

بَيْنَاكَ وَإِسْلَامِي



BankIslami

10  
YEARS

# A DECADE OF

DEDICATION | DEVOTION | DETERMINATION

HALF YEARLY REPORT  
JUNE 30, 2016

Serving you, the Right way

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## Corporate Information

AS AT JUNE 30, 2016

### Board of Directors

Mr. Ali Hussain	Chairman
Mr. Ali Mohd Hussain Ali Al Shamali	
Mr. Ali Raza Siddiqui	
Mr. Fawad Anwar	
Mr. Hasan A. Bilgrami	Chief Executive Officer
Mr. Kamal Afsar	
Mr. Siraj Ahmed Dadabhoy **	

### Sharia'h Supervisory Board

Mufti Irshad Ahmad Aijaz	Chairman
Mufti Muhammad Husain	Member
Mufti Javed Ahmed	Member

### Audit Committee

Mr. Fawad Anwar	Chairman
Mr. Ali Raza Siddiqui	Member
Mr. Ali Mohd Hussain Ali Al Shamali	Member

### Risk Management Committee

Mr. Ali Mohd Hussain Ali Al Shamali	Chairman
Mr. Fawad Anwar	Member
Mr. Hasan A. Bilgrami	Member

### I.T. Committee

Mr. Hasan A. Bilgrami	Chairman
Mr. Ali Hussain	Member
Mr. Ali Raza Siddiqui	Member

### Human Resource & Compensation Committee

Mr. Ali Hussain	Member
Mr. Ali Raza Siddiqui	Member
Mr. Ali Mohd Hussain Ali Al Shamali	Member
Mr. Hasan A. Bilgrami	Member
Mr. Kamal Afsar	Member

### Executive Committee

Mr. Ali Hussain	Chairman
Mr. Ali Raza Siddiqui	Member
Mr. Ali Mohd Hussain Ali Al Shamali	Member
Mr. Fawad Anwar	Member
Mr. Hasan A. Bilgrami	Member

### M & A Committee

Mr. Fawad Anwar	Chairman
Mr. Ali Mohd Hussain Ali Al Shamali	Member
Mr. Hasan A Bilgrami	Member

\*\*co-opted effective June 04, 2016 subject to SBP approval

**Investment/dis-investment Committee**

Mr. Ali Hussain  
Mr. Fawad Anwar  
Mr. Hasan A Bilgrami

Chairman  
Member  
Member

**Company Secretary**

Mr. Khawaja Ehrar ul Hassan

**Auditors**

Ernst & Young Fordh Rhodes Sidat Hyder & Co.  
Chartered Accountants

**Legal Adviser**

1- Haidermota & Co.  
Barrister at Law

2- Mohsin Tayebaly & Co.  
Corporate Legal Consultants / Barristers & Advocates  
High Courts & Supreme Court

**Management (in alphabetical order)**

Mr. Ahmad Mobeen Malik  
Mr. Bilal Zuberi  
Mr. Fakhir Ahmad  
Mr. Farooq Anwar  
Ms. Gulbano Bokhari Asim  
Mr. Hasan A. Bilgrami  
Mr. Khawaja Ehrar ul Hassan  
Mr. Muhammad Faisal Shaikh  
Mr. Muhammad Kamran Siddiqui  
Mr. Rehan Shuja Zaidi  
Mr. Saad Ahmed Madani  
Mr. Sadaruddin Pyar Ali  
Mr. Sohail Sikandar  
Mr. Syed Akhtar Ausaf  
Mr. Syed Ata Hussain Jaffri  
Mr. Syed Muhammad Aamir Shamim  
Mr. Syed Mujtaba Hussain Kazmi

Regional General Manager  
Regional General Manager  
Head, Human Resources  
Head, Operations  
Head Consumer & Retail Banking  
Chief Executive Officer  
Company Secretary & Head of Legal  
Head, Shariah Advisory & Structuring  
Head, Service Quality & Phone Banking  
Head, Internal Audit  
Regional General Manager  
Head, Administration & General Services  
Chief Financial officer  
Head, Risk Management  
Head, Information System  
Head, Treasury & Financial Institutions  
Head, Corporate Finance

**Registered Office**

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

**Share Registrar**

Technology Trade (Private) Limited  
Dagia House, 241-C, Block-2,  
P.E.C.H.S. Off: Shakra-e-Qaideen,  
Karachi.  
Phone: (92-21) 34387960-61  
Fax: (92-21) 34391318

**Website:**

www.bankislami.com.pk

## Directors' Report – Unconsolidated Financial Results

On behalf of the Board, I am pleased to present the financial results of the Bank for the half year ended June 30, 2016. Following are the highlights:

	Jun-16	Jun-15	Growth (%)
	.....Rupees in millions.....		
Total Deposits	148,609	141,334	5.15%
Total Assets	185,079	177,030	4.55%
Total Financing	81,449	57,599	41.41%
Total Investments	73,031	40,149	81.90%
Shareholder's Equity (including revaluation)	11,886	11,139	6.71%
Branches	317	317	-
Basic Earning per share - rupees	0.356	0.111	220.72%

By the Grace of Allah swt, BankIslami completed its 10 years of commercial operations on April 7<sup>th</sup>, 2016. From being the smallest Bank in 2006, to now being the 11<sup>th</sup>\* largest Bank with 317 branches in 93 Cities of Pakistan. Alhamdulillah.

### **Financial Highlights:**

The total deposits of the Bank has increased by 5.15% as compared to June 2015. Slow growth in deposits is mainly due to more than Rs. 27bn that the Bank has paid to the depositors of the defunct KASB Bank as well as more focus on the Current & Saving ('CASA') accounts. CASA mix has improved to 71.79% from 65.90% in June 2015 due to which Cost of Fund has declined by 139bps.

Earning assets of the Bank has grown by 5.7% as compared to June 2015 and has been majorly deployed in financing and investments. Moreover, the financing to deposit ratio and investments to deposit ratio have also improved to 54.81% (June 2015: 40.75%) and 49.14% (June 2015: 28.41%) respectively. It has resulted in growth in profit earned by 17.50% in June 2016 as compared to 12.25% in June 2015.

The bottom line of the Bank has improved to Rs. 359mn as compared to Rs. 63mn in same period. The administrative expenses have increased by 42.73% as compared to June 2015 due to amalgamation of operations of defunct KASB Bank into the Bank.

Going forward, we expect to improve upon our operating results by fully realizing the opportunities provided in all facets of the banking business. We are also optimistic about the future growth of the balance sheet of the Bank through newly opened branches.

### **Operational Achievements:**

It gives us pleasure to inform you that the Bank has signed strategic alliance agreements with Honda Pakistan and Audi Pakistan – leading brands in the auto industry – for priority delivery to our Auto Ijarah customers. The Bank has also signed an agreement to provide Cash Management solutions to Akhuwat Foundation for the distribution of its Qarz-e-Hasna Scheme. It has been chosen again by AIFalah GHP Investment Management Limited to provide Sharia'h Advisory service for its new Sharia'h compliant fund.

BankIslami has also launched a new corporate financing product structured under *Wakalahtul Istithmar* model. This product enables BankIslami to extend Sharia'h compliant financing in the areas such as software development and power generation etc. where other structures are not ideal. The Bank has been recently awarded 'Service Excellence Award' by MoneyGram International for its quality remittance service.

The Bank is striving to embrace the green energy by installing solar power in its branches. This initiative will help in minimizing the energy cost and will also be a reliable source of power to branches especially in the far flung areas. In all more than 120 branches are being converted on solar energy.

In the month of Ramadan, the Bank launched a 360 degree media campaign which was broadcasted on seventeen leading TV channels & fourteen Radio stations. Digital & Social media was actively used also. The campaign was well received by the target audience which positively enhanced the brand equity & brand awareness of BankIslami. Alhamdulillah.

The Credit rating of the Bank is "A+" for long term entity rating and "A1" for short-term rating by Pakistan Credit Rating Agency Limited (PACRA).

The Board would like to place on record its deep appreciation for the State Bank of Pakistan for providing assistance and guidance. It would also like to thank the Securities and Exchange Commission of Pakistan and other regulatory authorities for their support to us. We would like to show our gratitude to our valued customers, business partners and shareholders for their continued patronage and trust. Moreover, we would also like to acknowledge the dedication, commitment and hard work put in by our management team and staff members that has enabled BankIslami to capture a prominent position in the Banking industry in general and Islamic Banking industry in particular.

On behalf of the Board,

Hasan A Bilgrami  
Chief Executive Officer  
August 27, 2016

\*in terms of network

## ڈائریکٹرز کی رپورٹ

میں بورڈ کی جانب سے 30 جون، 2016 کو اختتام پذیر ہونے والے ششماہی نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمبر (فیصد)	جون-16	جون-15
--- روپے بلین میں ---		
کل ڈپازٹ	148,609	141,334
کل اثاثے	185,079	177,030
کل تنویل	81,449	57,599
کل سرمایہ کاری	73,031	40,149
حصہ داران کی سرمایہ کاری دوبارہ قیمت لگانے کے بعد	11,886	11,139
شخصیں	317	317
فی حصہ بنیادی آمدنی	0.356	0.111
	220.72%	

اللہ سبحانہ و تعالیٰ کے فضل سے 7 اپریل 2016ء کو بینک اسلامی نے اپنی کاروباری سرگرمیوں کے 10 سال مکمل کر لئے۔ الحمد للہ 2006ء میں سب سے چھوٹے بینک کی حیثیت سے آغاز کرنے والا بینک اسلامی آج 93 شہروں میں 317 برانچوں کی موجودگی کے ساتھ پاکستان کا گیارہواں \* بڑا بینک ہے۔ مالیاتی کارکردگی کے اہم نکات:

جون 2015ء کے مقابلہ میں بینک کے ڈپازٹ میں 5.15% فیصد اضافہ ہوا۔ ڈپازٹ میں سست اضافہ کی بڑی وجہ 27 اپریل 2016ء میں سب سے چھوٹے بینک کے ڈپازٹرز کو ادائیگی اور کرنٹ اور سیونگ اکاؤنٹ کے مجموعے پر زیادہ توجہ ہے۔ بینک کے کرنٹ اور سیونگ اکاؤنٹ کے مجموعہ جون 2015ء میں 61.90% فیصد کے مقابلہ میں بڑھ کر 71.79% فیصد ہو گئے ہیں جس کے نتیجے میں مالیاتی لاگت میں 139 بیس پوائنٹ سے کم ہو گئی۔

بینک کے اثاثوں میں جون 2015ء کے مقابلہ میں 5.7% فیصد اضافہ ہوا جس میں زیادہ تر اثاثے تنویل یا سرمایہ کاری میں لگا دیے گئے۔ مزید برآں تنویل اور سرمایہ کاری سے ڈپازٹ کی شرح بھی جون 2015ء میں 40.75% فیصد اور 28.41% فیصد بالترتیب سے بڑھ کر جون 2016ء میں 54.81% فیصد اور 49.14% فیصد ہو گئی ہے۔ اس کے نتیجے میں جون 2016ء میں نفع 17.50% فیصد ہو گیا جو جون 2015ء میں 12.25% فیصد تھا۔

رواں سال بینک کی حتمی آمدنی بھی بہتر ہو کر 359 ملین ہو گئی ہے جبکہ پچھلے سال اسی دوران یہ 63 ملین تھی۔ انتظامی اخراجات میں جون 2015ء کے مقابلہ میں 42.73% فیصد اضافہ ہوا جس کی بڑی وجہ کا عدم KASB بینک کا انتظام تھا۔

ہم پُر امید ہیں کہ مستقبل میں اسلامی بینکاری میں متوقع تنویلی کے نتائج میں مزید بہتری آئے گی۔ اس طرح نئی کھلنے والی بینک اسلامی کی برانچوں سے بھی بیلنس شیٹ میں بہتری کی امید ہے۔

کامیابیاں:

