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Corporate Information

Board of Directors

Mr. Ali Hussain	Chairman
Mr. Fawad Anwar	Vice Chairman
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	
Dr. Amjad Waheed	
Mr. Syed Amir Ali	Chief Executive Officer
Mr. Muhamad Nadeem Farooq	
Mr. Noman Yakooob	
Mr. Siraj Ahmed Dadabhoy	

Sharia'h Supervisory Board

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

Audit Committee

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

Risk Management Committee

Mr. Fawad Anwar	Chairman
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Syed Amir Ali	Member

Human Resource Management Committee

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

Board Remuneration Committee

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

IT Committee

Mr. Syed Amir Ali	Chairman
Mr. Noman Yakooob	Member
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali	Member

Executive Committee

Mr. Ali Hussain	Chairman
Mr. Fawad Anwar	Member
Mr. Syed Amir Ali	Member
Mr. Siraj Ahmed Dadabhoy	Member

Company Secretary (Acting)

Mr. Sohail Sikandar

Auditors

EY Ford Rhodes,
Chartered Accountants

Legal Adviser

1- Haidermota & Co.
Barrister at Law

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

Management (in alphabetical order)

Aasim Salim
Ahmad Mobeen
Bilal Fiaz
Bilal Zuberi
Fakhir Ahmad
Farooq Anwar
Kashif Nisar
Mahmood Rashid
Masood Muhammad Khan
Muhammad Asadullah Chaudhry
Saad Ahmed Madani
Sadaruddin Pyar Ali
Sohail Sikandar
Syed Abdul Razzaq
Syed Akhtar Ausaf
Syed Ata Hussain Jaffri
Syed Amir Ali*
Syed Muhammad Aamir Shamim

Head, Distribution Central
Head, Distribution North
Head, Consumer Banking
Head, Distribution South
Head, Human Resources
Head, Operations
Head, Products & Shariah Structuring
Head, Government Relations & Security
Head, Compliance
Head, Service Quality
Head, Corporate Banking
Head, Administration
Chief Financial Officer
Head, Risk Management
Head, Internal Audit
Head, Information System
President & CEO
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:
Friday
Saturday

9:00 am to 7:00 pm
9:00 am to 12:30 pm and 2:30 pm to 7:00 pm
9:00am to 1:00 pm

Website:

www.bankislami.com.pk

* Mr. Syed Amir Ali took charge as President & CEO of the Bank on October 01, 2018 in place of Mr. Hasan A. Bilgrami who will now serve as an advisor to the Bank for a period of three month from October 01, 2018 till December 31, 2018

Directors' Report

Dear Shareholders,

On behalf of the Board, we are pleased to present the financial results of the Bank for the nine months ended September 30, 2018. Following are the key financial highlights of the nine months period:

	September 2018	September 2017	Growth (%)
	-----Rupees in millions-----		
Total Deposits	175,426	164,906	6.38%
Total Assets	206,789	189,704	9.01%
Total Financing and related assets-net	108,762	105,300	3.29%
Total Investments-net	46,490	41,203	12.83%
Shareholder's Equity	12,507	12,102	3.35%
Net Spread Earned	4,203	3,759	11.82%
Profit After Tax	99	106	-6.60%
Basic Earnings per share - Rupees	0.099	0.106	-6.60%
Branch network - Number	330	322	2.48%

Financial Highlights

The Bank maintained its growth in balance sheet, whereby its assets and deposits base increased by 9.0% and 6.4%, respectively, as compared to same period last year. This rise in asset base was mainly generated through improved financing and treasury related activities during the outgoing period. Consumer financing being a major driving force of Bank's lending activity rose by a massive 27.2% from Rs. 18.32 billion in September 2017 to Rs. 23.31 billion in September 2018.

With an increased focus on mobilization of core deposits, other than FI deposits, CASA mix of the Bank enhanced by 9.7% i.e. from Rs. 109.58 billion as at September 2017 to Rs. 120.02 billion as at September 2018. Similarly, total deposits of the Bank grew by 6.38% i.e. from Rs. 164.91 billion as at September 2017 to Rs. 175.43 billion.

On the back of improved Islamic financing off take and influx of funds through added deposits during the period, net spread earned by the Bank increased by 11.8%; however net spread margin stood at the same level of 49%. Nonetheless going forward, Bank's net spread margins are expected to improve as the impact of rising benchmark profit rates will gradually build on the book through re-pricing of existing portfolio and fresh disbursement of Islamic financing on revised rates.

The Bank is also focusing on non-funded income via increase in its trade, alternative distribution, investment banking and general banking volumes. Resultantly, the Bank in the current period witnessed a healthy increase of 25% in fee and commission based income vis-à-vis same period last year. Loss on sale of securities includes loss amounting to Rs. 395.46 million on sale of legacy investment in equity portfolio inherited from defunct KASB Bank, against which impairment was already booked at the time of amalgamation. The reversal of impairment amounting to Rs. 421.37 million was also recorded at the time of sale of this investment. Hence, the net gain recorded on sale of this investment was Rs. 25.91 million.

Controlled growth of 5.1% was also witnessed in administrative expenses of the Bank, despite challenging business environment and increasing rate of inflation. The Bank has kept a close check on administrative expenses and ensuring that any increase in expense shall result in corresponding increase in revenue.

The Bank reported profit after tax of Rs. 99.32 million for the nine months ended September 30, 2018. The profitability of the Bank which has remained under stress, since the amalgamation of defunct KASB Bank, is gradually showing improvement as mentioned in the above financial highlights. *Alhamdulillah*

Litigations

Litigation against the Bank, directly related to merger of Ex KASB Bank with and into BankIslami, comprises of cases at Honorable Sindh High Court, Lahore High Court and Islamabad High Court. The cases at Honorable Sindh High Court were dismissed by the Court; however, the Petitioners filed Appeals before the Honorable Supreme Court. Subsequently in the month of August 2018 these Appeals were also dismissed by the Honorable Supreme Court, *Alhamdulillah*. While, the cases at Lahore and Islamabad High Courts are pending, our lawyers are confident that on the basis of Decision of the Honorable Supreme Court, the subject cases will also be dismissed in Bank's favor.

The Bank, subsequent to amalgamation of defunct KASB Bank Limited, came to know about certain transactions, as identified by SBP including but not limited to fraudulent activities. The Bank, in line with instructions from SBP, took legal course of action in this regard and lodged separate complaints with National Accountability Bureau ('NAB'), which afterwards led to formal inquiries by the NAB.

Achievements:

Investment Banking Department had a very robust quarter, generating fee income of Rs. 40 million, wherein they closed 3 mandates including issuance of Rs. 7.0 billion Islamic Commercial Paper (CP) of K-Electric Ltd (KE), being one of the largest transactions of such kind in the domain. The role of BankIslami's Shariah Department is also commendable for their contribution towards structuring of the aforementioned CP issued by KE based on 'Wakala-tul-Istismar' model.

In Housing Finance, the Bank made disbursements to the tune of Rs. 980 million during the quarter ended September 2018. The BankIslami also successfully entered into partnership with DHA Multan to offer financing solutions to its customers.

Islami Auto Finance participated in a brand activation activity with Toyota at Packages Mall-Lahore. The department also organized a grand carnival display in collaboration with KIA Lucky Motors.

As a marketing activity, the Bank placed digital banners on the renowned website of ESPN Cricinfo during the Asia-Cup event. These banners were strategically placed to capture Cricinfo audience for the purposes of lead generation. The Bank is also in process of launching its marketing campaign to strengthen its brand equity and establish its presence in media to achieve visibility and brand recall amongst masses.

In Digital Banking spectrum, the Bank launched its discounted campaign of SMS alert services for its customers which attracted over hundred thousand customers to subscribe for

SMS alerts.

With a continued focus on training, Bank's Shariah department conducted various training sessions for its employees on concepts of Islamic Banking and products. The department has now established a dedicated help line for its internal customers to address and respond to Shariah related matters and queries.

Acknowledgement

Mr. Syed Amir Ali, who joined BankIslami as Deputy CEO in April 2018, took charge as the President and CEO of the Bank on October 1, 2018, in place of the veteran Mr. Hasan A. Bilgrami who will now serve as an advisor to the Bank for a period of three months from October 1 till December 31, 2018. With this change at the helm of organization, the Bank went through an internal reorganization to streamline its management structure and reporting lines. This reorganization has been carried out to enable the Bank to (i) transform itself as high performance organization in today's dynamic and competitive business environment; (ii) cater the needs of its customers with improved service quality; and (iii) generate healthy returns for its stakeholders.

