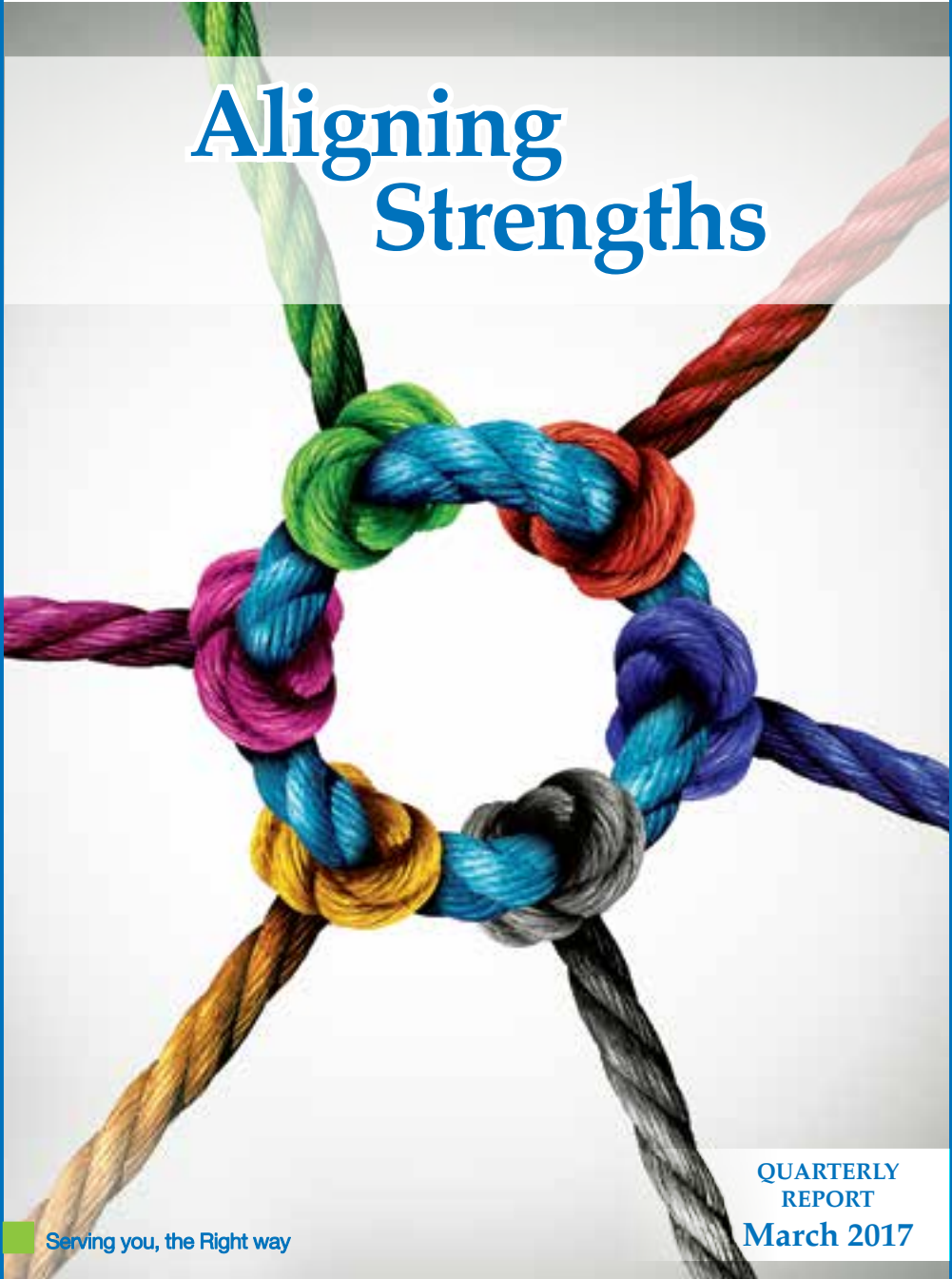


بَيْنَاكُ إِسْلَامِي



BankIslami

# Aligning Strengths



QUARTERLY  
REPORT  
March 2017

Serving you, the Right way

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## Corporate Information

### Board of Directors

Mr. Ali Hussain  
Mr. Fawad Anwar  
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali  
Dr. Amjad Waheed  
Mr. Hasan A. Bilgrami  
Mr. Noman Yakoob  
Mr. Siraj Ahmed Dadabhoy

Chairman  
Vice Chairman

Chief Executive Officer

### Sharia'h Supervisory Board

Mufti Irshad Ahmad Aijaz  
Mufti Muhammad Husain  
Mufti Javed Ahmed

Chairman  
Member  
Member

### Audit Committee

Dr. Amjad Waheed  
Mr. Noman Yakoob  
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali

Chairman  
Member  
Member

### Risk Management Committee

Mr. Fawad Anwar  
Mr. Noman Yakoob  
Mr. Hasan A. Bilgrami

Chairman  
Member  
Member

### Human Resource Management Committee

Mr. Ali Mohamad Hussain Ali Mohamad Alshamali  
Mr. Fawad Anwar  
Mr. Siraj Ahmed Dadabhoy  
Mr. Hasan A. Bilgrami

Chairman  
Member  
Member  
Member

### Board Remuneration Committee

Mr. Ali Mohamad Hussain Ali Mohamad Alshamali  
Mr. Fawad Anwar  
Mr. Siraj Ahmed Dadabhoy

Chairman  
Member  
Member

### Executive Committee

Mr. Ali Hussain  
Mr. Fawad Anwar  
Mr. Hasan A. Bilgrami  
Mr. Siraj Ahmed Dadabhoy

Chairman  
Member  
Member  
Member

### Company Secretary

Mr. Khawaja Ehrar ul Hassan

### Auditors

EY Ford Rhodes,  
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	Regional General Manager
Mr. Bilal Zuberi	Regional General Manager
Mr. Fakhir Ahmad	Head, Human Resources
Mr. Farooq Anwar	Head, Operations
Mr. Hasan A. Bilgrami	Chief Executive Officer
Mr. Khawaja Ehrar ul Hassan	Company Secretary & Head of Legal
Mr. Masood Muhammad Khan	Head, Compliance
Mr. Muhammad Asadullah Chaudhry	Head, Service Quality & Phone Banking
Mr. Muhammad Faisal Shaikh	Head, Shariah Advisory & Structuring
Mr. Rehan Shuja Zaidi	Head, Internal Audit
Mr. Saad Ahmed Madani	Head, Corporate Banking
Mr. Sadrauddin Pyar Ali	Head, Administration & General Services
Mr. Sohail Sikandar	Chief Financial Officer
Mr. Syed Akhtar Ausaf	Head, Risk Management
Mr. Syed Ata Hussain Jaffri	Head, Information System
Mr. Syed Muhammad Aamir Shamim	Head, Treasury & Financial Institutions

#### 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

Share Registrar Department  
Central Depository Company of Pakistan Limited  
CDC House, 99 – B, Block ‘B’,  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi-74400.  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

#### PUBLIC DEALING TIMINGS

Monday to Thursday: 9:00 am to 7:00 pm  
Friday: 9:00 am to 12:30 pm and 2:30 pm to 7:00 pm  
Saturday: 9:00am to 1:00pm

#### Website:

www.bankislami.com.pk



## Directors' Report

*Dear Shareholders,*

On behalf of the Board, I am pleased to present the financial results of the Bank for the first quarter ended March 31, 2017. The following are the key highlights:

	Mar 17	Mar 16	Growth (%)
	.....Rupees in 'millions'.....		
Total Deposits	159,110	144,484	10.12%
Total Assets	188,058	181,711	3.50%
Total Financing and related assets-net	99,319	75,231	32.02%
Total Investments	44,615	71,933	-37.98%
Shareholder's Equity	12,304	11,533	6.68%
Profit After Tax	66	125	-47.20%
Basic Earnings per share - rupees	0.065	0.124	-47.58%
Branches network-Number	322	317	1.58%

### Financial Highlights:

The deposit size of the Bank grew by Rs. 14.6bn i.e. 10.12% growth from the same quarter last year. The Current and Saving Accounts ('CASA') mix improved from 68.13% in Mar 2016 to 75.00% in Mar 2017. The financing to deposit ratio rose to 62.42% from 52.07% in Mar 2016. Consumer financing as a percentage of total financing also grew to 12.00% in the first quarter of 2017 resulting in improved yield. In addition to this, the Cost of funds fell compared to last year. All of this resulted in improvement in gross spread to 47.17% from 37.26% i.e. a rise of 991 bps as compared to same quarter last year.

The infection ratio of the financing & advances portfolio, including the inherited non performing portfolio of Defunct KASB Bank, dropped from 16.60% in Mar 2016 to 14.69% as of Mar 2017.

The non-funded income of the Bank has improved by 64.28% mainly on the back of increase in fee income on transaction banking. There is an increase in Administrative Expenses by 5.36%, however the cost to income ratio went down to 93.27% from 95.01% last year, thereby resulting in the Bank to report a profit after tax of Rs. 66mn for the first quarter of the year 2017. Ignoring the one off deferred tax adjustment last year, there was an improvement of Rs. 43mn compared to first quarter of 2016.

## Achievements:

The Bank continued to partner with renowned brands under loyalty program for its Debit Cardholders. The Alternative Delivery Channels of the Bank have provided much needed impetus to its non-funded income and helped in generating healthy revenue stream. ATM Transactions, POS transactions, mBankIslami mobile app downloads and SMS banking activations have continued to show encouraging trends. The Bank continues to use technological driven platforms to enhance its service delivery and provide convenience to its customers.

