



## Vision:

To be recognized as the leading authentic Islamic Bank.

## Mission:

The Mission of BankIslami is to create value for our stakeholders by offering Authentic, Sharia Compliant and technologically advanced products and services. We differentiate ourselves through:

- i. Authenticity
- ii. Innovation
- iii. Understanding our clients' needs
- iv. Commitment to excellence
- v. Fast, Efficient and seamless delivery of solution. As a growing institution, the foundation for our performance lies on our human capital and BankIslami remains committed to becoming an employer of choice, attracting, nurturing and developing talent in a transparent and performance driven culture.





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## Corporate Information



### Board of Directors

Chief Justice (Retd) Mahboob Ahmed	Chairman
Mr. Ahmed Goolam Mahomed Randeree	
Mr. Ahmed Mohammed Elshall	
Mr. Ali Raza Siddiqui	
Mr. Hasan Aziz Bilgrami	President & CEO
Mr. Mohamed Abdulla Amer Al Nahdi	
Mr. Shabir Ahmed Randeree	

### Shariah Supervisory Board

Justice (Retd) Muhammad Taqi Usmani	Chairman
Professor Dr Fazlur Rahman	Member
Mufti Irshad Ahmad Aijaz	Member & Shariah Adviser

### Audit Committee

Mr. Ahmed Mohammed Elshall	Chairman
Mr. Ali Raza Siddiqui	Member
Mr. Shabir Ahmed Randeree	Member

### Executive Committee

Chief Justice (Retd) Mahboob Ahmed	Chairman
Mr. Ahmed Goolam Mahomed Randeree	Member
Mr. Ahmed Mohammed Elshall	Member
Mr. Hasan Aziz Bilgrami	Member

### Human Resource & Compensation Committee

Mr. Ali Raza Siddiqui	Chairman
Mr. Ahmed Goolam Mahomed Randeree	Member
Mr. Ahmed Mohammed Elshall	Member
Mr. Hasan Aziz Bilgrami	Member

### Company Secretary

Mr. Gohar Iqbal Shaikh

### Auditors

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

### Legal Adviser

Haidermota & Co.  
Barrister at Law

## Directors' Report



Dear Shareholders,

On behalf of the Board of the Directors' I am pleased to present the Directors Report for the first quarter of 2007.

Operationally, the Bank focused on retail business. By the grace of Allah we more than doubled the number of account holders in the first quarter alone compared with 2006 resulting in an increase of almost a billion rupees.

During the quarter under review, we successfully raised Rs. 1.2b against rights issue. The remaining cost of rights issue, which is non-recurring in nature, was chosen to be written off in this quarter contributing substantially to the operating loss.

During the quarter under review, the Bank opted to consolidate operations following opening of four branches in December 2006. As a result, no new branches were opened though the Bank has acquired sites in Lahore, Islamabad, Wah Cantt, Karachi Stock Exchange, Jodia Bazar and Mirpur Azad Kashmir. Most of these branches will become operational in the second quarter. I am also pleased to inform that the State Bank of Pakistan has permitted BankIslami to open 18 branches across Pakistan. As a part of our strategy, we are planning to open nine branches by end third quarter while the remaining shall be opened in the last quarter. This year the focus would be development of a nation wide net work. We expect to close inshallah 2007 with 28 operating branches across Pakistan.

Our sincere gratitude to the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their kind support and guidance. The Board would also like to place on record its appreciation for the staff for their commitment and hard work.

By the order of the Board

Hasan A Bilgrami  
President & CEO

April 25, 2007

## Balance Sheet

as at March 31, 2007 (Un-audited)



BankIslami

**March 31, 2007**    **December 31, 2006**

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

### ASSETS

Cash and balances with treasury banks		<b>479,839</b>	338,222
Balances with other banks		<b>838,384</b>	790,709
Due from financial institutions		<b>1,638,979</b>	412,131
Investments	5	<b>399,323</b>	493,008
Financings	6	<b>1,469,984</b>	959,133
Operating fixed assets	7	<b>501,931</b>	441,428
Deferred tax assets		<b>43,729</b>	27,130
Other assets		<b>896,035</b>	562,913
		<b>6,268,204</b>	4,024,674

