

**Dubai Islamic Bank
Pakistan Limited**

Financial Statements
For the year ended December 31, 2020

Dubai Islamic Bank Pakistan Limited

Statement of Financial Position

As at December 31, 2020

	Note	2020 --- (Rupees in '000) ---	2019
ASSETS			
Cash and balances with treasury banks	5	19,096,891	19,417,428
Balances with other banks	6	3,279,935	1,246,953
Due from financial institutions	7	2,397,516	5,590,405
Investments	8	66,579,570	49,157,269
Islamic financing and related assets - net	9	199,416,405	177,921,837
Fixed assets	10	3,685,492	4,288,414
Intangible assets	11	321,916	204,062
Deferred tax assets		-	-
Other assets	12	8,484,438	6,812,250
		303,262,163	264,638,618
LIABILITIES			
Bills payable	13	4,246,241	2,972,307
Due to financial institutions	14	17,350,949	9,813,903
Deposits and other accounts	15	237,553,365	209,952,073
Subordinated sukuk	16	7,120,000	7,120,000
Deferred tax liabilities	17	353,054	750,167
Other liabilities	18	12,014,856	11,867,534
		278,638,465	242,475,984
NET ASSETS		24,623,698	22,162,634
REPRESENTED BY			
Share capital	19	11,652,288	11,652,288
Reserves	20	2,474,851	1,896,073
Surplus on revaluation of investments	21	825,345	1,265,224
Unappropriated profit		9,671,214	7,349,049
		24,623,698	22,162,634

CONTINGENCIES AND COMMITMENTS

22

The annexed notes 1 to 46 and Annexure I form an integral part of these financial statements.

President & CEO

Chief Financial Officer

Director

Director

Director

Dubai Islamic Bank Pakistan Limited

Profit and Loss Account

For the year ended December 31, 2020

		2020	2019
	Note	--- (Rupees in '000) ---	
Profit / return earned	23	25,981,040	26,138,948
Profit / return expensed	24	(14,085,771)	(15,615,070)
Net Profit / return		11,895,269	10,523,878
OTHER INCOME			
Fee and commission income	25	1,550,006	1,679,676
Dividend income		-	-
Foreign Exchange income		743,694	709,722
Gain on securities	26	194,317	367,270
Other income	27	7,288	2,989
Total other income		2,495,305	2,759,657
Total income		14,390,574	13,283,535
OTHER EXPENSES			
Operating expenses	28	(7,369,672)	(6,658,707)
Workers Welfare Fund		(98,091)	(116,083)
Other charges	29	(312)	(99,043)
Total other expenses		(7,468,075)	(6,873,833)
Profit before provisions		6,922,499	6,409,702
Provisions and write offs - net	30	(2,135,241)	(721,628)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		4,787,258	5,688,074
Taxation	31	(1,893,367)	(2,342,477)
PROFIT AFTER TAXATION		2,893,891	3,345,597
		---	(Rupees) ---
Basic & diluted earnings per share	32	2.48	2.87

The annexed notes 1 to 46 and Annexure I form an integral part of these financial statements.

President & CEO

Chief Financial Officer

Director

Director

Director

Dubai Islamic Bank Pakistan Limited
Statement of Comprehensive Income
For the year ended December 31, 2020

	2020	2019
	--- (Rupees in '000) ---	
Profit after taxation for the year	2,893,891	3,345,597
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	(439,879)	2,085,891
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligation - net of tax	7,052	(19,028)
Total comprehensive income	<u>2,461,064</u>	<u>5,412,460</u>

The annexed notes 1 to 46 and Annexure I form an integral part of these financial statements.

President & CEO **Chief Financial Officer** **Director** **Director** **Director**

Dubai Islamic Bank Pakistan Limited
Statement of Changes in Equity
For the year ended December 31, 2020

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of investments	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at January 01, 2019	11,652,288	1,226,954	(820,667)	4,691,599	16,750,174
Profit after taxation for the year	-	-	-	3,345,597	3,345,597
Other comprehensive income - net of tax	-	-	2,085,891	(19,028)	2,066,863
	-	-	2,085,891	3,326,569	5,412,460
Transfer to statutory reserve	-	669,119	-	(669,119)	-
Balance as at December 31, 2019	11,652,288	1,896,073	1,265,224	7,349,049	22,162,634
Profit after taxation for the year	-	-	-	2,893,891	2,893,891
Other comprehensive loss - net of tax	-	-	(439,879)	7,052	(432,827)
	-	-	(439,879)	2,900,943	2,461,064
Transfer to statutory reserve	-	578,778	-	(578,778)	-
Balance as at December 31, 2020	11,652,288	2,474,851	825,345	9,671,214	24,623,698

The annexed notes 1 to 46 and Annexure I form an integral part of these financial statements.

President & CEO

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Director

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Dubai Islamic Bank Pakistan Limited

Cash Flow Statement

For the year ended December 31, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		4,787,258	5,688,074
Adjustments for:			
Depreciation	10.2	318,106	316,018
Depreciation on right-of-use assets	28	854,166	665,051
Amortisation	11.1	51,765	58,623
Finance cost on Ijarah (lease) liabilities	24	315,931	323,628
Gain on securities	26	(194,317)	(367,270)
Gain on sale of fixed assets	27	(7,288)	(2,989)
Provisions and write offs - net	30	2,135,241	721,628
		3,473,604	1,714,689
		8,260,862	7,402,763
(Increase) / decrease in operating assets			
Due from financial institutions		3,192,889	(1,590,405)
Islamic financing and related assets		(23,618,374)	(25,330,477)
Others assets (excluding current taxation)		(801,923)	(1,202,072)
		(21,227,408)	(28,122,954)
Increase / (decrease) in operating liabilities			
Bills payable		1,273,934	160,850
Due to financial institutions		7,537,046	(2,850,847)
Deposits and other accounts		27,601,292	27,765,439
Other liabilities		425	586,581
		36,412,697	25,662,023
		23,446,151	4,941,832
Income tax paid		(2,382,323)	(2,276,906)
Net cash flow generated from operating activities		21,063,828	2,664,926
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(21,916,157)	262,648
Redemption in held to maturity securities		4,000,000	-
Investments in fixed assets		(412,167)	(283,298)
Proceeds from sale of fixed assets		13,587	28,878
Investments in intangibles		(169,619)	(92,933)
Net cash flow used in investing activities		(18,484,356)	(84,705)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of Ijarah (lease) liabilities against right-of-use assets		(867,027)	(904,825)
Increase in cash and cash equivalents		1,712,445	1,675,396
Cash and cash equivalents at beginning of the year		20,664,381	18,988,985
Cash and cash equivalents at end of the year	33	22,376,826	20,664,381

The annexed notes 1 to 46 and Annexure I form an integral part of these financial statements.

President & CEO

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Dubai Islamic Bank Pakistan Limited
Notes to and forming part of the Financial Statements
For the year ended December 31, 2020

1 STATUS AND NATURE OF BUSINESS

- 1.1** Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the Companies Act, 2017 (previously Companies Ordinance, 1984) to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shari'a.
- 1.2** The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in corporate, commercial, consumer, investing and retail banking activities.
- 1.3** VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited) on June 30, 2020 has reaffirmed the Bank's medium to long-term rating at 'AA' (Double A) and the short term rating at 'A-1+' (A-One Plus) with stable outlook.
- 1.4** The Bank is operating through 235 branches as at December 31, 2020 (2019: 235 branches). The registered office of the Bank is situated at Hassan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the Holding Company).

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and makes investments mainly through Murabaha, Musharaka, Running Musharaka, Shirkatulmilk, Istisna cum Wakala, Wakala Istithmar and export refinance under Islamic export refinance scheme of SBP and other Islamic modes as briefly explained in the notes to these financial statements. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Board / Resident Shari'a Board Member of the Bank.

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 SBP and the 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 the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40 - 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 - 'Financial Instruments: Disclosures' through its notification S.R.O 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 has directed banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank is currently evaluating the impact of application of IFRS 9 on its financial statements.

The SBP through BPRD Circular Letter No. 4 dated February 25, 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits', for Islamic Banking Institutions (IBIs) relating to annual, half-yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. Accordingly, the disclosure requirements under IFAS 3 have not been considered in preparation of these Financial Statements.

2.2 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

	Effective from Accounting period beginning on or after
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023

The above standards, interpretations and the amendments are not expected to have any material impact on the Bank's financial statements in the period of initial application.

In addition to above standards and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except that held for trading and available for sale investments and derivative financial instruments are carried at fair value.

3.2 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded to the nearest thousand rupees except as stated otherwise.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are continually evaluated and are based on historical experience and various other factors including expectation of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant accounting areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification and provisioning against investments (notes 4.3 and 8)
- ii) classification and provisioning against Islamic financing and related assets (notes 4.4 and 9)
- iii) current and deferred taxation (notes 4.6, 17 and 31)
- iv) determination of useful lives and depreciation / amortisation (notes 4.5, 10 and 11)
- v) accounting for defined benefit plan (notes 4.12 and 35)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

4.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flow comprise of cash, balances with treasury banks, balances with other banks in current and deposit accounts and overdrawn nostro accounts.

4.2 Due to / from financial institutions

Commodity Murabaha

In Commodity Murabaha, the Bank sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Bai Muajjal

In Bai Muajjal, the Bank sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Bank invests in the shari'a compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

Musharaka from State Bank of Pakistan under Islamic Export Refinance Scheme (IERS)

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Bank under guidelines issued by SBP.

Mudaraba investments from the SBP under ILTFF and other refinance schemes

The Bank accepts funds from the SBP for financial assistance on Mudaraba basis for investment in general pool of the Bank. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

4.3 Investments

4.3.1 Classification

Investments of the Bank are classified as follows:

(a) Held-for-trading

These are investments, which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

(b) Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

(c) Available-for-sale

These are investments which do not fall under the 'held for trading' or 'held to maturity' categories.

4.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at trade date, which is the date on which the Bank commits to purchase or sell the investments.

4.3.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

4.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

(b) Held-to-maturity

These are measured at amortized cost using the effective profit rate method, less any impairment loss recognised to reflect irrecoverable amount.

(c) Available for sale

In accordance with the requirements specified by the SBP, quoted securities other than those classified as 'held to maturity' are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. On derecognition of available-for-sale investments, the cumulative gain / loss, if any, previously reported in other comprehensive income is transferred to profit and loss account for the period within statement of comprehensive income.

4.3.5 Impairment

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of sukuk is made as per the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that previously reported in other comprehensive income is transferred to profit and loss account for the year. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

4.3.6 Gains or losses on sale of investments are included in the profit and loss account for the year.

4.4 Islamic financing and related assets

These are products originated by the Bank and principally comprise of Murabaha, Running Musharaka, Wakala, Wakala Istithmar, Istisna cum Wakala, Tijarah, Islamic Export Refinance Scheme and Shirkatulmilk. These are stated net of general and specific provisions.

Murabaha to the purchase orderer is a sale transaction wherein the first party (the Bank) sells to the client / customer a shari'a compliant asset / good for cost plus a pre-agreed profit after getting title and possession of the same. On the basis of an undertaking (Promise-to-Purchase) from the client (the purchase orderer), the Bank purchases the goods / assets subject of the Murabaha from a third party and takes the possession thereof. However, the Bank can appoint the client as its agent to purchase the goods / assets on its behalf. Thereafter, it sells it to the client at cost plus the profit (agreed upon).

Import Murabaha is a product used to finance a commercial transaction which consists of purchase by the Bank (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the customer after getting the title to and possession of the goods. Murabaha financing is extended to all types of trade transactions i.e. under Documentary Credits (LCs) and Documentary Collections.

Musharaka is a form of partnership in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

In Shirkat ul-Milk, the Bank and the customer become co-owners in certain identified assets by acquiring the same from a third party or by purchase of an undivided share of an asset from the customer by the Bank. Thereafter, the customer / co-owner undertakes to purchase the share of the Bank from the Bank in a manner that the Bank would recover its cost plus the desired profit over a period of time (i.e. till the maturity of the facility). At the end of the facility term the Bank at its own discretion may sell its share to the customer at a nominal price.

Wakala Istithmar has been developed to facilitate exporters through investment agency where the customer acts as the investment agent of the Bank. This medium is used to cater to the export based customer's financial needs i.e. help the customer to bridge the gap between the commencement of the manufacturing process and the dispatch of goods to the ultimate buyer / buyers.

Istisna cum Wakala product has two legs: first the Bank acquires the described goods by way of Istisna to be manufactured by the customer from raw material of its own and once the goods are delivered to the Bank, the customer through an independent agency contract, sells the same to various end-users as the agent of the Bank.

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

In Running Musharaka financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharaka Financing limit during the Musharaka period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly/half-yearly/annual accounts of the customer.

In Musawamah financings, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

Inventory

The Bank values its inventories at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale.

Specific provision

The Bank maintains specific provision for non performing Islamic financing based on the requirements specified in the Prudential Regulations issued by the SBP.

General provision

In accordance with the Prudential Regulations issued by SBP, unless specific exemption is available from SBP (note 9.14.3), the Bank maintains general provisions as follows:

	Secured	Unsecured
Consumer financings (including housing finance)	0.5% - 1.5%	5.0%

The SBP vide its letter no. BPRD/BLRP-04/DIB 2013/1644 dated October 15, 2009 has allowed relaxation to the Bank for recognizing general provision against Musharaka cum Ijara-Autos on the condition that the facility will be categorized as 'Loss' on the 180th day from the date of default.

In this regard, the SBP vide its letter no. BPRD/BLRP-04/DIB 2013/1644 dated February 15, 2013 has decided that the exemption from general reserve requirement shall only be valid till classified Auto financing portfolio of the Bank remain up to 5% of total auto financing of the Bank i.e. if the classified auto financing portfolio increases beyond 5% threshold, the exemption shall stand withdrawn from that point of time.

The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

4.5 Fixed assets and intangibles

4.5.1 Property and equipment

These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income by applying the straight line method over the estimated useful lives of the assets, using the rates specified in note 10.2 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. Depreciation is charged from the month of acquisition and upto the month preceding the month of disposal.

The assets residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Gains and losses on disposal of property and equipment, if any, are taken to the profit and loss account.

4.5.2 Right-of-Use (RoU) assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any premeasurement of lease liabilities and prepayments. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4.5.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

4.5.4 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Amortisation is charged from the month of acquisition and upto the month preceding the month of deletion using the rates specified in note 11.1 to these financial statements.

4.5.5 Impairment

The Bank assesses at each reporting date whether there is any indication that the fixed assets and intangibles may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the profit and loss account.

4.6 Taxation

Income tax expense comprises of current, prior and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity.

Current

Provision for current taxation is based on taxable income for the year, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as required under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

4.7 Deposits

Deposits are generated on the basis of two modes i.e. Qard and mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in common pool are distributed between the Bank and the depositors in proportion to their respective share in the pool. All Mudaraba based deposits are fully invested in the Common Pool to produce returns for them. In case where the Bank is unable to utilise all funds available for investment, priority is given to the deposit account holders. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of their profit as incentive profits (General Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

When foreign currency deposits are swapped for investment in local currency, the swap element is separated from foreign exchange income and is charged to profit / return expensed account directly (note 24).

4.8 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharaka modes.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shari'a Compliant modes of financing, investments and placements. When utilising and investing funds, the Bank prioritises the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the SBP under IERS, high net-worth individuals / companies / financial institutions and other banks for investments in Shari'a compliant modes of financing and liquidity management under the Musharaka / mudaraba/ Wakala modes respectively.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of tracker and similar related costs. No expense of general or administrative nature is charged to pools. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. Further, provisions passed on to the pool in prior periods have been credited to pool income in the current period as reduction in expense to the extent of recovery of provision previously charged to the pool. The profit of the pool is shared between equity and other members of the pool on pro-rata basis at gross level (i.e. before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the depositors of the pool on pre-defined mechanism based on the weightages announced before the commencement of profit calculation period after charging mudarib fee. Incentive profits (General Hiba) is allocated to the depositors based on SBP guidelines across the board.

