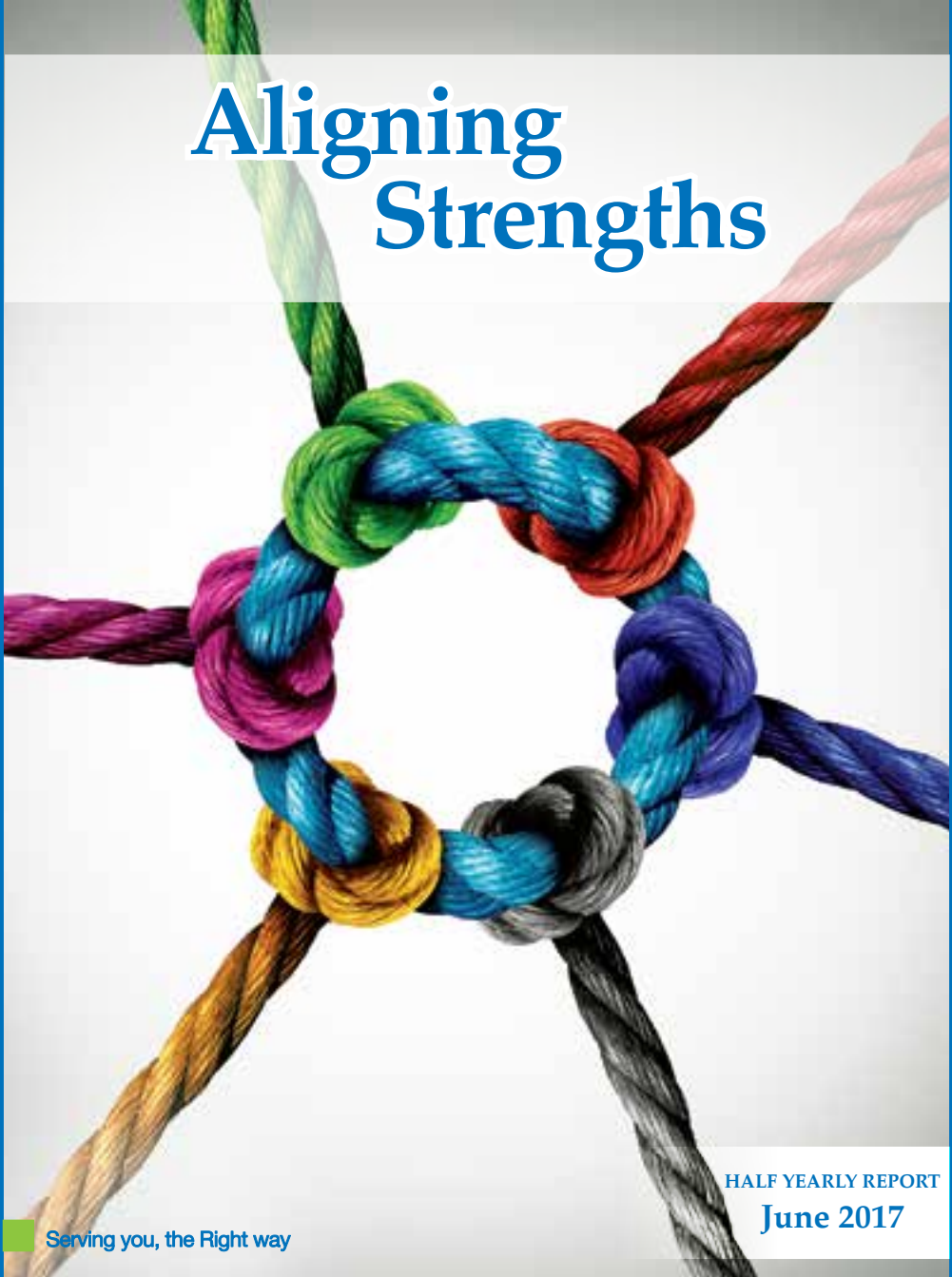


بَيْتُكَ إِسْلَامِي



BankIslami

# Aligning Strengths



HALF YEARLY REPORT

June 2017

Serving you, the Right way

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## Corporate Information

### Board of Directors

Mr. Ali Hussain	Chairman
Mr. Fawad Anwar	Vice Chairman
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	
Dr. Amjad Waheed	
Mr. Hasan A. Bilgrami	Chief Executive Officer
Mr. Noman Yakooob	
Mr. Siraj Ahmed Dadabhoy	

### Sharia'h Supervisory Board

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

### Audit Committee

Dr. Amjad Waheed	Chairman
Mr. Noman Yakooob	Member
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	Member

### Risk Management Committee

Mr. Fawad Anwar	Chairman
Mr. Siraj Ahmed Dadabhoy*	Member
Mr. Hasan A. Bilgrami	Member

### Human Resource Management Committee

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

### Board Remuneration Committee

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

### Executive Committee

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

### Company Secretary

Mr. Khawaja Ehrar ul Hassan

### Auditors

EY Ford Rhodes,  
Chartered Accountants

\* Appointed with effect from August 23, 2017.

#### Legal Advisor

1- Haidermota & Co.  
Barrister at Law

2- Mohsin Tayebaly & Co.

Corporate Legal Consultants / Barristers & Advocates  
High Courts & Supreme Court

#### Management (in alphabetical order)

Mr. Ahmad Mobeen Malik  
Mr. Bilal Zuberi  
Mr. Fakhir Ahmad  
Mr. Farooq Anwar  
Mr. Hasan A. Bilgrami  
Mr. Khawaja Ehrar ul Hassan  
Mr. Mahmood Rashid  
Mr. Masood Muhammad Khan  
Mr. Muhammad Asadullah Chaudhry  
Mr. Muhammad Faisal Shaikh  
Mr. Rehan Shuja Zaidi  
Mr. Saad Ahmed Madani  
Mr. Sadrauddin Pyar Ali  
Mr. Sohail Sikandar  
Mr. Syed Akhtar Ausaf  
Mr. Syed Ata Hussain Jaffri  
Mr. Syed Muhammad Aamir Shamim

Regional General Manager  
Regional General Manager  
Head, Human Resources  
Head, Operations  
Chief Executive Officer  
Company Secretary & Head of Legal  
Head, Government Relations & Security  
Head, Compliance  
Head, Service Quality & Phone Banking  
Head, Shariah Advisory & Structuring  
Head, Internal Audit  
Head, Corporate Banking  
Head, Administration & General Services  
Chief Financial Officer  
Head, Risk Management  
Head, Information System  
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 (Share Registrar Office)

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 half year ended June 30, 2017. Following are the key highlights:

	June-2017	June-2016	Growth (%)
	.....Rupees in 'millions'.....		
Total Deposits	163,651	148,609	10.12%
Total Assets - net	192,655	185,079	4.09%
Total Financing and related assets-net	97,750	81,449	20.01%
Total Investments	42,486	73,031	-41.82%
Shareholders' Equity	12,285	11,886	3.35%
(Loss) / Profit After Tax	(83)	359	-123.20%
Basic Earnings / (loss) per share - rupee	(0.083)	0.356	-123.20%
Branches network-Number	322	317	1.58%

### Financial Highlights:

The Bank's deposit grew by Rs. 15bn i.e. 10.12% growth from June 2016. The Current and Saving Accounts ('CASA') mix in June 2017 was 76.05% showing an improvement from 71.43% in June 2016. The financing to deposit ratio has also improved to 59.73% as compared to 54.81% in June 2016. Furthermore, the Cost of funds during first six months of 2017 reduced by 42 bps as compared to same period last year. Due to improvement in all these areas, the gross spread in June 2017 improved to 48.66% from 42.08% i.e. an increase of 657 bps as compared to the same period last year. During the period under review, the Bank added one branch in its network to close the total network at 322 branches.

The infection ratio of the financing & advances portfolio increased slightly to 15.01% as of June 2017 as compared to 14.62% in June 2016. The higher infection ratio is because of non-performing portfolio inherited from the amalgamation of defunct KASB Bank.