The Board would like to thank Mr. Hasan Bilgrami for his dedicated contribution to the Bank as founding President & CEO, and wish him well for his new role as advisor to the Bank.

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,

Syed Amir Ali
Chief Executive Officer

Ali Hussain
Chairman of the Board

October 23, 2018

ڈائریکٹرز کی رپورٹ

معزز حاملین حصص:

میں بورڈ کی جانب سے 30 ستمبر، 2018 کو اختتام پذیر ہونے والے نو مہینوں کے مالیاتی نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

ستمبر-18	ستمبر-17	متو (فیصد)
----- روپے بلین میں -----		
175,426	164,906	6.38%
206,789	189,704	9.01%
108,762	105,300	3.29%
46,490	41,203	12.83%
12,507	12,102	3.35%
4,203	3,759	11.82%
99	106	-6.60%
0.099	0.106	-6.60%
330	322	2.48%

مالیاتی کارکردگی کے اہم نکات:

بینک نے اپنی بیلنس شیٹ میں ترقی کو برقرار رکھی جس کے نتیجے میں اثاثوں اور ڈپازٹ میں گزشتہ سال کے اسی عرصے کے مقابلے میں بالترتیب 9% اور 6.4% اضافہ ہوا۔ اثاثوں میں یہ اضافہ جاری عرصے میں بنیادی طور پر تمویل اور ٹریڈری کے شعبے میں بہتر سرگرمیوں کی وجہ سے ہوا ہے۔ صارفین کی فنانس میں بینک کی فنانسنگ سرگرمیوں کو بڑھانے میں اہم کردار ادا ہونے کی حیثیت سے 27.2% کے اضافے سے ستمبر 2017 کے مقابلے میں 18.32 بلین سے بڑھ کر ستمبر 2018 میں 23.31 بلین ہو گیا۔

فائنانشل انسٹی ٹیوشن کے بجائے بنیادی ڈپازٹ پر خصوصی توجہ دینے کی وجہ سے کرنٹ اور سیونگ اکاؤنٹ کا مجموعہ ('CASA') میں 9.7% اضافہ ہوا جو ستمبر 2017ء میں 109.58% تھا بڑھ کر ستمبر 2018ء میں 120.02% ہو گیا ہے۔ اسی طرح بینک کے کل ڈپازٹ میں بھی 6.38% اضافہ ہوا جو ستمبر 2017 میں 164.91 بلین سے بڑھ کر 175.43 بلین ہو گیا۔

اسلامی مالیات کی بہتر صورتحال اور نئے ڈپازٹ کے آنے کی وجہ سے بینک کے صافی پھیلاؤ میں 11.8% اضافہ ہوا البتہ صافی پھیلاؤ کا مارجن پہلے کی سطح 49% رہا۔ مستقبل میں بینک کا صافی پھیلاؤ کا مارجن میں بھی بہتر ہونے کی امید ہے کیونکہ ہدف شدہ نفع کی شرح آہستہ آہستہ بڑھ رہی ہے جس سے ہم موجودہ مجموعوں کی دوبارہ قیمت لگانے کے قابل ہو جائیں گے اور نئی ادائیگیاں نئے نرخوں پر ہوں گی۔

بینک ٹریڈ، متبادل ذرائع ترسیل، سرمایہ کاری، بینکاری، اور عام بینکاری کے حجم کو بڑھا کر اپنے غیر مالیاتی آمدنی میں اضافے کی کوشش بھی کر رہا ہے۔ نیچے بینک کو زیر بحث مدت میں فیس اور کمیشن کی آمدنی میں پچھلے سال اسی عرصے کے مقابلے میں 25% کا اضافہ ہوا ہے۔ سیکورٹیز کی فروخت پر ہونے والا نقصان میں 395.46 ملین کا نقصان کا عدم KASB بینک کے مودرونی سیکورٹیز کی فروخت پر ہونے والا نقصان شامل ہے جس پر احتیاطی رقم انضمام کے وقت ہی الگ کر لیا گیا تھا۔ احتیاطی کی مدد میں 421.37 ملین روپے بھی سیکورٹیز کی فروخت کے وقت ریکارڈ کیا گیا۔ تو اس طرح سیکورٹیز کی فروخت پر 25.91 ملین روپے کا صافی نفع حاصل ہوا۔

باوجود مشکل کاروباری صورتحال اور بڑھتی ہوئی مہنگائی کے 15.1% انتظامی اخراجات میں محتاط اضافہ بھی دیکھا گیا۔ بینک اپنے اخراجات پر گہری نظر رکھے ہوئے ہے کہ ہونے والے خرچ کے مقابلے میں وصولیوں میں ضرور اضافہ ہو۔

بینک 30 ستمبر 2018 کو اختتام پذیر ہونے والی نو ماہی پر 99.32 ملین روپے کا بعد از ٹیکس نفع کا اعلان کرتا ہے۔ جیسا کہ اوپر کی جھلکیوں سے واضح ہے بینک کی نفع اندوزی جو کہ بعد از ٹیکس نفع کے بعد مسلسل دباؤ کا شکار رہی اب آہستہ آہستہ بہتر ہو رہی ہے۔

قانونی چارہ جوئی:

بینک اسلامی کے خلاف ہونے والے مقدمات کا براہ راست تعلق کا بعد از ٹیکس نفع کے بینک اسلامی میں انضمام سے ہے، یہ مقدمات قابل احترام سندھ ہائی کورٹ، لاہور ہائی کورٹ اور اسلام آباد ہائی کورٹ میں ہیں۔ سندھ ہائی کورٹ کے مقدمات خارج کر دیے گئے تھے لیکن فریقین مخالف نے اس کی اپیل پر نیم کورٹ میں دائر کی ہے۔ الحمد للہ لاہور ہائی کورٹ اور اسلام آباد ہائی کورٹ کے مقدمات زیر التواء ہیں۔ ہمارے وکلاء پر اعتماد ہیں کہ سپریم کورٹ کے فیصلے کے بعد جیسے بھی بینک کے حق میں خارج ہو جائیں گے

کا بعد از ٹیکس نفع کے انضمام کے بعد بینک کو کچھ معاملات کا علم ہو جن کا تعلق دھوکہ دہی تک محدود نہیں جیسا کہ اسٹیٹ بینک نے بھی مطلع کیا۔ بینک نے اسٹیٹ بینک کی ہدایات پر اس حوالے سے بھی قانونی چارہ جوئی کی ہے اور الگ شکایت نیٹیشنل اکاؤنٹنٹی (NAB) میں دائر کریں ہیں جن کی نیب باقاعدہ تفتیش کرے گا۔

کامیابیاں:

سرماہ کاری بینکاری کے شعبے نے بہت بہترین سرمایہ گزرتے ہوئے 40 ملین روپے کی فیس آمدنی پیدا کی جس میں انہوں نے تین اہداف حاصل کیے جن میں 7 ملین روپے کے کے الیکٹرک کو مکمل پیچہ جاری کیے جو شاید اس قسم کی سب سے بڑی ٹرانزیکشن ہے۔ بینک اسلامی کے شرعی ڈپارٹمنٹ کا بھی اسے وکالت الاستثمار کی بنیاد پر کی تشکیل میں مرکزی کردار ہے۔

گھروں کے لیے فنانس کی فراہمی کے حوالے سے بینک نے ستمبر 2018 کو اختتام پذیر ہونے والی سرمایہ کے دوران 980 ملین روپے کی فراہمی کی۔ بینک اسلامی کامیابی کے ساتھ ڈی ایچ اے کے ساتھ شراکت داری کا معاہدہ کیا ہے جس کے نتیجے میں بینک اسلامی اس کے سٹرمز کو فنانسنگ فراہم کرے گا۔ اسلامی آؤٹو فنانس ٹیوٹا کے ساتھ پیکیجیز لاہور میں برانڈ ایکویٹیشن کی سرگرمیوں میں شریک رہا۔ KIA کی موٹرز کے تعاون سے ڈپارٹمنٹ نے ایک بڑی نمائش کا بھی انعقاد کیا۔