General Pool

For General Pool, the Bank allocates financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 44. All remunerative deposits are tagged to these general pool and their funds generated from the depositors are invested on priority basis. Depositors are Rabb-ul-Maal as they are the provider of capital while the Bank acts as Mudarib by investing these funds in business. Since there are more than one Rabb-ul-Maal (depositor), their mutual relationship is that of Musharaka. Profit is shared among Mudaraba partners (Bank and depositors) as per pre-agreed profit sharing ratio. Whereas, profit sharing among the depositors is based on pre-assigned weightages. Loss, if any, is borne by Rabb-ul-Maal as per the principles of Mudaraba.

Islamic Export Refinance - Musharaka Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to / sukuk of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. In this Scheme, SBP enters into a Musharaka arrangement with the Bank for onward financing to exporters and other blue chip companies on the basis of Shari'a compliant modes such as Murabaha, Istisna, etc. Under the scheme, SBP is required to share in profit and loss of the Bank's IERS Musharaka pool.

Interbank Musharaka / Mudaraba Pools

The pool assets generally comprise of Sovereign Guarantee Sukuk only and the related liability of the FI pool comprise of Musharaka/Mudaraba from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Key features and risk & reward characteristics of all pools

The risk characteristics of each pool mainly depends on the assets and liability profile of each pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool. The Bank maintains General Pool, FI Pools, IERS pool and Equity pool. The general pool are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

The pool is exposed to Asset Risk which is the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Bank is well equipped to identify and properly mitigate such risk. The Bank also analyses transaction structure of each customer to further ensure proper safeguard of depositors' interest. The review is done by a team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a growing industry, we believe that the process of further improvement will continue as the business grows.

Credit Risk is the risk which is associated with financing that is mitigated by placing safeguards through available standards within Shari'a guidelines as disclosed in note 43.1 to these financial statements.

Gross income (Revenue less cost of goods sold and after deduction of other direct expenses), generated from relevant assets is calculated at the end of the month. The income is shared between the Bank and the depositors as per agreed profit sharing ratio after deduction of commingled Bank's equity share on pro rata basis. The residual is shared among depositors as per agreed weightages. These weightages and profit sharing ratios are declared by the Bank in compliance with the requirements of the SBP and Shari'a.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. Provisions against any non-performing assets of the pool is not passed on to the pool.

4.9 Subordinated Sukuk

The Bank records subordinated sukuk initially at the amount of proceeds received. Profit accrued on subordinated sukuk is charged to the profit and loss account.

4.10 Ijarah (lease) Liability

At the commencement date of the ijarah (lease), the Bank recognises ijarah (lease) liability measured at the present value of the consideration (ijarah payments) to be made over the Ijarah (lease) term. The lease payments are discounted using the effective rate implicit in the ijarah (lease), unless it is not readily determinable, in which case the Mustajir (lessee) may use the incremental rate of financing. After the commencement date, the carrying amount of ijarah (lease) liability is increased to reflect the accretion of finance cost and reduced for the ijarah (lease) payments made.

4.11 Earnings Per Share

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.12 Staff Retirement Benefits

4.12.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on December 31, 2020.

Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the years in which they occur.

4.12.2 Defined contribution plan

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% per annum of basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions made by the Bank are recognised as employee benefit expense when they are due.

4.13 Revenue Recognition

- Profit from Murabaha is accounted for on consummation of Murabaha transaction. However, profit on the portion of revenue not due for payment is deferred by accounting for unearned Murabaha income with a corresponding credit to deferred Murabaha income which is recorded as a liability. The same is then recognised as revenue on time basis after acquisition of assets. In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

- Profit from Istisna cum wakala and salam financings is recorded on an accrual basis commencing from the time of sale of goods till the realisation of proceeds by the Bank.
- Profit on Shirkatulmilk is recognised on the basis of the reducing balance method on a time apportioned basis that reflects the effective return / profit on the asset.
- Profit on Wakala is accounted for on a time apportioned basis that reflects the effective yield on the asset.
- Profit on Running Musharaka financing is recognised on an accrual basis. Actual profit / (loss) on Musharaka and mudaraba financing is adjusted after declaration of profit / (loss) by Musharaka partner / mudarib or at liquidation of Musharaka / mudaraba.
- Profit on Bai Muajjal transaction is recognised on an accrual basis.
- Profit on Running Musharaka financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharaka partners.
- Gains and losses on sale of investments are included in the profit and loss account.
- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield method.
- Commission on letters of credit, acceptances and guarantees is recognised on receipt basis.
- Fee, commission and brokerage are recognised when earned.
- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as per the guidance in prudential regulations.

4.14 Financial Instruments

4.14.1 Financial assets and financial liabilities

All financial assets and liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the statement of financial position include cash and bank balances, due from financial institutions, investments, Islamic financing and related assets, certain receivables and financial liabilities include bills payable, due to financial institutions, deposits, sub-ordinated debt and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.14.2 Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.14.3 Derivatives

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other receivables and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to profit and loss account.

4.15 Fiduciary Assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in these financial statements.

4.16 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

4.17 Foreign Currencies

Foreign currency transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies, except commitments for forward promises, at the year end are converted in Rupees through exchange rates prevalent on the reporting date.

Forward contracts relating to foreign currency promises are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contracts.

Translation gains and losses

Translation gains and losses are included in the profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange promises are disclosed at agreed rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

4.18 Provisions and Contingent Assets and Liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.19 Segment Reporting

A segment is a distinguishable component of the Bank that is engaged in business activities (business segment), within a particular economic environment (geographical segment). Performance of each segment is reviewed on a periodic basis.

4.19.1 Business segments

Corporate Banking

Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for corporate and institutional customers.

SME & Commercial Banking

Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for customers of small and medium enterprises and commercial enterprises.

Consumer banking

Principally handling individual customers' deposits, providing consumer musawamah, home finance, car finance and other banking products.

Treasury

Principally responsible for managing the Bank's overall liquidity and market risk and provides treasury services to customers.

Others

Others includes functions which cannot be classified in any of the above segments.

4.19.2 Geographical segment

The Bank operates only in Pakistan.

		2020	2019
	Note	----- (Rupees in '000) -----	
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		3,459,311	2,614,985
- foreign currencies		2,256,361	875,744
		<u>5,715,672</u>	<u>3,490,729</u>
With State Bank of Pakistan in			
- local currency current accounts	5.1	8,784,631	11,957,210
- foreign currency current accounts		72,420	6,824
- foreign currency deposit accounts			
- Cash reserve account	5.2	1,694,325	1,502,099
- Special cash reserve account	5.2	2,033,078	1,802,411
		<u>3,727,403</u>	<u>3,304,510</u>
With National Bank of Pakistan in			
- local currency current accounts		796,765	658,155
		<u>19,096,891</u>	<u>19,417,428</u>

5.1 The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than 5% of its demand and time

5.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% and special cash reserve of 6% are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). These accounts are non-remunerative in nature.

		2020	2019
	Note	----- (Rupees in '000) -----	
6 BALANCES WITH OTHER BANKS			
In Pakistan			
- in local currency current account		943,830	773,233
- in foreign currency current account		277	448
- in local currency deposit account		10	10
		<u>944,117</u>	<u>773,691</u>
Outside Pakistan			
- in foreign currencies current account	6.1	2,335,818	473,262
		<u>3,279,935</u>	<u>1,246,953</u>

6.1 This includes an amount of Rs. 51.82 million (2019: Rs. 36.61 million) deposited with the holding company.

		2020	2019
	Note	----- (Rupees in '000) -----	
7 DUE FROM FINANCIAL INSTITUTIONS			
Wakala - unsecured	7.1	2,397,516	-
Bai Muajjal receivable from Scheduled Banks - secured		-	3,590,405
Musharaka - unsecured		-	2,000,000
		<u>2,397,516</u>	<u>5,590,405</u>

7.1 These carry expected yield of 0.02% (2019: Nil) per annum and are due to mature latest by January 4, 2021 (2019:

		2020	2019
		----- (Rupees in '000) -----	
7.2 Particulars of amounts due from financial institutions			
In local currency		-	5,590,405
In foreign currency		2,397,516	-
		<u>2,397,516</u>	<u>5,590,405</u>

8 INVESTMENTS

8.1 Investments by types:

		Note	2020				2019			
			Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
----- (Rupees in '000) -----										
Available-for-sale securities										
Federal Government securities	8.4.1		1,500,000	-	(400)	1,499,600	9,898,236	-	(98,982)	9,799,254
Non-Government debt securities	8.4.2		45,623,504	(89,316)	1,212,713	46,746,901	22,639,475	(77,881)	2,208,716	24,770,310
Foreign securities	8.4.3		18,275,621	-	57,448	18,333,069	10,750,940	-	(163,235)	10,587,705
			65,399,125	(89,316)	1,269,761	66,579,570	43,288,651	(77,881)	1,946,499	45,157,269
Held-to-maturity securities										
Federal Government securities	8.5		-	-	-	-	4,000,000	-	-	4,000,000
Total investments			65,399,125	(89,316)	1,269,761	66,579,570	47,288,651	(77,881)	1,946,499	49,157,269

		2020				2019			
		Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
8.2 Investments by segments:	----- (Rupees in '000) -----								
	Federal Government securities								
	GOP Ijarah sukuk	1,500,000	-	(400)	1,499,600	13,898,236	-	(98,982)	13,799,254
	Non-Government debt securities								
	Listed	42,496,688	-	1,212,713	43,709,401	18,837,659	-	2,208,716	21,046,375
	Unlisted	3,126,816	(89,316)	-	3,037,500	3,801,816	(77,881)	-	3,723,935
		45,623,504	(89,316)	1,212,713	46,746,901	22,639,475	(77,881)	2,208,716	24,770,310
	Foreign securities								
	Government debt securities	3,995,860	-	95,501	4,091,361	3,871,190	-	63,100	3,934,290
	Non-Government debt securities	14,279,761	-	(38,053)	14,241,708	6,879,750	-	(226,335)	6,653,415
	18,275,621	-	57,448	18,333,069	10,750,940	-	(163,235)	10,587,705	
Total investments		65,399,125	(89,316)	1,269,761	66,579,570	47,288,651	(77,881)	1,946,499	49,157,269

8.2.1 Investments given as collateral

There were no investments given as collateral at December 31, 2020 (2019: Nil).

8.3 Provision for diminution in value of investments

	2020	2019
	----- (Rupees in '000) -----	
8.3.1 Opening balance	77,881	70,495
Charge for the year	11,435	7,386
Closing balance	89,316	77,881

8.3.2 Particulars of provision against debt securities

Category of classification	2020		2019	
	*NPI	Provision	*NPI	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	89,316	89,316	89,316	77,881
	89,316	89,316	89,316	77,881
Overseas	-	-	-	-
Total	89,316	89,316	89,316	77,881

* NPI stands for non-performing investments.

8.4 Quality of Available-For-Sale (AFS) Securities

Details regarding quality of AFS securities are as follows:

8.4.1 Federal Government securities - Government guaranteed

	Cost / amrotised cost	
	2020	2019
	----- (Rupees in '000) -----	
GOP Ijara sukuk - XXII	500,000	-
GOP Ijara sukuk - XXIII	500,000	-
GOP Ijara sukuk - XXIIIV	500,000	-
GOP Ijara sukuk - XIX	-	9,898,236
	1,500,000	9,898,236

8.4.2 Non-Government debt securities

Listed

AAA	2,869,538	3,489,076
AA+, AA, AA-	576,650	961,083
A+, A, A-	142,500	237,500
Unrated	38,908,000	14,150,000
	42,496,688	18,837,659

Unlisted

Unrated	3,126,816	3,801,816
	45,623,504	22,639,475

8.4.3 Foreign securities

Government securities

	Rating		Cost / amrotised cost	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Government of the Sultanate of Oman	Ba1	Ba1	3,995,860	3,871,190

Non-Government debt securities

Listed

A+, A, A-	2,397,516	-
BBB+ / Baa1, BBB / Baa2, BBB- / Baa3	7,531,059	2,629,748
BB+ / Ba1, BB / Ba2, BB- / Ba3	-	-
B+ / B1, B / B2, B- / B3	1,936,026	4,250,002
CCC+	2,415,160	-
	14,279,761	6,879,750
	18,275,621	10,750,940

8.5 Particulars relating to Held-To-Maturity (HTM) securities

Federal Government securities - Government guaranteed

GOP Ijarah sukuk - XIX	-	4,000,000
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8.5.1 The market value of securities classified as held-to-maturity as at December 31, 2020 amounted to Rs. Nil (2019: Rs. 3,960 million).

9 ISLAMIC FINANCING AND RELATED ASSETS

	Note	Performing		Non-Performing		Total	
		2020	2019	2020	2019	2020	2019
		(Rupees in '000)					
Murabaha	9.1	22,207,236	24,946,574	1,564,003	523,325	23,771,239	25,469,899
Musawamah	9.2	2,839,456	2,340,333	117,761	87,295	2,957,217	2,427,628
Tijarah cum wakala	9.3	5,578,464	4,730,303	-	-	5,578,464	4,730,303
Istisna cum Wakala	9.4	13,177,273	11,462,103	714,160	546,980	13,891,433	12,009,083
Salam	9.5	1,994,493	1,438,986	-	-	1,994,493	1,438,986
Islamic Export Refinance Scheme - SBP	9.6	11,021,716	7,057,242	-	-	11,021,716	7,057,242
Other Islamic Refinance Schemes - SBP	9.7	7,818,593	938,963	-	-	7,818,593	938,963
Wakala Istithmar		21,581,515	19,593,584	316,413	167,765	21,897,928	19,761,349
Running Musharaka financing		31,057,053	27,179,165	-	-	31,057,053	27,179,165
Shirkatulmilk - Housing	9.8	8,926,567	9,254,227	397,772	378,671	9,324,339	9,632,898
Shirkatulmilk - Autos	9.9	19,306,168	16,979,101	328,295	316,301	19,634,463	17,295,402
Shirkatulmilk - Fleet financing	9.10	6,446,582	7,649,095	274,945	182,486	6,721,527	7,831,581
Shirkatulmilk - Others	9.11	14,967,156	14,958,776	1,898,143	2,207,427	16,865,299	17,166,203
Diminishing Musharaka - Others		29,671,794	25,771,325	27,159	76,930	29,698,953	25,848,255
Staff financing		2,130,373	1,953,559	48,784	52,984	2,179,157	2,006,543
Islamic financing and related assets (gross)		198,724,439	176,253,336	5,687,435	4,540,164	204,411,874	180,793,500
Provision against Islamic financing and related assets	9.14						
Specific		-	-	(3,082,610)	(2,738,605)	(3,082,610)	(2,738,605)
General		(1,912,859)	(133,058)	-	-	(1,912,859)	(133,058)
Islamic financing and related assets - net of provision		196,811,580	176,120,278	2,604,825	1,801,559	199,416,405	177,921,837