آپ کو یہ بتانا ہمارے لئے باعث فخر ہے کہ بینک اسلامی نے پاکستان آٹو انڈسٹری کی قیادت کرنے والے ہونڈا پاکستان اور آڈی پاکستان کے ساتھ اپنے آٹو اجارہ کے کسٹمرز کو ترجیحی بنیادوں پر گاڑی فراہم کرنے کے لئے اعلیٰ سطحی معاہدہ کیے ہیں۔ بینک نے اخوت فاؤنڈیشن کے ساتھ بھی قرض حسنہ کی تقسیم کے لئے قوم کے انتظام کا حل فراہم کرنے کے لئے معاہدہ کیا ہے۔ الحمد للہ اخلاص جی ایچ پی انوسٹمنٹ مینجمنٹ لمیٹڈ کی جانب سے بینک کو ایک بار پھر اس کی نئی پروڈکٹ کی شریعت

سے ہم آہنگی کے لئے شرعی مشاورت کی خدمات سرانجام دینے کے لئے منتخب کیا گیا ہے۔

بینک کی کمپنیز کو توبلی خدمات کی فراہمی کے لئے ایک اور پروڈکٹ فراہم کرنا شروع کی ہے جس کی بنیاد وکالت الاستثمار کے طریقے پر ہے۔ اس پروڈکٹ کی بدولت بینک ان جگہوں پر بھی شریعت سے ہم آہنگ سرمایہ فراہم کرنے کے قابل ہو جائے گا جہاں دیگر توبلی طریقے مثالی نہیں ہیں جیسے سوئٹ و بیرونانا، بکلی کی پیداوار وغیرہ۔ حال ہی میں بینک کو اپنی معیاری ترسیلات زر کی خدمات پر مبنی گرام کی جانب سے "سرویز ایکسلنس ایوارڈ" سے بھی نوازا گیا ہے۔

بینک ماحول دوست توانائی کو اپنانے میں سب سے آگے بڑھنے کے عزم کو لئے ہوئے اپنی برانچوں میں شش توانائی کا نظام لگا رہا ہے۔ یہ قدم توانائی کی لاگت میں کمی لانے میں مدد فراہم کرنے کے ساتھ ساتھ بالخصوص دور دراز کی برانچوں کے لئے ایک قابل اعتماد توانائی کا ذریعہ بھی ہوگا۔ اب تک 120 سے زائد برانچیں شش توانائی کے نظام پر منتقل ہو چکی ہیں۔

ماہ رمضان میں بینک نے "360 ڈگری" میڈیا مہم چلائی جو 70 فی وی چینلز اور 14 ریڈیو اسٹیشنز پر نشر کی گئی۔ اس طرح ڈیجیٹل اور سوشل میڈیا کو بھی مہم کے لئے بھرپور استعمال کیا گیا۔ جس کے نتیجے میں اس مہم کو لوگوں کی طرف سے خوب پذیرائی ملی جس سے برانڈ کی قدر، اور شعور میں اضافہ ہوا۔ الحمد للہ!

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے بینک کے طویل مدت کے لئے ریٹنگ "A+" اور قریب مدتی ریٹنگ "A1" ہے۔

بینک اسلامی کارپورڈ، اسٹیٹ بینک آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتا ہے۔ اس کے ساتھ ساتھ سیکورٹی ایڈجسٹمنٹ آف پاکستان اور دیگر انتظامی نگران اداروں کا بھی ان کی معاونت پر بیحد مشکور ہے۔ ہم اپنے قابل قدر صارفین، کاروباری شراکت دار، اور حصہ داران کی مسلسل حمایت اور بھروسے پر ان کے انتہائی شکر گزار ہیں۔ اس کے ساتھ ساتھ ہم اپنی انتظامی جماعت اور عملے کے افراد کی لگن، وابستگی، اور انتھک محنت کو تسلیم کرتے ہیں جس کے نتیجے میں ہی بینک اسلامی کو بینکنگ انڈسٹری میں باعوم اور اسلامی بینکنگ انڈسٹری میں بالخصوص امتیازی مقام حاصل ہوا۔

بورڈ کی جانب سے

حسن اے بلگرامی

افسر اعلیٰ

27 اگست، 2016

\* برانچوں کی تعداد کی بنیاد پر



## **Auditors' Report to The Members on Review Of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of BankIslami Pakistan Limited (the Bank) as at 30 June 2016 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity and note to the accounts for the six-months' period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

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

### **Other Matter**

The financial statements of the Bank for the six-months period ended 30 June 2015 and for the year ended 31 December 2015 were reviewed and audited by another firm of chartered accountants who have expressed unmodified conclusion and unmodified opinion thereon dated 30 December 2015 and 6 June 2016 respectively.

Ernst & Young Fordh Rhodes Sidat Hyder & Co.  
Chartered Accountants  
Engagement Partner: Omer Chughtai  
Date: August 27, 2016  
Karachi

## Condensed Interim Unconsolidated Statement Of Financial Position

AS AT JUNE 30, 2016

AS AT JUNE 30, 2016

	Note	(Un-audited) June 30, 2016	Restated (Audited) December 31, 2015
----- Rupees in '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	9	7,537,562	9,035,886
Balances with other banks	10	552,335	1,780,710
Due from financial institutions	11	2,816,736	39,824,221
Investments	12	73,031,415	35,885,958
Islamic financing and related assets and Advances	13	81,448,824	68,793,669
Operating fixed assets	14	6,147,275	5,884,243
Deferred tax asset - net	15	6,197,853	6,591,439
Other assets		7,346,518	6,434,619
		185,078,518	174,230,745
<b>LIABILITIES</b>			
Bills payable		2,045,738	1,523,933
Due to financial institutions	16	17,122,802	3,197,770
Deposits and other accounts	17	148,608,550	153,058,102
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		5,415,242	5,264,670
		173,192,332	163,044,475
<b>NET ASSETS</b>		11,886,186	11,186,270
<b>REPRESENTED BY</b>			
Share capital	18	10,079,121	10,079,121
Discount on Issue of shares		(79,042)	(79,042)
Reserves	19	715,589	351,723
		10,715,668	10,351,802
Surplus on revaluation of assets - net of tax	20	1,170,518	834,468
		11,886,186	11,186,270
<b>CONTINGENCIES AND COMMITMENTS</b>			
	21		

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

-Sd-	-Sd-	-Sd-	-Sd-
CHAIRMAN	PRESIDENT / CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

## Condensed Interim Unconsolidated Profit And Loss Account (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2016

	Note	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
------(Rupees in '000)-----					
Profit / return earned	22	2,700,827	4,935,313	2,102,418	4,104,789
Profit / return expensed		1,456,462	2,858,405	1,223,277	2,337,138
Net spread earned		<u>1,244,365</u>	<u>2,076,908</u>	<u>879,141</u>	<u>1,767,651</u>
Reversal of provision against non-performing Islamic financing and related assets and advances (net) (Reversal) / Provision for diminution in the value of investments and placements - net		(425,380)	(926,148)	(201,976)	(192,894)
Bad debts written off directly		(185,739)	(232,344)	-	5,016
		(611,119)	523	-	-
		(1,157,969)	(201,976)	(187,878)	
Net spread after provisions		<u>1,855,484</u>	<u>3,234,877</u>	<u>1,081,117</u>	<u>1,955,529</u>
<b>OTHER INCOME</b>					
Fee, commission and brokerage income		122,364	216,458	104,648	202,625
Dividend Income		-	-	-	-
Income from dealing in foreign currencies		11,222	25,963	16,007	47,585
Gain on sale of securities		28,215	36,996	-	11,853
Unrealised gain on revaluation of investments classified as "held for trading"		-	-	-	-
Other income		31,718	67,687	51,503	62,264
Total other income		<u>193,519</u>	<u>347,104</u>	<u>172,158</u>	<u>324,327</u>
		<u>2,049,003</u>	<u>3,581,981</u>	<u>1,253,275</u>	<u>2,279,856</u>
<b>OTHER EXPENSES</b>					
Administrative expenses		1,477,579	2,934,102	1,136,645	2,055,670
Other provisions		-	-	6,837	6,837
Other charges		12,673	12,673	3,613	6,667
Total other expenses		<u>1,490,252</u>	<u>2,946,775</u>	<u>1,147,095</u>	<u>2,069,174</u>
		<u>558,751</u>	<u>635,206</u>	<u>106,180</u>	<u>210,682</u>
Extraordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<u>558,751</u>	<u>635,206</u>	<u>106,180</u>	<u>210,682</u>
Taxation					
- Current		29,015	52,896	27,763	49,340
- Prior periods		-	-	21,876	21,876
- Deferred		296,462	223,629	59,533	76,199
		<u>325,477</u>	<u>276,525</u>	<u>109,172</u>	<u>147,415</u>
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<u>233,274</u>	<u>358,681</u>	<u>(2,992)</u>	<u>63,267</u>
------(Rupees)-----					
Basic earnings / (loss) per share	24	<u>0.231</u>	<u>0.356</u>	<u>(0.005)</u>	<u>0.111</u>
------(Rupees)-----					
Diluted earnings / (loss) per share	24	<u>0.231</u>	<u>0.356</u>	<u>(0.005)</u>	<u>0.111</u>

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

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CHAIRMAN

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PRESIDENT / CHIEF EXECUTIVE

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DIRECTOR

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DIRECTOR

## Condensed Interim Unconsolidated Statement Of Comprehensive Income (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
	(Rupees in '000)			
<b>Profit / (Loss) after taxation for the period</b>	233,274	358,681	(2,992)	63,267
<b>Other Comprehensive Income</b>				
<b>Items that may not be reclassified to profit and loss account in subsequent periods</b>				
Remeasurement of defined benefit plan	-	-	8,058	8,058
Tax on remeasurement of defined benefit plan	-	-	(2,820)	(2,820)
	-	-	5,238	5,238
<b>Comprehensive income transferred to statement of changes in equity</b>	233,274	358,681	2,246	68,505
<b>Components of comprehensive income not reflected in equity</b>				
Surplus / (Deficit) on revaluation of available for sale investments	278,154	477,265	(337,954)	(156,893)
Related Deferred tax liability	(167,042)	(167,042)	118,325	54,954
	111,112	310,223	(219,629)	(101,939)

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

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CHAIRMAN

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PRESIDENT / CHIEF EXECUTIVE

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DIRECTOR

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DIRECTOR

## Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016	June 30, 2015
------(Rupees in '000)-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		635,206	210,682
<b>Adjustments for non - cash charges and other items :</b>			
Depreciation on owned assets		315,847	208,085
Amortisation of intangible assets		19,784	8,782
Depreciation on operating ljarah assets		552,100	379,466
Reversal of provision against non-performing Islamic financing and related assets and advances - net	13.11.3	(926,148)	(192,894)
(Reversal) / Provision for diminution in the value of investments and placements		(232,344)	5,016
Charge for defined benefit plan		33,846	33,460
Other provisions / write offs		-	6,837
Gain on sale of operating fixed assets		(17,290)	(2,754)
		(254,205)	445,998
		381,001	656,680
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		37,007,485	(31,176,644)
Islamic financing and related assets and advances - net		(12,281,106)	(5,589,183)
Other assets (excluding advance taxation)		(842,229)	202,291
		23,884,150	(36,563,536)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		521,805	818,325
Due to financial institutions		13,925,032	19,730,340
Deposits and other accounts		(4,449,552)	(6,335,557)
Other liabilities (excluding current taxation and defined benefit assets)		154,781	(80,537)
		10,152,066	14,132,571
		34,417,217	(21,774,285)
Payments against defined benefit plan		(103,517)	(32,820)
Income tax paid		(57,105)	(48,410)
<b>Net cash generated / (used in) from operating activities</b>		34,256,595	(21,855,515)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(36,435,848)	19,009,362
Investments in operating fixed assets		(550,619)	(266,201)
Net cash inflow on acquisition		-	4,560,601
Proceeds from disposal of operating fixed assets		3,173	3,173
<b>Net cash generated from / (used in) investing activities</b>		(36,983,294)	23,306,935
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of right shares		-	4,320,400
<b>Net cash generated from financing activities</b>		-	4,320,400
<b>Increase in cash and cash equivalents</b>		(2,726,699)	5,771,820
Cash and cash equivalents at the beginning of the period		10,816,596	7,094,967
<b>Cash and cash equivalents at the end of the period</b>	25	8,089,897	12,866,787

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

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CHAIRMAN

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PRESIDENT / CHIEF EXECUTIVE

-Sd-

DIRECTOR

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DIRECTOR

## Condensed Interim Unconsolidated Statement Of Changes In Equity (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2016

	Share capital	Discount on issue of shares	Statutory Reserves	Reserve for bad debts & contingencies	Unappropriated profit	Total
	(Rupees in '000)					
<b>Balance as at January 01, 2015</b>	5,758,721	(79,042)	273,176	-	266,946	6,219,801
Profit after tax for the period	-	-	-	-	63,267	63,267
Other comprehensive income for the period	-	-	-	-	-	-
Transfer to reserves for bad debts and contingencies	-	-	-	250,000	(250,000)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	17,478	17,478
Issue of right shares	4,320,400	-	-	-	-	4,320,400
Remeasurements of the net defined benefit liability/(asset) - net of tax	-	-	-	-	5,238	5,238
<b>Balance as at June 30, 2015</b>	10,079,121	(79,042)	273,176	250,000	102,929	10,626,184
Loss after taxation for the period	-	-	-	-	(259,271)	(259,271)
Other comprehensive income for the period	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(4,826)	(4,826)
Remeasurements of the net defined benefit liability / (asset) - net of tax	-	-	-	-	(10,285)	(10,285)
<b>Balance as at December 31, 2015</b>	10,079,121	(79,042)	273,176	250,000	(171,453)	10,351,802
Profit after tax for the period	-	-	-	-	358,681	358,681
Other comprehensive income for the period	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,185	5,185
<b>Balance as at June 30, 2016</b>	10,079,121	(79,042)	273,176	250,000	192,413	10,715,668

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

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CHAIRMAN

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PRESIDENT / CHIEF EXECUTIVE

-Sd-  
DIRECTOR

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DIRECTOR

## Notes To And Forming Part Of The Condensed Interim Unconsolidated Financial Information (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2016

### 1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan as a public limited company on October 18, 2004 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking activities and investment activities.

