



HALF YEARLY
REPORT
JUNE

18

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Corporate Information

Board of Directors

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

Chairman
Vice Chairman

Chief Executive Officer

Sharia'h Supervisory Board

Mufti Irshad Ahmad Aijaz
Mufti Muhammad Husain
Mufti Javed Ahmed

Chairman
Member
Member

Audit Committee

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

Chairman
Member
Member

Risk Management Committee

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

Chairman
Member
Member

Human Resource Management Committee

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

Chairman
Member
Member
Member

Board Remuneration Committee

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

Chairman
Member
Member

IT Committee

Mr. Hasan A Bilgrami
Mr. Noman Yakoob
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali

Chairman
Member
Member

Executive Committee

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

Chairman
Member
Member
Member

Company Secretary

Mr. Khawaja Ehrar ul Hassan

Auditors

EY Ford Rhodes,
Chartered Accountants

* With effect from August 8, 2018

Legal Adviser

1- Haidermota & Co.
Barrister at Law

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

Management (in alphabetical order)

Ahmad Mobeen Malik
Bilal Zuberi
Fakhir Ahmad
Farooq Anwar
Hasan A. Bilgrami
Kashif Nisar
Khawaja Ehrar ul Hassan
Mahmood Rashid
Masood Muhammad Khan
Muhammad Asadullah Chaudhry
Saad Ahmed Madani
Sadaruddin Pyar Ali
Sohail Sikandar
Syed Abdul Razzaq
Syed Akhtar Ausaf
Syed Amir Ali
Syed Ata Hussain Jaffri
Syed Muhammad Aamir Shamim

Head, Distribution - North
Head, Distribution - South
Head, Human Resources
Head, Operations
Chief Executive Officer
Head, Shariah Advisory & Structuring
Company Secretary & Head of Legal
Head, Government Relations & Security
Head, Compliance
Head, Service Quality & Phone Banking
Head, Corporate Banking
Head, Administration & General Services
Chief Financial Officer
Head, Risk Management
Head, Internal Audit
Deputy CEO
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

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 1:00 pm

Website:

www.bankislami.com.pk

Directors' Report

Dear Shareholders,

On behalf of the Board, we are pleased to present the financial results of the Bank for the half year ended June 30, 2018. The following are the key financial highlights of the half year:

	June 2018	June 2017	Growth (%)
-----Rupees in millions-----			
Total Deposits	172,251	163,651	5.26%
Total Assets	204,681	192,655	6.24%
Total Financing and related assets-net	104,926	97,750	7.34%
Total Investments-net	46,773	42,486	10.09%
Shareholders' Equity	13,577	12,285	10.52%
Profit After Tax	65	(83)	178.31%
Basic Earnings / (Loss) per share - Rupees	0.065	(0.083)	178.31%
Branches network-Number	330	322	2.48%

Financial Highlights

The balance sheet of the Bank grew by 6.24% compared to 4.09% in the same period last year. The increase was driven by healthy growth in the overall financing portfolio of the Bank mainly consumer financing. The share of auto & housing financing portfolios grew by 8.59% & 10.73% thereby increasing the share of consumer financing in total financing to 19.31% from 14.12% in June 2017. The Financing (Advances) to Deposit ('ADR') ratio increased by 57bps to 67.69% in June 2018.

The Deposits of the Bank stood at Rs. 172.251 billion. The Current Accounts ratio in Total deposits increased from 33.63% in June 2017 to 34.33% in June 2018. Overall, the Deposit growth rate was 5.26% over June 2017.

The Bank has been able to report profit after tax of Rs. 65.449 million in June 2018. The profitability of the Bank which has been under stress since the amalgamation of defunct KASB Bank has started improving gradually. *Alhamdulillah*.

Litigations

In June 2018, State Bank of Pakistan ('SBP') by an order dismissed all the objections filed with respect to valuation of the defunct KASB Bank Limited. Cases are, however, pending in the Honorable Islamabad and Lahore High Courts while an appeal against the order of the Honorable Sindh High Court has been filed in the Honorable Supreme Court. The Board based on the opinion of its legal counsel is confident of a favorable outcome.

After the acquisition of defunct KASB Bank Limited, the Bank came to know about certain transactions, identified by SBP including but not limited to fraudulent activities. SBP instructed the Bank to initiate legal actions in this respect and accordingly separate complaints have been lodged with National Accountability Bureau ('NAB') which were later converted into formal inquiries by the NAB.

Achievements:

In Auto Finance, business alliance was renewed with Honda Atlas and Al-Haj FAW. Commercial Mortgage Product prerequisites have also been completed. On Takaful side, BankIslami launched a new product, "Accidental Death Compensation" for Auto Finance customers and developed a portal service with insurance companies to expedite turnaround time.

The Bank experimented with warehouse receipt financing and provided agricultural financing to Maize Growers of Okara Region and also financed Solar Tube wells to farmers of Khanozai, Balochistan.

In Digital Banking spectrum, BankIslami successfully launched BankIslami PayPak Debit Card and Supplementary Debit Card offerings, new Internet Banking Solution, Mobile App upgrade with Touch ID functionality & BankIslami Titanium Chip & Contact-less Debit Card.

As part of our commitment to corporate social responsibility, BankIslami initiated "Plant a Hope" tree plantation campaign through which trees were planted at 330 locations nationwide. Taking this initiative to the next level, the Bank recently held a "Plantation for the Nation" program on the occasion of 71st Independence Day of Pakistan.

To deepen our valued Customers relationship with BankIslami, "Customer Appreciation Day" was conducted at various branches. This activity provided the senior management an opportunity to gain instant feedback on customer perception about the Bank.

In April 2018, the Board appointed Syed Amir Ali as Deputy CEO of the Bank with an objective to take over from the undersigned w.e.f. October 01, 2018. We are pleased to report that the transition process is culminating successfully. We would like to wish Amir Best of luck and all the success in taking the Bank to new heights. Aameen.

The Board would like to place on record its deep appreciation to 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 express our gratitude to our valued customers, business partners and shareholders for their continued patronage and trust. Moreover, we would also like to acknowledge the dedication, commitment and hard work put in by our management team and employees that has enabled BankIslami to achieve a respectable 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

Ali Hussain
Chairman of the Board

August 29, 2018

ڈائریکٹرز کی رپورٹ

معزز حاملین حصص:

ہم بورڈ کی جانب سے 30 جون، 2018 کو اختتام پذیر ہونے والی سال کی ششماہی کے گروپ کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ اس کے اہم نکات درج ذیل ہیں:

	جون-18	جون-17	(نمود فیصد)
----- روپے ملین میں -----			
کل ڈپازٹ	172,251	163,651	5.26%
کل اثاثے	204,681	192,655	6.24%
کل تمویل اور متعلقہ اثاثے - صافی	104,926	97,750	7.34%
کل سرمایہ کاری - صافی	46,773	42,486	10.09%
حصہ داران کی سرمایہ کاری	13,577	12,285	10.52%
بعد از ٹیکس نفع	65	(83)	178.31%
فی حصہ بنیادی آمدنی / نقصان - روپوں میں	0.065	(0.83)	178.31%
شائیں - تعداد	330	322	2.48%

مالیاتی کارکردگی کے اہم نکات:

پچھلے سال ششماہی میں 4.09% کے مقابلے میں بیننس شیٹ کے حجم میں اضافے کی شرح 6.24% رہی ہے۔ یہ اضافہ بینک کے مجموعی تمویلی مجموعے بالخصوص صارفین کے تمویلی مجموعے میں اضافے کے باعث ہوا۔ گاڑیوں اور گھر کی فائنانس کے مجموعے جو کہ بینک کے صارفین کے تمویلی مجموعے میں اہم ہیں بڑھ کر کل تمویل کا بائرتیب 8.59% اور 10.73% ہو گئے جس سے صارفین کی تمویل میں اضافے کی شرح گزشتہ سال جون میں 14.12% سے بڑھ کر 19.31% ہو گئی۔ جون 2018 میں تمویل سے ڈپازٹ کی شرح (ADR) 57bps کے اضافے سے 67.69% ہو گئی ہے۔

بینک کے ڈپازٹ 172,251 ملین تک پہنچ گئے ہیں۔ ٹوٹل ڈپازٹ میں کرنٹ اکاؤنٹ کا تناسب جون 2017 میں 33.63% سے بڑھ کر جون 2018 میں 34.33% ہو گیا ہے۔ مجموعی طور پر جون 2017 کے مقابلے میں ڈپازٹ میں اضافے کی شرح 5.26% رہی ہے۔

بینک جون 2018 میں بعد از ٹیکس 65,449 ملین کے نفع کا اعلان کرتا ہے۔ کالعدم KASB بینک کے انضمام کے بعد سے بینک کے نفع کی صلاحیت متاثر ہو رہی تھی جو کہ اب اس میں آہستہ آہستہ بہتری آرہی ہے۔ الحمد للہ

قانونی مقدمات:

جون 2018 میں اسٹیٹ بینک آف پاکستان کے حکم نامہ کے مطابق کالعدم بینک KASB کی لگائی گئی قیمت کے حوالے سے جتنے اعتراضات دائر کیے گئے تھے وہ تمام خارج کر دیے گئے ہیں۔ اگرچہ کچھ مقدمات اب بھی اسلام آباد اور لاہور کی کورٹ میں زیر التوا ہیں جبکہ سندھ کی معزز ہائی کورٹ کے حکم نامہ کے خلاف معزز سپریم ہائی کورٹ میں اپیل دائر کروائی جا چکی ہے۔ بورڈ اپنے قانونی وکیل کی رائے کی بنیاد پر اعتماد کرتا ہے کہ ایک مناسب نتیجہ سامنے آجائے گا۔