		Note	2020	2019
			--- (Rupees in '000) ---	
9.1 Murabaha				
Financing		9.1.1	5,615,009	8,678,014
Inventory			17,458,558	16,082,423
Advance			697,672	709,462
			<u>23,771,239</u>	<u>25,469,899</u>
9.1.1 Murabaha financings		9.1.3	5,615,009	8,678,014
Less: Deferred murabaha income		9.1.4	(1,053,844)	(1,222,885)
Profit receivable net of deferred income			(700,103)	(801,153)
Murabaha financings - net			<u>3,861,062</u>	<u>6,653,976</u>
9.1.2 The movement in Murabaha financing during the year is as follows:				
Opening balance			6,653,976	7,528,377
Sales during the year			53,022,513	38,895,915
Adjusted during the year			(55,815,427)	(39,770,316)
Closing balance			<u>3,861,062</u>	<u>6,653,976</u>
9.1.3 Murabaha sale price			5,615,009	8,678,014
Murabaha purchase price			(3,861,062)	(6,653,976)
			<u>1,753,947</u>	<u>2,024,038</u>
9.1.4 Deferred murabaha income				
Opening balance			1,222,885	1,617,656
Arising during the year			2,142,992	3,365,535
Less: Recognised during the year			(2,312,033)	(3,760,306)
Closing balance			<u>1,053,844</u>	<u>1,222,885</u>
9.2 Musawamah				
Financing		9.2.1	2,858,989	2,374,564
Advance			98,228	53,064
			<u>2,957,217</u>	<u>2,427,628</u>
9.2.1 Musawamah receivable		9.2.3	2,858,989	2,374,564
Less: Deferred Musawamah income		9.2.4	(796,444)	(714,198)
Profit receivable net of deferred income			(34,735)	(33,024)
Musawamah financings - net			<u>2,027,810</u>	<u>1,627,342</u>
9.2.2 The movement in Musawamah financing during the year is as follows:				
Opening balance			1,627,342	1,153,090
Sales during the year			1,294,075	968,154
Adjusted during the year			(893,607)	(493,902)
Closing balance			<u>2,027,810</u>	<u>1,627,342</u>
9.2.3 Musawamah sale price			2,858,989	2,374,564
Musawamah purchase price			(2,027,810)	(1,627,342)
			<u>831,179</u>	<u>747,222</u>
9.2.4 Deferred Musawamah income				
Opening balance			714,198	503,290
Arising during the year			686,409	570,558
Less: Recognised during the year			(604,163)	(359,650)
Closing balance			<u>796,444</u>	<u>714,198</u>

	2020	2019
	--- (Rupees in '000) ---	
9.3 Tijarah cum wakala		
Financing	5,271,282	3,780,540
Inventory	307,182	949,763
	<u>5,578,464</u>	<u>4,730,303</u>
9.4 Istisna cum Wakala		
Financing	9,739,691	8,144,766
Advance	4,151,742	3,864,317
	<u>13,891,433</u>	<u>12,009,083</u>
9.5 Salam		
Financing	289,498	288,986
Advance	1,704,995	1,150,000
	<u>1,994,493</u>	<u>1,438,986</u>
9.6 Islamic Export Refinance Scheme - SBP		
Istisna - Advance	66,100	363,000
Istisna - Financing	590,000	-
Running Musharaka - Financing	5,081,800	3,429,900
Wakala Istithmar - Financing	5,051,043	3,264,342
Murabaha - Advance	155,830	-
Murabaha - Financing	76,943	-
	<u>11,021,716</u>	<u>7,057,242</u>
9.7 Other Islamic Refinance Schemes - SBP		
Islamic Long Term Financing Facility		
-Diminishing Musharaka - Financing	2,253,306	938,963
Payment of Wages and Salaries Refinance Scheme		
-Shirkatulmilk - Financing	3,622,962	-
-Running Musharaka - Financing	1,090,470	-
-Murabaha - Financing	124,595	-
-Murabaha - Advance	84,865	-
Islamic Financing Facility for Combating COVID 19		
-Musharaka - Financing	372,593	-
Islamic Finance Facility For Renewable Energy		
-Diminishing Musharaka - Financing	248,638	-
Islamic Temporary Economic Refinance Facility		
-Musharaka - Financing	21,164	-
	<u>7,818,593</u>	<u>938,963</u>
9.8 Shirkatulmilk - Housing		
Financing	9,197,469	9,578,338
Advance	126,870	54,560
	<u>9,324,339</u>	<u>9,632,898</u>
9.9 Shirkatulmilk - Autos		
Financing	17,074,482	16,943,616
Advance	2,559,981	351,786
	<u>19,634,463</u>	<u>17,295,402</u>
9.10 Shirkatulmilk - Fleet financing		
Financing	6,249,580	7,628,398
Advance	471,947	203,183
	<u>6,721,527</u>	<u>7,831,581</u>
9.11 Shirkatulmilk - Others		
Financing	16,865,299	17,166,203
9.12 Particulars of Islamic financing and related assets (gross)		
In local currency	203,870,742	179,838,524
In foreign currencies	541,132	954,976
	<u>204,411,874</u>	<u>180,793,500</u>
9.13 Islamic financing and related assets include Rs. 5,687.435 million (2019: Rs. 4,540.164 million) which have been placed under non-performing status as detailed below:		

	2020		2019	
Category of Classification	Non-Performing	Provision held	Non-Performing	Provision held
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	3,553		53,990	-
Substandard	50,540	8,584	467,090	57,317
Doubtful	260,698	12,989	856,995	80,302
Loss	5,372,644	3,061,037	3,162,089	2,600,986
	<u>5,687,435</u>	<u>3,082,610</u>	<u>4,540,164</u>	<u>2,738,605</u>

9.14 Particulars of provision against Islamic financing and related assets:

	2020			2019		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	2,738,605	133,058	2,871,663	2,056,910	99,733	2,156,643
Charge for the year	551,435	1,779,801	2,331,236	766,561	33,325	799,886
Reversals during the year	(207,430)	-	(207,430)	(84,866)	-	(84,866)
	344,005	1,779,801	2,123,806	681,695	33,325	715,020
Amounts written-off	-	-	-	-	-	-
Closing balance	3,082,610	1,912,859	4,995,469	2,738,605	133,058	2,871,663

9.14.1 Particulars of provision against Islamic financing and related assets in respect of currencies:

	2020			2019		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	3,012,766	1,912,859	4,925,625	2,669,074	133,058	2,802,132
In foreign currency	69,844	-	69,844	69,531	-	69,531
	3,082,610	1,912,859	4,995,469	2,738,605	133,058	2,871,663

9.14.2 As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) amounting to Rs. 2,428.748 million (2019: Rs. 961.903 million) in determining the provisioning against non performing Islamic financings as at December 31, 2020. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2020 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 1,578.686 million (2019: Rs. 625.237 million).

9.14.3 General provisioning is held against consumer finance portfolio and small enterprise financings in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan except for Shirkatulmilk financing - Autos. The SBP vide its letter no BPRD / BLRD - 03 / 2009 / 6877 dated October 15, 2009 has allowed relaxation to the Bank from recognising general provision against Shirkatulmilk financing - Autos on the condition that the facility will be categorised as "Loss" on the 180th day from the date of default. In this regard, the SBP vide its letter no BPRD / BRD - 04 / DIB / 2013 / 1644 dated February 12, 2013 has decided that the exemption from general reserve requirement shall only be valid till classified Auto Financing portfolio of the Bank remains upto 5% i.e. if the classified Auto Financing portfolio increases beyond the 5% threshold, the exemption shall stand withdrawn from that point of time.

9.14.4 In addition to the above, the Bank has maintained a general provision of Rs.1,764 million (2019: Nil) against financing made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the existing requirements of Prudential Regulations.

	Note	2020	2019
		--- (Rupees in '000) ---	
10 FIXED ASSETS			
Capital work-in-progress	10.1	49,485	78,326
Property and equipment	10.2	1,360,840	1,244,237
Right-of-use assets	10.3	2,275,167	2,965,851
		<u>3,685,492</u>	<u>4,288,414</u>
10.1 Capital work-in-progress			
Civil works		7,453	38,485
Equipment		42,032	39,841
		<u>49,485</u>	<u>78,326</u>

10.2 Property and equipment

	2020				
	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold Improvements	Total
	----- (Rupees in '000) -----				
As at January 1,					
Cost	385,869	2,366,379	85,289	1,387,446	4,224,983
Accumulated depreciation	(294,827)	(1,631,632)	(32,182)	(1,022,105)	(2,980,746)
Net book value	<u>91,042</u>	<u>734,747</u>	<u>53,107</u>	<u>365,341</u>	<u>1,244,237</u>
Year ended December 31,					
Opening net book value	91,042	734,747	53,107	365,341	1,244,237
Additions	29,160	316,737	-	95,111	441,008
Cost of assets disposed off	(754)	(37,485)	(4,717)	(999)	(43,955)
Cost of assets written off	-	-	-	-	-
	<u>28,406</u>	<u>279,252</u>	<u>(4,717)</u>	<u>94,112</u>	<u>397,053</u>
Depreciation charge	(25,335)	(183,926)	(12,145)	(96,700)	(318,106)
Accumulated depreciation of disposals	574	32,382	3,773	927	37,656
Accumulated depreciation of assets written-off	-	-	-	-	-
	<u>(24,761)</u>	<u>(151,544)</u>	<u>(8,372)</u>	<u>(95,773)</u>	<u>(280,450)</u>
Closing net book value	<u>94,687</u>	<u>862,455</u>	<u>40,018</u>	<u>363,680</u>	<u>1,360,840</u>
As at December 31,					
Cost	414,275	2,645,631	80,572	1,481,558	4,622,036
Accumulated depreciation	(319,588)	(1,783,176)	(40,554)	(1,117,878)	(3,261,196)
Net book value	<u>94,687</u>	<u>862,455</u>	<u>40,018</u>	<u>363,680</u>	<u>1,360,840</u>
Rate of depreciation	<u>10%</u>	<u>10%-33.33%</u>	<u>25%</u>	<u>5%-15%</u>	
	2019				
	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold Improvements	Total
	----- (Rupees in '000) -----				
As at January 1,					
Cost	383,267	2,390,870	62,624	1,367,676	4,204,437
Accumulated depreciation	(272,230)	(1,603,243)	(38,196)	(927,833)	(2,841,502)
Net book value	<u>111,037</u>	<u>787,627</u>	<u>24,428</u>	<u>439,843</u>	<u>1,362,935</u>
Year ended December 31,					
Opening net book value	111,037	787,627	24,428	439,843	1,362,935
Additions	3,098	155,950	44,107	20,054	223,209
Cost of assets disposed-off	(496)	(180,441)	(21,442)	(284)	(202,663)
Cost of assets written-off	-	-	-	-	-
	<u>2,602</u>	<u>(24,491)</u>	<u>22,665</u>	<u>19,770</u>	<u>20,546</u>
Depreciation charge	(23,047)	(187,386)	(11,139)	(94,446)	(316,018)
Accumulated depreciation of disposals	450	158,997	17,153	174	176,774
Accumulated depreciation of assets written-off	-	-	-	-	-
	<u>(22,597)</u>	<u>(28,389)</u>	<u>6,014</u>	<u>(94,272)</u>	<u>(139,244)</u>
Closing net book value	<u>91,042</u>	<u>734,747</u>	<u>53,107</u>	<u>365,341</u>	<u>1,244,237</u>
As at December 31,					
Cost	385,869	2,366,379	85,289	1,387,446	4,224,983
Accumulated depreciation	(294,827)	(1,631,632)	(32,182)	(1,022,105)	(2,980,746)
Net book value	<u>91,042</u>	<u>734,747</u>	<u>53,107</u>	<u>365,341</u>	<u>1,244,237</u>
Rate of depreciation	<u>10%</u>	<u>10%-33.33%</u>	<u>25%</u>	<u>5%-15%</u>	

10.2.1 Details of disposal of fixed assets to related parties or other persons having net book value of Rs. 500,000 or above are as follows:

	2020						Particulars of buyer
	Cost	Accumulated depreciation	Net book value	Sale price	Gain	Mode of disposal	
	(Rupees in '000)						
Electrical, office and computer equipment							
ATM Machine	743	158	585	751	166	Negotiation	Innovative Pvt Ltd
Genset	4,364	3,273	1,091	1,237	146	Negotiation	Universal Genset

10.2.2 During the year, there were no sale proceed made to any related party.

10.2.3 The cost of fully depreciated fixed assets still in use amount to Rs. 2,227.572 million (2019: Rs. 2,043.099 million).

	Note	2020 --- (Rupees in '000) ---	2019
10.3 Right-of-use assets			
Building on leasehold land	10.3.1	<u><u>2,275,167</u></u>	<u><u>2,965,851</u></u>
10.3.1 Right-of-use assets - building on leasehold land			
As at January 01,			
Cost		3,630,902	-
Accumulated depreciation		(665,051)	-
Net book value		<u><u>2,965,851</u></u>	-
Year ended December 31,			
Opening net book value		2,965,851	-
Adjustment due to adoption of IFRS 16		-	2,992,413
Additions		163,482	638,489
Depreciation charge		(854,166)	(665,051)
Closing net book value		<u><u>2,275,167</u></u>	<u><u>2,965,851</u></u>
As at December 31,			
Cost		3,794,384	3,630,902
Accumulated depreciation		(1,519,217)	(665,051)
Net book value		<u><u>2,275,167</u></u>	<u><u>2,965,851</u></u>

		2020	2019
	Note	--- (Rupees in '000) ---	
11 INTANGIBLE ASSETS			
Capital work-in-progress - Advance to suppliers		97,215	54,767
Intangible assets	11.1	224,701	149,295
		321,916	204,062
11.1 Intangible assets - computer software			
As at January 01,			
Cost		1,111,163	1,022,494
Accumulated amortisation		(961,868)	(903,245)
Net book value		149,295	119,249
Year ended December 31,			
Opening net book value		149,295	119,249
Additions - directly purchased		127,171	88,669
Amortisation expense		(51,765)	(58,623)
Closing net book value		224,701	149,295
As at December 31,			
Cost		1,238,334	1,111,163
Accumulated amortisation		(1,013,633)	(961,868)
Net book value		224,701	149,295
Rate of amortisation		11.11% - 33.33%	11.11% - 33.33%
Useful life (years)		3-9	3-9
11.2	The cost of fully amortised intangible assets still in use amounts to Rs. 921.381 million (2019: Rs. 833.944 million).		
		2020	2019
	Note	--- (Rupees in '000) ---	
12 OTHER ASSETS			
Profit / return accrued in local currency - net		4,186,904	3,993,851
Profit / return accrued in foreign currencies - net		125,053	74,051
Advances, deposits and other prepayments		1,252,297	635,908
Mark to market gain on forward foreign exchange contracts		103,621	87,102
Acceptances		2,349,243	1,718,925
Current taxation (payments less provisions)		239,947	-
Commission receivable		100,036	178,978
Others		129,083	125,181
		8,486,184	6,813,996
Less: Provision held against other assets	12.1	(1,746)	(1,746)
		8,484,438	6,812,250

		2020	2019
		--- (Rupees in '000) ---	
12.1 Provision held against other assets	<i>Note</i>		
Others - Trackers	<i>12.1.1</i>	<u>1,746</u>	<u>1,746</u>
12.1.1 Provision held against other assets			
Opening balance		1,746	2,524
Reversals during the year		-	(778)
Closing balance		<u>1,746</u>	<u>1,746</u>
13 BILLS PAYABLE			
In Pakistan		4,238,196	2,963,411
Outside Pakistan		8,045	8,896
		<u>4,246,241</u>	<u>2,972,307</u>
14 DUE TO FINANCIAL INSTITUTIONS			
Secured			
Musharaka from the State Bank of Pakistan under Islamic Export Refinance Scheme	<i>14.1</i>	9,402,906	6,897,280
Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility	<i>14.2</i>	2,122,770	916,623
under Payment of Wages and Salaries Refinance Scheme	<i>14.3</i>	4,916,563	-
under Islamic Financing Facility for Combating COVID 19	<i>14.4</i>	260,000	-
under Islamic Finance Facility For Renewable Energy	<i>14.5</i>	148,710	-
Unsecured			
Musharaka acceptance	<i>14.6</i>	500,000	1,500,000
Wakala acceptance		-	500,000
		<u>17,350,949</u>	<u>9,813,903</u>
14.1	These Musharaka are on a profit and loss sharing basis having maturity between January 10, 2021 to June 27, 2021 (2019: January 07, 2020 to June 23, 2020) and are secured against demand promissory notes executed in favor of the SBP.		
14.2	These are on a profit and loss sharing basis having maturity between February 21, 2024 to March 29, 2031 (2019: February 02, 2024 to December 08, 2026) and are secured against demand promissory notes executed in favor of the SBP.		
14.3	These are on a profit and loss sharing basis having maturity between October 01, 2022 to June 29, 2023 and are secured against demand promissory notes executed in favor of the SBP.		
14.4	These are on a profit and loss sharing basis having maturity between June 07, 2025 to June 26, 2031 and are secured against demand promissory notes executed in favor of the SBP.		
14.5	These are on a profit and loss sharing basis having maturity between February 11, 2030 to December 17, 2030 and are secured against demand promissory notes executed in favor of the SBP.		
14.6	These carry expected profit rates of 7.3% (2019: 12.15%) per annum and are due to mature latest by January 05, 2021 (2019: January 03, 2020).		
14.7 Particulars of due to financial institutions with respect to currencies		2020	2019
		--- (Rupees in '000) ---	
In local currency		17,350,949	9,813,903
In foreign currencies		-	-
		<u>17,350,949</u>	<u>9,813,903</u>

