

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

		(Un-Audited) 30 September 2020	(Audited) 31 December 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	16,290,736	26,319,937
Balances with other banks	7	8,488,429	2,850,550
Due from financial institutions	8	13,257,516	14,598,633
Investments	9	42,422,163	24,194,885
Islamic financing and related assets-net	10	81,205,473	75,443,712
Fixed assets	11	4,510,490	4,868,272
Intangible assets	12	1,362,639	1,477,210
Deferred tax assets	13	2,744,666	2,839,139
Other assets	14	8,734,198	9,389,888
		179,016,310	161,982,226
LIABILITIES			
Bills payable	15	4,242,694	3,223,721
Due to financial institutions	16	5,027,719	4,278,132
Deposits and other accounts	17	146,228,421	129,654,288
Subordinated debt	18	3,174,945	3,460,661
Deferred tax liabilities		-	-
Other liabilities	19	7,396,971	8,633,860
		166,070,750	149,250,662
NET ASSETS		12,945,560	12,731,564
REPRESENTED BY			
Share capital-net		14,500,490	14,500,490
Reserves		312,613	179,384
Surplus on revaluation of assets	20	733,167	1,185,540
Accumulated losses		(2,600,710)	(3,133,850)
		12,945,560	12,731,564
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

Ahmed Shuja Kidwai Chief Executive Officer	Tamim Shabbir Chief Financial Officer	Adnan Ahmed Yousif Chairman	Tariq Mahmood Kazim Director	Mohammed Tareq Sadeq Director
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ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2020

	Note	Nine months ended		Quarter ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
----- (Rupees '000) -----					
Profit / return earned on Islamic financing and related assets, investments and placements	22	10,804,140	8,957,271	3,077,577	3,489,982
Return on deposits and other dues expensed	23	(6,184,020)	(5,274,989)	(1,462,391)	(2,267,648)
Net spread earned		4,620,120	3,682,282	1,615,186	1,222,334
Other income					
Fee and commission income	24	508,885	556,487	170,668	170,513
Dividend income		6,259	26,133	1,665	10,330
Foreign exchange income		688,449	435,740	212,754	200,274
Gain / (loss) on securities	25	166,116	1,637	24,153	(9,029)
Other income	26	28,783	6,697	1,564	2,890
Total other income		1,398,492	1,026,694	410,804	374,978
Total Income		6,018,612	4,708,976	2,025,990	1,597,312
Other expenses					
Operating expenses	27	(4,009,466)	(3,906,753)	(1,317,978)	(1,358,002)
Workers' Welfare Fund		(25,254)	(4,692)	(9,298)	(2,376)
Other charges	28	(105,690)	(819)	(86,349)	(30)
Total other expenses		(4,140,410)	(3,912,264)	(1,413,625)	(1,360,408)
Profit before provisions		1,878,202	796,712	612,365	236,904
Provisions and write offs - net	29	(640,775)	(566,795)	(156,787)	(120,462)
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		1,237,427	229,917	455,578	116,442
Taxation	30	(571,280)	(129,735)	(233,122)	(72,249)
Profit after taxation		666,147	100,182	222,456	44,193
----- Rupee -----					
Pofit per share - basic / diluted	31	0.48	0.07	0.16	0.03

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

Ahmed Shuja Kidwai
Chief Executive Officer

Tamim Shabbir
Chief Financial Officer

Adnan Ahmed Yousif
Chairman

Tariq Mahmood Kazim
Director

Mohammed Tareq Sadeq
Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2020

	Nine months ended		Quarter ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	------(Rupees '000)-----			
Profit after taxation for the period	666,147	100,182	222,456	44,193
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(452,151)	(53,295)	126,738	12,629
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of non-banking assets - net of tax	(222)	(222)	(74)	(74)
Total comprehensive income	213,774	46,665	349,120	56,748

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

Ahmed Shuja Kidwai
Chief Executive Officer

Tamim Shabbir
Chief Financial Officer

Adnan Ahmed Yousif
Chairman

Tariq Mahmood Kazim
Director

Mohammed Tareq Sadeq
Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Share capital	Capital support fund	Discount on issue of shares	*Statutory reserve	Surplus / (deficit) on revaluation of		Accumulated loss	Total
					Investments	Non banking assets		
(Rupees in '000)								
Balance as at 1 January 2019	13,739,628	-	(632,766)	159,348	20,385	332,827	(2,914,339)	10,705,083
Profit after taxation for the period	-	-	-	-	-	-	100,182	100,182
Other comprehensive loss - net of tax	-	-	-	-	(53,295)	-	-	(53,295)
Transfer to statutory reserve	-	-	-	20,036	-	-	(20,036)	-
Transfer from surplus on revaluation of assets to accumulated loss in respect of incremental depreciation	-	-	-	-	-	(222)	222	-
Balance as at 30 September 2019	13,739,628	-	(632,766)	179,384	(32,910)	332,605	(2,833,971)	10,751,970
Loss after taxation for the period	-	-	-	-	-	-	(291,868)	(291,868)
Other comprehensive income - net of tax	-	-	-	-	978,089	(92,171)	(8,084)	877,834
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to accumulated loss in respect of incremental depreciation	-	-	-	-	-	(73)	73	-
Received during the period	-	1,393,628	-	-	-	-	-	1,393,628
Balance as at 31 December 2019	13,739,628	1,393,628	(632,766)	179,384	945,179	240,361	(3,133,850)	12,731,564
Profit after taxation for the period	-	-	-	-	-	-	666,147	666,147
Other comprehensive loss - net of tax	-	-	-	-	(452,151)	-	-	(452,151)
Transfer to statutory reserve	-	-	-	133,229	-	-	(133,229)	-
Transfer from surplus on revaluation of assets to accumulated loss in respect of incremental depreciation	-	-	-	-	-	(222)	222	-
Balance as at 30 September 2020	13,739,628	1,393,628	(632,766)	312,613	493,028	240,139	(2,600,710)	12,945,560

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

*The statutory reserve represents profit set aside as required under prudential regulations for Bank as issued by the State Bank of Pakistan.