We expect 2017 to be yet another year where the result of the Bank will be erratic due to the impact of amalgamation with Defunct KASB Bank. While the operational integration has been completed, the growth in business of the acquired branches has been slow coupled with withdrawals. Substantial assets of the merged Bank remained frozen due to ongoing litigation while the Bank continues to fund them from its resources. That said, we are confident that by the end of 2017, we shall be in a position to put all of this behind us. InShaAllah. The growth in all of the business segments is very encouraging. 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 employees 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  
June 20th, 2017



## ڈائریکٹرز کی رپورٹ

معزز حاملین حصص:

میں بورڈ کی جانب سے 31 مارچ، 2017 کو اختتام پذیر ہونے والی پہلی سہ ماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمو (فیصد)	مارچ-16	مارچ-17	
----- روپے بلین میں -----			
10.12%	144,484	159,110	کل ڈپازٹ
3.50%	181,711	188,058	کل اثاثے
32.02%	75,231	99,319	کل تمویل اور متعلقہ اثاثے۔ خالص
-37.98%	71,933	44,615	کل سرمایہ کاری
6.68%	11,533	12,304	حصہ داران کی سرمایہ کاری
-47.20%	125	66	بعد از ٹیکس نفع
-47.58%	0.124	0.065	فی حصہ بنیادی آمدنی۔ روپوں میں
1.58%	317	322	شائعیں

مالیاتی کارکردگی کے اہم نکات:

بینک کے ڈپازٹ کا حجم بڑھ کر 14.6 بلین ہو گیا جو کہ پچھلے سال کی اس سہ ماہی کے مقابلہ میں 10.12% زیادہ ہے۔ کرنٹ اور سیونگ اکاؤنٹ کے مجموعہ ('CASA') مارچ 2016ء میں 68.13% کے مقابلہ میں بڑھ کر مارچ 2017ء میں 75.00% ہو گیا ہے۔ سرمایہ کاری سے ڈپازٹ کی شرح بڑھ کر 62.42% ہو گئی جو مارچ 2016ء میں 52.07% تھی۔ صارفین کی تمویل کل تمویل کا بھی 2017 کی پہلی سہ ماہی میں بڑھ کر 12% ہو گئی جس کے نتیجے میں آمدنی میں بہتری آئی۔ مزید برآں گزشتہ سال کے مقابلہ میں تمویل لاگت میں کمی واقع ہوئی۔ اس سب کے نتیجے میں پچھلے سال اس سہ ماہی کے مقابلہ میں خام پھیلاؤ (Gross Spread) میں 37.26% سے 47.17% کی بہتری آئی۔ جو کہ پچھلے سال کی اس سہ ماہی کے مقابلہ میں 991 بیس پوائنٹ کا اضافہ ہے۔ تمویل و قرض کے مجموعے کی غیر فعال تمویل شرح بشمول کا عدم KASB بینک کے موروثی غیر فعال مجموعے کے، مارچ 2017 میں 16.60% سے گر کر مارچ 2017 میں 14.69% ہو گئے۔

بینک کی غیر معمولی آمدنی بھی بہتر ہو کر 64.28% ہو گئی جس کی پس منظر میں بڑی وجہ بینکنگ ٹرانزیکشن پر فیس آمدنی میں اضافہ ہے۔ انتظامی اخراجات میں 5.36% اضافہ ہوا البتہ لاگت سے آمدنی کی شرح گر کر 93.27% ہو گئی جو گزشتہ سال 95.01% تھی جس کے نتیجے میں 2017 کی پہلی سہ ماہی میں بینک 66 ملین بعد از ٹیکس نفع کا اعلان کرنے کے قابل ہوا۔ گزشتہ سال کی ایک مؤرخین کی ایڈجسٹمنٹ کو نظر انداز کریں تو یہاں 2016 کی پہلی سہ ماہی کے مقابلہ میں 43 ملین روپے کی بہتری ہے۔

کامیابیاں:

بینک نے اپنے لوہٹی پروگرام کے تحت اپنے ڈیپٹ کارڈ ہولڈرز کے لئے مشہور برانڈز کے ساتھ شراکت داری کے تسلسل کو جاری رکھا۔ بینک کے متبادل ذرائع ترسیل نے غیر معمولی آمدنی میں ضرورت کے مطابق خوب حصہ دیا جس سے بینک ایک مناسب وصولیاں کرنے کے قابل ہوا۔ اے ٹی ایم ٹرانزیکشن، بی او ایس ٹرانزیکشن، ایم بینک اسلامی ایپ کے ڈاؤن لوڈ ز اور ایس ایم ایس بینکنگ ایکٹیویشن کے حوصلہ افزاء رجحان دیکھنے میں آئے۔ بینک مسلسل ٹیکنالوجی کے استعمال کے ذریعے اپنے سٹمرز کو خدمات کی فراہمی میں بہتری اور سہولیات کی فراہمی کے تسلسل کو جاری رکھا ہوا ہے۔

ہم امید کرتے ہیں کہ 2017 ایک اور سال ہو گا جس میں بینک کے نتائج کا عدم KASB بینک کے انضمام کے اثرات کی وجہ سے متاثر رہیں گے۔ عملی انضمام کے مکمل ہو جانے کے بعد حاصل شدہ شاخوں کی کاروباری کارکردگی ڈپازٹ کے اخراج کے ساتھ ساتھ سست روی کا شکار ہے۔ انضمام شدہ بینک کے بہت سے اثاثے مسلسل قانونی چارہ جوئی کی وجہ سے ابھی تک منجمد ہیں جبکہ بینک کو اپنے وسائل سے ان پر خرچ کرنا پڑ رہا ہے۔ ہم پر اعتماد ہیں کہ سال 2017 کے اختتام تک ان تمام مشکلات کو ہم پس پیش ڈال چکے ہوں گے۔ ان شاء اللہ۔ کاروبار کے تمام ہی شعبوں میں ترقی حوصلہ افزاء ہے۔ الحمد للہ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے بینک کے طویل مدت کے لئے ریٹنگ "A+" اور قلیل مدتی ریٹنگ "A1" ہے۔ بورڈ 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 کی کمیٹی، کمیشن آف پاکستان اور دیگر انتظامی نگران اداروں کا بھی ان کی معاونت پر شکریہ ادا کرتا ہے۔ ہم اپنے قابل قدر صارفین، کاروباری شراکت دار، اور حصے داران کا ہماری مسلسل حمایت اور ہم پر بھروسے پر انتہائی شکر گزار ہیں۔ اس کے ساتھ ساتھ ہم اپنی انتظامی جماعت، عملے کے افراد کی لگن، وابستگی، اور محنت کو تسلیم کرتے ہیں جس کے نتیجے میں ہی بینک اسلامی کو بینکنگ انڈسٹری میں بالعموم اور اسلامی بینکنگ انڈسٹری میں بالخصوص امتیازی مقام حاصل کرنے کے قابل ہوا۔

منجانب بورڈ

حسن اے بلگرامی

افسر اعلیٰ

جون 20، 2017ء





# BankIslami Pakistan Limited

## Condensed Interim Statement of Financial Position

As at March 31, 2017

		(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	7,291,443	8,921,433
Balances with other banks	7	1,036,855	1,140,150
Due from financial institutions - net	8	16,788,755	27,218,665
Investments - net	9	44,614,808	46,316,927
Islamic financing and related assets and Advances (net)	10	99,319,420	77,816,802
Operating fixed assets	11	9,316,286	9,347,525
Deferred tax assets	12	6,021,438	5,918,460
Other assets - net		3,668,536	4,166,208
		188,057,541	180,846,170
<b>LIABILITIES</b>			
Bills payable		2,460,813	2,273,934
Due to financial institutions	13	9,029,756	6,066,307
Deposits and other accounts	14	159,109,559	154,399,657
Sub-ordinated loans		-	-
Deferred tax liabilities		-	-
Other liabilities		5,153,704	5,661,606
		175,753,832	168,401,504
<b>NET ASSETS</b>		<b>12,303,709</b>	<b>12,444,666</b>
<b>REPRESENTED BY</b>			
Share capital	15	10,079,121	10,079,121
Discount on issue of shares		(79,042)	(79,042)
Reserves	16	613,636	613,636
Unappropriated profit		280,919	212,553
		10,894,634	10,826,268
Surplus on revaluation of assets - net of tax	17	1,409,075	1,618,398
		12,303,709	12,444,666
<b>CONTINGENCIES AND COMMITMENTS</b>	18		

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

CHIEF FINANCIAL OFFICER    PRESIDENT / CHIEF EXECUTIVE    CHAIRMAN    DIRECTOR    DIRECTOR

## BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2017

	Note	March 31, 2017	March 31, 2016
		----- Rupees in '000 -----	
Profit / return earned	19	2,480,247	2,234,486
Profit / return expensed		1,310,371	1,401,943
Net spread earned		1,169,876	832,543
Reversal of provision against non-performing Islamic financing and related assets and advances - net	10.13.2	(84,430)	(500,768)
Provision / (reversal of provision) for diminution in the value of investments and placements - net		178	(46,605)
Bad debts written off directly		-	523
Net spread after provisions		(84,252)	(546,850)
		1,254,128	1,379,393
<b>OTHER INCOME</b>			
Fee, commission and brokerage income		210,002	94,094
Dividend Income		-	-
Income from dealing in foreign currencies		15,116	14,741
Gain on sale of securities		11,428	8,781
Unrealised gain on revaluation of investments classified as held for trading		2,095	-
Other income		13,665	35,969
Total other income		252,306	153,585
		1,506,434	1,532,978
<b>OTHER EXPENSES</b>			
Administrative expenses		1,534,619	1,456,523
Other reversals - net		(131,652)	-
Other charges		2,084	-
Total other expenses		1,405,051	1,456,523
		101,383	76,455
Extraordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		101,383	76,455
Taxation			
- Current		27,330	23,881
- Prior year		-	-
- Deferred		8,318	(72,833)
		35,648	(48,952)
<b>PROFIT AFTER TAXATION</b>		65,735	125,407
		----- Rupees -----	
<b>Basic earnings per share</b>	20	0.0652	0.1244
<b>Diluted earnings per share</b>	20	0.0652	0.1244

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



# BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2017

	March 31, 2017 ----- Rupees in '000 -----	March 31, 2016 ----- Rupees in '000 -----
Profit after taxation for the period	65,735	125,407
<b>Other Comprehensive Income</b>		
<b>Comprehensive income transferred to statement of changes in equity</b>	<u>65,735</u>	<u>125,407</u>
<b>Components of comprehensive (loss) / income not reflected in equity</b>		
(Deficit) / surplus on revaluation of available for sale investments	(317,986)	306,325
Related deferred tax asset / (liability)	111,294	(107,214)
	(206,692)	199,111
Total comprehensive (loss) / income for the period	<u>(140,957)</u>	<u>324,518</u>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

# BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2017

	Note	March 31, 2017	March 31, 2016
		----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		101,383	76,455
Less: Dividend Income		-	-
		<u>101,383</u>	<u>76,455</u>
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation on operating fixed assets		162,565	142,369
Depreciation on non banking assets		1,658	-
Amortisation		14,917	9,668
Depreciation on operating Ijarah assets		364,455	261,290
Reversal of provision against non-performing Islamic financing and related assets - net	10.12.2	(84,430)	(500,768)
Provision / (reversal of provision) for diminution in the value of investments and placements - net		178	(46,605)
Other reversals - net		(131,652)	-
Unrealised gain on revaluation of investments classified as held for trading		(2,095)	-
Charge for defined benefit plan		17,094	15,820
Gain on sale of property and equipment		(4,452)	(2,278)
		<u>338,238</u>	<u>(120,503)</u>
		439,621	(44,048)
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		10,429,910	31,240,788
Islamic financing and related assets		(21,782,643)	(5,415,561)
Others assets (excluding defined benefit assets)		490,863	398,919
		<u>(10,861,870)</u>	<u>26,224,146</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		186,879	(29,241)
Due to financial institutions		2,963,449	15,653,961
Deposits and other accounts		4,709,902	(8,573,613)
Other liabilities (excluding current taxation)		<u>(338,768)</u>	<u>186,601</u>
		<u>7,521,462</u>	<u>7,237,708</u>
		2,900,787	33,417,806
Payments against defined benefit plan		-	(47,352)
Income tax paid		<u>(31,486)</u>	<u>(26,878)</u>
<b>Net cash (used in) / generated from operating activities</b>		<u>(2,932,273)</u>	<u>33,343,576</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in securities		1,340,780	(35,694,180)
Investments in operating fixed assets		(146,911)	(259,576)
Proceeds from disposal of operating fixed assets		5,120	3,173
<b>Net cash generated from / (used in) investing activities</b>		<u>1,198,989</u>	<u>(35,950,583)</u>
<b>Decrease in cash and cash equivalents</b>			
		<u>(1,733,285)</u>	<u>(2,607,007)</u>
Cash and cash equivalents at the beginning of the period	21	10,061,583	10,816,596
<b>Cash and cash equivalents at the end of the period</b>	21	<u>8,328,298</u>	<u>8,209,589</u>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



# BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2017

	Share capital	Discount on issue of shares	Statutory reserve	Reserve for bad debts & contingen- cies	(Accumulate d losses) / Unappropriat ed profit	Total
	Rupees in '000					
<b>Balance as at January 1, 2016</b>	10,079,121	(79,042)	273,176	250,000	(171,453)	10,351,802
Profit after taxation for the quarter ended transferred from Statement of Comprehensive Income	-	-	-	-	125,407	125,407
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,564	2,564
<b>Balance as at March 31, 2016</b>	10,079,121	(79,042)	273,176	250,000	(43,482)	10,479,773
Profit after taxation for the period from April 1, 2016 to December 31, 2016 transferred from Statement of Comprehensive Income	-	-	-	-	326,893	326,893
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,817	7,817
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	168	168
Transfer to statutory reserve	-	-	90,460	-	(90,460)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	11,617	11,617
<b>Balance as at December 31, 2016</b>	10,079,121	(79,042)	363,636	250,000	212,553	10,826,268
Profit after taxation for the quarter ended transferred from Statement of Comprehensive Income	-	-	-	-	65,735	65,735
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,564	2,564
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	67	67
<b>Balance as at March 31, 2017</b>	10,079,121	(79,042)	363,636	250,000	280,919	10,894,634

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

# BankIslami Pakistan Limited

## Notes to and Forming Part of Condensed Interim Financial Statements (Un-audited)

For the Quarter ended March 31, 2017

### 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 and investment activities.

The Bank is operating through 322 branches including 118 sub branches as at March 31, 2017 (December 31, 2016: 321 branches including 118 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'.

### 2 BASIS OF PRESENTATION

- 2.1** The Bank provides financing mainly through Murabahah, Ijarah, Istisna, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these 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.

- 2.2** This condensed interim financial information is 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 condensed interim consolidated financial information of the Group is being issued separately.



### 3 STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 3.2** The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these condensed interim financial information. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also 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** IFRS 8 "Operating Segments" was effective for the Bank's accounting period beginning on or after January 1, 2009. All Banking Companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in this condensed interim financial information is based on the requirements laid down by the SBP.
- 3.4** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in this condensed interim financial information.

### **3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:**

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 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 financial information.

### **3.6 Early adoption of standards**

The Bank has not early adopted any new or amended standard in 2017.

## **4 BASIS OF MEASUREMENT**

### **4.1 Accounting convention**

This condensed interim financial information has been prepared under the historical cost convention, except that certain fixed assets, 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 the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

### **4.2 Functional and Presentation Currency**

This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

### **4.3 Rounding off**

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

### **4.4 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, 2016.

## **5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of 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, 2016.





	Note	(Un-audited) March 31, 2017 ----- Rupees in '000 -----	(Audited) December 31, 2016
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		3,180,141	3,154,686
- foreign currency		413,069	410,919
		<u>3,593,210</u>	<u>3,565,605</u>
With the State Bank of Pakistan in			
- local currency current account		2,374,463	3,646,460
- foreign currency deposit accounts			
Cash Reserve Account		241,958	241,958
Special Cash Reserve Account		90,193	78,950
US Dollar Clearing Account		4,468	11,421
		<u>336,619</u>	<u>332,329</u>
With National Bank of Pakistan in			
- local currency current account		987,151	1,377,039
		<u>7,291,443</u>	<u>8,921,433</u>
<b>7 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- on current accounts		2,407	2,407
- on deposit accounts		95	95
		<u>2,502</u>	<u>2,502</u>
Outside Pakistan			
- on current accounts		1,034,353	1,137,648
		<u>1,036,855</u>	<u>1,140,150</u>
<b>8 DUE FROM FINANCIAL INSTITUTIONS</b>			
Wakalah Placement	8.1	1,139,776	993,686
Commodity Murabahah - local currency	8.2	15,648,979	26,224,979
		<u>16,788,755</u>	<u>27,218,665</u>
Other placements		32,400	32,400
		<u>16,821,155</u>	<u>27,251,065</u>
Provision against placements - transferred from the amalgamated entity		(32,400)	(32,400)
		<u>16,788,755</u>	<u>27,218,665</u>
<b>8.1</b>	The profit rates on the agreements range between 0.26% to 1.40% (2016: 0.95% to 1.20%) per annum and the agreements have maturities ranging from 18 days to 61 days (2016: 18 days to 184 days).		
<b>8.2</b>	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 5.80% to 6.35% (2016: 5.80% to 6.40%) per annum and the agreements have maturities ranging from 3 days to 69 days (2016: 3 days to 160 days).		

## 9 INVESTMENTS

Investments - Islamic

Investments - Conventional (relating to defunct KASB Bank Limited)

Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Rupees in '000	
9.1	42,538,120	44,239,990
9.2	2,076,688	2,076,937
	<u>44,614,808</u>	<u>46,316,927</u>

### 9.1 Islamic Investments by type

March 31, 2017 (Un-audited)			December 31, 2016 (Audited)			
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	9.3	41,086,570	-	41,086,570	-	42,281,922
Units of Open-end mutual funds	9.3	21	-	21	-	21
Ordinary Shares of listed companies	9.3	242,645	-	242,645	-	242,645
Bai Muajjal	9.3	-	-	-	-	-
		41,329,236		41,329,236		42,524,588
<b>Held for trading securities</b>						
Ordinary Shares of listed companies	9.3	302,552	-	302,552	-	447,908
<b>Subsidiaries</b>						
	9.3	191,015	-	191,015	-	191,015
<b>Total investments at cost</b>						
		41,822,803	-	41,822,803	-	43,163,511
Less: Provision for diminution in value of investments	9.3	(46,125)	-	(46,125)	-	(46,125)
Investments - net of Provisions		41,776,678	-	41,776,678	-	43,117,386
(Deficit) / surplus on revaluation of held for trading securities		(12,518)	-	(12,518)	-	30,658
Surplus on revaluation of available-for-sale securities	17.3	773,960	-	773,960	-	1,091,946
<b>Total investments at market value</b>						
		42,538,120	-	42,538,120	-	44,239,990

### 9.2 Conventional Investments by type (relating to defunct KASB Bank Limited) \*

		March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
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>							
Ordinary Shares of listed companies	9.4	967,706	-	967,706	967,706	-	967,706
Ordinary Shares of unlisted companies	9.4	1,189,030	-	1,189,030	1,189,030	-	1,189,030
Listed Term Finance Certificates	9.4	105,021	-	105,021	105,092	-	105,092
Unlisted Term Finance Certificates	9.4	177,822	-	177,822	177,822	-	177,822
		2,439,579	-	2,439,579	2,439,650	-	2,439,650
<b>Held to maturity securities</b>							
Unlisted Term Finance Certificates	9.4	321,601	-	321,601	321,601	-	321,601
<b>Associates</b>							
	9.4	1,660,111	-	1,660,111	1,660,111	-	1,660,111
<b>Subsidiaries</b>							
	9.4	2,499,708	-	2,499,708	2,499,708	-	2,499,708
<b>Total investments at cost</b>		6,920,999	-	6,920,999	6,921,070	-	6,921,070
Less: Provision for diminution in the value of investments	9.4	(4,844,311)	-	(4,844,311)	(4,844,133)	-	(4,844,133)
<b>Total investments at market value</b>		2,076,688	-	2,076,688	2,076,937	-	2,076,937

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



(Un-audited) (Audited)  
March 31, December  
2017 31, 2016  
----- Rupees in '000 -----

### 9.3 Islamic Investments by segments

#### Federal Government Securities

GOP Ijarah Sukuks	36,942,954	37,756,627
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#### Sukuk certificates

Sukuks - Unlisted	4,143,616	4,525,295
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#### Fully paid up ordinary shares / Units

Ordinary shares of listed companies	545,197	690,553
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Units of Open-End mutual funds	21	21
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#### Subsidiaries

BankIslami Modaraba Investments Limited	191,015	191,015
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#### Total investments at cost

	41,822,803	43,163,511
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Less: Provision for diminution in value of investments	(46,125)	(46,125)
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#### Investments - net of provisions