15 DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000) -----						
Customers						
Current deposits	53,425,406	14,133,682	67,559,088	40,074,829	11,994,495	52,069,324
Savings deposits	80,408,915	9,175,796	89,584,711	64,831,358	6,610,954	71,442,312
Term deposits	37,172,369	10,717,224	47,889,593	46,860,066	11,225,086	58,085,152
Others	8,784,309	-	8,784,309	7,203,371	-	7,203,371
	179,790,999	34,026,702	213,817,701	158,969,624	29,830,535	188,800,159
Financial institutions						
Current deposits	316,442	52,549	368,991	479,337	14,087	493,424
Savings deposits	17,799,775	-	17,799,775	16,134,765	-	16,134,765
Term deposits	5,566,898	-	5,566,898	4,523,725	-	4,523,725
	23,683,115	52,549	23,735,664	21,137,827	14,087	21,151,914
	203,474,114	34,079,251	237,553,365	180,107,451	29,844,622	209,952,073

15.1 Composition of deposits	2020	2019
	---- (Rupees in '000) ----	
Individuals	116,017,054	101,599,819
Government (Federal and Provincial)	25,128,460	23,122,606
Public Sector Entities	2,270,138	5,715,798
Banking Companies	1,423	257
Non-Banking Financial Institutions	23,734,241	21,151,657
Private Sector	70,402,049	58,361,936
	237,553,365	209,952,073

15.2 This includes deposits eligible to be covered under takaful arrangements amounting to Rs. 76,398 million (2019: Rs. 63,120 million)

16 SUBORDINATED SUKUK	Note	2020	2019
		---- (Rupees in '000) ----	
Additional Tier I Sukuk	16.1	3,120,000	3,120,000
Tier II Sukuk	16.2	4,000,000	4,000,000
		7,120,000	7,120,000

16.1 In December 2018, the Bank issued regulatory Shari'a compliant perpetual, unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs. 3,120 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

Credit rating	A+ (Single A-Plus) by VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited).
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected periodic profit amount (Mudaraba profit amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 9.00% per annum.
Call option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss absorbency	The Additional Tier I 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 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 Additional Tier I Sukuk, if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.

16.2 In July 2017, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 4,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

Credit rating	AA- (Double A-Minus) by VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited).
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	On the tenth anniversary from the issue date of sukuk.
Expected periodic profit amount (Mudaraba profit amount)	The Mudaraba Profit is in accordance with the agreed profit sharing ratios / weightages assigned by the bank from time-to-time coinciding with the relevant profit distribution frequency for the relevant profit distribution period. Last announced profit rate on the sukuk is 7.31% per annum.
Call option	The Bank may call Tier II Sukuk with prior approval of SBP on or after 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 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 Issuer's minimum capital or capital adequacy ratio requirement.

		2020			
17	DEFERRED TAX LIABILITIES / (ASSETS)	At Jan 1, 2020	Recognised in P&L	Recognised in OCI	At Dec 31, 2020
----- (Rupees in '000) -----					
	Taxable temporary differences on:				
	Accelerated tax depreciation and amortisation	17,028	(16,333)	-	695
	Surplus on revaluation of investments	681,275	-	(236,859)	444,416
		698,303	(16,333)	(236,859)	445,111
	Deductible temporary differences on:				
	Provision against non-performing Islamic financing and related assets	75,977	(147,718)	-	(71,741)
	Provision against other assets	(611)	-	-	(611)
	Deficit on defined benefit plan	(23,502)	-	3,797	(19,705)
		51,864	(147,718)	3,797	(92,057)
		750,167	(164,051)	(233,062)	353,054
2019					
		At Jan 1, 2019	Recognised in P&L	Recognised in OCI	At Dec 31, 2019
----- (Rupees in '000) -----					
	Taxable temporary differences on:				
	Accelerated tax depreciation and amortisation	36,007	(18,979)	-	17,028
	Provision against non-performing Islamic financing and related assets	(34,893)	110,870	-	75,977
	Surplus / (deficit) on revaluation of investments	(441,897)	-	1,123,172	681,275
		(440,783)	91,891	1,123,172	774,280
	Deductible temporary differences on:				
	Provision for diminution in the value of investments	-	-	-	-
	Provision against other assets	(6,273)	5,662	-	(611)
	Deficit on defined benefit plan	(13,257)	-	(10,245)	(23,502)
		(19,530)	5,662	(10,245)	(24,113)
		(460,313)	97,553	1,112,927	750,167
				2020	2019
				--- (Rupees in '000) ---	
18	OTHER LIABILITIES	Note			
	Profit / return payable in local currency			1,105,687	2,113,271
	Profit / return payable in foreign currencies			52,108	51,664
	Deferred profit murabaha / musawamah income			1,859,707	1,972,074
	Accrued expenses			739,702	723,721
	Advance from financing customers			1,030,405	958,530
	Mark to market loss on forward foreign exchange contracts			29,688	540,182
	Acceptances			2,349,243	1,718,925
	Current taxation (provisions less payments)			-	84,958
	Security deposits against Islamic financing and related assets			198,691	38,872
	Retention money			730	365
	Payable to dealers, contractors, etc.			957,794	175,114
	Ijarah (lease) liabilities	18.1		2,317,006	2,704,620
	Charity payable	18.2		396	891
	Workers welfare fund payable	18.3		389,065	290,973
	Payable to defined benefit plan	35.4		19,517	23,948
	Payable to Employees Old Age Benefit Institution (EOBI)			114,237	92,509
	Others			850,880	376,917
				12,014,856	11,867,534

	2020	2019
	--- (Rupees in '000) ---	
18.1 Ijarah (lease) liabilities		
The contractual maturity analysis of these is presented below:		
Current		
- Not later than one month	345,932	24,385
- Later than one month but not later than six months	184,976	201,032
- Later than six months but not later than one year	312,902	226,744
	843,810	452,161
Non-current		
- Later than one year but not later than three years	680,422	1,130,190
- Later than three years but not later than five years	335,707	443,317
- Later than five years	457,067	678,952
	1,473,196	2,252,459
	2,317,006	2,704,620

18.2 Charity Fund

Opening balance	891	154
Additions during the year		
Received from customers on account of delayed payment, etc.	20,591	11,482
Profit on charity fund	64	55
	20,655	11,537
Payments / utilisation during the year		
Health	(9,850)	(6,450)
Education	(11,300)	(4,350)
	(21,150)	(10,800)
	396	891

18.2.1

18.2.1 During the year, charity from the Charity Fund of the Bank was paid to the following organisations:

	2020	2019
	--- (Rupees in '000) ---	
Sindh Institute of Urology and Transplantation	3,800	1,850
Baitussalam Welfare Trust	3,800	1,650
Ihsan Trust	3,700	1,500
Nigahban Welfare Association	2,000	-
KPSS Secondary School Saigolabad - Alif Noon Foundation	1,500	1,200
Aga Khan Hospital and Medical College Foundation	1,500	800
Shaukat Khanum Memorial Trust	1,500	-
Afzaal Foundation AMTF (Helping Blood Disorders)	1,050	-
Dawat-e-Islami	1,000	-
Saylani Welfare Trust	600	-
Bin Qutab Foundation	500	-
Orange Tree Foundation	200	-
The Indus Hospital	-	1,150
Pink Ribbon - Breast Cancer Hospital	-	1,000
The Citizen Foundation	-	800
Centre for development of social services - Project of Infaq Foundation	-	500
Layton Rahmatulla Benevolent Trust	-	200
Help - Balochistan	-	150
	21,150	10,800

18.2.2 Charity was not paid to any active staff of the Bank or to any individual / organisation in which a director or his spouse had any interest at any time during the year.

18.3 Workers welfare fund

Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government in respect of levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue (FBR) challenged the said order by way of review petition before Supreme Court. While the petition is still pending, however, the outcome is expected to be in favor of the Bank.

Further, consequent to the 18th amendment to the Constitution, the Government of Sindh levied its WWF (Sindh WWF) which was effective from January 01, 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law covers banks and financial institutions as well. The Bank has challenged applicability of the said law on Banks before the Sindh High Court.

19 SHARE CAPITAL

19.1 Authorised Capital

2020 ----- Number -----	2019		2020 ---- (Rupees in '000) ----	2019
<u>1,800,000,000</u>	<u>1,800,000,000</u>	Ordinary shares of Rs.10 each	<u>18,000,000</u>	<u>18,000,000</u>

19.2 Issued, subscribed and paid up

2020 ----- Number -----	2019			
<u>1,165,228,776</u>	<u>1,165,228,776</u>	Ordinary shares	<u>11,652,288</u>	<u>11,652,288</u>
		Fully paid in cash		

19.2.1 The Bank's shares are held 100 percent by Dubai Islamic Bank PJSC, UAE – the holding company and its nominee directors.

Note

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

20 RESERVES

Statutory reserve	20.1	<u>2,474,851</u>	<u>1,896,073</u>
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20.1 Under section 21 of the Banking Companies Ordinance, 1962 an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital. Thereafter, an amount of not less than 10 percent of the profit is required to be transferred to such reserve fund.

Note

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

21 SURPLUS ON REVALUATION OF INVESTMENTS

Surplus on revaluation of Available-for-sale securities

Sukuk certificates	8.1	<u>1,269,761</u>	1,946,499
Less: Related deferred tax liability		<u>(444,416)</u>	(681,275)
		<u>825,345</u>	<u>1,265,224</u>

		2020	2019
	Note	--- (Rupees in '000) ---	
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	16,431,358	14,823,737
Commitments	22.2	35,378,273	45,469,480
		51,809,631	60,293,217
22.1 Guarantees			
Financial guarantees		26,647	24,534
Performance guarantees		5,537,835	4,080,568
Other guarantees		10,866,876	10,718,635
		16,431,358	14,823,737
22.2 Commitments			
Documentary credits and short-term trade-related transactions			
Import letters of credit		24,712,924	24,588,918
Commitments in respect of:			
- Forward foreign exchange contracts - net	22.2.1	4,516,172	14,540,146
- Islamic financing and related assets		5,744,000	5,930,387
Commitments for acquisition of:			
- Fixed assets		252,413	283,704
- Intangible assets		152,764	126,325
		35,378,273	45,469,480
22.2.1 Commitments in respect of forward foreign exchange contracts - net			
Purchase		14,577,741	29,644,778
Sale		10,061,569	15,104,632
		4,516,172	14,540,146
22.3 Tax contingencies			

The income tax authorities have amended assessment orders of the Bank for prior years including the tax year 2020. The disallowances were mainly due to reversal of provision against financing, provision against investments and Workers Welfare Fund. The Bank has filed appeals before the various appellate forums against these amendments. For the tax year 2015, tax authorities have issued a notice to amend assessment against the adjustment of minimum tax paid in prior years amounting to Rs. 211.48 million. The management of the Bank approached Sindh High Court and subsequently the Honorable Supreme Court of Pakistan against the order of the Sindh High Court. The Honorable Supreme Court of Pakistan has granted leave to appeal. The appeal is expected to be fixed soon. The management of the Bank is confident that the appeals will be decided in favor of the Bank in respect of the aforementioned matters.

	2020	2019
	--- (Rupees in '000) ---	
23 PROFIT / RETURN EARNED		
On Islamic financing and related assets to customers	20,413,668	20,915,575
On investments in available-for-sale securities	4,804,645	3,993,343
On investments in held-to-maturity securities	103,939	209,600
On deposits / placements with financial institutions	658,788	1,020,430
	<u>25,981,040</u>	<u>26,138,948</u>
24 PROFIT / RETURN EXPENSED		
Deposits and other accounts	12,200,964	12,943,415
Subordinated sukuk	803,016	921,814
Due to financial institutions	476,090	631,183
Finance cost on Ijarah (lease) liabilities	315,931	323,628
Cost of foreign currency swaps	289,770	795,030
	<u>14,085,771</u>	<u>15,615,070</u>
25 FEE & COMMISSION INCOME		
Consumer finance related fees	551,763	634,007
Credit related fees	150,869	127,917
Investment banking fees	41,035	97,712
Branch banking customer fees	86,217	104,558
Card related fees	212,263	216,780
Commission on trade	242,253	205,862
Commission on guarantees	72,356	61,055
Commission on cash management	43,490	57,096
Commission on remittances including home remittances	16,941	16,837
Commission on bancassurance	24,301	55,681
Rebate income	106,467	99,372
Others	2,051	2,799
	<u>1,550,006</u>	<u>1,679,676</u>
26 GAIN ON SECURITIES		
Realised		
- Debt securities	<u>194,317</u>	<u>367,270</u>
27 OTHER INCOME		
Gain on sale of fixed assets - net	<u>7,288</u>	<u>2,989</u>

28 OPERATING EXPENSES

	Note	2020 --- (Rupees in '000) ---	2019
Total compensation expense	28.1	3,191,293	2,957,427
Property expense			
Utilities cost		306,650	300,699
Security		228,802	158,575
Repair & maintenance (including janitorial charges)		125,604	94,382
Takaful charges		1,307	1,443
Depreciation		96,700	94,446
Depreciation on right-of-use assets		854,166	665,051
		1,613,229	1,314,596
Information technology expenses			
Software maintenance		265,797	220,446
Hardware maintenance		93,773	78,927
Depreciation		99,433	95,542
Amortisation		51,765	58,623
Networking and connectivity charges		126,661	99,168
Outsourced services cost		29,847	24,438
Takaful charges		1,537	1,185
Others		1,541	1,451
		670,354	579,780
Other operating expenses			
Directors' fee and allowances		10,076	7,325
Fees and allowances to Sharia'h Board members		12,370	14,784
Legal and professional charges		33,658	35,565
Outsourced services cost	28.2	106,076	89,459
Travelling and conveyance		27,139	42,971
NIFT clearing charges		33,769	31,042
Depreciation		121,973	126,030
Training and development		10,235	6,011
Postage and courier charges		34,598	31,330
Communications		185,196	158,360
Stationary and printing		103,884	92,026
Marketing, advertising and publicity		106,833	99,891
Auditors' remuneration	28.3	7,127	7,127
Brokerage, commission and bank charges		338,483	292,891
Tracker related charges		163,637	171,441
Cash transportation charges		123,296	100,984
Repair and maintenance		89,532	81,415
Subscription fees		16,569	20,116
Takaful charges		67,406	39,759
Deposit premium cost		101,657	120,269
Others		201,282	238,108
		1,894,796	1,806,904
		7,369,672	6,658,707

		2020	2019
	Note	--- (Rupees in '000) ---	
28.1 Total compensation expense			
Managerial remuneration - fixed		1,216,618	1,112,804
Managerial remuneration - variable (including bonus)		255,386	287,200
Allowances		566,804	511,052
Contribution to provident fund	36	111,726	101,230
Contribution to gratuity fund	35.8.1	74,618	61,575
Rent & house maintenance		489,070	449,366
Utilities		122,127	112,213
Medical		61,959	57,721
EOBI - employer contribution		18,359	16,914
Staff takaful expense		59,215	41,307
Outsourced services - third party staff		210,816	200,711
Staff antecedent verification		4,595	5,334
		<u>3,191,293</u>	<u>2,957,427</u>

28.2 Total cost for the year included in other operating expenses relating to outsourced activities pertaining to companies incorporated in Pakistan is Rs. 38.227 million (2019: Rs. 35.058 million). This includes payments other than outsourced services costs, which are disclosed above.

