

بنك إسلامي



BankIslami

World's
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Biometric
ATM



2014
QUARTERLY REPORT
MARCH 31

 Serving you, the Right way

201 Branches in 77 Cities

Table of Contents

Corporate Information.....	2
Directors' Report.....	4
Statement of Financial Position	6
Profit and Loss Account	7
Statement of Comprehensive Income.....	8
Cash Flow Statement.....	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11
Consolidated Financial Statements	
Director's Report.....	26
Consolidated Statement of Financial Position.....	27
Consolidated Profit and Loss Account.....	28
Consolidated Statement of Comprehensive Income	29
Consolidated Cash Flow Statement	30
Consolidated Statement of Changes in Equity.....	31
Notes to the Consolidated Financial Statements	32



CORPORATE INFORMATION

Board of Directors

Mr. Ali Hussain	Chairman
Mr. Ali Raza Siddiqui	
Mr. Abdulhakim Habib Mansoor Binherz	
Mr. Ali Mohd Hussain Ali Al Shamali	
Mr. Fawad Anwar	
Mr. Kamal Afsar *	
Mr. Hasan A. Bilgrami	Chief Executive Officer
Mr. Shabir Ahmed Randeree	

Sharia'h Supervisory Board

Mufti Irshad Ahmad Aijaz	Chairman
Mufti Hassan Kaleem	Member
Mufti Talha Saleem Kapadia	Member

Audit Committee

Mr. Fawad Anwar	Chairman
Mr. Abdulhakim Habib Mansoor Binherz	Member
Mr. Ali Hussain	Member
Mr. Ali Raza Siddiqui	Member
Mr. Shabir Ahmed Randeree	Member

Risk Management Committee

Mr. Fawad Anwar	Chairman
Mr. Abdulhakim Habib Mansoor Binherz	Member
Mr. Hasan A. Bilgrami	Member
Mr. Ali Mohd Hussain Ali Al Shamali	Member

I.T Committee

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

Human Resource & Compensation Committee

Mr. Ali Raza Siddiqui	Chairman
Mr. Ali Hussain	Member
Mr. Abdulhakim Habib Mansoor Binherz	Member
Mr. Fawad Anwar	Member
Mr. Hasan A. Bilgrami	Member

* appointed effective from March 4, 2014 subject to SBP approval, SBP approval is awaited.

Company Secretary

Mr. Zahid Ali H. Jamall

Auditors

A. F. Ferguson & 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. Arsalan Vohra	Head, Risk Policy & Analytics
Mr. Arshad Wahab Zuberi	Head, Administration and General Service
Mr. Asad Alim	Head, Information Systems
Mr. Farooq Anwar	Head, Operations
Mr. Hasan A. Bilgrami	Chief Executive Officer
Mr. Khawaja Ehrar ul Hassan	Head, Compliance & Legal
Mr. Muhammad Faisal Shaikh	Head, Product Development
Mr. Muhammad Furqan	Head, Credit Administration
Mr. Muhammad Shoaib Khan	Head, Treasury & Financial Institutions
Mr. Muhammad Kamran Siddiqui	Head, Service Quality & Phone Banking
Mr. Rehan Shuja Zaidi	Head, Internal Audit
Mr. Shamshad Ahmed	Head, Trade Finance
Ms. Sheba Matin Khan	Head, Human Resources
Mr. Syed Akhtar Ausaf	Head, Risk Management
Mr. Syed Mujtaba H. Kazmi	Head, Corporate Finance
Mr. Syed Arif Mahtab	Head, Branch Operations
Mr. Zahid Ali H. Jamall	Chief Financial Officer & Company Secretary

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 Register

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

Website:

www.bankislami.com.pk



DIRECTORS' REPORT

On behalf of the Board, I am pleased to present the financial results of the Bank for the quarter ended March 31, 2014. Following are the highlights:

	March 31, 2014	March 31, 2013	Growth (%)
.....Rupees in 'millions'.....			
Total Deposits	77,576	64,786	19.74
Total Assets	88,324	74,670	18.29
Total Financing - net	37,945	26,416	43.64
Total Investments	32,165	28,745	11.90
Shareholder's Equity	6,525	5,560	17.36
Branches - Number	201	141	42.55
Basic Earnings per share - Rupees	0.143	0.063	126.98

Total Deposits of the Bank grew by 19.74% compared to last year with percentage of CASA account improving to 56.26% of the total deposits compared to 49.42% last year.

The asset quality of the financing portfolio remained good. The total classified portfolio of the Bank was only 2.94% of the Financing making it one of the best financing portfolios' of the Banking industry.

The Gross spread ratio grew to 40.69% from 37.93% compared to last year and similarly improvement was witnessed in net spread to 39.98% from 36.70% mainly on the back on increase in financing to deposit ratio of the Bank to 48.91% from 40.77% compared to last year. We expect the trend to continue to improve as we expect a healthy appetite of financing from private sector.

Other income showed a growth of 23% on year on year basis due to healthy contribution by Trade Finance, BancaTakaful, Pakistan Remittance Initiative etc.

In the quarter, the Bank successfully launched the world's first Cardless Biometric ATM along with energy efficient ATMs. The Bank plans to launch its new SMS banking service soon providing more convenience to its customers.

In 2014, we plan to increase our network by 10 more branches or sub branches and to consolidate its expansion of last year.