Ahmed Shuja Kidwai
Chief Executive Officer

Tamim Shabbir
Chief Financial Officer

Adnan Ahmed Yousif
Chairman

Tariq Mahmood Kazim
Director

Mohammed Tareq Sadeq
Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	Nine months ended	
		30 September 2020	30 September 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,237,427	229,917
Less: Dividend income		(6,259)	(26,133)
		<u>1,231,168</u>	<u>203,784</u>
Adjustments:			
Depreciation on fixed assets	27	135,283	134,677
Depreciation on right-of-use assets	27	486,894	462,354
Amortization	27	138,154	147,164
Depreciation - non banking assets	27	19,251	19,251
Provision and write-offs - net	29	640,775	566,795
Gain on sale of fixed assets - net	26	(26,997)	(3,828)
Finance charges on lease liability against right-of-use assets	23	163,806	158,934
Unrealized (gain) / loss on revaluation of investments classified as held for trading	25	(8,598)	7,700
Workers' Welfare Fund		25,254	4,692
		<u>1,573,822</u>	<u>1,497,739</u>
		<u>2,804,990</u>	<u>1,701,523</u>
(Increase)/ decrease in operating assets			
Due from financial institutions		1,341,117	(3,633,237)
Held-for-trading securities - net		(3,166)	70,769
Islamic financing and related assets - net		(6,425,341)	124,713
Others assets (excluding advance taxation)		579,670	1,257,978
		<u>(4,507,720)</u>	<u>(2,179,777)</u>
Increase/ (decrease) in operating liabilities			
Bills payable		1,018,973	(178,449)
Due to financial institutions		749,587	(1,379,274)
Deposits and other accounts		16,574,133	14,657,386
Other liabilities		(1,028,487)	(1,924,392)
		<u>17,314,206</u>	<u>11,175,271</u>
Income tax paid		(175,370)	(76,176)
Net cash flow generated from operating activities		<u>15,436,106</u>	<u>10,620,841</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(18,365,025)	(1,428,118)
Net investments in held-to-maturities securities		(512,849)	(1,540,891)
Dividends received		5,059	17,780
Investments in fixed assets		(301,074)	(466,554)
Proceeds from sale of fixed assets		39,236	7,782
Net cash used in investing activities		<u>(19,134,653)</u>	<u>(3,410,001)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Tier II mudaraba sukuk - first issue		(285,716)	(285,716)
Payment of lease liability against right-of-use assets		(407,059)	(269,612)
Net cash used in financing activities		<u>(692,775)</u>	<u>(555,328)</u>
(Decrease) / increase in cash and cash equivalents		<u>(4,391,322)</u>	<u>6,655,512</u>
Cash and cash equivalents at beginning of the period		<u>29,170,487</u>	<u>15,788,970</u>
Cash and cash equivalents at end of the period		<u>24,779,165</u>	<u>22,444,482</u>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

Ahmed Shuja Kidwai Tamim Shabbir Adnan Ahmed Yousif Tariq Mahmood Kazim Mohammed Tareq Sadeq
Chief Executive Officer Chief Financial Officer Chairman Director Director

ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1. STATUS AND NATURE OF BUSINESS

- 1.1 AlBaraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010. The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) {parent bank} incorporated and domiciled in Bahrain and a member of AlBaraka Banking Group.

- 1.2 During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 approved the merger of the Bank with Burj Bank Limited (Ex Burj Bank Limited) under a "Scheme of Amalgamation" (the Scheme). Further, SBP of Pakistan, through its letter no. BPRD (R&P-02)/2016/24373 dated 14 October 2016, has also approved the scheme of amalgamation and granted sanction order for the amalgamation of Ex Burj Bank Limited with and into the Bank. As of the effective date of amalgamation, the entire undertaking of Ex Burj Bank Limited including all the properties, assets and liabilities and all the rights and obligations shall, without any further act, action or deed and notwithstanding the terms of any contract or other document or any rule of law, stands amalgamated with and vest in the Bank and as a consequence, Ex Burj Bank Limited stands amalgamated with and into the Bank.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 188 branches including 8 sub-branches (31 December 2019: 192 branches including 8 sub-branches) in Pakistan.

- 1.3 Based on the financial statements of the Bank for the year ended 31 December 2019, JCR-VIS has maintained the long-term rating at 'A+' and short-term rating at 'A1'. Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating at 'A' and short term rating at 'A1'.
- 1.4 As at 30 September 2020, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs.11.90 billion and 13.65% respectively.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for financial reporting comprise of:

- International Financial Reporting Standards (IAS) 34, interim Financial Reporting issued by the International Accounting Standards Board (IASB) as for interim Financial Reporting notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

- 2.1.2 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The Bank has adopted the following amendments to IFRSs which became effective for the current period:

Standard or Interpretation

- IFRS 3 - Definition of a Business (Amendments)
- IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
- IFRS 16 - COVID 19 Related Rent Concessions (Amendments)
- IAS 1 / IAS 8 - Definition of Material (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of the above Standards / amendments and improvements to accounting standards did not have any effect on the Bank's condensed interim financial statements.

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

The following IFRSs as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting period beginning on or after 01 January 2021:

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
- IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
- IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022
- IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2021
- IAS 16 - Proceeds before Intended Use (Amendments)	01 January 2022
- IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

The above amendments are not likely to have an impact on Bank's condensed interim financial statements except for IFRS 9 'Financial instruments' the bank is currently evaluating the impact of the said standard. In addition to above Standards, there are certain new and amended standards, interpretations and amendments that are mandatory for accounting periods beginning on or after 01 January 2021 but are considered not to be relevant to the Bank's operations and therefore, are not detailed in these condensed interim financial statements.

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

- IFRS 9 - 'Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
- IAS 41 - Agriculture – Taxation in fair value measurements

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.

Standards

- IFRS 1 – First time adoption of IFRSs
- IFRS 17 – Insurance Contracts

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial information is the same as that applied in the preparation of the financial statements for the year ended 31 December 2019.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2019, except for the following additional considerations due to the COVID - 19:

- 5.1 The COVID – 19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced various fiscal and economic stimulus measures to mitigate its impact. However, the consequences of the COVID-19 pandemic for the global economy and financial sector in particular are still unpredictable.

The SBP has responded to the crisis and has introduced number of regulatory measures to support both banking industry and its customers in these testing times. These include monetary easing, reduction in capital conservation buffer by 100 basis points to 1.5 percent, allowing banks to defer borrowers' principal financing repayments by one year, relaxing regulatory criteria for restructured/rescheduled financing for borrowers who require relief of principal repayment exceeding one year and incentive for business to retain workers and employees to prevent layoffs, relaxing debt burden ratio and time based criteria for Non-Performing Loan classification etc.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

In response to above macro-prudential measures taken by SBP, the Bank effectively managed borrowers' request for financial relief while maintaining adequate capital and liquidity buffers.

5.2 Credit risk management

The Bank expects that several borrowers will be severely impacted by this pandemic. Since many of such borrowers have availed the SBP enabled deferment / restructuring and rescheduling relief, the full potential effect of the economic stress is difficult to predict given the uncertain economic environment.

The Bank has further strengthened its credit review procedures in the light of COVID-19 and is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

The Risk Management Group (RMG) is regularly conducting detailed analysis on Sectors/Industries and identify the degree by which the Bank's customers' businesses have impacted amid COVID-19. Based on the ongoing assessment of Sectors/Industries concentration limits have been rationalized keeping in view short term and long term outlook of each sector.