	41,776,678	43,117,386
--	------------	------------

(Deficit) / surplus on revaluation of held for trading securities	(12,518)	30,658
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Surplus on revaluation of available-for-sale securities	773,960	1,091,946
---	---------	-----------

#### Total investments at market value

	42,538,120	44,239,990
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### 9.4 Conventional Investments by segments

#### Fully paid up ordinary shares

Listed Companies	967,706	967,706
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Unlisted Companies	1,189,030	1,189,030
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#### Term Finance Certificates, Debentures, Bonds and

##### Participation Term Certificates:

Listed Companies	105,021	105,092
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Unlisted Companies	499,423	499,423
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#### Subsidiaries

BIPL Securities Limited (Formerly KASB Securities Limited)	2,394,937	2,394,937
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My Solutions Corporation Limited	104,771	104,771
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#### Associates - Unlisted

KASB Capital Limited	41,867	41,867
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KASB Funds Limited	432,302	432,302
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New Horizon Exploration & Production Limited	558,000	558,000
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Shakarganj Food Products Limited	627,942	627,942
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#### Total investments at cost

	6,920,999	6,921,070
--	-----------	-----------

Less: Provision for diminution in value of investments	(4,844,311)	(4,844,133)
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#### Total investments at market value

	2,076,688	2,076,937
--	-----------	-----------

	Note	(Un-audited) March 31, 2017 ----- Rupees in '000 -----	(Audited) December 31, 2016 ----- Rupees in '000 -----
<b>10 ISLAMIC FINANCING AND RELATED ASSETS AND ADVANCES</b>			
Islamic financing and related assets - net	10.1	98,381,393	76,826,353
Advances (relating to defunct KASB Bank Limited) - net	10.2	938,027	990,449
		<u>99,319,420</u>	<u>77,816,802</u>
<b>10.1 ISLAMIC FINANCING AND RELATED ASSETS</b>			
In Pakistan			
- Murabahah financing and related assets	10.3 & 10.9	28,630,898	13,798,029
- Istisna financing and related assets	10.4 & 10.10	15,100,975	13,973,015
- Diminishing Musharakah - Housing		8,603,625	7,661,273
- Diminishing Musharakah - Auto		2,006,728	877,758
- Diminishing Musharakah financing and related assets			
Others	10.6	10,090,035	8,950,359
- Against Bills - Murabahah		8,059	12,310
- Post Due Acceptance		30,525	25,073
- Salam	10.5	75,000	75,000
- Muswammah financing and related assets / Karobar financing	10.7	10,580,594	7,918,202
- Financing to employees		2,101,271	2,061,846
- FBP Against Bai Salam		4,418	50,577
- Running Musharakah		10,200,000	10,000,000
- Investment Agency Wakalah		6,250,000	6,250,000
- Housing finance portfolio - others		49,938	73,761
- Net investment in Ijarah financing in Pakistan		39,422	39,829
- Ijarah financing under IFAS 2 and related assets	10.8	6,589,423	6,910,162
<b>Gross financing and related assets</b>		<u>100,360,911</u>	<u>78,677,194</u>
Less: Provision against non-performing Islamic financing and related assets			
- Specific	10.11 & 10.12	(1,763,516)	(1,658,774)
- General	10.11 & 10.12	(216,002)	(192,067)
<b>Islamic financing and related assets – net of provisions</b>		<u>98,381,393</u>	<u>76,826,353</u>



	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		----- Rupees in '000 -----	
<b>10.2 ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		9,521,209	9,780,050
Outside Pakistan		-	-
		<u>9,521,209</u>	<u>9,780,050</u>
Net investment in finance lease			
In Pakistan		607,565	608,712
Outside Pakistan		-	-
		<u>607,565</u>	<u>608,712</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		714,947	720,973
Payable outside Pakistan		-	-
		<u>714,947</u>	<u>720,973</u>
<b>Advances - gross</b>		<u>10,843,721</u>	<u>11,109,735</u>
Less: Provision for non-performing Financings			
- Specific	10.11 & 10.12	(10,123,666)	(10,280,583)
- General	10.11 & 10.12	(1,113)	(860)
<b>Advances - net of provision</b>		<u>718,942</u>	<u>828,292</u>
Fair Value adjustment	10.14	219,085	162,157
<b>Advances - net of provision and fair value adjustment</b>		<u><u>938,027</u></u>	<u><u>990,449</u></u>
		(Un-audited) March 31, 2017	(Audited) December 31, 2016
		----- Rupees in '000 -----	
<b>10.3 Murabahah financing and related assets</b>			
Murabahah financing		26,569,994	11,568,440
Advance against Murabahah financing		2,060,904	644,052
Murabahah inventories		-	1,585,537
		<u>28,630,898</u>	<u>13,798,029</u>
<b>10.4 Istisna financing and related assets</b>			
Istisna financing		10,380,301	8,207,253
Advance against Istisna financing		4,720,674	759,934
Istisna inventories		1,284,550	5,005,828
		<u>15,100,975</u>	<u>13,973,015</u>
<b>10.5 Salam</b>			
Salam financing		6,001	12,002
Salam inventories		68,999	62,998
		<u>75,000</u>	<u>75,000</u>
<b>10.6 Diminishing Musharakah financing and related assets - Others</b>			
Diminishing Musharakah financing		9,915,532	8,881,608
Advance against Diminishing Musharakah financing		174,503	68,751
		<u>10,090,035</u>	<u>8,950,359</u>
<b>10.7 Muswammah financing and related assets / Karobar financing</b>			
Muswammah financing		5,711,039	6,884,913
Muswammah inventories		4,869,555	1,033,289
		<u>10,580,594</u>	<u>7,918,202</u>
<b>10.8 Ijarah financing under IFAS 2 and related assets</b>			
Net book value of assets under IFAS 2		6,296,767	6,382,270
Advance against Ijarah financing		292,656	527,892
		<u>6,589,423</u>	<u>6,910,162</u>
<b>10.9 Murabahah financing and related assets includes financing amounting to Rs. 359 million (2016: Rs.700 million) and advance amounting to Rs. 590.450 million (2016: Rs 611.550 million) under Islamic Export Refinance Scheme.</b>			
<b>10.10 Istisna financing and related assets includes financing amounting to Rs. 195.6 million (2016: Rs. 223.5 million) and advance amounting to Rs. 1,045.7 million (2016: Rs. 763.2 million) under Islamic Export Refinance Scheme.</b>			
<b>10.11 Islamic financing and related assets and advances include Rs. 16,340.028 million (2016: Rs 14,533.967 million) which have been placed under non-performing status as follows:</b>			

Category of Classification	March 31, 2017 (Un-audited)							
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held	
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas
Rupees in '000								
Other Assets especially mentioned (OAEM)	601,493	-	601,493	-	-	-	-	-
Substandard	2,858,743	-	2,858,743	159,393	-	159,393	159,393	-
Doubtful	703,477	-	703,477	243,702	-	243,702	-	243,702
Loss	12,176,315	-	12,176,315	11,484,087	-	11,484,087	11,484,087	-
	16,340,028	-	16,340,028	11,887,182	-	11,887,182	11,887,182	-

Category of Classification	December 31, 2016 (Audited)							
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held	
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas
Rupees in '000								
Other Assets especially mentioned (OAEM)	692,569	-	692,569	-	-	-	-	-
Substandard	886,389	-	886,389	188,467	-	188,467	188,467	-
Doubtful	867,928	-	867,928	296,471	-	296,471	296,471	-
Loss	12,087,081	-	12,087,081	11,454,419	-	11,454,419	-	11,454,419
	14,533,967	-	14,533,967	11,939,357	-	11,939,357	-	11,939,357

- 10.12 In case of one of the non-performing Islamic financings and advances amounting to Rs. 2,104.100 million, SBP has granted relaxation vide letter no. BPRD/BIP/LBRD/2017/7732 dated March 30, 2017 on creating a provision till 31-03-2017. The outstanding amount of relaxation e.g. provisioning will not be available for distribution of cash & stock dividend and performance bonus to employees. Had the provision been made as per the requirements of applicable Prudential Regulations, the 'provision against Islamic financing and related assets and advances' would have been higher by Rs. 262.108 million and profit before taxation would have been lower by Rs. 262.108 million.

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

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	11,939,357	192,927	12,132,284	13,516,506	135,593	13,652,099
Transfer from the amalgamated entity	-	-	-	-	-	-
Charge for the period / year	65,638	24,188	89,826	790,178	57,334	847,512
Reversals	(117,329)	-	(117,329)	(2,309,561)	-	(2,309,561)
	(51,691)	24,188	(27,503)	(1,519,383)	57,334	(1,462,049)
Amount written off	(484)	-	(484)	(57,766)	-	(57,766)
Closing balance	11,887,182	217,115	12,104,297	11,939,357	192,927	12,132,284

- 10.13.1

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Islamic	1,763,516	216,002	1,979,518	1,658,774	192,067	1,850,841
Conventional	10,123,666	1,113	10,124,779	10,280,583	860	10,281,443
	11,887,182	217,115	12,104,297	11,939,357	192,927	12,132,284

(Un-audited) (Audited)  
March 31, December 31,  
2017 2016  
Rupees in '000

- 10.13.2 Reversals net of fair value adjustment taken to the profit and loss account

Gross reversals	117,329	2,309,561
Charge for the period / year	(89,826)	(847,512)
	27,503	1,462,049
Fair value adjusted - net	56,927	262,338
Net reversals taken to the profit and loss account	84,430	1,724,387

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

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	11,887,182	217,115	12,104,297	11,939,357	192,927	12,132,284
In foreign currency	-	-	-	-	-	-
	11,887,182	217,115	12,104,297	11,939,357	192,927	12,132,284



**10.13.3.1** 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.

**10.13.3.2** In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2017 amounts to Rs.452.822 million (2016: Rs. 468.585 million). The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2017 amounts to Rs.294.335 million (2016: Rs.304.580 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

**10.14** Provision in respect of acquired loans have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by the Independent consultant.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	-----Rupees in '000-----	
<b>11 OPERATING FIXED ASSETS</b>		
Capital work-in-progress	51,895	38,362
Property and equipment	6,115,998	6,147,897
Intangible assets	<u>3,148,393</u>	<u>3,161,266</u>
	<u><u>9,316,286</u></u>	<u><u>9,347,525</u></u>