The Bank was able to post a healthy profit of Rs. 75.5M compared to Rs. 33.4M in its first quarter of the year, an increase of 126.5%. We are confident that the key initiatives planned for this year would bear fruitful results going forward and would increase the shareholder's value.

On the Minimum Capital Requirement ('MCR') front, the Bank expects to complete the process of its right issue of Rs.400M by coming quarter. Moreover, the Bank is exploring options such as further issue of right shares up to Rs.4.3B. to keep up with the instructions of State Bank to complete the process of increasing the capital to Rs.10B by December 31, 2014.

The Credit rating of BankIslami is 'A' for long term entity rating and 'A1' for short term rating by Pakistan Credit Rating Agency Limited (PACRA).

We would like to thank the State Bank of Pakistan and Securities and Exchange Commission for its continued support and guidance to us. Also, we would like to show our gratitude to the employees for their contribution towards BankIslami progress through their hard work and commitment.

On behalf of the Board,

Hasan A Bilgrami
Chief Executive Officer
April 18, 2014



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
----- Rupees in `000 -----			
ASSETS			
Cash and balances with treasury banks		4,935,738	4,883,478
Balances with other banks	8	974,057	967,557
Due from financial institutions	9	7,234,074	6,511,173
Investments	10	32,164,826	31,610,287
Islamic financing and related assets - net	11	37,945,122	38,308,733
Operating fixed assets		3,161,960	2,958,077
Deferred tax assets - net		-	-
Other assets		1,907,735	1,616,289
		88,323,512	86,855,594
LIABILITIES			
Bills payable		1,024,240	835,562
Due to financial institutions	13	1,037,000	2,538,000
Deposits and other accounts	14	77,576,016	75,225,869
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		309,534	175,589
Other liabilities		1,851,748	1,838,373
		81,798,538	80,613,393
NET ASSETS		6,524,974	6,242,201
REPRESENTED BY			
Share capital		5,279,679	5,279,679
Reserves		210,446	210,446
Unappropriated Profit		102,937	24,829
		5,593,062	5,514,954
Surplus on revaluation of assets - net of tax	15	931,912	727,247
		6,524,974	6,242,201
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2014

	Note	Quarter ended	
		March 31, 2014	March 31, 2013 (Restated)
----- Rupees in `000 -----			
Profit / return earned	17	1,768,527	1,468,632
Profit / return expensed		1,048,878	911,553
Net spread earned		719,649	557,079
Provision against non-performing Islamic financings and related assets - net	11.4	12,475	18,063
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		12,475	18,063
Net spread after provisions		707,174	539,016
OTHER INCOME			
Fee, commission and brokerage Income		87,167	59,661
Dividend income		-	-
Income from dealing in foreign currencies		62,396	17,001
Gain on sale of securities		-	6,709
Other income		19,630	54,176
Total other income		169,193	137,547
		876,367	676,563
OTHER EXPENSES			
Administrative expenses		754,612	610,383
Other provisions		-	-
Other charges		4,284	14,379
Total other expenses		758,896	624,762
		117,471	51,801
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		117,471	51,801
Taxation			
-Current		19,467	8,185
-Prior years		-	-
-Deferred		22,464	10,276
		41,931	18,461
PROFIT AFTER TAXATION		75,540	33,340
Basic / diluted earnings per share - (Rupee)	17	0.143	0.063

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Quarter ended	
	March 31, 2014	March 31, 2013 (Restated)
	----- Rupees in `000 -----	
Profit after taxation	75,540	33,340
Components of comprehensive income not reflected in equity		
Surplus / (Deficit) on revaluation of available for sale securities - net of tax	207,233	(79,445)
Total comprehensive income / (loss) for the period	282,773	(46,105)

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013 (Restated)
----- Rupees in `000 -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	117,471	51,801
Adjustments for:		
Depreciation - Own assets	65,537	67,426
Depreciation - Operating Ijara assets	144,803	117,161
Amortisation of intangible asset	5,228	7,123
Provision against non-performing Islamic financings and related assets - net	12,475	18,063
Provision against other assets	-	-
Gain on sale of fixed assets	-	(50,691)
Deferred cost amortised	-	-
	<u>228,043</u>	<u>159,082</u>
	345,514	210,883
(Increase) / decrease in operating assets		
Due from financial institutions	(722,901)	(2,716,049)
Islamic financings and related assets	206,333	881,753
Others assets (excluding advance taxation and deferred cost)	(293,069)	(451,243)
	<u>(809,637)</u>	<u>(2,285,539)</u>
Increase / (decrease) in operating liabilities		
Bills payable	188,678	(311,151)
Due to financial institutions	(1,501,000)	4,470
Deposits and other accounts	2,350,147	569,780
Other liabilities (excluding current taxation)	13,375	185,125
	<u>1,051,200</u>	<u>448,224</u>
	587,007	(1,626,432)
Income tax paid	(17,843)	(3,785)
Net cash generated from / (used in) operating activities	<u>569,234</u>	<u>(1,630,217)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(235,826)	159,024
Investments in operating fixed assets - net	(274,648)	(64,938)
Proceeds realised on disposal of operating fixed assets	-	111,613
Net cash (used in) / generated from investing activities	<u>(510,474)</u>	<u>205,699</u>
	58,760	(1,424,518)
Increase / (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	5,851,035	5,744,817
Cash and cash equivalents at end of the period	<u>5,909,795</u>	<u>4,320,299</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Share Capital	Statutory Reserve	Unappropriated profit / (Accumulated loss)	Total
	----- Rupees in `000 -----			
Balance as at January 01, 2013 - restated	5,279,679	173,392	(115,268)	5,337,803
Profit after taxation for the quarter ended March 31, 2013	-	-	33,340	33,340
Balance as at March 31, 2013 - restated	<u>5,279,679</u>	<u>173,392</u>	<u>(81,928)</u>	<u>5,371,143</u>
Profit after taxation for the period ended December 31, 2013	-	-	151,932	151,932
Transferred to statutory reserve	-	37,054	(37,054)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	(8,121)	(8,121)
Balance as at December 31, 2013	<u>5,279,679</u>	<u>210,446</u>	<u>24,829</u>	<u>5,514,954</u>
Profit after taxation for the quarter ended March 31, 2014	-	-	75,540	75,540
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	2,568	2,568
Balance as at March 31, 2014	<u><u>5,279,679</u></u>	<u><u>210,446</u></u>	<u><u>102,937</u></u>	<u><u>5,593,062</u></u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014****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 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 201 branches including 89 sub branches as at March 31, 2014 (December 31, 2013: 201 branches including 89 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 Karachi Stock Exchange (Guarantee) Limited.