5.3 Liquidity management

In view of the relaxation granted by SBP for deferral of principal and profit and rescheduling of financing, there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed. The Bank is confident that the liquidity buffer currently maintained by the Bank in the form Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are sufficient to cater any adverse movement in cash flow maturity profile.

5.4 Business Continuity and Operational Risk Management

COVID-19 pandemic has created an unprecedented challenge for banks in terms of Business Continuity Management. The Bank is closely monitoring the situation and has invoked required actions to ensure the safety and security of Bank staff and uninterrupted service to customers.

Business Continuity Plans (BCP) for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff, where required, while ensuring adequate controls to ensure that Bank's information assets are adequately protected from emerging cyber threats and comply with regulatory requirements. The Bank is regularly communicating with its customers for providing awareness about health and safety measures and how they can connect with the Bank through its full suite of channels including digital and online channels as well as enhancing customer awareness pertaining to online fraud risks. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored.

		(Un-Audited) 30 September 2020	(Audited) 31 December 2019
Note		----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,024,488	2,578,761
Foreign currencies		1,600,227	670,966
		4,624,715	3,249,727
With State Bank of Pakistan in			
Local currency current account	6.1	9,592,899	20,574,168
Foreign currency current account	6.1	6,468	4,411
Foreign currency deposit account	6.1	1,350,532	1,161,413
		10,949,899	21,739,992
With National Bank of Pakistan in			
Local currency current account		716,114	1,330,210
Local currency deposit account		8	8
		716,122	1,330,218
		16,290,736	26,319,937

6.1 These include local and foreign currency amount required to be maintained by the Bank with SBP. These accounts are non-remunerative in nature.

7. BALANCES WITH OTHER BANKS

In Pakistan

In current account		49,373	19,499
In deposit account	7.1	1,072,628	63,583
		1,122,001	83,082

Outside Pakistan

In current account		1,700,066	1,623,099
In deposit account	7.1	5,666,362	1,144,369
		7,366,428	2,767,468
		8,488,429	2,850,550

7.1 The expected return on remunerative deposits ranges from 2% to 7.5% (31 December 2019: 3% to 8.50%) per annum.

8. DUE FROM FINANCIAL INSTITUTIONS

Bai Muajjal receivable

- from Schedule banks

	8.1	11,457,516	12,895,309
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Call money lending

	8.2	1,800,000	1,703,324
		13,257,516	14,598,633

8.1 The return on bai muajjal ranges from 6.50% to 7.50% (31 December 2019: 12.5% to 13.5%) per annum. These will mature by January 2021.

8.2 The expected return on this placement ranges from 6.35% to 6.50% (31 December 2019: 1.3% to 1.5%) per annum. These will mature by October 2020.

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

9. INVESTMENTS

	Note	30 September 2020 (Un-Audited)				31 December 2019 (Audited)			
		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 Investments by type									
Held-for-trading securities									
Shares		53,777	-	(10,421)	43,356	50,611	-	(19,019)	31,592
Available-for-sale securities									
Federal Government securities		33,190,897	-	595,051	33,785,948	14,059,230	-	1,378,642	15,437,872
Shares		915,302	(530,817)	155,039	539,524	1,117,203	(564,074)	57,829	610,958
Non Government debt securities	9.2	1,356,280	(111,455)	3,042	1,247,867	1,458,805	(111,455)	1,243	1,348,593
Foreign securities	9.2	2,168,721	-	5,372	2,174,093	2,630,937	-	16,407	2,647,344
		37,631,200	(642,272)	758,504	37,747,432	19,266,175	(675,529)	1,454,121	20,044,767
Held-to-maturity securities									
Federal Government securities	9.2	4,631,375	-	-	4,631,375	4,118,526	-	-	4,118,526
Total investments		42,316,352	(642,272)	748,083	42,422,163	23,435,312	(675,529)	1,435,102	24,194,885

	Note	30 September 2020 (Un-Audited)				31 December 2019 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----									
9.2 Investments by segments									
Federal Government Securities:									
Ijarah Sukuk		12,631,555	-	(148,177)	12,483,378	2,055,933	-	(20,333)	2,035,600
Bai Muajjal		4,631,375	-	-	4,631,375	4,118,526	-	-	4,118,526
Other Sukuk		20,559,342	-	743,228	21,302,570	12,003,297	-	1,398,975	13,402,272
		37,822,272	-	595,051	38,417,323	18,177,756	-	1,378,642	19,556,398
Shares:									
Listed companies		912,079	(504,663)	144,618	552,034	1,111,130	(537,920)	38,810	612,020
Unlisted companies		57,000	(26,154)	-	30,846	56,684	(26,154)	-	30,530
		969,079	(530,817)	144,618	582,880	1,167,814	(564,074)	38,810	642,550
Non Government Debt Securities									
Unlisted		1,356,280	(111,455)	3,042	1,247,867	1,458,805	(111,455)	1,243	1,348,593
Foreign Securities									
Government securities		497,752	-	(2,500)	495,252	465,269	-	6,044	471,313
Non Government Debt securities		1,670,969	-	7,872	1,678,841	2,165,668	-	10,363	2,176,031
		2,168,721	-	5,372	2,174,093	2,630,937	-	16,407	2,647,344
Total investments		42,316,352	(642,272)	748,083	42,422,163	23,435,312	(675,529)	1,435,102	24,194,885

	(Un-Audited) 30 September 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----		
9.3 Provision for diminution in value of investments		
9.3.1 Opening balance		675,529
Charge / reversals		
Charge for the period / year	118,476	265,402
Reversal on disposals	(151,733)	(163,723)
	(33,257)	101,679
Closing balance	642,272	675,529

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	(Un-Audited) 30 September 2020		(Audited) 31 December 2019	
	Non- performing Investment	Provision	Non- performing Investment	Provision
	----- (Rupees in '000) -----			
9.3.2 Particulars of provision against debt securities				
Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	111,455	111,455	111,455	111,455
	111,455	111,455	111,455	111,455