		2020	2019
	Note	--- (Rupees in '000) ---	
28.3 Auditors' remuneration			
Audit fee		1,271	1,271
Fee for other statutory certifications		534	534
Special certifications and sundry other reporting		4,875	4,875
Out-of-pocket expenses		447	447
		<u>7,127</u>	<u>7,127</u>

29 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	<u>312</u>	<u>99,043</u>
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30 PROVISIONS & WRITE OFFS - NET

Provision for diminution in the value of investments	8.3	11,435	7,386
Provision against Islamic financing and related assets	9.14	2,123,806	715,020
Reversal of provision against other assets	12.1.1	-	(778)
		<u>2,135,241</u>	<u>721,628</u>

	2020	2019
	--- (Rupees in '000) ---	
31 TAXATION		
Current	1,912,780	2,146,557
Prior year		
- Current	144,638	98,367
- Deferred	(125,475)	-
Deferred	(38,576)	97,553
	<u>1,893,367</u>	<u>2,342,477</u>

31.1 Relationship between tax charge and accounting profit

Profit before taxation	<u>4,787,258</u>	<u>5,688,074</u>
Effect of:		
Tax at the applicable rate of 35 %	1,675,540	1,990,826
Permanent differences	2,481	34,665
Super tax charge	196,183	220,120
Prior year	19,163	98,367
Others	-	(1,501)
Tax charge for the year	<u>1,893,367</u>	<u>2,342,477</u>

	2020	2019
	--- (Rupees in '000) ---	
32 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year	<u>2,893,891</u>	<u>3,345,597</u>
	----- (Number) -----	
Weighted average number of ordinary shares	<u>1,165,228,776</u>	<u>1,165,228,776</u>
	----- (Rupees) -----	
Earning per share - basic and diluted	<u>2.48</u>	<u>2.87</u>

	2020	2019
	--- (Rupees in '000) ---	
33 CASH AND CASH EQUIVALENTS		
Cash and balance with treasury banks	5 19,096,891	19,417,428
Balance with other banks	6 3,279,935	1,246,953
	<u>22,376,826</u>	<u>20,664,381</u>

Note

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2020										
	Liabilities						Equity				
	Bills payable	Due to financial institutions	Deposits and other accounts	Subordinated sukuk	Deferred tax liabilities	Other liabilities	Share capital	Reserves	(Deficit) / surplus on revaluation of investments	Unappropriated profit	Total
	----- (Rupees in '000) -----										
Balance as at January 1, 2020	2,972,307	9,813,903	209,952,073	7,120,000	750,167	11,867,534	11,652,288	1,896,073	1,265,224	7,349,049	264,638,618
Other changes											
Liability - related											
Changes in bills payable	1,273,934	-	-	-	-	-	-	-	-	-	1,273,934
Changes in due to financial institution											
- Cash based	-	7,537,046	-	-	-	-	-	-	-	-	7,537,046
Changes in deposits and other accounts	-	-	27,601,292	-	-	-	-	-	-	-	27,601,292
Changes in deferred tax liabilities	-	-	-	-	(397,113)	-	-	-	-	-	(397,113)
Changes in other liabilities											
- Cash based	-	-	-	-	-	425	-	-	-	-	425
- Non-cash based											
Movement in acceptances	-	-	-	-	-	630,318	-	-	-	-	630,318
Movement in current taxation (shown separately)	-	-	-	-	-	(84,958)	-	-	-	-	(84,958)
Movement in lease liabilities (shown separately)	-	-	-	-	-	(387,614)	-	-	-	-	(387,614)
Movement in actuarial loss on remeasurements of defined benefit plan	-	-	-	-	-	(10,849)	-	-	-	7,052	(3,797)
Surplus on revaluation of investments	-	-	-	-	-	-	-	-	(439,879)	-	(439,879)
Transfer of profit to reserve	-	-	-	-	-	-	-	578,778	-	(578,778)	-
Profit after tax	-	-	-	-	-	-	-	-	-	2,893,891	2,893,891
	1,273,934	7,537,046	27,601,292	-	(397,113)	147,322	-	578,778	(439,879)	2,322,165	38,623,545
Balance as at December 31, 2020	4,246,241	17,350,949	237,553,365	7,120,000	353,054	12,014,856	11,652,288	2,474,851	825,345	9,671,214	303,262,163

2019

Liabilities						Equity				
Bills payable	Due to financial institutions	Deposits and other accounts	Subordinated sukuk	Deferred tax liabilities	Other liabilities	Share capital	Reserves	(Deficit) / surplus on revaluation of investments	Unappropriated profit	Total
(Rupees in '000)										
2,811,457	12,670,525	182,186,634	7,120,000	-	10,283,963	11,652,288	1,226,954	(820,667)	4,691,599	231,822,753
160,850	-	-	-	-	-	-	-	-	-	160,850
-	(2,850,847)	-	-	-	-	-	-	-	-	(2,850,847)
-	(5,775)	-	-	-	-	-	-	-	-	(5,775)
-	-	27,765,439	-	-	-	-	-	-	-	27,765,439
-	-	-	-	750,167	-	-	-	-	-	750,167
-	-	-	-	-	586,581	-	-	-	-	586,581
-	-	-	-	-	(1,704,921)	-	-	-	-	(1,704,921)
-	-	-	-	-	(31,982)	-	-	-	-	(31,982)
-	-	-	-	-	2,704,620	-	-	-	-	2,704,620
-	-	-	-	-	29,273	-	-	-	(19,028)	10,245
-	-	-	-	-	-	-	-	2,085,891	-	2,085,891
-	-	-	-	-	-	-	669,119	-	(669,119)	-
-	-	-	-	-	-	-	-	-	3,345,597	3,345,597
160,850	(2,856,622)	27,765,439	-	750,167	1,583,571	-	669,119	2,085,891	2,657,450	32,815,865
2,972,307	9,813,903	209,952,073	7,120,000	750,167	11,867,534	11,652,288	1,896,073	1,265,224	7,349,049	264,638,618

34 STAFF STRENGTH	2020 ----- (Number of staff) -----	2019
In Pakistan		
Permanent	2,346	2,288
On Bank contract	5	8
Others - third party staff	748	799
Bank's own staff strength at the end of the year	<u>3,099</u>	<u>3,095</u>

34.1 In addition to the above, 24 (2019: 45) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than security and janitorial services.

35 DEFINED BENEFIT PLAN

35.1 General description

As mentioned in note 4.12.1, the Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service with the Bank subject to a minimum qualifying period of service of three years.

35.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2020	2019
	----- (Number) -----	
Gratuity fund	<u>2,346</u>	<u>2,288</u>

35.3 Principal actuarial assumptions

The actuarial valuations were carried out at the year end using the following significant assumptions:

	2020	2019
	----- Per annum -----	
Discount rate	9.75%	12.5%
Expected rate of return on plan assets	9.75%	12.5%
Expected rate of salary increase	7.75%	10.5%

35.4 Reconciliation of payable to defined benefit plan

	2020	2019
	--- (Rupees in '000) ---	
Present value of obligations	438,797	358,428
Fair value of plan assets	(419,280)	(334,480)
Payable to defined benefit plan	<u>19,517</u>	<u>23,948</u>

		2020	2019
	Note	--- (Rupees in '000) ---	
35.5	Movement in defined benefit obligation		
		358,428	273,800
	Obligation at beginning of the year		
	Current service cost	75,887	65,469
	Cost of funds	42,123	26,038
	Benefits paid	(42,887)	(26,836)
	Actuarial loss on obligation	5,246	19,957
	Obligations at the end of the year	<u>438,797</u>	<u>358,428</u>
35.6	Movement in fair value of plan assets		
		334,480	284,784
	Fair value at beginning of the year		
	Expected return on plan assets	43,392	29,932
	Bank's contribution to the fund made during the year	68,200	55,916
	Benefits paid	(42,887)	(26,836)
	Actuarial loss on plan assets	16,095	(9,316)
	Fair value at end of the year	<u>419,280</u>	<u>334,480</u>
35.7	Movement in payable to defined benefit scheme		
		23,948	(10,984)
	Opening balance		
	Charge for the year	28.1 74,618	61,575
	Re-measurements recognised in OCI during the year	35.8.2 (10,849)	29,273
	Bank's contribution to the fund made during the year	(68,200)	(55,916)
	Closing balance	<u>19,517</u>	<u>23,948</u>
35.8	Charge for defined benefit plan		
35.8.1	Cost recognised in profit and loss		
		75,887	65,469
	Current service cost		
	Net return	(1,269)	(3,894)
		<u>74,618</u>	<u>61,575</u>
35.8.2	Re-measurements recognised in OCI during the year		
		5,246	19,957
	Loss on obligation - Experience adjustment		
	Return on plan assets over expected income	(16,095)	9,316
	Total re-measurements recognised in OCI	<u>(10,849)</u>	<u>29,273</u>
35.9	Components of plan assets		
		49,280	34,480
	Cash and cash equivalents		
	Term deposit receipts	325,000	300,000
	Sukuk	45,000	-
		<u>419,280</u>	<u>334,480</u>

35.9.1 Risks

Through its defined benefit plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The risk arises when the actual performance of the investments is lower than expectation thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The risk arises when the actual increase is higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

35.10 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2020 (Rupees in '000)
1% increase in discount rate	<u><u>400,011</u></u>
1% decrease in discount rate	<u><u>478,115</u></u>
1 % increase in expected rate of salary increase	<u><u>478,162</u></u>
1 % decrease in expected rate of salary increase	<u><u>399,389</u></u>
1 year increase in Life expectancy / Withdrawal rate	<u><u>435,925</u></u>
1 year decrease in Life expectancy / Withdrawal rate	<u><u>436,524</u></u>
35.11 Expected contributions to be paid to the fund in the next financial year	<u><u>78,132</u></u>

35.12 Estimated expenses to be charged to profit and loss account

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plan for the year ending December 31, 2021 would be as follows:

Current service cost	79,554
Net cost	(1,422)
Amount chargeable to profit and loss account	<u><u>78,132</u></u>

35.13 Maturity profile

The weighted average duration of the defined benefit obligation is 10.38 years.

35.14 Funding Policy

The activities of the gratuity scheme are governed by Dubai Islamic Bank Pakistan Limited Gratuity Fund established in 2006 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. Funding levels are monitored on an annual basis and are based on actuarial recommendations.

35.15 Following are the significant risks associated with the gratuity fund scheme:

Asset volatility	All the plan assets are placed in a remunerative bank account. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, the current investment strategy manages this risk adequately.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, plan assets are based on variable rate and are re-priced at regular intervals to off-set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

36 DEFINED CONTRIBUTION PLAN (PROVIDENT FUND)

The Bank operates a contributory provident fund scheme for permanent employees. The number of employees eligible for the scheme at the end of the reporting year is 2,346 (2019: 2,288). The employer and employee both contribute 10% of the basic salaries to the funded scheme every month. Equal monthly contribution by employer and employees during the year amounted to Rs. 111.73 million (2019: Rs. 101.23 million) each.

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

2020							
Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers	
Chairman	Executives (other than CEO)	Non- Executives					
----- (Rupees in '000) -----							
Fees and allowances	-	-	10,076	12,370	-	-	-
Managerial remuneration - fixed	-	-	-	753	29,343	93,829	117,918
Managerial remuneration - variable (including bonus)	-	-	-	187	33,000	41,684	41,959
Contribution to provident fund	-	-	-	75	2,934	9,383	11,792
Contribution to gratuity fund	-	-	-	63	2,445	7,819	9,827
Rent & house maintenance	-	-	-	301	19,809	37,534	47,171
Utilities	-	-	-	75	2,931	9,373	11,779
Medical	-	-	-	30	-	400	1,673
Conveyance	-	-	-	58	1,380	15,679	29,428
Others	-	-	-	63	2,445	7,475	9,865
	-	-	10,076	13,975	94,287	223,176	281,412

(Number)							
Number of persons	1	-	7	4	1	11	47

2019							
Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers Controllers	
Chairman	Executives (other than CEO)	Non- Executives					
----- (Rupees in '000) -----							
Fees and allowances	-	-	7,325	14,784	-	-	-
Managerial remuneration - fixed	-	-	-	453	29,343	88,163	99,626
Managerial remuneration - variable (including bonus)	-	-	-	150	30,000	31,675	27,249
Contribution to provident fund	-	-	-	45	2,934	8,816	9,963
Contribution to gratuity fund	-	-	-	38	2,445	7,347	8,302
Rent & house maintenance	-	-	-	181	19,809	35,268	39,854
Utilities	-	-	-	45	2,931	8,807	9,952
Medical	-	-	-	30	-	425	1,375
Conveyance	-	-	-	-	1,380	11,255	26,413
Others	-	-	-	38	2,445	8,206	8,167
	-	-	7,325	15,764	91,287	199,962	230,901

(Number)							
Number of persons	1	-	6	4	1	10	40

The Chief Executive and certain Executives are provided with club membership and mobile telephone facilities and the Chief Executive is also provided with bank maintained car in accordance with the Bank's service rules.

37.2 Fees and allowances paid to Directors for participation in Board and Committee meetings

2020							
Sr. No.	Name of Director	Meeting Fees Paid					
		For Board Meetings	For Board Committees				
			Audit Committee	Risk Monitoring Committee	Remunerations and Nominations Committee	IT Committee	Total Amount Paid
----- (Rupees in '000) -----							

1	Muhammad Maqbool Alam	2,109	666	-	122	527	3,424
2	Naved A. Khan	2,109	-	625	122	568	3,424
3	Shabnam Faqir Mohammad	1,671	418	-	1,140	-	3,229
		<u>5,889</u>	<u>1,084</u>	<u>625</u>	<u>1,384</u>	<u>1,095</u>	<u>10,077</u>

2019							
Sr. No.	Name of Director	Meeting Fees Paid					
		For Board Meetings	For Board Committees				
			Audit Committee	Risk Monitoring Committee	Remunerations and Nominations Committee	IT Committee	Total Amount Paid
----- (Rupees in '000) -----							

1	Muhammad Maqbool Alam	2,207	593	-	341	234	3,375
2	Naved A. Khan	1,811	-	236	341	313	2,701
3	Abbas Saifuddin Bhujwala	934	-	315	-	-	1,249
		<u>4,952</u>	<u>593</u>	<u>551</u>	<u>682</u>	<u>547</u>	<u>7,325</u>

37.3 Remuneration paid to Shariah Board Members

	2020			2019		
	Chairman	Resident Members	Non-Resident Member(s)	Chairman	Resident Members	Non-Resident Member(s)
----- (Rupees in '000) -----						
Fees and allowances	1,193	9,871	1,306	1,740	11,671	1,373
Managerial remuneration - fixed	-	753	-	-	453	-
Managerial remuneration - variable (including bonus)	-	187	-	-	150	-
Contribution to provident fund	-	75	-	-	45	-
Contribution to gratuity fund	-	63	-	-	38	-
Rent & house maintenance	-	301	-	-	181	-
Utilities	-	75	-	-	45	-
Medical	-	30	-	-	30	-
Conveyance	-	58	-	-	-	-
Others	-	63	-	-	38	-
	<u>1,193</u>	<u>11,476</u>	<u>1,306</u>	<u>1,740</u>	<u>12,651</u>	<u>1,373</u>