Based on the financial statements of the Bank for the year ended December 31, 2012, the Pakistan Credit Rating Agency (Private) Limited (PACRA) determined the Bank's long-term rating as 'A' and the short-term rating as 'A1'.

- 1.2 The SBP vide circular no. 07 of 2009 dated April 15, 2009 has increased the Minimum Capital Requirement (MCR) for banks upto Rs. 10 billion to be achieved in a phased manner by December 31, 2013.

The Board of Directors (BOD) of the Bank in their meeting held on February 07, 2011 had in principle agreed to issue right shares to increase its paid up capital (free of losses) to Rs. 6 billion. The SBP vide its letter no. BSD/BAI-3/608/2773/2011 dated March 7, 2011 had given extension to the Bank in timeline for meeting MCR (free of losses) amounting to Rs 6 billion till June 30, 2011. Several extensions have been sought from SBP from time to time for meeting the capital requirement of Rs. 6 billion (free of losses) through issue of right shares. However, the process of right issue could not be initiated due to various reasons. The Bank has also been advised several times by the SBP for submission of concrete time bound capital plan for complying with prevailing and future regulatory capital requirements.

The Bank vide its letter dated November 8, 2013, requested the SBP to approve the issuance of 63,191,153 right shares at a discounted price of Rs 6.33 per share (discount of Rs. 3.67 per share) to raise paid up capital of Rs. 400 million. Accordingly, the SBP has in-principle approved the issuance of right shares subject to the following conditions:

- The right issue must be fully and firmly underwritten.
- The Bank will approach the Banking Policy and Regulations Department of the SBP for final approval after completion of all other regulatory and legal requirements, including SECP's requirements relating to issue of shares at a discount, prior to issuance of right shares.



The SBP in the said letter has further advised the Bank to submit a concrete, time bound board approved capital plan to meet the regulatory MCR of Rs.10 billion. The capital plan approved by the board of directors has been duly submitted by the Bank to the SBP vide its letter dated December 3, 2013.

During the current period, an extra ordinary general meeting of the shareholders was held on February 22, 2014 to approve the issuance of right shares at a discounted price of Rs 6.33 per share. The shareholders' approval has been taken and other legal requirements are under way.

Most recently, the SBP vide its letter No BPRD/BA&CPD/618/3905/2014 dated March 12, 2014 has prescribed minimum CAR at 16% in case the paid-up capital net of loss is at least Rs 6 billion or 18% if it falls below Rs.6 billion. The equity of the Bank including surplus on revaluation of assets as at March 31, 2014 was Rs 6.525 billion, while paid-up capital was Rs 5.280 billion (free of losses). CAR was 16.07%.

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 under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. However, income, if any, received which does not comply with the principles of the Islamic Shariah is recognised as charity payable if so directed by the Sharia Advisor of the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP), the provisions of and the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SECP and the SBP. In case the requirements differ, the provisions of and the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SECP and the SBP prevail.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

- 3.3 The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of IAS 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2013.
- 3.4 The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus / (deficit) on revaluation of Available For Sale (AFS) securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value. Further, staff retirement benefits have been carried at present values as determined under International Accounting Standard (IAS) 19 (revised) "Employee Benefits".

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim 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, 2013.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim 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, 2013.



	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
----- Rupees in '000 -----			
8 BALANCES WITH OTHER BANKS			
In Pakistan			
- Current accounts		9,591	6,353
- Deposit accounts		126	128
		9,717	6,481
Outside Pakistan			
- Current accounts		964,340	961,076
		974,057	967,557

9 DUE FROM FINANCIAL INSTITUTIONS

Sukuk Murahaba		6,418	6,418
Commodity Murahaba - local currency	9.1	7,234,074	6,511,173
		7,240,492	6,517,591
Musharaka Placement		-	-
Provision against Sukuk Murahaba		(6,418)	(6,418)
		7,234,074	6,511,173

9.1 The Bank has entered into Commodity Murahaba agreements under which the Bank purchases an underlying commodity from open market through an agent and sales it to a financial institution on credit with profit. The profit rate on the agreement ranges between 10.00% to 10.05% (DEC 2013: 9.95 % to 10.35%) per annum and the agreement have a maturity ranging from 1 day to 35 days.

