total | |
|---|---------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| | | (Un-audited) | (Audited) | (Un-audited) | (Audited) | (Un-audited) | (Audited) |
| | | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| (Rupees in '000) | | | | | | | |
| In Pakistan | | | | | | | |
| - Running Musharakah | 10.11 | 41,793,764 | 39,189,963 | 1,550,510 | 1,668,510 | 43,344,274 | 40,858,473 |
| - Diminishing Musharakah financing and related assets - Others | 10.3 | 31,390,604 | 28,935,891 | 2,149,278 | 1,491,171 | 33,539,882 | 30,427,062 |
| - Diminishing Musharakah financing and related assets - Auto | | 19,556,410 | 14,336,290 | 199,188 | 223,763 | 19,755,598 | 14,560,053 |
| - Diminishing Musharakah - Housing | | 15,942,637 | 13,446,210 | 1,709,854 | 1,631,646 | 17,652,491 | 15,077,856 |
| - Istisna financing and related assets | 10.5 & 10.10 | 10,416,954 | 11,397,127 | 1,178,551 | 1,022,049 | 11,595,505 | 12,419,176 |
| - Murabahah financing and related assets | 10.6 & 10.9 | 7,647,339 | 3,496,899 | 385,920 | 440,795 | 8,033,259 | 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 | 4,667,880 | 8,380,530 | 4,441,432 | 3,024,150 | 9,109,312 | 11,404,680 |
| - Ijarah financing under IFAS 2 and related assets | 10.7 | 960,415 | 1,573,616 | 160,074 | 186,736 | 1,120,489 | 1,760,352 |
| - Financing against Bills | | 886,138 | 23,236 | - | - | 886,138 | 23,236 |
| - Musharakah financing | | 280,000 | 280,000 | - | - | 280,000 | 280,000 |
| - Murabahah against Bills | | 393,920 | 72,092 | 892 | 892 | 394,812 | 72,984 |
| - Net investment in Ijarah financing in Pakistan | | 138,797 | 143,162 | - | - | 138,797 | 143,162 |
| - Salam | 10.8 | 79,901 | 109,900 | - | - | 79,901 | 109,900 |
| - Housing finance portfolio - others | | 33,897 | 33,897 | - | - | 33,897 | 33,897 |
| - Past Due Acceptance | | 29,153 | 29,153 | - | - | 29,153 | 29,153 |
| - Qardh e Hasana | | 870 | 946 | 121,960 | 541,060 | 122,830 | 542,006 |
| Gross financing and related assets | | 140,468,679 | 127,698,912 | 11,897,659 | 10,230,772 | 152,366,338 | 137,929,684 |
| Less: Provision against non-performing Islamic financing and related assets | | | | | | | |
| - Specific | 10.13 & 10.14 | - | - | (7,991,270) | (7,231,104) | (7,991,270) | (7,231,104) |
| - General | 10.14 | (1,019,139) | (801,993) | - | - | (1,019,139) | (801,993) |
| | | (1,019,139) | (801,993) | (7,991,270) | (7,231,104) | (9,010,409) | (8,033,097) |
| Islamic financing and related assets-net of provisions | | 139,449,540 | 126,896,919 | 3,906,389 | 2,999,668 | 143,355,929 | 129,896,587 |

10.2 Advances (relating to amalgamated entity) - net

| | | | | | | |
|---|---------------|----------------|------------------|--------------------|--------------------|--------------------|
| Loans, cash credits, running finances, etc. - In Pakistan* | 98,376 | 110,380 | 5,144,266 | 6,009,473 | 5,242,642 | 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 | - | - | 684,295 | 706,325 | 684,295 | 706,325 |
| Advances - gross | 98,376 | 110,380 | 6,410,746 | 7,297,983 | 6,409,122 | 7,408,363 |
| Provision against advances | | | | | | |
| - Specific | 10.13 & 10.14 | - | - | (6,410,746) | (7,260,504) | (6,410,746) |
| - General | 10.14 | (55) | (55) | - | - | (55) |
| | | <u>(55)</u> | <u>(55)</u> | <u>(6,410,746)</u> | <u>(7,260,504)</u> | <u>(6,410,801)</u> |
| Advances - net of provision | 98,321 | 110,325 | - | 37,479 | 98,321 | 147,804 |
| Fair value adjustment | 10.15 | - | - | 93,819 | 117,498 | 93,819 |
| Advances - net of provision and fair value adjustment | 98,321 | 110,325 | 93,819 | 154,977 | 192,140 | 265,302 |

* This includes non-interest bearing performing financing facilities amounting to Rs. 98,377 million (2020: Rs. 106,507 million).

| | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|---|----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| 10.3 Diminishing Musharakah financing and related assets - Others | | |
| Diminishing Musharakah financing | 31,282,399 | 30,180,621 |
| Advance against Diminishing Musharakah financing | 2,257,483 | 246,441 |
| | <u>33,539,882</u> | <u>30,427,062</u> |
| 10.4 Muswammah financing and related assets / Karobar financing | | |
| Muswammah financing | 7,368,283 | 8,036,816 |
| Advance against Muswammah financing | 2,157 | 205,000 |
| Muswammah inventories | 1,738,872 | 3,162,864 |
| | <u>9,109,312</u> | <u>11,404,680</u> |
| 10.5 Istisna financing and related assets | | |
| Istisna financing | 8,276,053 | 4,131,021 |
| Advance against Istisna financing | 3,319,452 | 8,254,755 |
| Istisna inventories | - | 33,400 |
| | <u>11,595,505</u> | <u>12,419,176</u> |
| 10.6 Murabahah financing and related assets | | |
| Murabahah financing | 4,894,305 | 2,292,974 |
| Deferred murabahah income | 170,559 | 71,613 |
| Advances against Murabaha financing | 1,186,507 | 252,008 |
| Murabaha Inventories | 1,781,888 | 1,321,099 |
| | <u>8,033,259</u> | <u>3,937,694</u> |
| 10.7 Ijarah financing under IFAS 2 and related assets | | |
| Net book value of assets under IFAS 2 | 1,119,816 | 1,759,670 |
| Advance against Ijarah financing | 673 | 682 |
| | <u>1,120,489</u> | <u>1,760,352</u> |
| 10.8 Salam | | |
| Salam financing | 10,000 | - |
| Advance against Salam | 69,901 | 109,900 |
| | <u>79,901</u> | <u>109,900</u> |
| 10.9 Murabahah financing and related assets includes financing amounting to Nil (2020: Rs. 139.750 million) and advance amounting to Rs. 152 million (2020: Rs. 80 million) under Islamic Export Refinance Scheme. | | |
| 10.10 Istisna financing and related assets includes financing amounting to Rs. 1,073.038 million (2020: Rs. 154.188 million) and advance amounting to Rs. 689 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) June 30, 2021 | (Audited) December 31, 2020 |
| | ------(Rupees in '000)----- | |
| 10.12 Particulars of Islamic financing, related assets and advances - gross | | |
| In local currency | 158,482,400 | 144,618,552 |
| In foreign currency | 393,060 | 719,495 |
| | <u>158,875,460</u> | <u>145,338,047</u> |

- 10.13 Islamic financing, related assets and advances include Rs. 18,308.405 million (2020: Rs. 17,528.755 million) which have been placed under non-performing status as detailed below:

Category of classification

| (Un-audited) | | (Audited) | |
|---|--------------------|---|--------------------|
| June 30, 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 | 274,766 | - | 149,428 |
| Substandard | 615,461 | 60,530 | 485,371 |
| Doubtful | 2,939,043 | 1,280,377 | 1,947,553 |
| Loss | 14,479,135 | 13,061,109 | 14,946,403 |
| Total | 18,308,405 | 14,402,016 | 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:

| | (Un-audited) | | | (Audited) | | |
|---------------------------------|---------------|-----------|-------------|-------------------|---------|------------|
| | June 30, 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 | 1,258,903 | 217,146 | 1,476,049 | 2,181,260 | 464,236 | 2,645,496 |
| Reversals for the period / year | (1,038,559) | - | (1,038,559) | (416,632) | - | (416,632) |
| | 220,344 | 217,146 | 437,490 | 1,764,628 | 464,236 | 2,228,864 |
| Amount written off | (309,936) | - | (309,936) | - | - | - |
| Closing balance | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |
| Islamic | 7,991,270 | 1,019,139 | 9,010,409 | 7,231,104 | 801,993 | 8,033,097 |
| Conventional | 6,410,746 | 55 | 6,410,801 | 7,260,504 | 55 | 7,260,559 |
| | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |

- 10.14.1

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

| | (Un-audited) | (Audited) |
|---|---------------|-------------------|
| | June 30, 2021 | December 31, 2020 |
| (Rupees in '000) | | |
| Gross reversals for the period / year | 1,038,559 | 416,632 |
| Charge for the period / year | (1,476,049) | (2,645,496) |
| | (437,490) | (2,228,864) |
| Fair value adjusted - net | (23,679) | (1,361) |
| Net charge taken to the profit and loss account | (461,169) | (2,230,225) |

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

| | (Un-audited) | | | (Audited) | | |
|-------------------|---------------|-----------|------------|-------------------|---------|------------|
| | June 30, 2021 | | | December 31, 2020 | | |
| | Specific | General | Total | Specific | General | Total |
| (Rupees in '000) | | | | | | |
| In local currency | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |
| | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |

- 10.14.4 The Bank maintains general reserve (provision) amounting to Rs. 439.194 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. 580 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 June 30, 2021 amounts to Rs.1,034,293 million (2020: Rs. 890,288 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 630,919 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. 2,532 million, Rs. 331.895 million and Rs.1,156 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) June 30, 2021 | (Audited) December 31, 2020 |
|------------------------------|--------------------------|-------------|----------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | | | |
| | Capital work-in-progress | 11.1 & 11.2 | 1,358,891 | 179,270 |
| | Property and equipment | 11.2 & 11.3 | 8,704,570 | 8,575,597 |
| | Right of use assets | 11.2 | 2,762,417 | 2,986,639 |
| | | | <u>12,825,878</u> | <u>11,741,506</u> |

11.1 Capital work-in-progress

| | | | |
|--|--------|------------------|----------------|
| Advances to suppliers and contractors | | 174,409 | 138,670 |
| Advance for acquiring properties: | | | |
| - Office premises | 11.1.1 | 1,184,482 | 762,503 |
| | | 1,358,891 | 901,173 |
| Provision for impairment against advance | | | |
| for acquiring floors / office premises | 11.1.1 | - | (721,903) |
| | | <u>1,358,891</u> | <u>179,270</u> |

- 11.1.1 This includes advance against purchase of property amounting to Rs. 1,143.632 million (2020: Rs. 721.903 million). In view of settlement of dispute with a developer and withdrawal of related litigations, the provision against subject advance amounting to Rs. 721.903 million has been reversed during the period.

| 11.2 | Additions to fixed assets | (Un-audited) June 30, 2021 | (Un-audited) June 30, 2020 |
|------------------------------|----------------------------------|----------------------------------|----------------------------------|
| ----- (Rupees in '000) ----- | | | |

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

| | | |
|---------------------------------|---------|---------|
| Capital work-in-progress | 527,999 | 189,017 |
|---------------------------------|---------|---------|

Property and equipment

| | | |
|--|------------------|----------------|
| Leasehold Building | 187,021 | 133,706 |
| Furniture and fixture | 108,533 | 21,440 |
| Electrical office and computer equipment | 270,282 | 162,326 |
| Vehicles | 1,168 | 4,014 |
| | 567,004 | 321,486 |
| Right of use assets | | |
| Leasehold Building | 196,487 | 77,774 |
| Total | <u>1,291,490</u> | <u>588,277</u> |

11.3 Disposal of fixed assets

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

| | | |
|--|---------------|------------|
| Building on freehold land | 31,004 | - |
| Furniture and fixture | 14,527 | 4 |
| Electrical office and computer equipment | 135 | 605 |
| Total | <u>45,666</u> | <u>609</u> |

12 INTANGIBLE ASSETS

| Note | (Un-audited) | (Audited) |
|-------------------|------------------------------|----------------------|
| | June 30, 2021 | December 31, 2020 |
| | ----- (Rupees in '000) ----- | |
| Computer software | 170,685 | 136,869 |
| Core deposits | 26,205 | 27,332 |
| Goodwill | 2,944,297 | 2,944,297 |
| | <u>3,141,187</u> | <u>3,108,498</u> |

12.1 Additions to intangible assets

| (Un-audited) | (Un-audited) |
|------------------------------|------------------|
| June 30, 2021 | June 30, 2020 |
| ----- (Rupees in '000) ----- | |

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

| | | |
|----------------------|---------------|---------------|
| - Directly purchased | <u>62,544</u> | <u>51,793</u> |
|----------------------|---------------|---------------|

12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period.