The Bank is operating through 317 branches including 124 sub branches as at June 30, 2016 (Dec 31, 2015: 317 branches including 124 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

- 1.2 As mentioned in note 4 below, during last year KASB Undertakings have been acquired and amalgamated with the Bank under a scheme sanctioned under section 47 of the Banking Companies Ordinance, 1962.

### 2 BASIS OF PRESENTATION

- 2.1 The Bank provides financing mainly through Murabaha, Ijarah, Istisna, Diminishing Musharka, Musawama and other Islamic modes.
- 2.2 The purchases and sales arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable as directed by the Shariah Board of the Bank.
- 2.3 These condensed interim financial information are the separate condensed interim financial information of the Bank in which investments in subsidiaries are carried at cost less accumulated impairment losses, if any, and are not consolidated. The consolidated financial information of the Group are being issued separately.

### 3 STATEMENT OF COMPLIANCE

- 3.1** These condensed interim unconsolidated financial statements of the Bank for the half year ended June 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 3.2** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with financial statements for the year ended 31 December 2015.

### 4 BUSINESS COMBINATION

#### 4.1 Acquisition of KASB Bank Limited undertakings

During the previous year, under the 'Scheme of Amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited under Section 47 of the Banking Companies Ordinance, 1962', hereinafter referred to as 'The Scheme', KASB Bank Undertakings have been acquired and amalgamated with the bank. The Scheme is effective from May 7, 2015.

KASB Bank Undertaking as per the Scheme means the business and all assets and liabilities, of the then KASB Bank Limited of whatsoever nature and wherever situated.

- 4.1.1** The KASB Bank Limited at the time of acquisition by the Bank had the following three subsidiaries (both direct and indirect) which by virtue of amalgamation have now become subsidiaries of the Bank:

	Name of Entity	Percentage of holding	Nature of relationship
1	My Solutions Corporation Limited	100.00%	Direct
2	KASB Securities Limited	77.12%	Direct
3	Structured Ventures (Private) Limited	77.12%	Indirect

- 4.1.2** The Bank accounted for the amalgamation by applying acquisition method of accounting as prescribed by the International Financial Reporting Standard 3, "Business Combination" (IFRS 3).



"The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. At the time of acquisition, the management was in the process of carrying out a detailed exercise for the identification and valuation of assets acquired (including intangible assets) for the purpose of the initial accounting for the acquisition. According to the requirements of IFRS 3, if the initial accounting for a business combination remains incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report provisional amounts for the items for which the accounting is incomplete. Such provisional values shall be adjusted retrospectively within a period of one year from the acquisition date to reflect the results of the valuation and information that existed as of acquisition date."

**4.1.3** The fair valuation exercise for assets and liabilities acquired has now been completed by the management with the assistance of an independent valuer and the accounting treatment of fair valuation of KASB Bank Undertaking's assets and liabilities (including the contingent liabilities) in the books has been finalised in the current period and accounted for in these interim condensed unconsolidated financial statements. Details of the provisional fair values of the assets acquired, liabilities assumed and purchase consideration and the resultant goodwill recognised are as follows:

	May 7, 2015 Rupees in '000
Fair value of assets acquired	53,993,354
Fair value of liabilities assumed	(59,890,186)
Net liabilities assumed	(5,896,832)
<b>Purchase Consideration:</b>	
Cash payable	(1)
Fair value benefit of financing from SBP	2,952,536
	2,952,535
Excess of purchase consideration over net assets	(2,944,297)

The SBP vide its letter no. BPRD(R&P-02)/625-112/2-16/20881 dated 26 August 2016 has allowed the Bank to carry goodwill at 30 June 2016 without testing for impairment.

	(Restated) -----as per consultant's report-----		
	Provisional fair value as at 7 May 2015 (based on audited financial statement as at 31 December 2015)	Final fair value adjustments recognised during the period	Fair value as at 7 May 2015
	-----Rupees in '000-----		
<b>ASSETS</b>			
Cash and balances with treasury banks	3,703,800	-	3,703,800
Balances with other banks	856,801	-	856,801
Investments	28,665,255	-	28,665,255
Advances	11,098,985	(636,506)	10,462,479
Operating fixed assets	2,157,083	-	2,157,083
Intangible recognised on acquisition	40,600	-	40,600
Deferred tax assets - net	6,111,811	583,779	6,695,590
Other assets - net	1,411,746	-	1,411,746
	54,046,081	(52,727)	53,993,354
<b>LIABILITIES</b>			
Bills payable	163,920	-	163,920
Borrowings	313,206	-	313,206
Deposits and other accounts	57,338,264	-	57,338,264
Other liabilities	1,973,937	100,859	2,074,796
	59,789,327	100,859	59,890,186
<b>Fair Value of Net assets acquired</b>	(5,743,246)	(153,586)	(5,896,832)

In addition, the audited financial statements of the defunct KASB Bank Limited as at May 7, 2015 include a sum of Rs 981,410,000 representing advance against issue of right shares which has been treated and disclosed as a part of equity. This amount does not form part of the KASB Bank Undertaking acquired and amalgamated with the bank as per the Scheme. A case has been filed in respect of this matter, details of which are disclosed in note 21.5 to these interim condensed unconsolidated financial statements.

## 5 BASIS OF MEASUREMENT

This condensed interim unconsolidated financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value in accordance with the requirements of the SBP. Further, staff retirement benefits have been carried at present value as determined under the International Accounting Standard (IAS) 19 (revised), "Employee Benefits".

## 6 FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim unconsolidated financial Information are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

## 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015 except for change in accounting policy as explained in note 7.2 below.

### 7.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim unconsolidated financial information.

The Bank has adopted the following amendment to IFRSs which became effective for the current period.

- IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

- IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

In addition to the above standards and interpretations, improvements to following accounting standards have also been issued by the IASB and are generally effective for current period.

- IFRS 5 - Non-Current Assets Held For Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements.
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information ' elsewhere in the interim financial report'

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on this condensed interim unconsolidated financial statements.

## 7.2 Non banking assets acquired in satisfaction of claims

Effective January 1, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 30.754 million while surplus on revaluation of assets and deferred tax assets would have been lower by Rs 34.011

## 8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
----- Rupees in '000 -----			
<b>9 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		3,666,266	2,304,599
- foreign currency		341,658	347,816
		<u>4,007,924</u>	<u>2,652,415</u>
With the State Bank of Pakistan in			
- local currency current account		1,619,340	4,615,510
- foreign currency deposit accounts			
Cash Reserve Account		241,957	141,716
Special Cash Reserve Account		96,971	228,335
US Dollar Clearing Account		46,955	48,066
		<u>385,883</u>	<u>418,117</u>
With National Bank of Pakistan in			
- local currency current account		1,524,415	1,349,844
		<u>7,537,562</u>	<u>9,035,886</u>
<b>10 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- in current accounts		4,853	4,544
- in deposit accounts		94	93
		<u>4,947</u>	<u>4,637</u>
Outside Pakistan			
- in current accounts		547,388	1,776,073
- in deposit accounts		-	-
		<u>547,388</u>	<u>1,776,073</u>
		<u>552,335</u>	<u>1,780,710</u>
<b>11 DUE FROM FINANCIAL INSTITUTIONS</b>			
Sukuk Murabahah	11.1	2,139	5,349
Commodity Murabahah - local currency	11.2	2,816,736	39,824,221
		<u>2,818,875</u>	<u>39,829,570</u>
Other placements - transferred from the amalgamated entity		32,400	32,400
		<u>2,851,275</u>	<u>39,861,970</u>
Provision against Sukuk Murabahah	11.1	(2,139)	(5,349)
Provision against placement - transferred from the amalgamated entity		(32,400)	(32,400)
		<u>2,816,736</u>	<u>39,824,221</u>

- 11.1** In prior years, the Bank entered into Sukuk Murabahah arrangement under which the Bank appointed its client as an agent under asset purchase agreements to purchase the underlying sukuk from open market on its behalf and later sell them on deferred Murabahah basis. The maturity date of the deal was February 08, 2009. The Bank has recovered an amount of Rs. 3.210 million during the period. The Bank is making efforts to recover the outstanding balance and has made a provision against the outstanding amount.

- 11.2** The Bank has entered into Commodity Murabahah agreements under which the Bank purchases an underlying commodity from open market through an agent and sells it to a financial institution on credit with profit. The profit rates on the agreements range between 5.9% to 6.3% (December 31, 2015: 6.02% to 6.7%) per annum and the agreements have maturities ranging from 4 days to 29 days (December 31, 2015: 4 days to 185 days).

		(Un-audited)	(Audited)
	Note	June 30, 2016	December 31, 2015
		----- Rupees in '000 -----	
<b>12 INVESTMENTS</b>			
Investments - Islamic	12.1	71,087,711	34,126,388
Investments - Conventional (relating to defunct KASB Bank Limited)*	12.2	1,943,704	1,759,570
		<u>73,031,415</u>	<u>35,885,958</u>

**12.1 Investments - Islamic by Types**

		(Un-Audited) -----June 30, 2016-----			(Audited) -----December 31, 2015-----		
Note		Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
		----- (Rupees in '000) -----					
<b>Available for sale securities</b>							
Sukuk / Certificates	12.1.1	47,289,099	-	47,289,099	10,805,042	-	10,805,042
Units of Open-end mutual fund	12.1.1	21	21	21	21	-	21
Ordinary shares of listed company	12.1.1	242,645	-	242,645	242,645	-	242,645
Bai Muajjal		22,959,292	-	22,959,292	22,959,292	-	22,959,292
		<u>70,491,057</u>	<u>-</u>	<u>70,491,057</u>	<u>34,007,000</u>	<u>-</u>	<u>34,007,000</u>
<b>Subsidiary</b>	12.1.1	191,015	-	191,015	191,015	-	191,015
<b>Total investments at cost</b>		<u>70,682,072</u>	<u>-</u>	<u>70,682,072</u>	<u>34,198,015</u>	<u>-</u>	<u>34,198,015</u>
Less: Provision for diminution in value of investments	12.1.1	(46,125)	-	(46,125)	(46,125)	-	(46,125)
Investments - net of Provisions		<u>70,635,947</u>	<u>-</u>	<u>70,635,947</u>	<u>34,151,890</u>	<u>-</u>	<u>34,151,890</u>
Surplus / (Deficit) on revaluation of available-for-sale securities	20.3	451,764	-	451,764	(25,502)	-	(25,502)
<b>Total investments at market value</b>		<u>71,087,711</u>	<u>-</u>	<u>71,087,711</u>	<u>34,126,388</u>	<u>-</u>	<u>34,126,388</u>

		(Un-audited)	(Audited)
	Note	June 30, 2016	December 31, 2015
		----- Rupees in '000 -----	
<b>12.1.1 Investments - Islamic by Segments</b>			
<b>Federal Government Securities</b>			
GOP Ijarah Sukuks		44,469,496	9,330,423
<b>Sukuk certificates</b>			
Sukuks - Unlisted		2,819,603	1,474,619
<b>Fully paid up ordinary shares / Units</b>			
Units of Open-End Mutual Funds		21	21
Listed Companies		242,645	242,645
<b>Other Federal Government Securities</b>			
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		22,959,292	22,959,292
<b>Subsidiary</b>			
BankIslami Modaraba Investment Limited - Unlisted company		191,015	191,015
<b>Total investments at cost</b>		<u>70,682,072</u>	<u>34,198,015</u>
Less: Provision for diminution in value of investments		(46,125)	(46,125)
<b>Investments - net of provisions</b>		<u>70,635,947</u>	<u>34,151,890</u>
Surplus / (Deficit) on revaluation of available-for-sale securities	20.3	451,764	(25,502)
<b>Total Islamic investments at market value</b>		<u>71,087,711</u>	<u>34,126,388</u>

\*These investments are under process of conversion / liquidation.