کالعدم بینک KASB کے حصول کے بعد اسٹیٹ بینک آف پاکستان کی نشاندہی کرنے پر بینک کو کچھ مخصوص معاملات جو دھوکہ دہی پر مشتمل ہیں کا علم ہوا۔ اسٹیٹ بینک آف پاکستان نے اس سلسلے میں بینک کو قانونی اقدامات کرنے کی ہدایت دی ہے اس پر عمل کرتے ہوئے علیحدہ شکایات نیشنل احتساب بیورو (نیب) میں درج کرادی گئیں ہیں جو بعد ازاں نیب کی طرف سے باضابطہ تحقیقات میں تبدیل ہو چکی ہیں۔

کامیابیاں:

گاڑیوں کے فائنانس میں Al-Haj FAW و Honda Atlas کے ساتھ کاروباری اتحاد کی تجدید کی گئی۔ "کمرشل مورگنج پروڈکٹ" کی بنیادی ضروریات

مکمل ہو چکی ہیں۔ تکفل میں گاڑیوں کے فائنانس کے کسٹمرز کے لیے ایک نئی پروڈکٹ ایکسپریس ڈیٹھ کمپنیشن (Accidental Death

Compensation) کا اجرا کر دیا گیا ہے اور انشورنس کمپنیوں کے ساتھ ایک پورٹل سروس بنالیا ہے جس سے ٹرانسمیشن کے دورانیے میں تیزی آئی گی۔

بینک نے "وئیر ہاؤس ریسٹ فائنانس" کا تجربہ کیا جس کے تحت اوکاڑہ کے Maize Growers کو ذراعت کے لیے فائنانسنگ دی ہے اور بلوچستان خانوڑی کے کسانوں کو سولر ٹیوب ویلز کے لیے بھی فائنانسنگ دی ہے۔

ڈیجیٹل بینکنگ سیکٹر میں بینک اسلامی نے "بینک اسلامی پے پاک ڈیٹ کارڈ اور پلمینٹری ڈیٹ کارڈ آفرنگ"، نیو انٹرنٹ بینکنگ سولوشن، موبائل ایپ کی نئی آئی ڈی فنکشنلٹی کی اپ گریڈنگ کے ساتھ "بینک اسلامی نائی ٹیم چپ اینڈ کنٹیکٹ لس ڈیٹ کارڈ" کا کامیابی کے ساتھ اجرا کیا۔

کارپوریٹ سماجی ذمہ داری کا عزم لیے ہوئے بینک اسلامی نے "Plant Hope" کے نام سے درخت لگانے کی مہم شروع کی جس کے تحت ملک کے 330 مختلف جگہوں میں درخت لگائے گئے۔ اس اقدام کو مزید آگے بڑھاتے ہوئے بینک نے حال ہی میں پاکستان کے 71 ویں یوم آزادی کے موقع پر "Plantation for the Nation" کے نام سے ایک کامیاب پروگرام کا انعقاد کیا۔

بینک اسلامی کا اپنے قابل قدر کسٹمر کے ساتھ تعلق کو مزید بہتر کرنے کے لیے مختلف برانچوں میں "Customer Appreciation Day" کے نام سے دن منائے گئے۔ اس عمل نے سمیئر منیجمنٹ کو بینک کے بارے میں کسٹمرز کے فوری تاثرات کے حصول کا موقع فراہم کیا۔

اپریل 2018 میں بورڈ نے جناب سید عامر علی کو نائب افراسطی کے طور پر اس مقصد کے ساتھ منتخب کیا کہ وہ یکم اکتوبر، 2018 سے تمام اختیارات سنبھالیں گے اور ہمیں یہ خوشی ہو رہی ہے کہ اختیارات کی منتقلی کا یہ عمل خوش اسلوبی کے ساتھ انجام پزیر ہو رہا ہے۔ ہم سید عامر علی کے لیے نیک تمنائیں کرتے ہیں اور امید کرتے ہیں کہ وہ بینک کو نئی بلند یوں تک لے کر جائیں گے۔

بورڈ اسٹیٹ بینک آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتا ہے۔ اس کے ساتھ ساتھ سیکورٹی اینڈ کنٹیکشن آف پاکستان اور دیگر انتظامی گمران اداروں کا بھی ان کی معاونت پر شکریہ ادا کرتا ہے۔ ہم اپنے قابل قدر صارفین، کاروباری شراکت دار، اور حصہ داران کا ہماری مسلسل حمایت اور ہم پر بھروسے پر انتہائی شکر گزار ہیں۔ اس کے ساتھ ساتھ ہم اپنی انتظامی جماعت، عملے کے افراد کی لگن، وابستگی، اور محنت کو تسلیم کرتے ہیں جس کے نتیجے میں ہی بینک اسلامی بینکنگ انڈسٹری میں بالعموم اور اسلامی بینکنگ انڈسٹری میں بالخصوص امتیازی مقام حاصل کرنے کے قابل ہوا۔ الحمد للہ

بورڈ کی جانب سے

علی حسین

حسن اے بلگرامی

چیرمین، بورڈ آف ڈائریکٹر

افراسطی

اگست 29، 2018ء

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 2018 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 notes 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the quarters ended 30 June 2018 and 30 June 2017 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2018.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is Omer Chughtai.

EY Ford Rhodes
Chartered Accountants
Karachi
Date: August 29, 2018.

BankIslami Pakistan Limited Condensed Interim Unconsolidated Statement of Financial Position

AS AT JUNE 30, 2018

Note	(Unaudited) June 30, 2018	(Audited) December 31, 2017
----- Rupees in '000 -----		
ASSETS		
Cash and balances with treasury banks	6 13,056,709	11,784,180
Balances with other banks	7 1,881,245	801,807
Due from financial institutions - net	8 16,441,885	21,371,787
Investments - net	9 46,772,969	42,092,166
Islamic financing, related assets and Advances - net	10 104,925,671	119,155,039
Operating fixed assets	11 8,951,310	9,072,487
Deferred tax assets	12 7,836,642	7,701,906
Other assets - net	4,814,447	4,185,773
	204,680,878	216,165,145
LIABILITIES		
Bills payable	2,043,411	2,988,996
Due to financial institutions	13 11,672,117	15,570,390
Deposits and other accounts	14 172,251,141	179,249,290
Sub-ordinated loans	-	-
Deferred tax liabilities	-	-
Other liabilities	5,137,497	4,680,000
	191,104,166	202,488,676
	13,576,712	13,676,469
NET ASSETS		
REPRESENTED BY		
Share capital	15 10,079,121	10,079,121
Discount on issue of shares	(79,042)	(79,042)
Reserves	926,266	926,266
Unappropriated profit	1,544,514	1,473,784
	12,470,859	12,400,129
Surplus on revaluation of assets - net of tax	16 1,105,853	1,276,340
	13,576,712	13,676,469
CONTINGENCIES AND COMMITMENTS		
17		

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

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
PRESIDENT /
CHIEF EXECUTIVE

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Unconsolidated Profit and Loss Account (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018

Note	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
----- Rupees in '000 -----				
Profit / return earned	2,777,327	5,633,936	2,519,616	5,057,528
Profit / return expensed	1,401,591	2,903,070	1,285,698	2,596,069
Net spread earned	1,375,736	2,730,866	1,233,918	2,461,459
Provision / (reversal) against non-performing Islamic financing and related assets and advances - net	(9,083)	17,201	(4,946)	(89,376)
(Reversal of provision) / provision for diminution in the value of investments and placements - net	(277,699)	(373,971)	97,301	97,479
Bad debts written off directly	-	-	-	-
Net spread after provisions	1,662,518	3,087,636	1,141,563	2,453,356
OTHER INCOME				
Fee, commission and brokerage income	197,970	368,534	146,257	320,194
Dividend Income	6,618	6,618	-	-
Income from dealing in foreign currencies	67,929	98,477	15,739	30,855
(Loss) / gain on sale of securities	(294,451)	(331,503)	35,104	46,532
Unrealized gain / (loss) on revaluation of investments classified as held for trading	1,373	2,218	(628)	1,467
Other income	11,425	43,307	17,195	30,860
Total other income	(9,136)	187,651	213,667	429,908
	1,653,382	3,275,287	1,355,230	2,883,264
OTHER EXPENSES				
Administrative expenses	1,605,206	3,167,240	1,592,991	3,092,789
Other provisions / (reversals)	11,307	11,307	-	(131,652)
Other charges	1,934	1,984	19,539	21,623
Total other expenses	1,618,447	3,180,531	1,612,530	2,982,760
Extraordinary / unusual items	34,935	94,756	(257,300)	(99,496)
	-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION	34,935	94,756	(257,300)	(99,496)
Taxation				
- Current	38,297	76,917	41,263	68,593
- Prior year	-	-	-	-
- Deferred	(29,980)	(47,610)	(112,224)	(84,883)
	8,317	29,307	(70,961)	(16,290)
PROFIT / (LOSS) AFTER TAXATION	26,618	65,449	(186,339)	(83,206)
----- Rupees -----				
Basic earnings / (loss) per share	0.0264	0.0649	(0.1849)	(0.0826)
Diluted earnings / (loss) per share	0.0264	0.0649	(0.1849)	(0.0826)