13 DEFERRED TAX ASSETS

| (Un-audited) | (Audited) |
|------------------------------|----------------------|
| June 30, 2021 | December 31, 2020 |
| ----- (Rupees in '000) ----- | |

Deductible Temporary Differences on:

| | | |
|--|------------------|------------------|
| Accumulated tax losses | 2,666,643 | 2,748,819 |
| Provision for diminution in the value of investments | 200,519 | 326,246 |
| Provision against non-performing Islamic financing and related assets and advances | 3,746,617 | 3,797,882 |
| Ijarah financing and related assets | 260,435 | 207,080 |
| Accelerated tax depreciation | 101,016 | 61,891 |
| Others | (14,408) | 263,243 |
| | <u>6,960,822</u> | <u>7,405,161</u> |

Taxable Temporary Differences on:

| | | |
|--|--------------------|--------------------|
| Fair value adjustments relating to net assets acquired upon amalgamation | (366,834) | (191,218) |
| Surplus on revaluation of fixed assets | (619,094) | (621,899) |
| Surplus on revaluation of non-banking assets | (14,011) | (14,383) |
| Surplus on revaluation of available for sale securities | (900,689) | (752,775) |
| | <u>(1,900,628)</u> | <u>(1,580,275)</u> |
| | <u>5,060,194</u> | <u>5,824,886</u> |

- 13.1 The Bank has aggregate tax losses of Rs. 7,618.980 million as at June 30, 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. 2,666.643 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.

| | Note | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|--|--------|----------------------------------|-----------------------------------|
| ------(Rupees in '000)----- | | | |
| 14 OTHER ASSETS | | | |
| Profit / return accrued in local currency | | 8,131,558 | 8,121,504 |
| Profit / return accrued in foreign currency | | 3,915 | 7,772 |
| Advances, deposits, advance rent and other prepayments | | 683,461 | 951,923 |
| Non-banking assets acquired in satisfaction of claims | | 2,147,846 | 2,149,758 |
| Branch Adjustment Account | | 586,815 | - |
| Takaful / insurance claim receivable | | 41,438 | 30,985 |
| Receivable against First WAPDA Sukuk | | 50,000 | 50,000 |
| Acceptances | | 2,660,825 | 2,392,561 |
| Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts | | 28,664 | 60,489 |
| Amount held with financial institution | | - | 814,546 |
| Others | | 521,300 | 419,274 |
| | | <u>14,855,822</u> | <u>14,998,812</u> |
| Less: Provision held against other assets | 14.1 | <u>(866,360)</u> | <u>(1,588,151)</u> |
| Other Assets (Net of Provision) | | <u>13,989,462</u> | <u>13,410,661</u> |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 21 | <u>225,245</u> | <u>226,308</u> |
| Other assets - total | | <u>14,214,707</u> | <u>13,636,969</u> |
| Market value of non-banking assets acquired in satisfaction of claims | | <u>1,668,412</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 | | 134,989 | 137,562 |
| | 14.1.1 | <u>866,360</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 | | 3,611 | 369,238 |
| Reversals for the period / year | | (23,952) | (34,269) |
| Adjustment during the period / year | | <u>(701,450)</u> | <u>-</u> |
| Closing balance | | <u>866,360</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 signed Share Purchase Agreement with respect to sale of its investment in BankIslami Modaraba Investment Limited and BIPL Securities Limited (subsidiary companies) with respective buyers. These sale transactions have been concluded and investment in these subsidiary companies has been disposed off.

| | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|---|----------------------------------|-----------------------------------|
| ------(Rupees in '000)----- | | |
| Islamic Investment | | |
| BankIslami Modaraba Investments Limited | - | 78,808 |
| Conventional Investment | | |
| BIPL Securities Limited | - | 522,801 |
| | <u>-</u> | <u>601,609</u> |

16 BILLS PAYABLE

In Pakistan
Outside Pakistan

| (Un-audited) | (Audited) |
|------------------------------|----------------------|
| June 30, 2021 | December 31, 2020 |
| ----- (Rupees in '000) ----- | |
| 4,221,517 | 3,324,085 |
| - | - |
| 4,221,517 | 3,324,085 |

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

| | |
|-------------------|-------------------|
| 2,880,327 | 3,622,550 |
| 3,531,913 | 3,375,410 |
| 2,809,866 | 1,989,031 |
| 2,529,265 | 2,805,692 |
| 31,895 | 31,895 |
| 885,240 | 3,038 |
| 12,668,506 | 11,827,616 |

Unsecured

Wakalah Acceptance
Total unsecured

| | |
|-------------------|-------------------|
| - | 4,300,000 |
| - | 4,300,000 |
| 12,668,506 | 16,127,616 |

18 DEPOSITS AND OTHER ACCOUNTS

| | (Un-audited) | | | (Audited) | | |
|-------------------------------|----------------------|--------------------------|--------------------|----------------------|--------------------------|--------------------|
| | June 30, 2021 | | | December 31, 2020 | | |
| | In Local Currency | In Foreign currencies | Total | In Local Currency | In Foreign currencies | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| Customers | | | | | | |
| Current deposits | 104,759,599 | 3,787,381 | 108,546,980 | 89,268,714 | 3,068,383 | 92,337,097 |
| Savings deposits | 78,045,837 | 3,625,454 | 81,671,291 | 74,101,851 | 3,615,238 | 77,717,089 |
| Term deposits | 89,101,217 | 2,823,863 | 91,925,080 | 91,499,914 | 1,630,147 | 93,130,061 |
| Others | 3,282,795 | 56,787 | 3,339,582 | 2,701,340 | 56,786 | 2,758,126 |
| | 275,189,448 | 10,293,485 | 285,482,933 | 257,571,819 | 8,370,554 | 265,942,373 |
| Financial Institutions | | | | | | |
| Current deposits | 374,219 | 7,287 | 381,506 | 286,076 | 3,880 | 289,956 |
| Savings deposits | 15,172,585 | 5,342 | 15,177,927 | 7,665,522 | - | 7,665,522 |
| Term deposits | 3,059,565 | - | 3,059,565 | 9,743,500 | - | 9,743,500 |
| | 18,606,369 | 12,629 | 18,618,998 | 17,695,098 | 3,880 | 17,698,978 |
| | 293,795,817 | 10,306,114 | 304,101,931 | 275,266,917 | 8,374,434 | 283,641,351 |

19 SUBORDINATED SUKUK

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

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

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

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

20 OTHER LIABILITIES

| | Note | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|---|------|----------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Profit / return payable in local currency | | 1,690,400 | 1,733,220 |
| Profit / return payable in foreign currencies | | 19,625 | 14,583 |
| Accrued expenses | | 735,594 | 877,787 |
| Deferred Murabahah Income - Financing and IERS | | 152,104 | 104,322 |
| Payable to defined contribution plan | | 25,146 | 2,876 |
| Defined Benefit Plan liabilities | | 199,694 | 136,415 |
| Security deposits against Ijarah | | 928,614 | 1,122,450 |
| Ijarah (lease) Liability | | 3,337,202 | 3,443,873 |
| Provision against off-balance sheet obligations | | 85,975 | 85,975 |
| Acceptances | | 2,660,825 | 2,392,561 |
| Receipt appropriation account | | - | 6,638 |
| Current taxation (provisions less payments) | | 68,433 | 199,281 |
| Provision against other tax liabilities | | 97,269 | 146,409 |
| Sundry creditors | | 265,575 | 190,839 |
| Charity payable | | 12,278 | 14,712 |
| Retention money payable | | 10,297 | 10,167 |
| Provision for Workers' Welfare Fund | | 164,098 | 123,164 |
| Branch adjustment account | | - | 30,867 |
| Rental received in advance | | 225,555 | 348,243 |
| Advance against disposal of Non current asset held for sale | | - | 188,303 |
| Others | | 127,738 | 136,388 |
| | | <u>10,806,422</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 | 2,573,398 | 2,150,785 |
| Fixed Assets | | 2,033,119 | 2,042,473 |
| Non-banking assets acquired in satisfaction of claims | 14 | 225,245 | 226,308 |
| | | <u>4,831,762</u> | <u>4,419,566</u> |

Deferred tax liability on surplus on revaluation of:

| | | | |
|---|----|--------------------|--------------------|
| Available for sale securities | 13 | (900,689) | (752,775) |
| Fixed Assets | | (619,094) | (621,899) |
| Non-banking assets acquired in satisfaction of claims | | (14,011) | (14,383) |
| | | <u>(1,533,794)</u> | <u>(1,389,057)</u> |
| | | <u>3,297,968</u> | <u>3,030,509</u> |

22 CONTINGENCIES AND COMMITMENTS

| | | | |
|--------------------------------|------|-------------------|-------------------|
| - Guarantees | 22.1 | 11,904,940 | 10,342,243 |
| - Commitments | 22.2 | 35,127,439 | 10,298,481 |
| - Other contingent liabilities | 22.3 | 1,353,580 | 1,360,580 |
| | | <u>48,385,959</u> | <u>22,001,304</u> |

22.1 Guarantees

| | | | |
|------------------------|--|-------------------|-------------------|
| Financial guarantees | | - | 84,182 |
| Performance guarantees | | 6,034,636 | 5,888,773 |
| Other guarantees | | 5,870,304 | 4,369,288 |
| | | <u>11,904,940</u> | <u>10,342,243</u> |

22.2 Commitments

| | | | |
|---|--------|-------------------|-------------------|
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 27,924,757 | 12,003,211 |
| Commitments in respect of: | | | |
| - Shariah compliant alternative of forward foreign exchange contracts | 22.2.1 | (1,439,663) | (9,435,135) |
| Commitments for acquisition of: | | | |
| - fixed assets | | 231,337 | 232,703 |
| - intangible assets | | 81,492 | 15,559 |
| Other commitments | 22.2.2 | 8,329,516 | 7,482,143 |
| | | <u>35,127,439</u> | <u>10,298,481</u> |

| | Note | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|------------------------------|---|----------------------------------|-----------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 22.2.1 | Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts | | |
| | Purchase | 12,325,540 | 11,389,226 |
| | Sale | (13,765,203) | (20,824,361) |
| | | <u>(1,439,663)</u> | <u>(9,435,135)</u> |
| 22.2.2 | Other commitments | | |
| | Bills for collection | <u>8,329,516</u> | <u>7,482,143</u> |
| 22.3 | Other contingent liabilities | | |
| | Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt | | |
| | 22.3.1 | 4,200 | 11,200 |
| | 22.3.2 | <u>1,349,380</u> | <u>1,349,380</u> |
| | | <u>1,353,580</u> | <u>1,360,580</u> |
| 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. | | |

23 PROFIT / RETURN EARNED

| | (Un-audited) | |
|------------------------------|-------------------|-------------------|
| | June 30, 2021 | June 30, 2020 |
| ----- (Rupees in '000) ----- | | |
| Profit earned on: | | |
| Financing | 5,731,035 | 8,190,725 |
| Investments | 3,473,281 | 2,725,356 |
| Placements | 1,691,901 | 3,793,354 |
| Others | 61,036 | 59,707 |
| | <u>10,957,253</u> | <u>14,769,142</u> |

24 PROFIT / RETURN EXPENSED

| | | |
|--|------------------|------------------|
| Deposits and other accounts | 5,199,484 | 7,191,394 |
| Due to financial institutions | 385,843 | 407,407 |
| Cost of foreign currency swaps against foreign currency deposits | 5,849 | 23,577 |
| Finance cost on Ijarah (lease) liabilities | 197,460 | 219,065 |
| Additional Tier-1 sukuk | 101,842 | 139,103 |
| | <u>5,890,478</u> | <u>7,980,546</u> |

25 FEE AND COMMISSION INCOME

| | | |
|---|----------------|----------------|
| Branch banking customer fees | 24,540 | 30,493 |
| Commission on bancatakaful | 79,389 | 50,767 |
| Card related fees | 169,062 | 112,045 |
| Commission on arrangement with financial institutions | 48,039 | 27,178 |
| Consumer finance related fees | 34,153 | 14,821 |
| Commission on guarantees | 53,615 | 14,977 |
| Investment banking fees | 79,570 | 102,667 |
| Commission on cash management | 2,786 | 1,623 |
| Commission on remittances including home remittances | 14,496 | 17,518 |
| Commission on trade | 102,441 | 60,952 |
| Others | 3,113 | 6,992 |
| | <u>611,204</u> | <u>440,033</u> |

26 GAIN ON SECURITIES

| Note | (Un-audited) | |
|---------------|-----------------------------|------------------|
| | June 30, 2021 | June 30, 2020 |
| | ------(Rupees in '000)----- | |
| Realized gain | 218,595 | 232,886 |

26.1 Realized gain on:

| | | |
|---|---------|---------|
| Non-Government Shariah compliant Securities | 45,354 | 232,886 |
| Shares | 21,640 | - |
| Non-Current Assets held for sale | 151,601 | - |
| | 218,595 | 232,886 |

27 OTHER INCOME

| | | |
|--|--------|--------|
| Rent on property | 579 | 5,126 |
| Gain on termination of financing | 40,704 | 30,099 |
| Gain on sale of property and equipment | 269 | 1,355 |
| Recoveries against previously expensed items | 3,190 | 2,813 |
| | 44,742 | 39,393 |

28 OPERATING EXPENSES

| | | |
|----------------------------|-----------|-----------|
| Total compensation expense | 1,984,800 | 1,732,694 |
|----------------------------|-----------|-----------|

Property expense

| | | |
|---|-----------|-----------|
| Rent & taxes | 31,352 | 29,928 |
| Takaful charges | 967 | 1,759 |
| Utilities cost | 198,294 | 157,395 |
| Security (including guards) | 174,388 | 176,921 |
| Repair & maintenance (including janitorial charges) | 102,267 | 83,980 |
| Depreciation | 190,130 | 178,999 |
| Depreciation on right-of-use assets | 420,710 | 405,807 |
| Others | - | 10 |
| | 1,118,108 | 1,034,799 |

Information technology expenses

| | | |
|----------------------|---------|---------|
| Software maintenance | 156,063 | 117,477 |
| Hardware maintenance | 48,706 | 48,913 |
| Depreciation | 110,706 | 91,955 |
| Amortization | 28,728 | 34,202 |
| Network charges | 92,492 | 84,468 |
| | 436,695 | 377,015 |