10 INVESTMENTS

10.1 Investments by type

	(Un-audited) March 31, 2014			(Audited) December 31, 2013		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- Rupees in '000 -----						
Available for sale securities						
- Sukuk certificates	31,485,393	-	31,485,393	31,249,567	-	31,249,567
- Mutual Fund						
Open end mutual funds	15	-	15	15	-	15
Closed end mutual fund	6	-	6	6	-	6
	31,485,414	-	31,485,414	31,249,588	-	31,249,588
Subsidiary						
- Bankislami Modaraba Investment Limited - unlisted company	191,015	-	191,015	191,015	-	191,015
Investments at cost	31,676,429	-	31,676,429	31,440,603	-	31,440,603
Less : Provision For Diminution						
In Value Of Investments	-	-	-	-	-	-
Investments (Net of Provisions)	31,676,429	-	31,676,429	31,440,603	-	31,440,603
Surplus on revaluation of available for sale securities	488,397	-	488,397	169,684	-	169,684
Total investments at market value	32,164,826	-	32,164,826	31,610,287	-	31,610,287

		(Un-audited) March 31, 2014	(Audited) December 31, 2013
	Note	----- Rupees in `000 -----	
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha financing and related assets	11.1	11,493,241	9,304,737
- Istisn'a financing and related assets	11.2	7,869,496	9,231,316
- Diminishing Musharka-Housing		2,434,511	2,305,290
- Diminishing Musharka financing and related assets - Others		5,253,722	5,498,705
- Against Bills- Murabaha		130,921	25,026
- FBP Against Bills Salam		79,974	-
- Post Due Acceptance		8,293	29,076
- Salam		-	250,000
- Musawama Financings and related assets		7,984,768	9,150,261
- Financings to employees		993,665	973,125
		<u>36,248,591</u>	<u>36,767,536</u>
Housing finance portfolio		114,526	120,022
Net investment in Ijara financing In Pakistan		99,893	106,097
Ijarah financing under IFAS 2 and related assets		2,117,900	1,938,391
Islamic Financing and related assets - gross		<u>38,580,910</u>	<u>38,932,046</u>
Provision for non-performing Financings and related assets			
- Specific		(586,403)	(575,843)
- General		(49,385)	(47,470)
Islamic Financing and related assets - net of provision		<u>37,945,122</u>	<u>38,308,733</u>

- 11.1 Murahaba financing and related assets includes financing amounting to Rs 600.088 million (2013: Rs 571.770 million) against Murabaha under Islamic Export Refinance Scheme.
- 11.2 Istisna financing and related assets includes financing amounting to Rs 50 million (2013: Rs 30 million) against istisna under Islamic Export Refinance Scheme.
- 11.3 Financing includes Rs 1,134.698 million (2013: Rs 1,108.871 million) which have been placed under non-performing status as follows:

	March 31, 2014 (Un-audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in `000 -----				
Category of Classification					
Substandard	166,728	-	166,728	1,567	1,567
Doubtful	18,431	-	18,431	3,111	3,111
Loss	949,539	-	949,539	581,725	581,725
	<u>1,134,698</u>	<u>-</u>	<u>1,134,698</u>	<u>586,403</u>	<u>586,403</u>

December 31, 2013 (Audited)					
Category of Classification	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Substandard	133,313	-	133,313	1,431	1,431
Doubtful	24,725	-	24,725	2,576	2,576
Loss	950,833	-	950,833	571,836	571,836
	<u>1,108,871</u>	<u>-</u>	<u>1,108,871</u>	<u>575,843</u>	<u>575,843</u>

11.4 Particulars of provision against non-performing financings:

	March 31, 2014 (Un-audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	575,843	47,470	623,313
Charge for the period	19,864	1,915	21,779
Reversals	(9,304)	-	(9,304)
	10,560	1,915	12,475
Closing balance	<u>586,403</u>	<u>49,385</u>	<u>635,788</u>

	December 31, 2013 (Audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	467,002	33,565	500,567
Charge for the year	172,753	13,905	186,658
Reversals	(63,912)	-	(63,912)
	108,841	13,905	122,746
Closing balance	<u>575,843</u>	<u>47,470</u>	<u>623,313</u>

11.4.1 The Bank has maintained a general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and for prudential regulation for small and medium enterprise financing issued by the SBP.

	(Un-audited) Quarter ended	
	March 31, 2014	March 31, 2013
	----- Rupees in '000 -----	

12 OPERATING FIXED ASSETS

12.1 Additions/ Transfer out to operating fixed assets

Freehold Land	3,587	-
Furniture and fixture	121,445	7,545
Electrical, office and computer equipments	79,200	29,115
Vehicles	-	166
Capital work-in-progress	51,977	25,919

