



**ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

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

		(Un-Audited) 30 June 2020	(Audited) 31 December 2019
Note	-----	(Rupees in '000)	-----
ASSETS			
Cash and balances with treasury banks	6	17,628,274	26,319,937
Balances with other banks	7	4,255,274	2,850,550
Due from financial institutions	8	13,547,959	14,598,633
Investments	9	37,587,625	24,194,885
Islamic financing and related assets-net	10	84,003,458	75,443,712
Fixed assets	11	4,605,447	4,868,272
Intangible assets	12	1,393,951	1,477,210
Deferred tax assets	13	2,967,016	2,839,139
Other assets	14	8,785,489	9,389,888
		174,774,493	161,982,226
LIABILITIES			
Bills payable	15	4,078,716	3,223,721
Due to financial institutions	16	4,101,836	4,278,132
Deposits and other accounts	17	142,895,964	129,654,288
Subordinated debt	18	3,317,803	3,460,661
Deferred tax liabilities		-	-
Other liabilities	19	7,783,808	8,633,860
		162,178,127	149,250,662
NET ASSETS		12,596,366	12,731,564
REPRESENTED BY			
Share capital - net		14,500,490	14,500,490
Reserves		268,122	179,384
Surplus on revaluation of assets	20	606,503	1,185,540
Accumulated losses		(2,778,749)	(3,133,850)
		12,596,366	12,731,564
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 38 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 HALF YEAR ENDED 30 JUNE 2020

	Note	Half year ended		Quarter ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
----- (Rupees in '000) -----					
Profit / return earned on Islamic financing and related assets, investments and placements	22	7,726,563	5,467,289	3,676,141	2,925,070
Return on deposits and other dues expensed	23	(4,721,629)	(3,007,341)	(1,946,112)	(1,690,790)
Net spread earned		3,004,934	2,459,948	1,730,029	1,234,280
Other income					
Fee and commission income	24	338,217	385,974	150,492	182,925
Dividend income		4,594	15,803	794	10,316
Foreign exchange income		475,695	235,466	147,449	149,435
Gain / (loss) on securities	25	141,963	10,666	5,422	(13,083)
Other income	26	27,219	3,807	213	2,150
Total other income		987,688	651,716	304,370	331,743
Total Income		3,992,622	3,111,664	2,034,399	1,566,023
Other expenses					
Operating expenses	27	(2,691,488)	(2,548,751)	(1,325,222)	(1,302,390)
Workers' Welfare Fund		(15,956)	(2,316)	(8,362)	(2,316)
Other charges	28	(19,341)	(789)	-	(600)
Total other expenses		(2,726,785)	(2,551,856)	(1,333,584)	(1,305,306)
Profit before provisions		1,265,837	559,808	700,815	260,717
Provisions and write offs - net	29	(483,988)	(446,333)	(291,053)	(286,557)
Extra ordinary / unusual items		-	-	-	-
Profit / (loss) before taxation		781,849	113,475	409,762	(25,840)
Taxation	30	(338,158)	(57,486)	(189,324)	11,448
Profit / (loss) after taxation		443,691	55,989	220,438	(14,392)
		----- Rupee -----		----- Rupee -----	
Profit / (loss) per share - basic / diluted	31	0.32	0.04	0.16	(0.01)

The annexed notes from 1 to 38 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 HALF YEAR ENDED 30 JUNE 2020

	Half year ended		Quarter ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	(Rupees '000)			
Profit / (loss) after taxation for the period	443,691	55,989	220,438	(14,392)
Other comprehensive loss	-	-	-	-
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(578,889)	(65,924)	(281,093)	9,770
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	(148)	(148)	(74)	(74)
Total comprehensive loss	(135,346)	(10,083)	(60,729)	(4,696)

The annexed notes from 1 to 38 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 HALF YEAR ENDED 30 JUNE 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	-	-	-	-	-	-	55,989	55,989
Other comprehensive loss - net of tax	-	-	-	-	(65,924)	-	-	(65,924)
Transfer to statutory reserve	-	-	-	11,198	-	-	(11,198)	-
Transfer from surplus on revaluation of assets to accumulated loss in respect of incremental depreciation	-	-	-	-	-	(148)	148	-
Balance as at 30 June 2019	13,739,628	-	(632,766)	170,546	(45,539)	332,679	(2,869,400)	10,695,148
Loss after taxation for the period	-	-	-	-	-	-	(247,675)	(247,675)
Other comprehensive income - net of tax	-	-	-	-	990,718	(92,171)	(8,084)	890,463
Transfer to statutory reserve	-	-	-	8,838	-	-	(8,838)	-
Transfer from surplus on revaluation of assets to accumulated loss in respect of incremental depreciation	-	-	-	-	-	(147)	147	-
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	-	-	-	-	-	-	443,691	443,691
Other comprehensive loss - net of tax	-	-	-	-	(578,889)	-	-	(578,889)
Transfer to statutory reserve	-	-	-	88,738	-	-	(88,738)	-
Transfer from surplus on revaluation of assets to accumulated loss in respect of incremental depreciation	-	-	-	-	-	(148)	148	-
Balance as at 30 June 2020	13,739,628	1,393,628	(632,766)	268,122	366,290	240,213	(2,778,749)	12,596,366