Other operating expenses

| | | |
|--|-----------|-----------|
| Directors' fees and allowances | 7,160 | 4,210 |
| Fees and allowances to Shariah Board | 8,885 | 7,756 |
| Legal & professional charges | 71,429 | 57,863 |
| Travelling & conveyance | 19,759 | 17,090 |
| NIFT clearing charges | 14,035 | 8,819 |
| Depreciation | 94,205 | 91,541 |
| Depreciation on non-banking assets | 2,976 | 2,416 |
| Entertainment expense | 28,890 | 30,691 |
| Training & development | 2,617 | 4,776 |
| Postage & courier charges | 16,218 | 40,973 |
| Communication | 23,630 | 34,858 |
| Stationery & printing | 64,177 | 91,429 |
| Marketing, advertisement & publicity | 65,709 | 85,368 |
| Repairs and maintenance | 45,011 | 45,737 |
| Takaful, tracker and other charges on car Ijarah | 99,893 | 90,088 |
| Takaful charges | 140,447 | 163,398 |
| Fee and subscription | 74,370 | 69,724 |
| Vehicle running and maintenance | 75,391 | 70,480 |
| Donation | 1,500 | 5,200 |
| Auditors' remuneration | 6,790 | 7,680 |
| Amortization | 1,127 | 1,139 |
| CDC and share registrar services | 4,710 | 3,649 |
| Brokerage and commission | 11,187 | 15,109 |
| Stamp duty, registration & verification charges | 46,096 | 4,918 |
| Others | 18,658 | 42,528 |
| | 944,870 | 997,440 |
| | 4,484,473 | 4,141,948 |

| | | (Un-audited) | |
|--|---|------------------------------|---------------|
| | | June 30, 2021 | June 30, 2020 |
| | | ----- (Rupees in '000) ----- | |
| 29 | OTHER CHARGES | | |
| | Penalties imposed by the State Bank of Pakistan | 2,055 | 129,732 |
| 30 | PROVISIONS AND WRITE OFFS - NET | | |
| | Provision / (reversal) for diminution in value of investments and due from financial institutions | (20,394) | 7,813 |
| | Provision against Islamic financing and related assets and advances - net | 461,169 | 1,141,161 |
| | Other provisions / (reversal) / write offs - net | (728,053) | 388,972 |
| | | (287,278) | 1,537,946 |
| 31 | TAXATION | | |
| | Current year | 249,988 | 349,820 |
| | Prior years | (149,216) | - |
| | Deferred | 616,959 | 451,036 |
| | | 717,731 | 800,856 |
| | | (Un-audited) | |
| | | June 30, 2021 | June 30, 2020 |
| | | ----- (Rupees in '000) ----- | |
| 32 | BASIC AND DILUTED EARNINGS PER SHARE | Note | |
| | Profit after taxation for the period | 1,162,028 | 1,073,608 |
| | | ----- 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 | 32.1 | 1.0481 |
| 32.1 | There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2021 and June 30, 2020. | | 0.9683 |
| 33 | FAIR VALUE MEASUREMENTS | | |
| <p>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.</p> <p>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.</p> | | | |

33.1 Fair value of financial assets

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

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

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

| (Un-audited) June 30, 2021 | | | |
|-------------------------------|---------|---------|-------|
| Level 1 | Level 2 | Level 3 | Total |
| (Rupees in '000) | | | |

On balance sheet financial instruments

Financial assets - measured at fair value

| | | | | |
|---|------------|------------|---|------------|
| Investments | | | | |
| Shares | 326,462 | - | - | 326,462 |
| GOP Ijarah Sukuk | - | 56,054,605 | - | 56,054,605 |
| Non-Government Shariah compliant Securities | 32,390,271 | 6,845,534 | - | 39,235,805 |
| Non-current assets held for sale | - | - | - | - |

Non-Financial Assets - measured at fair value

| | | | | |
|----------------------------------|---|---|-----------|-----------|
| Fixed assets - Land and building | - | - | 6,579,900 | 6,579,900 |
| Non-banking assets | - | - | 1,668,412 | 1,668,412 |

Off-balance sheet financial instruments - measured at fair value

| | | | | |
|---|---|------------|---|------------|
| Shariah compliant alternative of forward purchase of foreign exchange | - | 12,314,480 | - | 12,314,480 |
| Shariah compliant alternative of forward sale of foreign exchange | - | 13,745,247 | - | 13,745,247 |

| (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 Ijarah 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) June 30, 2021 | | | | | |
|----------------------------------|-----------------|----------------|--------------------|----------------|-----------|
| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
| (Rupees in '000) | | | | | |
| Profit & Loss | | | | | |
| Net profit / return | 4,252,376 | (3,333,345) | 4,188,868 | (41,124) | 5,066,775 |
| Inter segment revenue - net | (3,941,898) | 7,672,745 | (3,631,317) | (99,530) | - |
| Total other income | 272,020 | 356,239 | 247,628 | 177,281 | 1,053,168 |
| Total Income | 582,498 | 4,695,639 | 805,179 | 36,627 | 6,119,943 |
| Segment direct expenses | 39,162 | 3,439,623 | 170,554 | 878,123 | 4,527,462 |
| Inter segment expense allocation | 48,886 | 446,228 | 339,914 | (835,028) | - |
| Total expenses | 88,048 | 3,885,851 | 510,468 | 43,095 | 4,527,462 |
| Provisions / (reversals) | (20,394) | 97,149 | 360,281 | (724,314) | (287,278) |
| Profit before tax | 514,844 | 712,639 | (65,570) | 717,846 | 1,879,759 |

| (Un-audited) June 30, 2021 | | | | | |
|--|-----------------|----------------|--------------------|----------------|-------------|
| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
| (Rupees in '000) | | | | | |
| Balance Sheet | | | | | |
| Assets | | | | | |
| Cash & Bank balances | 16,174,194 | 11,211,087 | - | 617 | 27,385,898 |
| Investments | 107,128,325 | - | - | - | 107,128,325 |
| Net inter segment placements | (148,940,125) | 247,949,617 | (102,013,141) | 3,003,649 | - |
| Due from financial institutions | 41,827,168 | - | - | - | 41,827,168 |
| Islamic financing and related assets | | | | | |
| - performing | - | 31,411,734 | 105,134,640 | 3,001,487 | 139,547,861 |
| - non-performing | - | 1,273,127 | 2,593,550 | 133,531 | 4,000,208 |
| Others | 4,154,342 | 6,005,117 | 3,194,513 | 21,887,994 | 35,241,966 |
| Total Assets | 20,343,904 | 297,850,682 | 8,909,562 | 28,027,278 | 355,131,426 |
| Liabilities | | | | | |
| Due to financial institutions | 3,531,913 | 2,809,866 | 6,326,727 | - | 12,668,506 |
| Subordinated sukuk | - | - | - | 2,000,000 | 2,000,000 |
| Deposits & other accounts | 16,783,800 | 287,318,131 | - | - | 304,101,931 |
| Net inter segment acceptances | - | - | - | - | - |
| Others | 28,191 | 7,722,685 | 2,582,835 | 4,694,228 | 15,027,939 |
| Total liabilities | 20,343,904 | 297,850,682 | 8,909,562 | 6,694,228 | 333,798,376 |
| Equity | | | | 21,333,050 | 21,333,050 |
| Total Equity & liabilities | 20,343,904 | 297,850,682 | 8,909,562 | 28,027,278 | 355,131,426 |
| Contingencies & Commitments | (1,439,663) | - | 48,159,213 | 1,666,409 | 48,385,959 |

| (Un-audited) June 30, 2020 | | | | | |
|--|------------------|----------------|--------------------|----------------|-------------|
| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
| | (Rupees in '000) | | | | |
| Profit & Loss | | | | | |
| Net profit / return | 4,897,811 | (4,339,206) | 6,309,539 | (79,548) | 6,788,596 |
| Inter segment revenue - net | (3,891,708) | 10,185,351 | (6,293,643) | - | - |
| Total other income | 480,887 | 259,465 | 183,490 | 9,294 | 933,136 |
| Total Income | 1,486,990 | 6,105,610 | 199,386 | (70,254) | 7,721,732 |
| Segment direct expenses | 32,918 | 2,440,328 | 115,800 | 1,720,276 | 4,309,322 |
| Inter segment expense allocation | 100,640 | 1,164,433 | 449,652 | (1,714,725) | - |
| Total expenses | 133,558 | 3,604,761 | 565,452 | 5,551 | 4,309,322 |
| Provisions | 7,813 | 68,691 | 1,072,470 | 388,972 | 1,537,946 |
| Profit / (loss) before tax | 1,345,619 | 2,432,158 | (1,438,536) | (464,777) | 1,874,464 |
| | | | | | |
| (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 | (137,226,369) | 232,280,589 | (97,855,923) | 2,801,703 | - |
| 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 | 24,579,421 | 274,097,391 | 8,749,124 | 28,871,362 | 336,297,298 |
| 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 | 266,949,587 | - | - | 283,641,351 |
| Net inter segment acceptances | - | - | - | - | - |
| Others | 133,484 | 5,158,771 | 2,437,698 | 6,903,205 | 14,633,158 |
| Total liabilities | 24,500,658 | 274,097,389 | 8,900,873 | 8,903,205 | 316,402,125 |
| Equity | - | - | - | 19,895,173 | 19,895,173 |
| Total Equity & liabilities | 24,500,658 | 274,097,389 | 8,900,873 | 28,798,378 | 336,297,298 |
| 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 Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

| | (Un-audited) June 30, 2021 | | | | | (Audited) 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 | - | - | (601,609) | - | - | - | - | - | - | - |
| Adjustment | - | - | - | - | - | - | - | (1,984,343) | - | - |
| Closing balance | - | - | 104,771 | 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 | - | 20,554 | 679,000 | 186,691 | 2,610,238 | - | 180,438 | 780,000 | 92,048 | 3,216,340 |
| Repaid during the period / year | (1,905) | (15,604) | (619,956) | (195,137) | (2,131,159) | (3,299) | (66,942) | (742,000) | (127,550) | (3,404,528) |
| Transfer in / (out) - net | - | (104,971) | (251,823) | - | 79,531 | - | (2,600) | - | - | (509,282) |
| Closing balance | 17,334 | 205,582 | - | 481,231 | 1,055,002 | 19,239 | 305,603 | 192,779 | 489,677 | 496,392 |
| Other Assets | | | | | | | | | | |
| Profit receivable on financings | 109 | 18 | - | 3,669 | 9,089 | 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 | 14,647 | 189,519 | 19,340,725 | 1,248,164 | 4,512,517 | 96,690 | 694,472 | 23,549,788 | 1,641,620 | 8,820,606 |
| Withdrawn during the period / year | (23,498) | (188,592) | (19,334,108) | (1,317,899) | (4,408,210) | (81,169) | (675,522) | (23,114,034) | (1,638,684) | (8,711,343) |
| Transfer in / (out) - net | - | (845) | (711,212) | (13,902) | (34,908) | (168) | - | (930) | 120 | 4 |
| Closing balance | 10,036 | 25,292 | 6 | 1,505 | 1,240,928 | 18,887 | 25,210 | 704,601 | 85,142 | 1,171,529 |
| Other Liabilities | | | | | | | | | | |
| Profit / return payable | 8 | 177 | - | 2 | 6,871 | 2 | 160 | 3,972 | 689 | 7,141 |
| Meeting Fee / Remuneration Payable | - | - | - | - | - | 2,260 | - | - | - | - |
| Contingencies and Commitments | | | | | | | | | | |
| Other contingencies | - | - | - | 4,978 | 301,041 | - | - | - | - | 279,802 |
| (Rupees in '000) | | | | | | | | | | |
| | (Un-audited) June 30, 2021 | | | | | (Un-audited) June 30, 2020 | | | | |
| | Directors | Key management personnel | Subsidiaries | Associates | Other related parties | Directors | Key management personnel | Subsidiaries | Associates | Other related parties |
| Income | | | | | | | | | | |
| Profit / return earned | 866 | 4,286 | - | 19,380 | 35,702 | 1,671 | 4,483 | 12,746 | 20,866 | 35,668 |
| Other income | - | 3,922 | 579 | - | - | - | 954 | 93 | - | - |
| Expense | | | | | | | | | | |
| Profit / return expensed | 26 | 444 | 28,043 | 611 | 49,187 | 10 | 418 | 12,581 | 403 | 61,303 |
| Other administrative expenses | - | 1,867 | 251 | - | 4,404 | 1,500 | 787 | 355 | - | 540 |
| Meeting Fee / Remuneration | 7,160 | 137,667 | - | - | - | 4,210 | 93,431 | - | - | - |
| Contribution to employees provident fund | - | - | - | - | 67,142 | - | - | - | - | 58,152 |
| Charge for defined benefit plan | - | - | - | - | 63,279 | - | - | - | - | 58,064 |

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 and June 30, 2021.

| | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|--|----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Minimum Capital Requirement (MCR): | 11,007,991 | 11,007,991 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 14,733,748 | 13,347,239 |
| Eligible Additional Tier 1 (ADT 1) Capital | 2,000,000 | 2,000,000 |
| Total Eligible Tier 1 Capital | 16,733,748 | 15,347,239 |
| Eligible Tier 2 Capital | 5,314,445 | 4,779,847 |
| Total Eligible Capital (Tier 1 + Tier 2) | 22,048,193 | 20,127,086 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 109,548,779 | 103,520,752 |
| Market Risk | 1,826,637 | 956,425 |
| Operational Risk | 20,563,275 | 20,563,275 |
| Total | 131,938,691 | 125,040,452 |
| Common Equity Tier 1 Capital Adequacy ratio | 11.17% | 10.67% |
| Tier 1 Capital Adequacy Ratio | 12.68% | 12.27% |
| Total Capital Adequacy Ratio | 16.71% | 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) June 30, 2021 | (Audited) December 31, 2020 |
| | ----- (Rupees in '000) ----- | |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 16,733,748 | 15,347,239 |
| Total Exposures | 400,204,115 | 367,824,737 |
| | 4.18% | 4.17% |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | 112,591,982 | 66,806,359 |
| Total Net Cash Outflow | 46,684,134 | 33,817,378 |
| Liquidity Coverage Ratio | 247.04% | 210.41% |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | 306,491,101 | 282,534,177 |
| Total Required Stable Funding | 124,327,821 | 112,435,298 |
| Net Stable Funding Ratio | 246.52% | 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.