### LIABILITIES

Bills payable		<b>32,212</b>	23,830
Due to financial institutions		<b>100,000</b>	50,000
Deposits and other accounts		<b>2,717,162</b>	1,778,008
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<b>231,898</b>	169,949
		<b>(3,081,272)</b>	(2,021,787)

### NET ASSETS

	<b>3,186,932</b>	<b>2,002,887</b>
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### REPRESENTED BY:

Share capital	8	<b>2,975,000</b>	2,000,000
Reserves		-	-
Accumulated loss		<b>(27,191)</b>	(8,354)
		<b>2,947,809</b>	1,991,646
Advance against future issue of share capital		<b>225,000</b>	-
Surplus on revaluation of assets		<b>14,123</b>	11,241
		<b>3,186,932</b>	<b>2,002,887</b>

### CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 14 form an integral part of these accounts.

-sd-  
Chairman

-sd-  
President / Chief Executive

-sd-  
Director

-sd-  
Director

## Profit and Loss Account

For the Quarter Ended March 31, 2007 (Un-audited)



BankIslami

	For the Quarter Ended March 31, 2007	For the Quarter Ended March 31, 2006
	----- Rupees in '000-----	
Profit / return on financings, investments and placements earned	81,331	-
Return on deposits and other dues expensed	35,646	-
Net spread	45,685	-
Provision against non-performing financings	224	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	224	-
Income after provisions	45,461	-
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	2,380	-
Dividend Income	9,145	-
Income from dealing in foreign currencies	714	-
Gain / (loss) on sale of securities	1,650	-
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	-	-
Other income	143	-
Total other income	14,032	-
	59,493	-
<b>OTHER EXPENSES</b>		
Administrative expenses	88,981	-
Other provisions/write offs	-	-
Other charges	4,866	-
Total other expenses	(93,847)	-
	(34,354)	-
Extra ordinary/unusual items	-	-
<b>LOSS BEFORE TAXATION</b>		
<b>Taxation</b>		
- Current	(880)	-
- Deferred	16,397	-
	(15,517)	-
<b>LOSS AFTER TAXATION</b>	(18,837)	-
Unappropriated/un remitted profit/(Loss) brought forward	(8,354)	-
Profit available for appropriation/unremitted profit/ (loss)	(27,191)	-
<b>Basic earnings / (loss) per share</b>	10	Re. (0.09)
<b>Diluted earnings / (loss) per share</b>	10	Re. (0.09)

The annexed notes 1 to 14 form an integral part of these accounts.

-sd-  
Chairman

-sd-  
President / Chief Executive

-sd-  
Director

-sd-  
Director

## Cash Flow Statement

For the Quarter Ended March 31, 2007 (Un-audited)



BankIslami

	March 31, 2007	March 31, 2006
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(34,354)	-
Add: Deferred cost incurred - net	-	(1,130)
Add: Dividend income	(9,145)	-
	<u>(43,499)</u>	<u>(1,130)</u>
Adjustments:		
Depreciation	13,398	5,020
Amortization	421	570
Provision against non-performing financings	224	-
Surplus / (deficit) on revaluation of investments (classified as held-for-trading)	-	-
Loss / (gain) on sale of fixed assets	-	-
Deferred cost amortized	4,020	-
Gain on revaluation of derivative instrument	-	-
	<u>18,063</u>	<u>5,590</u>
	<u>(25,436)</u>	<u>4,460</u>
(Increase) / decrease in operating assets		
Due from financial institutions	(1,226,848)	-
Held-for-trading securities	93,685	-
Financings	(511,075)	-
Others assets (excluding advance taxation and deferred cost)	(335,224)	(20,027)
	<u>(1,979,462)</u>	<u>(20,027)</u>
Increase / (decrease) in operating liabilities		
Bills payable	8,382	-
Borrowings from financial institutions	50,000	-
Deposits and other accounts	939,154	-
Other liabilities	60,853	1,799
	<u>1,058,389</u>	<u>1,799</u>
	<u>(946,508)</u>	<u>(13,767)</u>
Income tax paid	(1,919)	(2,142)
Net cash flow from operating activities	<u>(948,427)</u>	<u>(15,909)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	-	-
Dividend income received	12,027	-
Investments in operating fixed assets	(74,322)	(45,228)
Sale proceeds of property and equipment disposed-off	-	-
Net cash flow from investing activities	<u>(62,295)</u>	<u>(45,228)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of share capital	975,000	-
Advance against future issue of share capital - net off issue of shares	225,000	528,510
Net cash flow from financing activities	<u>1,200,000</u>	<u>528,510</u>
Effects of exchange rate changes on cash and cash equivalents	15	-
<b>Net increase in cash and cash equivalents</b>	<u>189,292</u>	<u>467,374</u>
<b>Cash and cash equivalents at beginning of the period</b>	12 <u>1,128,931</u>	12 <u>1,160,098</u>
<b>Cash and cash equivalents at end of the period</b>	12 <u>1,318,223</u>	12 <u>1,627,471</u>