اپنی مارکیٹنگ سرگرمی کے طور پر ایشیا کپ کے موقع پر بینک اسلامی نے اپنا ڈیجیٹل بیزنس مشہور ویب سائٹ ESPN Cricinfo پر لگا یا۔ یہ بینکرک انفو کے دیکھنے والوں کو متوجہ کرنے کی حکمت عملی کے طور پر لگائے گئے۔ بینک اپنی برانڈ کو مضبوط کرنے اور میڈیا میں اپنی موجودگی کے لیے مارکیٹنگ مہم متعارف کروا رہا ہے جس سے کثیر آبادی تک برانڈ اور اس کی یاد دہانی پہنچ جائے گی۔

ڈیجیٹل بینکنگ کے حوالے سے بینک نے ایس ایم ایس الٹ کی خدمات کی رعایتی مہم شروع کی جس کے نتیجے میں لاکھوں کسٹمرز نے بینک سے ایس ایم ایس الٹ کی خدمات لیں۔

مسلم ملازمین کی ٹریننگ پر توجہ دیتے ہوئے بینک کے شرعی ڈپارٹمنٹ نے بینک کے ملازمین کے لیے بنیادی اسلامی بینکاری کے تصورات اور اسلامی بینکاری کی پروڈکٹس پر مختلف ٹریننگ سیشنز کا انعقاد کروایا۔ ڈپارٹمنٹ نے اپنے اندرونی صارفین کے لیے شریعت مست متعلق مسائل اور سوالات بتانے کے لیے باقاعدہ ہیلپ لائن بھی قائم کی ہے۔

اعتراف:

جناب سید عامر علی جو اپریل 2018 میں ڈپٹی سی ای او کی حیثیت سے بینک اسلامی سے منسلک ہوئے تھے، یکم اکتوبر سے جناب حسن عزیز بلگرامی کی جگہ بحیثیت سی ای او اور صدر چارج سنبھال لیا ہے۔ جناب حسن عزیز بلگرامی یکم اکتوبر سے یکم 31 دسمبر 2018 تین ماہ تک بینک کے مشیر کے طور پر خدمات دیتے رہیں گے اس تبدیلی کے ساتھ ہی بینک اندرونی طور پر تنظیم نو کے مرحلے سے گزر چکا ہے۔ اس تنظیم نو کے نتیجے میں (1) بینک آج کی بدلتی، مقابلے کے ماحول میں بہترین کارکردگی دکھانے کے قابل ہو جائے گا۔ (2) بہتر سروس کوالٹی کے ساتھ کسٹمر کی ضروریات کو پورا کر سکے گا۔ (3) اپنے متعلقہ لوگوں کے لیے اچھا نفع کما سکے گا۔

بورڈ جناب حسن عزیز بلگرامی کے بینک کے لیے خصوصی کردار ادا کرنے پر ان کا شکریہ ادا کرتا ہے اور ان کے لیے بھی بینک کے مشیر کے نئے کردار میں بینک تمنائیں کا اظہار کرتا ہے۔

بورڈ اسٹیٹ بینک آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتا ہے۔ اس کے ساتھ ساتھ سیکورٹی ایکیجینسز کمیشن آف پاکستان اور دیگر انتظامی نگران اداروں کا بھی ان کی معاونت پر شکریہ ادا کرتا ہے۔ ہم اپنے قابل قدر صارفین، کاروباری شراکت دار، اور حصے داران کا ہماری مسلسل حمایت اور ہم پر بھروسے پر انتہائی شکر گزار ہیں۔ اس کے ساتھ ساتھ ہم اپنی انتظامی جماعت، عملے کے افراد کی لگن، وابستگی، اور محنت کو تسلیم کرتے ہیں جس کے نتیجے میں ہی بینک اسلامی 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
چیئر مین، بورڈ

سید عامر علی
افسر اعلیٰ
اکتوبر 23، 2018ء

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

AS AT SEPTEMBER 30, 2018

	Note	(Unaudited) September 30, 2018	(Audited) December 31, 2017
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	11,751,901	11,784,180
Balances with other banks	7	716,954	801,807
Due from financial institutions - net	8	16,855,589	21,371,787
Investments - net	9	46,490,255	42,092,166
Islamic financing, related assets and Advances - net	10	108,766,729	119,155,039
Operating fixed assets	11	8,844,438	9,072,487
Deferred tax assets	12	7,963,373	7,701,906
Other assets - net		5,391,244	4,185,773
		206,780,483	216,165,145
LIABILITIES			
Bills payable		2,565,057	2,988,996
Due to financial institutions	13	10,623,019	15,570,390
Deposits and other accounts	14	175,426,574	179,249,290
Sub-ordinated loans		-	-
Deferred tax liabilities		-	-
Other liabilities		4,772,586	4,680,000
		193,387,236	202,488,676
NET ASSETS		13,393,247	13,676,469
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		1,581,023	1,473,784
		12,507,368	12,400,129
Surplus on revaluation of assets - net of tax	16	885,879	1,276,340
		13,393,247	13,676,469
CONTINGENCIES AND COMMITMENTS	17		

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

-Sd-
CHIEF FINANCIAL
OFFICER-Sd-
PRESIDENT & CEO-Sd-
CHAIRMAN-Sd-
DIRECTOR-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018

	Note	Quarter ended September 30, 2018	Nine months ended September 30, 2018	Quarter ended September 30, 2017	Nine months ended September 30, 2017
Rupees in '000					
Profit / return earned	18	2,945,520	8,579,456	2,600,330	7,657,858
Profit / return expensed		1,473,321	4,376,391	1,303,210	3,899,279
Net spread earned		1,472,199	4,203,065	1,297,120	3,758,579
Reversal of provision against non-performing Islamic financing and related assets and advances - net	10.12.2	(39,239)	(22,038)	(385,523)	(474,899)
(Reversal of provision) / provision for diminution in the value of investments and placements - net	9.5	(77,266)	(451,237)	7,864	105,343
Bad debts written off directly		-	-	-	-
		(116,505)	(473,275)	(377,659)	(369,556)
Net spread after provisions		1,588,704	4,676,340	1,674,779	4,128,135
OTHER INCOME					
Fee, commission and brokerage income		217,463	585,997	148,528	468,722
Dividend Income		10,791	17,409	-	-
Income from dealing in foreign currencies		37,330	135,807	31,396	62,251
(Loss) / gain on sale of securities		(22,585)	(354,088)	17,051	63,583
Unrealized gain / (loss) on revaluation of investments classified as held for trading		320	2,538	(1,926)	(459)
Other income		24,391	67,698	13,393	44,253
Total other income		267,710	455,361	208,442	638,350
		1,856,414	5,131,701	1,883,221	4,766,485
OTHER EXPENSES					
Administrative expenses		1,763,250	4,930,490	1,598,534	4,691,323
Other provisions / (reversals)		-	11,307	-	(131,652)
Other charges		26,764	28,748	-	21,623
Total other expenses		1,790,014	4,970,545	1,598,534	4,581,294
		66,400	161,156	284,687	185,191
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		66,400	161,156	284,687	185,191
Taxation					
- Current		40,413	117,330	35,115	103,708
- Prior year		-	-	-	-
- Deferred		(7,880)	(55,490)	59,788	(25,095)
		32,533	61,840	94,903	78,613
PROFIT AFTER TAXATION		33,867	99,316	189,784	106,578
Rupees					
Basic & diluted earnings per share	19	0.0336	0.0985	0.1883	0.1057

-Sd-
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OFFICER

-Sd-
PRESIDENT & CEO

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Nine months ended September 30, 2018	Quarter ended September 30, 2017	Nine months ended September 30, 2017
	Rupees in '000			
Profit after taxation for the period	33,867	99,316	189,784	106,578
Other Comprehensive Income	-	-	-	-
Comprehensive income transferred to statement of changes in equity	33,867	99,316	189,784	106,578
Components of comprehensive income not reflected in equity				
Deficit on revaluation of available for sale investments	(336,182)	(588,515)	(573,416)	(691,414)
Related deferred tax asset	118,850	205,977	200,683	241,994
	(217,332)	(382,538)	(372,733)	(449,420)
Total comprehensive loss for the period	(183,465)	(283,222)	(182,949)	(342,842)