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

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
PRESIDENT /
CHIEF EXECUTIVE

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
----- Rupees in '000 -----				
Profit / (loss) after taxation for the period	26,618	65,449	(186,339)	(83,206)
Other Comprehensive Income	-	-	-	-
Comprehensive income / (loss) transferred to statement of changes in equity	26,618	65,449	(186,339)	(83,206)
Components of comprehensive income / (loss) not reflected in equity				
Surplus / (Deficit) on revaluation of available for sale investments	136,076	(252,333)	199,988	(117,998)
Related deferred tax (liability) / asset	(48,814)	87,127	(69,983)	41,311
	87,262	(165,206)	130,005	(76,687)
Total comprehensive income / (loss) for the period	<u>(113,880)</u>	<u>(99,757)</u>	<u>(56,334)</u>	<u>(159,893)</u>

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

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DIRECTOR

BankIslami Pakistan Limited Condensed Interim Unconsolidated Cash Flow Statement (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2018

Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	94,756	(99,496)
Less: Dividend Income	(6,618)	-
	88,138	(99,496)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	334,587	339,475
Depreciation on non banking assets	3,336	3,317
Amortization	30,837	29,674
Depreciation on operating Ijarah assets	627,933	709,901
Provision / (reversal of provision) against non-performing Islamic financing and related asset 10.12.2	17,201	(89,376)
Provision / (reversal of provision) for diminution in the value of investments and placements - net	(373,971)	97,479
Other provisions / (reversals)	11,307	(131,652)
Unrealized gain on revaluation of investments classified as held for trading	(2,218)	(1,467)
Charge for defined benefit plan	38,202	34,464
Gain on sale of property and equipment	(3,967)	(8,984)
	683,247	982,831
	771,385	883,335
(Increase) / decrease in operating assets		
Due from financial institutions	4,929,902	8,006,694
Islamic financing and related assets and advances	13,584,234	(20,553,973)
Others assets (excluding defined benefit assets)	(730,443)	144,075
	17,783,693	(12,403,204)
Increase / (decrease) in operating liabilities		
Bills payable	(945,585)	128,800
Due to financial institutions	(3,898,273)	2,988,703
Deposits and other accounts	(6,998,149)	9,251,689
Other liabilities (excluding current taxation and unrealized loss on forward sale promises)	409,643	(236,884)
	(11,432,364)	12,132,308
	7,122,714	612,439
	(67,265)	(65,654)
Net cash generated from operating activities	7,055,449	546,785
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(4,469,820)	3,554,265
Dividend received	6,618	-
Investments in operating fixed assets	(244,994)	(307,688)
Proceeds from disposal of operating fixed assets	4,714	10,343
Net cash (used in) / generated from investing activities	(4,703,482)	3,256,920
Increase in cash and cash equivalents	2,351,967	3,803,705
Cash and cash equivalents at the beginning of the period	12,585,987	10,061,583
Cash and cash equivalents at the end of the period	14,937,954	13,865,288

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

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BankIslami Pakistan Limited Condensed Interim Unconsolidated Statement of Changes In Equity (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2018

	Share capital	Discount on issue of shares	Statutory reserve	Reserve for bad debts & contingencies	Unappropriated profit	Total
----- Rupees in '000 -----						
Balance as at January 01, 2017	10,079,121	(79,042)	363,636	250,000	212,553	10,826,268
Loss after taxation for the half year ended June 30, 2017 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
Balance as at June 30, 2017	10,079,121	(79,042)	363,636	250,000	134,437	10,748,352
Profit after taxation for the period from July 1, 2017 to December 31, 2017	-	-	-	-	1,646,355	1,646,355
Other comprehensive income for the period from July 1, 2017 to December 31, 2017	-	-	-	-	44	44
Total comprehensive income for the period from July 1, 2017 to December 31, 2017	-	-	-	-	1,646,399	1,646,399
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,242	5,242
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	136	136
Transfer to statutory reserve	-	-	312,630	-	(312,630)	-
Balance as at December 31, 2017	10,079,121	(79,042)	676,266	250,000	1,473,784	12,400,129
Profit after taxation for the half year ended June 30, 2018 transferred from statement of comprehensive income	-	-	-	-	65,449	65,449
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,128	5,128
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	153	153
Balance as at June 30, 2018	10,079,121	(79,042)	676,266	250,000	1,544,514	12,470,859

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

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BankIslami Pakistan Limited Notes to and Forming Part of Condensed Interim Unconsolidated Financial Information (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan on October 18, 2004 as a public limited company 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 330 branches including 112 sub branches as at June 30, 2018 (December 31, 2017: 330 branches including 112 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.

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 this condensed interim unconsolidated financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized 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 and associates 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 unconsolidated financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- International Accounting Standard (IAS-34), Interim financial reporting, issued by the International Accounting Standards Board (IASB),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017,
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of provisions of Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the SBP and the SECP differ with the requirements of IAS-34 or IFAS, the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962 and the directives issued by the SECP and SBP have been followed.

- 3.2 The disclosures made in this condensed interim unconsolidated financial information 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 unconsolidated financial statements should be read in conjunction with financial statements of the Bank for the year ended December 31, 2017.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

This condensed interim unconsolidated 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 unconsolidated 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 the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017, except as described below:

5.1 Change in Accounting Policy

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated Oct 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation of fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level. The above change in accounting policy did not have any material effect on this condensed interim unconsolidated financial information.

The above change in accounting policy did not have any material effect on this condensed interim unconsolidated financial information.

5.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for the banks accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or don't have any significant effect on the banks operations and therefore not detailed in this condensed interim unconsolidated financial information.

6 CASH AND BALANCES WITH TREASURY BANKS

Note	(Unaudited) June 30, 2018 ----- Rupees in '000 -----	(Audited) December 31, 2017 ----- Rupees in '000 -----
In hand		
- local currency	3,954,189	3,648,276
- foreign currency	424,966	525,763
	<u>4,379,155</u>	<u>4,174,039</u>
With the State Bank of Pakistan in		
- local currency current account	5,198,751	5,516,757
- foreign currency deposit accounts		
Cash Reserve Account	224,553	188,575
Special Cash Reserve Account	269,698	227,477
US Dollar Clearing Account	41,988	12,120
	<u>536,239</u>	<u>428,172</u>
With National Bank of Pakistan in		
- local currency current account	2,942,564	1,665,212
	<u>13,056,709</u>	<u>11,784,180</u>

7 BALANCES WITH OTHER BANKS

In Pakistan		
- on current accounts	2,416	2,407
- on deposit accounts	6,716	97
	<u>9,132</u>	<u>2,504</u>
Outside Pakistan		
- on current accounts	1,872,113	799,303
	<u>1,881,245</u>	<u>801,807</u>

8 DUE FROM FINANCIAL INSTITUTIONS

Wakalah Placement	8.1	1,317,372	1,716,767
Commodity Murabahah - local currency	8.2	15,124,513	19,655,020
		<u>16,441,885</u>	<u>21,371,787</u>
Other placements		32,400	32,400
		<u>16,474,285</u>	<u>21,404,187</u>
Provision against placements		(32,400)	(32,400)
		<u>16,441,885</u>	<u>21,371,787</u>

8.1 This represents foreign currency placements and the profit rates on these agreements range between 0.60% to 2.85% (December 31, 2017: 0.15% to 2.85%) per annum. The agreements have maturities ranging from 30 days to 365 days (December 31, 2017: 92 days to 365 days).

8.2 The profit rates on the agreements range between 6.95% to 7.25% (December 31, 2017: 5.80% to 6.50%) per annum and the agreements have maturities ranging from 4 days to 96 days (December 31, 2017: 4 days to 90 days).

Note	(Unaudited) June 30, 2018 ----- Rupees in '000 -----	(Audited) December 31, 2017 ----- Rupees in '000 -----
9 INVESTMENTS		
Investments - Islamic	9.1	44,968,582
Investments - Conventional (relating to amalgamated entity)*	9.2	1,804,387
		<u>46,772,969</u>
		<u>42,092,166</u>

9.1 Islamic Investments by type

Islamic Investments by type		June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Note	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
		(Rupees in '000)					
Available for sale securities							
Sukuk / Certificates	9.3	33,870,023	10,000,000	43,870,023	29,393,188	10,000,000	39,393,188
Units of Open-end mutual funds	9.3	21	-	21	21	-	21
Ordinary Shares of listed companies	9.3	242,645	-	242,645	242,645	-	242,645
		34,112,689	10,000,000	44,112,689	29,635,854	10,000,000	39,635,854
Held for trading securities							
Ordinary Shares of listed companies	9.3	566,207	-	566,207	32,156	-	32,156
Subsidiary	9.3	191,015	-	191,015	191,015	-	191,015
Total Islamic investments at cost		34,869,911	10,000,000	44,869,911	29,859,025	10,000,000	39,859,025
Provision for diminution in value of investments	9.3 & 9.5.1	(49,206)	-	(49,206)	(49,206)	-	(49,206)
Investments - net of provisions		34,820,705	10,000,000	44,820,705	29,809,819	10,000,000	39,809,819
Deficit on revaluation of held for trading securities		(15,011)	-	(15,011)	(2,007)	-	(2,007)
Surplus on revaluation of available-for-sale securities		162,888	-	162,888	415,221	-	415,221
Total Islamic investments at market value		34,968,582	10,000,000	44,968,582	30,223,033	10,000,000	40,223,033