## 12.2 Investments - Conventional by Type (relating to defunct KASB Bank Limited)

Note	(Un-Audited) June 30, 2016			(Audited) December 31, 2015		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
(Rupees in '000)						
<b>Available for sale securities</b>	12.2.1					
Ordinary Shares of listed companies	841,950	-	841,950	841,950	-	841,950
Ordinary Shares of unlisted companies	1,189,030	-	1,189,030	1,189,030	-	1,189,030
Listed Term Finance Certificates	105,312	-	105,312	105,312	-	105,312
Unlisted Term Finance Certificates	177,822	-	177,822	222,821	-	222,821
	2,314,114	-	2,314,114	2,359,113	-	2,359,113
<b>Held to maturity securities</b>	12.2.1					
Unlisted Term Finance Certificates	321,601	-	321,601	321,601	-	321,601
	321,601	-	321,601	321,601	-	321,601
<b>Associates</b>	12.2.1					
	1,660,111	-	1,660,111	1,660,111	-	1,660,111
<b>Subsidiaries</b>	12.2.1					
	2,499,708	-	2,499,708	2,499,708	-	2,499,708
<b>Total investments at fair value</b>			6,795,534			6,840,533
Less: Provision for diminution in value of investments	12.2.1		(4,851,830)			(5,080,963)
<b>Total Investments - net of Provisions</b>			1,943,704			1,759,570
Surplus on revaluation of available-for-sale securities	20		-			-
<b>Total investments at market value</b>			1,943,704			1,759,570

### 12.2.1 Investments - Conventional by Segments

	(Un-Audited) June 30, 2016	(Audited) December 31, 2015
(Rupees in '000)		
<b>Fully paid-up ordinary shares</b>		
- Listed companies	841,950	841,950
- Unlisted companies	1,189,030	1,189,030
	2,030,980	2,030,980
<b>Term Finance Certificates</b>		
- Listed companies	105,312	105,312
- Unlisted companies	499,423	544,422
	604,735	649,734
<b>Associates</b>		
Unlisted		
KASB Capital Limited (Formerly KASB International Limited)	41,867	41,867
KASB Funds Limited	432,302	432,302
New Horizon Exploration & Production Limited	558,000	558,000
Shakarganj Food Products Limited	627,942	627,942
	1,660,111	1,660,111
<b>Subsidiaries</b>		
Listed		
KASB Securities Limited	2,394,937	2,394,937
Unlisted		
My Solutions Corporation Limited	104,771	104,771
	2,499,708	2,499,708
<b>Total investments at fair value</b>	6,795,534	6,840,533
Less: Provision for diminution in value of investments	(4,851,830)	(5,080,963)
<b>Investments - net of provisions</b>	1,943,704	1,759,570
Surplus on revaluation of available for sale securities	-	-
<b>Total investments at market value</b>	1,943,704	1,759,570

	Note	(Un-audited) June 30, 2016	(Restated) (Audited) December 31, 2015
----- Rupees in '000 -----			
<b>13 ISLAMIC FINANCING AND RELATED ASSETS AND ADVANCES</b>			
Islamic financing and related assets - net	13.1	80,953,715	66,260,609
Advances (relating to defunct KASB Bank Limited)	13.2	495,109	2,533,060
		<u>81,448,824</u>	<u>68,793,669</u>
<b>13.1 Islamic financing and related assets - net</b>			
In Pakistan			
- Murabaha financing and related assets	13.3	33,447,398	30,966,858
- Istisna financing and related assets	13.4	14,506,797	11,951,754
- Diminishing Musharka - Housing		6,722,196	5,516,984
- Diminishing Musharka financing and related assets - Others	13.5	7,727,490	6,464,608
- Against Bills- Murabaha		-	62,512
- Post Due Acceptance		12,802	11,556
- Musawama financing and related assets	13.7	5,571,643	5,465,376
- Financing to employees		1,943,123	1,847,139
- Salam	13.8	43,000	2,000,000
- Investment agency Wakalah		6,250,000	-
- Payment Against Document		8,059	-
		<u>76,232,508</u>	<u>64,286,787</u>
Housing finance portfolio		78,010	83,980
Net investment in Ijarah financing in Pakistan		56,579	64,445
Ijarah financing under IFAS 2 and related assets	13.6	6,357,052	4,414,721
<b>Gross financing and related assets</b>		<u>82,724,149</u>	<u>68,849,933</u>
Less: Provision against non-performing Islamic financing and related assets			
- Specific	13.11 & 13.11.1	(1,606,261)	(2,455,621)
- General	13.11 & 13.11.1	(164,173)	(133,703)
<b>Islamic financing and related assets - net of provisions</b>		<u>80,953,715</u>	<u>66,260,609</u>
<b>13.2 Advances (relating to defunct KASB Bank Limited)*</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		9,823,085	12,092,129
Outstanding Pakistan		-	-
		<u>9,823,085</u>	<u>12,092,129</u>
Net investment in finance lease			
In Pakistan		613,786	660,149
Outstanding Pakistan		-	-
		<u>613,786</u>	<u>660,149</u>
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		835,269	843,557
- Payable outside Pakistan		-	-
		<u>835,269</u>	<u>843,557</u>
<b>Advances - gross</b>		<u>11,272,140</u>	<u>13,595,835</u>
Less: Provision against non-performing Advances			
- Specific		(10,775,140)	(11,060,885)
- General		(1,891)	(1,890)
<b>Advances - net of provisions</b>		<u>495,109</u>	<u>2,533,060</u>

\*Most of the advances are delinquent. Nonetheless, management is making efforts to convert these into Islamic financing or liquidate.

	(Un-audited) June 30, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
<b>13.3 Murabaha financing and related assets</b>		
Murabahah financing	12,175,945	19,658,149
Advance against Murabahah financing	21,271,453	11,308,709
	<u>33,447,398</u>	<u>30,966,858</u>
<b>13.4 Istisna'a financing and related assets</b>		
Istisna financing	8,393,961	4,476,496
Advance against Istisna financing	5,325,786	5,672,724
Istisna inventories	787,050	1,802,534
	<u>14,506,797</u>	<u>11,951,754</u>
<b>13.5 Diminishing Musharakah financing and related assets - Others</b>		
Diminishing Musharakah financing	7,712,586	6,096,950
Advance against Diminishing Musharakah financing	14,904	367,658
	<u>7,727,490</u>	<u>6,464,608</u>
<b>13.6 Ijarah financing under IFAS 2 and related assets</b>		
Net book value of assets under IFAS 2	5,459,128	3,905,102
Advance against Ijarah financing	897,924	509,619
	<u>6,357,052</u>	<u>4,414,721</u>
<b>13.7 Muswammah financing and related assets</b>		
Muswammah financing	3,637,432	1,846,665
Advance against Musawama financing	1,934,211	3,618,711
	<u>5,571,643</u>	<u>5,465,376</u>
<b>13.8 Salam</b>		
Advance against Salam	43,000	2,000,000
<b>13.9</b>	Istisna financing and related assets includes financing amounting to Rs. 1,300 million (December 31, 2015: Rs. 150 million) and related advance amounting to Rs. 962.440 million (December 31, 2015: Rs. 831.25 million) under Islamic Export Refinance Scheme.	
<b>13.10</b>	Murabahah financing and related assets includes financing amounting to Rs. 68.60 million (December 31, 2015: Rs.50 million) and related advance amounting to Rs. Nil (December 31, 2015: Rs.189.1 million) under Islamic Export Refinance Scheme.	



- 13.11 Islamic financing and related assets and advances include Rs. 13,743.612 million (December 31, 2015: Rs. 15,230.980 million) which have been placed under non-performing status as follows:

Category of Classification	June 30, 2016 (Un-audited)								
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets especially mentioned (OAEM)	269,788	-	269,788	-	-	-	-	-	-
Substandard	953,988	-	953,988	308,102	-	308,102	308,102	-	308,102
Doubtful	351,191	-	351,191	127,571	-	127,571	127,571	-	127,571
Loss	12,168,646	-	12,168,646	11,945,728	-	11,945,728	11,945,728	-	11,945,728
	13,743,613	-	13,743,613	12,381,401	-	12,381,401	12,381,401	-	12,381,401

  

Category of Classification	December 31, 2015 (Audited) (Restated)								
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets especially mentioned (OAEM)	159,355	-	159,355	-	-	-	-	-	-
Substandard	859,300	-	859,300	273,064	-	273,064	273,064	-	273,064
Doubtful	382,990	-	382,990	135,009	-	135,009	135,009	-	135,009
Loss	13,829,335	-	13,829,335	13,108,433	-	13,108,433	13,108,433	-	13,108,433
	15,230,980	-	15,230,980	13,516,506	-	13,516,506	13,516,506	-	13,516,506

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

	June 30, 2016 (Un-audited)			December 31, 2015 (Audited) (Restated)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	13,516,506	135,593	13,652,099	524,414	76,644	601,058
Transfer from the amalgamated entity	-	-	-	13,932,612	6,238	13,938,850
Charge for the period / year	358,395	30,470	388,865	324,602	52,711	377,313
Reversals	(1,493,500)	-	(1,493,500)	(1,247,551)	-	(1,247,551)
	(1,135,105)	30,470	(1,104,635)	(922,949)	52,711	(870,238)
Amount written off	-	-	-	(93,662)	-	(93,662)
Transferred from provision against off-balance sheet obligations	-	-	-	76,091	-	76,091
Closing balance	12,381,401	166,063	12,547,464	13,516,506	135,593	13,652,099

- 13.11.2

	June 30, 2016 (Un-audited)			December 31, 2015 (Audited) (Restated)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Islamic Financing and related assets	1,606,261	164,172	1,770,433	2,455,621	133,703	2,589,324
Advances	10,775,140	1,891	10,777,031	11,060,885	1,890	11,062,775
	12,381,401	166,063	12,547,464	13,516,506	135,593	13,652,099

- 13.11.3 Reversal net of fair value adjustment taken to profit and loss account

	(Unaudited) June 30, 2016	(Audited) December 31, 2015
	(Rupees in '000)	
Gross reversals	(1,493,500)	(1,247,551)
Charge for the period/year	388,865	377,313
	(1,104,635)	(870,238)
Fair value adjusted against reversals	178,487	230,715
Net reversals taken to the profit and loss account	(926,148)	(639,523)