The Bank saw an improvement in its non-funded income of 28.54%, with major contribution from the fee income. The Bank has improved its offerings on customer services which is bearing fruits. Administrative Expenses has increased during the period by 5.83% as compared to the same period last year. The increase is mainly on account of staff cost and network expansion. The loss reported in this first half is mainly attributable to the one time provisioning taken against inherited assets of the defunct KASB Bank. The operations of the defunct KASB Bank continue to put pressure on the earnings of the Bank, which we expect will be normalized by end of the year. *InShaAllah.*

## Achievements:

With an aim to further enhance Bank's service delivery with a focus on providing convenience to its customers, the Bank continues to leverage on technology. The Bank enhanced its loyalty program partnerships with renowned brands for its Debit Card holders by launching special discount voucher packs for its new customers. The Bank is also working to launch new products in bancatakaful to provided added benefits to its customers.

Shariah advisory service was provided to AGP Limited for structuring of its Sukuk which was the first sukuk in Pakistan structured under Diminishing Musharakah cum Salam mode.

The Bank also initiated a number of projects on the Digital Banking front. The initiatives are both on process improvement as well as on new products front. Specially, the Bank would like to leverage its Biometric infra-structure where it has competitive edge.

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. We would also like to acknowledge the dedication, commitment and hard work put in by our management team and staff members, enabling BankIslami to capture a prominent position in the Banking industry in general and Islamic Banking industry in particular, *Alhamdulillah*.

On behalf of the Board,

Hasan A. Bilgrami  
Chief Executive Officer  
August 23, 2017



## ڈائریکٹرز کی رپورٹ

معزز حاملین حصص:

میں بورڈ کی جانب سے 30 جون، 2017 کو اختتام پذیر ہونے والی پہلی ششماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمو (فیصد)	جون-2016	جون-2017	
----- روپے ملین میں -----			
10.12%	148,609	163,651	کل ڈپازٹ
4.09%	185,079	192,655	کل اثاثے
20.01%	81,449	97,750	کل تمویل اور متعلقہ اثاثے۔ خالص
-41.82%	73,031	42,486	کل سرمایہ کاری
3.35%	11,886	12,285	حصہ داران کی سرمایہ کاری
-123.20%	359	(83)	نفع / نقصان (بعد از ٹیکس)
-123.20%	0.356	(0.083)	فی حصہ بنیادی آمدنی / نقصان۔ روپوں میں
1.58%	317	322	شاخیں (کل برانچز)

مالیاتی کارکردگی کے اہم نکات:

بینک کے ڈپازٹ کا حجم بڑھ کر 15 ملین روپے ہو گیا جو جون 2016ء سے 10.12% اضافہ ہے۔ کرنٹ اور سیونگ اکاؤنٹ کے مجموعہ ('CASA') جون 2016ء میں 71.43% کے مقابلہ میں بڑھ کر جون 2017ء میں 76.05% ہو گیا ہے۔ سرمایہ کاری سے ڈپازٹ کی شرح بھی بڑھ کر 59.73% ہو گئی ہے جو جون 2016ء میں 54.81% تھی۔ مزید برآں گزشتہ سال کے مقابلہ میں اس سال کی پہلی ششماہی میں تمویلی لاگت 42 بیس پوائنٹ کم ہوئی ہے۔ ان سب کے نتیجہ میں جون 2017ء میں خام پھیلاؤ 42.08% سے 48.66% ہو گیا ہے جو پچھلے سال کی اس ششماہی کے مقابلے میں 657 بیس پوائنٹس کا اضافہ ہے۔ زیر جائزہ مدت میں بینک نے ایک برانچ کے اضافے کے ساتھ کل برانچ نیٹ ورک 322 برانچوں پر اختتام پذیر کیا۔

تمویلات کے مجموعے کی غیر فعال شرح پچھلے سال جون 2016ء میں 14.62% کے مقابلے میں معمولی اضافے کے ساتھ 15.01% ہو گئی ہے۔ غیر فعال تمویلات کی اضافی شرح کی اصل وجہ کا عدم KASB بینک کے انضمام کے نتیجے میں ملنے والے غیر فعال مجموعے ہیں۔



بینک کی غیر معمولی آمدنی بھی بہتر ہو کر 28.54% ہو گئی جس میں بڑا حصہ فیسی آمدنی کا ہے۔ بینک نے اپنے صارفین کی خدمات پیش کرنے میں بہتری کی ہے جس کے اثرات ابل رہے ہیں جبکہ انتظامی اخراجات میں پچھلے سال کے اسی مدت کے مقابلے میں 5.83% اضافہ ہوا ہے۔ یہ اضافہ بنیادی طور پر عملے پر اخراجات اور نیٹ ورک کی توسیع کی مدد میں ہوا ہے۔ پہلی ششماہی میں رپورٹ ہونے والا نقصان بنیادی طور پر کالعدم KASB بینک کے غیر فعال اثاثوں کے نقصان کا تخمینہ لگانے کی وجہ سے ہے۔ کالعدم KASB بینک کا بینک کی آمدنی پر مسلسل دباؤ ہے جس کے بارے میں امید کی جاتی ہے کہ وہ اس سال کے اختتام تک معمول کے مطابق ہو جائے گا۔

ان شاء اللہ!

کامیابیاں:

بینک کے صارفین کی سہولت پر توجہ دیتے ہوئے بینک کی خدمات کو مزید بہتر بنانے کے عزم کے ساتھ بینک ٹیکنالوجی کے استعمال میں آگے بڑھ رہا ہے۔ بینک نے اپنے لوہٹی پروگرام (Loyalty Program) کے تحت ڈیٹ کارڈ ہولڈرز کے لئے مشہور برانڈز کے ساتھ شراکت داری کے تسلسل کو بہتر بناتے ہوئے اپنے نئے صارفین کو خصوصی رعایتی واؤچرز کے بیک فراہم کئے۔ بینک اپنے صارفین کو مزید فائدے پہنچانے کے لئے بینکا مکفل میں نئی پروڈکٹ پر بھی کام کر رہا ہے۔

بینک نے AGP لمیٹڈ کو صکوک کی تفصیل میں شرعی مشاورت فراہم کی جو کہ شرکت متناقصہ مع سلم کے طریقہ تمویل کی بنیاد پر پاکستان کا پہلا صکوک تھا۔

ڈیجیٹل بینکنگ کے محاذ پر بھی بینک نے کئی منصوبے شروع کئے۔ یہ اقدامات کاموں میں بہتری اور نئی مصنوعات میں دونوں جانب کئے گئے۔ خاص طور پر بینک اپنے بائیومیٹرک کے ڈھانچے کو استعمال کرنا چاہتا ہے جس میں بینک کو ایک مسابقتی برتری حاصل ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے بینک کے طویل مدتی کے لئے ریٹنگ "A + " اور قلیل مدتی ریٹنگ "A 1" ہے۔

بورڈ اسٹیٹ بینک آف پاکستان (SBP) کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتا ہے۔ اس کے ساتھ ساتھ سیکورٹی ایجنسی کمیشن آف پاکستان (SECP) اور دیگر انتظامی نگران اداروں کا بھی ان کی معاونت پر شکریہ ادا کرتا ہے۔ ہم اپنے قابل قدر صارفین، کاروباری شراکت داران اور حصے داران کی مسلسل حمایت اور بھروسے پر ان کے 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 بینکنگ انڈسٹری میں بالعموم اور اسلامی بینکنگ انڈسٹری میں بالخصوص امتیازی مقام حاصل کرنے کے قابل ہوا۔ الحمد للہ!

منجانب بورڈ

حسن اے بلگرامی

افرعلى

اگست ۲۳، ۲۰۱۷ء





# Auditors' Report to the Members on Review of Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of BankIslami Pakistan Limited (the Bank) as at 30 June 2017 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity and note to the accounts for the six-months' period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

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

## Conclusion

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

**EY Ford Rhodes**

**Chartered Accountants**

**Engagement Partner:** Omer Chughtai

**Date:** 23 August 2017

**Karachi**

## BankIslami Pakistan Limited

### Condensed Interim Statement of Financial Position

As at June 30, 2017

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
----- Rupees in '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	12,294,692	8,921,433
Balances with other banks	7	1,570,596	1,140,150
Due from financial institutions - net	8	19,211,971	27,218,665
Investments - net	9	42,486,231	46,316,927
Islamic financing and related assets and Advances (net)	10	97,750,250	77,816,802
Operating fixed assets	11	9,284,705	9,347,525
Deferred tax assets	12	6,044,645	5,918,460
Other assets - net		4,011,904	4,166,208
		192,654,994	180,846,170
<b>LIABILITIES</b>			
Bills payable		2,402,734	2,273,934
Due to financial institutions	13	9,055,010	6,066,307
Deposits and other accounts	14	163,651,346	154,399,657
Sub-ordinated loans		-	-
Deferred tax liabilities		-	-
Other liabilities		5,261,131	5,661,606
		180,370,221	168,401,504
<b>NET ASSETS</b>		<u>12,284,773</u>	<u>12,444,666</u>
<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		134,637	212,553
		10,748,352	10,826,268
Surplus on revaluation of assets - net of tax	17	1,536,421	1,618,398
		<u>12,284,773</u>	<u>12,444,666</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	18		

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.