The annexed notes from 1 to 38 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 HALF YEAR ENDED 30 JUNE 2020

	Note	Half year ended	
		30 June 2020	30 June 2019
		---- (Rupees in '000) ----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		781,849	113,475
Less: Dividend income		(4,594)	(15,803)
		<u>777,255</u>	<u>97,672</u>
Adjustments:			
Depreciation on fixed assets	27	89,019	88,114
Depreciation on right-of-use assets	27	329,614	309,084
Amortization	27	92,540	96,332
Depreciation - non banking assets	27	12,834	12,834
Provision and write-offs - net	29	483,988	446,333
Gain on sale of fixed assets - net	26	(25,957)	(1,754)
Finance charges on lease liability against right-of-use assets	23	113,639	105,735
Unrealized (gain) / loss on revaluation of investments classified as held for trading	25	(823)	1,411
Workers' Welfare Fund		15,956	2,316
		<u>1,110,810</u>	<u>1,060,405</u>
		1,888,065	1,158,077
(Increase)/ decrease in operating assets			
Due from financial institutions		1,050,674	(2,429,581)
Held-for-trading securities - net		(349)	72,264
Islamic financing and related assets - net		(8,938,358)	(1,500,715)
Others assets (excluding advance taxation)		560,106	(1,351,790)
		(7,327,927)	(5,209,822)
Increase/ (decrease) in operating liabilities			
Bills payable		854,995	867,231
Due to financial institutions		(176,296)	(444,837)
Deposits and other accounts		13,241,676	11,334,279
Other liabilities		(690,391)	291,403
		13,229,984	12,048,076
Income tax paid		(123,350)	(27,805)
Net cash flow generated from operating activities		<u>7,666,772</u>	<u>7,968,526</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(13,873,353)	(1,748,842)
Net investments in held-to-maturities securities		(512,850)	(1,540,891)
Dividends received		4,594	15,599
Investments in fixed assets		(172,394)	(304,308)
Proceeds from sale of fixed assets		32,406	4,784
Net cash used in investing activities		(14,521,597)	(3,573,658)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Tier II mudaraba sukuk - first issue		(142,858)	(142,858)
Payment of lease liability against right-of-use assets		(289,256)	(238,210)
Net cash used in financing activities		(432,114)	(381,068)
(Decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		(7,286,939)	4,013,800
Cash and cash equivalents at end of the period		<u>29,170,487</u>	<u>15,788,970</u>
		<u>21,883,548</u>	<u>19,802,770</u>

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

ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 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 191 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 June 2020, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs.11.72 billion and 13.47% 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

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 June 2020	(Audited) 31 December 2019
	Note	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,358,940	2,578,761
Foreign currencies		685,853	670,966
		4,044,793	3,249,727
With State Bank of Pakistan in			
Local currency current account	6.1	10,584,490	20,574,168
Foreign currency current account	6.1	14,760	4,411
Foreign currency deposit account	6.1	1,159,610	1,161,413
		11,758,860	21,739,992
With National Bank of Pakistan in			
Local currency current account		1,824,613	1,330,210
Local currency deposit account		8	8
		1,824,621	1,330,218
		17,628,274	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		47,014	19,499
In deposit account	7.1	62,667	63,583
		109,681	83,082

Outside Pakistan

In current account		1,293,818	1,623,099
In deposit account	7.1	2,851,775	1,144,369
		4,145,593	2,767,468
		4,255,274	2,850,550

7.1 The expected return on remunerative deposits ranges from 2% to 9.20% (31 December 2019: 3% to 8.50%) per annum.

8. DUE FROM FINANCIAL INSTITUTIONS

Bai Muajjal receivable

- from Schedule banks	8.1	12,047,959	12,895,309
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Call money lending

	8.2	1,500,000	1,703,324
		13,547,959	14,598,633

8.1 The return on bai muajjal ranges from 6.90% to 13.25% (31 December 2019: 12.5% to 13.5%) per annum. These will mature by September 2020.

8.2 The expected return on this placement is 5% (31 December 2019: 1.3% to 1.5%) per annum. This will mature by July 2020.