The annexed notes 1 to 14 form an integral part of these accounts.

-sd-  
Chairman

-sd-  
President / Chief Executive

-sd-  
Director

-sd-  
Director



## Statement of Changes in Equity

For the Quarter Ended March 31, 2007 (Un-audited)



BankIslami

	Share Capital	Accumulated Loss	Total
	----- Rupees in '000 -----		
<b>Balance as of January 01, 2006</b>	595,025	-	595,025
Issue of share capital	-	-	-
<b>Balance as of March 31, 2006</b>	<b>595,025</b>	-	<b>595,025</b>
Loss for the period ended December 31, 2006	-	(8,354)	(8,354)
Issue of share capital	1,404,975	-	1,404,975
<b>Balance as of December 31, 2006</b>	<b>2,000,000</b>	(8,354)	<b>1,991,646</b>
Loss for the period ended March 31, 2007	-	(18,837)	(18,837)
Issue of share capital	975,000	-	975,000
<b>Balance as of March 31, 2007</b>	<b>2,975,000</b>	<b>(27,191)</b>	<b>2,947,809</b>

The annexed notes 1 to 14 form an integral part of these financial statements.

-sd-  
Chairman

-sd-  
President / Chief Executive

-sd-  
Director

-sd-  
Director

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## Notes to the Financial Statements

For the Quarter Ended March 31, 2007 (Un-audited)



### 1. STATUS AND NATURE OF BUSINESS

- 1.1** BankIslami Pakistan Limited was incorporated in Pakistan as a public limited company on October 18, 2004 under the Companies Ordinance, 1984 to carry out business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah. The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi.
- 1.2** The State Bank of Pakistan (SBP) issued a "Scheduled Islamic Commercial Bank" license to the Bank on March 18, 2005 and granted approval for commencement of Islamic Banking Business on March 13, 2006. The Securities and Exchange Commission of Pakistan issued Certificate of Commencement of Business on March 17, 2006. The SBP declared the Bank a scheduled bank on March 17, 2006 under section 37 of the State Bank of Pakistan Act, 1956. After fulfillment of certain formalities, the Bank commenced its operations from April 07, 2006.
- 1.3** The shares of the Bank are quoted on the Karachi Stock Exchange. The Bank is operating with ten branches as at March 31, 2007.

### 2. BASIS OF PRESENTATION

- 2.1** These financial statements have been prepared in accordance with the requirements of State Bank of Pakistan.
- 2.2** The Bank commenced its operations from April 07, 2006 and accordingly, no profit and loss account for the quarter ended March 31, 2006 was prepared. Accordingly, there are no corresponding figures to report for profit and loss account.
- 2.3** The Bank provides financing mainly through shariah compliant financial products. Except for Murabaha transactions (which are accounted for under the Islamic Financial Accounting Standard - 1), the purchases, sales and rentals arising 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.

### 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Accounting Standards (IASs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or the requirements of the said directives take precedence. The disclosures made in these financial statements have, however, been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004, and International Accounting Standard 34 – "Interim Financial Reporting".

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2006.