# BankIslami Pakistan Limited

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

For the Quarter and Half Year ended June 30, 2017

	Note	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
		----- Rupees in '000 -----			
Profit / return earned	19	2,519,616	5,056,284	2,700,827	4,935,313
Profit / return expensed		1,285,698	2,596,069	1,456,462	2,858,405
Net spread earned		1,233,918	2,460,215	1,244,365	2,076,908
Reversal of provision against non-performing Islamic financing and related assets and advances - net	10.13.2	(4,946)	(89,376)	(425,380)	(926,148)
Provision / (reversal of provision) for diminution in the value of investments and placements - net		97,301	97,479	(185,739)	(232,344)
Bad debts written off directly		-	-	-	523
		92,355	8,103	(611,119)	(1,157,969)
Net spread after provisions		1,141,563	2,452,112	1,855,484	3,234,877
<b>OTHER INCOME</b>					
Fee, commission and brokerage income		146,257	321,438	122,364	216,458
Dividend Income		-	-	-	-
Income from dealing in foreign currencies		15,739	30,855	11,222	25,963
Gain on sale of securities		35,104	46,532	28,215	36,996
Unrealised (loss) / gain on revaluation of investments classified as held for trading		(628)	1,467	-	-
Other income		17,195	30,860	25,643	55,998
Total other income		213,667	431,152	187,444	335,415
		1,355,230	2,883,264	2,042,928	3,570,292
<b>OTHER EXPENSES</b>					
Administrative expenses	20	1,592,991	3,092,789	1,471,504	2,922,413
Other reversals - net		-	(131,652)	-	-
Other charges		19,539	21,623	12,673	12,673
Total other expenses		1,612,530	2,982,760	1,484,177	2,935,086
		(257,300)	(99,496)	558,751	635,206
Extraordinary / unusual items		-	-	-	-
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		(257,300)	(99,496)	558,751	635,206
Taxation					
- Current		41,263	68,593	29,015	52,896
- Prior year		-	-	-	-
- Deferred		(112,224)	(84,883)	296,462	223,629
		(70,961)	(16,290)	325,477	276,525
<b>(LOSS) / PROFIT AFTER TAXATION</b>		(186,339)	(83,206)	233,274	358,681
----- Rupees -----					
<b>Basic (loss) / earnings per share</b>	21	(0.1849)	(0.0826)	0.2314	0.3559
<b>Diluted (loss) / earnings per share</b>	21	(0.1849)	(0.0826)	0.2314	0.3559

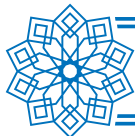
The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

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

For the Quarter and Half Year ended June 30, 2017

	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
----- Rupees in '000 -----				
(Loss) / profit after taxation for the period	(186,339)	(83,206)	233,274	358,681
<b>Other Comprehensive Income</b>				
<b>Comprehensive (loss) / income transferred to statement of changes in equity</b>	<u>(186,339)</u>	<u>(83,206)</u>	<u>233,274</u>	<u>358,681</u>
<b>Components of comprehensive (loss) / income not reflected in equity</b>				
Surplus / (deficit) on revaluation of available for sale investments	199,988	(117,998)	278,154	477,265
Related deferred tax (liability) / asset	(69,983)	41,311	(167,042)	(167,042)
	130,005	(76,687)	111,112	310,223
<b>Total comprehensive (loss) / income for the period</b>	<u><u>(56,334)</u></u>	<u><u>(159,893)</u></u>	<u><u>344,386</u></u>	<u><u>668,904</u></u>

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.



# BankIslami Pakistan Limited

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

For the Half Year ended June 30, 2017

Note June 30, 2017 June 30, 2016

### CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(99,496)	635,206
Less: Dividend Income	-	-
	(99,496)	635,206

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

Depreciation on operating fixed assets	339,475	315,847
Depreciation on non banking assets	3,317	-
Amortisation	29,674	19,784
Depreciation on operating Ijarah assets	709,901	552,100
Reversal of provision against non-performing Islamic financing and related assets - net	(89,376)	(926,148)
Provision / (reversal of provision) for diminution in the value of investments and placements - net	97,479	(232,344)
Other reversals - net	(131,652)	-
Unrealised gain on revaluation of investments classified as held for trading	(1,467)	-
Charge for defined benefit plan	34,464	33,846
Gain on sale of property and equipment	(8,984)	(17,290)
	982,831	(254,205)
	883,335	381,001

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

Due from financial institutions	8,006,694	37,007,485
Islamic financing and related assets and advances	(20,553,973)	(12,281,106)
Others assets (excluding defined benefit assets)	144,075	(842,229)
	(12,403,204)	23,884,150

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

Bills payable	128,800	521,805
Due to financial institutions	2,988,703	13,925,032
Deposits and other accounts	9,251,689	(4,449,552)
Other liabilities (excluding current taxation)	(236,884)	154,781
	12,132,308	10,152,066

Payments against defined benefit plan

	612,439	34,417,217
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Income tax paid

	-	(103,517)
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Net cash generated from operating activities

	(65,654)	(57,105)
--	----------	----------

	546,785	34,256,595
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### CASH FLOW FROM INVESTING ACTIVITIES

Net investments in securities	3,554,265	(36,435,848)
Investments in operating fixed assets	(307,688)	(550,619)
Proceeds from disposal of operating fixed assets	10,343	3,173
Net cash generated from / (used in) investing activities	3,256,920	(36,983,294)

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

Cash and cash equivalents at the beginning of the period	3,803,705	(2,726,699)
--	-----------	-------------

	22	10,061,583
--	----	------------

		10,816,596
--	--	------------

#### Cash and cash equivalents at the end of the period

	22	13,865,288
--	----	------------

		8,089,897
--	--	-----------

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

CHIEF FINANCIAL OFFICER PRESIDENT / CHIEF EXECUTIVE CHAIRMAN DIRECTOR DIRECTOR

# BankIslami Pakistan Limited

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

For the Half Year ended June 30, 2017

	Share capital	Discount on issue of shares	Statutory reserve	Reserve for bad debts & contingencies	(Accumulated losses) / Unappropriated 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 half year ended transferred from Statement of Comprehensive Income	-	-	-	-	358,681	358,681
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,185	5,185
<b>Balance as at June 30, 2016</b>	10,079,121	(79,042)	273,176	250,000	192,413	10,715,668
Profit after taxation for the half year ended transferred from Statement of Comprehensive Income	-	-	-	-	93,619	93,619
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,196	5,196
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
Loss after taxation for the half year ended transferred from Statement of Comprehensive Income	-	-	-	-	(83,206)	(83,206)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,156	5,156
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	134	134
<b>Balance as at June 30, 2017</b>	10,079,121	(79,042)	363,636	250,000	134,637	10,748,352

The annexed notes 1 to 27 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 Half Year ended June 30, 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 June 30, 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 Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, this condensed interim unconsolidated financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 3.3** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with financial statements of the Bank for the year ended December 31, 2016.