12.2 Intangibles

Computer Software	18,439	2,193
-------------------	--------	-------

		(Un-audited) Quarter ended	
		March 31, 2014	March 31, 2013
		----- Rupees in `000 -----	
12.3	Disposals of operating fixed assets		
	Furniture and fixture	-	-
	Electrical, office and computer equipments	-	426
	Vehicles	-	70
	Leasehold building	-	82,542
		(Un-audited) March 31, 2014	(Audited) December 31, 2013
13	DUE TO FINANCIAL INSTITUTIONS	----- Rupees in `000 -----	
	In Pakistan	1,037,000	2,538,000
	Outside Pakistan	-	-
		<u>1,037,000</u>	<u>2,538,000</u>
14	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Fixed deposits	32,561,830	34,607,878
	Savings deposits	30,939,938	27,249,907
	Current Accounts - Non-remunerative	12,707,426	12,276,481
	Margin accounts - Non remunerative	186,393	197,882
		<u>76,395,587</u>	<u>74,332,148</u>
	Financial institutions		
	Remunerative deposits	1,065,061	745,605
	Non-remunerative deposits	115,368	148,116
		<u>1,180,429</u>	<u>893,721</u>
		<u>77,576,016</u>	<u>75,225,869</u>
		(Un-audited) March 31, 2014	(Audited) December 31, 2013
15	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	----- Rupees in `000 -----	
	Surplus /(Deficit) on revaluation of :		
	Fixed Assets	15.1 614,377	616,945
	Available for Sale securities	15.2 317,535	110,302
		<u>931,912</u>	<u>727,247</u>



	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	----- Rupees in `000 -----	
15.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets as at January 1		
Freehold Land	96,222	-
Building on lease hold land	<u>801,112</u>	<u>-</u>
	<u>897,334</u>	<u>-</u>
Transferred to retained earning in respect of incremental depreciation charged during period / year	(2,568)	-
Related deferred tax liability in respect of incremental depreciation charged during period / year	(1,382)	-
Surplus on revaluation of freehold land recognized during the period / year	-	96,222
Surplus on revaluation of building on leasehold land recognized during the period / year	-	801,112
	<u>(3,950)</u>	<u>897,334</u>
	<u>893,384</u>	<u>897,334</u>
Less: Related Deferred Tax Liability		
Surplus as at January 01 , 2014	280,389	-
Deferred tax liability booked	-	280,389
Related deferred tax liability in respect of incremental depreciation charged during the year	(1,382)	-
	<u>279,007</u>	<u>280,389</u>
	<u>614,377</u>	<u>616,945</u>
15.2 Surplus on revaluation of available-for-sale securities		
Federal Government securities		
- Ijara Sukuk Bonds	488,177	170,128
Sukuk Certificates		
-Sukuk Certificates unlisted	202	(466)
Fully paid up ordinary shares/units		
- Mutual Fund	18	22
	<u>488,397</u>	<u>169,684</u>
Less: Related deferred tax liability	(170,862)	(59,382)
	<u>317,535</u>	<u>110,302</u>

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
16 CONTINGENCIES AND COMMITMENTS	----- Rupees in `000 -----	
16.1 Transaction-related Contingent Liabilities		
Guarantees favouring		
Government	299,083	283,827
Others	<u>2,332,860</u>	<u>2,003,514</u>
	<u>2,631,943</u>	<u>2,287,341</u>
16.2 Trade-related contingent liabilities		
Import letters of Credit	3,755,075	3,950,372
Acceptances	<u>442,688</u>	<u>535,042</u>
	<u>4,197,763</u>	<u>4,485,414</u>
16.3 Claim not acknowledged as debt	<u>831,083</u>	<u>831,083</u>
16.4 Commitments in respect of promises		
Purchase	<u>1,694,120</u>	<u>1,368,635</u>
Sale	<u>1,889,707</u>	<u>1,111,164</u>
16.5 Commitments for the acquisition of operating fixed assets	<u>16,848</u>	<u>131,083</u>

16.6 The Deputy Commissioner Inland Revenue (DCIR) has passed certain assessment orders against the bank vide letter no 06/97/2012, 07/97/2012 and 08/97/2012, all dated September 25, 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 has duly filled appeal for the stay order of the above demand before the Appellate Tribunal Inland Revenue (ATIR) after the assessment order were confirmed by the Commissioner Inland Revenue (Appeals). The stay application were heard on February 23, 2013. The ATIR has accepted the stay application of the Bank and has 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 has deposited an amount of Rs. 10.4 million as a minimum fee (that is adjustable / refundable) for filing appeal against the said case. The management of the Bank is confident that the above matter will be decided in the favor and hence, no provision against any liability which may arise in this respect has been made in these financial statements.

16.7 Commitments in respect of financing facilities

The Bank makes commitments to extend financings 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.



	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	----- Rupees in `000 -----	
16.8 Other commitments		
Bills for collection	<u>220,711</u>	<u>93,191</u>
	(Un-audited) Quarter ended	
	March 31, 2014	March 31, 2013 (Restated)
	----- Rupees in `000 -----	
17 PROFIT / RETURN ON FINANCINGS, INVESTMENTS AND PLACEMENTS EARNED		
On Financings to:		
- Customers	917,447	626,482
- Financial Institutions	<u>140,597</u>	<u>180,958</u>
	<u>1,058,044</u>	<u>807,440</u>
On Investments - available for sale securities	699,057	653,363
On deposits / placements with financial institutions	1,460	288
Others	<u>9,966</u>	<u>7,541</u>
	<u>1,768,527</u>	<u>1,468,632</u>
	(Un-audited) Quarter ended.	
	March 31, 2014	March 31, 2013 (Restated)
	----- Rupees in `000 -----	
18 EARNINGS PER SHARE - Basic / Diluted		
Profit after taxation for the quarter	<u>75,540</u>	<u>33,340</u>
	----- Number of shares -----	
Weighted average number of ordinary shares	<u>527,967,898</u>	<u>527,967,898</u>
	----- Rupees -----	
Basic / diluted earnings per share	<u>0.143</u>	<u>0.063</u>

There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2014 and March 31, 2013.