- 13.11.4 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

**13.11.5** SBP vide various circulars has amended Prudential Regulations in respect of provisioning against non-performing financing under which the benefit of forced Sale value (FSV) has been allowed for certain collaterals held against these non-performing financings. The benefit availed as at June 30, 2016 amounts to Rs 289.548 million (December 2015: Rs 238.542 million). The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2016 amounts to Rs 188.206 million (December 2015: Rs.155.052 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
------(Rupees in '000)-----			
<b>14 OPERATING FIXED ASSETS</b>			
Capital work-in-progress		47,049	101,463
Property and equipment		5,932,806	5,619,810
Intangible assets		167,420	162,973
		<u>6,147,275</u>	<u>5,884,246</u>
<b>14.1 Additions to operating fixed assets - net</b>			
Furniture and fixture		414,916	36,519
Electrical, office and computer equipment		191,566	130,138
Vehicles		7,541	67
Capital work-in-progress		22,150	51,370
<b>14.2 Additions to intangibles</b>			
Computer software		24,228	5,454
Core deposits		-	40,600
<b>14.3 Disposals of operating fixed assets</b>			
Electrical, office and computer equipment		757	4,340
Vehicles		3	66
		(Un-audited) June 30, 2016	(Restated) (Audited) December 31, 2015
------(Rupees in '000)-----			
<b>15 DEFERRED TAX ASSET - NET</b>			
<b>DEBIT ARISING FROM DEFERRED TAX</b>			
Accumulated Tax losses	15.1	1,863,615	1,949,348
Tax Credit against minimum tax	15.2	368,458	315,488
Deficit on revaluation of available for sale securities		-	8,925
Provision for diminution in the value of Investment		510,245	590,441
Provision against non-performing Islamic Financing and related assets		3,806,275	3,832,981
Provision for gratuity		21,253	21,253
Impairment of goodwill		92,618	92,240
Fair value adjustment		76,214	81,726
Others		602,603	638,953
		<u>7,341,280</u>	<u>7,531,355</u>
<b>CREDIT ARISING FROM DEFERRED TAX</b>			
Ijarah Financing and related Assets		(16,332)	-
Accelerated tax depreciation		(231,065)	(201,923)
Surplus on revaluation of fixed assets		(656,542)	(656,390)
Surplus on revaluation of available for sale securities		(157,885)	-
Net Investment in Finance lease		(81,603)	(81,603)
		<u>(1,143,427)</u>	<u>(939,916)</u>
		<u>6,197,853</u>	<u>6,591,439</u>

- 15.1** The Bank has aggregate tax losses of Rs. 9,822.614 million as at June 30, 2016 which includes tax losses of defunct KASB Bank Limited (now amalgamated with and into the Bank). The management has carried out an assessment for estimating the benefit of these losses, which the Bank would be able to set off from the profit earned in future years against these carry forward losses. Based on this assessment the management has recognised deferred tax debit balance amounting to Rs. 1,863.615 million (December 31, 2015: Rs. 1,949.348 million). The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the Board of Directors. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing loans and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

	Note	(Un-audited) June 30, 2016 ------(Rupees in '000)-----	(Audited) December 31, 2015
<b>16 DUE TO FINANCIAL INSTITUTIONS</b>			
In Pakistan		17,122,802	3,197,770
Outside Pakistan		-	-
		<u>17,122,802</u>	<u>3,197,770</u>
<b>16.1 Details of due to financial institution secured/unsecured</b>			
<b>Secured</b>			
Acceptances from State bank of Pakistan under Islamic Export Refinance Scheme	16.1.1	2,234,040	1,039,350
Acceptances from State bank of Pakistan for liquidity support	16.1.2	2,258,762	2,158,420
<b>Unsecured</b>			
Call acceptances		12,630,000	-
		<u>17,122,802</u>	<u>3,197,770</u>

- 16.1.1** The acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of the State Bank of Pakistan (SBP). A limit of Rs. 5,000 million (2015: Rs. 5,000 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the current period.
- 16.1.2** This represents a 10 year financing facility of Rs.5,000 million extended by the SBP. The facility is secured against Government of Pakistan Ijarah sukuk. The 10 year facility was provided on the basis of Mudaraba to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis ( the last declared rate in this respect is 0.01% per annum).

	(Un-audited) June 30, 2016	(Audited) December 31, 2015
	----- (Rupees in '000) -----	
<b>17 Deposits and Other Accounts</b>		
<b>Customers</b>		
Fixed deposits	40,335,226	47,405,448
Savings deposits	48,799,148	51,231,874
Current accounts - non-remunerative	47,884,288	44,844,739
Margin accounts - non-remunerative	524,238	391,114
	<u>137,542,900</u>	<u>143,873,175</u>
<b>Financial Institutions</b>		
Remunerative deposits	10,805,644	8,964,444
Non-remunerative deposits	260,006	220,483
	<u>148,608,550</u>	<u>153,058,102</u>
<b>17.1 Particulars of deposits</b>		
In		
- local currency	145,715,445	150,404,887
- foreign currencies	2,893,105	2,653,215
	<u>148,608,550</u>	<u>153,058,102</u>

## 18 SHARE CAPITAL

### 18.1 Authorised capital

(Un-audited) June 30, 2016	(Audited) December 31, 2015		(Un-audited) June 30, 2016	(Audited) December 31, 2015
----- Number of Shares -----			----- Rupees in '000 -----	
<u>1,300,000,000</u>	<u>1,300,000,000</u>	Ordinary shares of Rs.10 each	<u>13,000,000</u>	<u>13,000,000</u>

## 18.2 Issued, subscribed and paid up capital - cash

(Un-audited) June 30, 2016	(Audited) December 31, 2015		(Un-audited) June 30, 2016	(Audited) December 31, 2015
-----Number of shares-----			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
1,007,912,090	575,872,090	At beginning of the period / year	10,079,121	5,758,721
-	432,040,000	Issued during the period/year - right issue	-	4,320,400
<u>1,007,912,090</u>	<u>1,007,912,090</u>	At end of the period / year	<u>10,079,121</u>	<u>10,079,121</u>

## 19 RESERVES

Statutory Reserves	19.1	273,176	273,176
Reserve for bad debts and contingencies		250,000	250,000
Unappropriated profit / (Accumulated losses)		192,413	(171,453)
		<u>715,589</u>	<u>351,723</u>

- 19.1 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% of the profit is required to be transferred to such

		(Un-audited) June 30, 2016	(Audited) December 31, 2015
		----- Rupees in '000 -----	
20	<b>SURPLUS ON REVALUATION OF ASSETS</b>		
	Surplus / (Deficit) arising on revaluation of:		
	Fixed Assets	20.1 845,860	851,045
	Non banking	20.2 31,012	-
	Available for sale securities	20.3 293,646	(16,577)
		<u>1,170,518</u>	<u>834,468</u>

### 20.1 Surplus on revaluation of fixed assets

#### Freehold Land

Surplus on revaluation of fixed assets at January 1	112,087	112,087
Surplus recognized during the period / year	<u>-</u>	<u>-</u>
	112,087	112,087
Related deferred tax liability on surplus arising during the period / year	<u>-</u>	<u>-</u>
	<u>112,087</u>	<u>112,087</u>

	(Un-audited) June 30,	(Audited) December 31,
	2016	2015
	----- Rupees in '000 -----	
<b>Building on leasehold land</b>		
Surplus on revaluation of fixed assets at January 1	1,136,858	961,677
Surplus recognised during the period/year	-	194,646
Transferred to Unappropriated profit / (accumulated losses) in respect of incremental depreciation charged during the period / year	(5,185)	(12,652)
Related deferred tax liability in respect of incremental depreciation charged during the period/year	(2,792)	(6,813)
	(7,977)	(19,465)
	1,128,881	1,136,858
Related deferred tax liability on surplus as at January 1	(397,900)	(336,587)
Related deferred tax liability on surplus arising during the period/year	-	(68,126)
Related deferred tax liability in respect of incremental depreciation charged during the period/year	2,792	6,813
	(395,108)	(397,900)
	733,773	738,958
	845,860	851,045

## 20.2 Surplus on revaluation of Non Banking Asset

### Freehold Land

Surplus on revaluation of Non Banking Assets (OREO) at January 1	-	-
Surplus recognized during the period / year	25,599	-
	25,599	-
Related deferred tax liability on surplus arising during the period / year	-	-
	25,599	-

### Building on leasehold land

Surplus on revaluation of Non Banking Assets (OREO) at January 1	-	-
Surplus recognised during the period/year	8,413	-
Transferred to accumulated losses in respect of incremental depreciation charged during the period / year	(55)	-
Related deferred tax liability in respect of incremental depreciation charged during the period/year	(29)	-
	(84)	-
	8,329	-
Related deferred tax liability on surplus as at January 1	-	-
Related deferred tax liability on surplus arising during the period/year	(2,944)	-
Related deferred tax liability in respect of incremental depreciation charged during the period/year	29	-
	(2,915)	-
	5,414	-
	31,012	-

	(Un-audited) June 30,	(Audited) December 31,
	2016	2015
	Rupees in '000	
<b>20.3 Surplus / (deficit) on revaluation of available for sale securities</b>		
<b>Federal Government Securities</b>		
- Ijarah Sukuk Bonds	463,768	1,177
<b>Sukuk certificates</b>		
- Listed companies	(5,649)	-
- Unlisted companies	(1,984)	(20,758)
<b>Fully paid up ordinary shares / Units</b>		
- Units of Open end Mutual Funds	(4,372)	(5,956)
- Ordinary shares of listed company	-	35
	451,763	(25,502)
Related deferred tax (liability) / asset	(158,117)	8,925
	293,646	(16,577)
<b>21 CONTINGENCIES AND COMMITMENTS</b>		
<b>21.1 Transaction-related contingent liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
- Government	319,211	452,948
- Others	11,215,815	10,707,081
	11,535,026	11,160,029
<b>21.2 Trade-related contingent liabilities</b>		
Import letter of Credit	4,033,238	4,624,374
Acceptances	1,826,127	1,618,343
	5,859,365	6,242,717
<b>21.3 Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt</b>	150,000	150,000
<b>21.3.1</b>	These mainly represent counter claims filed by the borrowers for restricting the Bank for disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was pro forma defendant for defending its interest in the underlying collateral kept by it at the time of financing.	
<b>21.3.2</b>	Consequent to the amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited as at May 7, 2015 certain cases have been filed by individuals pertaining to amalgamation in which the Bank has been made a party. The management based on the advice of its legal counsel is confident that there will be no financial loss to the Bank in respect of these cases.	

- 21.4** The Deputy Commissioner Inland Revenue (DCIR) passed certain assessment orders against the Bank in 2012 under Section 33 of the Federal Excise Duty Act 2005, wherein aggregate demand of federal excise duty of Rs. 69.431 million was raised against the Bank mainly in respect of income from dealing in foreign currencies and certain dispute regarding deposit of the amount amongst Federal and Provincial government.

The Bank filed an appeal for the stay of the above demand before the Appellate Tribunal Inland Revenue (ATIR) after the assessment orders were confirmed by the Commissioner Inland Revenue (Appeals). The stay application was heard on February 23, 2013. The ATIR accepted the stay application of the Bank and had verbally directed that no recovery of demand should be initiated against the Bank till the decision of the main case by the ATIR. The Bank had initially deposited an amount of Rs. 10.4 million for filing appeal against the said case. In 2014, the Bank deposited an additional amount of Rs 8 million on the verbal instructions of the authorities. The ATIR has set aside the stay appeal in respect of income from dealing in foreign currencies and remanded back the case to the Commissioner Inland Revenue for fresh reassessment proceedings. The management of the Bank is confident that the above matter will be decided in favor of the Bank and therefore, no provision for any liability which may arise in this respect has been made in these condensed interim unconsolidated financial information.

- 21.5** The audited financial statement of the defunct KASB Bank Limited as at May 7, 2015 included a sum of Rs 981,410,000 disclosed and treated as advance against issue of right shares as being part of equity, this represents amount received by the Defunct Bank from Mr. Nasir Ali Shah Bukhari, a former sponsor of the Defunct Bank and other shareholders. The Defunct Bank, when it was under the management and control of Mr. Bukhari, did not issue shares against the said advance, amongst other reasons, due to default on the part of the sponsors for meeting the minimum capital requirement. The amount was reported by the Defunct Bank as a part of the shareholders equity in the financial statements with the permission of SBP consistent with the practice followed by other Banks in Pakistan. The Defunct Bank is now amalgamated with and into the BIPL, with effect from 07 May 2015, as per the Scheme of Amalgamation sanctioned by the Federal Government. The KASB Corporation Limited and one of its sponsors has filed a suit no: 1102/2015 in the Honorable High Court of Sindh, wherein, they prayed for restraining the BIPL from using or transferring the amount of advance for any purpose whatsoever during the pendency of the instant proceedings. Pursuant to the said suit, an order has been passed by the Honorable High Court of Sindh on 01 July 2015, whereby, the Bank has been asked to submit a statement of financial position and keep the amount in the same position. The Bank is of the view that, in addition to other reasons, as Advance against future issue of right shares appeared as shareholders equity in the financial statements prepared by the Defunct Bank itself, it did not form part of the assets and liabilities of the defunct Bank transferred to the Bank under the scheme of amalgamation. The same position has been maintained.