----- (Number) -----

Number of persons	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
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38 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	2020					
	Corporate Banking	SME & Commercial Banking	Consumer Banking	Treasury	Others	Total
	----- (Rupees in '000) -----					
Profit and Loss						
Net profit earned	8,040,230	1,411,610	(2,302,897)	5,126,213	(379,887)	11,895,269
Inter segment revenue - net	(5,930,971)	1,215,298	8,555,095	(4,207,934)	368,512	-
Other income	332,779	585,545	1,077,669	492,024	7,288	2,495,305
Total income	2,442,038	3,212,453	7,329,867	1,410,303	(4,087)	14,390,574
Segment direct expenses	(425,261)	(1,181,106)	(4,957,860)	(182,454)	-	(6,746,681)
Inter segment expense allocation	(89,508)	(83,641)	(505,232)	(43,013)	-	(721,394)
Total expenses	(514,769)	(1,264,747)	(5,463,092)	(225,467)	-	(7,468,075)
Provisions	(1,307,139)	(729,341)	(91,413)	(11,435)	4,087	(2,135,241)
Profit before tax	620,130	1,218,365	1,775,362	1,173,401	-	4,787,258
Balance Sheet						
Cash and bank balances	-	664,470	5,051,202	3,279,935	13,381,219	22,376,826
Due from financial institutions	-	-	-	2,397,516	-	2,397,516
Investments	-	-	-	66,579,570	-	66,579,570
Net inter segment lending	-	14,300,344	110,991,528	-	15,698,098	140,989,970
Islamic financings and related assets - performing	110,586,862	46,604,659	37,489,678	-	2,130,381	196,811,580
- non-performing - net	1,688,848	612,825	282,827	-	20,325	2,604,825
Others	4,673,747	2,727,538	3,506,127	1,346,575	237,859	12,491,846
Total Assets	116,949,457	64,909,836	157,321,362	73,603,596	31,467,882	444,252,133
Due to financial institutions	9,948,601	6,902,348	-	500,000	-	17,350,949
Deposits & other accounts	34,374,277	52,462,074	150,574,493	142,521	-	237,553,365
Net inter segment borrowing	69,113,931	-	-	71,876,039	-	140,989,970
Subordinated sukuk	-	-	-	-	7,120,000	7,120,000
Others	3,512,648	5,545,414	6,746,869	259,691	549,529	16,614,151
Total liabilities	116,949,457	64,909,836	157,321,362	72,778,251	7,669,529	419,628,435
Equity	-	-	-	825,345	23,798,353	24,623,698
Total Equity and liabilities	116,949,457	64,909,836	157,321,362	73,603,596	31,467,882	444,252,133
Contingencies and Commitments						
	23,482,303	20,946,146	2,834,699	4,546,483	-	51,809,631

	2019					
	Corporate Banking	SME & Commercial Banking	Consumer Banking	Treasury	Other	Total
	----- (Rupees in '000) -----					
Profit and Loss						
Net profit earned	7,556,653	2,053,274	(2,165,122)	2,514,155	564,918	10,523,878
Inter segment revenue - net	(6,860,292)	72,936	10,066,263	(2,708,980)	(569,927)	-
Other income	405,889	507,478	1,220,534	622,767	2,989	2,759,657
Total income	1,102,250	2,633,688	9,121,675	427,942	(2,020)	13,283,535
Segment direct expenses	(466,844)	(1,042,496)	(4,456,910)	(139,707)	-	(6,105,957)
Inter segment expense allocation	(92,244)	(89,795)	(542,136)	(43,701)	-	(767,876)
Total expenses	(559,088)	(1,132,291)	(4,999,046)	(183,408)	-	(6,873,833)
Provisions	(442,953)	(104,081)	(169,228)	(7,386)	2,020	(721,628)
Profit before tax	100,209	1,397,316	3,953,401	237,148	-	5,688,074
Balance Sheet						
Cash and bank balances	-	458,849	3,031,880	1,246,953	15,926,699	20,664,381
Due from financial institutions	-	-	-	-	5,590,405	5,590,405
Investments	-	-	-	36,019,275	13,137,994	49,157,269
Net inter segment lending	-	6,386,966	103,762,990	-	-	110,149,956
Islamic financings and related assets - performing	99,881,434	38,178,508	36,106,797	-	1,953,539	176,120,278
- non-performing - net	525,803	940,366	314,922	-	20,468	1,801,559
Others	3,710,689	2,876,985	3,664,459	941,411	111,182	11,304,726
Total Assets	104,117,926	48,841,674	146,881,048	38,207,639	36,740,287	374,788,574
Due to financial institutions	5,402,741	2,411,162	-	2,000,000	-	9,813,903
Deposits & other accounts	27,993,604	43,155,769	138,679,832	122,868	-	209,952,073
Net inter segment borrowing	67,988,683	-	-	34,240,681	7,920,592	110,149,956
Subordinated sukuk	-	-	-	-	7,120,000	7,120,000
Others	2,732,898	3,274,743	8,201,216	514,528	866,623	15,590,008
Total liabilities	104,117,926	48,841,674	146,881,048	36,878,077	15,907,215	352,625,940
Equity	-	-	-	1,329,562	20,833,072	22,162,634
Total Equity and liabilities	104,117,926	48,841,674	146,881,048	38,207,639	36,740,287	374,788,574
Contingencies and Commitments						
	24,419,414	18,465,114	2,875,661	14,533,028	-	60,293,217

39 TRUST ACTIVITIES

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Category	Security type	Number of securities		--- (Rupees in '000) ---	
		2020	2019	Face Value	
				2020	2019
Financial institution - related party	Shares	3,347,600	3,347,600	33,476	33,476
Asset Management Company	Ijara Sukuk	5,050,000	-	505,000	-
		8,397,600	3,347,600	538,476	33,476

40 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

On-Balance sheet Financial Instruments	2020									
	Carrying Value						Fair Value			
	Held to Maturity	Available for Sale	Financing and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets - measured at fair value										
Investments										
Federal Government securities	-	1,499,600	-	-	-	1,499,600	-	1,499,600	-	1,499,600
Non-Government debt securities	-	46,746,901	-	-	-	46,746,901	43,709,401	3,037,500	-	46,746,901
Foreign securities	-	18,333,069	-	-	-	18,333,069	18,333,069	-	-	18,333,069
Other assets										
Unrealized gain on foreign exchange contracts	-	-	-	103,621	-	103,621	-	103,621	-	103,621
Financial assets - not measured at fair value										
Cash and balances with treasury banks	-	-	-	19,096,891	-	19,096,891				
Balances with other banks	-	-	-	3,279,935	-	3,279,935				
Due from financial institution	-	-	-	2,397,516	-	2,397,516				
Investments	-	-	-	-	-	-				
Islamic financings and related assets - net	-	-	199,416,405	-	-	199,416,405				
Other asset	-	-	-	7,520,987	-	7,520,987				
	-	66,579,570	199,416,405	32,398,950	-	298,394,925				
Financial liabilities - measured at fair value										
Other liabilities										
Unrealized loss on foreign exchange contracts	-	-	-	-	29,688	29,688	-	29,688	-	29,688
Financial liabilities - not measured at fair value										
Bills payable	-	-	-	-	4,246,241	4,246,241				
Due to financial institutions	-	-	-	-	17,350,949	17,350,949				
Deposits and other accounts	-	-	-	-	237,553,365	237,553,365				
Subordinated sukuk	7,120,000	-	-	-	-	7,120,000				
Other liabilities	-	-	-	-	9,560,376	9,560,376				
	7,120,000	-	-	-	268,740,619	275,860,619				
Off-balance sheet financial instruments - measured at fair value										
Forward foreign exchange contracts - net	-	-	-	4,516,172	-	4,516,172	-	4,590,105	-	4,590,105
On-Balance sheet Financial Instruments	2019									
	Carrying Value						Fair Value			
	Held to Maturity	Available for Sale	Financing and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets - measured at fair value										
Investments										
Federal Government securities	-	9,799,254	-	-	-	9,799,254	-	9,799,254	-	9,799,254
Non-Government debt securities	-	24,770,310	-	-	-	24,770,310	21,046,375	3,712,500	11,435	24,770,310
Foreign securities	-	10,587,705	-	-	-	10,587,705	10,587,705	-	-	10,587,705
Other assets										
Unrealized gain on foreign exchange contracts	-	-	-	87,102	-	87,102	-	87,102	-	87,102
Financial assets - not measured at fair value										
Cash and balances with treasury banks	-	-	-	19,417,428	-	19,417,428				
Balances with other banks	-	-	-	1,246,953	-	1,246,953				
Due from financial institution	-	-	-	5,590,405	-	5,590,405				
Investments	4,000,000	-	-	-	-	4,000,000				
Islamic financings and related assets - net	-	-	177,921,837	-	-	177,921,837				
Other asset	-	-	-	6,098,972	-	6,098,972				
	4,000,000	45,157,269	177,921,837	32,440,860	-	259,519,966				
Financial liabilities - measured at fair value										
Other liabilities										
Unrealized loss on foreign exchange contracts	-	-	-	-	540,182	540,182	-	540,182	-	540,182
Financial liabilities - not measured at fair value										
Bills payable	-	-	-	-	2,972,307	2,972,307				
Due to financial institutions	-	-	-	-	9,813,903	9,813,903				
Deposits and other accounts	-	-	-	-	209,952,073	209,952,073				
Subordinated sukuk	7,120,000	-	-	-	-	7,120,000				
Other liabilities	-	-	-	-	8,838,504	8,838,504				
	7,120,000	-	-	-	232,116,969	239,236,969				
Off-balance sheet financial instruments - measured at fair value										
Forward foreign exchange contracts - net	-	-	-	14,540,146	-	14,540,146	-	14,087,066	-	14,087,066

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).

41 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with Dubai Islamic Bank P.J.S.C, U.A.E, the holding company, directors, related group companies, associated companies, key management personnel and Staff Retirement Funds.

A number of banking transactions are entered into with related parties in the normal course of business. These include financing and deposit transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration and other benefits to the executives are determined in accordance with the terms of their appointment.

Usual transactions with related parties include deposits, financing, returns and provision of other banking services. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

The details of transactions with related parties and balances with them are given below:

	2020						2019					
	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total
----- (Rupees in '000) -----												
Balances with other banks												
As at January 1,	-	36,608	-	-	-	36,608	-	43,126	-	-	-	43,126
Deposited during the year	-	30,701,598	-	-	-	30,701,598	-	83,983,617	-	-	-	83,983,617
Withdrawals during the year	-	(30,686,387)	-	-	-	(30,686,387)	-	(83,990,135)	-	-	-	(83,990,135)
Closing balance	-	51,819	-	-	-	51,819	-	36,608	-	-	-	36,608
Investments												
As at January 1,	-	-	-	-	-	-	1,290,092	-	-	-	-	1,290,092
Investments made during the year	-	-	-	-	-	-	-	-	-	-	-	-
Investments disposed-off during the year	-	-	-	-	-	-	(1,290,092)	-	-	-	-	(1,290,092)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Islamic financing and related assets												
As at January 1,	-	-	-	169,899	-	169,899	-	-	-	184,341	-	184,341
Disbursed during the year	-	-	-	18,255	-	18,255	-	-	-	34,365	-	34,365
Repaid during the year	-	-	-	(46,694)	-	(46,694)	-	-	-	(46,365)	-	(46,365)
Adjustments *	-	-	-	2,583	-	2,583	-	-	-	(2,442)	-	(2,442)
Closing balance	-	-	-	144,043	-	144,043	-	-	-	169,899	-	169,899
Due to Financial Institutions												
As at January 1,	-	-	-	-	-	-	-	-	-	-	-	-
Borrowed during the year	-	-	-	-	-	-	-	13,918,700	-	-	-	13,918,700
Repaid during the year	-	-	-	-	-	-	-	(15,618,330)	-	-	-	(15,618,330)
Exchange adjustment	-	-	-	-	-	-	-	1,699,630	-	-	-	1,699,630
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
As at January 1,	-	70,228	5,646	80,174	1,331,515	1,487,563	-	43,932	5,929	259,166	1,070,790	1,379,817
Received during the year	-	12,459,354	78,241	474,496	3,066,738	16,078,829	-	2,975,721	235,914	648,021	1,540,482	5,400,138
Withdrawals during the year	-	(12,387,414)	(71,279)	(456,543)	(2,963,434)	(15,878,670)	-	(2,949,425)	(236,197)	(804,934)	(1,279,757)	(5,270,313)
Adjustments *	-	-	(453)	(301)	-	(754)	-	-	-	(22,079)	-	(22,079)
Closing balance	-	142,168	12,155	97,826	1,434,819	1,686,968	-	70,228	5,646	80,174	1,331,515	1,487,563
Other Liability												
As at January 1,	-	-	-	-	-	-	-	-	-	-	-	-
Withheld during the period	-	-	-	-	14,000	14,000	-	-	-	-	-	-
Paid during the period	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	14,000	14,000	-	-	-	-	-	-
----- (Rupees in '000) -----												
	2020						2019					
	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total
Transactions during the year												
Fees and allowances	-	-	10,076	9,871	-	19,947	-	-	7,325	11,671	-	18,996
Remuneration to key management personnel (including bonus)	-	-	-	317,463	-	317,463	-	-	-	289,403	-	289,403
Profit expensed on borrowing	-	-	-	-	-	-	-	340,614	-	-	-	340,614
Profit earned on investments	-	-	-	-	-	-	51,838	-	-	-	-	51,838
Profit earned on financings	-	-	-	10,774	-	10,774	-	-	-	16,840	-	16,840
Profit expensed on deposits	-	-	562	4,582	160,823	165,967	-	-	84	4,847	144,166	149,097
Purchase of global sukuk	-	-	-	-	-	-	-	1,085,222	-	-	-	1,085,222
Sale of global sukuk	-	-	-	-	-	-	-	10,631,863	-	-	-	10,631,863
Proceeds from sale of fixed asset	-	-	-	-	-	-	-	-	-	7,243	-	7,243
Profit expensed on other liability	-	-	-	876	-	876	-	-	-	-	-	-
Contribution made to gratuity fund	-	-	-	-	68,200	68,200	-	-	-	-	55,916	55,916
Contribution made to provident fund	-	-	-	-	111,726	111,726	-	-	-	-	101,230	101,230
Contingencies and commitments												
Foreign currency purchase contracts	-	6,324,627	-	-	-	6,324,627	-	5,813,164	-	-	-	5,813,164
Foreign currency sale contracts	-	6,324,627	-	-	-	6,324,627	-	150,556	-	-	-	150,556

* Primarily relates to those directors, associates and key management personnel who are no longer related parties or have become related parties of the Bank as at December 31, 2020.

** Represents Dubai Islamic Bank Pakistan Limited's Provident & Gratuity Funds.

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital	11,652,288	11,652,288
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier I (CET I) Capital	23,489,541	20,709,655
Eligible Additional Tier I (ADT I) Capital	3,120,000	3,120,000
Total Eligible Tier I Capital	26,609,541	23,829,655
Eligible Tier II Capital	6,738,204	5,398,283
Total Eligible Capital (Tier I + Tier II)	33,347,745	29,227,938

Risk Weighted Assets (RWAs):

Credit Risk	173,567,219	150,016,588
Market Risk	415,765	819,371
Operational Risk	23,427,513	19,820,569
Total	197,410,497	170,656,528

Common Equity Tier I Capital Adequacy ratio

11.90%	12.14%
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Tier I Capital Adequacy Ratio

13.48%	13.96%
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Total Capital Adequacy Ratio

16.89%	17.13%
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42.1 Capital management

Capital Management aims to safeguard the Bank's ability to continue as a going concern so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. For this the Bank ensures strong capital position and efficient use of capital as determined by the underlying business strategy i.e. maximizing growth on continuing basis. The Bank maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The State Bank of Pakistan (SBP) has prescribed guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The disclosures below have been prepared on the basis of the SBP's guidelines.

42.2 Goals of managing capital

The goals of managing capital of the Bank are as follows:

- To be an appropriately capitalised institution, considering the requirements set by the regulators of the banking markets where the Bank operates;
- Maintain strong ratings and to protect the Bank against unexpected events; and
- Ensure availability of adequate capital at a reasonable cost so as to enable the Bank to operate adequately and provide reasonable value addition for the shareholders and other stakeholders.