9. INVESTMENTS

	30 June 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	50,960	-	(18,196)	32,764	50,611	-	(19,019)	31,592
Available-for-sale securities								
Federal Government securities	27,814,297	-	439,578	28,253,875	14,059,230	-	1,378,642	15,437,872
Shares	1,083,183	(668,110)	110,734	525,807	1,117,203	(564,074)	57,829	610,958
Non Government debt securities	1,390,455	(111,455)	4,157	1,283,157	1,458,805	(111,455)	1,243	1,348,593
Foreign securities	2,851,593	-	9,053	2,860,646	2,630,937	-	16,407	2,647,344
	33,139,528	(779,565)	563,522	32,923,485	19,266,175	(675,529)	1,454,121	20,044,767
Held-to-maturity securities								
Federal Government securities	4,631,376	-	-	4,631,376	4,118,526	-	-	4,118,526
Total investments	37,821,864	(779,565)	545,326	37,587,625	23,435,312	(675,529)	1,435,102	24,194,885

	30 June 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	8,000,000	-	(93,450)	7,906,550	2,055,933	-	(20,333)	2,035,600
Bai Muajjal	4,631,375	-	-	4,631,375	4,118,526	-	-	4,118,526
Other Sukuk	19,814,297	-	533,028	20,347,325	12,003,297	-	1,398,975	13,402,272
	32,445,672	-	439,578	32,885,250	18,177,756	-	1,378,642	19,556,398
Shares:								
Listed companies	1,077,076	(641,956)	92,538	527,658	1,111,130	(537,920)	38,810	612,020
Unlisted companies	57,068	(26,154)	-	30,914	56,684	(26,154)	-	30,530
	1,134,144	(668,110)	92,538	558,572	1,167,814	(564,074)	38,810	642,550
Non Government Debt Securities								
Unlisted	1,390,455	(111,455)	4,157	1,283,157	1,458,805	(111,455)	1,243	1,348,593
Foreign Securities								
Government securities	504,851	-	(15,154)	489,697	465,269	-	6,044	471,313
Non Government Debt securities	2,346,742	-	24,207	2,370,949	2,165,668	-	10,363	2,176,031
	2,851,593	-	9,053	2,860,646	2,630,937	-	16,407	2,647,344
Total investments	37,821,864	(779,565)	545,326	37,587,625	23,435,312	(675,529)	1,435,102	24,194,885

	(Un-Audited) (Audited)	
	30 June 2020	31 December 2019
----- (Rupees in '000) -----		
9.3 Provision for diminution in value of investments		
9.3.1 Opening balance	675,529	573,850
Charge / reversals		
Charge for the period / year	117,609	265,402
Reversals for the period / year	-	-
Reversal on disposals	(13,573)	(163,723)
	104,036	101,679
Closing balance	779,565	675,529

	(Un-Audited) 30 June 2020		(Audited) 31 December 2019	
	Non- performing Investment ----- (Rupees in '000) -----	Provision	Non- performing Investment ----- (Rupees in '000) -----	Provision
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 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Note	----- (Rupees in '000) -----					
- Murabaha financing	3,244,697	4,138,643	2,810,433	2,822,420	6,055,130	6,961,063
- Advance against murabaha financing	688,168	785,549	203,337	203,337	891,505	988,886
- Murabaha inventory	4,530	-	-	-	4,530	-
- Export refinance under Islamic scheme	45,245	330,000	87,505	87,505	132,750	417,505
- Advance against export refinance under Islamic scheme	4,208,303	3,935,032	-	-	4,208,303	3,935,032
- Ijarah assets	53,231	299,515	636,141	626,377	689,372	925,892
- Diminishing musharaka financing	33,850,350	34,759,893	1,802,658	1,661,855	35,653,008	36,421,748
- Advance against diminishing musharaka finance	1,098,887	393,811	-	-	1,098,887	393,811
- Running musharaka	15,395,217	316,954	-	-	15,395,217	316,954
- Tijarah finance	2,107,187	1,758,076	-	-	2,107,187	1,758,076
- Tijarah Inventory	5,000	-	-	-	5,000	-
- Over due acceptances	389,155	155,935	484,300	492,925	873,455	648,860
- Payment against guarantee	15,081	14,581	43,965	47,715	59,046	62,296
- Payment against documents	7,602	142,434	-	-	7,602	142,434
- Advance against salam	6,313,709	12,120,902	2,206,448	2,201,301	8,520,157	14,322,203
- Financing against bills	6,993	611,179	13,735	13,735	20,728	624,914
- Istasna finance	-	16,600	576,271	576,271	576,271	592,871
- Advance against istasna	12,183,628	11,437,663	703,776	495,365	12,887,404	11,933,028
- Istasna inventory	932,707	731,926	-	-	932,707	731,926
- Qarz-e-Hasna	87,716	91,302	22,675	21,475	110,391	112,777
- Rahnuma travel services	-	-	32	48	32	48
Islamic financing and related assets - gross	80,637,406	72,039,995	9,591,276	9,250,329	90,228,682	81,290,324
Provisions for non-performing financing						
- Specific	10.3	-	(6,051,655)	(5,676,672)	(6,051,655)	(5,676,672)
- General	10.3	(173,569)	-	-	(173,569)	(169,940)
		(173,569)	(6,051,655)	(5,676,672)	(6,225,224)	(5,846,612)
Islamic financing and related assets - net of provisions		80,463,837	3,539,621	3,573,657	84,003,458	75,443,712