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

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BankIslami Pakistan Limited

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Note	September 30, 2018	September 30, 2017
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		161,156	185,191
Less: Dividend Income		(17,409)	-
		143,747	185,191
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		506,484	526,039
Depreciation on non banking assets		4,994	4,975
Amortization		48,432	46,616
Depreciation on operating Ijarah assets		891,004	1,049,622
Reversal of provision against non-performing Islamic financing and related assets - net	10.12.2	(22,038)	(474,899)
(Reversal of provision) / provision for diminution in the value of investments and placements - net	9.5	(451,237)	105,343
Other provisions / (reversals)		11,307	(131,652)
Unrealized (gain) / loss on revaluation of investments classified as held for trading		(2,538)	459
Charge for defined benefit plan		57,303	51,834
Gain on sale of property and equipment		(8,277)	(9,119)
		1,035,434	1,169,218
		1,179,181	1,354,409
(Increase) / decrease in operating assets			
Due from financial institutions		4,516,198	13,933,204
Islamic financing and related assets and advances		9,519,344	(28,057,613)
Others assets (excluding defined benefit assets)		(1,427,749)	589,019
		12,607,793	(13,535,390)
Increase / (decrease) in operating liabilities			
Bills payable		(423,939)	(19,629)
Due to financial institutions		(4,947,371)	(590,373)
Deposits and other accounts		(3,822,716)	10,506,614
Other liabilities (excluding current taxation and unrealized loss on forward sale promises)		55,065	(552,485)
		(9,138,961)	9,344,127
		4,648,013	(2,836,854)
Income tax paid		(137,112)	(96,975)
Net cash generated from / (used in) operating activities		4,510,901	(2,933,829)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(4,326,852)	4,287,280
Dividend received		17,409	-
Investments in operating fixed assets		(327,816)	(395,386)
Proceeds from disposal of operating fixed assets		9,226	10,972
Net cash (used in) / generated from investing activities		(4,628,033)	3,902,866
(Decrease) / increase in cash and cash equivalents		(117,132)	969,037
Cash and cash equivalents at the beginning of the period	20	12,585,987	10,061,583
Cash and cash equivalents at the end of the period	20	12,468,855	11,030,620

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

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
PRESIDENT & CEO

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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
Profit after taxation for the nine months ended September 30, 2017 transferred from statement of comprehensive income	-	-	-	-	106,578	106,578
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	10,320	10,320
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	201	201
Balance as at September 30, 2017	10,079,121	(79,042)	363,636	250,000	329,652	10,943,367
Profit after taxation for the period from October 1, 2017 to December 31, 2017	-	-	-	-	1,456,571	1,456,571
Other comprehensive income for the period from October 1, 2017 to December 31, 2017	-	-	-	-	44	44
Total comprehensive income for the period from October 1, 2017 to December 31, 2017	-	-	-	-	1,456,615	1,456,615
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	78	78
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	69	69
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 nine months ended September 30, 2018 transferred from statement of comprehensive income	-	-	-	-	99,316	99,316
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,692	7,692
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	231	231
Balance as at September 30, 2018	10,079,121	(79,042)	676,266	250,000	1,581,023	12,507,368

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

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CHAIRMAN

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DIRECTOR

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DIRECTOR

BankIslami Pakistan Limited

Notes to and Forming Part of Condensed Interim Unconsolidated Financial Information (Un-audited)

FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 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, Running 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 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 SBP and SECP differ with the requirements of IAS-34 or IFAS, the requirements of 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 this condensed interim unconsolidated financial information 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 on 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.

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.

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	3,604,435	3,648,276
- foreign currency	487,492	525,763
	<u>4,091,927</u>	<u>4,174,039</u>
With the State Bank of Pakistan in		
- local currency current account	5,293,480	5,516,757
- foreign currency deposit accounts		
Cash Reserve Account	229,557	188,575
Special Cash Reserve Account	275,889	227,477
US Dollar Clearing Account	27,228	12,120
	<u>532,674</u>	<u>428,172</u>
With National Bank of Pakistan in		
- local currency current account	1,833,820	1,665,212
	<u>11,751,901</u>	<u>11,784,180</u>

	Note	(Unaudited) September 30, 2018	(Audited) December 31, 2017
7	BALANCES WITH OTHER BANKS	----- Rupees in '000 -----	
In Pakistan			
- current accounts		2,416	2,407
- deposit accounts		95	97
		<u>2,511</u>	<u>2,504</u>
Outside Pakistan			
- current accounts		714,443	799,303
		<u>716,954</u>	<u>801,807</u>
8	DUE FROM FINANCIAL INSTITUTIONS		
Wakalah Placement	8.1	2,401,495	1,716,767
Commodity Murabahah - local currency	8.2	14,454,094	19,655,020
		<u>16,855,589</u>	<u>21,371,787</u>
Other placements		32,400	32,400
		<u>16,887,989</u>	<u>21,404,187</u>
Provision against placements		(32,400)	(32,400)
		<u>16,855,589</u>	<u>21,371,787</u>
8.1	This represents foreign currency placements and the profit rates on these agreements range between 0.65% to 2.85% (December 31, 2017: 0.15% to 2.85%) per annum. The agreements have maturities ranging from 1 day to 170 days (December 31, 2017: 92 days to 365 days).		
8.2	The profit rates on the agreements range between 7.65% to 8.50% (December 31, 2017: 5.80% to 6.50%) per annum and the agreements have maturities ranging from 3 days to 13 days (December 31, 2017: 4 days to 90 days).		
		(Unaudited) September 30, 2018	(Audited) December 31, 2017
9	INVESTMENTS	----- Rupees in '000 -----	
Investments - Islamic	9.1	44,668,839	40,223,033
Investments - Conventional (relating to amalgamated entity)*	9.2	1,821,416	1,869,133
		<u>46,490,255</u>	<u>42,092,166</u>

9.1 Islamic Investments by type

Note	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	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	34,101,708	10,000,000	44,101,708	29,393,188	10,000,000	39,393,188
Units of Open-end mutual funds	21	-	21	21	-	21
Ordinary Shares of listed companies	153,050	-	153,050	242,645	-	242,645
	34,254,779	10,000,000	44,254,779	29,635,854	10,000,000	39,635,854
Held for trading securities						
Ordinary Shares of listed companies	479,209	-	479,209	32,156	-	32,156
Subsidiary	191,015	-	191,015	191,015	-	191,015
Total Islamic investments at cost	34,925,003	10,000,000	44,925,003	29,859,025	10,000,000	39,859,025
Provision for diminution in value of investments	(49,206)	-	(49,206)	(49,206)	-	(49,206)
Investments - net of provisions	34,875,797	10,000,000	44,875,797	29,809,819	10,000,000	39,809,819
Deficit on revaluation of held for trading securities	(33,664)	-	(33,664)	(2,007)	-	(2,007)
(Deficit) / surplus on revaluation of available-for-sale securities	(173,294)	-	(173,294)	415,221	-	415,221
Total Islamic investments at market value	34,668,839	10,000,000	44,668,839	30,223,033	10,000,000	40,223,033

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

Note	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	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	478,231	-	478,231	967,706	-	967,706
Ordinary Shares of unlisted companies	1,189,030	-	1,189,030	1,189,030	-	1,189,030
Listed Term Finance Certificates	95,328	-	95,328	104,807	-	104,807
Unlisted Term Finance Certificates	177,822	-	177,822	177,822	-	177,822
	1,940,411	-	1,940,411	2,439,365	-	2,439,365
Held to maturity securities						
Unlisted Term Finance Certificates	321,601	-	321,601	321,601	-	321,601
Associates	1,660,111	-	1,660,111	1,660,111	-	1,660,111
Subsidiaries	2,499,708	-	2,499,708	2,499,708	-	2,499,708
Total conventional investments at cost	6,421,831	-	6,421,831	6,920,785	-	6,920,785
Provision for diminution in the value of investments	(4,600,415)	-	(4,600,415)	(5,051,652)	-	(5,051,652)
Total conventional investments at market value	1,821,416	-	1,821,416	1,869,133	-	1,869,133

9.2.1 This includes Term Finance Certificates amounting to Rs. 594.751 million (December 31, 2017: 604.230 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) September 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
9.3 Islamic Investments by segments		
Federal Government Securities		
GOP Ijarah Sukuks	33,457,839	33,840,536
Sukuk certificates		
Sukuks - Unlisted	10,643,869	5,552,652
Fully paid up ordinary shares / Units		
Ordinary shares of listed companies	632,259	274,801
Units of Open-End mutual funds	21	21
Subsidiary		
BankIslami Modaraba Investments Limited	191,015	191,015
Total Islamic investments at cost	44,925,003	39,859,025
Less: Provision for diminution in value of investments	(49,206)	(49,206)
Total Islamic investments - net of provisions	44,875,797	39,809,819
Deficit on revaluation of held for trading securities (Deficit) / surplus on revaluation of available-for-sale securities	(33,664) (173,294)	(2,007) 415,221
Total Islamic investments at market value	44,668,839	40,223,033
9.4 Conventional Investments by segments		
Fully paid up ordinary shares		
Listed Companies	478,231	967,706
Unlisted Companies	1,189,030	1,189,030
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:		
Listed Companies	95,328	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	6,421,831	6,920,785
Less: Provision for diminution in value of investments	(4,600,415)	(5,051,652)
Total conventional investments at market value	1,821,416	1,869,133

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
9.5 Provision for diminution in value of investment		
Opening balance	5,100,858	4,890,258
Charge/ (reversal)		
Charge for the period / year	3,134	210,885
Reversal for the period / year	(454,371)	(285)
	(451,237)	210,600
Closing Balance	4,649,621	5,100,858

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 availed in respect of sukuks amounting to Rs. 309.050 million 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 September 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.