#### **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 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, except as described below:

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

The Bank has adopted the following standards and amendment to IFRSs which became effective for the current period:



## Standard or Interpretation

- IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

	Notes	(Un-audited) June 30, 2017	(Audited) December 31, 2016
		----- Rupees in '000 -----	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		4,776,271	3,154,686
- foreign currency		<u>394,255</u>	<u>410,919</u>
		5,170,526	3,565,605
With the State Bank of Pakistan in			
- local currency current account		4,347,656	3,646,460
- foreign currency deposit accounts			
Cash Reserve Account		<u>160,217</u>	<u>241,958</u>
Special Cash Reserve Account		<u>192,931</u>	<u>78,950</u>
US Dollar Clearing Account		<u>50,373</u>	<u>11,421</u>
		403,521	332,329
With National Bank of Pakistan in			
- local currency current account		<u>2,372,989</u>	<u>1,377,039</u>
		<u>12,294,692</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		<u>96</u>	<u>95</u>
		2,503	2,502
Outside Pakistan			
- on current accounts		<u>1,568,093</u>	<u>1,137,648</u>
		<u>1,570,596</u>	<u>1,140,150</u>
<b>8 DUE FROM FINANCIAL INSTITUTIONS</b>			
Wakalah Placement	8.1	733,978	993,686
Commodity Murabahah - local currency	8.2	<u>18,477,993</u>	<u>26,224,979</u>
		19,211,971	27,218,665
Other placements		<u>32,400</u>	<u>32,400</u>
		19,244,371	27,251,065
Provision against placements - transferred from the amalgamated entity		<u>(32,400)</u>	<u>(32,400)</u>
		<u>19,211,971</u>	<u>27,218,665</u>

**8.1** The profit rates on the agreements range between 1.40% to 1.76% (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).

**8.2** The Bank has entered into Commodity Murabahah agreements under which the Bank purchases an underlying commodity from open market through an agent and sells it to a financial institution on credit with profit. The profit rates on the agreements range between 5.90% to 6.35% (2016: 5.80% to 6.40%) per annum and the agreements have maturities ranging from 4 days to 161 days (2016: 3 days to 160 days).

## 9 INVESTMENTS

	Note	(Un-audited) June 30, 2017 ----- Rupees in '000 -----	(Audited) December 31, 2016
Investments - Islamic	9.1	40,506,915	44,239,990
Investments - Conventional (relating to defunct KASB Bank Limited)	9.2	1,979,316	2,076,937
		<u>42,486,231</u>	<u>46,316,927</u>

### 9.1 Islamic Investments by type

Note	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	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	38,765,267	-	38,765,267	42,281,922	-	42,281,922
Units of Open-end mutual funds	21	-	21	21	-	21
Ordinary Shares of listed companies	242,645	-	242,645	242,645	-	242,645
Bai Muajjal	-	-	-	-	-	-
	<u>39,007,933</u>	<u>-</u>	<u>39,007,933</u>	<u>42,524,588</u>	<u>-</u>	<u>42,524,588</u>
<b>Held for trading securities</b>						
Ordinary Shares of listed companies	410,440	-	410,440	447,908	-	447,908
<b>Subsidiaries</b>	191,015	-	191,015	191,015	-	191,015
<b>Total investments at cost</b>	<u>39,609,388</u>	<u>-</u>	<u>39,609,388</u>	<u>43,163,511</u>	<u>-</u>	<u>43,163,511</u>
Less: Provision for diminution in value of investments	(46,125)	-	(46,125)	(46,125)	-	(46,125)
Investments - net of Provisions	<u>39,563,263</u>	<u>-</u>	<u>39,563,263</u>	<u>43,117,386</u>	<u>-</u>	<u>43,117,386</u>
(Deficit) / surplus on revaluation of held for trading securities	(30,296)	-	(30,296)	30,658	-	30,658
Surplus on revaluation of available-for-sale securities	973,948	-	973,948	1,091,946	-	1,091,946
<b>Total investments at market value</b>	<u>40,506,915</u>	<u>-</u>	<u>40,506,915</u>	<u>44,239,990</u>	<u>-</u>	<u>44,239,990</u>

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

Note	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	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	967,706	-	967,706	967,706	-	967,706
Ordinary Shares of unlisted companies	1,189,030	-	1,189,030	1,189,030	-	1,189,030
Listed Term Finance Certificates	104,950	-	104,950	105,092	-	105,092
Unlisted Term Finance Certificates	177,822	-	177,822	177,822	-	177,822
	<u>2,439,508</u>	<u>-</u>	<u>2,439,508</u>	<u>2,439,650</u>	<u>-</u>	<u>2,439,650</u>
<b>Held to maturity securities</b>						
Unlisted Term Finance Certificates	321,601	-	321,601	321,601	-	321,601
<b>Associates</b>	1,660,111	-	1,660,111	1,660,111	-	1,660,111
<b>Subsidiaries</b>	2,499,708	-	2,499,708	2,499,708	-	2,499,708
<b>Total investments at cost</b>	<u>6,920,928</u>	<u>-</u>	<u>6,920,928</u>	<u>6,921,070</u>	<u>-</u>	<u>6,921,070</u>
Less: Provision for diminution in the value of investments	(4,941,612)	-	(4,941,612)	(4,844,133)	-	(4,844,133)
<b>Total investments at market value</b>	<u>1,979,316</u>	<u>-</u>	<u>1,979,316</u>	<u>2,076,937</u>	<u>-</u>	<u>2,076,937</u>

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



(Un-audited) (Audited)  
June 30, December  
2017 31, 2016  
----- Rupees in '000 -----

### 9.3 Islamic Investments by segments

#### Federal Government Securities

GOP Ijarah Sukuks	34,708,728	37,756,627
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#### Sukuk certificates

Sukuks - Unlisted	4,056,539	4,525,295
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#### Fully paid up ordinary shares / Units

Ordinary shares of listed companies	653,085	690,553
Units of Open-End mutual funds	21	21

#### Subsidiaries

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

	39,609,388	43,163,511
--	------------	------------

Less: Provision for diminution in value of investments	(46,125)	(46,125)
--	----------	----------

#### Investments - net of provisions

	39,563,263	43,117,386
--	------------	------------

(Deficit) / surplus on revaluation of held for trading securities	(30,296)	30,658
Surplus on revaluation of available-for-sale securities	973,948	1,091,946

#### Total investments at market value

	40,506,915	44,239,990
--	------------	------------

### 9.4 Conventional Investments by segments

#### Fully paid up ordinary shares

Listed Companies	967,706	967,706
Unlisted Companies	1,189,030	1,189,030

#### Term Finance Certificates, Debentures, Bonds and

##### Participation Term Certificates:

Listed Companies	104,950	105,092
Unlisted Companies	499,423	499,423

#### Subsidiaries

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

#### Associates - Unlisted

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

#### Total investments at cost

	6,920,928	6,921,070
--	-----------	-----------

Less: Provision for diminution in value of investments	(4,941,612)	(4,844,133)
--	-------------	-------------

#### Total investments at market value

	1,979,316	2,076,937
--	-----------	-----------

	Note	(Un-audited) June 30, 2017 ----- Rupees in '000 -----	(Audited) December 31, 2016
<b>10 ISLAMIC FINANCING AND RELATED ASSETS AND ADVANCES</b>			
Islamic financing and related assets - net	10.1	96,974,587	76,826,353
Advances (relating to defunct KASB Bank Limited) - net	10.2	775,663	990,449
		<u>97,750,250</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	29,901,701	13,798,029
- Istisna financing and related assets	10.4 & 10.10	13,542,719	13,973,015
- Diminishing Musharakah - Housing		9,456,367	7,661,273
- Diminishing Musharakah - Auto		3,032,145	877,758
- Diminishing Musharakah financing and related assets			
Others	10.6	10,395,043	8,792,359
- Against Bills - Murabahah		8,059	12,310
- Post Due Acceptance		47,819	25,073
- Salam	10.5	76,999	75,000
- Muswammah financing and related assets / Karobar financing	10.7	13,480,418	7,918,202
- Financing to employees		2,150,387	2,061,846
- FBP Against Bai Salam		-	50,577
- Qardh e Hasana		370,445	158,000
- Running Musharakah		3,945,510	10,000,000
- Investment Agency Wakalah		6,250,000	6,250,000
- Housing finance portfolio - others		48,488	73,761
- Net investment in Ijarah financing in Pakistan		39,335	39,829
- Ijarah financing under IFAS 2 and related assets	10.8	6,291,387	6,910,162
<b>Gross financing and related assets</b>		<u>99,036,822</u>	<u>78,677,194</u>
Less: Provision against non-performing Islamic financing and related assets			
- Specific	10.11 & 10.13	(1,869,675)	(1,658,774)
- General	10.11 & 10.13	(192,560)	(192,067)
<b>Islamic financing and related assets – net of provisions</b>		<u>96,974,587</u>	<u>76,826,353</u>