9.2 Conventional Investments by type (relating to amalgamated entity)*

		June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Note	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
		(Rupees in '000)					
Available for sale securities							
Ordinary Shares of listed companies	9.4	530,783	-	530,783	967,706	-	967,706
Ordinary Shares of unlisted companies	9.4	1,189,030	-	1,189,030	1,189,030	-	1,189,030
Listed Term Finance Certificates	9.4	103,013	-	103,013	104,807	-	104,807
Unlisted Term Finance Certificates	9.4	177,822	-	177,822	177,822	-	177,822
		2,000,648	-	2,000,648	2,439,365	-	2,439,365
Held to maturity securities							
Unlisted Term Finance Certificates	9.4	321,601	-	321,601	321,601	-	321,601
Associates							
	9.4	1,660,111	-	1,660,111	1,660,111	-	1,660,111
Subsidiaries							
	9.4	2,499,708	-	2,499,708	2,499,708	-	2,499,708
Total conventional investments at cost		6,482,068	-	6,482,068	6,920,785	-	6,920,785
Provision for diminution in the value of investments	9.2.1 & 9.4	(4,677,681)	-	(4,677,681)	(5,051,652)	-	(5,051,652)
Total conventional investments at market value		1,804,387	-	1,804,387	1,869,133	-	1,869,133

9.2.1 This includes Term Finance Certificates amounting to Rs. 602.436 Million which have been placed under non performing status.

* These investments were acquired through amalgamation of a defunct conventional bank during the year 2015 and are under process of conversion / liquidation / disposal.

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
9.3 Islamic Investments by segments		
Federal Government Securities		
GOP Ijarah Sukuks	33,322,164	33,840,536
Sukuk certificates		
Sukuks - Unlisted	10,547,859	5,552,652
Fully paid up ordinary shares / Units		
Ordinary shares of listed companies	808,852	274,801
Units of Open-End mutual funds	21	21
Subsidiary		
BankIslami Modaraba Investments Limited	191,015	191,015
Total Islamic investments at cost	<u>44,869,911</u>	<u>39,859,025</u>
Less: Provision for diminution in value of investments	(49,206)	(49,206)
Total Islamic investments - net of provisions	<u>44,820,705</u>	<u>39,809,819</u>
Deficit on revaluation of held for trading securities	(15,011)	(2,007)
Surplus on revaluation of available-for-sale securities	162,888	415,221
Total Islamic investments at market value	<u>44,968,582</u>	<u>40,223,033</u>
9.4 Conventional Investments by segments		
Fully paid up ordinary shares		
Listed Companies	530,783	967,706
Unlisted Companies	1,189,030	1,189,030
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:		
Listed Companies	103,013	104,807
Unlisted Companies	499,423	499,423
Subsidiaries		
BIPL 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 conventional investments at cost	<u>6,482,068</u>	<u>6,920,785</u>
Less: Provision for diminution in value of investments	(4,677,681)	(5,051,652)
Total conventional investments at market value	<u>1,804,387</u>	<u>1,869,133</u>
9.5 Provision for diminution in value of investment		
Opening balance	5,100,858	4,890,258
Charge/ (reversal)		
Charge for the year	940	210,885
Reversal for the period / year	(374,911)	(285)
	(373,971)	210,600
Closing Balance	<u>4,726,887</u>	<u>5,100,858</u>

9.5.1 This includes sukuks amounting to Rs. 312.131 million which have been placed under non performing status. The forced sale value (FSV) benefit of the collateral held in respect of these sukuks is Rs. 32.80 million. Profit accrued on these sukuks has been suspended. The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2018 amounting to Rs. 21.32 million (December 31, 2017: Rs. 21.32 million) is not available for distribution in either cash or stock dividend to shareholders.

		(Unaudited) June 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES			
Islamic financing and related assets - net	10.1	104,361,252	118,469,536
Advances (relating to amalgamated entity) - net	10.2	564,419	685,503
		<u>104,925,671</u>	<u>119,155,039</u>
10.1 ISLAMIC FINANCING AND RELATED ASSETS-NET			
In Pakistan			
- Murabahah financing and related assets	10.3, 10.9	10,692,705	13,896,557
- Istisna financing and related assets	10.4 & 10.10	12,253,407	11,285,833
- Diminishing Musharakah - Housing		12,390,852	11,107,742
- Diminishing Musharakah financing and related assets - Auto		7,095,303	5,231,475
- Diminishing Musharakah financing and related assets - Others	10.6	10,519,782	10,789,548
- Against Bills - Murabahah		331,918	79,732
- Post Due Acceptance		56,535	37,241
- Salam	10.5	144,327	166,987
- Muswammah financing and related assets / Karobar financing	10.7	14,615,530	14,546,579
- Financing to employees		2,504,433	2,270,601
- Qardh e Hasana		548,206	561,956
- Running Musharakah		24,372,113	38,689,311
- Investment Agency Wakalah		6,250,000	6,250,000
- Housing finance portfolio - others		37,819	45,788
- Net investment in Ijarah financing in Pakistan		35,233	38,481
- Ijarah financing under IFAS 2 and related assets	10.8	4,768,112	5,629,664
Gross financing and related assets		<u>106,616,275</u>	<u>120,627,495</u>
Less: Provision against non-performing Islamic financing and related assets			
- Specific	10.11 & 10.12	(2,012,749)	(1,934,769)
- General	10.11 & 10.12	(242,274)	(223,190)
Islamic financing and related assets - net of provisions		<u>104,361,252</u>	<u>118,469,536</u>
10.2 ADVANCES-NET			
Loans, cash credits, running finances, etc. - In Pakistan		8,465,361	8,709,122
Net investment in finance lease - In Pakistan		585,243	585,391
Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		714,646	714,646
Advances - gross		<u>9,765,250</u>	<u>10,009,159</u>
Provision against advances			
- Specific	10.11 & 10.12	(9,408,671)	(9,515,300)
- General	10.11 & 10.12	(593)	(688)
		<u>(9,409,264)</u>	<u>(9,515,988)</u>
Advances - net of provision		<u>355,986</u>	<u>493,171</u>
Fair Value adjustment	10.13	208,433	192,332
Advances - net of provision and fair value adjustment		<u>564,419</u>	<u>685,503</u>

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
10.3 Murabahah financing and related assets		
Murabahah financing	9,598,672	11,442,916
Advance against Murabahah financing	1,094,033	2,453,641
	<u>10,692,705</u>	<u>13,896,557</u>
10.4 Istisna financing and related assets		
Istisna financing	8,559,126	5,949,944
Advance against Istisna financing	3,361,659	5,269,236
Istisna inventories	332,622	66,653
	<u>12,253,407</u>	<u>11,285,833</u>
10.5 Salam		
Salam financing	52,339	67,001
Advance against Salam	91,988	99,986
	<u>144,327</u>	<u>166,987</u>
10.6 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	10,465,474	10,584,893
Advance against Diminishing Musharakah financing	54,308	204,655
	<u>10,519,782</u>	<u>10,789,548</u>
10.7 Muswammah financing and related assets / Karobar financing		
Muswammah financing	11,306,200	9,622,350
Advance against Muswammah financing	(112,500)	-
Muswammah inventories	3,421,830	4,924,229
	<u>14,615,530</u>	<u>14,546,579</u>
10.8 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	4,718,465	5,427,911
Advance against Ijarah financing	49,647	201,753
	<u>4,768,112</u>	<u>5,629,664</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. 700 million(December 31, 2017: Rs. 827.897 million)and advance amounting to Rs. 260 million (December 31, 2017: Rs. 797.250 million)under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 422.060 million(December 31, 2017: Rs. 444.654 million)and advance amounting to Rs. 827.700 million (December 31, 2017: Rs. 1,094.541 million)under Islamic Export Refinance Scheme.		

10.11 Islamic financing and related assets and advances include Rs. 16,195.614 million (December 31, 2017: Rs 15,837.045 million) which have been placed under non-performing status as follows:

Category of Classification	June 30, 2018 (Unaudited)								
	Classified Islamic financing and related assets and Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees in '000 -----									
Other Assets especially mentioned (OAEM)	330,020	-	330,020	-	-	-	-	-	-
Substandard	2,871,167	-	2,871,167	85,572	-	85,572	85,572	-	85,572
Doubtful	1,308,290	-	1,308,290	453,834	-	453,834	453,834	-	453,834
Loss	11,686,137	-	11,686,137	10,882,014	-	10,882,014	10,882,014	-	10,882,014
	<u>16,195,614</u>	<u>-</u>	<u>16,195,614</u>	<u>11,421,420</u>	<u>-</u>	<u>11,421,420</u>	<u>11,421,420</u>	<u>-</u>	<u>11,421,420</u>

Category of Classification	December 31, 2017 (Audited)								
	Classified Islamic financing and related assets and Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees in '000 -----									
Other Assets especially mentioned (OAEM)	95,345	-	95,345	-	-	-	-	-	-
Substandard	3,056,420	-	3,056,420	108,551	-	108,551	108,551	-	108,551
Doubtful	939,044	-	939,044	375,817	-	375,817	375,817	-	375,817
Loss	11,746,236	-	11,746,236	10,965,701	-	10,965,701	10,965,701	-	10,965,701
	<u>15,837,045</u>	<u>-</u>	<u>15,837,045</u>	<u>11,450,069</u>	<u>-</u>	<u>11,450,069</u>	<u>11,450,069</u>	<u>-</u>	<u>11,450,069</u>

10.11.1 In case of a non-performing Islamic financing and related assets amounting to Rs. 2,562 million, SBP has granted relaxation vide letter no. BPRD/BRD/PRs/7388/2018 dated April 4, 2018 on creating a provision till December 31, 2018. The outstanding amount of relaxation i.e. provisioning will not be available for distribution of cash & stock dividend and performance bonus to employees. Had the provision been made as per the requirements of applicable Prudential Regulations, the 'provision against Islamic financing and related assets and advances' would have been higher by Rs. 528.977 million and profit before taxation would have been lower by Rs. 528.977 million.