	(Un-Audited) (Audited)		(Un-Audited) (Audited)		(Un-Audited) (Audited)	
	Performing		Non Performing		Total	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	----- (Rupees in '000) -----					
10. ISLAMIC FINANCING AND RELATED ASSETS						
Note						
- Murabaha financing	2,908,191	4,138,643	2,815,789	2,822,420	5,723,980	6,961,063
- Advance against murabaha financing	339,803	785,549	203,337	203,337	543,140	988,886
- Export refinance under Islamic scheme	95,245	330,000	87,505	87,505	182,750	417,505
- Advance against export refinance under Islamic scheme	4,934,452	3,935,032	-	-	4,934,452	3,935,032
- Diminishing musharaka and Ijarah financing	36,973,162	35,059,408	2,359,174	2,288,232	39,332,336	37,347,640
- Advance against diminishing musharaka finance	1,418,081	393,811	-	-	1,418,081	393,811
- Running musharaka	11,714,147	316,954	-	-	11,714,147	316,954
- Tijarah finance	2,180,698	1,758,076	-	-	2,180,698	1,758,076
- Tijarah Inventory	10,034	-	-	-	10,034	-
- Over due acceptances	58,834	155,935	508,913	492,925	567,747	648,860
- Payment against guarantee	15,081	14,581	43,965	47,715	59,046	62,296
- Payment against documents	82,422	142,434	-	-	82,422	142,434
- Advance against salam	5,150,143	12,120,902	2,207,615	2,201,301	7,357,758	14,322,203
- Financing against bills	-	611,179	13,735	13,735	13,735	624,914
- Istasna finance	-	16,600	576,271	576,271	576,271	592,871
- Advance against istasna	11,914,825	11,437,663	708,505	495,365	12,623,330	11,933,028
- Istasna inventory	284,936	731,926	-	-	284,936	731,926
- Qarz-e-Hasna	88,127	91,302	22,675	21,475	110,802	112,777
- Rahnuma travel services	-	-	-	48	-	48
Islamic financing and related assets - gross	78,168,181	72,039,995	9,547,484	9,250,329	87,715,665	81,290,324
Provisions for non-performing financing						
- Specific	-	-	(6,313,760)	(5,676,672)	(6,313,760)	(5,676,672)
- General	(196,432)	(169,940)	-	-	(196,432)	(169,940)
	(196,432)	(169,940)	(6,313,760)	(5,676,672)	(6,510,192)	(5,846,612)
Islamic financing and related assets - net of provisions	77,971,749	71,870,055	3,233,724	3,573,657	81,205,473	75,443,712

	(Un-Audited) 30 September 2020	(Audited) 31 December 2019
	----- (Rupees in '000) -----	
10.1 Particulars of Islamic financing and related assets (Gross)		
In local currency	87,715,665	80,439,286
In foreign currency	-	851,038
	87,715,665	81,290,324

10.2 Islamic financing and related assets include Rs.9,547.484 (31 December 2019: Rs.9,250.329) million which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2020 (Un-Audited)		31 December 2019 (Audited)	
	Classified Islamic financing and related assets	Provision	Classified Islamic financing and related assets	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	30,316	-	24,856	-
Substandard	524,095	95,258	974,448	81,338
Doubtful	955,897	251,048	1,642,187	203,142
Loss	8,037,176	5,967,454	6,608,838	5,392,192
	9,547,484	6,313,760	9,250,329	5,676,672

10.3 Particulars of provisions against non-performing Islamic financing and related assets

	30 September 2020 (Un-Audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	5,676,672	169,940	5,846,612	4,614,044	145,978	4,760,022
Charge for the period / year	702,014	26,492	728,506	1,321,476	23,962	1,345,438
Reversals for the period / year	(67,236)	-	(67,236)	(259,226)	-	(259,226)
	634,778	26,492	661,270	1,062,250	23,962	1,086,212
Amounts charged off / reversed - agriculture financing	2,310	-	2,310	469	-	469
	637,088	26,492	663,580	1,062,719	23,962	1,086,681
Amounts written off against provision	-	-	-	(91)	-	(91)
Closing balance	6,313,760	196,432	6,510,192	5,676,672	169,940	5,846,612

10.3.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,647.284 (31 December 2019: Rs. 3,063.979) million. The FSV benefit recognized is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.

10.3.2 The Bank maintains general reserve (provisions) in accordance with the applicable requirements of Prudential Regulations for consumer financing.

10.3.3 SBP vide its letter BPRD/BLRD-3/DMG/2011-1035 has allowed relaxation from further provisioning requirement against a financing exposure having a provisioning impact of Rs. 40.581 (31 December 2019: Rs. 40.581) million.

10.3.4 The SBP vide BPRD circular letter 13 of 2020 dated 26 March 2020, had relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). These include deferment of principal and profit in case customer falls in the eligibility criteria prescribed for this purpose; and revision in criteria of classifying customer as non-performing in case of delayed repayment. These relaxations are mainly applicable for one year from the date of circular up till 31 March 2021.

11. FIXED ASSETS	Note	(Un-Audited)	(Audited)
		30 September 2020	31 December 2019
----- (Rupees in '000) -----			
Capital work-in-progress	11.1	314,783	360,547
Property and equipment		2,101,380	2,067,120
Right-of-use assets		2,094,327	2,440,605
		4,510,490	4,868,272
11.1 Capital work-in-progress			
Civil works		286,509	345,377
Advances to suppliers		28,274	15,170
Advance for purchase of property - related party		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
Total capital work-in-progress		314,783	360,547

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(Un-Audited) (Audited)
Nine months ended

30 September 30 September
2020 2019
----- (Rupees in '000) -----

11.2 Additions to fixed assets

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

Capital work-in-progress	40,516	41,633
Property and equipment		
Buidling and Renovation on leasehold land	77,204	52,884
Furniture and fixture	4,514	8,349
Electrical office and computer equipment	48,088	132,226
Vehicles	52,826	3,729
	182,632	197,188
 Total	 223,148	 238,821

11.3 Disposal of fixed assets

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

Renovations on leasehold land	2,102	2,233
Furniture and fixture	335	189
Electrical office and computer equipment	895	1,055
Vehicles	8,907	477
Total	12,239	3,954

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

12 INTANGIBLE ASSETS

Computer software	77,761	101,161
Advance to supplier against computer software	17,496	9,306
Core deposits	488,120	587,481
Brand	383,145	383,145
Goodwill	396,117	396,117
	1,362,639	1,477,210

(Un-Audited) (Audited)
Nine months ended
30 September 30 September
2020 2019
----- (Rupees in '000) -----

12.1 Additions to intangible assets

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

Capital work-in-progress	17,496	3,656
Directly purchased	15,393	89,888
	32,889	93,544