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	Held by bank	Given as collateral	Total
	-----Rupees in '000-----		
<b>5. INVESTMENTS</b>			
Balance as at March 31, 2007	399,323	-	399,323
Balance as at December 31, 2006	493,008	-	493,008
Balance as at March 31, 2006	-	-	-
<b>5.1 INVESTMENTS BY TYPES:</b>			
Held-for-trading securities	-	-	-
Available-for-sale securities	385,200	-	385,200
Held-to-maturity securities	-	-	-
<b>Investment at cost</b>	385,200	-	385,200
Surplus/(Deficit) on revaluation of Held-for-trading securities	-	-	-
Surplus/(Deficit) on revaluation of Available-for-sale securities	14,123	-	14,123
<b>Total investments at market value</b>	399,323	-	399,323
		<b>March 31, 2007</b>	<b>December 31, 2006</b>
	<b>Note</b>	----- Rupees in '000-----	
<b>6. FINANCINGS</b>			
In Pakistan			
-Murabaha	6.1 , 6.2	523,185	359,166
-Istisna		74,919	74,919
-Diminishing Musharka		304,233	224,233
-Bills purchased - Murabaha		3,543	-
-Net investment in Ijara Financing		528,873	271,755
-Financing to staff		36,456	30,061
Financing - gross		1,471,209	960,134
Provision for non-performing financing - General	6.3	(1,225)	(1,001)
Advances - net of provision		1,469,984	959,133

**6.1** Includes financing amounting to Rs. 100.00 million against Murabaha under Islamic Export Refinance Scheme.



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	March 31, 2007	December 31, 2006	
	----- Rupees in '000-----		
<b>6.2 Murabaha sale price</b>	<b>174,507</b>	600,924	
Purchase price	<u>165,242</u>	<u>547,436</u>	
	<u>9,265</u>	<u>53,488</u>	
<b>Deferred Murabaha income</b>			
Opening balance	37,403	-	
Deferred during the year	9,265	53,488	
Recognised during the year	<u>13,446</u>	<u>16,085</u>	
	<u>33,222</u>	<u>37,403</u>	
<b>Murabaha receivable</b>			
Opening balance	359,166	-	
Sales during the year	174,507	600,924	
Received during the year	<u>10,488</u>	<u>241,758</u>	
	<u>523,185</u>	<u>359,166</u>	
<b>6.3 Particulars of provision against non-performing financings:</b>			
	31 March, 2007	31 December, 2006	
	Specific General Total	Specific General Total	
	----- Rupees in '000-----		
Opening balance	-	(1,001)	(1,001)
Charge for the period / year	-	(224)	(224)
Closing balance	<u>-</u>	<u>(1,225)</u>	<u>(1,225)</u>
	<u>-</u>	<u>(1,001)</u>	<u>(1,001)</u>
<b>6.4 No financings have been written off during the year.</b>			
	<b>March 31, 2007</b>	<b>December 31, 2006</b>	
	----- Rupees in '000-----		
<b>7. OPERATING FIXED ASSETS</b>			
Operating fixed assets	430,979	432,709	
Capital work-in-progress	<u>70,952</u>	<u>8,719</u>	
	<u>501,931</u>	<u>441,428</u>	
<b>7.1 Operating fixed assets</b>			
Opening book value	432,709	29,219	
Additions during the period / year	7.1.1 13,431	434,481	
Disposal during the period / year	7.1.2 -	(959)	
Depreciation charged during the period / year	<u>(13,872)</u>	<u>(30,032)</u>	
	<u>432,268</u>	<u>432,709</u>	



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	March 31, 2007	December 31, 2006
	----- Rupees in '000-----	
<b>7.1.1 Additions during the period / year</b>		
Building	-	231,756
Furniture & Fixture	2,710	91,097
Electrical, office and computer equipments	7,947	76,480
Vehicles	2,713	24,769
Computer software	61	10,379
	<u>13,431</u>	<u>434,481</u>
<b>7.1.2 Disposals during the period / year (book value)</b>		
Vehicles	-	888
Computer equipments	-	71
	<u>-</u>	<u>959</u>
<b>7.2 Capital work-in-progress</b>		
Civil works	66,772	6,805
Equipments	2,674	534
Advances to suppliers and contractors	1,506	1,380
	<u>70,952</u>	<u>8,719</u>

## 8. SHARE CAPITAL

### 8.1 Authorised capital

March 31, 2007	December 31, 2006		March 31, 2007	December 31, 2006
----- No of Shares-----			----- Rupees in '000-----	
<u>600,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs.10/- each	<u>6,000,000</u>	<u>6,000,000</u>