	(Un-Audited)	(Audited)
	30 June 2020	31 December 2019
	----- (Rupees in '000) -----	
10.1 Particulars of Islamic financing and related assets (Gross)		
In local currency	89,785,587	80,439,286
In foreign currencies	443,095	851,038
	90,228,682	81,290,324

- 10.2 Islamic financing and related assets include Rs.9,591.276 (31 December 2019: Rs.9,250.329) million which have been placed under non-performing status as detailed below:

Category of Classification	30 June 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	76,115	24	24,856	-
Substandard	581,907	108,996	974,448	81,338
Doubtful	1,174,015	227,288	1,642,187	203,142
Loss	7,759,239	5,715,347	6,608,838	5,392,192
	9,591,276	6,051,655	9,250,329	5,676,672

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

	30 June 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	422,390	3,629	426,019	1,321,476	23,962	1,345,438
Reversals for the period / year	(48,387)	-	(48,387)	(259,226)	-	(259,226)
	374,003	3,629	377,632	1,062,250	23,962	1,086,212
Amounts charged off / reversed - agriculture financing	980	-	980	469	-	469
	374,983	3,629	378,612	1,062,719	23,962	1,086,681
Amounts written off against provision	-	-	-	(91)	-	(91)
Closing balance	6,051,655	173,569	6,225,224	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. 2,912.740 (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 has 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.

	Note	(Un-Audited)	(Audited)
		30 June 2020	31 December 2019
----- (Rupees in '000) -----			
11. FIXED ASSETS			
Capital work-in-progress	11.1	345,775	360,547
Property and equipment		2,091,931	2,067,120
Right-of-use assets		2,167,741	2,440,605
		4,605,447	4,868,272
11.1 Capital work-in-progress			
Civil works		282,878	345,377
Advances to suppliers		62,897	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		345,775	360,547

(Un-Audited)	(Audited)
Half year ended	
30 June	30 June
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	65,323	33,757
Property and equipment		
Building on leasehold land	64,912	50,970
Furniture and fixture	2,614	5,359
Electrical office and computer equipment	21,716	122,408
Vehicles	31,887	3,729
	121,129	182,466
Total	186,452	216,223

11.3 Disposal of fixed assets

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

Building on leasehold land	2,102	2,233
Furniture and fixture	335	157
Electrical office and computer equipment	780	161
Vehicles	3,231	477
Total	6,448	3,028

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

12 INTANGIBLE ASSETS

Computer software	79,300	101,161
Advance to supplier against computer software	13,907	9,306
Core deposits	521,482	587,481
Brand	383,145	383,145
Goodwill	396,117	396,117
	1,393,951	1,477,210

(Un-Audited)	(Audited)
Half year ended	
30 June	30 June
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	6,679	2,087
Directly purchased	4,680	89,888
	11,359	91,975

		(Un-Audited) 30 June 2020	(Audited) 31 December 2019
Note		----- (Rupees in '000) -----	
13. DEFERRED TAX ASSETS			
Deductible Temporary Differences on:			
- Tax losses carried forward		1,548,326	1,755,044
- Minimum tax		734,223	603,522
- Post retirement employee benefits		13,895	13,895
- Deficit on revaluation of investments		-	-
- Provision against assets		1,139,129	1,251,913
		<u>3,435,573</u>	<u>3,624,374</u>
Taxable Temporary Differences on:			
- Surplus on revaluation of investments		(190,865)	(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		(147,753)	(153,009)
		<u>(468,557)</u>	<u>(785,235)</u>
		<u>2,967,016</u>	<u>2,839,139</u>
14. OTHER ASSETS			
Profit / return accrued in local currency - net of provision		3,880,796	3,620,174
Profit / return accrued in foreign currency - net of provision		23,777	17,377
Advances, deposits, advance rent and other prepayments		408,629	379,405
Advance taxation (payments less provisions)		200,231	231,207
Receivable in respect of defined benefit plan		23,351	23,351
Receivable against sale of shares		-	58,839
Non-banking assets acquired in satisfaction of claims		1,515,161	1,527,768
Branch adjustment account		65,378	126,800
Mark to market gain on forward foreign exchange contracts		105,441	10,156
Stamps and stationery		5,487	4,646
Acceptances		2,019,535	2,899,069
Others		314,286	267,451
		<u>8,562,072</u>	<u>9,166,243</u>
Less: Provision held against other assets	14.2	(146,140)	(146,140)
Other assets (net of provision)		<u>8,415,932</u>	<u>9,020,103</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		369,557	369,785
Other assets - total		<u>8,785,489</u>	<u>9,389,888</u>
14.2 Provision held against other assets			
Non-performing receivables		145,894	145,894
Others		246	246
		<u>146,140</u>	<u>146,140</u>
15. BILLS PAYABLE			
In Pakistan		4,078,716	3,223,721
Outside Pakistan		-	-
		<u>4,078,716</u>	<u>3,223,721</u>
16. DUE TO FINANCIAL INSTITUTIONS			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	16.1	4,090,448	4,278,132
- Under refinance scheme for payment of salaries and wages	16.2	11,388	-
		<u>4,101,836</u>	<u>4,278,132</u>
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 05 January 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 validity to avail this facility is 30 June 2020. The maximum limit approved by SBP to the Bank under this scheme is Rs. 1.381 billion.		