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

	June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	11,450,069	223,878	11,673,947	11,939,357	192,927	12,132,284
Charge for the period / year	223,022	18,989	242,011	519,502	30,951	550,453
Reversals	(208,710)	-	(208,710)	(997,966)	-	(997,966)
	14,312	18,989	33,301	(478,464)	30,951	(447,513)
	(42,961)	-	(42,961)	(10,824)	-	(10,824)
Amount written off						
Closing balance	<u>11,421,420</u>	<u>242,867</u>	<u>11,664,287</u>	<u>11,450,069</u>	<u>223,878</u>	<u>11,673,947</u>

	June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Islamic	2,012,749	242,274	2,255,023	1,934,769	223,190	2,157,959
Conventional	9,408,671	593	9,409,264	9,515,300	688	9,515,988
	<u>11,421,420</u>	<u>242,867</u>	<u>11,664,287</u>	<u>11,450,069</u>	<u>223,878</u>	<u>11,673,947</u>

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	

10.12.2 (Charge) / reversals net of fair value adjustment taken to the profit and loss account

Gross reversals	208,710	997,966
Charge for the period / year	<u>(242,011)</u>	<u>(550,453)</u>
	(33,301)	447,513
Fair value adjusted - net	16,100	30,175
Net (charge) / reversals taken to the profit and loss account	<u>(17,201)</u>	<u>477,688</u>

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

	June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
-----Rupees in '000-----						
In local currency	11,421,420	242,867	11,664,287	11,450,069	223,878	11,673,947
In foreign currency	-	-	-	-	-	-
	11,421,420	242,867	11,664,287	11,450,069	223,878	11,673,947

10.12.3.1 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.

10.12.3.2 In accordance with BSD CircularNo. 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, 2018 amounts to Rs. 516.056 million (December 31, 2017: Rs. 432.630 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 335.436 million (December 31, 2017: Rs. 281.209 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.13 Provision in respect of acquired loans related to amalgamated entity 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.

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	-----Rupees in '000-----	
11 OPERATING FIXED ASSETS		
Capital work-in-progress	78,345	54,437
Property and equipment	5,749,959	5,889,921
Intangible assets	3,123,006	3,128,129
	8,951,310	9,072,487

	(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
	-----Rupees in '000-----	
11.1 Additions to operating fixed assets - net		
Furniture and fixture	68,853	111,494
Electrical, office and computer equipment	97,868	153,385
Vehicles	25,637	-
Capital work-in-progress	41,463	39,657
11.2 Additions to intangibles		
Computer software	26,886	3,151
11.3 Disposals of operating fixed assets		
Furniture and fixture	447	1,997
Electrical, office and computer equipment	300	9,324
Vehicles	-	516

12 DEFERRED TAX ASSET

Deferred tax debits arising in respect of:

Note	(Unaudited) June 30, 2018	(Audited) December 31, 2017
-----Rupees in '000-----		
12.1	3,635,094	3,548,284
Accumulated tax losses	76,917	-
Tax credit against minimum tax	449,293	580,183
Provision for diminution in the value of investments	4,034,741	4,034,741
Provision against non-performing Islamic financing and related assets and advances	21,253	21,253
Provision for gratuity	18,500	37,001
Impairment of goodwill	162,102	108,229
Ijarah financing and related assets	536,167	533,770
Others	8,934,067	8,863,461

Deferred tax credits arising due to:

Fair value adjustments relating to net assets acquired upon amalgamation	(230,578)	(163,641)
Accelerated tax depreciation	(79,539)	(120,636)
Surplus on revaluation of fixed assets	(642,440)	(645,201)
Surplus on revaluation of non-banking assets	(5,067)	(5,149)
Surplus on revaluation of available for sale securities	(58,198)	(145,325)
Net investment in finance lease	(81,603)	(81,603)
	(1,097,425)	(1,161,555)
	7,836,642	7,701,906

12.1 The Bank has aggregate tax losses of Rs. 10,385.982 millionas at June 30, 2018 which includes tax losses of defunct KASB Bank Limited(now amalgamated withand into the Bank). The management has carried out an assessment for estimating the benefit of these losses, the Bank wouldbe able to set off from the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs. 3,635.094 million. The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the Board of Directors. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing loans and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
----- Rupees in '000 -----		
13 DUE TO FINANCIAL INSTITUTIONS		
In Pakistan	11,672,117	15,570,390
Outside Pakistan	-	-
	11,672,117	15,570,390

	Note	(Unaudited) June 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
13.1 Details of due to financial institutions secured / unsecured			
Secured			
Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	13.1.1	1,970,936	3,103,902
Acceptances from State Bank of Pakistan for financial assistance	13.1.2	2,701,181	2,581,488
Musharakah Acceptance	13.1.3	5,000,000	5,000,000
Unsecured			
Wakalah Acceptance	13.1.4	1,000,000	585,000
Musharakah Acceptance	13.1.5	1,000,000	4,300,000
		<u>11,672,117</u>	<u>15,570,390</u>
13.1.1	The acceptances are on a profitand loss sharing basis and are secured against demand promissory notes executed in favour of the State Bank of Pakistan (SBP). A limitof Rs. 5,000 million(December 31, 2017: Rs. 5,000 million)was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2017.		
13.1.2	This represents amortized cost of a 10 year financing facility of Rs.5,000 millionextended by the State Bank of Pakistan (SBP). The facilityis secured against Government of Pakistan Ijarah Sukuk. The 10 year facilitywas providedon the basis of Mudarabah to be remunerated at profitsharing 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 rates on this agreement is 5.83% (December 31, 2017: 5.83%) per annum and has maturity in 128 days (December 31, 2017: 309 days).		
13.1.4	The profitrate on this agreement is 6.25% (December 31, 2017: 5.75%) per annum and the agreement has maturity in 5 to 6 days (December 31, 2017: 5 days).		
13.1.5	The profit rates on these agreements are 6.55% (December 31, 2017: 5.65% to 5.70%) per annum and has maturity in 3 days (December 31, 2017: 2 to 18 days).		
14 DEPOSITS AND OTHER ACCOUNTS		(Unaudited) June 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
Customers			
Fixed deposits		42,632,362	42,404,505
Savings deposits		55,928,557	56,855,719
Current accounts - non-remunerative		58,731,616	58,026,421
Margin accounts - non-remunerative		407,307	592,600
		<u>157,699,842</u>	<u>157,879,245</u>
Financial Institutions			
Remunerative deposits		14,301,258	21,179,802
Non-remunerative deposits		250,041	190,243
		<u>172,251,141</u>	<u>179,249,290</u>
14.1 Particulars of deposits			
In			
- local currency		168,083,677	175,512,235
- foreign currencies		<u>4,167,464</u>	<u>3,737,055</u>
		<u>172,251,141</u>	<u>179,249,290</u>