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		(Un-Audited) 30 September 2020	(Audited) 31 December 2019
	Note	----- (Rupees in '000) -----	
13. DEFERRED TAX ASSETS			
Deductible Temporary Differences on:			
- Tax losses carried forward		1,313,797	1,755,044
- Minimum tax		786,433	603,522
- Post retirement employee benefits		13,895	13,895
- Provision against assets		1,170,822	1,251,913
		3,284,947	3,624,374
Taxable Temporary Differences on:			
- Surplus on revaluation of investments		(261,829)	(502,287)
- Surplus on revaluation of non-banking assets - net of tax effect of incremental depreciation transferred to retained earning		(129,939)	(129,939)
- Accelerated tax depreciation		(148,513)	(153,009)
		(540,281)	(785,235)
		2,744,666	2,839,139
14. OTHER ASSETS			
Profit / return accrued in local currency		4,172,794	3,620,174
Profit / return accrued in foreign currency		21,064	17,377
Advances, deposits, advance rent and other prepayments		434,202	379,405
Advance taxation (payments less provisions)		173,238	231,207
Receivable in respect of defined benefit plan		23,351	23,351
Receivable against sale of shares		28,351	58,839
Non-banking assets acquired in satisfaction of claims		1,508,858	1,527,768
Branch adjustment account		94,814	126,800
Mark to market gain on forward foreign exchange contracts		81,827	10,156
Stamps and stationery		6,574	4,646
Acceptances		1,684,962	2,899,069
Others		289,808	267,451
		8,519,843	9,166,243
Less: Provision held against other assets	14.2	(155,088)	(146,140)
Other assets (net of provision)		8,364,755	9,020,103
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		369,443	369,785
Other assets - total		8,734,198	9,389,888
14.2 Provision held against other assets			
Non-performing receivables		154,842	145,894
Others		246	246
		155,088	146,140
15. BILLS PAYABLE			
In Pakistan		4,242,694	3,223,721
16. DUE TO FINANCIAL INSTITUTIONS			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	16.1	3,765,148	4,278,132
- Under refinance scheme for payment of salaries and wages	16.2	1,262,571	-
		5,027,719	4,278,132
16.1			
The range of profit rates on these borrowings is 1.0% to 2.0% (31 December 2019: 1.0% to 2.0%) per annum. The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs.5.61 (31 December 2019: Rs.4.65) billion. The above contracts will mature by 29 March 2021.			
16.2			
SBP vide its Circular no. 06 of 2020 has introduced a refinance scheme for businesses for payment of wages and salaries to combat the impact of Covid-19. The scheme aims to finance wages and salaries of permanent, contractual, daily wagers and outsourced employees. The maximum limit approved by SBP to the Bank under this scheme is Rs. 1.381 billion.			

17. DEPOSITS AND OTHER ACCOUNTS

	30 September 2020 (Un-Audited)			31 December 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	27,713,161	6,187,116	33,900,277	21,674,643	4,804,672	26,479,315
Savings deposits	52,730,544	4,714,556	57,445,100	47,273,774	4,567,469	51,841,243
Term deposits	45,462,506	2,200,194	47,662,700	42,002,296	1,938,320	43,940,616
Others	1,606,988	-	1,606,988	1,342,347	-	1,342,347
	127,513,199	13,101,866	140,615,065	112,293,060	11,310,461	123,603,521
Financial Institutions						
Current deposits	38,477	21,303	59,780	24,097	1,342	25,439
Savings deposits	4,727,352	674	4,728,026	4,860,569	709	4,861,278
Term deposits	825,550	-	825,550	1,164,050	-	1,164,050
	5,591,379	21,977	5,613,356	6,048,716	2,051	6,050,767
	133,104,578	13,123,843	146,228,421	118,341,776	11,312,512	129,654,288

18. SUBORDINATED DEBT

	Note	(Un-Audited) 30 September 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----			
Tier II mudaraba sukuk - first issue	18.1	285,704	571,420
Tier II mudaraba sukuk - second issue	18.2	1,500,000	1,500,000
Additional Tier I capital	18.3	1,389,241	1,389,241
		3,174,945	3,460,661

18.1 In September 2014, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier-II Sukuk (First Issue) based on Mudaraba of Rs.2 Billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II Sukuk (First Issue) is as follows:

Credit Rating	A- by PACRA (The Pakistan Credit Rating Agency Limited)
Issue Date	26 September 2014
Tenor	7 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Semi-annually
Expected Periodic Profit Amount (Mudaraba Profit Amount)	Mudaraba Profit is computed under the General Depositors' Pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 Month KIBOR + 1.25% per annum.
Call Option	The Bank may call Tier-II Sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss Absorbency	The Tier-II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier-II Sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

18.2 In August 2017; the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier-II Sukuk (Second Issue) based on Mudaraba of Rs.1.5 Billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II Sukuk (Second Issue) is as follows:

Credit Rating	A by JCR-VIS Credit Rating Company Limited.
Issue Date	22 August 2017
Tenor	7 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the seventh year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	Mudaraba Profit is computed under the General Depositors' Pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 Months KIBOR + 0.75% per annum.
Call Option	The Bank may call Tier-II Sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss Absorbency	The Tier-II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit amount can be held back in respect of the Tier-II Sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

18.3 In December 2018, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier-I (ADT-1) Capital based on Mudaraba of Rs.1.4 Billion as instrument of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Additional Tier-I (ADT-1) Capital is as follows:

Credit Rating	Not rated
Issue Date	26 December 2018
Tenor	Perpetual
Profit payment frequency	Monthly
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	Mudaraba Profit is computed under the General Depositors' Pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 1 Year KIBOR + 2.50% per annum.
Call Option	The Bank may call Tier-II Sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss Absorbency	The ADT-1 Capital, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the ADT-1 Capital, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

(Un-Audited) (Audited)
30 September **31 December**
2020 **2019**
 ----- (Rupees in '000) -----

19. OTHER LIABILITIES

Return on deposits and borrowings:

- payable in local currency	953,505	1,225,143
- payable in foreign currencies	2,245	9,420
Accrued expenses	472,145	369,762
Advance payments	664,358	415,437
Charity fund balance	26,063	46,351
Security deposits against ijarah	370,676	527,296
Payable against purchase of listed shares	18,662	5,738
Takaful payable against ijarah and diminishing musharakah assets	304,613	293,699
Acceptances	1,684,962	2,899,069
Lease liability against right-of-use assets	2,066,181	2,309,434
Others	833,561	532,511
	<u>7,396,971</u>	<u>8,633,860</u>

		(Un-Audited) 30 September 2020	(Audited) 31 December 2019
	Note	----- (Rupees in '000) -----	
20. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of:			
- Available for sale securities	9.1	758,505	1,454,121
- Non-banking assets acquired in satisfaction of claims		369,443	369,785
		1,127,948	1,823,906
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(265,477)	(508,942)
- Non-banking assets acquired in satisfaction of claims		(129,304)	(129,424)
		(394,781)	(638,366)
		733,167	1,185,540
21. CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	7,319,030	8,233,993
- Commitments	21.2	31,828,655	34,171,299
		39,147,685	42,405,292
21.1 Guarantees:			
Financial guarantees		10,449	9,125
Performance guarantees		5,161,954	6,244,836
Other guarantees		2,146,627	1,980,032
		7,319,030	8,233,993
21.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		8,808,956	7,402,115
Commitments in respect of forward foreign exchange contracts	21.2.1	23,011,501	26,763,463
Commitments for acquisition of fixed assets		8,198	5,721
		31,828,655	34,171,299

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21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	11,801,347	14,154,378
Sale	11,210,154	12,609,085
	23,011,501	26,763,463

21.3 Other Contingencies

21.3.1 There is no change, except as stated below, in the status of contingencies disclosed in note 21.3.1 and 21.3.2 to the financial statements for the year ended 31 December 2019.