	(Un-audited) March 31, 2017	(Un-audited) March 31, 2016
	-----Rupees in '000-----	
<b>11.1 Additions to operating fixed assets - net</b>		
Furniture and fixture	51,574	94,088
Electrical, office and computer equipment	63,692	156,201
Vehicles	-	1,873
Capital work-in-progress	29,602	5,673
<b>11.2 Additions to intangibles</b>		
Computer software	2,044	14,136
<b>11.3 Disposals of operating fixed assets</b>		
Furniture and fixture	663	273
Electrical, office and computer equipment	4,387	-
Vehicles	516	-

12	DEFERRED TAX ASSET	Note	(Un-audited)	(Audited)
			March 31, 2017	December 31, 2016
			----- Rupees in '000 -----	
<b>Deferred tax debits arising in respect of:</b>				
	Accumulated tax losses		1,955,620	1,869,423
	Tax credit against minimum tax	12.1 & 12.2	382,235	354,905
	Deficit on revaluation of available for sale securities		-	-
	Provision for diminution in the value of investments		507,614	507,551
	Provision against non-performing Islamic financing and related assets and advances		3,772,603	3,834,711
	Provision for gratuity		21,253	21,253
	Impairment of goodwill		64,599	74,118
	Ijarah financing and related assets		35,920	1,018
	Others		559,066	606,561
			7,298,910	7,269,540
<b>Deferred tax credits arising due to:</b>				
	Fair value adjustments relating to net assets acquired upon amalgamation		(92,264)	(38,157)
	Accelerated tax depreciation		(178,704)	(193,708)
	Surplus on revaluation of fixed assets		(649,419)	(650,800)
	Surplus on revaluation of non-banking assets		(4,596)	(4,632)
	Surplus on revaluation of available for sale securities		(270,886)	(382,180)
	Net investment in finance lease		(81,603)	(81,603)
			(1,277,497)	(1,351,080)
			6,021,438	5,918,460

- 12.1** The Bank has aggregate tax losses of Rs. 10,147.868 million as at March 31, 2017 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, 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. 2,337.854 million [including deferred tax on minimum tax amounting to Rs. 382.235 million (2016: Rs. 354.905 million - representing deferred tax asset on minimum tax)]. 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.
- 12.2** In case of another company the Division Bench of the Sindh High Court in its decision dated May 7, 2013 on carry forward of minimum tax in the cases of taxable loss for the year has held by interpreting Section 113(2)(c) of the Income tax Ordinance, 2001 that the benefit of carry forward of minimum tax paid by a company is only available if the tax paid in a particular year is less than minimum tax payable. Accordingly, if no tax is paid / payable by the company due to taxable loss the right to carry forward the minimum tax does not arise. However, the management based on the advice of its legal counsel is of the view that this matter is subject to appeal in larger bench of the High Courts as well as the Supreme Court and valid legal grounds are available to substantiate the Bank's case for carry forward of minimum tax, therefore, minimum tax of Rs.382.235 million (2016: Rs. 354.905 million) has been recognised as 'Deferred tax' in these financial statements.





13	DUE TO FINANCIAL INSTITUTIONS	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
			----- Rupees in '000 -----	
	In Pakistan		9,029,756	6,066,307
	Outside Pakistan		-	-
			<u>9,029,756</u>	<u>6,066,307</u>
13.1	Details of due to financial institutions secured / unsecured			
	<b>Secured</b>			
	Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	13.1.1	2,069,243	2,205,550
	Acceptances from State Bank of Pakistan for financial assistance	13.1.2	2,410,513	2,360,757
	<b>Unsecured</b>			
	Wakalah Acceptance	13.1.3	550,000	-
	Musharakah Acceptance	13.1.4	4,000,000	1,500,000
			<u>9,029,756</u>	<u>6,066,307</u>
13.1.1	The acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favour of the State Bank of Pakistan (SBP). A limit of Rs. 5,000 million (2016: Rs. 5,000 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial period ended March 31, 2017.			
13.1.2	This represents amortised cost of a 10 year financing facility of Rs.5,000 million extended by the State Bank of Pakistan (SBP). The facility is secured against Government of Pakistan Ijarah Sukuk. The 10 year facility was provided on the basis of Mudarabah 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).			
13.1.3	The profit rate on this agreement is 5.6% (2016: Nil) per annum and the agreement has maturity in 11 days (2016: Nil).			
13.1.4	The profit rates on the agreements range between 5.50% to 5.65% (2016: 5% to 5.25%) per annum and the agreements have maturities ranging from 7 days to 70 days (2016: 30 days to 51 days).			
			(Un-audited) March 31, 2017	(Audited) December 31, 2016
14	DEPOSITS AND OTHER ACCOUNTS		----- Rupees in	
	<b>Customers</b>			
	Fixed deposits		38,452,688	41,134,961
	Savings deposits		50,191,444	47,774,326
	Current accounts - non-remunerative		49,561,386	48,557,422
	Margin accounts - non-remunerative		421,630	516,032
			<u>138,627,148</u>	<u>137,982,741</u>
	<b>Financial Institutions</b>			
	Remunerative deposits		20,029,895	15,935,998
	Non-remunerative deposits		452,516	480,918
			<u>159,109,559</u>	<u>154,399,657</u>
14.1	Particulars of deposits			
	In			
	- local currency		156,128,269	151,622,917
	- foreign currencies		2,981,290	2,776,740
			<u>159,109,559</u>	<u>154,399,657</u>

## 15 SHARE CAPITAL

### 15.1 Authorised capital

(Un-audited) March 31, 2017	(Audited) December 31, 2016		(Un-audited) March 31, 2017	(Audited) December 31, 2016
----- Number of Shares -----			----- Rupees in '000 -----	
1,300,000,000	1,300,000,000	Ordinary shares of Rs.10 each	13,000,000	13,000,000

### 15.2 Issued, subscribed and paid up capital

(Un-audited) March 31, 2017	(Audited) December 31, 2016		(Un-audited) March 31, 2017	(Audited) December 31, 2016
----- Number of shares -----			----- Rupees in '000 -----	
1,007,912,090	1,007,912,090	Ordinary shares of Rs 10 each	10,079,121	10,079,121
-	-	At beginning of the period / year	-	-
1,007,912,090	1,007,912,090	Issued during the period / year	10,079,121	10,079,121
		Balance as at the end of the period / year		

Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	----- Rupees in '000 -----	

## 16 RESERVES

Statutory Reserves	16.1	363,636	363,636
Reserve for bad debts and contingencies		250,000	250,000
		613,636	613,636

- 16.1** 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 reserve fund.

## 17 SURPLUS ON REVALUATION OF ASSETS

### Surplus arising on revaluation of:

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
Fixed Assets	17.1	838,100	840,664
Non Banking Assets	17.2	67,901	67,968
Available for sale securities	17.3	503,074	709,766
		1,409,075	1,618,398



	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	-----Rupees in '000-----	
<b>17.1 Surplus on revaluation of fixed assets</b>		
<b>Freehold Land</b>	112,087	112,087
<b>Building on lease hold land</b>		
Surplus on revaluation of fixed assets at January 1	1,120,887	1,136,858
Surplus recognised during the period / year	-	-
Transferred to un-appropriated profit in respect of incremental depreciation charged during the period / year	(2,564)	(10,381)
Related deferred tax liability in respect of incremental depreciation charged during the period / year	(1,381)	(5,590)
	(3,945)	(15,971)
	1,116,942	1,120,887
Related deferred tax liability on surplus as at January 1	(392,310)	(397,900)
Related deferred tax liability on surplus arising during the period / year	-	-
Related deferred tax liability in respect of incremental depreciation charged during the period / year	1,381	5,590
	(390,929)	(392,310)
	726,013	728,577
	838,100	840,664
<b>17.2 Surplus on revaluation of Non Banking Assets</b>		
<b>Freehold Land</b>		
Surplus on revaluation of Non Banking Assets at January 1	59,367	-
Surplus recognised during the period / year	-	59,367
	59,367	59,367
<b>Building on lease hold land</b>		
Surplus on revaluation of Non Banking Assets at January 1	13,233	-
Surplus recognised during the period / year	-	13,491
Transferred to un-appropriated profit in respect of incremental depreciation charged during the period / year	(67)	(168)
Related deferred tax liability in respect of incremental depreciation charged during the period / year	(36)	(90)
	(103)	(258)
	13,130	13,233
Related deferred tax liability on surplus as at January 1	(4,632)	-
Related deferred tax liability on surplus arising during the period / year	-	(4,722)
Related deferred tax liability in respect of incremental depreciation charged during the period / year	36	90
	(4,596)	(4,632)
	8,534	8,601
	67,901	67,968
<b>17.3 Surplus on revaluation of available for sale securities</b>		
<b>Federal Government Securities</b>		
- GOP Ijarah Sukuks	771,663	1,096,826
<b>Sukuk certificates</b>		
- Sukuks listed	-	1,721
- Sukuks unlisted	(2,166)	(3,783)
<b>Fully paid up ordinary shares / Units</b>		
- Ordinary shares of listed companies	4,412	(2,868)
- Units of Open end Mutual Funds	51	50
	773,960	1,091,946
Related deferred tax liability	(270,886)	(382,180)
	503,074	709,766

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	-----Rupees in '000-----	
<b>18 CONTINGENCIES AND COMMITMENTS</b>		
<b>18.1 Transaction-related contingent liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	789,786	875,950
- Others	11,655,669	11,828,695
	<u>12,445,455</u>	<u>12,704,645</u>
<b>18.2 Trade-related contingent liabilities</b>		
Import letter of Credit	4,289,541	4,348,098
Acceptances	1,550,221	1,983,434
	<u>5,839,762</u>	<u>6,331,532</u>
<b>18.3 Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt</b>	<u>150,000</u>	<u>150,000</u>

**18.3.1** 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 proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing.

**18.3.2** 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.

**18.4** The Deputy Commissioner Inland Revenue (DCIR) 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 filed an appeal for the stay 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 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 initially deposited an amount of Rs. 10.4 million for filing appeal against the said case. During the year 2014, the Bank had further 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 favour of the Bank and therefore, no provision for any liability which may arise in this respect has been made in these financial statements.