15 SHARE CAPITAL			
15.1 Authorized capital		(Unaudited) June 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
		1,300,000,000	1,300,000,000
	Ordinary shares of Rs.10 each		
		<u>13,000,000</u>	<u>13,000,000</u>
15.2 Issued, subscribed and paid up capital		(Unaudited) June 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
		1,007,912,090	1,007,912,090
	Ordinary shares of Rs 10 each		
	Fully paid in cash		
		<u>10,079,121</u>	<u>10,079,121</u>
16 SURPLUS ON REVALUATION OF ASSETS		(Unaudited) June 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
Surplus arising on revaluation of:			
Fixed Assets		825,138	830,266
Non Banking Assets		176,025	176,178
Available for sale securities		104,690	269,896
		<u>1,105,853</u>	<u>1,276,340</u>
17 CONTINGENCIES AND COMMITMENTS			
17.1 Transaction-related contingent liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring			
- Government		933,629	704,137
- Others		6,766,173	9,393,558
		<u>7,699,802</u>	<u>10,097,695</u>
17.2 Trade-related contingent liabilities			
Import letter of Credit		3,015,071	5,808,063
Acceptances		2,358,723	1,627,253
		<u>5,373,794</u>	<u>7,435,316</u>
17.3 Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt		<u>150,000</u>	<u>150,000</u>
17.3.1	These mainlyrepresent 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.		
17.3.2	Consequent to the amalgamation of defunct KASB Bank Limited with and into BankIslami Pakistan Limitedas at May 7, 2015 certain cases have been filed by individualspertaining to amalgamation in which the Bank has been made a party. In 2018, double bench of Honourable Sindh High Court has rejected the prayers in three Constitutional Petitions and issued directions whereby the valuation of the defunct KASB Bank Limited will be looked into again and if any material deviation is found, the shareholders will be compensated by SBP. On June 28, 2018 SBP by an order dismissed all the objections filed with respect to valuation of the defunct KASB Bank Limited. Cases are, however, pending in the Honourable Islamabad and Lahore High Court while an appeal against the order of the Honourable Sindh Court has been filed in the Honourable Supreme Court. The management based on the opinion of its legal counsel is confident that these cases will be dismissed by the Honourable Court.		
17.3.2.1	The audited financial statements of the defunct KASB Bank Limited as at May 07, 2015 include a sum of Rs. 981.410 million representing advance against issue of rightshares which had been treated as a part of equity. This amount was received from Mr. Nasir Ali Shah Bukhari, a former sponsor of the defunct KASB Bank Limited and other shareholders (the former sponsors). The defunct KASB Bank Limited, when it was under the management and control of the former sponsors, did not issue shares against the said advance, amongst other reasons, due to default on the part of the sponsors for meeting the minimum capital requirement. The amount was reported by the defunct KASB Bank Limited as a part of the shareholders equity in the financial statements with the permission of SBP consistent with the practice followed by other Banks in Pakistan. Subsequent to the amalgamation of the defunct KASB Bank Limited with and into the Bank, with effect from May 7, 2015, KASB Corporation Limited and one of its sponsors filed a suit against the Bank in the Honourable High Court of Sindh, wherein amongst other applications, they appealed to restrain the Bank from using or transferring the amount of advance for any purpose whatsoever during the pendency of the instant proceedings, directing the Bank to deposit the aforementioned amount with the Nazir of the Court and to invest the same in interest / mark-up bearing certificates. On April 18, 2018, these applications were dismissed by the Honourable High Court of Sindh without any cost and liability to the Bank, however, the main Suit (as stated above) is still pending adjudication. The management based on the opinion of its legal counsel is confident that the main Suit will be dismissed by the Honourable Court.		

17.3.2.2 After the acquisition of defunct KASB Bank Limited, the Bank came to know about certain transactions, identified by SBP including but not limited to fraudulent activities. SBP instructed the Bank to initiate legal actions in this respect and accordingly separate complaints have been lodged with National Accountability Bureau (the Bureau) which were later converted into formal inquiries by the Bureau. It may be noted without prejudice to the Bank's claim, the related amounts have not been recorded in these financial statements as a matter of prudence.

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
17.4 Commitments in respect of contracts		
Purchases	2,047,181	1,269,645
Sales	1,772,434	1,575,981
17.5 Commitments for the acquisition of operating fixed assets	146,284	152,968

17.6 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.

17.7 Taxation

17.7.1 In respect of tax year 2009 and 2010 the Additional Commissioner (Inland Revenue) under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses / deductions. The Bank filed an appeal against the said decision with the Commissioner (Inland Revenue Appeals). The Commissioner (Inland Revenue Appeals) had deleted certain disallowances and remanded back the remaining disallowances to Additional Commissioner (Inland Revenue). The remanded back disallowances were further restricted to Rs. 29.911 million and Rs 46.009 million respectively for Tax year 2009 and Tax year 2010 in the Appeal effect order. The Bank had filed appeal before the Commissioner (Inland Revenue Appeals) against these disallowances / add backs.

During the period, a rectified order against the appeal effect for TY 2009 and 2010 has been passed wherein disallowances amounting to Rs.66.875 million for TY 2009 and Rs 197.620 million for TY 2010 have been deleted.

17.7.2 In respect of tax year 2011, the Additional Commissioner (Inland Revenue) under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses / deductions resulting in reduction of losses claimed by the Bank by Rs. 306.387 million. The Bank had filed an appeal against the said decision with the Commissioner (Inland Revenue Appeals).

During the period, a rectified order against the amended order for TY 2011 has been passed wherein disallowances amounting to Rs.64.224 million has been deleted.

17.7.3 In respect of tax year 2013, the Additional Commissioner (Inland Revenue) under section 122(9)/177 of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses / deductions resulting in reduction of losses claimed by the Bank by Rs. 25.491 million. The Bank has filed an appeal against the said decision with the Commissioner (Inland Revenue Appeals).

17.7.4 In respect of tax year 2014, the Additional Commissioner (Inland Revenue) under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses / deductions resulting in reduction of losses claimed by the Bank by Rs. 4.044 million. The Bank has filed an appeal against the said decision with the Commissioner (Inland Revenue Appeals).

17.7.5 In respect of tax year 2015, the Additional Commissioner (Inland Revenue) under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses / deductions resulting in reduction of losses claimed by the Bank by Rs. 32.893 million. In addition to that the Learned Commissioner also disallowed adjustment of minimum tax carried forward from prior tax years where tax liability for that particular Tax year was NIL. This was based on the Judgment of Division Bench of the Sindh High Court of another company dated May 7, 2013 wherein the interpretation of Section 113(2)(c) of the Income Tax Ordinance, 2001 was derived 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. The aforesaid judgment of the Sindh High Court is only available if the tax paid in a particular year is less than minimum tax payable. The aforesaid judgment of the Sindh High Court has been challenged before the Supreme Court by the aggrieved company. The amended order has resulted in the Tax demand of Rs 124.134 million out of which Bank has deposited Rs.114m under protest by debiting other receivable account. The Bank has filed an appeal against the said decision with the Commissioner (Inland Revenue Appeals).

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

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
17.8 Other commitments		
Bills for collection	2,137,109	1,753,408

	(Unaudited) Half year ended June 30, 2018	(Unaudited) Half year ended June 30, 2017
	----- Rupees in '000 -----	
18 PROFIT / RETURN EARNED		
On financing to customers	4,285,904	3,126,009
On investments in available for sale securities	1,278,723	1,224,663
On deposits / placements with financial institutions	22,474	663,934
Others	46,835	42,922
	<u>5,633,936</u>	<u>5,057,528</u>

	Note	(Unaudited) Quarter ended June 30, 2018	(Unaudited) Half year ended June 30, 2018	(Unaudited) Quarter ended June 30, 2017	(Unaudited) Half year ended June 30, 2017
		----- Rupees in '000 -----			
Profit / (loss) after taxation for the period		26,618	65,449	(186,339)	(83,206)
		----- Number of shares -----			
Weighted average number of ordinary shares in issue		<u>1,007,912,090</u>	<u>1,007,912,090</u>	<u>1,007,912,090</u>	<u>1,007,912,090</u>
		----- Rupees -----			
Earnings / (loss) per share - basic / diluted	19.1	<u>0.0264</u>	<u>0.0649</u>	<u>(0.1849)</u>	<u>(0.0826)</u>

19.1 There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2018 and June 30, 2017.

	(Unaudited) June 30, 2018	(Unaudited) June 30, 2017
	----- Rupees in '000 -----	
20 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	13,056,709	12,294,692
Balances with other banks	1,881,245	1,570,596
	<u>14,937,954</u>	<u>13,865,288</u>

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted investments is based on quoted market prices. Unquoted equity securities are valued at cost less impairment losses. The provision for impairment in the value of investments has been determined in accordance with the accounting policy as stated in note 6.3.5 to the Annual financial statements for the year ended December 31, 2017.

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.

21.1 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).

	June 30, 2018 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Items carried at fair value				
Financial Assets and Liabilities				
Available for sale securities				
Ordinary shares - listed	284,556	-	-	284,556
GOP Sukuks	-	33,443,190	-	33,443,190
WAPDA Sukuks	-	88,835	-	88,835
Units of open ended mutual funds	65	-	-	65
Held for trading securities				
Ordinary shares - listed	551,057	-	-	551,057
Commitments in respect of contracts				
Forward purchase of foreign exchange contracts	-	2,110,455	-	2,110,455
Forward sale of foreign exchange contracts	-	1,826,234	-	1,826,234
Future sale of shares	568,853	-	-	568,853

Non-Financial Assets				
Operating fixed assets - Land and building	-	-	3,728,602	3,728,602
Non-banking assets	-	-	1,136,170	1,136,170

December 31, 2017 (Audited)				
	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
Items carried at fair value				
Financial Assets and Liabilities				
Available for sale securities				
Ordinary shares - listed	383,360	-	-	383,360
GOP Sukuks	-	34,256,300	-	34,256,300
WAPDA Sukuks	-	101,038	-	101,038
Units of open ended mutual funds	65	-	-	65
Held for trading securities				
Ordinary shares - listed	30,001	-	-	30,001
Commitments in respect of contracts				
Forward purchase of foreign exchange contracts	-	1,583,801	-	1,583,801
Forward sale of foreign exchange contracts	-	1,270,703	-	1,270,703
Future sale of shares	30,029	-	-	30,029

Non-Financial Assets				
Operating fixed assets - Land and building	-	-	3,728,602	3,728,602
Non-banking assets	-	-	1,136,170	1,136,170

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

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

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.