21.3.2 The Bank has received an Appellate orders from the Tribunal (ATIR) in respect of tax years 2001 - 2011 relating to various tax matters of Pakistan branches of Al Baraka Islamic Bank B.S.C (merged with and into Al Baraka Bank (Pakistan) Limited). Based on the advise of tax advisor, the Bank has decided to file an appeal before the Honorable High Court against the said order. The Bank is confident that the matters will be decided in favor of Bank.

Nine months ended
30 September 30 September
2020 2019
----- (Rupees in '000) -----

22 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS

On:

- Islamic financing and related assets	6,916,952	6,674,289
- Investments	2,311,576	1,754,735
- Due from financial institutions	1,569,613	526,760
- Balances with banks	5,999	1,487
	10,804,140	8,957,271

23 RETURN ON DEPOSITS AND OTHER DUES EXPENSED

On:

- Deposits	5,465,614	4,477,968
- Borrowings	26,230	68,646
- Conversion cost against foreign currency deposits / borrowings	98,264	227,008
- Subordinated debt	364,264	288,914
- Finance charge on lease liability against right-of-use assets	163,806	158,934
- On export refinance under Islamic scheme	65,842	53,519
	6,184,020	5,274,989

24 FEE AND COMMISSION INCOME

Branch banking customer fees	75,212	85,914
Consumer finance related fees	70,084	71,688
Debit card related fees and income	47,217	52,375
Investment banking fees	43,543	54,663
Commission on trade	191,634	187,124
Commission on guarantees	33,822	47,937
Commission on cash management	3,289	1,165
Commission on remittances including home remittances	19,935	9,583
Commission on bancatakaful	5,698	22,106
Export rebates	7,380	7,548
Others	11,071	16,384
	508,885	556,487

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		Nine months ended	
		30 September 2020	30 September 2019
		----- (Rupees in '000) -----	
25	GAIN / (LOSS) ON SECURITIES		
	Realised	157,518	9,337
	Unrealised - held for trading	8,598	(7,700)
		<u>166,116</u>	<u>1,637</u>
25.1	Realised gain / (loss) on:		
	Federal Government securities	199,351	10,009
	Shares	(41,833)	(672)
		<u>157,518</u>	<u>9,337</u>
26	OTHER INCOME		
	Rent on property	1,786	2,869
	Gain on sale of fixed assets-net	26,997	3,828
		<u>28,783</u>	<u>6,697</u>
27	OPERATING EXPENSES		
	Compensation expense		
	Salaries, allowances, etc.	1,627,998	1,489,455
	Charge for defined benefit / contribution plan and other benefits	118,165	109,422
		<u>1,746,163</u>	<u>1,598,877</u>
	Property expense		
	Rent and taxes	46,544	67,047
	Insurance	41,366	39,071
	Utilities	153,493	149,833
	Security (including guards)	173,252	158,172
	Repair and maintenance (including janitorial charges)	65,838	70,695
	Depreciation	46,353	49,650
	Depreciation - right-of-use assets	486,894	462,354
	Depreciation - non banking assets	19,251	19,251
	Others	5,675	5,812
		<u>1,038,666</u>	<u>1,021,885</u>
	Information technology expenses		
	Software maintenance	124,492	116,544
	Hardware maintenance	44,396	43,268
	Depreciation on fixed assets	21,255	14,686
	Amortisation	38,793	47,707
	Network charges	59,915	54,496
	Others	38,026	30,115
		<u>326,877</u>	<u>306,816</u>
	Other operating expenses		
	Directors' fees and allowances	36,500	45,661
	Fees and allowances to Shariah Board	3,555	4,749
	Legal and professional charges	55,640	60,715
	Outsourced services costs	130,590	115,539
	Travelling and conveyance	17,570	21,660
	NIFT clearing charges	13,331	11,337
	Depreciation	67,675	70,342
	Amortization	99,361	99,456
	Takaful and registration expenses	22,397	42,104
	Training and development	4,400	10,982
	Postage and courier charges	21,339	14,569
	Communication	35,848	36,700
	Stationery and printing	67,376	61,106
	Marketing, advertisement and publicity	20,144	58,837
	Repair and maintenance	30,211	42,510
	Auditors' remuneration	10,849	9,255
	Depositor's protection	85,375	79,315
	Brokerage, commission and bank charges	142,903	148,465
	Others	32,696	45,873
		<u>897,760</u>	<u>979,175</u>
		<u>4,009,466</u>	<u>3,906,753</u>

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27.1 These amounts include outsourcing services with regards to janitorial services, security services, contractual employees over third party contracts and printing activities.

		Nine months ended	
		30 September 2020	30 September 2019
		----- (Rupees in '000) -----	
28	OTHER CHARGES	Note	
	Penalties imposed by State Bank of Pakistan		819
		<u>105,690</u>	<u>819</u>
29	PROVISIONS AND WRITE OFFS - NET		
	Provisions for diminution in value of investments	9.3.1	260,138
	Provision against non-performing Islamic financing and related assets	10.3	305,233
	Provision against other assets		-
	Write offs		1,424
	Fixed assets written off		-
		<u>857</u>	<u>-</u>
		<u>640,775</u>	<u>566,795</u>
30	TAXATION		
	Current		(134,615)
	Deferred		4,880
		<u>(233,339)</u>	<u>(134,615)</u>
		<u>(337,941)</u>	<u>4,880</u>
		<u>(571,280)</u>	<u>(129,735)</u>
31	BASIC AND DILUTED PROFIT (LOSS) PER SHARE		
	Profit after taxation for the period		100,182
		<u>666,147</u>	<u>100,182</u>
		--- Number of shares ---	
	Weighted average number of ordinary shares		1,373,962,760
		<u>1,373,962,760</u>	<u>1,373,962,760</u>
	Basic / diluted earnings per share - Rupee		0.07
		<u>0.48</u>	<u>0.07</u>
32	FAIR VALUE MEASUREMENTS		

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. These securities are carried at amortized cost in order to comply with the requirements of BSD Circular No. 14 dated 24 September 2004.

Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available financial statements.

Fair value of Islamic financing and related assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing has been calculated in accordance with the Bank's accounting policy.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer Islamic financing and deposits are frequently repriced.

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).