- 18.5** An amount of Rs. 981.410 million was appearing as advance against issue of right shares being received by the defunct KASB Bank Limited from Mr. Nasir Ali Shah Bukhari, a former sponsor of the defunct KASB Bank Limited and other shareholders. The defunct KASB Bank Limited, 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 KASB Bank Limited 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 KASB Bank Limited is now amalgamated with and into the BIPL, with effect from May 7, 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 July 1, 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 KASB Bank Limited 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.
- 18.6** After the acquisition of defunct KASB Bank, the Bank came to know about certain transactions, identified by SBP, that were carried out by the ex-sponsors of defunct KASB Bank including but not limited to siphoning of money, fraudulent agreements and account opening for their personal benefit. SBP instructed the Bank to initiate legal actions to recover the siphoned amounts from the alleged defaulters as per law. Separate complaints for the recovery of Rs. 3,114 million and Rs. 103.501 million have been lodged by the Bank with National Accountability Bureau (the Bureau) which were later converted into formal inquiries by the Bureau. It may be noted without prejudice to the Bank's claim, the aforesaid amounts have not been recorded in these condensed interim financial statements as a matter of prudence.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	-----Rupees in '000-----	
<b>18.7 Commitments in respect of contracts</b>		
Purchases	<u>4,339,107</u>	<u>5,974,455</u>
Sales	<u>4,475,133</u>	<u>6,336,881</u>
<b>18.8 Commitments for the acquisition of operating fixed assets</b>	<u>121,781</u>	<u>217,107</u>

**18.9 Commitments in respect of financing facilities**

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.

**18.10 Taxation**

- 18.10.1** The income tax returns of the Bank have been filed and tax assessments have been made by the tax authorities upto tax year 2016. The returns filed for the tax year 2014 to tax year 2016 are treated to be deemed assessment order under section 120 of the Income Tax Ordinance, 2001.

- 18.10.2** During the year 2014 (relating to defunct KASB Bank Limited), the learned Additional Commissioner Inland Revenue (ACIR) passed amended assessments order under section 122(5A) of the Income Tax Ordinance, 2001 for tax Years 2011 and 2013 by imposing minimum tax on turnover disregarding gross loss position of the bank. ACIR has also amended taxability of capital gain and dividend income. The aggregate tax impact comes to Rs.116.002 million. Against the said order, the bank filed appeal before the Commissioner Inland Revenue - Appeals (CIRA). During the year the learned CIRA issued order under section 129 of the Ordinance by deleting the tax charged on capital gain and dividend income and upheld the levy of minimum tax. The learned ACIR has passed appeal effect order under section 124 of the Ordinance. After appeal effect order the aforesaid demand has now been reduced to Rs.89.928 million. Against the order of the learned CIRA, the Bank has filed an appeal before the Honorable Appellate Tribunal Inland Revenue (ATIR). However, the department has filed appeal against the CIRA Order on the issue of capital gain and dividend income. Therefore, cross appeal for the tax year 2011 and 2013 is pending before ATIR.
- 18.10.3** During the year 2014 (relating to defunct KASB Bank Limited), in respect of Income tax assessments of International Housing Finance Limited (amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007) for tax year 2005, CIR Appeals has maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs 12.997 million. The defunct KASB Bank Limited has preferred appeals before the ATIR for tax year 2005.
- 18.10.4** During the year 2013 (relating to defunct KASB Bank Limited), the Appellate Tribunal Inland Revenue (ATIR) passed an order for the tax years 2005 to 2009 in favour of the defunct KASB Bank Limited by allowing certain deductions including provision for non-performing advances, impairment on investments, other provisions, amortization of goodwill and allocation of expenses having an aggregate tax impact of Rs. 712.550 million. However, the ATIR has disallowed deductions relating to carry over transactions having tax impact of Rs. 86.377 million for the tax years 2005 to 2008. The defunct KASB Bank Limited has preferred an appeal before the Honorable High Court of Sindh against the said decision of the ATIR. No development has taken place during the current period 2015.
- 18.10.5** The income tax returns of the Bank (relating to defunct KASB Bank Limited) for Azad Jammu Kashmir (AJK) region have been filed and tax assessments have been made by the tax authorities upto and including tax year 2014.
- 18.10.6** During the year 2013 (relating to defunct KASB Bank Limited), the Income tax assessments of KASB Capital Limited (amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2008) for tax years 2008 and 2009 were amended by the Taxation Officer to the extent of apportionment of expenses having an aggregate tax impact of Rs 125.880 million. The Bank has preferred an appeal before the Honorable High Court of Sindh against the said decision of tax authorities. No development has taken place till the current period end.



**18.10.7** For tax years 2003 and 2004 (relating to defunct KASB Bank Limited), the Commissioner Inland Revenue Appeals (CIR Appeals) has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited has preferred appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above referred orders of the CIR Appeals. No development has taken place during the current period.

**18.10.8** For assessment years 2001-2002 and 2002-2003 and tax years 2003, 2004 and 2005 (relating to defunct KASB Bank Limited) the income tax authorities of AJK region have passed appellate orders by adding interest on surplus funds transferred to head office, resulting in an additional tax demand of Rs. 14.587 million. The defunct KASB Bank Limited has filed reference with the Azad Kashmir High Court against such additions for the above mentioned assessment/ tax years upto 2004. For tax year 2005, the Commissioner Income Tax (Appeals) - AJK has passed order in favour of the defunct KASB Bank Limited. However, the tax department has preferred appeal before the Appellate Tribunal Inland Revenue (ATIR) - AJK against interest on surplus head office funds, having tax impact of Rs. 5.337 million. For tax years 2006 and 2008, AJK tax department passed orders under section 122(5A) of the Ordinance. As a result of these orders, aggregate demand of Rs 19.178 million was raised against the defunct KASB Bank Limited. However, the order for the tax year 2008 has subsequently rectified under section 221 of the Ordinance. Thereby aggregate demand for tax year 2006 and 2008 reduced to Rs.13.304 million. During the year the learned Commissioner Income Tax (Appeals) - AJK has passed orders under section 129 of the Ordinance for the tax year 2006 and 2008 whereby he has confirmed all additions. Therefore, the defunct KASB Bank Limited has preferred an appeal before the ITAT - AJK. An appeal against the order of CIR for the tax year 2006 and 2008 has been filed by the Bank before the Appellate Tribunal Inland Revenue (ATIR) - AJK.

**18.10.9** During the year 2014 (relating to defunct KASB Bank Limited), the Commissioner Inland Revenue (Appeals) has given decision in favour of the defunct KASB Bank Limited relating to tax periods from 2007 to 2011 for payment of Federal Excise Duty and annulling default surcharge and penalty. However, the tax department has preferred appeal before the Appellate Tribunal against annulment of default surcharge and penalty amounting to Rs. 33.208 million.

The management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and consequently no additional provision has been made in these financial statements.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
<b>18.11 Other commitments</b>	----- Rupees in '000 -----	
Bills for collection	<u>2,867,485</u>	<u>1,806,470</u>

		(Un-audited) For the quarter ended March 31, 2017 ----- Rupees in '000 -----	(Un-audited) For the quarter ended March 31, 2016 ----- Rupees in '000 -----
19	<b>PROFIT / RETURN EARNED</b>		
	On financing to customers	1,501,311	1,040,306
	On investments in available for sale securities	614,536	389,082
	On deposits / placements with financial institutions	343,006	788,092
	Others	21,394	17,006
		<u>2,480,247</u>	<u>2,234,486</u>

	Note	(Un-audited) For the quarter ended March 31, 2017 ----- Rupees in '000 -----	(Un-audited) For the quarter ended March 31, 2016 ----- Rupees in '000 -----
20	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit after taxation for the period	<u>65,735</u>	<u>125,407</u>
		----- Number of shares -----	
	Weighted average number of ordinary shares in issue	<u>1,007,912,090</u>	<u>1,007,912,090</u>
		----- Rupees -----	
	Earnings per share - basic / diluted	<u>0.0652</u>	<u>0.1244</u>

20.1 There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2017 and March 31, 2016.

	Note	(Un-audited) March 31, 2017 ----- Rupees in '000 -----	(Un-audited) March 31, 2016
21	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and balances with treasury banks	6 7,291,443	7,544,899
	Balances with other banks	7 1,036,855	664,690
		<u>8,328,298</u>	<u>8,209,589</u>

## 22 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.

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.

22.1 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).





	March 31, 2017 (Un-audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>Items carried at fair value</b>				
<b>Financial Assets and Liabilities</b>				
<b>Available for sale securities</b>				
Ordinary shares - listed	595,326	-	-	595,326
GOP Sukuks	-	37,714,628	-	37,714,628
WAPDA Sukuks	-	179,321	-	179,321
Units of open ended mutual funds	71	-	-	71
<b>Held for trading securities</b>				
Ordinary shares - listed	290,034	-	-	290,034
<b>Commitments in respect of forward exchange contracts</b>				
Forward purchase of foreign exchange contracts	-	4,339,107	-	4,339,107
Forward sale of foreign exchange contracts	-	4,193,063	-	4,193,063
Future sale of listed ordinary shares	282,070	-	-	282,070
<b>Non-Financial Assets</b>				
Operating fixed assets - Land and building	-	-	3,806,800	3,806,800
Non-banking assets	-	-	1,149,336	1,149,336
<b>Items for which fair value is disclosed</b>				
Ordinary shares - unlisted	-	-	577,675	577,675
Subsidiaries	-	-	522,801	522,801
Associates	-	-	627,942	627,942

	December 31, 2016 (Audited)			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>Items carried at fair value</b>				
<b>Financial Assets and Liabilities</b>				
<b>Available for sale securities</b>				
Ordinary shares - listed	588,296	-	-	588,296
GOP Sukuks	-	38,853,454	-	38,853,454
WAPDA Sukuks	-	233,931	-	233,931
Units of open ended mutual funds	71	-	-	71
<b>Held for trading securities</b>				
Ordinary shares - listed	478,566	-	-	478,566
<b>Commitments in respect of forward exchange contracts</b>				
Forward purchase of foreign exchange contracts	-	5,974,455	-	5,974,455
Forward sale of foreign exchange contracts	-	5,855,003	-	5,855,003
Future sale of listed ordinary shares	481,878	-	-	481,878
<b>Non-Financial Assets</b>				
Operating fixed assets - Land and building	-	-	3,839,855	3,839,855
Non-banking assets	-	-	1,149,336	1,149,336
<b>Items for which fair value is disclosed</b>				
Ordinary shares - unlisted	-	-	577,675	577,675
Subsidiaries	-	-	522,801	522,801
Associates	-	-	627,942	627,942

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.