37.4 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications during the year except as disclosed below:

| Transfer from | Transfer to | As at June 30, 2020 (Rupees in '000) |
|--|--------------------------------|---|
| Statement of Financial Position | | |
| Bills Payable | Deposits | <u>1,625,401</u> |
| | | For the half year ended June 30, 2020 (Rupees in '000) |
| Statement of Profit and Loss | | |
| Operating expenses | Provision and write offs - net | <u>30,869</u> |

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on August 25, 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 Half Year Ended
June 30, 2021

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Financial Position

AS AT JUNE 30, 2021

| | Note | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|---|------|----------------------------------|-----------------------------------|
| ----- Rupees in '000 ----- | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 6 | 20,508,979 | 22,034,025 |
| Balances with other banks | 7 | 6,879,880 | 12,310,472 |
| Due from financial institutions | 8 | 41,827,168 | 41,640,012 |
| Investments | 9 | 107,554,830 | 95,622,282 |
| Islamic financing, related assets and advances | 10 | 143,548,069 | 129,971,889 |
| Fixed assets | 11 | 12,806,245 | 11,721,873 |
| Intangible assets | 12 | 3,188,198 | 3,155,509 |
| Deferred tax assets | 13 | 4,935,108 | 5,699,800 |
| Other assets | 14 | 14,215,464 | 13,637,939 |
| Assets classified as held for sale | 15 | - | 2,146,789 |
| Total Assets | | 355,463,941 | 337,940,590 |
| LIABILITIES | | | |
| Bills payable | 16 | 4,221,517 | 3,324,085 |
| Due to financial institutions | 17 | 12,668,506 | 16,127,616 |
| Deposits and other accounts | 18 | 304,101,926 | 282,936,750 |
| Subordinated Sukuk | 19 | 2,000,000 | 2,000,000 |
| Other liabilities | 20 | 10,826,745 | 11,343,041 |
| Liabilities directly associated with assets held for sale | 15 | - | 1,696,016 |
| | | 333,818,694 | 317,427,508 |
| NET ASSETS | | 21,645,247 | 20,513,082 |
| REPRESENTED BY | | | |
| Share capital - net | | 11,007,991 | 11,007,991 |
| Reserves | | 1,528,251 | 1,526,894 |
| Surplus on revaluation of assets - net of tax | 21 | 3,288,903 | 3,026,358 |
| Unappropriated profit | | 5,820,102 | 4,734,999 |
| | | 21,645,247 | 20,296,242 |
| Non-controlling interest | | - | 216,840 |
| | | 21,645,247 | 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 AND HALF YEAR ENDED JUNE 30, 2021

| Note | Quarter Ended | | Half Year Ended | |
|---|------------------|------------------|------------------|------------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | Rupees in '000 | | | |
| Profit / return earned | 23 | 5,618,530 | 6,784,344 | 10,948,721 |
| Profit / return expensed | 24 | 3,007,176 | 3,345,725 | 5,862,446 |
| Net Profit / return | | 2,611,354 | 3,438,619 | 5,086,275 |
| OTHER INCOME | | | | |
| Fee and commission income | 25 | 306,551 | 168,127 | 611,204 |
| Dividend income | | 3,878 | 4,700 | 9,048 |
| Foreign exchange income | | 108,516 | 99,647 | 169,579 |
| Gain on securities | 26 | 70 | 127,600 | 28,941 |
| Other income | 27 | 28,009 | 21,018 | 44,163 |
| Total other income | | 447,024 | 421,092 | 862,935 |
| Total Income | | 3,058,378 | 3,859,711 | 5,949,210 |
| OTHER EXPENSES | | | | |
| Operating expenses | 28 | 2,304,340 | 2,047,234 | 4,484,473 |
| Workers welfare fund | | 22,029 | 25,429 | 40,934 |
| Other charges | 29 | 2,010 | 129,595 | 2,055 |
| Total other expenses | | 2,328,379 | 2,202,258 | 4,527,462 |
| Profit before provisions | | 729,999 | 1,657,453 | 1,421,748 |
| Provisions and write offs - net | 30 | (314,508) | 411,018 | (267,278) |
| Extra ordinary / unusual items | | - | - | - |
| Share of profit / (loss) from associate - net of tax | | 21,422 | (79,922) | 43,858 |
| PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS | | 1,065,929 | 1,166,513 | 1,732,884 |
| Taxation | 31 | 470,561 | 536,348 | 717,731 |
| PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS | | 595,368 | 630,165 | 1,015,153 |
| DISCONTINUED OPERATIONS | | | | |
| Profit after taxation from Discontinued Operations | | 40,215 | 777 | 92,609 |
| PROFIT AFTER TAXATION | | 635,583 | 630,942 | 1,107,762 |
| ATTRIBUTABLE TO: | | | | |
| Equity shareholders of the Bank | | 621,226 | 629,931 | 1,078,070 |
| Non-controlling interest | | 14,357 | 1,011 | 29,692 |
| | | 635,583 | 630,942 | 1,107,762 |
| Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank | | | | |
| Basic and diluted | 32 | 0.5370 | 0.5684 | 0.9156 |
| Earnings per share for profit attributable to the ordinary equity holders of the Bank | | | | |
| Basic and diluted | 32 | 0.5733 | 0.5691 | 0.9724 |

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 AND HALF YEAR ENDED JUNE 30, 2021

| | Quarter Ended | | Half Year Ended | |
|--|----------------------------|--------------------|------------------|--------------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2021 | June 30, 2020 |
| | ----- Rupees in '000 ----- | | | |
| Profit after taxation for the year attributable to: | | | | |
| Equity shareholders of the Bank | 621,226 | 629,931 | 1,078,070 | 946,899 |
| Non-controlling interest | 14,357 | 1,011 | 29,692 | 3,559 |
| | <u>635,583</u> | <u>630,942</u> | <u>1,107,762</u> | <u>950,458</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 | 118,516 | (1,034,675) | 269,785 | (1,756,594) |
| Non-controlling interest | 3,764 | - | 4,048 | 2,479 |
| | <u>122,280</u> | <u>(1,034,675)</u> | <u>273,833</u> | <u>(1,754,115)</u> |
| Items that may not be reclassified to profit and loss account in subsequent periods | | | | |
| Movement in surplus on revaluation of operating fixed assets - net of tax | - | - | 1,150 | - |
| | <u>-</u> | <u>-</u> | <u>1,150</u> | <u>-</u> |
| Total comprehensive income | <u>757,863</u> | <u>(403,733)</u> | <u>1,382,745</u> | <u>(803,657)</u> |
| Total comprehensive income attributable to: | | | | |
| Equity shareholders of the Bank | 739,742 | (404,744) | 1,349,005 | (809,695) |
| Non-controlling interest | 18,121 | 1,011 | 33,740 | 6,038 |
| | <u>757,863</u> | <u>(403,733)</u> | <u>1,382,745</u> | <u>(803,657)</u> |
| Total comprehensive income attributable to equity shareholders of the Bank: | | | | |
| Continuing operations | 705,128 | (444,365) | 1,313,432 | (824,148) |
| Discontinued operations | 34,614 | 39,621 | 35,573 | 14,453 |
| | <u>739,742</u> | <u>(404,744)</u> | <u>1,349,005</u> | <u>(809,695)</u> |

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

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-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2021

| | Share capital | Discount on Issue of shares | Statutory reserve | Revenue reserve for bad debts & contingencies | Surplus on revaluation of Investments Fixed / Non Banking Assets | | Unappropriated profit | Sub total | Non-controlling interest | Total |
|--|---------------|-----------------------------|-------------------|---|---|-----------|-----------------------|-------------|--------------------------|-------------|
| Rupees in '000 | | | | | | | | | | |
| Balance as at December 31, 2019 | 11,087,033 | (79,042) | 937,624 | 250,000 | 2,989,143 | 1,637,630 | 3,436,341 | 20,258,729 | 194,787 | 20,453,516 |
| Profit after taxation for the half year ended June 30, 2020 | - | - | - | - | - | - | 946,899 | 946,899 | 3,559 | 950,458 |
| Other comprehensive income for the half year ended June 30, 2020 | - | - | - | - | (1,756,594) | - | - | (1,756,594) | 2,479 | (1,754,115) |
| Total comprehensive income for the half year ended June 30, 2020 | - | - | - | - | (1,756,594) | - | 946,899 | (809,695) | 6,038 | (803,657) |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | (3,199) | 3,199 | - | - | - |
| Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax | - | - | - | - | - | (696) | 696 | - | - | - |
| Balance as at June 30, 2020 | 11,087,033 | (79,042) | 937,624 | 250,000 | 1,232,549 | 1,633,735 | 4,387,135 | 19,449,034 | 200,825 | 19,649,859 |
| Profit after taxation for the period from July 01, 2020 to December 31, 2020 | - | - | - | - | - | - | 599,468 | 599,468 | 17,636 | 617,104 |
| Other comprehensive income for the period from July 01, 2020 to December 31, 2020 | - | - | - | - | 161,310 | 83,150 | 3,280 | 247,740 | (1,621) | 246,119 |
| Total comprehensive income for the period from July 01, 2020 to December 31, 2020 | - | - | - | - | 161,310 | 83,150 | 602,748 | 847,208 | 16,015 | 863,223 |
| 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) | 1,278,251 | 250,000 | 1,393,859 | 1,632,499 | 4,733,642 | 20,296,242 | 216,840 | 20,513,082 |
| Profit after taxation for the half year ended June 30, 2021 | - | - | - | - | - | - | 1,078,070 | 1,078,070 | 29,692 | 1,107,762 |
| Other comprehensive income for the half year ended June 30, 2021 | - | - | - | - | 269,785 | 1,150 | - | 270,935 | 4,048 | 274,983 |
| Total comprehensive income for the half year ended June 30, 2021 | - | - | - | - | 269,785 | 1,150 | 1,078,070 | 1,349,005 | 33,740 | 1,382,745 |
| Elimination of non-controlling interest at disposal of subsidiaries | - | - | - | - | - | - | - | - | (250,580) | (250,580) |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | (833) | 833 | - | - | - |
| Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax | - | - | - | - | - | (6,866) | 6,866 | - | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax | - | - | - | - | - | (691) | 691 | - | - | - |
| Transfer to statutory reserve | - | - | - | - | - | - | - | - | - | - |
| Balance as at June 30, 2021 | 11,087,033 | (79,042) | 1,278,251 | 250,000 | 1,663,644 | 1,625,259 | 5,820,102 | 21,645,247 | - | 21,645,247 |

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

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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 HALF YEAR ENDED JUNE 30, 2021

| | Note | June 30, 2021 Rupees in '000 | June 30, 2020 Rupees in '000 |
|---|------|---------------------------------|---------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit Before Taxation from Continuing Operations | | 1,732,884 | 1,742,670 |
| Profit before taxation from Discontinued Operations | | 141,722 | 17,723 |
| Less: Dividend Income | | (9,048) | (7,050) |
| Less: Share of loss from associate | | (43,858) | 140,575 |
| | | 1,821,700 | 1,893,918 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation on fixed assets | | 395,041 | 361,820 |
| Depreciation on non banking assets | | 2,976 | 2,416 |
| Depreciation on right-of-use assets | | 420,710 | 405,807 |
| Amortization | | 29,855 | 35,341 |
| Depreciation on operating Ijarah assets | | 1,112,358 | 704,822 |
| Finance cost on Ijarah (lease) liabilities | | 197,460 | 219,065 |
| Provisions and write offs - net | 24 | (267,278) | 1,507,077 |
| Charge for defined benefit plan | 30 | 63,279 | 58,064 |
| Loss on sale of non-current assets held for sale | | 38,053 | - |
| Gain on sale of property and equipment | 27 | (269) | (1,355) |
| | | 1,992,185 | 3,293,057 |
| | | 3,813,885 | 5,186,975 |
| Decrease / (increase) in operating assets | | | |
| Due from financial institutions | | (187,156) | 14,000,073 |
| Islamic financing and related assets and advances | | (15,149,707) | (11,701,741) |
| Others assets | | 395,390 | 787,876 |
| | | (14,941,473) | 3,086,208 |
| Increase in operating liabilities | | | |
| Bills payable | | 897,432 | 718,390 |
| Due to financial institutions | | (3,459,110) | (4,645,991) |
| Deposits and other accounts | | 21,165,176 | 10,682,889 |
| Other liabilities (excluding current taxation) | | (330,055) | (3,266,893) |
| | | 18,273,443 | 3,488,395 |
| | | 7,145,855 | 11,761,578 |
| Income tax paid | | (380,836) | (223,974) |
| Net cash generated from Continuing Operations | | 6,765,019 | 11,537,604 |
| Net cash used in Discontinued Operations | | (591,071) | (583,939) |
| Net cash generated from operating activities | | 6,173,948 | 10,953,665 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net investments in available-for-sale securities | | (11,614,464) | 2,586,548 |
| Dividend received | | 9,048 | 7,050 |
| Payment of ijarah (lease) liability against right-of-use assets | | (512,620) | (480,210) |
| Investments in fixed assets | | (1,735,469) | (186,372) |
| Investments in intangible assets | | (62,544) | (51,802) |
| Proceeds from disposal of non-current assets held for sale | | 753,210 | - |
| Proceeds from disposal of fixed assets | | 33,253 | 1,964 |
| Net cash (used in) / generated from investing activities | | (13,129,586) | 1,877,178 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of subordinated sukuk | | - | 300,000 |
| Net cash generated from financing activities | | - | 300,000 |
| (Decrease) / increase in cash and cash equivalents | | (6,955,638) | 13,130,843 |
| Cash and cash equivalents at the beginning of the period | | 34,344,497 | 16,520,755 |
| Cash and cash equivalents at the end of the period | | 27,388,859 | 29,651,598 |

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

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-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE HALF YEAR ENDED JUNE 30, 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 80 sub branches as at June 30, 2021 (2020: 343 branches including 81 sub branches). The registered office of the Holding Company is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Holding Company are quoted on the Pakistan Stock Exchange Limited (PSX).

Based on financial statements of the Holding Company for the year ended December 31, 2020, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Holding Company's long-term rating at 'A+' and the short-term rating at 'A1' with a positive outlook.