19 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 Center	Total
For the period ended March 31, 2014 (Un-audited)					
Rupees in '000					
Total Income	181,530	1,029,927	647,939	78,324	1,937,720
Total Expenses	43,455	967,493	491,964	317,337	1,820,249
Net income/(loss) before tax	138,075	62,434	155,975	(239,013)	117,471
As at March 31, 2014 (Un-audited)					
Segment Assets (Gross)	44,780,711	6,280,783	34,487,490	3,451,761	89,000,745
Segment Non Performing Assets	296,040	420,391	731,920	4,043	1,452,394
Segment Provision Required	19,790	224,113	429,287	4,043	677,233
Segment Liabilities	755,008	52,966,652	26,793,086	1,283,792	81,798,538
Segment Return on Assets (ROA) (%)	1.25%	4.03%	1.83%	-	-
Segment Cost of funds (%)	8.09%	5.36%	6.99%	-	-
For the period ended March 31, 2013 (Un-audited) - (Restated)					
Total Income	36,622	985,258	522,585	61,714	1,606,179
Total Expenses	22,845	831,075	438,922	261,536	1,554,378
Net income/(loss) before tax	13,777	154,183	83,663	(199,822)	51,801
As at December 31, 2013 (Audited)					
Segment Assets (Gross)	42,203,550	6,268,272	35,196,171	3,852,359	87,520,352
Segment Non Performing Financing	296,040	403,919	722,564	4,043	1,426,566
Segment Provision Required	19,790	213,243	427,682	4,043	664,758
Segment Liabilities	2,023,367	50,122,294	26,996,290	1,471,442	80,613,393
Segment Return on Assets (ROA) (%)	1.52%	-1.22%	1.34%	-	-
Segment Cost of funds (%)	7.48%	5.35%	6.47%	-	-

20 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 deposits 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.

بنك الإسلامي

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

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	----- Rupees in `000 -----	
SUBSIDAIRY		
Deposits:		
Opening balance	55,877	105,869
Deposit during the period	60,327	734,848
Withdrawal during the period	(56,715)	(784,840)
Closing balance	<u>59,489</u>	<u>55,877</u>
	(Un-audited) Quarter ended	
	March 31, 2014	March 31, 2013
	----- Rupees in `000 -----	
Transactions, income and expenses:		
Return on deposits expensed	2,856	2,016
	(Un-audited) (Audited) March 31, December 31, 2014 2013	
	----- Rupees in `000 -----	
ASSOCIATES		
Islamic Financings and related assets:		
Opening balance	* 5,839	25,371
Accrued during the period	5,334	36,852
Repayments	(8,058)	(55,752)
Closing balance	<u>3,115</u>	<u>6,471</u>
Deposits:		
Opening balance	157,365	88,097
Deposit during the period	169,871	711,706
Withdrawal during the period	(95,714)	(642,438)
Closing balance	<u>231,522</u>	<u>157,365</u>
Prepayments:		
Opening balance	7,632	4,892
Deposit during the period	1,545	14,314
Withdrawal during the period	(4,281)	(11,574)
Closing balance	<u>4,896</u>	<u>7,632</u>

	(Un-audited) Quarter ended	
	March 31, 2014	March 31, 2013
	----- Rupees in `000 -----	
Transactions, income and expenses:		
Profit earned on financing	5,334	8,799
Return on deposits expensed	2,835	760
Administrative Expense	21,763	18,054

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	----- Rupees in `000 -----	

KEY MANAGEMENT PERSONNEL

Islamic Financings and related assets:

Opening balance	*	63,199	100,246
Disbursed during the period		-	30,308
Repaid during the period		(1,267)	(40,320)
Closing balance		<u>61,932</u>	<u>90,234</u>

Deposits:

Opening balance	*	29,707	10,959
Deposit during the period		30,127	118,277
Withdrawal during the period		(37,495)	(98,885)
Closing balance		<u>22,339</u>	<u>30,351</u>

	(Un-audited) Quarter ended	
	March 31, 2014	March 31, 2013
	----- Rupees in `000 -----	

Transactions, income and expenses:

Profit earned on financing	655	867
Return on deposits expensed	34	37
Remuneration	11,120	12,368

Employee Benefit plans

Contribution to Employees Gratuity Fund	3,180	6,840
Contribution to Employees Providend Fund	8,986	7,919

* Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current period are not reflected as part of the opening balance of the current period.



21 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

22 CORRESPONDING FIGURES

Corresponding information has been re-classified, re-arranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There were no significant reclassifications during the current period.

23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 18, 2014 by the Board of Directors of the Bank.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director

Consolidated Financial Statements
of
BankIslami Pakistan Limited
for the Period Ended
March 31, 2014



DIRECTORS' REPORT (CONSOLIDATED)

On behalf of the Board, I am pleased to present the consolidated financial results of the Group for the period ended March 31, 2014. Following are the highlights:

	March 31, 2014	March 31, 2013	Growth (%)
.....Rupees in 'millions'.....			
Total Deposits	77,516	64,678	19.85
Total Assets	88,272	74,563	18.39
Total Financing-net	37,945	26,416	43.64
Total Investments	31,984	28,565	11.97
Shareholder's Equity	6,531	5,561	17.44
Branches-Numbers	201	141	42.55
Basic Earnings per share - rupees	0.144	0.065	121.54

Our Group performance remained satisfactory. The Group was able to post a Profit after tax of Rs. 76M compared to Rs. 34M last year, a healthy growth of 122%. We expect the profitability of the Group to improve further going forward due to restructuring of business in BankIslami Modaraba Investment Limited.