		(Un-audited) June 30, 2016	(Audited) December 31, 2015
		----- Rupees in '000 -----	
<b>21.6</b>	<b>Commitments in respect of promises</b>		
	Purchases	<u>1,605,137</u>	<u>4,971,841</u>
	Sales	<u>-</u>	<u>4,808,264</u>
<b>21.7</b>	<b>Commitments for the acquisition of operating fixed assets</b>	<u>8,923</u>	<u>61,451</u>
<b>21.8</b>	<b>Commitments in respect of financing facilities</b>		
	The Bank makes commitments to extend financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
<b>21.9</b>	<b>Other commitments</b>		
	Bills for collection	<u>1,702,618</u>	<u>1,627,426</u>
<b>21.10</b>	<b>Commitments in respect of financing facilities</b>		
	The Bank makes commitments to extend financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
<b>21.11</b>	<b>Taxation</b>		
<b>21.11.1</b>	The income tax returns of the Bank have been filed and tax assessments have been made by the tax authorities up to tax year 2014. The return filed for the tax year 2015 is treated to be deemed assessment order under section 120 of the Income Tax Ordinance, 2001.		
	The income tax returns of the defunct KASB Bank Limited have been filed and tax assessments have been made by the tax authorities up to tax year 2013.		
<b>21.12</b>	<b>Other Contingencies / Taxation</b>		
	There is no significant change during the period in the other contingencies / taxation as disclosed in the annual financial statements of the Bank for the year ended 31 December 2015.		

## 22 PROFIT / RETURN EARNED

	----- (Un-audited) -----	
	For the half year ended June 30, 2016	For the half year ended June 30, 2015
	----- Rupees in '000 -----	
On financing to:		
- Customers	2,589,894	1,875,408
- Financial institutions	1,254,496	879,049
	<u>3,844,390</u>	<u>2,754,457</u>
On investments in available for sale securities	1,051,725	1,313,631
On deposits / placements with financial institutions	2,851	10,909
Others	36,347	25,792
	<u>4,935,313</u>	<u>4,104,789</u>

## 23 FINANCIAL RESULTS OF CONVENTIONAL OPERATIONS

As more fully explained in note 4 to these condensed interim financial statements, during the last year the Bank acquired the operations of the defunct KASB Bank Limited effective from May 7, 2015 (close of business). The defunct KASB Bank Limited was operating as a conventional Bank in Pakistan. Keeping in view the current circumstances, the Shariah Board of the Bank has allowed to utilize the amount of income recovered from conventional products for paying of legal and marketing / advertisement expenses directly relating to amalgamation of the defunct KASB Bank Undertakings with and into the Bank. As a result, the surplus income from unconverted portfolio up to June 30, 2016 amounting to Rs. 266.703 million has been kept in a separate account under the head "Surplus income of quarantined entity held for future admissible expenses" appearing in other liabilities. Any excess amount remaining in this account on conclusion of the period (to be decided by the Shariah Board) would be transferred to charity account in that relevant period.

## 24 BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

	(Unaudited)		(Unaudited)	
	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
	----- (Rupees in '000) -----			
Profit / (loss) after taxation for the period	<u>233,274</u>	<u>358,681</u>	<u>(2,992)</u>	<u>63,267</u>
	----- Number of shares -----			
Weighted average number of ordinary shares	<u>1,007,912,090</u>	<u>1,007,912,090</u>	<u>568,720,218</u>	<u>568,720,218</u>
	----- Rupees -----			
Basic and diluted earnings / (loss) per share	<u>0.231</u>	<u>0.356</u>	<u>(0.005)</u>	<u>0.111</u>

24.1 There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2016 and June 30, 2015.

	Note	June 30, 2016 (Un-audited)	June 30, 2015 (Audited)
		----- Rupees in '000 -----	
<b>25</b>	<b>CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	9	7,537,562	10,608,485
Balances with other banks	10	552,335	2,258,302
		<u>8,089,897</u>	<u>12,866,787</u>

## 26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of quoted investments is based on quoted market prices. Unquoted equity securities are valued at cost less impairment losses. The provision for impairment in the value of investments has been determined in accordance with the accounting policy as stated in note to these financial statements.

The fair values of Islamic financing and related assets cannot be determined with reasonable accuracy due to absence of current and active market. The provisions against Islamic financing and related assets have been calculated in accordance with the accounting policy as stated in these financial statements. The repricing, maturity profile and effective rates are stated in these financial statements.

Fair values of all other financial assets and liabilities cannot be calculated with sufficient accuracy as active market does not exist for these instruments. In the opinion of the management, fair value of these assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature and in case of financing and deposits these are frequently repriced.

**26.1** The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<u>RECURRING FAIR VALUE MEASUREMENTS</u>				
<i>Financial Assets</i>				
Subsidiaries	-	-	522,801	522,801
Available for sale securities				
Ordinary shares - listed	453,539	-	-	453,539
GOP Sukuks	-	44,933,264	-	44,933,264
WAPDA Sukuks	-	300,333	-	300,333
Units of open ended mutual funds	61	-	-	61

**NON - RECURRING FAIR VALUE MEASUREMENTS**

<b>Ordinary shares - unlisted</b>	-	-	577,675	577,675
<i>Non-Financial Assets</i>				
Non Banking Asset	-	-	1,107,233	1,107,233
<i>Commitments in respect of forward exchange contracts</i>				
Forward purchase of foreign exchange contracts	-	1,605,137	-	1,605,137
Forward sale of foreign exchange contracts	-	-	-	-

(Restated)			
2015			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

**RECURRING FAIR VALUE MEASUREMENTS**

<i>Financial Assets</i>				
<b>Subsidiaries</b>	-	-	522,801	522,801
<b>Available for sale securities</b>				
Ordinary shares - listed	267,841	-	-	267,841
GOP Sukuks	-	9,331,600	-	9,331,600
WAPDA Sukuks	-	606,016	-	606,016
Units of open ended mutual funds	56	-	-	56

**NON - RECURRING FAIR VALUE MEASUREMENTS**

<b>Ordinary shares - unlisted</b>	-	-	577,675	577,675
<i>Commitments in respect of forward exchange contracts</i>				
Forward purchase of foreign exchange contracts	-	4,971,841	-	4,971,841
Forward sale of foreign exchange contracts	-	4,808,264	-	4,808,264

The non-recurring fair value measurements represent assets acquired as part of business combination during the previous year and are carried at fair value.

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

There were no transfers between levels 1 and 2 during the year.

**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of GoP ijarah sukuks, WAPDA sukuks classified as available for sale, forward foreign exchange contracts and operating fixed assets (land and building).

**(c) Financial instruments in level 3**

Financial instruments included in level 3 comprise of investment in subsidiaries, investment in associates, investment in unlisted company, valuation of non-performing loans and core deposit intangibles acquired as part of business combination.

**Valuation techniques used in determination of fair values within level 2**

Item	Valuation approach and input used
GOP Sukuks WAPDA Sukuks	The fair value of GoP Ijarah Sukuks and WAPDA Sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Non Banking Asset	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in note . The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.

**Valuation techniques used in determination of fair values within level 3**

Item	Valuation approach and key input used
Subsidiary	Discounted cashflow is the primary valuation methodology.  <b>Significant Unobservable Input Used:</b> Discount rate of 18.5% and terminal growth of 6% have been used.  <b>Relationship of unobservable inputs to fair value:</b> A slight increase / decrease in discount rate would result in a decrease / increase in fair value by an insignificant amount.

## 27 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	(Rupees in '000)				
For the half year ended June 30, 2016 (Un-audited)					
Total income	829,506	2,506,541	1,917,165	29,205	5,282,417
Total expenses	170,313	2,498,666	866,655	1,111,577	4,647,211
Net income / (loss) before tax	659,193	7,875	1,050,510	(1,082,372)	635,206

**As at June 30, 2016 (Un-audited)**

Segment assets (gross)	82,082,822	16,403,451	102,481,085	2,131,645	203,099,003
Segment non performing assets	7,223,275	1,847,323	12,488,684	36,010	21,595,292
Segment provision held	4,970,605	1,352,416	11,662,385	35,079	18,020,485
Segment liabilities	17,348,635	84,477,555	69,025,371	2,340,771	173,192,332
Segment return on assets (ROA) (%)	1.61%	0.10%	2.06%		
Segment cost of funds (%)	5.67%	3.51%	2.33%		

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	(Rupees in '000)				
For the half year ended June 30, 2015 (Un-audited)					
Total Income	883,593	1,892,148	1,528,651	124,724	4,429,116
Total Expenses	155,874	2,117,107	1,256,637	688,816	4,218,434
Net income / (loss) before tax	727,719	(224,959)	272,014	(564,092)	210,682

**As at June 30, 2015 (Un-audited)**

Segment assets (gross)	111,425,560	10,325,274	51,840,808	3,466,118	177,057,760
Segment non performing assets	6,135,332	1,670,419	13,347,564	41,575	21,194,890
Segment provision held	5,276,233	1,343,961	13,467,144	36,367	20,123,705
Segment liabilities	19,117,739	71,509,655	73,560,117	1,702,048	165,889,559
Segment return on assets (ROA) (%)	1.32%	-4.39%	1.06%		
Segment cost of funds (%)	5.90%	4.73%	3.75%		

## 28 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, principal shareholders, retirement benefit funds, directors and their close family members, and key management personnel.

The related parties of the Bank comprise related group companies, principal shareholders, key management personnel, companies where directors of the Bank also hold directorship, directors and their close family members 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 to the executives are determined in accordance with the terms of their appointment.

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

	(Un-audited) June 30, 2016	(Audited) December 31, 2015
	------(Rupees in '000)-----	
<b><u>SUBSIDIARY</u></b>		
<b>Deposits:</b>		
Opening balance	444,257 *	385,653
Deposit during the period / year	27,999,117	22,536,195
Withdrawal during the period / year	(27,952,905)	(22,477,592)
Closing balance	490,469	444,256
<b>Islamic financing and related assets :</b>		
Opening balance	150,000 *	150,000
Disbursed during the period / year	-	-
Repaid during the period / year	-	-
Closing balance	150,000	150,000
Receivable on Financings	7,271	-
Other Receivable	3,627	3,627
Payable on Deposits	1,312	-
Contingencies and commitments	1,978	1,978
<b>Transactions, income and expenses:</b>		
Profit earned on financing	3,549	2,285
Return on deposits expensed	13,628	1,826
Administrative expenses	3	2,233

(Un-audited) (Audited)  
June 30, December 31,  
2016 2015  
------(Rupees in '000)-----

## **ASSOCIATES**

### **Deposits:**

Opening balance	866,102	*	664,636
Deposit during the period / year	3,177,762		3,931,438
Withdrawal during the period / year	(2,844,673)		(3,178,596)
Balance transferred during the year			(551,377)
Closing balance	1,199,191		866,101

### **Islamic financing and related assets :**

Opening balance	90,000	*	93,750
Disbursed during the period / year	400,000		90,000
Repaid during the period / year	-		(93,750)
Closing balance	490,000		90,000

### **Prepayments:**

At beginning of the period	26,805		12,733
Additions during the period / year	13,083		29,126
Expired during the period / year	(35,092)		(22,476)
At the end of the period	4,796		19,383

Receivable on Financings	20,522	-
Other Receivable	-	1,626
Payable on Deposits	5,157	-
Contingencies and commitments	49,098	-

\* Balances pertaining to parties that became related during the period / year and continued to be so related during any part of the current period are not reflected as part of the opening balance of the current period / year.

### **Transactions, income and expenses:**

Profit earned on financing	14,967	-
Return on deposits expensed	26,099	1
Repair and maintenance	-	2,356
Insurance	-	9,631



(Unaudited)      (Unaudited)  
June 30,      June 30,  
2016      2015  
------(Rupees in '000)-----

### **KEY MANAGEMENT PERSONNEL**

#### **Deposits:**

Opening balance	13,849 *	15,330
Deposit during the period / year	121,395	89,163
Withdrawal during the period / year	(106,530)	(88,979)
Closing balance	<u>28,714</u>	<u>15,514</u>

#### **Islamic financing and related assets :**

Opening balance	205,524 *	111,354
Disbursed during the period / year	45,974	92,249
Repaid during the period / year	(46,394)	(68,493)
Closing balance	<u>205,104</u>	<u>135,110</u>

Payable on Deposits	7	-
---------------------	---	---

#### **Transactions, income and expenses:**

Profit earned on financing	-	1,762
Return on deposits expensed	72	114
Remuneration	60,444	14,982
Other administrative Expenses	-	15,330

\* Balances pertaining to parties that became related during the period / year and continued to be so related during any part of the current period are not reflected as part of the opening balance of the current period / year.