17. DEPOSITS AND OTHER ACCOUNTS

	30 June 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	27,278,148	4,634,284	31,912,432	21,674,643	4,804,672	26,479,315
Savings deposits	52,258,811	3,674,869	55,933,680	47,273,774	4,567,469	51,841,243
Term deposits	42,700,424	2,727,798	45,428,222	42,002,296	1,938,320	43,940,616
Others	1,809,563	-	1,809,563	1,342,347	-	1,342,347
	124,046,946	11,036,951	135,083,897	112,293,060	11,310,461	123,603,521
Financial Institutions						
Current deposits	53,569	2,904	56,473	24,097	1,342	25,439
Savings deposits	6,604,362	682	6,605,044	4,860,569	709	4,861,278
Term deposits	1,150,550	-	1,150,550	1,164,050	-	1,164,050
	7,808,481	3,586	7,812,067	6,048,716	2,051	6,050,767
	131,855,427	11,040,537	142,895,964	118,341,776	11,312,512	129,654,288

18. SUBORDINATED DEBT

	Note	(Un-Audited) 30 June 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----			
Tier II mudaraba sukuk - first issue	18.1	428,562	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
		3,317,803	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	August 22, 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 in arrears.
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 June 31 December
2020 2019
----- (Rupees in '000) -----

19. OTHER LIABILITIES

Return on deposits and borrowings:

- payable in local currency	1,144,475	1,225,143
- payable in foreign currencies	6,603	9,420
Accrued expenses	421,990	369,762
Advance payments	658,004	415,437
Charity fund balance	20,563	46,351
Security deposits against ijarah	423,305	527,296
Payable against purchase of listed shares	-	5,738
Takaful payable against ijarah and diminishing musharakah assets	267,773	293,699
Acceptances	2,019,535	2,899,069
Lease liability against right-of-use assets	2,133,817	2,309,434
Others	687,743	532,511
	<u>7,783,808</u>	<u>8,633,860</u>

		(Un-Audited) 30 June 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	563,523	1,454,121
- Non-banking assets acquired in satisfaction of claims		369,557	369,785
		933,080	1,823,906
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(197,233)	(508,942)
- Non-banking assets acquired in satisfaction of claims		(129,344)	(129,424)
		(326,577)	(638,366)
		606,503	1,185,540
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	7,541,821	8,233,993
- Commitments	21.2	29,555,796	34,171,299
		37,097,617	42,405,292
21.1 Guarantees:			
Financial guarantees		7,529	9,125
Performance guarantees		5,377,466	6,244,836
Other guarantees		2,156,826	1,980,032
		7,541,821	8,233,993
21.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		6,637,016	7,402,115
Commitments in respect of forward foreign exchange contracts	21.2.1	22,912,686	26,763,463
Commitments for acquisition of fixed assets		6,094	5,721
		29,555,796	34,171,299

	(Un-Audited)	(Audited)
	30 June	31 December
	2020	2019
	----- (Rupees in '000) -----	
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	12,306,482	14,154,378
Sale	<u>10,606,204</u>	<u>12,609,085</u>
	<u>22,912,686</u>	<u>26,763,463</u>

21.3 Other Contingencies

21.3.1 There is no change, except as stated below, in the status of contingencies disclosed in notes 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.