	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
		----- Rupees in '000 -----	
<b>10.2 ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		9,288,740	9,780,050
Outside Pakistan		-	-
		<u>9,288,740</u>	<u>9,780,050</u>
Net investment in finance lease			
In Pakistan		590,308	608,712
Outside Pakistan		-	-
		<u>590,308</u>	<u>608,712</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		714,646	720,973
Payable outside Pakistan		-	-
		<u>714,646</u>	<u>720,973</u>
<b>Advances - gross</b>		<u>10,593,694</u>	<u>11,109,735</u>
Less: Provision for non-performing Financings			
- Specific	10.11 & 10.13	(10,022,859)	(10,280,583)
- General	10.11 & 10.13	(818)	(860)
<b>Advances - net of provision</b>		<u>570,017</u>	<u>828,292</u>
Fair Value adjustment	10.14	205,646	162,157
<b>Advances - net of provision and fair value adjustment</b>		<u><u>775,663</u></u>	<u><u>990,449</u></u>
<b>10.3 Murabahah financing and related assets</b>			
Murabahah financing		27,068,802	11,568,440
Advance against Murabahah financing		2,832,899	644,052
Murabahah inventories		-	1,585,537
		<u>29,901,701</u>	<u>13,798,029</u>
<b>10.4 Istisna financing and related assets</b>			
Istisna financing		7,256,412	8,207,253
Advance against Istisna financing		5,699,987	759,934
Istisna inventories		586,320	5,005,828
		<u>13,542,719</u>	<u>13,973,015</u>
<b>10.5 Salam</b>			
Salam financing		12,002	12,002
Salam inventories		64,997	62,998
		<u>76,999</u>	<u>75,000</u>
<b>10.6 Diminishing Musharakah financing and related assets - Others</b>			
Diminishing Musharakah financing		10,058,479	8,723,608
Advance against Diminishing Musharakah financing		336,564	68,751
		<u>10,395,043</u>	<u>8,792,359</u>
<b>10.7 Muswammah financing and related assets / Karobar financing</b>			
Muswammah financing		8,161,660	6,884,913
Muswammah inventories		5,318,758	1,033,289
		<u>13,480,418</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		6,015,468	6,382,270
Advance against Ijarah financing		275,919	527,892
		<u>6,291,387</u>	<u>6,910,162</u>

- 10.9** Murabahah financing and related assets includes financing amounting to Rs. 468 million (2016: Rs.700 million) and advance amounting to Rs. 338 million (2016: Rs 611.550 million) under Islamic Export Refinance Scheme.
- 10.10** Istisna financing and related assets includes financing amounting to Rs. 377.507 million (2016: Rs. 223.5 million) and advance amounting to Rs. 1,158.326 million (2016: Rs. 763.2 million) under Islamic Export Refinance Scheme.
- 10.11** Islamic financing and related assets and advances include Rs. 16,456.405 million (2016: Rs 14,533.967 million) which have been placed under non-performing status as follows:

Category of Classification	June 30, 2017 (Un-audited)								
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets especially mentioned (OAE)	317,613	-	317,613	-	-	-	-	-	-
Substandard	3,144,379	-	3,144,379	116,177	-	116,177	116,177	-	116,177
Doubtful	937,792	-	937,792	373,238	-	373,238	373,238	-	373,238
Loss	12,056,621	-	12,056,621	11,403,119	-	11,403,119	11,403,119	-	11,403,119
	16,456,405	-	16,456,405	11,892,534	-	11,892,534	11,892,534	-	11,892,534

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	Total
Rupees in '000									
Other Assets especially mentioned (OAE)	692,569	-	692,569	-	-	-	-	-	-
Substandard	886,389	-	886,389	188,467	-	188,467	188,467	-	188,467
Doubtful	867,928	-	867,928	296,471	-	296,471	296,471	-	296,471
Loss	12,087,081	-	12,087,081	11,454,419	-	11,454,419	11,454,419	-	11,454,419
	14,533,967	-	14,533,967	11,939,357	-	11,939,357	11,939,357	-	11,939,357

- 10.12** In case of one of the non-performing Islamic financing and related assets amounting to Rs. 2,562 million, SBP has granted relaxation vide letter no. BPRD/BIPL/BRD/2017/19798 dated August 22, 2017 on creating a provision till 30 September 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' and loss before taxation would have been higher by Rs. 294.216 million.

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

	June 30, 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	205,022	451	205,473	790,178	57,334	847,512
Reversals	(251,360)	-	(251,360)	(2,309,561)	-	(2,309,561)
	(46,338)	451	(45,887)	(1,519,383)	57,334	(1,462,049)
Amount written off	(485)	-	(485)	(57,766)	-	(57,766)
Closing balance	11,892,534	193,378	12,085,912	11,939,357	192,927	12,132,284

- 10.13.1**

	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Islamic	1,869,675	192,560	2,062,235	1,658,774	192,067	1,850,841
Conventional	10,022,859	818	10,023,677	10,280,583	860	10,281,443
	11,892,534	193,378	12,085,912	11,939,357	192,927	12,132,284





	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000	
10.13.2 Reversals net of fair value adjustment taken to the profit and loss account		
Gross reversals	251,360	2,309,561
Charge for the period / year	(205,473)	(847,512)
Fair value adjusted - net	45,887	1,462,049
Net reversals taken to the profit and loss account	43,489	262,338
	<u>89,376</u>	<u>1,724,387</u>

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

	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	11,892,534	193,378	12,085,912	11,939,357	192,927	12,132,284
In foreign currency	-	-	-	-	-	-
	<u>11,892,534</u>	<u>193,378</u>	<u>12,085,912</u>	<u>11,939,357</u>	<u>192,927</u>	<u>12,132,284</u>

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 June 30, 2017 amounts to Rs.444.991 million (2016: Rs. 468.585 million). The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2017 amounts to Rs.289.244 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) June 30, 2017	(Audited) December 31, 2016
	-----Rupees in '000-----	
11 OPERATING FIXED ASSETS		
Capital work-in-progress	54,941	38,362
Property and equipment	6,101,339	6,154,217
Intangible assets	3,128,425	3,154,946
	<u>9,284,705</u>	<u>9,347,525</u>

	(Un-audited) June 30, 2017	(Un-audited) June 30, 2016
	-----Rupees in '000-----	
11.1 Additions to operating fixed assets - net		
Furniture and fixture	111,494	414,916
Electrical, office and computer equipment	153,385	191,566
Vehicles	-	7,541
Capital work-in-progress	39,657	22,150
11.2 Additions to intangibles		
Computer software	3,151	24,228
11.3 Disposals of operating fixed assets		
Furniture and fixture	1,997	-
Electrical, office and computer equipment	9,324	757
Vehicles	516	3

12	DEFERRED TAX ASSET	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
			----- Rupees in '000 -----	
<b>Deferred tax debits arising in respect of:</b>				
	Accumulated tax losses		2,026,755	1,869,423
	Tax credit against minimum tax	12.1	423,498	354,905
	Provision for diminution in the value of investments		541,669	507,551
	Provision against non-performing Islamic financing and related assets and advances		3,726,047	3,834,711
	Provision for gratuity		21,253	21,253
	Impairment of goodwill		55,080	74,118
	Ijarah financing and related assets		74,128	1,018
	Others		518,759	606,561
			7,387,189	7,269,540
<b>Deferred tax credits arising due to:</b>				
	Fair value adjustments relating to net assets acquired upon amalgamation		(104,066)	(38,157)
	Accelerated tax depreciation		(163,407)	(193,708)
	Surplus on revaluation of fixed assets		(648,039)	(650,800)
	Surplus on revaluation of non-banking assets		(4,560)	(4,632)
	Surplus on revaluation of available for sale securities		(340,869)	(382,180)
	Net investment in finance lease		(81,603)	(81,603)
			(1,342,544)	(1,351,080)
			6,044,645	5,918,460

- 12.1** The Bank has aggregate tax losses of Rs. 10,351.116 million as at June 30, 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. 2,450.253 million [including deferred tax on minimum tax amounting to Rs. 423.498 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.423.498 million (2016: Rs. 354.905 million) has been recognised as 'Deferred tax' in these financial statements.