1.2 Subsidiary Companies

1.2.1 Subsidiary Companies Disposed During the Current Period

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 current period, the members of the Holding Company, in an Extraordinary General Meeting (EOGM), passed a resolution to approve the sale of BankIslami Modaraba Investments Limited. Subsequently, the sale transaction of the subsidiary was concluded on May 18, 2021 after which the subject subsidiary company ceased to be the subsidiary of the Holding Company. Accordingly, the financial results of the subsidiary company have been consolidated based on the condensed interim financial information for the period ended May 18, 2021.

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). During the current period, the members of the Holding Company, in an Extraordinary General Meeting (EOGM), passed a resolution to approve the sale of BIPL Securities Limited. Subsequently, the sale transaction of the subsidiary was concluded on June 28, 2021 after which the subject subsidiary company ceased to be the subsidiary of the Holding Company. Accordingly, the financial results of the subsidiary company have been consolidated based on the condensed interim financial information for the period ended June 28, 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. On account of disposal of investment in BIPL Securities Limited, effective from June 28, 2021, the subject sub-subsidiary has ceased to be the sub-subsidiary of the Holding Company.

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 Accounting 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, vide its BSD Circular Letter no. 10 dated 26 August 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated 25 February 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP, through S.R.O 411 (1) / 2008 dated 28 April 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, Financial Instruments, Recognition and Measurement, and has directed all Banks to implement IFRS 9, Financial Instruments, with effect from 01 January 2021 vide BPRD Circular No. 04 of 2019 dated 23 October 2019. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.4 Further, 'SBP, vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021, has deferred the applicability of IFRS 9 on banks in Pakistan to accounting period beginning on or after January 01, 2022. The impact of application of IFRS 9 on Bank's financial statements is presently being assessed and the same will conclude subsequent to issuance of final application guidelines by SBP.

- 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.

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 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 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 consolidated financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Holding Company for the year ended December 31, 2020.

5 FINANCIAL RISK MANAGEMENT

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

| (Un-audited) | (Audited) |
|----------------------------|----------------------|
| June 30, 2021 | December 31, 2020 |
| ----- Rupees in '000 ----- | |

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

| | | |
|--------------------|------------------|------------------|
| - local currency | 7,889,957 | 6,153,879 |
| - foreign currency | 328,412 | 601,823 |
| | <u>8,218,369</u> | <u>6,755,702</u> |

With the State Bank of Pakistan in:

| | | |
|--------------------------------------|------------------|----------------|
| - local currency current account | 8,109,313 | 11,281,084 |
| - foreign currency deposit accounts: | | |
| - Cash Reserve Account | 635,059 | 431,873 |
| - Special Cash Reserve Account | 525,723 | 522,019 |
| - US Dollar Clearing Account | 24,890 | 21,184 |
| | <u>1,185,672</u> | <u>975,076</u> |

With National Bank of Pakistan in:

| | | |
|----------------------------------|-------------------|-------------------|
| - local currency current account | 2,942,010 | 2,955,558 |
| National Prize Bonds | 53,615 | 66,605 |
| | <u>20,508,979</u> | <u>22,034,025</u> |

7 BALANCES WITH OTHER BANKS

In Pakistan:

| | | |
|-----------------------|--------------|--------------|
| - in current accounts | 962 | 2,356 |
| - in deposit accounts | 3,089 | 2,577 |
| | <u>4,051</u> | <u>4,933</u> |

Outside Pakistan:

| | | |
|-----------------------|------------------|-------------------|
| - in current accounts | 6,475,860 | 8,992,757 |
| - in deposit accounts | 399,969 | 3,312,782 |
| | <u>6,879,880</u> | <u>12,310,472</u> |

8 DUE FROM FINANCIAL INSTITUTIONS

| | | (Un-audited) | | | (Audited) | | |
|------------------------------------|-----|-------------------|-----------------------|------------|-------------------|-----------------------|------------|
| | | June 30, 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 | 16,392,558 | - | 16,392,558 | 16,888,683 | - | 16,888,683 |
| Unsecured | | | | | | | |
| Wakalah Placement | 8.2 | - | 2,550,428 | 2,550,428 | - | 3,073,290 | 3,073,290 |
| Musharaka Placements | 8.3 | - | - | - | 12,000,000 | - | 12,000,000 |
| Bai Muajjal Receivable | | | | | | | |
| -from Banks | 8.1 | 2,944,618 | - | 2,944,618 | 4,818,345 | - | 4,818,345 |
| -from other financial Institutions | 8.1 | 19,939,564 | - | 19,939,564 | 4,859,694 | - | 4,859,694 |
| Other placements | | 25,920 | - | 25,920 | 27,540 | - | 27,540 |
| | | 39,302,660 | 2,550,428 | 41,853,088 | 38,594,262 | 3,073,290 | 41,667,552 |
| Provision against placements | 8.4 | (25,920) | - | (25,920) | (27,540) | - | (27,540) |
| | | 39,276,740 | 2,550,428 | 41,827,168 | 38,566,722 | 3,073,290 | 41,640,012 |

- 8.1 The average return on this product is 7.07% to 7.58% (2020: 6.42% to 10.80%) per annum. The balances have maturities ranging between 02 days to 128 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. 16,461 million (2020: Rs. 17,309 million).
- 8.2 These represents foreign placements and the profit rates on these agreements range between 0.05% to 0.95% (2020: 0.10% to 1.25%) per annum. These agreements have maturities ranging from 19 to 142 days (2020: 6 to 180 days).
- 8.3 The profit rate on these agreements is Nil (2020: 7.00% to 7.20%) per annum and the agreements have maturities in the Nil (2020: 14 to 60 days).

8.4 Category of classification

| | (Un-audited) | | (Audited) | |
|----------------------------|-----------------------|----------------|-----------------------|----------------|
| | June 30, 2021 | | December 31, 2020 | |
| | Classified Placements | Provision held | Classified Placements | Provision held |
| ----- Rupees in '000 ----- | | | | |
| Loss | 25,920 | 25,920 | 30,780 | 30,780 |

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

9 INVESTMENTS

| | Note | (Un-audited) | (Audited) |
|---|-----------|----------------------------|-------------------|
| | | June 30, 2021 | December 31, 2020 |
| | | ----- Rupees in '000 ----- | |
| Investments - Islamic | 9.1 & 9.3 | 106,977,155 | 95,044,607 |
| Investments - Conventional (relating to amalgamated entity) | 9.2 & 9.4 | 577,675 | 577,675 |
| | | 107,554,830 | 95,622,282 |

| Note | (Un-audited) | | | | (Audited) | | | |
|--|-----------------------------|--------------------------------|------------------------|--------------------|-----------------------------|--------------------------------|------------------------|-------------------|
| | June 30, 2021 | | | | December 31, 2020 | | | |
| | Cost / Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value |
| Rupees in '000 | | | | | | | | |
| 9.1 Islamic Investments by type | | | | | | | | |
| Available for sale securities | | | | | | | | |
| Federal Government Securities | 65,879,923 | - | 480,518 | 66,360,441 | 54,812,890 | - | (9,222) | 54,803,668 |
| Non Government Shariah compliant Securities | 37,286,163 | (35,880) | 1,985,522 | 39,235,805 | 36,852,598 | (35,880) | 2,078,535 | 38,895,253 |
| Shares / Modaraba certificates | 282,677 | (63,573) | 107,358 | 326,462 | 332,869 | (79,244) | 81,472 | 335,097 |
| | 103,448,763 | (99,453) | 2,573,398 | 105,922,708 | 91,998,357 | (115,124) | 2,150,785 | 94,034,018 |
| Associates | 1,054,447 | - | - | 1,054,447 | 1,010,589 | - | - | 1,010,589 |
| Total Islamic investments | 104,503,210 | (99,453) | 2,573,398 | 106,977,155 | 93,008,946 | (115,124) | 2,150,785 | 95,044,607 |
| 9.2 Conventional Investments by type* | | | | | | | | |
| Available for sale securities | | | | | | | | |
| Non Government Debt Securities | 232,645 | (232,645) | - | - | 263,710 | (263,710) | - | - |
| Shares | 1,189,030 | (611,355) | - | 577,675 | 1,189,030 | (611,355) | - | 577,675 |
| | 1,421,675 | (844,000) | - | 577,675 | 1,452,740 | (875,065) | - | 577,675 |
| Held to maturity securities | | | | | | | | |
| Non Government Debt Securities | 92,145 | (92,145) | - | - | 321,601 | (321,601) | - | - |
| Associates | 1,032,746 | (1,032,746) | - | - | 1,032,746 | (1,032,746) | - | - |
| Total conventional investments | 2,546,566 | (1,968,891) | - | 577,675 | 2,807,087 | (2,229,412) | - | 577,675 |
| 9.3 Islamic Investments by segments | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| GOP Ijarah Sukuks | 55,574,087 | - | 480,518 | 56,054,605 | 44,507,054 | - | (9,222) | 44,497,832 |
| Bai Mu'ajjal | 10,305,836 | - | - | 10,305,836 | 10,305,836 | - | - | 10,305,836 |
| | 65,879,923 | - | 480,518 | 66,360,441 | 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 | 3,393,034 | - | 41,726 | 3,434,760 | 2,000,000 | - | 12,000 | 2,012,000 |
| Other sukuk certificates-unlisted | 6,746,184 | (35,880) | 125,539 | 6,835,843 | 7,349,098 | (35,880) | 141,290 | 7,454,508 |
| | 37,286,163 | (35,880) | 1,999,684 | 39,249,967 | 36,852,598 | (35,880) | 2,078,535 | 38,895,253 |
| Shares | | | | | | | | |
| Ordinary shares of listed companies | 282,677 | (63,573) | 107,358 | 326,462 | 332,869 | (79,244) | 81,472 | 335,097 |
| Associates - Unlisted | | | | | | | | |
| Shakarganj Food Products Limited | 1,054,447 | - | - | 1,054,447 | 1,010,589 | - | - | 1,010,589 |
| | 104,503,210 | (99,453) | 2,587,560 | 106,991,317 | 93,008,946 | (115,124) | 2,150,785 | 95,044,607 |

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

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

9.4 Conventional Investments by segments*

| | (Un-audited) | | | | (Audited) | | | |
|--|-----------------------|--------------------------|---------------------|----------------|-----------------------|--------------------------|---------------------|----------------|
| | June 30, 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 | 82,785 | (82,785) | - | - | 85,888 | (85,888) | - | - |
| Unlisted | 242,005 | (242,005) | - | - | 499,423 | (499,423) | - | - |
| | 324,790 | (324,790) | - | - | 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) | - | - |
| | 2,546,566 | (1,968,891) | - | 577,675 | 2,807,087 | (2,229,412) | - | 577,675 |

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

| | | (Un-audited) | (Audited) |
|-----|---------------------------------|----------------------------|----------------------|
| | Note | June 30, 2021 | December 31, 2020 |
| 9.5 | Investments given as collateral | ----- Rupees in '000 ----- | |
| | Federal Government Securities | 5,000,000 | 5,000,000 |

9.6 Provision for diminution in value of investments

| | | | |
|--|---------|------------------|------------------|
| 9.6.1 Opening balance | | 2,344,536 | 2,356,886 |
| Charge / (reversals) | | | |
| Charge for the period | | - | - |
| Reversals for the period | | (18,774) | (12,350) |
| Provision for diminution in value of investments - net | | (18,774) | (12,350) |
| Amounts written off | | (257,418) | - |
| Closing Balance | 9.6.1.1 | 2,068,344 | 2,344,536 |

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

| | | |
|----------------------------|------------------|------------------|
| Investments - Islamic | 99,453 | 115,124 |
| Investments - Conventional | 1,968,891 | 2,229,412 |
| | 2,068,344 | 2,344,536 |

9.6.2 Particulars of provision against debt securities

| Category of classification | (Un-audited) | | (Audited) | |
|----------------------------|----------------------------|--------------------|----------------------------|--------------------|
| | June 30, 2021 | | December 31, 2020 | |
| | Non-performing investments | Specific Provision | Non-performing investments | Specific Provision |
| Rupees in '000 | | | | |
| Domestic | | | | |
| Loss | 636,921 | 360,670 | 897,442 | 621,191 |
| Total | 636,921 | 360,670 | 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) June 30, 2021 | (Audited) December 31, 2020 |
|---|------|----------------------------------|-----------------------------------|
| ----- Rupees in '000 ----- | | | |
| Islamic financing and related assets - net | 10.1 | 143,355,929 | 129,706,587 |
| Advances (relating to amalgamated entity) - net | 10.2 | 192,140 | 265,302 |
| | | <u>143,548,069</u> | <u>129,971,889</u> |