22 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-----					
As at June 30, 2018 (Un-audited)					
Segment assets (gross)	76,182,293	23,244,260	106,632,795	15,725,308	221,784,656
Segment non - performing financing & advances	-	1,970,097	14,121,414	104,103	16,195,614
Segment provision required	-	1,450,983	10,155,981	57,323	11,664,287
Segment liabilities	15,563,813	87,772,698	67,498,855	20,268,800	191,104,166

For the half year ended June 30, 2018 (Un-audited)					
Total income	462,795	3,696,783	1,667,521	(5,512)	5,821,587
Total expenses	(28,216)	2,928,079	1,596,796	1,230,172	5,726,831
Net income / (loss)	491,011	768,704	70,725	(1,235,684)	94,756
Segment return on assets (ROA) (%)	1.30%	6.67%	0.13%	-	-
Segment cost of funds (%)	4.99%	3.24%	3.47%	-	-

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
-----Rupees in '000-----					
As at June 30, 2017 (Un-audited)					
Segment assets (gross)	72,086,456	18,781,475	104,015,025	15,542,726	210,425,682
Segment non - performing financing & advances	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

For the half year ended June 30, 2017 (Un-audited)					
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%	-	-

23 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 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
Disbursed during the period / year
Repayments during the period / year
At the end of the period / year

Deposits

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

Receivable on financing
Payable on deposits

Transactions, income and expenses

Profit earned on financing
Return on deposit expensed
Administrative expense
Gain on sale of operating fixed assets
Other income

Associates

Islamic Financing and related assets
At beginning of the period / year
Disbursed during the period / year
Repayments during the period / year
At the end of the period / year

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

Transactions, income and expenses

Profit earned on financing
Return on deposits expensed
Administrative expense
Other Income

(Un-audited) June 30, 2018 (Audited) December 31, 2017

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

162,777	150,000
-	440,976
(1,527)	(428,199)
161,250	162,777

247,712	573,309
11,801,109	39,446,895
(11,906,916)	(39,772,492)
141,905	247,712

227	1,236
83	101

(Un-audited) Half year ended June 30, 2018 (Un-audited) Half year ended June 30, 2017

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

8,758	6,724
106	11,557
352	9
-	3,138
-	600

(Un-audited) June 30, 2018 (Audited) December 31, 2017

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

582,084	722,105
400,000	674,190
(490,006)	(814,211)
492,078	582,084

25,849	36,199
962,765	8,143,322
(957,264)	(8,153,672)
31,350	25,849

75	54
5,063	6,797
22,190	128,170

(Un-audited) Half year ended June 30, 2018 (Un-audited) Half year ended June 30, 2017

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

25,592	36,200
332	2,673
291	72
48	64

(Un-audited) June 30, 2018 (Audited) December 31, 2017

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

211,666	224,215
70,352	31,426
(36,425)	(43,975)
245,593	211,666

34,474	27,962
205,926	267,450
(215,101)	(260,938)
25,299	34,474

21	13
183	199
240	830

(Un-audited) Half year ended June 30, 2018 (Un-audited) Half year ended June 30, 2017

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

5,536	4,269
36	38
8	-
65,169	68,749
7,240	5,302

(Un-audited) June 30, 2018 (Audited) December 31, 2017

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

1,480,378	836,022
562,241	6,780,093
(938,639)	(5,735,737)
1,103,980	1,880,378

902,072	770,305
3,931,951	12,843,245
(3,655,000)	(12,711,469)
1,179,023	902,081

31	20
15,531	11,882
283,350	722,177

(Un-audited) Half year ended June 30, 2018 (Un-audited) Half year ended June 30, 2017

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

38,888	1,174
94	17,499
38,202	34,464
43,873	42,728

Key management personnel / Directors

Islamic financing and related assets
At beginning of the period / year
Disbursed during the period / year
Repayments during the period / year
At the end of the period / year

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
Other receivables

Transactions, income and expenses

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

Other related parties

Islamic financing and related assets
At beginning of the period / year
Disbursed during the period / year
Repayments during the period / year
At the end of the period / year

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

Transactions, income and expenses

Profit earned on financing
Return on deposits expensed

Employee benefit plans

Charge for defined benefit plan
Contribution to employees provident fund

* 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.

24 The Bank calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per SBP Basel III Liquidity Standards issued under BPRD circular no. 8 dated June 23, 2016. As of June 30, 2018, the Bank's LCR stood at 161.04% (December 31, 2017: 138.99%) and NSFR stood at 233.44% (December 31, 2017: 151.88%) against the SBP's minimum requirement of 90% and 100% respectively.

25 **NON-ADJUSTING EVENT**

The Deposit Protection Corporation (DPC) - Subsidiary of SBP vide its DPC Circular No.4 dated 22 June 2018 has introduced a deposit protection mechanism to all scheduled banks in Pakistan with effect from 1 July 2018. As per such mechanism, banks are required to pay annual premium to the DPC calculated @0.16% of their respective "aggregate eligible deposits". Based on the above, the bank will recognize expense of Rs. 44.23 million in the second half of year 2018.

26 **GENERAL**

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

26.2 The figures in this condensed interim unconsolidated financial information have been rounded off to the nearest thousand rupee.

26.3 Figures of the profit and loss account and comprehensive income for the quarters ended June 30, 2018 and June 30, 2017 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**

This condensed interim unconsolidated financial information was authorized for issue on August 29, 2018 by the Board of Directors of the Bank.

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
PRESIDENT /
CHIEF EXECUTIVE

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim Consolidated Financial Statements of BankIslami Pakistan Limited

For The Quarter and Half year Ended June 30, 2018

Directors' Report

On behalf of the Board, I am pleased to present the Consolidated Results of the Group for the half year ended June 30, 2018. Following are the highlights:

	June-2018	June-2017	Growth (%)
	-----Rupees in 'millions'-----		
Total Deposits	172,199	163,312	5.44%
Total Assets	205,959	193,909	6.21%
Total Financing and related assets-net	104,765	97,601	7.34%
Total Investments-net	47,173	42,739	10.37%
Shareholder's Equity	14,263	12,993	9.77%
Profit After Tax	158	40	295.00%
Branches network-Number	330	322	2.48%

Our Group performance remained satisfactory. The Group has been able to post growth in its Financings by 7.34% and Total Deposits by 5.44%.

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

Ali Hussain
Chairman Board of Directors

August 29, 2018

ڈائریکٹرز کی جامع رپورٹ

میں بورڈ کی جانب سے 30 جون، 2018 کو اختتام پذیر ہونے والی سال کی پہلی ششماہی کے گروپ کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے

اہم نکات درج ذیل ہیں۔

نمو (فیصد)	جون-17	جون-18	
	-----روپے ملین میں-----		
5.44%	163,312	172,199	کل ڈپازٹ
6.21%	193,909	205,959	کل اثاثے
7.34%	97,601	104,765	کل تمویل اور متعلقہ اثاثے-صافی
10.37%	42,739	47,173	کل سرمایہ کاری-صافی
9.77%	12,993	14,263	حصہ داران کی سرمایہ کاری
295.00%	40	158	بعد از ٹیکس نفع
2.48%	322	330	شاخیں-تعداد

ہمارے گروپ کی کارکردگی قابل اطمینان رہی۔ مجموعی طور پر گروپ 7.34% نمو میں، اور 5.44% ڈپازٹ میں بالترتیب اضافہ کرنے میں کامیاب ہوا۔

ہم اسٹیٹ بینک اور سیکورٹی ایجنسی کی پیشکش پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتے ہیں۔ ہم اپنے گروپ کے ملازمین کی

گروپ کی کارکردگی میں اپنی وابستگی، اور محنت کے ذریعے حصہ ڈالنے پر شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

علی حسین

چیرمین، بورڈ آف ڈائریکٹرز

حسن اے بلگرامی

افسر اعلیٰ

29 اگست 2018

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Financial Position

AS AT JUNE 30, 2018

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	13,056,915	11,784,180
Balances with other banks	2,468,666	1,149,355
Due from financial institutions - net	16,441,885	21,371,787
Investments - net	47,173,183	42,363,753
Islamic financing, related assets and Advances - net	104,765,370	119,006,779
Operating fixed assets	9,042,574	9,148,064
Deferred tax assets	7,774,816	7,613,022
Other assets - net	5,235,839	4,796,975
	205,959,248	217,233,915
LIABILITIES		
Bills payable	2,043,411	2,988,996
Due to financial institutions	11,660,866	15,570,390
Deposits and other accounts	172,199,159	179,001,578
Sub-ordinated loans	-	-
Deferred tax liabilities	-	-
Other liabilities	5,792,903	5,445,715
	191,696,339	203,006,679
NET ASSETS	14,262,909	14,227,236
REPRESENTED BY:		
Share capital	10,079,121	10,079,121
Discount on Issue of shares	(79,042)	(79,042)
Reserves	926,266	926,266
Unappropriated profit	2,062,032	1,893,736
Total equity attributable to equity holders of the Bank	12,988,377	12,820,081
Non-controlling interest	200,175	205,242
	13,188,552	13,025,323
Surplus on revaluation of assets - net of tax	1,074,357	1,201,913
	14,262,909	14,227,236