	Note	(Unaudited) September 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES			
Islamic financing and related assets - net	10.1	108,155,894	118,469,536
Advances (relating to amalgamated entity) - net	10.2	610,835	685,503
		<u>108,766,729</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	8,614,956	13,896,557
- Istisna financing and related assets	10.4 & 10.10	11,393,414	11,285,833
- Diminishing Musharakah - Housing		12,882,814	11,107,742
- Diminishing Musharakah financing and related assets - Auto		7,712,943	5,231,475
- Diminishing Musharakah financing and related assets - Others	10.6	14,789,083	10,789,548
- Against Bills - Murabahah		595,189	79,732
- Post Due Acceptance		68,722	37,241
- Salam	10.5	139,297	166,987
- Muswammah financing and related assets / Karobar financing	10.7	14,680,001	14,546,579
- Financing to employees		2,617,568	2,270,601
- FBP Against Financing		80,913	-
- Qardh e Hasana		535,306	561,956
- Running Musharakah		25,707,613	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		37,128	38,481
- Ijarah financing under IFAS 2 and related assets	10.8	4,336,672	5,629,664
Gross financing and related assets		<u>110,479,438</u>	<u>120,627,495</u>
Less: Provision against non-performing Islamic financing and related assets			
- Specific	10.11 & 10.12	(2,083,106)	(1,934,769)
- General	10.11 & 10.12	(240,438)	(223,190)
Islamic financing and related assets – net of provisions		<u>108,155,894</u>	<u>118,469,536</u>



	Note	(Unaudited) September 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
10.2	ADVANCES-NET		
	Loans, cash credits, running finances, etc. - In Pakistan	8,404,018	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	9,703,907	10,009,159
	Provision against advances		
	- Specific	10.11 & 10.12 (9,291,006)	(9,515,300)
	- General	10.11 & 10.12 (648)	(688)
		(9,291,654)	(9,515,988)
	Advances - net of provision	412,253	493,171
	Fair Value adjustment	10.13 198,582	192,332
	Advances - net of provision and fair value adjustment	610,835	685,503
		(Unaudited) September 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
10.3	Murabahah financing and related assets		
	Murabahah financing	7,531,177	11,442,916
	Advance against Murabahah financing	1,083,779	2,453,641
		8,614,956	13,896,557
10.4	Istisna financing and related assets		
	Istisna financing	7,542,636	5,949,944
	Advance against Istisna financing	3,850,778	5,269,236
	Istisna inventories	-	66,653
		11,393,414	11,285,833
10.5	Salam		
	Salam financing	93,335	67,001
	Advance against Salam	45,962	99,986
		139,297	166,987
10.6	Diminishing Musharakah financing and related assets - Others		
	Diminishing Musharakah financing	14,675,491	10,584,893
	Advance against Diminishing Musharakah financing	113,592	204,655
		14,789,083	10,789,548
10.7	Muswammah financing and related assets / Karobar financing		
	Muswammah financing	11,902,569	9,622,350
	Muswammah inventories	2,777,432	4,924,229
		14,680,001	14,546,579

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
10.8 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	4,306,221	5,427,911
Advance against Ijarah financing	30,451	201,753
	<u>4,336,672</u>	<u>5,629,664</u>
10.9 Murabahah financing and related assets includes financing amounting to Rs. Nil (December 31, 2017: Rs. 827.897 million) and advance amounting to Rs. Nil (December 31, 2017: Rs. 797.250 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 819.875 million (December 31, 2017: Rs. 444.654 million) and advance amounting to Rs. 408.800 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. 16,329.755 million (December 31, 2017: Rs 15,837.045 million) which have been placed under non-performing status as follows:		

Category of Classification	September 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 (OAEI)	325,290	-	325,290	839	-	839	839	-	839
Substandard	3,020,461	-	3,020,461	78,929	-	78,929	78,929	-	78,929
Doubtful	1,365,856	-	1,365,856	519,112	-	519,112	519,112	-	519,112
Loss	11,618,148	-	11,618,148	10,775,232	-	10,775,232	10,775,232	-	10,775,232
	<u>16,329,755</u>	<u>-</u>	<u>16,329,755</u>	<u>11,374,112</u>	<u>-</u>	<u>11,374,112</u>	<u>11,374,112</u>	<u>-</u>	<u>11,374,112</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 (OAEI)	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. 504.527 million and profit before taxation would have been lower by Rs. 504.527 million.

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

	September 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	335,181	17,208	352,389	519,502	30,951	550,453
Reversals	(368,177)	-	(368,177)	(997,966)	-	(997,966)
	(32,996)	17,208	(15,788)	(478,464)	30,951	(447,513)
Amount written off	(42,961)	-	(42,961)	(10,824)	-	(10,824)
Closing balance	11,374,112	241,086	11,615,198	11,450,069	223,878	11,673,947

10.12.1

	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
------(Rupees in '000)-----						
Islamic	2,083,106	240,438	2,323,544	1,934,769	223,190	2,157,959
Conventional	9,291,006	648	9,291,654	9,515,300	688	9,515,988
	11,374,112	241,086	11,615,198	11,450,069	223,878	11,673,947

(Unaudited) (Audited)
September December
30, 2018 31, 2017

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

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

Gross reversals	368,177	997,966
Charge for the period / year	(352,389)	(550,453)
	15,788	447,513
Fair value adjusted - net	6,250	30,175
Net reversals taken to the profit and loss account	22,038	477,688

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

	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
------(Rupees in '000)-----						
In local currency	11,374,112	241,086	11,615,198	11,450,069	223,878	11,673,947
In foreign currency	-	-	-	-	-	-
	11,374,112	241,086	11,615,198	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 Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at September 30, 2018 amounts to Rs. 518.837 million (December 31, 2017: Rs. 432.630 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 337.244 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) September 30, 2018	(Audited) December 31, 2017
	-----Rupees in '000-----	
11 OPERATING FIXED ASSETS		
Capital work-in-progress	28,635	54,437
Property and equipment	5,696,993	5,889,921
Intangible assets	3,118,810	3,128,129
	<u>8,844,438</u>	<u>9,072,487</u>
	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
	-----Rupees in '000-----	
11.1 Additions to operating fixed assets - net		
Furniture and fixture	79,684	122,215
Electrical, office and computer equipment	171,241	233,755
Vehicles	25,637	-
Capital work-in-progress	10,969	34,370
11.2 Additions to intangibles		
Computer software	40,285	5,046
11.3 Disposals of operating fixed assets		
Furniture and fixture	516	2,566
Electrical, office and computer equipment	431	11,975
Vehicles	2	516

12 DEFERRED TAX ASSET

Deferred tax debits arising in respect of:

Note	(Unaudited) September 30, 2018	(Audited) December 31, 2017
-----Rupees in '000-----		
12.1		
Accumulated tax losses	3,640,371	3,548,284
Tax credit against minimum tax	117,330	-
Provision for diminution in the value of investments	422,250	580,183
Provision against non-performing Islamic financing and related assets and advances	4,034,741	4,034,741
Provision for gratuity	21,253	21,253
Impairment of goodwill	9,250	37,001
Ijarah financing and related assets	167,653	108,229
Surplus on revaluation of available for sale securities	60,652	-
Others	531,150	533,770
	9,004,650	8,863,461

Deferred tax credits arising due to:

Fair value adjustments relating to net assets acquired upon amalgamation	(255,247)	(163,641)
Accelerated tax depreciation	(56,962)	(120,636)
Surplus on revaluation of fixed assets	(642,440)	(645,201)
Surplus on revaluation of non-banking assets	(5,025)	(5,149)
Surplus on revaluation of available for sale securities	-	(145,325)
Net investment in finance lease	(81,603)	(81,603)
	(1,041,277)	(1,161,555)
	7,963,373	7,701,906

- 12.1 The Bank has aggregate tax losses of Rs. 10,401.059 million as at September 30, 2018 which includes tax losses of defunct KASB Bank Limited (now amalgamated with and into the Bank). The management has carried out an assessment for estimating the benefit of these losses, the Bank would be able to set off from the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs. 3,757.701 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.