### 8.2 Issued, subscribed and paid up

March 31, 2007	December 31, 2006		March 31, 2007	December 31, 2006
----- Rupees in '000-----		Ordinary shares	----- Rupees in '000-----	
200,000,000	59,502,500	Fully paid in cash	2,000,000	595,025
-	-	- Opening balance	-	-
-	-	- Subscription paid during the period/year	-	-
<u>97,500,000</u>	<u>140,497,500</u>	- Issued during the period/year	<u>975,000</u>	<u>1,404,975</u>
<u>297,500,000</u>	<u>200,000,000</u>		<u>2,975,000</u>	<u>2,000,000</u>



BankIslami

A stay order has been granted by the Honorable High Court of Sindh in favour of Al Baraka Investment Company Limited, Dallah Albaraka (Ireland) Limited and Dallah Albaraka Investment Company Limited against the Bank and Jahangir Siddiqui & Company Limited (JSCL - one of main sponsors of the Bank). JSCL has, however, subscribed against the right shares subsequent to the year-end. The stay order restricts the Bank and JSCL from creating third party interest in the shareholding of JSCL in the Bank. The matter is currently pending adjudication, and accordingly, the Bank does not intend to issue shares to JSCL unless the matter has been decided by the Court. The State Bank of Pakistan has granted extension up to June 30, 2007 to meet minimum capital requirement of Rs. 3 Billion up to June 31, 2007 or till such time decision is made by the Honorable High Court, whichever is earlier.

	March 31, 2007	December 31, 2006
	----- Rupees in '000-----	
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
<b>9.1 Trade-related contingent liabilities</b>		
Import letters of credit	<u>713,911</u>	<u>207,002</u>
Acceptances	<u>50,593</u>	<u>113,018</u>
<b>9.2 Transaction-related contingent liabilities</b>		
Guarantees favouring - Others	<u>48,535</u>	<u>42,910</u>
Advance payments favouring - Others	<u>69,393</u>	<u>67,901</u>
<b>9.3 Commitments for the acquisition of operating fixed assets</b>	<u>1,932</u>	<u>22,560</u>
<b>9.4 Commitments for acquisition of investments</b>	<u>-</u>	<u>14,400</u>
<b>9.5 Commitments in respect of financing</b>	<u>802,653</u>	<u>172,310</u>
<b>9.6 Other commitments</b>		
Bills for collection	<u>15,784</u>	<u>4,159</u>
<b>10. BASIC EARNINGS / (LOSS) PER SHARE</b>		
Loss for the period / year	Rupees in '000 <u>(18,837)</u>	<u>(8,354)</u>
Weighted average number of ordinary shares	Number <u>201,300,000</u>	<u>188,979,486</u>
Basic earnings / (loss) per share	<u>Rs. (0.09)</u>	<u>Re. (0.04)</u>
Diluted earnings / (loss) per share	<u>Rs. (0.09)</u>	<u>Re. (0.04)</u>



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## 11. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of principal shareholders, directors, key management personnel, and companies where directors of the Bank also hold directorship. The transactions with related parties are summarized below:

	Associates		Key management		Other related parties	
	March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
<b>Financings:</b>						
At January 1 -	-	-	3,526	3,719	26,330	1,541
Disbursed during the year	-	-	-	-	10,851	4,768
Repaid during the year	-	-	48	48	677	189
At March 31 -	-	-	3,478	3,671	36,504	6,120
<b>Deposits:</b>						
At January 1	98,350	-	431	-	10,350	-
Deposit During the period	178,290	-	1,743	-	50,952	-
Withdrawal during the period	182,215	-	1,408	-	47,362	-
At March 31	94,425	-	766	-	13,940	-
<b>Transactions, income and Expenses:</b>						
Commission on issue of Capital	101	-	-	-	-	-
Return on deposits expensed	1,543	-	2	-	88	-
Rent expense -	396	-	-	-	-	-
					<b>2007</b>	<b>2006</b>
Principal Shareholders:						
Share Capital issued			450,806		529,975	
Advance against issue of Capital			225,000		-	

March 31, 2007      December 31, 2006

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

## 12. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	<b>479,839</b>	338,222
Balances with other banks	<b>838,384</b>	790,709
	<b><u>1,318,223</u></b>	<b><u>1,128,931</u></b>

## 13. GENERAL

The figures in the financial statements are rounded off to the nearest thousand Rupees, unless otherwise stated.

## 14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Bank on April 25, 2007.

-sd-  
Chairman

-sd-  
President / Chief Executive

-sd-  
Director

-sd-  
Director