	(Un-Audited)	(Un-Audited)
	Half year ended	
	30 June 2020	30 June 2019
	----- (Rupees in '000) -----	
22 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS		
On:		
- Islamic financing and related assets	4,942,124	4,219,212
- Investments	1,434,400	1,094,382
- Due from financial institutions	1,347,664	151,943
- Balances with banks	<u>2,375</u>	<u>1,752</u>
	<u>7,726,563</u>	<u>5,467,289</u>
23 RETURN ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits	4,238,677	2,490,245
Borrowings	7,995	52,544
Conversion cost against foreign currency deposits / borrowings	62,605	103,631
Subordinated debt	255,452	217,652
Finance charge on lease liability against right-of-use assets	113,639	105,735
On export refinance under Islamic scheme	<u>43,261</u>	<u>37,534</u>
	<u>4,721,629</u>	<u>3,007,341</u>
24 FEE AND COMMISSION INCOME		
Branch banking customer fees	48,891	58,354
Consumer finance related fees	38,338	48,340
Debit card related fees and income	31,523	35,594
Investment banking fees	43,660	43,323
Commission on trade	121,156	120,061
Commission on guarantees	20,943	37,812
Commission on cash management	1,998	816
Commission on remittances including home remittances	12,712	6,487
Commission on bancatakaful	5,132	15,471
Export rebates	7,380	7,346
Others	<u>6,484</u>	<u>12,370</u>
	<u>338,217</u>	<u>385,974</u>

		(Un-Audited)	(Un-Audited)
		Half year ended	
		30 June 2020	30 June 2019
		---- (Rupees in '000) ----	
25	GAIN / (LOSS) ON SECURITIES	Note	
	Realised	25.1	12,077
	Unrealised - held for trading		(1,411)
			<u>823</u>
			<u>141,963</u>
25.1	Realised gain / (loss) on:		
	Federal Government securities		(672)
	Shares		12,749
			<u>141,140</u>
			<u>12,077</u>
26	OTHER INCOME		
	Rent on property		2,053
	Gain on sale of fixed assets-net		1,754
			<u>1,262</u>
			<u>25,957</u>
			<u>27,219</u>
27	OPERATING EXPENSES		
	Compensation expense		
	Salaries, allowances, etc.		981,401
	Charge for defined benefit / contribution plan and other benefits		72,100
			<u>1,094,999</u>
			<u>83,321</u>
			<u>1,178,320</u>
	Property expense		
	Rent and taxes		41,566
	Insurance		24,671
	Utilities		85,610
	Security (including guards)	27.1	102,892
	Repair and maintenance (including janitorial charges)	27.1	46,619
	Depreciation		33,163
	Depreciation - Right-of-use assets		309,084
	Depreciation - non banking assets		12,834
	Others		3,950
			<u>31,290</u>
			<u>27,816</u>
			<u>81,023</u>
			<u>114,182</u>
			<u>44,038</u>
			<u>30,586</u>
			<u>329,614</u>
			<u>12,834</u>
			<u>3,775</u>
			<u>675,158</u>
	Information technology expenses		
	Software maintenance		73,662
	Hardware maintenance		28,691
	Depreciation on fixed assets		8,214
	Amortisation		30,392
	Network charges		33,191
	Others		18,983
			<u>85,229</u>
			<u>29,575</u>
			<u>13,949</u>
			<u>26,541</u>
			<u>39,783</u>
			<u>26,179</u>
			<u>221,256</u>
	Other operating expenses		
	Directors' fees and allowances		28,933
	Fees and allowances to Shariah Board		2,428
	Legal and professional charges		42,145
	Outsourced services costs	27.1	74,896
	Travelling and conveyance		14,965
	NIFT clearing charges		7,374
	Depreciation		46,737
	Amortization		65,940
	Takaful and registration expenses		30,451
	Training and development		8,094
	Postage and courier charges		9,150
	Communication		23,321
	Stationery and printing	27.1	39,569
	Marketing, advertisement and publicity		31,680
	Repair and maintenance		26,549
	Auditors' remuneration		6,255
	Depositor's protection		52,877
	Brokerage, commission and bank charges		99,172
	Others		31,192
			<u>26,500</u>
			<u>2,666</u>
			<u>36,492</u>
			<u>88,305</u>
			<u>12,531</u>
			<u>8,779</u>
			<u>44,484</u>
			<u>65,999</u>
			<u>16,870</u>
			<u>3,150</u>
			<u>15,441</u>
			<u>24,605</u>
			<u>45,565</u>
			<u>16,612</u>
			<u>17,488</u>
			<u>6,195</u>
			<u>56,917</u>
			<u>100,969</u>
			<u>27,186</u>
			<u>616,754</u>
			<u>2,691,488</u>
			<u>641,728</u>
			<u>2,548,751</u>