13 DUE TO FINANCIAL INSTITUTIONS

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
----- Rupees in '000 -----		
In Pakistan	10,623,019	15,570,390
Outside Pakistan	-	-
	10,623,019	15,570,390

	Note	(Unaudited) September 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	361,000	3,103,902
Acceptances from State Bank of Pakistan for financial assistance	13.1.2	2,762,019	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	1,500,000	4,300,000
		<u>10,623,019</u>	<u>15,570,390</u>
13.1.1 The acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favour of the State Bank of Pakistan (SBP). A limit of Rs. 5,000 million (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 million extended by the State Bank of Pakistan (SBP). The facility is secured against Government of Pakistan Ijarah Sukuk. The 10 year facility was provided on the basis of Mudarabah to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum).			
13.1.3 The profit rates on this agreement is 5.83% (December 31, 2017: 5.83%) per annum and has maturity in 36 days (December 31, 2017: 309 days).			
13.1.4 The profit rate on this agreement is 7.25% (December 31, 2017: 5.75%) per annum and the agreement has maturity in 1 day (December 31, 2017: 5 days)			
13.1.5 The profit rates on these agreements are 7.25% to 7.35% (December 31, 2017: 5.65% to 5.70%) per annum and has maturity in 1 to 3 days (December 31, 2017: 2 to 18 days).			
		(Unaudited) September 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
14 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		42,193,799	42,404,505
Savings deposits		60,144,683	56,855,719
Current accounts - non-remunerative		59,342,104	58,026,421
Margin accounts - non-remunerative		530,818	592,600
		<u>162,211,404</u>	<u>157,879,245</u>
Financial Institutions			
Remunerative deposits		12,962,408	21,179,802
Non-remunerative deposits		252,762	190,243
		<u>175,426,574</u>	<u>179,249,290</u>
14.1 Particulars of deposits			
In			
- local currency		171,093,314	175,512,235
- foreign currencies		4,333,260	3,737,055
		<u>175,426,574</u>	<u>179,249,290</u>

15 SHARE CAPITAL

15.1 Authorized capital

(Unaudited) September 30, 2018	(Audited) December 31, 2017		(Unaudited) September 30, 2018	(Audited) December 31, 2017
----- Number of Shares -----			----- Rupees in '000 -----	
1,300,000,000	1,300,000,000	Ordinary shares of Rs.10 each	13,000,000	13,000,000

15.2 Issued, subscribed and paid up capital

(Unaudited) September 30, 2018	(Audited) December 31, 2017		(Unaudited) September 30, 2018	(Audited) December 31, 2017
----- Number of Shares -----			----- Rupees in '000 -----	
1,007,912,090	1,007,912,090	Ordinary shares of Rs. 10 each Fully paid in cash	10,079,121	10,079,121

16 SURPLUS ON REVALUATION OF ASSETS

Surplus arising on revaluation of:

Fixed Assets	822,574	830,266
Non Banking Assets	175,947	176,178
Available for sale securities	(112,642)	269,896
	885,879	1,276,340

17 CONTINGENCIES AND COMMITMENTS

17.1 Transaction-related contingent liabilities

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
- Government	2,257,009	704,137
- Others	4,994,135	9,393,558
	7,251,144	10,097,695

17.2 Trade-related contingent liabilities

Import letter of Credit	3,996,968	5,808,063
Acceptances	2,250,442	1,627,253
	6,247,410	7,435,316

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

150,000	150,000
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17.3.1 These are court cases, which represent counter claims filed by the borrowers, for restricting the Bank for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Bank is pleaded as proforma defendant for defending its interest.

17.3.2 Consequent to the amalgamation of defunct KASB Bank Limited with and into BankIslami Pakistan Limited as at May 7, 2015 certain cases have been filed by individuals pertaining to amalgamation, at Sindh High Court, Lahore High Court and Islamabad High Court, in which the Bank has been made a party. The double bench of Honorable Sindh High Court has disposed of the prayers in three Constitutional Petitions, without any negative inference to the Bank, and issued certain directions to SBP which were then complied with. Subsequently, an appeal was filed against the decision of the Honorable Sindh High Court which has also been dismissed by the Honorable Supreme Court. The cases at Honorable Islamabad and Lahore High Courts are pending. The management based on the opinion of its legal counsel is confident that these cases will be dismissed by the Honorable Courts.

17.3.2.1 There are two cases filed against the Bank filed by KASB Corporation Ltd. One case is filed at Sindh High Court and the other is filed at Islamabad High Court. The Corporation claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as a part of the shareholders equity in the financial statements with the permission of SBP. Subsequent to the merger, KASB Corporation Limited and Mr. Nasir Ali Shah Bokhari filed a suit against the Bank in the High Court of Sindh; and also filed Miscellaneous Applications, praying thereby to restrain the Bank from using or transferring the amount of advance; and for 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 Miscellaneous Applications were dismissed by the Honorable High Court of Sindh, however, the main Suit is still pending adjudication. In addition, the Corporation has filed a Writ Petition at Islamabad High Court, which is yet pending hearing. The management based on the opinion of its legal counsel is confident that the main Suit will be dismissed by the Honorable 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) September 30, 2018	(Audited) December 31, 2017
	-----Rupees in '000-----	
17.4	Commitments in respect of contracts	
Purchases	1,476,749	1,269,645
Sales	1,242,306	1,575,981
17.5	Commitments for the acquisition of operating fixed assets	
	184,778	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 where in 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 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.114 million under protest by debiting other receivable account. The Bank has filed an appeal against the said decision with the Commissioner(Inland Revenue Appeals).

17.7.6 In respect of tax year 2016, 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. 3.45 billion. The Bank has filed an appeal against the said decision with the Commissioner (Inland Revenue Appeals)."

17.7.7 In respect of tax year 2017, 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. 536 million.

The Bank has filed an appeal against the said decision with the Commissioner (Inland Revenue Appeals).

17.8	Other commitments	(Unaudited) September 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
	Bills for collection	2,134,333	1,753,408
18	PROFIT / RETURN EARNED	(Unaudited) September 30, 2018	(Unaudited) September 30, 2017
		----- Rupees in '000 -----	
	On financing to customers	5,807,509	4,804,858
	On investments in available for sale securities	1,987,403	1,820,035
	On deposits / placements with financial institutions	712,775	967,454
	Others	71,769	65,511
		8,579,456	7,657,858

19	BASIC AND DILUTED EARNINGS PER SHARE	Note	(Unaudited) Quarter ended September 30, 2018	(Unaudited) Nine months ended September 30, 2018	(Unaudited) Quarter ended September 30, 2017	(Unaudited) Nine months ended September 30, 2017
			----- Rupees in '000 -----			
	Profit after taxation for the period		33,867	99,316	189,784	106,578
			----- Number of shares -----			
	Weighted average number of ordinary shares in issue		1,007,912,090	1,007,912,090	1,007,912,090	1,007,912,090
			----- Rupees -----			
	Earnings per share - basic / diluted	19.1	0.0336	0.0985	0.1883	0.1057

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

	(Unaudited) September 30, 2018	(Unaudited) September 30, 2017
20 CASH AND CASH EQUIVALENTS		
	----- Rupees in '000 -----	
Cash and balances with treasury banks	11,751,901	9,819,762
Balances with other banks	716,954	1,210,858
	<u>12,468,855</u>	<u>11,030,620</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).