Finally, we would like to place on record our appreciation to State Bank of Pakistan and Securities and Exchange Commission for their continued support, guidance as well as understanding. Also, we would like to show our gratitude to the employees of BankIslami and BankIslami Modaraba Investment Limited for their contribution towards the Group's progress through their hard work and commitment.

On behalf of the Board,

Hasan A Bilgrami
Chief Executive Officer
April 18, 2014

CONDENSED INTERIM STATEMENT OF CONSOLIDATED FINANCIAL POSITION
AS AT MARCH 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	----- Rupees in `000 -----	
ASSETS		
Cash and balances with treasury banks	4,935,743	4,883,483
Balances with other banks	1,027,620	1,018,717
Due from financial institutions	7,234,074	6,511,173
Investments	31,984,496	31,429,302
Islamic financing and related assets-net	37,945,122	38,308,733
Operating fixed assets	3,170,856	2,966,620
Deferred tax assets	-	-
Other assets	1,974,291	1,682,910
	88,272,202	86,800,938

LIABILITIES

Bills payable	1,024,240	835,562
Due to financial institutions	1,037,000	2,538,000
Deposits and other accounts	77,516,363	75,169,991
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	309,161	175,216
Other liabilities	1,854,283	1,836,286
	81,741,047	80,555,055
NET ASSETS	6,531,155	6,245,883

REPRESENTED BY

Share capital	5,279,679	5,279,679
Reserves	210,446	210,446
Unappropriated profit	106,025	27,199
	5,596,150	5,517,324
Surplus on revaluation of assets-net of tax	935,005	728,559
	6,531,155	6,245,883

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director



CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2014

	Quarter ended	
	March 31, 2014	March 31, 2013 (Restated)
	----- Rupees in `000 -----	
Profit / return earned	1,769,844	1,468,884
Profit / return expensed	1,047,779	909,538
Net spread earned	722,065	559,346
Provision against non-performing Islamic financings and related assets - net	12,475	18,063
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	12,475	18,063
Net spread after provisions	709,590	541,283
OTHER INCOME		
Fee, commission and brokerage Income	87,167	59,661
Dividend income	-	-
Income from dealing in foreign currencies	62,396	17,001
Gain on sale of securities	-	6,709
Other income	19,630	54,176
Total other income	169,193	137,547
	878,783	678,830
OTHER EXPENSES		
Administrative expenses	756,164	611,318
Other provisions	-	-
Other charges	4,293	14,397
Total other expenses	760,457	625,715
	118,326	53,115
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	118,326	53,115
Taxation		
-Current	19,604	8,522
-Prior years	-	-
-Deferred	22,464	10,261
	42,068	18,783
PROFIT AFTER TAXATION	76,258	34,332
Basic / diluted earnings per share - (Rupee)	0.144	0.065

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Quarter ended	
	March 31, 2014	March 31, 2013 (Restated)
	----- Rupees in `000 -----	
Profit after taxation	76,258	34,332
Components of comprehensive income not reflected in equity		
Surplus / (Deficit) on revaluation of available for sale securities - net of tax	209,013	(80,440)
Total comprehensive income / (loss) for the period	<u>285,271</u>	<u>(46,108)</u>

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director



CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013 (Restated)
	----- Rupees in `000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	118,326	53,115
Adjustments for:		
Depreciation - Own assets	65,184	67,133
Depreciation - Operating Ijara assets	144,803	117,161
Amortisation of intangible asset	5,228	7,123
Provision against non-performing Islamic financings and related assets - net	12,475	18,063
Provision against other assets	-	-
Gain on sale of fixed assets	-	(50,691)
Deferred cost amortized	-	-
	<u>227,690</u>	<u>158,789</u>
	346,016	211,904
(Increase) / decrease in operating assets		
Due from financial institutions	(722,901)	(2,716,049)
Islamic financings and related assets	206,333	881,753
Others assets (excluding advance taxation and deferred cost)	(292,768)	(450,825)
	<u>(809,336)</u>	<u>(2,285,121)</u>
Increase / (decrease) in operating liabilities		
Bills payable	188,678	(311,151)
Due to financial institutions	(1,501,000)	4,470
Deposits and other accounts	2,346,372	567,287
Other liabilities (excluding current taxation)	17,997	184,533
	<u>1,052,047</u>	<u>445,139</u>
	588,727	(1,628,078)
Income tax paid	(18,217)	(4,109)
Net cash generated from / (used in) operating activities	<u>570,510</u>	<u>(1,632,187)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(234,699)	161,085
Dividend income received	-	(64,938)
Investments in operating fixed assets	(274,648)	-
Proceeds realised on disposal of operating fixed assets	-	111,613
Net cash (used in) / generated from investing activities	<u>(509,347)</u>	<u>207,760</u>
Increase / (decrease) in cash and cash equivalents	61,163	(1,424,427)
Cash and cash equivalents at beginning of the period	<u>5,902,200</u>	<u>5,744,994</u>
Cash and cash equivalents at end of the period	<u>5,963,363</u>	<u>4,320,567</u>