#### (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 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	The fair value of GOP Ijarah Sukuks are revalued 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-defined / approved dealers / brokers.
WAPDA Sukuks	Investment in WAPDA Sukuks are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

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

Operating fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. 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.
Non-banking assets	Non banking assets are revalued by professionally qualified valuers as per the accounting policy. 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.

**23 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

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

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	-----Rupees in '000-----				
<b>March 31, 2017 (Un-audited)</b>					
Total income	227,270	1,502,674	847,786	154,823	2,732,553
Total expenses	169,858	1,360,953	680,529	419,830	2,631,170
Net income / (loss)	57,412	141,721	167,257	(265,007)	101,383
Segment assets (gross)	76,909,412	17,613,056	105,582,493	5,644,352	205,749,313
Segment non - performing assets	6,703,265	1,718,178	15,203,040	60,816	23,685,299
Segment provision required	4,945,488	1,401,794	11,286,800	57,690	17,691,772
Segment liabilities	8,220,279	94,314,476	71,516,796	1,702,281	175,753,832
Segment return on assets (ROA) (%)	0.07%	0.80%	0.16%	-	-
Segment cost of funds (%)	4.89%	3.11%	4.57%	-	-
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	-----Rupees in '000-----				
<b>March 31, 2016 (Un-audited)</b>					
Total income	125,403	1,125,863	787,404	349,401	2,388,071
Total expenses	62,066	1,228,124	406,852	614,574	2,311,616
Net income / (loss)	63,337	(102,261)	380,552	(265,173)	76,455
Segment assets (gross)	91,653,600	14,157,529	91,711,515	2,971,353	200,493,997
Segment non - performing assets	7,224,880	1,936,648	13,303,411	36,450	22,501,389
Segment provision required	5,156,260	1,351,402	12,237,738	37,364	18,782,764
Segment liabilities	8,507,932	78,928,867	80,202,589	2,538,947	170,178,335
Segment return on assets (ROA) (%)	0.28%	-2.91%	1.67%	-	-
Segment cost of funds (%)	6.04%	3.65%	3.23%	-	-



## 24 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.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	----- Rupees '000 -----	
<b><u>Subsidiaries</u></b>		
<b>Islamic Financing and related assets</b>		
At beginning of the period / year	150,000	150,000
Accrued during the period / year	-	-
Repayments during the period / year	-	-
At the end of the period / year	150,000	150,000
<b><u>Deposits</u></b>		
At beginning of the period / year	573,309	445,099
Deposits during the period / year	10,685,708	44,606,848
Withdrawals during the period / year	(10,704,959)	(44,478,638)
At the end of the period / year	554,058	573,309
Receivable on financing	3,344	1,152
Payable on deposits	1,472	1,555
	(Un-audited) For the quarter ended March 31, 2017	(Un-audited) For the quarter ended March 31, 2016
	----- Rupees '000 -----	
<b><u>Transactions, income and expenses</u></b>		
Profit earned on financing	3,344	3,549
Return on deposit expensed	6,831	6,816
Administrative expense	9	3

**Associates**

**Islamic Financing and related assets**

At beginning of the period / year  
Accrued during the period / year  
Repayments during the period / year  
At the end of the period / year

(Un-audited) (Audited)  
March 31, December 31,  
2017 2016  
----- Rupees '000 -----

767,075	93,314
274,458	687,850
(211,337)	(14,089)
830,196	767,075

**Prepayments**

At beginning of the period / year  
Additions during the period / year  
Amortised during the period / year  
At the end of the period / year

37,287	27,691
3,499	56,562
(13,572)	(46,966)
27,214	37,287

**Deposits**

At beginning of the period / year  
Deposits during the period / year  
Withdrawals during the period / year  
At the end of the period / year

395,661	878,909
6,171,772	16,639,616
(5,882,700)	(17,122,864)
684,733	395,661

Payable on deposits  
Receivable on financing

2,123 4,259  
2,216 10,118

(Un-audited) (Un-audited)  
For the For the  
quarter quarter  
ended March ended March  
31, 2017 31, 2016  
----- Rupees '000 -----

**Transactions, income and expenses**

Profit earned on financing  
Return on deposits expensed  
Administrative expenses  
Contingencies and commitments

21,841 1,965  
9,571 11,804  
- 14,254  
411,907 -

**Key management personnel / Directors**

**Islamic financing and related assets**

At beginning of the period / year  
Accrued during the period / year  
Repayments during the period / year  
At the end of the period / year

184,015 *	217,412
6,102	30,375
(7,634)	(52,557)
182,483	195,230

**Deposits**

At beginning of the period / year  
Deposits during the period / year  
Withdrawals during the period / year  
At the end of the period / year

26,537 *	19,079
68,186	285,149
(60,565)	(271,132)
34,158	33,096

Payable on deposits

4 9



	(Un-audited) For the quarter ended March 31, 2017	(Un-audited) For the quarter ended March 31, 2016
	----- Rupees '000 -----	
<b>Transactions, income and expenses</b>		
Profit earned on financing	1,632	734
Return on deposits expensed	23	26
Remuneration	30,398	18,730
Administrative expenses	379	-

- \* Balances pertaining to parties that were related at the beginning of the period 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, and parties became related parties during the period have been added in opening balances.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	----- Rupees '000 -----	
<b>Other related parties (related to defunct KASB Bank Limited)</b>		
<b>Deposits</b>		
At beginning of the period / year	751,717 *	648,644
Deposits during the period / year	82,435	1,010,654
Withdrawals during the period / year	(53,668)	(907,581)
At the end of the period / year	<u>780,484</u>	<u>645,426</u>
Payable on deposits	109	93

	(Un-audited) For the quarter ended March 31, 2017	(Un-audited) For the quarter ended March 31, 2016
	----- Rupees '000 -----	
<b>Transactions, income and expenses</b>		
Other receivable	17,880	17,880
Return on deposits expensed	7,038	3,705
<b>Employee benefit plans</b>		
Contribution to employees gratuity fund	-	15,820
Charge for defined benefit plan	17,094	15,820
Contribution to employees provident fund	21,501	16,941

- \* Balances pertaining to parties that were related at the beginning of the period 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, and parties became related parties during the period have been added in opening balances.

## 25 GENERAL

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 financial statements, except for captions of the Statement of Financial Position and Profit and Loss Account.

The figures in the financial statements have been rounded off to the nearest thousand rupee.

### 25.1 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons.

## 26 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on 20th June 2017 by the Board of Directors of the Bank.



Consolidated Financial Statements  
of  
**BankIslami Pakistan Limited**  
For the Quarter Ended  
March 31, 2017

## Directors' Report

On behalf of the Board, I am pleased to present the consolidated Results of the Group for the quarter ended March 31, 2017. Following are the highlights:

	Mar 17	Mar 16	Growth (%)
	.....Rupees in 'millions'.....		
Total Deposits	158,556	144,123	10.01%
Total Assets	189,218	182,305	3.79%
Total Financing-net	99,170	75,082	32.08%
Total Investments	44,959	71,937	-37.50%
Shareholder's Equity	12,956	11,883	9.03%
Profit After Tax	120	176	-31.82%
Branches	322	317	1.58%

Our Group performance remained satisfactory. The Group has been able to post growth in its Financings by 32.08% and Total Assets by 3.79%.

We would like to place on record its deep appreciation to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued support, guidance. Also, we would like to show our gratitude to the employees of Group 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  
June 20th, 2017





## ڈائریکٹرز کی جامع رپورٹ

میں بورڈ کی جانب سے 31 مارچ، 2017 کو اختتام پذیر ہونے والی پہلی سہ ماہی کے مجموعی نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمو (فیصد)	مارچ-16	مارچ-17	
-----روپے بلین میں-----			
10.01%	144,123	158,556	کل ڈپازٹ
3.79%	182,305	189,218	کل اخاٹے
32.08%	75,082	99,170	کل تمویل - خالص
-37.50%	71,937	44,959	کل سرمایہ کاری
9.03%	11,883	12,956	حصہ داران کی سرمایہ کاری
-31.82%	176	120	بعد از ٹیکس نفع
1.58%	317	322	شخصیں

ہمارے گروپ کی کارکردگی قابلِ اطمینان رہی۔ مجموعی طور پر 32.08% تمویل میں، اور 3.79% سرمایہ کاری میں بالترتیب اضافہ ہوا۔ ہم اسٹیٹ بینک اور سیکورٹی ایکسچینج 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۔

منجانب بورڈ

حسن اے بلگرامی

افسر اعلیٰ

جون 20، 2017ء

# BankIslami Pakistan Limited

## Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2017

	(Un-audited)	(Audited)
	March 31, 2017	December 31, 2016
	----- Rupees in '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	7,291,531	8,921,433
Balances with other banks	1,378,828	1,324,167
Due from financial institutions - net	16,788,755	27,218,665
Investments - net	44,959,342	46,643,174
Islamic financing and related assets and Advances (net)	99,169,976	77,667,276
Operating fixed assets	9,380,215	9,412,129
Deferred tax assets - net	5,942,842	5,820,956
Other assets - net	4,306,415	4,985,840
	<u>189,217,904</u>	<u>181,993,640</u>
<b>LIABILITIES</b>		
Bills payable	2,460,813	2,273,934
Due to financial institutions	9,029,756	6,066,307
Deposits and other accounts	158,555,502	153,826,348
Sub-ordinated loans	-	-
Deferred tax liabilities	-	-
Other liabilities	6,215,390	6,760,717
	<u>176,261,461</u>	<u>168,927,306</u>
<b>NET ASSETS</b>	<u>12,956,443</u>	<u>13,066,334</u>
<b>REPRESENTED BY:</b>		
Share capital	10,079,121	10,079,121
Discount on Issue of shares	(79,042)	(79,042)
Reserves	613,636	613,636
Unappropriated profit	635,973	518,942
Total equity attributable to equity holders of the Bank	<u>11,249,688</u>	<u>11,132,657</u>
Non-controlling interest	197,482	192,350
	<u>11,447,170</u>	<u>11,325,007</u>
Surplus on revaluation of assets - net of tax	1,509,273	1,741,327
	<u>12,956,443</u>	<u>13,066,334</u>

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.