32.1 Fair value of financial assets

The following table provides the fair value measurement hierarchy of the Bank's assets:

	30 September 2020 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	18,368,836	16,064,978	-	34,433,814
Shares	552,034	-	-	552,034
Foreign Securities	2,174,093	-	-	2,174,093
	<u>21,094,963</u>	<u>16,064,978</u>	<u>-</u>	<u>37,159,941</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	16,290,736
Balances with other banks	-	-	-	8,488,429
Due from financial institutions	-	-	-	13,257,516
Investments	-	-	-	5,262,222
Islamic financing and related assets	-	-	-	81,205,473
Other assets	-	-	-	6,562,072
	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,066,448</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	11,801,347	-	11,801,347
Forward sale of foreign exchange	-	11,210,154	-	11,210,154
	<u>-</u>	<u>11,210,154</u>	<u>-</u>	<u>11,210,154</u>
	31 December 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	19,556,398	-	19,556,398
Shares	612,020	-	-	612,020
Foreign Securities	2,647,344	-	-	2,647,344
	<u>3,259,364</u>	<u>19,556,398</u>	<u>-</u>	<u>22,815,762</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	26,319,937
Balances with other banks	-	-	-	2,850,550
Due from financial institutions	-	-	-	14,598,633
Investments	-	-	-	1,379,123
Islamic financing and related assets	-	-	-	75,443,712
Other assets	-	-	-	6,786,786
	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,378,741</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	14,154,378	-	14,154,378
Forward sale of foreign exchange	-	12,609,085	-	12,609,085
	<u>-</u>	<u>12,609,085</u>	<u>-</u>	<u>12,609,085</u>

There were no transfer between level 2 and level 3 during the period.

32.2 Fair value of non-financial assets

	30 September 2020 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Non banking assets acquired in satisfaction of claims	-	-	1,878,301	1,878,301
	<u>-</u>	<u>-</u>	<u>1,878,301</u>	<u>1,878,301</u>
	31 December 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Non banking assets acquired in satisfaction of claims	-	-	1,997,402	1,997,402
	<u>-</u>	<u>-</u>	<u>1,997,402</u>	<u>1,997,402</u>

32.3 Valuation techniques used in determination of fair values within level 2 and level 3

Particulars	Valuation approach and input used
Federal government securities	The fair value of federal government securities are determined on the basis of rates / prices sourced from Reuters.
Non-government debt securities	Investment in non-Government debt securities denominated in local currency are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP), Investment in non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government Debt Securities	The fair value of overseas Government securities are denominated on the basis of rates taken from Bloomberg / Reuters.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Non banking assets acquired in satisfaction of claims - Gross	Non banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	30 September 2020 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
Profit and Loss						
Net return earned / expensed	3,891,812	140,806	(2,210,761)	3,365,867	(567,604)	4,620,120
Inter segment revenue - net	-	-	5,513,555	-	969,680	6,483,235
Other income	175,237	102,233	217,645	861,065	42,312	1,398,492
Total Income	4,067,049	243,039	3,520,439	4,226,932	444,388	12,501,847
Segment direct expenses	(157,340)	(740,356)	(3,188,446)	(59,333)	5,065	(4,140,410)
Inter segment expense allocation	(3,339,712)	1,017,268	-	(4,160,791)	-	(6,483,235)
Total expenses	(3,497,052)	276,912	(3,188,446)	(4,220,124)	5,065	(10,623,645)
Provisions	(305,291)	(264,670)	(93,397)	33,257	(10,674)	(640,775)
Profit / (loss) before tax	264,706	255,281	238,596	40,065	438,779	1,237,427
	30 September 2020 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
Statement of Financial Position						
Cash and balances with treasury banks	-	-	4,624,714	11,666,022	-	16,290,736
Balances with other banks	-	-	-	8,488,429	-	8,488,429
Due from financial institutions	-	-	-	13,257,516	-	13,257,516
Investments	4,183,776	-	-	38,238,387	-	42,422,163
Net inter segment lending	-	21,927,884	108,184,160	-	8,140,329	138,252,373
Islamic financing and related assets - performing	47,393,543	11,314,317	17,540,504	-	1,618,724	77,867,088
- non-performing	1,391,662	685,047	1,253,239	-	8,437	3,338,385
Others	3,780,984	1,362,003	2,707,781	1,795,956	7,705,267	17,351,991
Total assets	56,749,965	35,289,251	134,310,398	73,446,310	17,472,757	317,268,681
Bills payable	-	-	4,242,694	-	-	4,242,694
Due to financial institutions	4,029,790	997,929	-	-	-	5,027,719
Subordinated debt	-	-	-	-	3,174,945	3,174,945
Deposits and other accounts	8,391,369	29,127,456	108,709,596	-	-	146,228,421
Net inter segment borrowing	44,073,787	4,130,266	18,105,954	71,942,366	-	138,252,373
Others	162,190	778,319	3,013,559	27,887	3,415,014	7,396,969
Total liabilities	56,657,136	35,033,970	134,071,803	71,970,253	6,589,959	304,323,121
Equity	264,706	255,281	238,596	1,304,182	10,882,801	12,945,566
Total equity and liabilities	56,921,840	35,289,251	134,310,398	73,274,435	17,472,763	317,268,687
Contingencies and commitments	8,983,513	7,144,474	8,197	23,011,501	230,581	39,378,266
	30 September 2019 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
Profit and Loss						
Net return earned / expensed	3,539,015	2,284,325	(3,162,418)	1,415,588	(394,228)	3,682,282
Inter segment revenue - net	-	-	6,245,193	-	536,892	6,782,085
Other income	175,322	156,359	188,717	463,359	42,937	1,026,694
Total Income	3,714,337	2,440,684	3,271,492	1,878,947	185,601	11,491,061
Segment direct expenses	(146,255)	(755,680)	(1,948,464)	(53,016)	(1,008,849)	(3,912,264)
Inter segment expense allocation	(3,866,397)	(677,674)	-	(2,238,014)	-	(6,782,085)
Total expenses	(4,012,652)	(1,433,354)	(1,948,464)	(2,291,030)	(1,008,849)	(10,694,349)
Provisions	10,397	(313,149)	-	(287,760)	23,717	(566,795)
Profit / (loss) before tax	(287,918)	694,181	1,323,028	(699,843)	(799,531)	229,917
	31 December 2019 (Audited)					
	Corporate Banking	Commercial & SME Banking	Retail & Consumer Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
Statement of Financial Position						
Cash and balances with treasury banks	-	-	26,319,937	-	-	26,319,937
Balances with other banks	-	-	-	2,850,550	-	2,850,550
Due from financial institutions	-	-	-	14,598,633	-	14,598,633
Investments	4,612,102	-	-	19,582,783	-	24,194,885
Net inter segment lending	-	18,295,243	74,619,577	-	7,299,404	100,214,224
Islamic financing and related assets - performing	40,601,834	13,324,235	15,761,145	611,179	1,571,662	71,870,055
- non-performing	1,519,939	1,730,172	280,514	-	43,032	3,573,657
Others	3,729,619	825,419	3,544,818	1,282,846	9,191,807	18,574,509
Total assets	50,463,494	34,175,069	120,525,991	38,925,991	18,105,905	262,196,450
Bills payable	-	-	3,223,721	-	-	3,223,721
Due to financial institutions	2,254,000	194,000	-	1,830,132	-	4,278,132
Subordinated debt	-	-	-	-	3,460,661	3,460,661
Deposits and other accounts	6,209,662	27,750,216	95,694,410	-	-	129,654,288
Net inter segment borrowing	43,022,157	5,311,108	15,628,488	36,252,471	-	100,214,224
Others	107,308	65,729	4,374,866	4,631	4,081,326	8,633,860
Total liabilities	51,593,127	33,321,053	118,921,485	38,087,234	7,541,987	249,464,886
Equity	(1,129,633)	854,016	1,604,506	838,757	10,563,918	12,731,564
Total equity and liabilities	50,463,494	34,175,069	120,525,991	38,925,991	18,105,905	262,196,450
Contingencies and commitments	7,663,613	7,972,495	5,721	26,763,463	230,581	42,635,873