13	DUE TO FINANCIAL INSTITUTIONS	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
			----- Rupees in '000 -----	
	In Pakistan		9,055,010	6,066,307
	Outside Pakistan		-	-
			<u>9,055,010</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	2,234,833	2,205,550
	Acceptances from State Bank of Pakistan for financial assistance	13.1.2	2,470,177	2,360,757
	<b>Unsecured</b>			
	Wakalah Acceptance	13.1.3	550,000	-
	Musharakah Acceptance	13.1.4	<u>3,800,000</u>	<u>1,500,000</u>
			<u>9,055,010</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 June 30, 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 5.5% (2016: Nil) per annum and the agreement has maturity in 7 days (2016: Nil).			
13.1.4	The profit rates on the agreements range between 5.00% to 5.65% (2016: 5% to 5.25%) per annum and the agreements have maturities ranging from 4 days to 34 days (2016: 30 days to 51 days).			
			(Un-audited) June 30, 2017	(Audited) December 31, 2016
14	DEPOSITS AND OTHER ACCOUNTS		----- Rupees in '000 -----	
	<b>Customers</b>			
	Fixed deposits		37,238,543	41,134,961
	Savings deposits		53,014,648	47,774,326
	Current accounts - non-remunerative		54,404,126	48,557,422
	Margin accounts - non-remunerative		640,492	516,032
			<u>145,297,809</u>	<u>137,982,741</u>
	<b>Financial Institutions</b>			
	Remunerative deposits		18,149,839	15,935,998
	Non-remunerative deposits		203,698	480,918
			<u>163,651,346</u>	<u>154,399,657</u>
14.1	Particulars of deposits			
	In			
	- local currency		160,554,881	151,622,917
	- foreign currencies		<u>3,096,465</u>	<u>2,776,740</u>
			<u>163,651,346</u>	<u>154,399,657</u>

15 SHARE CAPITAL

15.1 Authorised capital

(Un-audited) June 30, 2017	(Audited) December 31, 2016		(Un-audited) June 30, 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) June 30, 2017	(Audited) December 31, 2016		Note	(Un-audited) June 30, 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			

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.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
-----Rupees in '000-----		
17 SURPLUS ON REVALUATION OF ASSETS		
Surplus arising on revaluation of:		
Fixed Assets	835,508	840,664
Non Banking Assets	67,834	67,968
Available for sale securities	633,079	709,766
	1,536,421	1,618,398

18 CONTINGENCIES AND COMMITMENTS

18.1 Transaction-related contingent liabilities

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	1,068,786	875,950
- Others	11,832,077	11,828,695
	12,900,863	12,704,645

18.2 Trade-related contingent liabilities

Import letter of Credit	5,828,568	4,348,098
Acceptances	2,569,760	1,983,434
	8,398,328	6,331,532

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

150,000	150,000
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**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** There is no change in the status of contingencies, set out in note 22.3.2 to 22.6 to the annual financial statements of the Bank for the year ended 31 December 2016.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	----- Rupees in '000 -----	
<b>18.4 Commitments in respect of contracts</b>		
Purchases	2,189,064	5,974,455
Sales	2,745,715	6,336,881
<b>18.5 Commitments for the acquisition of operating fixed assets</b>	83,862	217,107

#### **18.6 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.

#### **18.7 Taxation**

There has been no change in tax contingencies as disclosed in annual financial statements for the year ended December 31, 2016.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	----- Rupees in '000 -----	
<b>18.8 Other commitments</b>		
Bills for collection	1,918,514	1,806,470

	(Un-audited) For the half year ended June 30, 2017	(Un-audited) For the half year ended June 30, 2016
	----- Rupees in '000 -----	
<b>19 PROFIT / RETURN EARNED</b>		
On financing to customers	3,124,765	2,589,894
On investments in available for sale securities	1,224,663	1,051,725
On deposits / placements with financial institutions	663,934	1,257,347
Others	42,922	36,347
	5,056,284	4,935,313

#### **20 OTHER REVERSALS - NET**

Includes reversal of provision made amounting to Rs 135 million due to final settlement of the liabilities.

	(Un-audited) For the quarter ended June 30, 2017	(Un-audited) For the half year ended June 30, 2017	(Un-audited) For the quarter ended June 30, 2016	(Un-audited) For the half year ended June 30, 2016
	----- Rupees in '000 -----			
<b>21 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE</b>				
(Loss) / profit after taxation for the period	(186,339)	(83,206)	233,274	358,681
	----- Number of shares -----			
Weighted average number of ordinary shares in issue	1,007,912,090	1,007,912,090	1,007,912,090	1,007,912,090
	----- Rupees -----			
(Loss) / earnings per share - basic / diluted	(0.1849)	(0.0826)	0.2314	0.3559

**21.1** There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2017 and June 30, 2016.

	Note	(Un-audited)	
		June 30, 2017	June 30, 2016
		----- Rupees in '000 -----	
<b>22 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	12,294,692	7,537,562
Balances with other banks	7	1,570,596	552,335
		<u>13,865,288</u>	<u>8,089,897</u>

## 23 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.

**23.1** 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).

Items carried at fair value	June 30, 2017 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>Financial Assets and Liabilities</b>				
<b>Available for sale securities</b>				
Ordinary shares - listed	511,851	-	-	511,851
GOP Sukuks	-	35,665,245	-	35,665,245
WAPDA Sukuks	-	168,488	-	168,488
Units of open ended mutual funds	69	-	-	69
<b>Held for trading securities</b>				
Ordinary shares - listed	380,144	-	-	380,144
<b>Commitments in respect of forward exchange contracts</b>				
Forward purchase of foreign exchange contracts	-	2,189,064	-	2,189,064
Forward sale of foreign exchange contracts	-	2,363,489	-	2,363,489
Future sale of listed ordinary shares	382,226	-	-	382,226
<b>Non-Financial Assets</b>				
Operating fixed assets - Land and building	-	-	3,782,972	3,782,972
Non-banking assets	-	-	1,149,336	1,149,336



## Items carried at fair value

### Financial Assets and Liabilities

#### Available for sale securities

	Level 1	Level 2	Level 3	Total
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

#### Held for trading securities

Ordinary shares - listed	478,566	-	-	478,566
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#### Commitments in respect of forward exchange contracts

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

### Non-Financial Assets

Operating fixed assets - Land and building	-	-	3,839,855	3,839,855
Non-banking assets	-	-	1,149,336	1,149,336

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 period.

### 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.



## 24 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>As at June 30, 2017 (Un-audited)</b>					
Segment assets (gross)	72,086,456	18,781,475	104,015,025	15,542,726	210,425,682
Segment non - performing assets	6,703,214	1,766,070	15,277,703	54,618	23,801,605
Segment provision required	5,042,788	1,430,208	11,254,832	42,860	17,770,688
Segment liabilities	11,000,574	77,588,446	73,654,322	18,126,879	180,370,221
<b>For the half year ended</b>					
<b>June 30, 2017 (Un-audited)</b>					
Total income	450,696	2,959,791	1,768,123	308,826	5,487,436
Total expenses	410,095	2,637,880	1,508,205	1,030,752	5,586,932
Net income / (loss)	40,601	321,911	259,918	(721,926)	(99,496)
Segment return on assets (ROA) (%)	0.11%	3.43%	0.50%	-	-
Segment cost of funds (%)	4.98%	3.12%	4.14%	-	-
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
<b>As at June 30, 2016 (Un-audited)</b>					
Segment assets (gross)	82,082,822	16,403,451	102,481,085	2,131,645	203,099,003
Segment non - performing assets	7,223,275	1,847,323	12,488,684	36,010	21,595,292
Segment provision required	4,970,605	1,352,416	11,662,385	35,079	18,020,485
Segment liabilities	17,348,635	84,477,555	69,025,371	2,340,771	173,192,332
<b>For the half year ended</b>					
<b>June 30, 2016 (Un-audited)</b>					
Total income	829,506	2,506,541	1,917,165	29,205	5,282,417
Total expenses	170,313	2,498,666	866,655	1,111,577	4,647,211
Net income / (loss)	659,193	7,875	1,050,510	(1,082,372)	635,206
Segment return on assets (ROA) (%)	1.61%	0.10%	2.06%	-	-
Segment cost of funds (%)	5.67%	3.51%	2.33%	-	-

## 25 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.



## **Subsidiaries**

### **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)  
June 30, December 31,  
2017 2016  
----- Rupees '000 -----

150,000	150,000
-	-
-	-
150,000	150,000

### **Deposits**

At beginning of the period / year

Deposits during the period / year

Withdrawals during the period / year

At the end of the period / year

573,309	445,099
21,200,563	44,606,848
(21,434,908)	(44,478,638)
338,964	573,309

Receivable on financing

Payable on deposits

9,052

1,152

927

1,555

(Un-audited) (Un-audited)  
June 30, June 30,  
2017 2016  
----- Rupees '000 -----

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

Profit earned on financing

Return on deposit expensed

Administrative expense

Proceeds on disposal of operating fixed assets

Gain on sale of operating fixed assets

Other Income

6,724

3,549

11,557

13,628

9

3

3,225

-

3,138

-

600

-

## **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)  
June 30, December 31,  
2017 2016  
----- Rupees '000 -----

724,386	93,314
202,589	687,850
(306,203)	(14,089)
620,772	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

-	27,691
-	56,562
-	(46,966)
-	37,287

\* 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.