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

			(Un-Audited) Half year ended	(Un-Audited) Half year ended
			30 June 2020	30 June 2019
	Note		---- (Rupees in '000) ----	
28 OTHER CHARGES				
Penalties imposed by State Bank of Pakistan			<u>19,341</u>	<u>789</u>
29 PROVISIONS AND WRITE OFFS - NET				
Provisions for diminution in value of investments	9.3.1		104,036	232,198
Provision against non-performing Islamic financing and related assets	10.3		378,612	213,140
Write offs			483	995
Fixed assets written off			<u>857</u>	<u>-</u>
			<u>483,988</u>	<u>446,333</u>
30 TAXATION				
Current			(154,326)	(76,504)
Deferred			<u>(183,832)</u>	<u>19,018</u>
			<u>(338,158)</u>	<u>(57,486)</u>
31 BASIC AND DILUTED PROFIT (LOSS) PER SHARE				
Profit after taxation for the period			<u>443,691</u>	<u>55,989</u>
			--- Number of shares ---	
Weighted average number of ordinary shares			<u>1,373,962,760</u>	<u>1,373,962,760</u>
Basic / diluted earnings per share - Rupee			<u>0.32</u>	<u>0.04</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 June 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	9,423,330	11,513,702	-	20,937,032
Shares	527,658	-	-	527,658
Foreign Securities	2,860,646	-	-	2,860,646
	<u>12,811,634</u>	<u>11,513,702</u>	<u>-</u>	<u>24,325,336</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	17,628,274
Balances with other banks	-	-	-	4,255,274
Due from financial institutions	-	-	-	13,547,959
Investments	-	-	-	13,262,289
Islamic financing and related assets	-	-	-	84,003,458
Other assets	-	-	-	6,609,391
	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,306,645</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	12,306,482	-	12,306,482
Forward sale of foreign exchange	-	10,606,204	-	10,606,204
	<u>-</u>	<u>22,912,686</u>	<u>-</u>	<u>22,912,686</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>26,763,463</u>	<u>-</u>	<u>26,763,463</u>

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

32.2 Fair value of non-financial assets

	30 June 2020 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Non banking assets acquired in satisfaction of claims	-	-	1,884,718	1,884,718
	<u>-</u>	<u>-</u>	<u>1,884,718</u>	<u>1,884,718</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
Government of Pakistan - Ijarah sukuk	The fair value of GOP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by Financial Market Association (FMA) through Reuters. The rates announced are simple average of quotes received from approved dealers / brokers.
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 June 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	2,782,206	70,480	(1,793,377)	2,401,326	(455,701)	3,004,934
Inter segment revenue - net	-	-	4,090,775	-	725,638	4,816,413
Other income	129,472	63,718	135,857	626,770	31,871	987,688
Total Income	2,911,678	134,198	2,433,255	3,028,096	301,808	8,809,035
Segment direct expenses	(108,760)	(496,802)	(2,143,129)	(41,017)	62,923	(2,726,785)
Inter segment expense allocation	(2,568,935)	728,008	-	(2,975,486)	-	(4,816,413)
Total expenses	(2,677,695)	231,206	(2,143,129)	(3,016,503)	62,923	(7,543,198)
Provisions	(104,345)	(209,552)	(64,493)	(104,036)	(1,562)	(483,988)
Profit / (loss) before tax	129,638	155,852	225,633	(92,443)	363,169	781,849
	30 June 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	-	-	4,044,793	13,583,481	-	17,628,274
Balances with other banks	-	-	-	4,255,274	-	4,255,274
Due from financial institutions	-	-	-	13,547,959	-	13,547,959
Investments	4,207,152	-	-	33,380,473	-	37,587,625
Net inter segment lending	-	21,653,896	107,100,047	-	8,509,783	137,263,726
Islamic financing and related assets - performing	51,795,866	10,993,688	16,150,812	-	1,523,471	80,463,837
- non-performing	1,574,293	1,513,779	402,337	-	49,212	3,539,621
Others	3,206,610	1,689,947	2,834,358	1,708,778	8,312,210	17,751,903
Total assets	60,783,921	35,851,310	130,532,347	66,475,965	18,394,676	312,038,219
Bills payable	-	-	4,078,716	-	-	4,078,716
Due to financial institutions	3,413,948	687,888	-	-	-	4,101,836
Subordinated debt	-	-	-	-	3,317,803	3,317,803
Deposits and other accounts	6,335,231	29,590,243	106,970,490	-	-	142,895,964
Net inter segment borrowing	50,755,713	4,639,748	15,907,225	65,961,040	-	137,263,726
Others	149,391	777,579	3,350,283	1,160	3,505,395	7,783,808
Total liabilities	60,654,283	35,695,458	130,306,714	65,962,200	6,823,198	299,441,853
Equity	129,638	155,852	225,633	513,765	11,571,478	12,596,366
Total equity and liabilities	60,783,921	35,851,310	130,532,347	66,475,965	18,394,676	312,038,219
Contingencies and commitments	7,415,194	6,763,643	6,094	22,912,686	230,581	37,328,198
	30 June 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	2,223,239	1,540,107	(1,745,944)	711,613	(269,067)	2,459,948
Inter segment revenue - net	-	-	3,669,697	-	357,168	4,026,865
Other income	126,897	105,529	132,174	254,095	33,021	651,716
Total Income	2,350,136	1,645,636	2,055,927	965,708	121,122	7,138,529
Segment direct expenses	(92,410)	(425,343)	(1,200,315)	(31,464)	(802,324)	(2,551,856)
Inter segment expense allocation	(2,374,795)	(515,545)	-	(1,136,525)	-	(4,026,865)
Total expenses	(2,467,205)	(940,888)	(1,200,315)	(1,167,989)	(802,324)	(6,578,721)
Provisions	3,046	(208,543)	-	(232,198)	(8,638)	(446,333)
Profit / (loss) before tax	(114,023)	496,205	855,612	(434,479)	(689,840)	113,475
	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 June 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
Note	----- (Rupees in '000) -----									
Investments										
Investments	-	-	-	52,200	52,200	-	-	-	52,200	52,200
Provision for diminution in value of investments	-	-	-	26,154	26,154	-	-	-	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	-	-	6,332	-	6,332	-	-	63,620	-	63,620
Repaid during the period	-	-	(13,419)	-	(13,419)	-	-	(46,237)	(30,122)	(76,359)
Transfer in/(out)	-	-	(28,783)	-	(28,783)	-	-	(23,433)	-	(23,433)
Closing balance	-	-	224,652	-	224,652	-	-	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	-	-	179	-	179	-	-	213	-	213
Receivable in respect of defined benefit plan	-	-	-	23,351	23,351	-	-	-	23,351	23,351