### **OTHER RELATED PARTIES (RELATED TO DEFUNCT KASB BANK LIMITED)**

#### **Deposits:**

Opening balance	645,426	212,369
Deposit during the period / year	27,366	596,139
Withdrawal during the period / year	(629,819)	(714,459)
Balances Transferred during the period	-	551,377
Closing balance	<u>42,973</u>	<u>645,426</u>

Other Receivable	17,880	17,880
Payable on Deposits	136	-

#### **Transactions, income and expenses:**

Profit / return on deposits expensed	4,552	314
Other administrative Expenses	4,023	-

#### **Employee Benefit plans**

Contribution to employees gratuity fund	<u>33,846</u>	<u>25,388</u>
Charge for defined defined plan	<u>33,846</u>	<u>25,388</u>
Contribution to employees provident fund	<u>36,505</u>	<u>-</u>

## 29 GENERAL

- 29.1** Captions, as prescribed by BSD Circular No. 04 of 2006 dated February 17, 2006 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these condensed interim unconsolidated financial information, except for captions of the Statement of Financial Position and Profit and Loss Account.
- 29.2** Figures of the profit and loss account and comprehensive income for the quarters ended June 30, 2016 and June 30, 2015 have not been subjected to limited scope review by the auditors as they are only required to review half- yearly figures.
- 29.3** The figures in the condensed interim unconsolidated financial statements have been rounded off to the nearest thousand rupee.

## 30 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications / restatements during the period except for inrelation with business combination as disclosed in note 4 and as disclosed below;

Reclassified from	Reclassified to	Rupees in '000
Other Assets	Operating Fixed Assets	251,027

## 31 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial information were authorised for issue on August 27, 2016 by the Board of Directors of the Bank.

-Sd-  
CHAIRMAN

-Sd-  
PRESIDENT / CHIEF EXECUTIVE

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR



Consolidated Financial Statements  
of  
**BankIslami Pakistan Limited**  
For the Period Ended  
June 30, 2016

## Directors' Report – Consolidated Financial Results

On behalf of the Board, I am pleased to present the consolidated financial results of the Group for the half year ended June 30, 2016. Following are the highlights:

	Jun-16	Jun-15	Growth (%)
.....Rupees in 'millions'.....			
Total Deposits	148,118	141,121	4.96%
Total Assets	185,987	166,881	11.45%
Total Financing	81,300	57,449	41.52%
Total Investments	73,071	40,009	82.64%
Shareholder's			
Equity (including surplus on revaluation)	12,247	11,154	9.80%
Profit After Tax	421	72	484.72%
Branches	317	317	-

Our Group performance remained satisfactory. The deposits has grown by 4.96%. The Financing and Investments have grown by 41.52% and 82.64% respectively.

We would like to place on record deep appreciation to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued support and guidance. Also, we would like to express our gratitude to the employees of the Group for their contribution towards the Group's progress and growth through their commitment and hard work.

On behalf of the Board,

Hasan A Bilgrami  
Chief Executive Officer  
August 27, 2016

## ڈائریکٹرز کی رپورٹ-جامع مالیاتی نتائج

میں بورڈ کی جانب سے 30 جون، 2016 کو اختتام پذیر ہونے والی ششماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمبر (فیصد)	جون - 15	جون - 16	
----- روپے ملین میں -----			
4.96%	141,334	148,609	کل ڈپازٹ
11.45%	166,881	185,987	کل اثاثے
41.41%	57,449	81,300	کل تمویل
82.64%	40,009	73,071	کل سرمایہ کاری
9.80%	11,154	12,247	حصہ داران کی سرمایہ کاری دوبارہ قیمت لگانے کے بعد
484.72%	72	421	ٹیکس کے بعد نفع
----	317	317	شاخصیں

ہماری گروپ کی کارکردگی بھی قابلِ اطمینان رہی۔ مجموعی طور پر 4.96% ڈپازٹ میں، 41.52% تمویل میں، اور 82.64% سرمایہ کاری میں بالترتیب اضافہ ہوا۔ ہم اسٹیٹ بینک اور سیکورٹی اینڈ کیپیٹل کمیشن آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتے ہیں۔ ہم اپنے گروپ کے ملازمین کی گروپ کی کارکردگی میں اپنی وابستگی، اور محنت کے ذریعے حصہ ڈالنے پر شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

حسن اے بلگرامی

افسر اعلیٰ

اگست 27، 2016

## Condensed Interim Consolidated Statement of Financial Position

AS AT 30 JUNE 2016

RS AP 30 JUNE 2016

	(Un-audited) June 30, 2016	Restated (Audited) December 31, 2015
	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	7,537,582	9,035,889
Balances with other banks	811,241	2,016,267
Due from financial institutions	2,829,093	39,855,525
Investments	73,070,686	35,801,058
Islamic financing and related assets and Advances	81,300,358	69,428,078
Operating fixed assets	6,168,875	5,910,716
Deferred tax assets - net	6,146,166	5,947,169
Other assets	8,123,190	6,554,335
	185,987,191	174,549,037
<b>LIABILITIES</b>		
Bills payable	2,045,738	1,523,933
Due to financial institutions	17,122,802	3,197,770
Deposits and other accounts	148,118,092	152,661,140
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	6,453,922	5,681,959
	173,740,554	163,064,802
<b>NET ASSETS</b>	12,246,637	11,484,235
<b>REPRESENTED BY</b>		
Share capital	10,079,121	10,079,121
Discount on Issue of shares	(79,042)	(79,042)
Reserves	900,146	465,881
Total equity attributable to equity holders of the Bank	10,900,225	10,465,960
Non-controlling interest	181,462	189,855
	11,081,686	10,655,815
Surplus on revaluation of assets - net of tax	1,164,950	828,420
	12,246,637	11,484,235
<b>CONTINGENCIES AND COMMITMENTS</b>		

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-  
CHAIRMAN

-Sd-  
PRESIDENT / CHIEF EXECUTIVE

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR

## Condensed Interim Consolidated Profit and Loss Account (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half Year ended June 30, 2015
	(Rupees in '000)			
Profit / return earned	2,701,084	4,933,989	2,104,418	4,109,384
Profit / return expensed	1,450,404	2,847,375	1,223,277	2,337,138
Net spread earned	1,250,680	2,086,614	881,141	1,772,246
Reversal of provision against non-performing Islamic financing and related assets and advances - net	(425,380)	(926,148)	(201,976)	(192,894)
Reversal of Provision for diminution in the value of investments and placements - net	(185,739)	(232,344)	(33,507)	(28,491)
Bad debts written off directly	-	523	-	-
Net spread after provisions	1,861,799	3,244,583	1,116,624	1,993,631
<b>OTHER INCOME</b>				
Fee, commission and brokerage income	122,423	216,458	166,522	264,499
Dividend Income	-	-	19	19
Income from dealing in foreign currencies	11,222	25,963	16,034	47,612
Gain on sale of securities	28,215	36,996	-	11,853
Unrealised (loss) on revaluation of investments classified as 'held for trading'	-	-	(368)	(368)
Other income	31,958	67,687	45,295	56,056
Total other income	193,818	347,104	227,502	379,671
	2,055,617	3,591,687	1,344,126	2,373,302
<b>OTHER EXPENSES</b>				
Administrative expenses	1,481,883	2,943,570	1,212,891	2,134,232
Other provisions	68	68	13,755	13,755
Other charges	12,673	12,659	4,619	7,673
Total other expenses	1,494,624	2,956,297	1,231,265	2,155,660
	560,993	635,390	112,861	217,642
Loss for the period from KASB Securities Limited - net of tax	(11,628)	(34,162)	-	-
Share of profit from associates	20,927	95,957	3,950	3,950
<b>PROFIT BEFORE TAXATION</b>	570,292	697,185	116,811	221,592
Taxation				
- Current	29,040	52,921	31,296	52,873
- Prior years	(20)	(20)	21,876	21,876
- Deferred	296,460	223,627	58,431	75,097
	325,480	276,528	111,603	149,846
<b>PROFIT AFTER TAXATION</b>	244,812	420,657	5,208	71,746
<b>(Rupees)</b>				
Basic earnings per share	0.243	0.417	0.009	0.126
<b>(Rupees)</b>				
Diluted earnings per share	0.243	0.417	0.009	0.126

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd- CHAIRMAN      -Sd- PRESIDENT / CHIEF EXECUTIVE      -Sd- DIRECTOR      -Sd- DIRECTOR

## Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
	(Rupees in '000)			
(Loss) / profit after taxation for the period attributable to:				
Equity shareholders of the Bank	247,914	429,050	5,208	71,746
Non-controlling interest	(3,102)	(8,393)	-	-
	244,812	420,657	5,208	71,746
<b>Other Comprehensive Income</b>				
Items that may not be reclassified to profit and loss account in subsequent periods				
Remeasurement of defined benefit plan	44	44	8,058	8,058
Tax on remeasurement of defined benefit plan	(14)	(14)	(2,820)	(2,820)
	30	30	5,238	5,238
<b>Comprehensive income transferred to statement of changes in equity</b>	244,842	420,687	10,446	76,984
<b>Components of comprehensive income not reflected in equity</b>				
Surplus / (deficit) on revaluation of available for sale investments - net of tax				
Equity shareholders of the Bank	(64,080)	203,065	(215,447)	(97,430)
Non-controlling interest	-	(2,455)	-	-
	(64,080)	200,610	(215,447)	(97,430)
<b>Total comprehensive income / (loss) for the period</b>	180,762	621,297	(205,001)	(20,446)

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-  
CHAIRMAN

-Sd-  
PRESIDENT / CHIEF EXECUTIVE

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR



## Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2016

June 30, 2016      June 30, 2015  
----- (Rupees in '000) -----

### CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	697,185	221,592
Less: Dividend Income	-	-
Less: Share of profit from associates	(95,957)	-
	601,228	221,592

#### Adjustments for non-cash charges and other items:

Depreciation on owned assets	316,131	210,100
Amortisation	19,784	8,782
Depreciation on operating Ijarah assets	552,100	379,466
Reversal of provision against non-performing Islamic financing and related assets - net	(926,148)	(192,894)
Reversal of Provision for diminution in the value of investments and placements	(232,344)	(28,491)
Other provisions	68	-
Charge for defined benefit plan	33,846	33,460
Gain on sale of property and equipment	(17,290)	(2,768)
	(253,853)	407,655
	347,375	629,247

#### (Increase) / decrease in operating assets

Due from financial institutions	37,026,432	(31,176,644)
Islamic financing and related assets	(11,498,232)	(6,258,438)
Others assets (excluding advance taxation, defined benefit asset and dividend receivable)	-	-
	(1,499,054)	295,582
	24,029,146	(37,139,501)

#### Increase / (decrease) in operating liabilities

Bills payable	521,805	818,325
Due to financial institutions	13,925,032	19,730,340
Deposits and other accounts	(4,543,048)	(6,162,865)
Other liabilities (excluding current taxation)	775,182	277,159
	10,678,971	14,662,959
	35,055,492	(21,847,295)
	(103,671)	(32,820)
	(643,008)	(48,410)

Payments against defined benefit plan

Income tax paid

Net cash generated from (used in) operating activities

### CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available for sale securities	(36,463,583)	19,630,446
Investments in operating fixed assets	(551,737)	(302,573)
Net cash proceeds on acquisition	-	4,851,000
Proceeds from disposal of operating fixed assets	3,173	3,173
Net cash (used in) generated from investing activities	(37,012,146)	24,182,046

### CASH FLOW FROM FINANCING ACTIVITIES

Issue of right shares	-	4,320,400
Net cash flow from financing activities	-	4,320,400

#### (Decrease) / Increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period	(2,703,333)	6,573,921
	11,052,156	7,209,334
Cash and cash equivalents at the end of the period	8,348,823	13,783,255