34 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, 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 employee 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 financial statements are as follows:

	30 September 2020 (Un-Audited)					31 December 2019 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----										
Investments										
Investments	-	-	-	-	-	-	-	-	52,200	52,200
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	26,154	26,154
Islamic financing and related assets										
Opening balance	-	-	260,522	-	260,522	-	-	266,572	30,122	296,694
Addition during the period	-	-	16,615	-	16,615	-	-	63,620	-	63,620
Repaid during the period	-	-	(24,199)	-	(24,199)	-	-	(46,237)	(30,122)	(76,359)
Transfer in/(out)	-	-	(64,566)	-	(64,566)	-	-	(23,433)	-	(23,433)
Closing balance	-	-	188,372	-	188,372	-	-	260,522	-	260,522
Fixed assets										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										
Profit receivable on Islamic financing and related assets	-	-	172	-	172	-	-	213	-	213
Receivable in respect of defined benefit plan	-	-	-	23,351	23,351	-	-	-	23,351	23,351

	30 September 2020 (Un-Audited)					31 December 2019 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----										
Subordinated debt										
Opening balance	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
Issued during the period	-	-	-	-	-	-	-	-	-	-
Redemption during the period	-	-	-	-	-	-	-	-	-	-
Closing balance	<u>1,389,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,389,241</u>	<u>1,389,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,389,241</u>
Deposits and other accounts										
Opening balance	4,413	241,699	67,187	1,020,924	1,334,223	5,937	211,722	27,874	784,718	1,030,251
Received during the period	1	153,060	194,464	1,278,661	1,626,186	1	409,223	333,779	2,512,880	3,255,883
Withdrawn during the period	-	(149,701)	(179,675)	(1,140,737)	(1,470,113)	(1,525)	(379,246)	(294,161)	(2,276,411)	(2,951,343)
Transfer in/(out)	-	-	(26,630)	(87,245)	(113,875)	-	-	(305)	(263)	(568)
Closing balance	<u>4,414</u>	<u>245,058</u>	<u>55,346</u>	<u>1,071,603</u>	<u>1,376,421</u>	<u>4,413</u>	<u>241,699</u>	<u>67,187</u>	<u>1,020,924</u>	<u>1,334,223</u>
Other Liabilities										
Return payable on deposits	-	662	92	4,354	5,108	-	416	239	1,821	2,476
Return payable on Sub-ordinated debt	169,518	-	-	-	169,518	96,378	-	-	-	96,378
Other liabilities	-	-	-	657	657	-	-	-	657	657
Commitments	-	-	-	83,639	83,639	-	-	-	78,160	78,160
----- (Rupees in '000) -----										
	Nine months ended 30 September 2020 (Un-Audited)					Nine months ended 30 September 2019 (Un-Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----										
Related party transactions										
Income										
Profit earned on Islamic financing and related assets	-	-	2,027	-	2,027	-	-	7,047	1,689	8,736
Fee and commission income	-	-	-	65	65	-	-	-	104	104
Expense										
Return on deposits expenses	-	11,326	1,114	41,379	53,819	-	9,702	923	53,069	63,694
Salaries, allowances and benefits	-	-	181,124	-	181,124	-	-	179,002	-	179,002
Director fee and other allowances	-	36,500	-	-	36,500	-	45,661	-	-	45,661
Shariah Board fee	-	-	-	3,555	3,555	-	-	-	4,749	4,749
Contribution to defined contribution plan	-	-	-	69,633	69,633	-	-	-	60,776	60,776
Contribution to defined benefit plan	-	-	-	48,532	48,532	-	-	-	31,984	31,984
Return on Sub-ordinated loan	364,264	-	-	-	364,264	94,180	-	-	-	94,180
Rent expense	-	-	-	28,154	28,154	-	-	-	22,613	22,613

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

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,899,780 11,366,640

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

8,594,894 7,510,836

Eligible Additional Tier 1 (ADT 1) Capital

1,389,241 1,355,031

Total Eligible Tier 1 Capital

9,984,135 8,865,867

Eligible Tier 2 Capital

1,589,459 2,258,385

Total Eligible Capital (Tier 1 + Tier 2)

11,573,593 11,124,252

Risk Weighted Assets (RWAs):

Credit Risk

72,970,002 71,806,837

Market Risk

1,524,629 1,587,601

Operational Risk

10,294,929 10,234,079

Total

84,789,561 83,628,517

Common Equity Tier 1 Capital Adequacy ratio

10.14% 8.98%

Tier 1 Capital Adequacy Ratio

11.78% 10.60%

Total Capital Adequacy Ratio

13.65% 13.30%

Leverage Ratio (LR):

Eligible Tier-1 Capital

9,984,135 8,865,867

Total Exposures

221,083,226 206,275,588

Leverage Ratio

4.52% 4.30%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

51,522,554 43,264,366

Total Net Cash Outflow

28,055,609 34,820,470

Liquidity Coverage Ratio

183.64% 124.25%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

125,252,479 111,735,549

Total Required Stable Funding

72,879,995 68,811,546

Net Stable Funding Ratio

171.86% 162.38%

36. GENERAL

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate the comparison. No significant reclassification were made during the current period.

Figures have been rounded off to the nearest thousand rupees.

37. DATE OF AUTHORISATION

28 October 2020

These condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Bank.

Ahmed Shuja Kidwai
Chief Executive Officer

Tamim Shabbir
Chief Financial Officer

Adnan Ahmed Yousif
Chairman

Tariq Mahmood Kazim
Director

Mohammed Tareq Sadeq
Director