September 30, 2018 (Un-audited)				
	Level 1	Level 2	Level 3	Total
Items carried at fair value	----- (Rupees in '000) -----			
<i>Financial Assets and Liabilities</i>				
Available for sale securities				
Ordinary shares - listed	175,312	-	-	175,312
GOP Sukuks	-	33,260,363	-	33,260,363
WAPDA Sukuks	-	89,997	-	89,997
Units of open ended mutual funds	63	-	-	63
Held for trading securities				
Ordinary shares - listed	445,545	-	-	445,545
Commitments in respect of contracts				
Forward purchase of foreign exchange contracts	-	1,486,799	-	1,486,799
Forward sale of foreign exchange contracts	-	1,242,504	-	1,242,504
Future sale of shares	446,041	-	-	446,041
<i>Non-Financial Assets</i>				
Operating fixed assets - Land and building	-	-	3,728,602	3,728,602
Non-banking assets	-	-	1,868,748	1,868,748

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.

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
As at September 30, 2018 (Un-audited)					
-----Rupees in '000-----					
Segment assets (gross)	76,975,001	23,640,352	107,654,063	15,488,490	223,757,906
Segment non - performing financing & advances	-	2,110,423	14,060,566	158,766	16,329,755
Segment provision required	-	1,466,391	10,092,947	55,860	11,615,198
Segment liabilities	10,568,101	102,620,715	74,928,097	5,270,323	193,387,236
For the nine months ended September 30, 2018 (Un-audited)					
Total income	668,186	5,833,665	2,537,434	(4,468)	9,034,817
Total expenses	66,759	4,379,000	2,395,417	2,032,485	8,873,661
Net income / (loss)	601,427	1,454,665	142,017	(2,036,953)	161,156
Segment return on assets (ROA) (%)	1.04%	8.23%	0.18%	-	-
Segment cost of funds (%)	5.85%	3.18%	3.76%	-	-

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
As at September 30, 2017 (Un-audited)					
-----Rupees in '000-----					
Segment assets (gross)	69,385,653	18,971,473	107,752,843	10,973,521	207,083,490
Segment non - performing financing & advances	6,703,193	1,992,099	14,911,543	53,813	23,660,648
Segment provision required	5,050,653	1,425,546	10,845,221	57,594	17,379,014
Segment liabilities	3,544,544	100,037,945	71,811,386	2,208,777	177,602,652
For the nine months ended September 30, 2017 (Un-audited)					
Total income	585,159	4,705,685	2,712,458	292,906	8,296,208
Total expenses	522,876	4,170,173	1,982,893	1,435,075	8,111,017
Net income / (loss)	62,283	535,512	729,565	(1,142,169)	185,191
Segment return on assets (ROA) (%)	0.06%	3.77%	0.99%	-	-
Segment cost of funds (%)	5.43%	3.10%	3.95%	-	-

RELATED PARTY TRANSACTIONS

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

The related parties of the Bank comprise related group companies, principal shareholders, key management personnel, companies where directors of the Bank also hold directorship, directors and their close family members and staff retirement funds.

A number of banking transactions are entered into with related parties in the normal course of business. These include financing and deposit transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

Subsidiaries

Islamic Financing and related assets

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

(Un-audited) September 30, 2018	(Audited) December 31, 2017
----- Rupees '000 -----	

162,777	150,000
-	440,976
(2,279)	(428,199)
160,498	162,777

Deposits

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

247,712	573,309
14,600,369	39,446,895
(14,672,097)	(39,772,492)
175,984	247,712

Receivable on financing	4,628
Payable on deposits	-

1,236
101

(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
----- Rupees '000 -----	

Transactions, income and expenses

Profit earned on financing	13,424
Return on deposit expensed	11,329
Administrative expense	253
Proceeds on disposal of operating fixed assets	-
Gain on sale of operating fixed assets	-
Other income	658

11,111
15,785
9
3,225
3,135
600

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	

(Un-audited) September 30, 2018	(Audited) December 31, 2017
----- Rupees '000 -----	

582,084	722,105
675,000	674,190
(810,119)	(814,211)
446,965	582,084

Deposits

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

25,849	36,199
2,460,406	8,143,322
(2,440,393)	(8,153,672)
45,862	25,849

Payable on deposits	-
Receivable on financing	3,897
Contingencies and Commitments	46,165

54
6,797
128,170

(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
----- Rupees '000 -----	

Transactions, income and expenses

Profit earned on financing	37,428
Return on deposits expensed	2,626
Administrative expense	214
Other Income	8,006

46,739
588
240
152

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	

(Un-audited)	(Audited)
September 30, 2018	December 31, 2017
----- Rupees '000 -----	

211,666	224,215
168,527	31,426
(5,085)	(43,975)
375,108	211,666

Deposits

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

34,474	27,962
412,036	267,450
(360,623)	(260,938)
85,887	34,474

Payable on deposits	117
Receivable on financing	209
Other receivables	-

13
199
830

(Un-audited)	(Un-audited)
Nine months ended	Nine months ended
September 30, 2018	September 30, 2017
----- Rupees '000 -----	

Transactions, income and expenses

Profit earned on financing	5,834
Return on deposits expensed	28
Other income	9
Remuneration	148,860
Proceeds on disposal of operating fixed assets	-
Gain on sale of operating fixed assets	-
Administrative expenses	3,593

6,436
86
-
105,758
5
5
6,324

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	

(Un-audited)	(Audited)
September 30, 2018	December 31, 2017
----- Rupees '000 -----	

1,480,378 *	836,022
812,241	6,780,093
(1,117,618)	(5,735,737)
1,175,001	1,880,378

Deposits

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

852,646 *	770,305
4,525,105	12,843,245
(4,371,640)	(12,711,469)
1,006,111	902,081

Payable on deposits	-
Receivable on financing	10,118
Contingencies and Commitments	230,346

20
11,882
722,177

	(Un-audited) Nine months ended September 30, 2018	(Un-audited) Nine months ended September 30, 2017
	----- Rupees '000 -----	

Transactions, income and expenses

Profit earned on financing	54,422	7,457
Return on deposits expensed	45,517	30,639

Employee benefit plans

Contribution to employees gratuity fund	-	-
Charge for defined benefit plan	57,303	51,834
Contribution to employees provident fund	65,396	65,067

* 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 175.38% (December 31, 2017: 138.99%) and NSFR stood at 194.94% (December 31, 2017: 151.88%) against the SBP's minimum requirement of 90% and 100% respectively.

25 GENERAL

25.1 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.

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

26 DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue on October 23, 2018 by the Board of Directors of the Bank.

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
PRESIDENT & CEO

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited

For The Quarter and Nine Months Ended September 30, 2018

Directors' Report

On behalf of the Board, I am pleased to present the Consolidated Results of the Group for the nine months ended September 30, 2018. Following are the highlights:

	September-18	September-17	Growth (%)
	-----Rupees in 'millions'-----		
Total Deposits	175,251	164,741	6.38%
Total Assets	207,845	190,882	8.89%
Total Financing and related assets-net	108,607	105,139	3.30%
Total Investments-net	46,861	41,549	12.78%
Shareholder's Equity	12,998	12,794	1.59%
Profit After Tax	161	216	-25.46%
Branches network-Number	330	322	2.48%

The Group posted mixed results for the outgoing period. With the increase of 3.3% and 6.4% in Islamic financing and deposit portfolio, respectively, the banking segment registered some growth during the period under review. Profitability of the banking segment, which has remained under stress since its amalgamation with a defunct bank, has also started to show signs of improvement and it is expected to further improve once the impact of revised benchmark rates will start to build up on its books. Nonetheless, overall profitability of the Group declined vis-à-vis last year. This was mainly attributable to losses from Group's brokerage segment on account of lower business volumes ensuing from lackluster performance at the Pakistan Stock Exchange over past few months. With challenging macroeconomic environment, rising interest rates and weakening of domestic currency, the indices at the apex capital market have remained under continuous pressure during the post-election era. Stability in exchange rates, foreign currency reserves, trade balances and monetary indicators will remain a key factor for improvement in country's equity market, which in turn will also generate stable business volumes for Group's brokerage business.