10.1 ISLAMIC FINANCING AND RELATED ASSETS

| Note | Performing | | Non Performing | | Total | |
|---|---------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 | June 30, 2021 | December 31, 2020 |
| ----- Rupees in '000 ----- | | | | | | |
| In Pakistan | | | | | | |
| - Running Musharakah | 10.11 | 41,693,764 | 39,189,963 | 1,550,510 | 1,668,510 | 43,244,274 |
| - Diminishing Musharakah financing and related assets - Others | 10.3 | 31,490,602 | 28,745,891 | 2,149,281 | 1,491,171 | 33,639,882 |
| - Diminishing Musharakah financing and related assets - Auto | | 19,556,410 | 14,336,290 | 199,188 | 223,763 | 19,755,597 |
| - Diminishing Musharakah - Housing | | 15,942,637 | 13,446,210 | 1,709,854 | 1,631,646 | 17,652,491 |
| - Istisna financing and related assets | 10.5 & 10.10 | 10,416,954 | 11,397,127 | 1,178,551 | 1,022,049 | 11,595,505 |
| - Murabahah financing and related assets | 10.6 & 10.9 | 7,647,339 | 3,496,899 | 385,920 | 440,795 | 8,033,259 |
| - Investment Agency Wakalah | | 6,250,000 | 6,250,000 | - | - | 6,250,000 |
| - Musawamah financing and related assets / Karobar financing | 10.4 | 4,667,880 | 8,380,530 | 4,441,432 | 3,024,150 | 9,109,312 |
| - Ijarah financing under IFAS 2 and related assets | 10.7 | 960,415 | 1,573,616 | 160,074 | 186,736 | 1,120,489 |
| - Financing against Bills | | 886,138 | 23,236 | - | - | 886,138 |
| - Musharakah financing | | 280,000 | 280,000 | - | - | 280,000 |
| - Murabahah against Bills | | 393,920 | 72,092 | 892 | 892 | 394,812 |
| - Net investment in Ijarah financing in Pakistan | | 138,797 | 143,162 | - | - | 138,797 |
| - Salam | 10.8 | 79,901 | 109,900 | - | - | 79,901 |
| - Housing finance portfolio - others | | 33,898 | 33,897 | - | - | 33,898 |
| - Past Due Acceptance | | 29,153 | 29,153 | - | - | 29,153 |
| - Qardh e Hasana | | 870 | 946 | 121,960 | 541,060 | 122,830 |
| Gross financing and related assets | | 140,468,679 | 127,508,912 | 11,897,659 | 10,230,772 | 152,366,338 |
| Less: Provision against non-performing Islamic financing and related assets | | | | | | |
| - Specific | 10.13 & 10.14 | - | - | (7,991,270) | (7,231,104) | (7,991,270) |
| - General | 10.14 | (1,019,139) | (801,993) | - | - | (1,019,139) |
| | | (1,019,139) | (801,993) | (7,991,270) | (7,231,104) | (9,010,409) |
| Islamic financing and related assets - net of provisions | | 139,449,540 | 126,706,919 | 3,906,389 | 2,999,668 | 143,355,929 |

10.2 ADVANCES

| | | | | | | | |
|---|---------------|---------------|----------------|------------------|------------------|------------------|------------------|
| Loans, cash credits, running finances, etc. - In Pakistan* | 10.12 | 98,376 | 110,380 | 5,144,266 | 6,009,473 | 5,242,642 | 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 | | - | - | 684,295 | 706,325 | 684,295 | 706,325 |
| Advances - gross | | 98,376 | 110,380 | 6,410,746 | 7,297,983 | 6,509,122 | 7,408,363 |
| Provision against advances | | | | | | | |
| - Specific | 10.13 & 10.14 | - | - | (6,410,746) | (7,260,504) | (6,410,746) | (7,260,504) |
| - General | 10.14 | (55) | (55) | - | - | (55) | (55) |
| | | (55) | (55) | (6,410,746) | (7,260,504) | (6,410,801) | (7,260,559) |
| Advances - net of provision | | 98,321 | 110,325 | - | 37,479 | 98,321 | 147,804 |
| Fair Value adjustment | 10.15 | - | - | 93,819 | 117,498 | 93,819 | 117,498 |
| Advances - net of provision and fair value adjustment | | 98,321 | 110,325 | 93,819 | 154,977 | 192,140 | 265,302 |

* This includes non-interest bearing performing financing facilities amounting to Rs. 98,377 million (2020: Rs. 106,507 million).

| | (Un-audited) | (Audited) |
|--|----------------------------|----------------------|
| | June 30, 2021 | December 31, 2020 |
| | ----- Rupees in '000 ----- | |
| 10.3 Diminishing Musharakah financing and related assets - Others | | |
| Diminishing Musharakah financing | 31,382,399 | 29,990,621 |
| Advance against Diminishing Musharakah financing | 2,257,483 | 246,441 |
| | <u>33,639,882</u> | <u>30,237,062</u> |
| 10.4 Muswammah financing and related assets / Karobar financing | | |
| Musa wamah financing | 7,368,283 | 8,036,816 |
| Advance against Musa wamah financing | 2,157 | 205,000 |
| Musa wamah inventories | 1,738,872 | 3,162,864 |
| | <u>9,109,312</u> | <u>11,404,680</u> |
| 10.5 Istisna financing and related assets | | |
| Istisna financing | 8,276,053 | 4,131,021 |
| Advance against Istisna financing | 3,319,452 | 8,254,755 |
| Istisna inventories | - | 33,400 |
| | <u>11,595,505</u> | <u>12,419,176</u> |
| 10.6 Murabahah financing and related assets | | |
| Murabahah financing | 4,894,305 | 2,292,974 |
| Deferred murabahah income | 170,559 | 71,613 |
| Advances against Murabaha financing | 1,186,507 | 252,008 |
| Murabaha Inventories | 1,781,888 | 1,321,099 |
| | <u>8,033,259</u> | <u>3,937,694</u> |
| 10.7 Ijarah financing under IFAS 2 and related assets | | |
| Net book value of assets under IFAS 2 | 1,119,816 | 1,759,670 |
| Advance against Ijarah financing | 673 | 682 |
| | <u>1,120,489</u> | <u>1,760,352</u> |
| 10.8 Salam | | |
| Salam financing | 10,000 | - |
| Advance against Salam | 69,901 | 109,900 |
| | <u>79,901</u> | <u>109,900</u> |
| 10.9 | | |
| Murabahah financing and related assets includes financing amounting to Nil (2020: Rs. 139.750 million) and advance amounting to Rs. 152 million (2020: Rs. 80 million) under Islamic Export Refinance Scheme. | | |
| 10.10 | | |
| Istisna financing and related assets includes financing amounting to Rs. 1,073.038 million (2020: Rs. 154.188 million) and advance amounting to Rs. 689 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) |
| | June 30, 2021 | December 31, 2020 |
| | ----- Rupees in '000 ----- | |
| 10.12 Particulars of Islamic financing and related assets and advances - gross | | |
| In local currency | 158,482,400 | 143,965,752 |
| In foreign currency | 393,060 | 1,182,295 |
| | <u>158,875,460</u> | <u>145,148,047</u> |

- 10.13** Islamic financing and related assets and advances include Rs. 18,308.405 million (2020: Rs. 17,528.755 million) which have been placed under non-performing status as detailed below:

Category of classification

| | (Un-audited) | | (Audited) | |
|-----------------------------------|---|--------------------|---|--------------------|
| | June 30, 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 | 274,766 | - | 149,428 | - |
| Substandard | 615,461 | 60,530 | 485,371 | 34,915 |
| Doubtful | 2,939,043 | 1,280,377 | 1,947,553 | 536,216 |
| Loss | 14,479,135 | 13,061,109 | 14,946,403 | 13,920,477 |
| Total | 18,308,405 | 14,402,016 | 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) | | |
|---------------------------------|---------------|-----------|-------------|-------------------|---------|------------|
| | June 30, 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 | 1,298,903 | 217,146 | 1,516,049 | 2,181,260 | 464,236 | 2,645,496 |
| Reversals for the period / year | (1,078,559) | - | (1,078,559) | (416,632) | - | (416,632) |
| | 220,344 | 217,146 | 437,490 | 1,764,628 | 464,236 | 2,228,864 |
| Amount written off | (309,936) | - | (309,936) | - | - | - |
| Closing balance | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |
| | | | | | | |
| 10.14.1 Islamic | 7,991,270 | 1,019,139 | 9,010,409 | 7,231,104 | 801,993 | 8,033,097 |
| Conventional | 6,410,746 | 55 | 6,410,801 | 7,260,504 | 55 | 7,260,559 |
| | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |

| | (Un-audited) | | (Audited) | |
|---|---------------|-------------------|---------------|-------------------|
| | June 30, 2021 | December 31, 2020 | June 30, 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 | | 1,078,559 | | 416,632 |
| Charge for the period / year | | (1,516,049) | | (2,645,496) |
| | | (437,490) | | (2,228,864) |
| Fair value adjusted - net | | (23,679) | | (1,361) |
| Net charge taken to the profit and loss account | | (461,169) | | (2,230,225) |

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

| | (Un-audited) | | | (Audited) | | |
|----------------------------|---------------|-----------|------------|-------------------|---------|------------|
| | June 30, 2021 | | | December 31, 2020 | | |
| | Specific | General | Total | Specific | General | Total |
| ----- Rupees in '000 ----- | | | | | | |
| In local currency | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |
| | 14,402,016 | 1,019,194 | 15,421,210 | 14,491,608 | 802,048 | 15,293,656 |

- 10.14.4** The Holding Company maintains general reserve (provision) amounting to Rs. 439.194 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 Holding Company carries general provision of Rs. 580 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 June 30, 2021 amounts to Rs.1,034.293 million (2020: Rs. 890.288 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 630.919 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. 2,532 million, Rs. 331.895 million and Rs.1,156 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) June 30, 2021 | (Audited) December 31, 2020 |
|--------------------------|---------------------|----------------------------------|-----------------------------------|
| | | ----- (Rupees in '000) ----- | |
| 11 | FIXED ASSETS | | |
| Capital work-in-progress | 11.1 & 11.2 | 1,358,891 | 179,270 |
| Property and equipment | 11.2 & 11.3 | 8,684,937 | 8,555,964 |
| Right of use assets | 11.2 | 2,762,417 | 2,986,639 |
| | | <u>12,806,245</u> | <u>11,721,873</u> |

11.1 Capital work-in-progress

| | | | |
|---|--------|------------------|----------------|
| Advances to suppliers and contractors | | 174,409 | 138,670 |
| Advance for acquiring properties: - Office premises | 11.1.1 | 1,184,482 | 762,503 |
| | | 1,358,891 | 901,173 |
| Provision for impairment against advance for acquiring floor / office premises | 11.1.1 | - | (721,903) |
| | | <u>1,358,891</u> | <u>179,270</u> |

- 11.1.1** This includes advance against purchase of property amounting to Rs. 1,143.632 million (2020: Rs. 721.903 million). In view of settlement of dispute with a developer and withdrawal of related litigations, the provision against subject advance amounting to Rs. 721.903 million has been reversed during the period.

| | (Un-audited) June 30, 2021 | (Un-audited) June 30, 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 | 527,999 | 189,017 |
| Property and equipment | | |
| Leasehold building | 187,021 | 133,706 |
| Furniture and fixture | 108,533 | 21,440 |
| Electrical office and computer equipment | 270,282 | 162,326 |
| Vehicles | 1,168 | 4,014 |
| | 567,004 | 321,486 |
| Right of use assets | | |
| Leasehold building | 196,487 | 77,774 |
| Total | <u>1,291,490</u> | <u>588,277</u> |

11.3 Disposal of fixed assets

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

| | | |
|--|---------------|------------|
| Building on freehold land | 31,004 | - |
| Furniture and fixture | 14,527 | 4 |
| Electrical office and computer equipment | 135 | 605 |
| | <u>45,666</u> | <u>609</u> |

12 INTANGIBLE ASSETS

| Note | (Un-audited) | (Audited) |
|-------------------|------------------------------|-------------------|
| | June 30, 2021 | December 31, 2020 |
| | ----- (Rupees in '000) ----- | |
| Computer software | 170,685 | 137,722 |
| Core deposits | 26,205 | 26,479 |
| Goodwill | 2,991,308 | 2,991,308 |
| | <u>3,188,198</u> | <u>3,155,509</u> |
| | (Un-audited) | (Un-audited) |
| | June 30, 2021 | June 30, 2020 |

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

12.1 Additions to intangible assets

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

| | | |
|----------------------|--------|--------|
| - Directly purchased | 62,544 | 10,211 |
|----------------------|--------|--------|

12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period

| (Un-audited) | (Audited) |
|------------------------------|-------------------|
| June 30, 2021 | December 31, 2020 |
| ----- (Rupees in '000) ----- | |

13 DEFERRED TAX ASSETS

Deductible temporary differences on:

| | | |
|--|------------------|------------------|
| Accumulated tax losses | 2,666,643 | 2,748,819 |
| Provision for diminution in the value of investments | 75,433 | 201,160 |
| Provision against non-performing islamic financing and related assets and advances | 3,746,617 | 3,797,882 |
| Ijarah financing and related assets | 260,435 | 207,080 |
| Accelerated tax depreciation | 101,016 | 61,891 |
| Others | (14,408) | 263,243 |
| | <u>6,835,736</u> | <u>7,280,075</u> |

Taxable temporary difference on:

| | | |
|--|--------------------|--------------------|
| Fair value adjustments relating to assets acquired upon amalgamation | (366,834) | (191,218) |
| Surplus on revaluation of fixed assets | (619,094) | (621,899) |
| Surplus on revaluation of non-banking assets | (14,011) | (14,383) |
| Surplus on revaluation of available for sale securities | (900,689) | (752,775) |
| | <u>(1,900,628)</u> | <u>(1,580,275)</u> |
| | <u>4,935,108</u> | <u>5,699,800</u> |

- 13.1 The Holding Company has aggregate tax losses of Rs. 7,637.649 million as at June 30, 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. 2,671.003 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

| | Note | June 30, 2021 | December 31, 2020 |
|--|------|------------------------------|----------------------|
| | | ----- (Rupees in '000) ----- | |
| Profit / return accrued in local currency | | 8,131,560 | 8,121,506 |
| Profit / return accrued in foreign currency | | 3,915 | 7,772 |
| Advances, deposits, advance rent and other prepayments | | 683,674 | 952,136 |
| Non-banking assets acquired in satisfaction of claims | | 2,147,846 | 2,149,758 |
| Branch Adjustment Account | | 586,815 | - |
| Takaful / insurance claim receivable | | 41,438 | 30,985 |
| Receivable against First WAPDA Sukuk | | 50,000 | 50,000 |
| Trade debts | | 532 | 532 |
| Acceptances | | 2,660,825 | 2,392,561 |
| Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts | | 28,664 | 60,489 |
| Amount held with financial institution | | - | 814,546 |
| Other receivables | | 521,310 | 419,497 |
| | | 14,856,579 | 14,999,782 |
| Less: Provision held against other assets | 14.1 | (866,360) | (1,588,151) |
| Other Assets (net of provision) | | 13,990,219 | 13,411,631 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 21 | 225,245 | 226,308 |
| Total other assets | | 14,215,464 | 13,637,939 |
| | | | |
| Market value of non-banking assets acquired in satisfaction of claims | | 1,668,412 | 1,671,387 |

| | Note | (Un-audited) June 30, 2021 | (Audited) 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 | | 134,989 | 137,562 |
| | 14.1.1 | 866,360 | 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 | | 3,611 | 369,238 |
| Reversals for the period / year | | (23,952) | (34,269) |
| Adjustment during the period / year | | (701,450) | - |
| Closing balance | | 866,360 | 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 signed Share Purchase Agreement with respect to sale of its investment in BankIslami Modaraba Investment Limited and BIPL Securities Limited (subsidiary companies) with respective buyers. These sale transactions have been concluded and investment in these subsidiary companies has been disposed off.

| | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|-------------------------|----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 16 BILLS PAYABLE | | |
| In Pakistan | 4,221,517 | 3,324,085 |
| | 4,221,517 | 3,324,085 |

17 DUE TO FINANCIAL INSTITUTIONS

Secured

| | | |
|---|-------------------|-------------------|
| Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme | 2,880,327 | 3,622,550 |
| Acceptances from State Bank of Pakistan for financial assistance | 3,531,913 | 3,375,410 |
| Refinance facility of Islamic mortgage | 2,809,866 | 1,989,031 |
| Islamic refinance scheme for payment of wages and salaries | 2,529,265 | 2,805,692 |
| Islamic refinance scheme for combating COVID (IRFCC) | 31,895 | 31,895 |
| Refinance facility for Islamic Temporary Economic Refinance Facility (TERF) | 885,240 | 3,038 |
| Total secured | 12,668,506 | 11,827,616 |

Unsecured

| | | |
|------------------------|-------------------|-------------------|
| Wakalah Acceptance | - | 4,300,000 |
| Total unsecured | - | 4,300,000 |
| | 12,668,506 | 16,127,616 |

18 DEPOSITS AND OTHER ACCOUNTS

| | (Un-audited) | | | (Audited) | | |
|-------------------------------|-------------------|-----------------------|-------------|-------------------|-----------------------|-------------|
| | June 30, 2021 | | | December 31, 2020 | | |
| | In Local Currency | In Foreign currencies | Total | In Local Currency | In Foreign currencies | Total |
| -----Rupees in '000 ----- | | | | | | |
| Customers | | | | | | |
| Current deposits | 104,759,599 | 3,787,381 | 108,546,980 | 89,268,714 | 3,068,383 | 92,337,097 |
| Savings deposits | 78,045,837 | 3,625,454 | 81,671,291 | 74,101,851 | 3,615,238 | 77,717,089 |
| Term deposits | 89,101,217 | 2,823,863 | 91,925,080 | 91,499,914 | 1,630,147 | 93,130,061 |
| Others | 3,282,795 | 56,787 | 3,339,582 | 2,701,340 | 56,786 | 2,758,126 |
| | 275,189,448 | 10,293,485 | 285,482,933 | 257,571,819 | 8,370,554 | 265,942,373 |
| Financial Institutions | | | | | | |
| Current deposits | 374,214 | 7,287 | 381,501 | 285,829 | 3,880 | 289,709 |
| Savings deposits | 15,172,585 | 5,342 | 15,177,927 | 6,961,168 | - | 6,961,168 |
| Term deposits | 3,059,565 | - | 3,059,565 | 9,743,500 | - | 9,743,500 |
| | 18,606,364 | 12,629 | 18,618,993 | 16,990,497 | 3,880 | 16,994,377 |
| | 293,795,812 | 10,306,114 | 304,101,926 | 274,562,316 | 8,374,434 | 282,936,750 |

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) June 30, 2021 | (Audited) December 31, 2020 |
|---|----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Profit / return payable in local currency | 1,690,968 | 1,733,615 |
| Profit / return payable in foreign currencies | 19,625 | 14,583 |
| Accrued expenses | 752,350 | 894,463 |
| Deferred Murabahah Income - Financing and IERS | 152,104 | 104,322 |
| Payable to defined contribution plan | 25,146 | 2,877 |
| Defined Benefit Plan liabilities | 199,694 | 136,415 |
| Security deposits against Ijarah | 928,849 | 1,122,685 |
| Ijarah (lease) Liability | 3,337,202 | 3,455,874 |
| Provision against off-balance sheet obligations | 85,975 | 85,975 |
| Acceptances | 2,660,825 | 2,392,561 |
| Receipt appropriation account | - | 6,638 |
| Current taxation (provisions less payments) | 57,949 | 188,797 |
| Provision against other tax liabilities | 97,269 | 148,305 |
| Sundry creditors | 265,575 | 190,839 |
| Charity payable | 12,278 | 14,712 |
| Retention money payable | 10,297 | 10,167 |
| Provision for Workers' Welfare Fund | 164,098 | 123,164 |
| Branch adjustment account | - | 30,867 |
| Rental received in advance | 225,555 | 348,243 |
| Advance against disposal of Non current asset held for sale | - | 188,303 |
| Others | 140,986 | 149,636 |
| | <u>10,826,745</u> | <u>11,343,041</u> |

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

| | Note | June 30, 2021 | December 31, 2020 |
|---|------|----------------------------|----------------------|
| | | ----- Rupees in '000 ----- | |
| Surplus on revaluation of: | | | |
| Available for sale securities | 9.1 | 2,573,398 | 2,150,785 |
| Fixed Assets | | 2,033,119 | 2,042,473 |
| Non-banking assets acquired in satisfaction of claims | 14 | 225,245 | 226,308 |
| | | 4,831,762 | 4,419,566 |
| Deferred tax liability on surplus on revaluation of: | 13 | | |
| Available for sale securities | | (900,689) | (751,909) |
| Fixed Assets | | (619,094) | (621,899) |
| Non-banking assets acquired in satisfaction of claims | | (14,011) | (14,383) |
| | | <u>(1,533,794)</u> | <u>(1,388,191)</u> |
| Total surplus on revaluation of assets- net of tax | | 3,297,968 | 3,031,375 |
| Less: Share of non-controlling interest | | (9,065) | (5,017) |
| Holding Company's share | | <u>3,288,903</u> | <u>3,026,358</u> |

22 CONTINGENCIES AND COMMITMENTS

| | | | |
|--------------------------------|------|-------------------|-------------------|
| - Guarantees | 22.1 | 11,904,940 | 10,342,243 |
| - Commitments | 22.2 | 35,127,439 | 10,298,481 |
| - Other contingent liabilities | 22.3 | 1,353,580 | 1,360,580 |
| | | <u>48,385,959</u> | <u>22,001,304</u> |

22.1 Guarantees:

| | | |
|------------------------|-------------------|-------------------|
| Financial guarantees | - | 782,961 |
| Performance guarantees | 6,034,636 | 5,888,773 |
| Other guarantees | 5,870,304 | 3,670,509 |
| | <u>11,904,940</u> | <u>10,342,243</u> |

22.2 Commitments:

| | | | |
|---|--------|-------------------|-------------------|
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 27,924,757 | 12,003,211 |
| Commitments in respect of: | | | |
| - Shariah compliant alternative of forward foreign Exchange contracts | 22.2.1 | (1,439,663) | (9,435,135) |
| Commitments for acquisition of: | | | |
| - operating fixed assets | | 231,337 | 232,703 |
| - intangible assets | | 81,492 | 15,559 |
| Other commitments | 22.2.2 | 8,329,516 | 7,482,143 |
| | | <u>35,127,439</u> | <u>10,298,481</u> |

| | June 30, 2021 | December 31, 2020 |
|--|----------------------------|----------------------|
| | ----- Rupees in '000 ----- | |
| 22.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange contracts | | |
| Purchase | 12,325,540 | 11,389,226 |
| Sale | (13,765,203) | (20,824,361) |
| | (1,439,663) | (9,435,135) |
| 22.2.2 Other commitments | | |
| Bills for collection | 8,329,516 | 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 | 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 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 | June 30, 2021 | June 30, 2020 |
| | ----- Rupees in '000 ----- | |
| 23 PROFIT / RETURN EARNED | | |

| | | |
|-------------------|------------|------------|
| Profit earned on: | | |
| Financing | 5,722,503 | 8,177,683 |
| Investments | 3,473,281 | 2,725,356 |
| Placements | 1,691,901 | 3,793,366 |
| Others | 61,036 | 59,707 |
| | 10,948,721 | 14,756,112 |

24 PROFIT / RETURN EXPENSED

| | | |
|--|-----------|-----------|
| Deposits and other accounts | 5,171,452 | 7,188,378 |
| Due to financial institutions | 385,843 | 394,649 |
| Cost of foreign currency swaps against foreign currency deposits | 5,849 | 23,577 |
| Finance cost on ijarah (lease) liabilities | 197,460 | 219,065 |
| Additional Tier-1 sukuk | 101,842 | 139,103 |
| | 5,862,446 | 7,964,772 |

25 FEE AND COMMISSION INCOME

| | | |
|---|---------|---------|
| Branch banking customer fees | 24,540 | 30,493 |
| Commission on banca takaful | 79,389 | 50,767 |
| Card related fees | 169,062 | 112,045 |
| Commission on arrangement with financial institutions | 48,039 | 27,178 |
| Consumer finance related fees | 34,153 | 14,821 |
| Commission on guarantees | 53,615 | 14,977 |
| Investment banking fees | 79,570 | 102,667 |
| Commission on cash management | 2,786 | 1,623 |
| Commission on remittances including home remittances | 14,496 | 17,518 |
| Commission on trade | 102,441 | 60,952 |
| Others | 3,113 | 6,992 |
| | 611,204 | 440,033 |

| | | ----- (Un-audited) ----- | |
|---------------|---|----------------------------|-----------------|
| | | June 30, 2021 | June 30, 2020 |
| | | ----- Rupees in '000 ----- | |
| 26 | GAIN ON SECURITIES | | |
| | Realized gain | 26.1 | 28,941 232,886 |
| 26.1 | Realized gain/ (loss) on: | | |
| | Non-Government Shariah compliant Securities | | 45,354 232,886 |
| | Shares / Mutual Funds Units | | 21,640 - |
| | Non-Current Assets held for sale | 26.1.1 & 26.1.2 | (38,053) - |
| | | | 28,941 232,886 |
| 26.1.1 | Summary of gain on disposal of BankIslami Modaraba Investments Limited | | |
| | | | (Un-audited) |
| | | | June 30, 2021 |
| | | | - Rs. In '000 - |
| | Sale proceeds on disposal | | 90,000 |
| | Less: Net assets of a subsidiary at the date of derecognition | | (27,427) |
| | | | 62,573 |
| 26.1.2 | Summary of loss on disposal of BIPL Securities Limited | | |
| | | | (Un-audited) |
| | | | June 30, 2021 |
| | | | - Rs. In '000 - |
| | Sale proceeds on disposal | | 663,211 |
| | Less: Net assets of a subsidiary at the date of derecognition | | (1,014,417) |
| | Add: Non-controlling interest | | 250,580 |
| | | | (100,626) |
| | | ----- (Un-audited) ----- | |
| | | June 30, 2021 | June 30, 2020 |
| | | ----- Rupees in '000 ----- | |
| 27 | OTHER INCOME | | |
| | Rent on property | - | 5,126 |
| | Gain on termination of financing | 40,704 | 30,099 |
| | Gain on sale of property and equipment | 269 | 1,355 |
| | Recoveries against previously expensed items | 867 | 1,763 |
| | Others | 2,323 | 957 |
| | | 44,163 | 39,300 |

28 OPERATING EXPENSES

| | ----- (Un-audited) ----- | |
|---|-----------------------------------|----------------------|
| | June 30, 2021 | June 30, 2020 |
| | ----- Rupees in '000 ----- | |
| Total compensation expense | 1,984,800 | 1,732,694 |
| Property expense | | |
| Rent & taxes | 31,352 | 29,928 |
| Takaful / insurance | 967 | 1,759 |
| Utilities cost | 198,294 | 157,395 |
| Security (including guards) | 174,388 | 176,921 |
| Repair & maintenance (including janitorial charges) | 102,267 | 83,980 |
| Depreciation | 190,130 | 178,999 |
| Depreciation on right-of-use assets | 420,710 | 405,807 |
| Others | - | 10 |
| | 1,118,108 | 1,034,799 |
| Information technology expenses | | |
| Software maintenance | 156,063 | 117,477 |
| Hardware maintenance | 48,706 | 48,913 |
| Depreciation | 110,706 | 91,955 |
| Amortisation | 28,728 | 34,202 |
| Network charges | 92,492 | 84,468 |
| | 436,695 | 377,015 |
| Other operating expenses | | |
| Directors' fees and allowances | 7,160 | 4,210 |
| Fees and allowances to Shariah Board | 8,885 | 7,756 |
| Legal & professional charges | 71,429 | 57,931 |
| Travelling & conveyance | 19,759 | 17,090 |
| NIFT clearing charges | 14,035 | 8,819 |
| Depreciation | 94,205 | 90,866 |
| Depreciation on non banking assets | 2,976 | 2,416 |
| Entertainment expense | 28,890 | 30,691 |
| Training & development | 2,617 | 4,776 |
| Postage & courier charges | 16,218 | 40,973 |
| Communication | 23,630 | 34,858 |
| Marketing, advertisement & publicity | 65,709 | 85,368 |
| Repairs and maintenance | 45,011 | 45,737 |
| Takaful, tracker and other charges on car Ijarah | 99,893 | 90,088 |
| Stationery & printing | 64,177 | 91,429 |
| Takaful / Insurance | 140,447 | 163,398 |
| Fee and subscription | 74,370 | 69,726 |
| Vehicle running and maintenance | 75,391 | 70,480 |
| Donation | 1,500 | - |
| Auditors' remuneration | 6,790 | 7,710 |
| Amortization | 1,127 | 1,139 |
| CDC and share registrar services | 4,710 | 3,649 |
| Brokerage and commission | 11,187 | 14,754 |
| Stamp duty, registration & verification charges | 46,096 | 4,918 |
| Others | 18,658 | 42,528 |
| | 944,870 | 991,310 |
| | 4,484,473 | 4,135,818 |