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-

CHAIRMAN

-Sd-

PRESIDENT / CHIEF EXECUTIVE

-Sd-

DIRECTOR

-Sd-

DIRECTOR

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

FOR THE HALF YEAR ENDED JUNE 30, 2016

	Attributable to equity shareholders of the Bank						Non - controlling interest	Total
	Share capital	Discount on Issue of shares	Statutory reserve	Reserve for bad debts & contingencie s	Unappropriat ed profit / (Accumulated loss)	Sub total		
Rupees in '000								
Balance as at January 01, 2015	5,758,721	(79,042)	273,176	-	269,349	6,222,204	-	6,222,204
Transfer to reserve for bad debts and contingencies	-	-	-	250,000	(250,000)	-	-	-
Profit after taxation for the period transferred from Statement of Comprehensive Income	-	-	-	-	71,746	71,746	-	71,746
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	17,544	17,544	-	17,544
Issue of right shares at par	4,320,400				-	4,320,400	-	4,320,400
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	5,238	5,238	-	5,238
Balance as at June 30, 2015	10,079,121	(79,042)	273,176	250,000	113,877	10,637,132	-	10,637,132
Non-controlling interest recognised during the period	-	-	-	-	-	-	193,133	193,133
Loss after taxation for the period transferred from Statement of Comprehensive Income	-	-	-	-	(155,853)	(155,853)	(3,278)	(159,131)
Issue of right shares at par	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(4,892)	(4,892)	-	(4,892)
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	(10,427)	(10,427)	-	(10,427)
Balance as at December 31, 2015	10,079,121	(79,042)	273,176	250,000	(57,296)	10,465,960	189,855	10,655,815
Profit / (loss) after taxation for the period transferred from Statement of Comprehensive Income	-	-	-	-	429,050	429,050	(8,393)	420,657
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	30	30	-	30
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,185	5,185	-	5,185
Balance as at June 30, 2016	10,079,121	(79,042)	273,176	250,000	376,970	10,900,225	181,462	11,081,687

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-  
CHAIRMAN

-Sd-  
PRESIDENT / CHIEF EXECUTIVE

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR

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

FOR THE HALF YEAR ENDED JUNE 30, 2016

### 1 STATUS AND NATURE OF BUSINESS

**The Group comprises of:**

#### 1.1 BankIslami Pakistan Limited (Holding Company)

BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan as a public limited company on October 18, 2004 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking activities and investment activities.

The Bank is operating through 317 branches including 124 sub branches as at June 30, 2016 (December 31, 2015: 317 branches including 124 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

#### 1.2 As mentioned in note 2 below, during the last year KASB Undertakings have been acquired and amalgamated with the Bank under a scheme sanctioned under section 47 of the Banking Companies Ordinance, 1962.

#### 1.3 BankIslami Modaraba Investments Limited (Subsidiary Company) - 100 percent holding

The subsidiary company was incorporated in Pakistan on January 22, 1986 under the Companies Ordinance, 1984 as a public limited company. Later on it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The principal activity of the subsidiary company is to float and operate Modaraba. The subsidiary company is managing its Modaraba with the name of Modaraba-Al-Mali. The principal place of business of the subsidiary company is situated at 10th Floor, Progressive Square, Shahrah-e-Faisal, Karachi.

The financial statements of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of the investments held by the holding company has been eliminated against the shareholder's equity in the subsidiary company. Intra group balances or transactions have been eliminated.

The financial statements of the subsidiary company have been consolidated on the basis of condensed interim financial information for the period ended June 30, 2016.

The financial statements of "Modaraba Al-Mali", a modaraba floated by the subsidiary company in which it has 13 percent holding, have not been consolidated although the Group has control over Modaraba Al-Mali by virtue of management rights. The management of the Group is of the view that consolidated financial statements are required to be prepared only for subsidiaries as defined in the Companies Ordinance, 1984. "Modaraba Al-Mali" is a modaraba floated under the Modaraba Companies and Modaraba (floatation and control) Ordinance, 1980 and does not fall under the definition of subsidiary as defined under the Companies Ordinance, 1984. Hence, the financial statements of "Modaraba Al-Mali" are not required to be consolidated in the Group's consolidated financial statements.

#### **1.4 KASB Securities Limited (Subsidiary Company) - 77.12 percent holding [Acquired as part of business acquisition during the last year]**

KASB Securities Limited was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 01, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited). The registered office of the company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in listed and unlisted equity and debt securities, economic research and advisory services.

#### **1.5 My Solutions Corporation Limited (Subsidiary Company) - 100 percent holding [Acquired as part of business acquisition during the last year]**

My Solutions Corporation Limited (the Company) was incorporated as a private limited company on November 05, 1995 and was converted into a public limited company on March 24, 2003. The Company is engaged in sale of IT equipment, providing internet connectivity and telecommunication services, networking services and electronic utility bill payment switch services (eUBS). Its registered office is situated at the 9th floor, Trade Centre, I.I Chundrigar Road, Karachi.

#### **1.6 Structured Ventures (Private) Limited (Indirect Subsidiary Company through KASB Securities Limited) - 77.12 percent holding [Acquired as part of business acquisition during the last year]**

Structured Venture (Private) Limited was incorporated in Pakistan on June 25, 2010 under the Companies Ordinance, 1984. The registered office of the company is situated at 5th floor, Trade Centre, I. I. Chundrigar Road, Karachi. The company is a wholly owned subsidiary of KASB Securities Limited. The ultimate parent company is BankIslami Pakistan Limited.

## 2 BASIS OF PRESENTATION

- 2.1 The Holding Company provides financing mainly through Murabaha, Ijarah, Istisna, Diminishing Musharka, Musawama and other Islamic modes.
- 2.2 The purchases and sales arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable as directed by the Shariah Board of the Holding Company.

## 3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim consolidated financial statements of the Group for the half year ended June 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 3.2 The SBP vide its letter No. BPRD (R & P-02) /625-112/2016/20881 dated August 26, 2016 has allowed the Group to disclose financial results of KASB Securities Limited (KSL) as a single line item in Consolidated Profit & Loss account as majority of the operations of KSL are of conventional nature and line by line consolidation would result in non-compliance of Shariah requirements.

## 4 BUSINESS COMBINATION

### 4.1 Acquisition of KASB Bank Limited undertakings

During the previous year, under the 'Scheme of Amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited under Section 47 of the Banking Companies Ordinance, 1962', hereinafter referred to as 'The Scheme', KASB Bank Undertakings have been acquired and amalgamated with the Holding Company. The Scheme is effective from May 7, 2015.

KASB Bank Undertaking as per the Scheme means the business and all assets and liabilities, of the then KASB Bank Limited of whatsoever nature and wherever situated.

- 4.1.1 The KASB Bank Limited at the time of acquisition by the Holding Company had the following three subsidiaries (both direct and indirect) which by virtue of amalgamation have now become subsidiaries of the Holding Company:

	Name of Entity	Percentage of holding	Nature of relationship
1	My Solutions Corporation Limited	100.00%	Direct
2	KASB Securities Limited	77.12%	Direct
3	Structured Ventures (Private) Limited	77.12%	Indirect

**4.1.2** The Holding Company accounted for the amalgamation by applying acquisition method of accounting as prescribed by the International Financial Reporting Standard 3, "Business Combination" (IFRS 3).

"The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. At the time of acquisition, the management was in the process of carrying out a detailed exercise for the identification and valuation of assets acquired (including intangible assets) for the purpose of the initial accounting for the acquisition. According to the requirements of IFRS 3, if the initial accounting for a business combination remains incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report provisional amounts for the items for which the accounting is incomplete. Such provisional values shall be adjusted retrospectively within a period of one year from the acquisition date to reflect the results of the valuation and information that existed as of acquisition date."

**4.1.3** The fair valuation exercise for assets and liabilities acquired has now been completed by the management with the assistance of an independent valuer and the accounting treatment of fair valuation of KASB Bank Undertaking's assets and liabilities (including the contingent liabilities) in the books has been finalised in the current period and accounted for in this condensed interim consolidated financial statements. Details of the provisional fair values of the assets acquired, liabilities assumed and purchase consideration and the resultant goodwill recognised are as follows:

	May 7, 2015 Rupees in '000		
Fair value of assets acquired		53,993,354	
Fair value of liabilities assumed		(59,890,186)	
Net liabilities assumed		(5,896,832)	
<b>Purchase Consideration:</b>			
Cash payable		(1)	
Fair value benefit of financing from SBP		2,952,536	
		2,952,535	
Excess of purchase consideration over net assets		(2,944,297)	
	as per consultant report		
	Acquiree's carrying amounts as at May 7, 2015 (based on audited financial statements)	Restated Fair value adjustments / intangible recognised (as per Consultant's report)	Restated Fair values as at May 7, 2015 (as per Consultant's report)
	-----Rupees in '000-----		
<b>ASSETS</b>			
Cash and balances with treasury banks	3,703,800	-	3,703,800
Balances with other banks	856,801	-	856,801
Investments	28,665,255	-	28,665,255
Advances	11,098,985	(636,506)	10,462,479
Operating fixed assets	2,157,083	-	2,157,083
Intangible recognised on acquisition	40,600	-	40,600
Deferred tax assets - net	6,111,811	583,799	6,695,590
Other assets - net	1,411,746	-	1,411,746
	54,046,081	52,727	53,993,363
<b>LIABILITIES</b>			
Bills payable	163,920	-	163,920
Borrowings	313,206	-	313,206
Deposits and other accounts	57,338,264	-	57,338,264
Other liabilities	1,973,937	100,859	2,074,796
	59,789,327	100,859	59,890,186
<b>Fair Value of Net assets acquired</b>	<b>(5,743,246)</b>	<b>(153,586)</b>	<b>(5,896,832)</b>

In addition, the audited financial statements of the defunct KASB Bank Limited as at May 7, 2015 include a sum of Rs 981,410,000 representing advance against issue of right shares which has been treated and disclosed as a part of equity. This amount does not form part of the KASB Bank Undertaking acquired and amalgamated with the Holding Company as per the Scheme. A case has been filed in respect of this matter.

## **5 BASIS OF MEASUREMENT**

This condensed interim consolidated financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value in accordance with the requirements of the SBP. Further, staff retirement benefits have been carried at present value as determined under the International Accounting Standard (IAS) 19 (revised), "Employee Benefits".

## **6 FUNCTIONAL AND PRESENTATION CURRENCY**

This condensed interim consolidated financial Information are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

## **7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2015 except for change in accounting policy as explained in note 7.2 below.

### **7.1 New / Revised Standards, Interpretations and Amendments**

There are certain new and amended standards and interpretations that are mandatory for the Holding Company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in this condensed interim consolidated financial information.

The Holding Company has adopted the following amendment to IFRSs which became effective for the current period.

- IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

- IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial statements.

In addition to the above standards and interpretations, improvements to following accounting standards have also been issued by the IASB and are generally effective for current period.

- IFRS 5 - Non-Current Assets Held For Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements.
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information ' elsewhere in the interim financial report'

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

## 7.2 Non Banking assets acquired in satisfaction of claims

Effective January 1, 2016, the Holding Company has changed its accounting policy for recording of non-Banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-Banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalised. Previously, Non-Banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, Non Banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 30.754 million while surplus on revaluation of assets and deferred tax assets would have been lower by Rs 34.011 million and Rs 2.944 million respectively.



## 8 GENERAL

**8.1** Captions, as prescribed by BSD Circular No. 04 of 2006 dated February 17, 2006 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these condensed interim consolidated financial information, except for captions of the Statement of Financial Position and Profit and Loss Account.

**8.2** The figures in the condensed interim consolidated financial statements have been rounded off to the nearest thousand rupee.

## 8.3 CORRESPONDING FIGURES

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

Reclassified from	Reclassified to	Rupees in '000
Other Assets	Operating Fixed Assets	251,027

## 31 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information is authorised for issue on August 27, 2016 by the Board of Directors of the Holding Company.

-Sd-

CHAIRMAN

-Sd-

PRESIDENT / CHIEF EXECUTIVE

-Sd-

DIRECTOR

-Sd-

DIRECTOR

## BankIslami Pakistan Limited

11th Floor, Executive Tower, Dolmen City, Marine Drive, Clifton Block - 4, Karachi, Pakistan.

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