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Share Capital	Statutory Reserve	Unappropriated profit / (Accumulated loss)	Total
----- Rupees in `000 -----				
Balance as at January 01, 2013 - Restated	5,279,679	173,392	(116,326)	5,336,745
Profit after taxation for the quarter ended March 31, 2013	-	-	34,332	34,332
Balance as at March 31, 2013 - restated	5,279,679	173,392	(81,994)	5,371,077
Profit after taxation for the period ended December 31, 2013	-	-	154,478	154,478
Transferred to statutory reserve	-	37,054	(37,054)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	(8,231)	(8,231)
Balance as at December 31, 2013	5,279,679	210,446	27,199	5,517,324
Profit after taxation for the quarter ended March 31, 2014	-	-	76,258	76,258
Transfer from surplus on revaluation of fixed assets-net of tax	-	-	2,568	2,568
Balance as at March 31, 2014	5,279,679	210,446	106,025	5,596,150

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2014

1. STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited was incorporated in Pakistan as a public limited company on October 18, 2004 under the Companies Ordinance, 1984 to carry out 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 201 branches including 89 sub branches as at March 31, 2014 (December 31, 2013: 201 branches including 89 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 Karachi Stock Exchange (Guarantee) Limited.

Based on the financial statements of the Bank for the year ended December 31, 2012, the Pakistan Credit Rating Agency (Private) Limited (PACRA) determined the Bank's long-term rating as 'A' and the short-term rating as 'A1'.

- 1.2 The SBP vide circular no. 07 of 2009 dated April 15, 2009 has increased the Minimum Capital Requirement (MCR) for banks upto Rs. 10 billion to be achieved in a phased manner by December 31, 2013.

The Board of Directors (BOD) of the Bank in their meeting held on February 07, 2011 had in principle agreed to issue right shares to increase its paid up capital (free of losses) to Rs. 6 billion. The SBP vide its letter no. BSD/BAI-3/608/2773/2011 dated March 7, 2011 had given extension to the Bank in timeline for meeting MCR (free of losses) amounting to Rs 6 billion till June 30, 2011. Several extensions have been sought from SBP from time to time for meeting the capital requirement of Rs. 6 billion (free of losses) through issue of right shares. However, the process of right issue could not be initiated due to various reasons. The Bank has also been advised several times by the SBP for submission of concrete time bound capital plan for complying with prevailing and future regulatory capital requirements.

The Bank vide its letter dated November 8, 2013, requested the SBP to approve the issuance of 63,191,153 right shares at a discounted price of Rs 6.33 per share (discount of Rs. 3.67 per share) to raise paid up capital of Rs. 400 million. Accordingly, the SBP has in-principle approved the issuance of right shares subject to the following conditions:

- The right issue must be fully and firmly underwritten.
- The Bank will approach the Banking Policy and Regulations Department of the SBP for final approval after completion of all other regulatory and legal requirements, including SECP's requirements relating to issue of shares at a discount, prior to issuance of right shares.

The SBP in the said letter has further advised the Bank to submit a concrete, time bound board approved capital plan to meet the regulatory MCR of Rs.10 billion. The capital plan approved by the board of directors has been duly submitted by the Bank to the SBP vide its letter dated December 3, 2013.

During the current period, an extra ordinary general meeting of the shareholders was held on February 22, 2014 to approve the issuance of right shares at a discounted price of Rs 6.33 per share. The shareholders' approval has been taken and other legal requirements are under way.

Most recently, the SBP vide its letter No BPRD/BA&CPD/618/3905/2014 dated March 12, 2014 has prescribed minimum CAR at 16% in case the paid-up capital net of loss is at least 6 billion or 18% if it falls below Rs.6 billion. The equity of the Bank including surplus on revaluation of assets as at March 31, 2014 was Rs 6.525 billion, while paid-up capital was Rs 5.280 billion (free of losses). CAR was 16.07%.

- 1.3 The Bank has acquired 100 percent shares of Bankislami Modaraba Investment Limited (a unquoted public company) on August 31, 2007. The principal activity of the company is to act as modarba management company. Bankislami Modaraba Investment Limited was incorporated in Pakistan on January 22, 1986 as a public unquoted company under the Companies Ordinance, 1984. Later on it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modarabas, under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980. The registered office of the company is situated at 10th Floor, Progressive Square, Shahrah-e-Faisal, Karachi.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP), the provisions of and the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SECP and the SBP. In case the requirements differ, the provisions of and the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SECP and the SBP prevail.



- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of IAS 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2013.
- 3.4 The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus / (deficit) on revaluation of Available For Sale (AFS) securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value. Further, staff retirement benefits have been carried at present values as determined under International Accounting Standard (IAS) 19 (revised) "Employee Benefits".

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Group's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim 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, 2013.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim 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, 2013.

8 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and Bankislami Modaraba Investment Limited. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

8.1 Business combinations

Acquisition of subsidiary is accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

8.2 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash – generating units expected to benefit from the synergies of the combination. Cash – generating units to which goodwill has been allocated will be tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash – generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.



9. GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

10. CORRESPONDING FIGURES

Corresponding information has been re-classified, re-arranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There were no significant reclassifications during the current period.

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 18, 2014 by the Board of Directors of the holding Company.

-Sd-
Chairman

-Sd-
Chief Executive Officer

-Sd-
Director

-Sd-
Director



201

BRANCHES

77 Cities

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*including sub branches

CORPORATE