	30 June 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	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
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	49,373	149,836	1,141,664	1,340,874	1	409,223	333,779	2,512,880	3,255,883
Withdrawn during the period	-	(59,739)	(144,648)	(1,078,428)	(1,282,815)	(1,525)	(379,246)	(294,161)	(2,276,411)	(2,951,343)
Transfer in/(out)	-	-	(24,800)	-	(24,800)	-	-	(305)	(263)	(568)
Closing balance	4,414	231,333	47,575	1,084,160	1,367,482	4,413	241,699	67,187	1,020,924	1,334,223
Other Liabilities										
Return payable on deposits	-	1,222	114	3,474	4,810	-	416	239	1,821	2,476
Return payable on Sub-ordinated debt	113,819	-	-	-	113,819	96,378	-	-	-	96,378
Other liabilities	-	-	-	657	657	-	-	-	657	657
Commitments	-	-	-	84,895	84,895	-	-	-	78,160	78,160
----- (Rupees in '000) -----										
	Half year ended 30 June 2020 (Un-Audited)					Half year ended 30 June 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	-	-	3,631	-	3,631	-	-	4,842	1,689	6,531
Fee and commission income	-	-	-	32	32	-	-	-	42	42
Expense										
Return on deposits expenses	-	10,137	848	26,802	37,787	-	4,501	448	31,332	36,281
Salaries, allowances and benefits	-	-	131,475	-	131,475	-	-	127,130	-	127,130
Director fee and other allowances	-	26,500	-	-	26,500	-	28,933	-	-	28,933
Shariah Board fee	-	-	-	2,666	2,666	-	-	-	2,428	2,428
Contribution to defined contribution plan	-	-	-	45,800	45,800	-	-	-	40,116	40,116
Contribution to defined benefit plan	-	-	-	37,522	37,522	-	-	-	31,984	31,984
Return on Sub-ordinated loan	110,177	-	-	-	110,177	94,792	-	-	-	94,792
Rent expense	-	-	-	28,154	28,154	-	-	-	18,323	18,323

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

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,721,741 11,366,640

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

8,177,213 7,510,836

Eligible Additional Tier 1 (ADT 1) Capital

1,389,241 1,355,031

Total Eligible Tier 1 Capital

9,566,454 8,865,867

Eligible Tier 2 Capital

1,797,002 2,258,385

Total Eligible Capital (Tier 1 + Tier 2)

11,363,456 11,124,252

Risk Weighted Assets (RWAs):

Credit Risk

72,692,611 71,806,837

Market Risk

1,387,397 1,587,601

Operational Risk

10,294,929 10,234,079

Total

84,374,937 83,628,517

Common Equity Tier 1 Capital Adequacy ratio

9.69% 8.98%

Tier 1 Capital Adequacy Ratio

11.34% 10.60%

Total Capital Adequacy Ratio

13.47% 13.30%

Leverage Ratio (LR):

Eligible Tier-1 Capital

7,380,005 8,865,867

Total Exposures

159,971,972 206,275,588

Leverage Ratio

4.61% 4.30%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

47,328,799 43,264,366

Total Net Cash Outflow

31,865,937 34,820,470

Liquidity Coverage Ratio

148.52% 124.25%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

122,109,610 111,735,549

Total Required Stable Funding

72,257,832 68,811,546

Net Stable Funding Ratio

168.99% 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. RECLASSIFICATION

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassification / material restatements during the year required to be disclosed.

37.1 All amounts have been rounded to the nearest thousand Rupees.

38. DATE OF AUTHORISATION

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