# BankIslami Pakistan Limited

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

For the Quarter Ended March 31, 2017

	March 31, 2017	March 31, 2016
	----- Rupees in '000 -----	
Profit / return earned	2,480,358	2,232,905
Profit / return expensed	1,303,539	1,396,971
Net spread earned	1,176,819	835,934
Reversal of provision against non-performing Islamic financing and related assets - net		
Provision / (reversal of provision) for diminution in the value of investments and placements - net	(84,430)	(500,768)
Bad debts written off directly	178	(46,605)
	-	523
	(84,252)	(546,850)
Net spread after provisions	1,261,071	1,382,784
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	210,002	94,035
Dividend Income	468	-
Income from dealing in foreign currencies	15,116	14,741
Gain on sale of securities	11,428	8,781
Unrealised gain on revaluation of investments classified as 'held for trading'	2,095	-
Other income	13,665	35,729
Total other income	252,774	153,286
	1,513,845	1,536,070
<b>OTHER EXPENSES</b>		
Administrative expenses	1,544,315	1,461,687
Other reversals - net	(131,652)	-
Other charges	2,084	(14)
Total other expenses	1,414,747	1,461,673
	99,098	74,397
Profit / (loss) for the period from BIPL Securities Limited - net of tax	22,458	(22,534)
Share of profit from associates	33,669	75,030
<b>PROFIT BEFORE TAXATION</b>	155,225	126,893
Taxation		
- Current	27,389	23,881
- Prior years	-	-
- Deferred	8,304	(72,833)
	35,693	(48,952)
<b>PROFIT AFTER TAXATION</b>	119,532	175,845
<b>ATTRIBUTABLE TO:</b>		
Equity shareholders of the Bank	114,400	181,136
Non-controlling interest	5,132	(5,291)
	119,532	175,845
	----- Rupees -----	
<b>Basic earnings per share</b>	0.1135	0.1750
<b>Diluted earnings per share</b>	0.1135	0.1750

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.

CHIEF FINANCIAL OFFICER    PRESIDENT / CHIEF EXECUTIVE    CHAIRMAN    DIRECTOR    DIRECTOR

# BankIslami Pakistan Limited

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

For the Quarter Ended March 31, 2017

	March 31, 2017	March 31, 2016
	----- Rupees in '000 -----	
<b>Profit after taxation for the period attributable to:</b>		
Equity shareholders of the Bank	114,400	181,136
Non-controlling interest	5,132	(5,291)
<b>Other Comprehensive Income</b>		
<b>Comprehensive income transferred to statement of changes in equity</b>	<u>119,532</u>	<u>175,845</u>
<b>Components of comprehensive income not reflected in equity</b>		
(Deficit) / surplus on revaluation of available for sale investments - net of tax		
Equity shareholders of the Bank	(224,317)	267,144
Non-controlling interest	(5,106)	(2,455)
	<u>(229,423)</u>	<u>264,689</u>
<b>Total comprehensive (loss) / income for the period</b>	<u><u>(109,891)</u></u>	<u><u>440,534</u></u>

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.



# BankIslami Pakistan Limited

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

For the Quarter Ended March 31, 2017

	March 31, 2017	March 31, 2016
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	155,225	126,893
Less: Dividend Income	(468)	-
Less: Share of profit from associates	(33,669)	(75,030)
	121,088	51,863
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on owned assets	162,471	142,479
Depreciation on non banking assets	1,658	-
Amortisation	14,917	9,668
Depreciation on operating Ijarah assets	364,455	261,290
Reversal of provision against non-performing Islamic financing and related assets - net	(84,430)	(500,768)
Provision / (reversal of provision) for diminution in the value of investments and placements - net	178	(46,605)
Other provisions	(131,652)	-
Unrealised gain on revaluation of investments classified as held for trading	(2,095)	-
Charge for defined benefit plan	17,467	15,820
Gain on sale of property and equipment	(4,452)	(2,278)
	338,517	(120,394)
	459,605	(68,531)
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	10,429,910	31,252,207
Islamic financing and related assets	(21,782,725)	(5,414,681)
Others assets (excluding defined benefit assets)	671,075	672,084
	(10,681,740)	26,509,610
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	186,879	(29,241)
Due to financial institutions	2,963,449	15,653,961
Deposits and other accounts	4,729,154	(8,538,164)
Other liabilities	(349,700)	270,216
	7,529,782	7,356,772
	(2,692,353)	33,797,851
Payments against defined benefit plan	-	(47,509)
Income tax paid	(47,887)	(29,111)
<b>Net cash (used in) / generated from operating activities</b>	(2,740,240)	33,721,231
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	1,305,553	(35,967,638)
Dividend received	468	-
Investments in operating fixed assets	(146,142)	(259,646)
Proceeds from disposal of operating fixed assets	5,120	5,572
<b>Net cash generated from / (used in) investing activities</b>	1,164,999	(36,221,712)
<b>Decrease in cash and cash equivalents</b>	(1,575,241)	(2,500,481)
Cash and cash equivalents at the beginning of the period	10,245,600	11,052,156
<b>Cash and cash equivalents at the end of the period</b>	8,670,359	8,551,675

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.

# BankIslami Pakistan Limited

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

For the Quarter Ended March 31, 2017

	Attributable to equity shareholders of the Bank						Non -controlling interest	Total
	Share capital	Discount on issue of shares	Statutory reserve	Reserve for bad debts & contingencies	(Accumulated loss) / Unappropriated profit	Sub total		
Rupees in '000								
Balance as at January 01, 2016	10,079,121	(79,042)	273,176	250,000	(57,295)	10,465,960	189,855	10,655,815
Profit / (loss) after taxation for the quarter ended transferred from Statement of Comprehensive Income	-	-	-	-	181,136	181,136	(5,291)	175,845
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,564	2,564	-	2,564
Balance as at March 31, 2016	10,079,121	(79,042)	273,176	250,000	126,405	10,649,660	184,564	10,834,224
Profit after taxation for the period from April 1, 2016 to December 31, 2016 transferred from Statement of Comprehensive Income	-	-	-	-	463,367	463,367	7,786	471,153
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,817	7,817	-	7,817
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	168	168	-	168
Transfer to statutory reserve	-	-	90,460	-	(90,460)	-	-	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	11,645	11,645	-	11,645
Balance as at December 31, 2016	10,079,121	(79,042)	363,636	250,000	518,942	11,132,657	192,350	11,325,007
Profit after taxation for the quarter transferred from Statement of Comprehensive Income	-	-	-	-	114,400	114,400	5,132	119,532
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,564	2,564	-	2,564
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	67	67	-	67
Balance as at March 31, 2017	10,079,121	(79,042)	363,636	250,000	635,973	11,249,688	197,482	11,447,170

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.



# **BankIslami Pakistan Limited**

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

For the Quarter ended March 31, 2017

### **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 322 branches including 118 sub branches as at March 31, 2017 (2016: 321 branches including 118 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 Subsidiary Companies**

##### **1.2.1 BankIslami Modaraba Investments Limited - 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 the basis of condensed interim financial information for the quarter ended March 31, 2017.

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.

#### **1.2.2 BIPL Securities Limited (Formerly KASB Securities Limited) - 77.12 percent holding**

BIPL 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.

#### **1.2.3 My Solutions Corporation Limited - 100 percent holding**

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.

#### **1.2.4 Structured Ventures (Private) Limited - 77.12 percent holding - (Sub subsidiary)**

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 BIPL Securities Limited. The ultimate parent company is BankIslami Pakistan Limited.





## 2 BASIS OF PRESENTATION

### 2.1 The Group provides financing mainly through Murabahah, Ijarah, Istisna, Diminishing Musharakah, Muswammah and other Islamic modes of financing.

The purchases and sales arising under these arrangements are not reflected in these consolidated 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 Advisor of the holding company.

### 2.2 Basis of Consolidation

This condensed interim consolidated financial information incorporate the financial statements of the Bank and the financial statements of subsidiary companies from the date that control of the subsidiary by the Group commences until the date that control ceases. The financial statements of the subsidiary companies are incorporated on a line-by-line basis (except the profit and loss account of BIPL Securities Limited which is disclosed as a single line item in this condensed interim consolidated Profit and Loss account as per letter No. BPRD (R&P-02)/625-112/2017/4911 dated February 27, 2017, see note 2.2.1) and the investment held by the Bank is eliminated against the corresponding share capital of subsidiaries in this condensed interim consolidated financial information.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of International Accounting Standard (IAS) 39, Financial Instruments Recognition and Measurement, IAS 40, Investment Property and IFRS - 7, Financial Instruments: Disclosures, which are required to comply with local regulations enforced within the respective jurisdictions.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

#### 2.2.1 The SBP vide its letter No. BPRD(R&P-02)/625-112/2017/4911 dated February 27, 2017, has allowed the Group to disclose financial results (net) of BIPL Securities Limited (formerly KASB Securities Limited) as a single line item in the Consolidated Profit and Loss account as majority of the operations of BIPL Securities Limited are of conventional nature and line by line consolidation would result in non-compliance of Shariah requirements.

### 3 STATEMENT OF COMPLIANCE

- 3.1** This condensed interim consolidated financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 3.2** The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these condensed interim consolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these condensed interim consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** IFRS 8 "Operating Segments" was effective for the Group's accounting period beginning on or after January 1, 2009. All Banking Companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Group believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these condensed interim consolidated financial statements is based on the requirements laid down by the SBP.
- 3.4** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these condensed interim consolidated financial statements.



### **3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:**

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2017 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.

### **3.6 Early adoption of standards**

The Group has not early adopted any new or amended standard in 2017.

## **5 BASIS OF MEASUREMENT**

### **5.1 Accounting convention**

This condensed interim consolidated financial information has been prepared under the historical cost convention, except that certain fixed assets, 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 the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

### **5.2 Functional and Presentation Currency**

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

### **5.3 Rounding off**

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

### **5.4 Critical accounting estimates and judgments**

The basis and the methods used for critical accounting estimates and judgements adopted in this condensed interim consolidated financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2016.

## **6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of in this condensed interim consolidated financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2016.

**7 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons.

**8 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue on 20th June 2017 by the Board of Directors of the Holding Company.

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# BankIslami Pakistan Limited

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