### Deposits

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

Payable on deposits  
Receivable on financing  
Contingencies and Commitments

(Un-audited) (Audited)  
June 30, December 31,  
2017 2016  
----- Rupees '000 -----

39,876	878,909
6,783,134	16,639,616
(6,743,512)	(17,122,864)
79,498	395,661

(Un-audited) (Un-audited)  
June 30, June 30,  
2017 2016  
----- Rupees '000 -----

### Transactions, income and expenses

Profit earned on financing  
Return on deposits expensed  
Other Income

36,200 14,967  
2,673 26,099  
72 -

(Un-audited) (Audited)  
June 30, December 31,  
2017 2016  
----- Rupees '000 -----

### 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

218,777	217,412
16,668	30,375
(33,842)	(52,557)
201,603	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

27,860	19,079
134,100	285,149
(127,242)	(271,132)
34,718	33,096

Receivable on financing  
Payable on deposits

30 -  
8 9

(Un-audited) (Un-audited)  
June 30, June 30,  
2017 2016  
----- Rupees '000 -----

### Transactions, income and expenses

Profit earned on financing  
Return on deposits expensed  
Other income  
Remuneration  
Administrative expenses

4,269 -  
38 72  
64 -  
68,749 60,444  
5,302 -

\* 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.



### **Other related parties**

#### **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)  
June 30, 2017 December 31,  
2016  
----- Rupees '000 -----

76,022	-
131,460	-
(4,167)	-
203,315	-

#### **Deposits**

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

755,144	648,644
2,585,698	1,010,654
(2,484,147)	(907,581)
856,695	751,717

Receivable on financing

524 -

Payable on deposits

307 93

Other receivable

17,880 -

Contingencies and Commitments

296,191 -

(Un-audited) (Un-audited)  
June 30, June 30,  
2017 2016  
----- Rupees '000 -----

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

Profit earned on financing

1,174 -

Return on deposits expensed

17,499 4,552

Administrative expenses

- 4,023

#### **Employee benefit plans**

Contribution to employees gratuity fund

- 33,846

Charge for defined benefit plan

34,464 33,846

Contribution to employees provident fund

42,728 36,505

\* 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.

## 26 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.

### 26.1 Corresponding figures

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

		Quarter ended June 30, 2017	Half year ended June 30, 2017
Reclassified from	Reclassified to	Rupees in '000	
Fee, commission and brokerage income	Administrative expenses	54,996	89,817

		Quarter ended June 30, 2016	Half year ended June 30, 2016
Reclassified from	Reclassified to	Rupees in '000	
Other income	Administrative expenses	6,075	11,689

26.2 Figures of the profit and loss account and comprehensive income for the quarters ended June 30, 2017 and June 30, 2016 have not been subject to limited scope review by the auditors as they are only required to review half yearly figures.

## 27 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on August 23, 2017 by the Board of Directors of the Bank.



Consolidated Financial Statements  
of  
**BankIslami Pakistan Limited**  
For the Quarter and Half Year Ended  
June 30, 2017

## Directors' Report

On behalf of the Board, I am pleased to present the consolidated Half yearly Results of the Group for the half year ended June 30, 2017. Following are the highlights:

	June-2017	June-2016	Growth (%)
	.....Rupees in 'millions'.....		
Total Deposits	163,312	148,118	10.25%
Total Assets	193,909	185,987	4.25%
Total Financing-net	97,601	81,300	20.05%
Total Investments	42,739	73,071	-41.50%
Shareholders' Equity	12,993	12,247	6.09%
Profit After Tax	40	420	-90.48%
Branches	322	317	1.57%

Our Group performance remained satisfactory. The Group has been able to post growth in its Financings by 20.05% and Total Assets by 4.25%.

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

August 23, 2017





## ڈائریکٹرز کی جامع رپورٹ

میں بورڈ کی جانب سے 30 جون، 2017 کو اختتام پذیر ہونے والی پہلی ششماہی کے گروپ کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمو (فیصد)	جون-2016	جون-2017	
----- روپے ملین میں -----			
10.25%	148,118	163,312	کل ڈپازٹ
4.25%	185,987	193,909	کل اثاثے
20.05%	81,300	97,601	کل تمویل - خالص
-41.50%	73,071	42,739	کل سرمایہ کاری
6.09%	12,247	12,993	حصہ داران کی سرمایہ کاری
-90.48%	420	40	بعد از ٹیکس نفع
1.57%	317	322	شاخصیں

ہمارے گروپ کی کارکردگی قابل اطمینان رہی۔ مجموعی طور پر گروپ 20.05% تمویل میں، اور 4.25% سرمایہ کاری میں بالترتیب اضافہ کرنے میں کامیاب ہوا۔

ہم اسٹیٹ بینک آف پاکستان (SBP) اور سیکورٹی اینڈ ایکسچین کمیشن آف پاکستان (SECP) 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

اگست ۲۳، ۲۰۱۷ء

# BankIslami Pakistan Limited

## Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	----- Rupees in '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	12,294,731	8,921,433
Balances with other banks	1,914,424	1,324,167
Due from financial institutions - net	19,211,971	27,218,665
Investments - net	42,739,442	46,643,174
Islamic financing and related assets and Advances (net)	97,600,894	77,667,276
Operating fixed assets	9,351,967	9,412,129
Deferred tax assets - net	5,958,501	5,820,956
Other assets - net	4,836,704	4,985,840
	<b>193,908,634</b>	<b>181,993,640</b>
<b>LIABILITIES</b>		
Bills payable	2,402,734	2,273,934
Due to financial institutions	9,055,010	6,066,307
Deposits and other accounts	163,312,382	153,826,348
Sub-ordinated loans	-	-
Deferred tax liabilities	-	-
Other liabilities	6,145,709	6,760,717
	<b>180,915,835</b>	<b>168,927,306</b>
<b>NET ASSETS</b>	<b>12,992,799</b>	<b>13,066,334</b>
<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	547,276	518,942
Total equity attributable to equity holders of the Bank	<b>11,160,991</b>	<b>11,132,657</b>
Non-controlling interest	209,198	192,350
	<b>11,370,189</b>	<b>11,325,007</b>
Surplus on revaluation of assets - net of tax	1,622,610	1,741,327
	<b>12,992,799</b>	<b>13,066,334</b>

The annexed notes 1 to 7 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 and Half Year Ended June 30, 2017