42.3 Statutory minimum capital requirement and management of capital

The State Bank of Pakistan (SBP) vide circular no.7 dated April 15, 2009 had set the Minimum Capital Requirement (MCR) for banks of Rs 10 billion to be achieved in a phased manner by December 31, 2013. The paid up capital of the Bank for the year ended December 31, 2020 stands at Rs. 11.65 billion (2019: Rs. 11.65 billion) and is in compliance with the SBP requirement for the said year. The Capital Adequacy Ratio (CAR) requirement as of December 31, 2020 is 11.50%.

42.4 Capital Structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier I capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier I (CET I), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after regulatory deductibles for investment in own shares, and book value of intangibles.

b) Additional Tier I capital (AT I), which includes perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Bank.

- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of available for sale investments after deduction of indirect holding of own capital.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

	2020	2019
	---- (Rupees in '000) ----	
Leverage Ratio (LR):		
Eligible Tier I Capital	26,609,541	23,829,655
Total Exposures	358,204,763	311,597,281
Leverage Ratio	7.43%	7.65%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	67,459,090	55,984,443
Total Net Cash Outflow	33,081,322	27,417,495
Liquidity Coverage Ratio	203.92%	204.19%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	248,445,467	212,998,329
Total Required Stable Funding	224,294,003	195,663,912
Net Stable Funding Ratio	110.77%	108.86%

42.5 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time is available at <https://www.dibpak.com/index.php/financials>.

43 RISK MANAGEMENT

The Bank was granted a certificate to commence business in March 2006. The Bank is progressively implementing the guidelines issued by the SBP on risk management while keeping in sight the current and future scale and scope of its activities. Today, for the Bank, Risk Management is a structured approach to manage uncertainty related to an outcome. It is a sequence of activities including: risk assessment, policies, procedures and strategies development which are put in place to identify, measure, monitor and control the risk faced and mitigation of risk using adequate and relevant resources.

In the currently competitive banking market the Bank's rate of return is greatly influenced by its risk management capabilities as "Banking is about managing risk and return". Success in the banking business is not to eliminate or avoid risk altogether but to proactively assess and manage risks for the organization's strategic advantage.

The COVID 19 Pandemic has impacted all facets of the economy. The Government and State Bank of Pakistan has taken timely measures to reduce the negative impact of COVID 19 on the economy. In particular, the State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include reducing the capital conservation buffer by 100 basis points to 1.5 percent, increasing the regulatory limit on extension of credit to SMEs from Rs 125 million to Rs 180 million, Islamic refinance schemes for payment of salaries and wages; etc. Although these measures have provided much needed relief and positive impact, however the severity and uncertain duration of the ongoing COVID 19 situation pose a major challenge.

Bank is regularly monitoring various sectors which have been or are most likely to get affected. Since COVID affected borrowers have availed the SBP enabled deferment / restructuring & rescheduling relief, the full effect of the economic stress is difficult to predict given the uncertain economic environment. The Bank believes that its current policies for managing credit and liquidity risk are adequate in response to the current situation. Further, the CAR buffer is sufficient to absorb any unexpected shocks.

Throughout COVID – 19 pandemic, bank has invoked various actions to ensure safety of staff and to provide uninterrupted service to customers. The remote work capabilities were enabled for staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. The Bank has been encouraging customers to use Alternate Delivery Channels (ADCs) to reduce contact with currency notes and other financial instruments. The Bank has also ensured 24/7 availability of its ADCs for uninterrupted services and Call Center staff for instant customer support.

Risk Framework

The Bank's Risk management framework is based on three pillars; (a) Risk Principles and Strategies, (b) Organizational Structures and Procedures and (c) Prudent Risk Measurement and Monitoring Processes which are closely aligned with the activities of the Bank so as to give maximum value to the shareholders while ensuring that risks are kept within an acceptable level / risk appetite.

The Board determines the overall risk appetite and philosophy for the Bank. The overall risk is monitored by the Board Risk Monitoring Committee (BRMC). The terms of reference of BRMC have been approved by the Board. Various Management Committees such as Risk Management Committee (RMC), Management Credit Committee (MCC) and Asset and Liability Committee (ALCO) to support these goals.

The Chief Executive Officer (CEO) and Chief Risk Officer (CRO), in close coordination with all businesses / support functions, ensure that the Risk Management Framework approved by the Board is implemented in true spirit and risk limits are communicated and adhered for quantifiable risks by those who accept risks on behalf of the organization. Further, they also ensure that the non-quantifiable risks are communicated as guidelines and adhered to in management business decisions.

Risk Appetite

Risk management across the Bank is based on the risk appetite and philosophy set by the Board and the associated risk committees. The Board establishes the parameters for risk appetite for the Bank through:

- Setting strategic direction;
- Contributing to, and ultimately approving plans for each division; and
- Regularly reviewing and monitoring the Bank's performance in relation to risk through related reports.

It is to be ensured that the risk remains within the acceptable level and sufficient capital is available as a buffer to absorb all the risks. It forms the basis of strategies and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remain within acceptable level.

Risk Organisation

The nature of the Bank's businesses requires it to identify, measure and manage risks effectively. The Bank manages these risks through a framework of risk vision, mission, strategy, policies, principles, organizational structures, infrastructures and risk measurement and monitoring processes that are closely aligned with the activities of the Bank. The Bank Risk Management function is independent of the business areas.

In line with best practices, the Bank exercises adequate oversight through the Risk Management Committee and the Bank's Risk Management Group and has developed an elaborate risk identification measurement and management framework.

Along with the above, business heads are also specifically responsible for the management of risk within their respective businesses. As such, they are responsible for ensuring that they are in compliance with appropriate risk management frameworks in line with the standards set by the Bank.

Business heads are supported by the Risk Management Group and the Finance Department. An important element that underpins the Bank's approach to the management of all risk is independence, where the risk monitoring function is independent of the risk taking function.

The Bank also has credit risk, market risk, liquidity risk, operational risk, and investment policies in place.

43.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Bank. The credit risk arises mainly from both direct financing activities as well as contingent liabilities. The objective of credit risk management framework / policies for the Bank is to achieve sustainable and superior risk versus reward performance whilst maintaining credit risk exposure in line with the approved risk appetite.

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non-market related exposures) are assigned taking into consideration external rating(s) of counterparty(s) for the purpose of calculating Risk Weighted Assets.

The Bank has its own credit rating system (Moody's) in place which takes into account both quantitative and qualitative aspects. In addition, pro-active credit risk management is undertaken through risk concentration, counterparty limits, counterparty group limits and industry concentration limits, defining minimum risk acceptance criteria for each industry. Periodic review process and risk asset review coupled with policies on internal watch listing are capable of identifying problem financings at an early stage. In addition a full-fledged Special Assets Management (SAM) department has also been set up for dealing with problem accounts.

43.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross		Non-performing		Provision held	
	2020	2019	2020	2019	2020	2019
(Rupees in '000)						
Public / Government	-	-	-	-	-	-
Private	2,397,516	5,590,405	-	-	-	-
	<u>2,397,516</u>	<u>5,590,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

43.1.2 Investment

Credit risk by industry sector

	Gross		Non-performing		Provision held	
	2020	2019	2020	2019	2020	2019
(Rupees in '000)						
Chemical and Pharmaceuticals	143,932	239,281	-	-	-	-
Construction	4,158,699	1,552,347	-	-	-	-
Financial	4,315,864	1,890,689	-	-	-	-
Government	1,499,600	13,799,254	-	-	-	-
Other Sovereign	4,091,361	3,934,290	-	-	-	-
Power (electricity), Gas, Water, Sanitary	46,602,969	24,519,594	-	-	-	-
Real Estate	2,273,804	2,102,056	-	-	-	-
Textile	89,316	89,316	89,316	89,316	89,316	77,881
Transport, Storage and Communication	3,493,341	-	-	-	-	-
Services	-	1,108,323	-	-	-	-
	<u>66,668,886</u>	<u>49,235,150</u>	<u>89,316</u>	<u>89,316</u>	<u>89,316</u>	<u>77,881</u>

Credit risk by public / private sector

	Gross		Non-performing		Provision held	
	2020	2019	2020	2019	2020	2019
(Rupees in '000)						
Public / Government	47,520,095	37,352,085	-	-	-	-
Private	19,148,791	11,883,065	89,316	89,316	89,316	77,881
	<u>66,668,886</u>	<u>49,235,150</u>	<u>89,316</u>	<u>89,316</u>	<u>89,316</u>	<u>77,881</u>

43.1.3 Islamic Financing and related assets

Credit risk by industry sector

	Gross		Non-performing		Provision held - Specific	
	2020	2019	2020	2019	2020	2019
(Rupees in '000)						
Agriculture, Forestry, Hunting and Fishing	302,706	296,698	-	-	-	-
Automobile and transportation equipment	1,220,010	1,309,550	-	-	-	-
Cement	3,579,234	2,563,359	-	-	-	-
Chemical and Pharmaceuticals	12,810,659	12,498,698	700,813	718,880	671,488	628,039
Construction	4,727,930	3,265,408	21,454	21,454	21,454	21,454
Electronics and electrical appliances	2,904,004	2,523,652	-	-	-	-
Food and Beverages	47,174,770	34,520,432	1,818,323	437,989	425,489	437,989
Footwear and Leather garments	628,802	443,873	-	-	-	-
Individuals	34,095,227	31,362,471	892,612	835,251	615,490	518,781
Iron / Steel	13,039,779	10,578,028	318,554	372,675	55,488	47,019
Mining and Quarrying	442,400	999,200	-	-	-	-
Paper, Board and Packaging	2,191,534	2,143,642	27,159	-	4,741	-
Power (electricity), Gas, Water, Sanitary	18,039,538	21,353,916	-	-	-	-
Real Estate	708,775	1,303,695	-	53,302	-	-
Rubber and plastic	2,375,705	1,900,457	192,762	308,912	60,774	27,605
Services	8,245,319	7,242,323	-	-	-	-
Ship Breaking and Waste / Scrape	202,161	2,377	-	-	-	-
Textile	17,870,771	16,512,311	955,050	956,716	641,564	461,845
Transport, Storage and Communication	9,108,107	9,020,112	423,918	557,362	423,918	534,340
Wholesale and Retail Trade	22,480,155	19,157,612	114,690	107,730	114,690	27,827
Others	2,264,288	1,795,686	222,100	169,893	47,514	33,706
	<u>204,411,874</u>	<u>180,793,500</u>	<u>5,687,435</u>	<u>4,540,164</u>	<u>3,082,610</u>	<u>2,738,605</u>

Credit risk by public / private sector

	Gross		Non-performing		Provision held - Specific	
	2020	2019	2020	2019	2020	2019
Public / Government	33,349,821	22,638,931	-	-	-	-
Private	171,062,053	158,154,569	5,687,435	4,540,164	3,082,610	2,738,605
	<u>204,411,874</u>	<u>180,793,500</u>	<u>5,687,435</u>	<u>4,540,164</u>	<u>3,082,610</u>	<u>2,738,605</u>

43.1.4 Contingencies and Commitments

Credit risk by industry sector	2020	2019
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Agriculture, Forestry, Hunting and Fishing	593,213	1,661,333
Automobile and transportation equipment	357,120	321,724
Cement	310,480	1,271,876
Chemical and Pharmaceuticals	5,109,439	4,025,997
Commerce and Trade	3,200,961	6,324,557
Construction	567,817	744,231
Electronics and electrical appliances	2,989,598	1,658,866
Financial	5,819,030	15,730,067
Food and Beverages	2,753,955	2,214,434
Iron / Steel	6,708,551	4,988,070
Machinery and Equipment	500,460	189,688
Paper, Board and Packaging	322,559	225,582
Power (electricity), Gas, Water, Sanitary	7,211,610	3,044,903
Rubber and plastic	451,322	35,577
Services	2,210,767	3,624,553
Textile	3,015,039	3,047,218
Transport, Storage and Communication	75,995	769,097
Wholesale, Retail and Trade	7,365,210	8,251,131
Others	1,841,328	1,754,284
	<u>51,404,454</u>	<u>59,883,188</u>
Credit risk by public / private sector		
Public / Government	9,648,636	14,859,497
Private	41,755,818	45,023,691
	<u>51,404,454</u>	<u>59,883,188</u>

43.1.5 Concentration of Islamic financing and related assets

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 49,102 million (2019: Rs. 41,204 million) are as following:

	2020	2019
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Funded	43,380,149	31,414,511
Non Funded	5,721,619	9,789,344
Total Exposure	<u>49,101,768</u>	<u>41,203,855</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 55,654 million (2019: Rs. 53,503 million). Further, none of the top 10 customers have been placed under non-performing status as at December 31, 2020 and December 31, 2019.

43.1.6 Islamic financing and related assets - Province / Region-wise Disbursement & Utilization

Province / Region	2020						
	Utilization						
	Disbursements	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK
				(Rupees in '000)			
Punjab	94,229,066	92,680,009	1,310,506	10,743	-	227,808	-
Sindh	203,572,527	26,205,393	162,452,297	462,217	12,978,562	1,390,741	83,317
KPK including FATA	102,960	-	-	102,960	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	12,509,328	3,002,574	564,942	477,451	364,000	8,100,361	-
AJK	38,850	-	-	-	-	-	38,850
Total	<u>310,452,731</u>	<u>121,887,976</u>	<u>164,327,745</u>	<u>1,053,371</u>	<u>13,342,562</u>	<u>9,718,910</u>	<u>122,167</u>
Province / Region	2019						
	Utilization						
	Disbursements	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK
				(Rupees in '000)			
Punjab	87,057,561	83,945,685	3,109,661	-	-	2,215	-
Sindh	187,183,904	23,297,590	153,621,578	128,395	9,120,686	961,338	54,317
KPK including FATA	5,200	-	-	5,200	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	18,200,736	3,165,410	-	849,962	500,000	13,685,364	-
AJK	-	-	-	-	-	-	-
Total	<u>292,447,401</u>	<u>110,408,685</u>	<u>156,731,239</u>	<u>983,557</u>	<u>9,620,686</u>	<u>14,648,917</u>	<u>54,317</u>

43.2 Market Risk

Market risk is the risk that the value of the on and off balance sheet positions of the Bank will be adversely affected by movements in market rates or other underlying risk factors.

The Bank manages the market risk in its portfolios through its Market Risk Management framework and methodologies set out in its Board approved Market Risk Policy as per the SBP guidelines. A separate market risk monitoring function has also been set up.

Market Risk at the Bank is controlled by:

- Identifying the relevant market risk factors for a particular product, portfolio or business proposition;
- Applying an appropriate limit structure; and
- Setting and monitoring appropriate levels of limits.

These are adequately supported by stringent operational controls and standards and compliance with internal and regulatory policies.

Standard risk management techniques and tools have been adopted by the risk management group, including the SBP mandated stress testing methodology to monitor and manage market risk. The Bank has adopted Standardised Approach for calculation of capital charge against market risk charge.

43.2.1 Balance sheet split by trading and banking books

	2020			2019		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	(Rupees in '000)			(Rupees in '000)		
Cash and balances with treasury banks	19,096,891	-	19,096,891	19,417,428	-	19,417,428
Balances with other banks	3,279,935	-	3,279,935	1,246,953	-	1,246,953
Due from financial institutions	2,397,516	-	2,397,516	5,590,405	-	5,590,405
Investments	66,579,570	-	66,579,570	49,157,269	-	49,157,269
Islamic financing and related assets	199,416,405	-	199,416,405	177,921,837	-	177,921,837
Fixed assets	3,685,492	-	3,685,492	4,288,414	-	4,288,414
Intangible assets	321,916	-	321,916	204,062	-	204,062
Other assets	8,484,438	-	8,484,438	6,812,250	-	6,812,250
	303,262,163	-	303,262,163	264,638,618	-	264,638,618

43.2.2 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Bank purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of FX at future dates in a long or short position in different currency pairs. These positions expose the Bank to foreign exchange risk. To control this risk, the Bank primarily uses principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Bank. The Bank also strictly adheres to all associated regulatory limits.