29 OTHER CHARGES

| | | |
|---|-------|---------|
| Penalties imposed by the State Bank of Pakistan | 2,055 | 129,732 |
|---|-------|---------|

30 PROVISIONS AND WRITE OFFS - NET

| | | ----- (Un-audited) ----- | |
|--|---------|----------------------------|---------------|
| | | June 30, 2021 | June 30, 2020 |
| | | ----- Rupees in '000 ----- | |
| Provision / (reversal of provision) for diminution in value of investments and due from financial institutions | | (394) | 7,813 |
| Provision against Islamic financing and related assets and advances - net | 10.14.2 | 461,169 | 1,141,161 |
| Other provisions / (reversal) / write offs - net | | (728,053) | 388,972 |
| | | (267,278) | 1,537,946 |

31 TAXATION

| | | |
|-------------|-----------|---------|
| Current | 249,988 | 349,820 |
| Prior years | (149,216) | - |
| Deferred | 616,959 | 451,036 |
| | 717,731 | 800,856 |

32 BASIC AND DILUTED EARNINGS PER SHARE

| | | |
|--|-----------|---------|
| Profit after taxation for the period from continuing operations (Attributable to equity shareholders of the Holding Company) | 1,015,153 | 941,814 |
| Profit after taxation for the period from discontinued operations (Attributable to equity shareholders of the Holding Company) | 62,917 | 5,085 |
| Profit after taxation for the period (Attributable to equity shareholders of the Holding Company) | 1,078,070 | 946,899 |

----- 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 | 0.9156 | 0.8495 |
| Earnings per share - basic / diluted from discontinued operations | 0.0567 | 0.0046 |
| Earnings per share - basic / diluted | 0.9724 | 0.8541 |

32.1 There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2021 and June 30, 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:

| June 30, 2021 | | | |
|----------------------------|---------|---------|-------|
| Level 1 | Level 2 | Level 3 | Total |
| ----- Rupees in '000 ----- | | | |

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

| | | | | |
|---|------------|------------|---|------------|
| Shares | 326,462 | - | - | 326,462 |
| GOP Ijara Sukuk | - | 56,054,605 | - | 56,054,605 |
| Non-Government Shariah compliant Securities | 32,414,124 | 6,835,843 | - | 39,249,967 |

Non-Financial Assets - measured at fair value

| | | | | |
|----------------------------------|---|---|-----------|-----------|
| Fixed assets - Land and building | - | - | 6,891,351 | 6,891,351 |
| Non-banking assets | - | - | 1,668,412 | 1,668,412 |

Off-balance sheet financial instruments - measured at fair value

| | | | | |
|---|---|------------|---|------------|
| Shariah compliant alternative of forward purchase of foreign exchange | - | 12,314,480 | - | 12,314,480 |
| Shariah compliant alternative of forward sale of foreign exchange | - | 13,745,247 | - | 13,745,247 |

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

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

Non-Financial Assets - measured at fair value

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

Off-balance sheet financial instruments - measured at fair value

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

Valuation techniques used in determination of fair values within level 2

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

Valuation techniques used in determination of fair values within level 3

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

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

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

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

(Un-audited)

| | June 30, 2021 | | | | |
|----------------------------------|-----------------|------------------|--------------------|----------------|------------------|
| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
| | Rupees in '000 | | | | |
| Profit & Loss | | | | | |
| Net profit / return | 4,271,876 | (3,333,345) | 4,188,868 | (41,124) | 5,086,275 |
| Inter segment revenue - net | (3,941,898) | 7,672,745 | (3,631,317) | (99,530) | - |
| Total other income | 218,254 | 356,239 | 247,628 | 177,281 | 999,402 |
| Total Income | 548,232 | 4,695,639 | 805,179 | 36,627 | 6,085,677 |
| Segment direct expenses | 39,162 | 3,439,623 | 170,554 | 878,123 | 4,527,462 |
| Inter segment expense allocation | 48,886 | 446,228 | 339,914 | (835,028) | - |
| Total expenses | 88,048 | 3,885,851 | 510,468 | 43,095 | 4,527,462 |
| Provisions / (reversals) | (394) | 97,149 | 360,281 | (724,314) | (267,278) |
| Profit / loss before tax | 460,578 | 712,639 | (65,570) | 717,846 | 1,825,493 |

(Un-audited)

| | June 30, 2021 | | | | |
|---------------------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
| | Rupees in '000 | | | | |
| Balance Sheet | | | | | |
| Assets | | | | | |
| Cash & Bank balances | 16,177,155 | 11,211,087 | - | 617 | 27,388,859 |
| Investments | 107,554,830 | - | - | - | 107,554,830 |
| Net inter segment placements | (148,940,125) | 247,949,617 | (102,013,141) | 3,003,649 | - |
| Due from financial institutions | 41,827,168 | - | - | - | 41,827,168 |
| Islamic financing and related assets | | | | | |
| - performing | - | 31,411,734 | 105,134,640 | 3,001,487 | 139,547,861 |
| - non-performing | - | 1,273,127 | 2,593,550 | 133,531 | 4,000,208 |
| Others | 4,015,323 | 6,005,117 | 3,194,513 | 21,930,062 | 35,145,015 |
| Total Assets | 20,634,351 | 297,850,682 | 8,909,562 | 28,069,346 | 355,463,941 |
| Liabilities | | | | | |
| Due to financial institutions | 3,531,913 | 2,809,866 | 6,326,727 | - | 12,668,506 |
| Subordinated sukuk | - | - | - | 2,000,000 | 2,000,000 |
| Deposits & other accounts | 16,783,795 | 287,318,131 | - | - | 304,101,926 |
| Others | 48,514 | 7,722,685 | 2,582,835 | 4,694,228 | 15,048,262 |
| Total liabilities | 20,364,222 | 297,850,682 | 8,909,562 | 6,694,228 | 333,818,694 |
| Equity | - | - | - | 21,645,247 | 21,645,247 |
| Total Equity & liabilities | 20,364,222 | 297,850,682 | 8,909,562 | 28,339,475 | 355,463,941 |
| Contingencies & Commitments | (1,439,663) | - | 48,159,213 | 1,666,409 | 48,385,959 |

(Un-audited)

June 30, 2020

| | Trading & Sales | Retail Banking | Commercial Banking | Support Centre | Total |
|----------------------------------|------------------|------------------|--------------------|------------------|------------------|
| Rupees in '000 | | | | | |
| Profit & Loss | | | | | |
| Profit / return earned | 4,894,256 | (4,339,206) | 6,309,539 | (73,249) | 6,791,340 |
| Inter segment revenue - net | (3,891,708) | 10,185,352 | (6,293,643) | - | - |
| Other income | 348,864 | 259,465 | 183,490 | 9,294 | 801,112 |
| Total Income | 1,351,411 | 6,105,611 | 199,385 | (63,955) | 7,592,452 |
| Segment direct expenses | 32,918 | 2,440,328 | 115,800 | 1,714,147 | 4,303,192 |
| Inter segment expense allocation | 100,640 | 1,164,433 | 449,652 | (1,714,725) | - |
| Total expenses | 133,558 | 3,604,761 | 565,452 | (578) | 4,303,192 |
| Provisions / (reversals) | 7,813 | 68,691 | 1,072,470 | 388,972 | 1,537,946 |
| Profit before tax | 1,210,040 | 2,432,158 | (1,438,536) | (452,349) | 1,751,314 |

(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 | (137,226,368) | 232,280,586 | (97,855,921) | 2,801,703 | - |
| 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 | 24,991,211 | 274,097,388 | 8,559,126 | 30,292,865 | 337,940,590 |
| 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 | 266,949,587 | - | - | 282,936,750 |
| Others | 133,484 | 5,158,771 | 2,437,698 | 8,633,189 | 16,363,142 |
| Total liabilities | 23,796,056 | 274,097,389 | 8,900,874 | 10,633,189 | 317,427,508 |
| Equity | - | - | - | 20,513,082 | 20,513,082 |
| Total Equity & liabilities | 23,796,056 | 274,097,389 | 8,900,874 | 31,146,271 | 337,940,590 |
| 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) | | | |
|---|---------------|--------------------------|-------------|-----------------------|-------------------|--------------------------|-------------|-----------------------|
| | June 30, 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 | - | 20,554 | 186,691 | 3,933,103 | - | 180,438 | 92,048 | 3,216,340 |
| Repaid during the period / year | (1,905) | (15,604) | (195,137) | (3,418,188) | (3,299) | (66,942) | (127,550) | (3,404,528) |
| Transfer in / (out) - net | - | (104,971) | - | 43,695 | - | (2,600) | - | (509,282) |
| Closing balance | 17,334 | 205,582 | 481,231 | 1,055,002 | 19,239 | 305,603 | 489,677 | 496,392 |
| Provision held against Islamic financing and related assets | - | - | - | - | - | - | - | - |
| Other Assets | | | | | | | | |
| Profit receivable on financings | 109 | 18 | 3,669 | 9,089 | 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 | 14,647 | 189,519 | 1,248,164 | 6,921,288 | 96,690 | 694,472 | 1,641,620 | 8,820,606 |
| Withdrawn during the period / year | (23,498) | (188,592) | (1,317,899) | (6,814,169) | (81,169) | (675,522) | (1,638,684) | (8,711,343) |
| Transfer in / (out) - net | - | (845) | (13,902) | (37,720) | (168) | - | 120 | 4 |
| Closing balance | 10,036 | 25,292 | 1,505 | 1,240,928 | 18,887 | 25,210 | 85,142 | 1,171,529 |
| Other Liabilities | | | | | | | | |
| Profit / return payable | 8 | 177 | 2 | 6,871 | 2 | 160 | 689 | 7,141 |
| Meeting Fee / Remuneration Payable | - | - | - | - | 2,260 | - | - | - |
| Contingencies and Commitments | | | | | | | | |
| Other contingencies | - | - | 4,978 | 301,041 | - | - | - | 279,802 |

| | (Un-audited) | | | | (Un-audited) | | | |
|--|---------------|--------------------------|------------|-----------------------|---------------|--------------------------|------------|-----------------------|
| | June 30, 2021 | | | | June 30, 2020 | | | |
| | Directors | Key management personnel | Associates | Other related parties | Directors | Key management personnel | Associates | Other related parties |
| Rupees in '000 | | | | | | | | |
| Income | | | | | | | | |
| Profit / return earned | 866 | 4,286 | 19,380 | 35,702 | 1,671 | 4,483 | 20,866 | 35,668 |
| Other income | - | 3,922 | - | - | - | 954 | - | - |
| Expense | | | | | | | | |
| Profit / return expensed | 26 | 444 | 611 | 49,187 | 10 | 418 | 403 | 61,303 |
| Other administrative expenses | - | 1,867 | - | 4,404 | 1,500 | 787 | - | 540 |
| Meeting Fee / Remuneration | 7,160 | 137,667 | - | - | 4,210 | 93,431 | - | - |
| Contribution to employees provident fund | - | - | - | 67,142 | - | - | - | 58,152 |
| Charge for employees gratuity fund | - | - | - | 63,279 | - | - | - | 58,064 |

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 and June 30, 2021.

| | (Un-audited) June 30, 2021 | (Audited) December 31, 2020 |
|--|----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| Minimum Capital Requirement (MCR): | 11,007,991 | 11,007,991 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 15,066,883 | 13,877,167 |
| Eligible Additional Tier 1 (ADT 1) Capital | 2,000,000 | 2,007,989 |
| Total Eligible Tier 1 Capital | 17,066,883 | 15,885,156 |
| Eligible Tier 2 Capital | 5,428,274 | 4,972,587 |
| Total Eligible Capital (Tier 1 + Tier 2) | 22,495,157 | 20,857,743 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 113,545,058 | 107,957,298 |
| Market Risk | 1,826,637 | 1,020,400 |
| Operational Risk | 20,563,275 | 20,552,900 |
| Total | 135,934,970 | 129,530,598 |
| Common Equity Tier 1 Capital Adequacy ratio | 11.08% | 10.71% |
| Tier 1 Capital Adequacy Ratio | 12.56% | 12.26% |
| Total Capital Adequacy Ratio | 16.55% | 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) June 30, 2021 | (Audited) December 31, 2020 |
|--|----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 17,066,883 | 15,885,156 |
| Total Exposures | 400,660,791 | 369,368,591 |
| Leverage Ratio | 4.26% | 4.30% |
| Liquidity Coverage Ratio (LCR)*: | | |
| Total High Quality Liquid Assets | 112,591,982 | 66,806,359 |
| Total Net Cash Outflow | 46,684,134 | 33,817,378 |
| Liquidity Coverage Ratio | 247.04% | 210.41% |
| Net Stable Funding Ratio (NSFR)*: | | |
| Total Available Stable Funding | 306,536,073 | 282,534,177 |
| Total Required Stable Funding | 124,193,548 | 112,435,298 |
| Net Stable Funding Ratio | 246.82% | 251.29% |

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

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 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.
- 37.4 Corresponding figures**

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications during the year except as disclosed below:

| Transfer from | Transfer to | As at June 30,2020 (Rupees in '000) |
|--|--------------------------------|--|
| Statement of Financial Position | | |
| Bills Payable | Deposits and other accounts | <u>1,625,401</u> |
| | | For the half year ended June 30,2020 (Rupees in '000) |
| Statement of Profit and Loss | | |
| Operating expenses | Provision and write offs - net | <u>30,869</u> |

38 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 25, 2021 by the Board of Directors of the Holding Company.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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