	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
	----- Rupees in '000 -----			
Profit / return earned	2,513,653	5,050,432	2,701,084	4,933,989
Profit / return expensed	<u>1,275,388</u>	<u>2,578,927</u>	<u>1,450,404</u>	<u>2,847,375</u>
Net spread earned	1,238,265	2,471,505	1,250,680	2,086,614
Reversal of provision against non-performing Islamic financing and related assets - net	(4,946)	(89,376)	(425,380)	(926,148)
Provision / (reversal of provision) for diminution in the value of investments and placements - net	97,301	97,479	(185,739)	(232,344)
Bad debts written off directly	-	-	-	523
	<u>92,355</u>	<u>8,103</u>	<u>(611,119)</u>	<u>(1,157,969)</u>
Net spread after provisions	1,145,910	2,463,402	1,861,799	3,244,583
<b>OTHER INCOME</b>				
Fee, commission and brokerage income	111,436	321,438	122,423	216,458
Dividend Income	(79)	389	-	-
Income from dealing in foreign currencies	15,739	30,855	11,222	25,963
Gain on sale of securities	35,104	46,532	28,215	36,996
Unrealised (loss) / gain on revaluation of investments classified as 'held for trading'	(1,041)	1,054	-	-
Other income	<u>17,195</u>	<u>30,860</u>	<u>25,983</u>	<u>55,998</u>
Total other income	178,354	431,128	187,743	335,415
	<u>1,324,264</u>	<u>2,894,530</u>	<u>2,049,542</u>	<u>3,579,998</u>
<b>OTHER EXPENSES</b>				
Administrative expenses	1,555,216	3,099,531	1,475,808	2,931,881
Other (reversals) / charges - net	-	(131,652)	68	68
Other charges	<u>19,539</u>	<u>21,623</u>	<u>12,673</u>	<u>12,659</u>
Total other expenses	1,574,755	2,989,502	1,488,549	2,944,608
	<u>(250,491)</u>	<u>(94,972)</u>	<u>560,993</u>	<u>635,390</u>
Profit / (loss) for the period from BIPL Securities Limited - net of tax	51,235	73,693	(11,628)	(34,162)
Share of profit from associates	11,324	44,993	20,927	95,957
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<u>(187,932)</u>	<u>23,714</u>	<u>570,292</u>	<u>697,185</u>
Taxation				
- Current	41,324	68,713	29,040	52,921
- Prior years	74	74	(20)	(20)
- Deferred	<u>(112,256)</u>	<u>(84,929)</u>	<u>296,460</u>	<u>223,627</u>
	(70,858)	(16,142)	325,480	276,528
<b>(LOSS) / PROFIT AFTER TAXATION</b>	<u>(117,074)</u>	<u>39,856</u>	<u>244,812</u>	<u>420,657</u>
<b>ATTRIBUTABLE TO:</b>				
Equity shareholders of the Bank	(128,790)	23,008	247,914	429,050
Non-controlling interest	<u>11,716</u>	<u>16,848</u>	<u>(3,102)</u>	<u>(8,393)</u>
	<u>(117,074)</u>	<u>39,856</u>	<u>244,812</u>	<u>420,657</u>
	----- Rupees -----			
<b>Basic (loss) / earnings per share</b>	<u>(0.1278)</u>	<u>0.0228</u>	<u>0.6394</u>	<u>0.6394</u>
<b>Diluted (loss) / earnings per share</b>	<u>(0.1278)</u>	<u>0.0228</u>	<u>0.6394</u>	<u>0.6394</u>

The annexed notes 1 to 7 form an integral part of this condensed interim consolidated financial information.

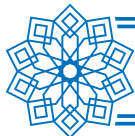
# BankIslami Pakistan Limited

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

For the Quarter and Half Year Ended June 30, 2017

	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
	Rupees in '000			
<b>(Loss) / profit after taxation for the period attributable to:</b>				
Equity shareholders of the Bank	(128,790)	23,008	247,914	429,050
Non-controlling interest	11,716	16,848	(3,102)	(8,393)
	(117,074)	39,856	244,812	420,657
<b>Other Comprehensive (Loss) / Income</b>				
<b>Items that may not be reclassified to profit and loss account in subsequent periods</b>				
Remeasurement of defined benefit plan	52	52	44	44
Tax on remeasurement of defined benefit plan	(16)	(16)	(14)	(14)
	36	36	30	30
<b>Comprehensive (loss) / income transferred to statement of changes in equity</b>	(117,038)	39,892	244,842	420,687
<b>Components of comprehensive income not reflected in equity</b>				
Surplus / (deficit) on revaluation of available for sale investments - net of tax	118,732	(105,585)	(64,080)	203,065
Equity shareholders of the Bank	(2,736)	(7,842)	-	(2,455)
Non-controlling interest	115,996	(113,427)	(64,080)	200,610
<b>Total comprehensive (loss) / income for the period</b>	(1,042)	(73,535)	180,762	621,297

The annexed notes 1 to 7 form an integral part of this condensed interim consolidated financial information.



# BankIslami Pakistan Limited

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

For the Half Year Ended June 30, 2017

	Half year ended June 30, 2017	Half year ended June 30, 2016
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	23,714	697,185
Less: Dividend Income	(389)	-
Less: Share of profit from associates	(44,993)	(95,957)
	(21,668)	601,228
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on owned assets	339,254	316,131
Depreciation on non banking assets	3,317	-
Amortisation	29,674	19,784
Depreciation on operating Ijarah assets	709,901	552,100
Reversal of provision against non-performing Islamic financing and related assets - net	(89,376)	(926,148)
Provision / (reversal of provision) for diminution in the value of investments and placements - net	97,479	(232,344)
Other reversals - net	(131,652)	68
Unrealised gain on revaluation of investments classified as held for trading	(1,054)	-
Charge for defined benefit plan	34,837	33,846
Gain on sale of property and equipment	(8,984)	(17,290)
	983,396	(253,853)
	961,728	347,375
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	8,006,694	37,026,432
Islamic financing and related assets and advances	(20,554,143)	(11,498,232)
Others assets (excluding defined benefit assets)	139,189	(1,499,054)
	(12,408,260)	24,029,146
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	128,800	521,805
Due to financial institutions	2,988,703	13,925,032
Deposits and other accounts	9,486,034	(4,543,048)
Other liabilities	(407,244)	775,182
	12,196,293	10,678,971
	749,761	35,055,492
Payments against defined benefit plan	-	(103,671)
Income tax paid	(94,642)	(643,008)
<b>Net cash generated from operating activities</b>	655,119	34,308,813
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	3,607,829	(36,463,583)
Dividend received	389	-
Investments in operating fixed assets	(310,125)	(551,737)
Proceeds from disposal of operating fixed assets	10,343	3,174
<b>Net cash generated from / (used in) investing activities</b>	3,308,436	(37,012,146)
<b>Increase / (decrease) in cash and cash equivalents</b>	3,963,555	(2,703,333)
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>	14,209,155	8,348,823

The annexed notes 1 to 7 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 Half Year Ended June 30, 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 & contingenci es	(Accumulate d loss) / Unappropri ated 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 half year ended transferred from Statement of Comprehensive Income	-	-	-	-	429,050	429,050	(8,393)	420,657
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,185	5,185	-	5,185
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	30	30	-	30
Balance as at June 30, 2016	10,079,121	(79,042)	273,176	250,000	376,970	10,900,225	181,462	11,081,687
Profit after taxation for the half year ended transferred from Statement of Comprehensive Income	-	-	-	-	215,453	215,453	10,888	226,341
Transfer to statutory reserve	-	-	90,460	-	(90,460)	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,196	5,196	-	5,196
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	168	168	-	168
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	11,615	11,615	-	11,615
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 half year ended transferred from Statement of Comprehensive Income	-	-	-	-	23,008	23,008	16,848	39,856
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,156	5,156	-	5,156
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	134	134	-	134
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	36	36	-	36
Balance as at June 30, 2017	10,079,121	(79,042)	363,636	250,000	547,276	11,160,991	209,198	11,370,189

The annexed notes 1 to 7 form an integral part of this condensed interim consolidated financial information.



# **BankIslami Pakistan Limited**

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

For the Half Year Ended June 30, 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 June 30, 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 half year ended June 30, 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 Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its press release dated July 20, 2017, this condensed interim consolidated financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 3.3** The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the disclosures required for annual consolidated financial statements, and these condensed interim consolidated financial statements should be read in conjunction with consolidated financial statements of the Bank for the year ended December 31, 2016.
- 3.4 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.



## **4 BASIS OF MEASUREMENT**

### **4.1 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'.

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

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

### **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 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.

## **5 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, except as described below:

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

The Bank has adopted the following standards and amendment to IFRSs which became effective for the current period:

#### **Standard or Interpretation**

- IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

## 6 Corresponding figures

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

		Quarter ended June 30, 2017	Half year ended June 30, 2017
Reclassified from	Reclassified to	Rupees in '000	
Fee, commission and brokerage income	Administrative expenses	54,996	89,817

		Quarter ended June 30, 2016	Half year ended June 30, 2016
Reclassified from	Reclassified to	Rupees in '000	
Other income	Administrative expenses	6,075	11,689

## 7 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on August 23, 2017 by the Board of Directors of the Holding Company.

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# BankIslami Pakistan Limited

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