The following is a summary of the assets of the Bank subject to foreign exchange risk:

	2020				2019			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)				(Rupees in '000)			
United States Dollar	28,938,963	(27,598,202)	(1,211,545)	129,216	15,582,240	(23,689,032)	8,313,301	206,509
Great Britain Pound	308,708	(1,860,982)	1,551,021	(1,253)	221,816	(1,318,536)	1,098,611	1,891
Japanese Yen	3,297	-	-	3,297	28,879	-	(25,659)	3,220
Euro	246,520	(878,032)	632,205	693	220,721	(683,117)	463,477	1,081
Swiss Franc	2,661	-	-	2,661	5,402	-	-	5,402
U.A.E Dirham	273,132	(3,702,693)	3,428,927	(634)	158,475	(4,060,479)	3,899,486	(2,518)
Australian Dollar	2,259	-	-	2,259	2,598	-	-	2,598
Canadian Dollar	4,576	(131,952)	125,493	(1,883)	2,851	-	-	2,851
Saudi Riyal	1,681	-	-	1,681	28,483	-	-	28,483
Chinese Yen	5,728	-	-	5,728	1,190	-	-	1,190
Singapore Dollar	1,775	-	-	1,775	9,890	-	(5,752)	4,138
	29,789,300	(34,171,861)	4,526,101	143,540	16,262,545	(29,751,164)	13,743,464	254,845

	Trading book		Banking book	
	2020	2019	2020	2019
	--- (Rupees in '000) ---		--- (Rupees in '000) ---	
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	-	847	4,156
- Other comprehensive income	-	-	574	(1,633)

43.2.3 Equity position Risk

The Bank had no exposure to equities as at the reporting date.

43.2.4 Yield / Profit Rate Risk

All products dealt in by the Bank are duly approved by the Bank's Shari'a Board / Resident Shari'a Board Member and the Bank does not conduct any business in interest related products.

The objective of yield / profit rate risk monitoring is to manage the resultant impact on the Bank's statement of financial position due to changes in profit / return on investment and financing products. Yield / profit rate risk review of the statement of financial position is also done monthly in ALCO meetings. Various ratios as prescribed by the SBP are also monitored. The Bank also uses Gap Analysis and Notional Principal Limits to monitor the risks.

Impact of 1% change in profit rates on
- Profit and loss account

2020		2019	
Banking Book	Trading Book	Banking Book	Trading Book
(Rupees in '000)			
519,143	-	380,153	-

43.2.5 Mismatch of Yield Rate Sensitive Assets and Liabilities

2020											
Effective Yield / profit rate	Total	Exposed to Yield / Profit risk									Non-profit bearing financial instruments
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
----- (Rupees in '000) -----											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	19,096,891	-	-	-	-	-	-	-	-	19,096,891
Balances with other banks	4.51%	3,279,935	10	-	-	-	-	-	-	-	3,279,925
Due from financial institutions	3.58%	2,397,516	2,397,516	-	-	-	-	-	-	-	-
Investments	8.02%	66,579,570	-	143,933	43,446,533	5,076,941	2,273,804	-	7,986,319	7,652,040	-
Islamic financing and related assets- net	11.29%	199,416,405	17,360,800	45,669,280	86,398,398	11,990,342	509,838	772,864	2,148,011	2,000,250	1,399,325
Other assets	-	7,624,608	-	-	-	-	-	-	-	-	-
		298,394,925	19,758,326	45,813,213	129,844,931	17,067,283	2,783,642	772,864	10,134,330	9,652,290	1,399,325
											61,168,721
Liabilities											
Bills payable	-	4,246,241	-	-	-	-	-	-	-	-	4,246,241
Due to financial institutions	3.17%	17,350,949	657,500	3,438,290	5,807,116	-	719,401	4,197,163	777,681	1,489,687	264,111
Deposits and other accounts	5.22%	237,553,365	160,840,975	-	-	-	-	-	-	-	-
Subordinated sukuk	11.28%	7,120,000	4,000,000	3,120,000	-	-	-	-	-	-	-
Other liabilities	-	9,590,064	-	-	-	-	-	-	-	-	-
		275,860,619	165,498,475	6,558,290	5,807,116	-	719,401	4,197,163	777,681	1,489,687	264,111
											90,548,695
On-balance sheet gap		22,534,306	(145,740,149)	39,254,923	124,037,815	17,067,283	2,064,241	(3,424,299)	9,356,649	8,162,603	1,135,214
											(29,379,974)
Off-balance sheet financial instruments											
Commitments in respect of:											
Guarantees		16,431,358	-	-	-	-	-	-	-	-	-
Forward purchase		14,577,741	-	-	-	-	-	-	-	-	-
Forward sale		(10,061,569)	-	-	-	-	-	-	-	-	(10,061,569)
Import letters of credit		24,712,924	-	-	-	-	-	-	-	-	-
Islamic financing and related assets		5,744,000	-	-	-	-	-	-	-	-	-
Commitments for acquisition of:											
- Fixed assets		252,413	-	-	-	-	-	-	-	-	-
- Intangible assets		152,764	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		51,809,631	-	-	-	-	-	-	-	-	-
											51,809,631
Total yield / profit rate risk sensitivity gap			(145,740,149)	39,254,923	124,037,815	17,067,283	2,064,241	(3,424,299)	9,356,649	8,162,603	1,135,214
											(81,189,605)
Cumulative Yield / Profit Rate Risk Sensitivity Gap			(145,740,149)	(106,485,226)	17,552,589	34,619,872	36,684,113	33,259,814	42,616,463	50,779,066	51,914,280
											(29,275,325)

2019												
Effective Yield / profit rate	Total	Exposed to Yield / Profit risk									Non-profit bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
----- (Rupees in '000) -----												
On-balance sheet financial instruments												
<u>Assets</u>												
Cash and balances with treasury banks	-	19,417,428	-	-	-	-	-	-	-	-	-	19,417,428
Balances with other banks	4.51%	1,246,953	10	-	-	-	-	-	-	-	-	1,246,943
Due from financial institutions	10.67%	5,590,405	5,590,405	-	-	-	-	-	-	-	-	-
Investments	7.95%	49,157,269	-	17,471,469	21,086,660	-	1,890,690	2,102,056	3,934,290	1,552,347	1,108,322	11,435
Islamic financing and related assets- net	13.25%	177,921,837	38,817,489	58,872,319	42,211,440	6,469,489	308,179	451,753	1,097,375	921,415	1,249,497	27,522,881
Other assets	-	6,186,074	-	-	-	-	-	-	-	-	-	6,186,074
		259,519,966	44,407,904	76,343,788	63,298,100	6,469,489	2,198,869	2,553,809	5,031,665	2,473,762	2,357,819	54,384,761
<u>Liabilities</u>												
Bills payable	-	2,972,307	-	-	-	-	-	-	-	-	-	2,972,307
Due to financial Institutions	4.14%	9,813,903	2,234,917	4,912,726	1,749,637	-	-	-	173,817	742,806	-	-
Deposits and other accounts	6.36%	209,952,073	150,185,954	-	-	-	-	-	-	-	-	59,766,119
Subordinated sukuk	12.95%	7,120,000	4,000,000	3,120,000	-	-	-	-	-	-	-	-
Other liabilities	-	9,378,686	-	-	-	-	-	-	-	-	-	9,378,686
		239,236,969	156,420,871	8,032,726	1,749,637	-	-	-	173,817	742,806	-	72,117,112
On-balance sheet gap		20,282,997	(112,012,967)	68,311,062	61,548,463	6,469,489	2,198,869	2,553,809	4,857,848	1,730,956	2,357,819	(17,732,351)
Off-balance sheet financial instruments												
Commitments in respect of:												
Guarantees		14,823,737	-	-	-	-	-	-	-	-	-	14,823,737
Forward purchase		29,644,778	-	-	-	-	-	-	-	-	-	29,644,778
Forward sale		(15,104,632)	-	-	-	-	-	-	-	-	-	(15,104,632)
Import letters of credit		24,588,918	-	-	-	-	-	-	-	-	-	24,588,918
Islamic financing and related assets		5,930,387	-	-	-	-	-	-	-	-	-	5,930,387
Acquisition of:												
- Fixed assets		283,704	-	-	-	-	-	-	-	-	-	283,704
- Intangible assets		126,325	-	-	-	-	-	-	-	-	-	126,325
Off-balance sheet gap		60,293,217	-	-	-	-	-	-	-	-	-	60,293,217
Total yield / profit rate risk sensitivity gap			(112,012,967)	68,311,062	61,548,463	6,469,489	2,198,869	2,553,809	4,857,848	1,730,956	2,357,819	(78,025,568)
Cumulative Yield / Profit Rate Risk Sensitivity Gap			(112,012,967)	(43,701,905)	17,846,558	24,316,047	26,514,916	29,068,725	33,926,573	35,657,529	38,015,348	(40,010,220)
											2020	2019
											---- (Rupees in '000) ----	
Total financial asset as per note 43.2.5											298,394,925	259,519,966
Add: Non-financial assets												
Fixed asset											3,685,492	4,288,414
Intangibles											321,916	204,062
Deferred tax assets											-	-
Other asset											859,830	626,176
Total assets as per statement of financial position											303,262,163	264,638,618
											275,860,619	239,236,969
Total financial liabilities as per note 43.2.5												
Add: Non-financial liabilities												
Deferred tax liabilities											353,054	750,167
Other liabilities											2,424,792	2,488,848
Total liabilities as per statement of financial position											278,638,465	242,475,984

[illegible]

[illegible]

Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)									

Cash and balances with treasury banks	19,417,428	19,417,428	-	-	-	-	-	-	-	-
Balances with other banks	1,246,953	1,246,953	-	-	-	-	-	-	-	-
Due from financial institutions	5,590,405	5,590,405	-	-	-	-	-	-	-	-
Investments	49,157,269	11,435	120,605	14,575,099	896,449	3,683,589	3,530,252	5,708,265	19,523,253	1,108,322
Islamic financing and related assets - net	177,921,837	16,279,678	24,937,462	38,701,150	21,277,645	14,367,711	15,761,218	29,212,939	9,852,743	7,531,291
Fixed assets	4,288,414	122,139	164,482	273,824	490,057	838,553	692,178	1,102,952	602,983	1,246
Intangible assets	204,062	6,022	7,734	13,326	21,557	42,721	40,977	40,971	30,754	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	6,812,250	1,533,748	2,811,432	2,052,095	95,100	122,679	86,222	69,677	41,297	-
	264,638,618	44,207,808	28,041,715	55,615,494	22,780,808	19,055,253	20,110,847	36,134,804	30,051,030	8,640,859

Bills payable	2,972,307	2,972,307	-	-	-	-	-	-	-	-
Due to financial institutions	9,813,903	2,234,917	4,912,726	1,749,637	-	-	-	173,817	742,806	-
Deposits and other accounts	209,952,073	13,753,738	20,366,534	22,464,189	39,992,598	28,678,520	28,584,656	56,019,451	92,387	-
Subordinated sukuk	7,120,000	-	-	-	-	-	-	-	4,000,000	3,120,000
Deferred tax liability	750,167	63,539	122,978	186,517	377,133	-	-	-	-	-
Other liabilities	11,867,534	3,549,007	2,349,316	2,038,082	629,959	942,067	857,728	822,423	678,952	-
	242,475,984	22,573,508	27,751,554	26,438,425	40,999,690	29,620,587	29,442,384	57,015,691	5,514,145	3,120,000

Share capital	11,652,288
Reserves	1,896,073
Deficit on revaluation of investments	1,265,224
Unappropriated profit	<u>7,349,049</u>
	<u>22,162,634</u>

44 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL & SPECIFIC POOLS

The Bank managed following general and specific pools during the year:

2020								
General Depositors Mudaraba Pool	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share-Net of Hiba and Mudarib Fee ('000)	Mudarib Share-Net of Hiba and Mudarib Fee (%)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Common mudaraba pool	Monthly	6.02%	50.00%	2,480,632	65.81%	404,983	14.03%	2.73%
2019								
General Depositors Mudaraba Pool	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share-Net of Hiba and Mudarib Fee ('000)	Mudarib Share-Net of Hiba and Mudarib Fee (%)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Common mudaraba pool	Monthly	6.25%	50.00%	1,732,041	55.80%	369,377	17.58%	3.54%
2020								
Specific Pools	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share-Net of Hiba and Mudarib Fee ('000)	Mudarib Share-Net of Hiba and Mudarib Fee (%)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Islamic Export Refinance - Musharaka Pool	Monthly	3.95%	50.00%	374,862	69.92%	2,515	0.67%	2.00%
Inter-bank Wakala / Musharaka borrowing pool	As required	7.57% - 15.90%	*	*	-	N/A	-	3.00% - 12.15%
Other Mudaraba Pools	As required	2.99% - 16.92%	*	7,543,524	43.03%	1,094,491	12.67%	0.25% - 13.85%
2019								
Specific Pools	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share-Net of Hiba and Mudarib Fee ('000)	Mudarib Share-Net of Hiba and Mudarib Fee (%)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Islamic Export Refinance - Musharaka Pool	Monthly	3.97%	50.00%	354,273	75.06%	1,036	0.29%	2.00%
Inter-bank Wakala / Musharaka borrowing pool	As required	5.24% - 15.68%	*	*	-	N/A	-	4.53% - 13.18%
Other Mudaraba Pools	As required	3.96% - 16.86%	*	4,515,163	28.11%	493,752	9.86%	1% - 14%

* The profit sharing ratio and the investment ratio varies case to case basis.

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on _____ by the Board of Directors of the Bank.

46 GENERAL

46.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

President & CEO

Chief Financial Officer

Director

Director

Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT SHOWING WRITTEN-OFF ISLAMIC FINANCING AND RELATED ASSETS OR
ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000/- OR ABOVE
DURING THE YEAR ENDED DECEMBER 31, 2020

S. No.	Name and address of the customer		Father/Husband Name	CNIC No.	Outstanding Liabilities at beginning of year				Principal written-off	Profit written-off	Other financial relief provided (Early Settlement charges)	Total (10+11+12)
	Name	Address			Principal	Profit	Others (Early Settlement charges)	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13
					----- (Rupees in '000) -----							
1	MUHAMMAD ASLAM	HOUSE# 445-B, PEOPLE COLONY# 2, RAJA CHOWK, FAISALABAD	SARDAR MUHAMMAD (LATE)	33100-6794803-7	2,340	498	-	2,838	-	702	-	702
2	MUHAMMAD HUSSNAIN MALIK	HOUSE# 16, MAIN NAZAIMUDDIN ROAD, SECTOR# F-8/1, ISLAMABAD	MALIK TARQ AYUB	61101-5306422-9	13,563	448	378	14,389	-	1,106	378	1,484
3	JAMSHED ALI	HOUSE CA-1 SITUATED IN ABADI CHISHTIA ABAD SAID PUR ROAD IN THE LIMIT OF MUNICIPAL CORPORATION RAWALPINDI	GHULAM MUHAMMAD	37405-0531827-1	9,015	1,067	-	10,082	-	2,059	-	2,059
4	MUHAMMAD ATIF MAQSOOD	HOUSE # 165, BLOCK K-2, WAPDA EMPLOYEES CO-OPERATIVE HOUSING SOCIETY LTD. LAHORE	MUHAMMAD RAMZAN MAQSOOD	35202-3015294-5	15,010	1,900	225	17,135	-	3,986	225	4,211
5	SHEIKH MUHAMMAD AWAIS	HOUSE # 756/30, KOT KHAN MUHAMMAD ABAD, SATIANA ROAD, FAISALABAD	Haji Salamati Ali	33100-1625109-9	8,922	333	-	9,255	-	861	-	861
					48,850	4,246	603	53,699	-	8,714	603	9,317