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

-Sd-
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-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Profit and Loss Account (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
	----- Rupees in '000 -----			
Profit / return earned	2,780,335	5,636,494	2,513,653	5,050,432
Profit / return expensed	1,398,500	2,894,289	1,275,388	2,578,927
Net spread earned	1,381,835	2,742,205	1,238,265	2,471,505
Provision / (reversal) against non-performing Islamic financing and related assets and advances - net	(9,083)	17,201	(4,946)	(89,376)
(Reversal of provision) / provision for diminution in the value of investments and placements - net	(277,699)	(373,970)	97,301	97,479
Bad debts written off directly	-	-	-	-
	(286,782)	(356,769)	92,355	8,103
Net spread after provisions	1,668,617	3,098,974	1,145,910	2,463,402
OTHER INCOME				
Fee, commission and brokerage income	197,970	368,534	111,436	321,438
Dividend Income	6,618	6,618	(79)	389
Income from dealing in foreign currencies	67,929	98,478	15,739	30,855
(Loss) / gain on sale of securities	(294,451)	(331,503)	35,104	46,532
Unrealised gain / (loss) on revaluation of investments classified as 'held for trading'	1,373	2,218	(1,041)	1,054
Other income	11,425	43,307	17,195	30,860
Total other income	(9,136)	187,652	178,354	431,128
	1,659,481	3,286,626	1,324,264	2,894,530
OTHER EXPENSES				
Administrative expenses	1,609,274	3,174,610	1,555,216	3,099,531
Other provisions / (reversals) - net	11,307	11,307	-	(131,652)
Other charges	1,854	1,984	19,539	21,623
Total other expenses	1,622,515	3,187,901	1,574,755	2,989,502
	36,966	98,725	(250,491)	(94,972)
(Loss) / profit for the period from BIPL Securities Limited - net of tax	(7,541)	(22,042)	51,235	73,693
Share of profit from associate	52,721	110,555	11,324	44,993
PROFIT BEFORE TAXATION	82,146	187,238	(187,932)	23,714
Taxation				
- Current	38,316	76,936	41,324	68,713
- Prior years	-	-	74	74
- Deferred	(30,016)	(47,646)	(112,256)	(84,929)
	8,300	29,290	(70,858)	(16,142)
PROFIT / (LOSS) AFTER TAXATION	73,846	157,948	(117,074)	39,856
ATTRIBUTABLE TO:				
Equity shareholders of the Bank	75,583	163,015	(128,790)	23,008
Non-controlling interest	(1,737)	(5,067)	11,716	16,848
	73,846	157,948	(117,074)	39,856
	----- Rupees -----			
Basic earnings / (loss) per share	0.0750	0.1617	(0.1278)	0.1135
Diluted earnings / (loss) per share	0.0750	0.1617	(0.1278)	0.1135

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

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DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Comprehensive Income (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018

	Quarter ended June 30, 2018	Half year ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2017
	Rupees in '000			
Profit / (loss) after taxation for the period attributable to:				
Equity shareholders of the Bank	75,583	163,015	(128,790)	23,008
Non-controlling interest	(1,737)	(5,067)	11,716	16,848
	<u>73,846</u>	<u>157,948</u>	<u>(117,074)</u>	<u>39,856</u>
Other Comprehensive Income	-	-	-	-
Items that may not be reclassified to profit and loss account in subsequent periods				
Remeasurement of defined benefit plan	-	-	52	52
Tax on remeasurement of defined benefit plan	-	-	(16)	(16)
	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>
Comprehensive income / (loss) transferred to statement of changes in equity	<u>73,846</u>	<u>157,948</u>	<u>(117,038)</u>	<u>39,892</u>
Components of comprehensive income not reflected in equity				
Surplus / (deficit) on revaluation of available for sale investments - net of tax				
Equity shareholders of the Bank	96,959	(133,178)	118,732	(105,585)
Non-controlling interest	5,904	10,903	(2,736)	(7,842)
	<u>102,863</u>	<u>(122,275)</u>	<u>115,996</u>	<u>(113,427)</u>
Total comprehensive income / (loss) for the period	<u>176,709</u>	<u>35,673</u>	<u>(1,042)</u>	<u>(73,535)</u>

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

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CHAIRMAN

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	187,238	23,714
Less: Dividend Income	(6,618)	(389)
Less: Share of profit from associates	<u>(110,555)</u>	<u>(44,993)</u>
	70,065	(21,668)
Adjustments for non-cash charges and other items:		
Depreciation on owned assets	334,401	339,254
Depreciation on non banking assets	3,336	3,317
Amortisation	30,837	29,674
Depreciation on operating Ijarah assets	1,383,698	709,901
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	17,201	(89,376)
(Reversal of provision) / provision for diminution in the value of investments and placements - net	(373,970)	97,479
Other provisions / (reversals) - net	11,307	(131,652)
Unrealised gain on revaluation of investments classified as held for trading	(2,218)	(1,054)
Charge for defined benefit plan	38,202	34,837
Gain on sale of property and equipment	<u>(3,967)</u>	<u>(8,984)</u>
	<u>1,438,827</u>	<u>983,396</u>
	1,508,892	961,728
(Increase) / decrease in operating assets		
Due from financial institutions	4,929,902	8,006,694
Islamic financing and related assets	12,840,510	(20,554,143)
Others assets (excluding defined benefit assets)	<u>(567,655)</u>	<u>139,189</u>
	17,202,757	(12,408,260)
Increase / (decrease) in operating liabilities		
Bills payable	(945,585)	128,800
Due to financial institutions	(3,909,524)	2,988,703
Deposits and other accounts	(6,802,419)	9,486,034
Other liabilities (excluding current taxation and unrealised loss on forward sale promises)	328,704	(407,244)
	<u>(11,328,824)</u>	<u>12,196,293</u>
	7,382,825	749,761
Income tax paid	<u>(96,654)</u>	<u>(94,642)</u>
Net cash generated from operating activities	<u>7,286,171</u>	<u>655,119</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(4,444,962)	3,607,829
Dividend received	6,618	389
Investments in operating fixed assets	(260,371)	(310,125)
Proceeds from disposal of operating fixed assets	4,590	10,343
Net cash (used in) / generated from investing activities	<u>(4,694,125)</u>	<u>3,308,436</u>
Increase in cash and cash equivalents	<u>2,592,046</u>	<u>3,963,555</u>
Cash and cash equivalents at the beginning of the period	12,933,535	10,245,600
Cash and cash equivalents at the end of the period	<u>15,525,581</u>	<u>14,209,155</u>

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

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
PRESIDENT /
CHIEF EXECUTIVE

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Changes In Equity (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2018

	Attributable to equity shareholders of the Bank						Non - controlling interest	Total
	Share capital	Discount on issue of shares	Statutory reserve	Reserve for bad debts & contingencies	Unappropriated profit	Sub total		
	Rupees in '000							
Balance as at January 01, 2017	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 June 30, 2017	-	-	-	-	23,008	23,008	16,848	39,856
Other comprehensive income for the half year ended June 30, 2017	-	-	-	-	36	36	-	36
Total comprehensive income for the half year ended June 30, 2017	-	-	-	-	23,044	23,044	16,848	39,892
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
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
Profit after taxation for the period from July 1, 2017 to December 31, 2017	-	-	-	-	1,653,668	1,653,668	(3,956)	1,649,712
Other comprehensive income for the period from July 1, 2017 to December 31, 2017	-	-	-	-	44	44	-	44
Total comprehensive income for the period from July 1, 2017 to December 31, 2017	-	-	-	-	1,653,712	1,653,712	(3,956)	1,649,756
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,242	5,242	-	5,242
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	136	136	-	136
Transfer to statutory reserve	-	-	312,630	-	(312,630)	-	-	-
Balance as at December 31, 2017	10,079,121	(79,042)	676,266	250,000	1,893,736	12,820,081	205,242	13,025,323
Profit after taxation for the half year ended June 30, 2018 transferred from statement of comprehensive income	-	-	-	-	163,015	163,015	(5,067)	157,948
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,128	5,128	-	5,128
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	153	153	-	153
Balance as at June 30, 2018	10,079,121	(79,042)	676,266	250,000	2,062,032	12,988,377	200,175	13,188,552

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

-Sd-
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CHIEF EXECUTIVE

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CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited Notes to and Forming Part of Condensed Interim Consolidated Financial Information (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2018

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 on October 18, 2004 as a public limited company 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 330 branches including 112 sub branches as at June 30, 2018 (December 31, 2017: 330 branches including 112 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.

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 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, 2018.

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 - 77.12 percent holding

BIPL Securities Limited was incorporated in Pakistan on October 24, 2000 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). 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 currently dormant. 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. 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 this condensed interim consolidated financial information 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 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 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- International Accounting Standard (IAS-34), Interim financial reporting, issued by the International Accounting Standards Board (IASB),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017,
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

"Wherever the requirements of provisions of Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the SBP and the SECP differ with the requirements of IAS-34 or IFAS, the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962 and the directives issued by the SECP and SBP have been followed."

- 3.2 The disclosures made in this condensed interim consolidated financial information 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, 2017.

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 judgments adopted in the preparation of 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, 2017.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2017, except as described below:

5.1 Change in Accounting Policy

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated Oct 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation of fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/ deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level. The above change in accounting policy did not have any material effect on this condensed interim consolidated financial information.

5.2 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2018 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.

6 NON-ADJUSTING EVENT

The Deposit Protection Corporation (DPC) - Subsidiary of SBP vide it DPC Circular No.4 dated 22 June 2018 has introduced a deposit protection mechanism to all scheduled banks in Pakistan with effect from 1 July 2018. As per such mechanism, banks are required to pay annual premium to the DPC calculated @0.16% of their respective "aggregate eligible deposits". Based on the above, the bank will recognize expense of Rs. 44.23 million in the second half of year 2018.

7 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on August 29, 2018 by the Board of Directors of the Holding Company.

-Sd-
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BankIslami Pakistan Limited

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

Tel: (92-21) 111-247-111 (111-BIP-111), Fax: (92-21) 35378373

www.bankislami.com.pk