We would like to place on record our 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,

Syed Amir Ali
Chief Executive Officer

Ali Hussain
Chairman Board of Directors

October 23, 2018

ڈائریکٹرز کی جامع رپورٹ

میں بورڈ کی جانب سے گروپ کے 30 ستمبر، 2018 کو اختتام پذیر ہونے والے نو مہینوں کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمبر (فیصد)	ستمبر-17	ستمبر-18	
----- روپے بلین میں -----			
6.38%	164,741	175,251	کل ڈپازٹ
8.89%	190,882	207,845	کل اثاثے
3.30%	105,139	108,607	کل تمویل اور متعلقہ اثاثے - صافی
12.78%	41,549	46,861	کل سرمایہ کاری - صافی
1.59%	12,794	12,998	حصہ داران کی سرمایہ کاری
-25.46%	216	161	بعد از ٹیکس نفع
2.48%	322	330	شانیں - تعداد

گروپ کی گزشتہ مدت کی کارکردگی ملی جلی رہی۔ تمویل اور ڈپازٹ میں بالترتیب 3.3% اور 6.4% اضافہ ہوا، اس مدت میں بینکنگ سیکٹ میں ترقی نظر آئی۔ بینکنگ سیکٹ کا منافع، جو کہ غیر فعال بینک کے انضمام کی وجہ سے دباؤ کا شکار تھا، اس میں بہتری کے آٹا نظر آنا شروع ہوئے ہیں اور امید ہے کہ ہدف شدہ شرح اثرات دکھانا شروع کرے گی۔ اگرچہ گروپ کا مجموعی منافع گزشتہ سال کے مقابلے میں کم ہوا ہے۔ گروپ کے بروکریج سیکٹ کے نقصانات کی بنیادی وجہ گزشتہ چند مہینوں میں پاکستان اسٹاک ایکسچینج کی مایوس کن کارکردگی ہے۔ بگڑتے ہوئے کھلی معاشی حالات، بڑھتے ہوئے شرح سود، روپے کی گرتی ہوئی قدر اور اسٹاک مارکیٹ انڈکس انتخابات کے دور کے بعد مسلسل دباؤ میں رہے۔ مستحکم شرح مبادلہ، زرمبادلہ کے ذخائر، تجارتی توازن اور مالیاتی اشارے میں استحکام ملک کے ایکویٹی مارکیٹ میں بہتری کے لئے اہم عنصر رہے گا جس کے نتیجے میں گروپ کے بروکریج کے کاروبار کے لئے مستحکم کاروباری حجم پیدا ہوگا۔

ہم اسٹیٹ بینک اور سیکورٹی ایکسچینج کمیشن آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتے ہیں۔ ہم اپنے گروپ کے ملازمین کی گروپ کی کارکردگی میں اپنی وابستگی اور محنت کے ذریعے حصہ ڈالنے پر شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

علی حسین

چیرمین، بورڈ آف ڈائریکٹر

سید عامر علی

افسر اعلیٰ

23 اکتوبر 2018

BankIslami Pakistan Limited Condensed Interim Consolidated Statement of Financial Position

AS AT SEPTEMBER 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	11,752,069	11,784,180
Balances with other banks	1,107,764	1,149,355
Due from financial institutions - net	16,855,589	21,371,787
Investments - net	46,861,140	42,363,753
Islamic financing, related assets and Advances - net	108,606,909	119,006,779
Operating fixed assets	8,932,807	9,148,064
Deferred tax assets	7,906,013	7,613,022
Other assets - net	5,823,036	4,796,975
	207,845,327	217,233,915
LIABILITIES		
Bills payable	2,565,057	2,988,996
Due to financial institutions	10,612,521	15,570,390
Deposits and other accounts	175,250,589	179,001,578
Sub-ordinated loans	-	-
Deferred tax liabilities	-	-
Other liabilities	5,359,294	5,445,715
	193,787,461	203,006,679
NET ASSETS	14,057,866	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	2,071,797	1,893,736
Total equity attributable to equity holders of the Bank	12,998,142	12,820,081
Non-controlling interest	195,951	205,242
	13,194,093	13,025,323
Surplus on revaluation of assets - net of tax	863,773	1,201,913
	14,057,866	14,227,236

The annexed notes 1 to 6 form an integral part of this condensed interim consolidated financial information.

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
PRESIDENT & CEO

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CHAIRMAN

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DIRECTOR

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DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Profit and Loss Account (Un-audited)

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Nine months ended September 30, 2018	Quarter ended September 30, 2017	Nine months ended September 30, 2017
	Rupees in '000			
Profit / return earned	2,938,400	8,574,894	2,594,563	7,644,995
Profit / return expensed	1,464,471	4,358,760	1,304,568	3,883,495
Net spread earned	1,473,929	4,216,134	1,289,995	3,761,500
Provision / (reversal) against non-performing Islamic financing and related assets and advances - net	(5,894)	11,307	(385,523)	(474,899)
(Reversal of provision) / provision for diminution in the value of investments and placements - net	(77,266)	(451,236)	7,864	105,343
Bad debts written off directly	-	-	-	-
	(83,160)	(439,929)	(377,659)	(369,556)
Net spread after provisions	1,557,089	4,656,063	1,667,654	4,131,056
OTHER INCOME				
Fee, commission and brokerage income	217,463	585,997	149,858	471,296
Dividend Income	11,962	18,580	656	1,045
Income from dealing in foreign currencies	37,330	135,808	31,396	62,251
(Loss) / gain on sale of securities	(22,585)	(354,088)	17,051	63,583
Unrealised gain / (loss) on revaluation of investments classified as 'held for trading'	320	2,538	(2,381)	(1,327)
Other income	24,391	67,698	12,793	43,653
Total other income	268,881	456,533	209,373	640,501
	1,825,970	5,112,596	1,877,027	4,771,557
OTHER EXPENSES				
Administrative expenses	1,767,294	4,941,904	1,601,926	4,701,457
Other reversals - net	(33,345)	(22,038)	-	(131,652)
Other charges	26,764	28,748	-	21,623
Total other expenses	1,760,713	4,948,614	1,601,926	4,591,428
	65,257	163,982	275,101	180,129
(Loss) / profit for the period from BIPL Securities Limited - net of tax	(29,825)	(51,867)	(4,175)	69,518
Share of profit from associate	-	110,555	-	44,993
PROFIT BEFORE TAXATION	35,432	222,670	270,926	294,640
Taxation				
- Current	40,413	117,349	35,115	103,828
- Prior years	(7,880)	(55,526)	59,788	74
- Deferred	32,533	61,823	94,903	(25,141)
				78,761
PROFIT AFTER TAXATION	2,899	160,847	176,023	215,879
ATTRIBUTABLE TO:				
Equity shareholders of the Bank	7,123	170,138	176,990	199,998
Non-controlling interest	(4,224)	(9,291)	(967)	15,881
	2,899	160,847	176,023	215,879
	Rupees			
Basic & diluted earnings per share	0.0071	0.1688	0.1756	0.1984

The annexed notes 1 to 6 form an integral part of this condensed interim consolidated financial information.

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BankIslami Pakistan Limited

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Nine months ended September 30, 2018	Quarter ended September 30, 2017	Nine months ended September 30, 2017
	Rupees in '000 -----			
Profit after taxation for the period attributable to:				
Equity shareholders of the Bank	7,123	170,138	176,990	199,998
Non-controlling interest	(4,224)	(9,291)	(967)	15,881
	<u>2,899</u>	<u>160,847</u>	<u>176,023</u>	<u>215,879</u>
Other Comprehensive Income	-	-	-	-
Items that may not be reclassified to profit and loss account in subsequent periods				
Remeasurement of defined benefit plan	-	-	-	52
Tax on remeasurement of defined benefit plan	-	-	-	(16)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>
Comprehensive income transferred to statement of changes in equity	<u>2,899</u>	<u>160,847</u>	<u>176,023</u>	<u>215,915</u>
Components of comprehensive income not reflected in equity				
Deficit on revaluation of available for sale investments - net of tax				
Equity shareholders of the Bank	(210,649)	(343,827)	(374,285)	(479,870)
Non-controlling interest	2,708	13,611	(285)	(8,127)
	<u>(207,941)</u>	<u>(330,216)</u>	<u>(374,570)</u>	<u>(487,997)</u>
Total comprehensive loss for the period	<u><u>(205,042)</u></u>	<u><u>(169,369)</u></u>	<u><u>(198,547)</u></u>	<u><u>(272,082)</u></u>

The annexed notes 1 to 6 form an integral part of this condensed interim consolidated financial information.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	222,670	294,640
Less: Dividend Income	(18,580)	(1,045)
Less: Share of profit from associates	(110,555)	(44,993)
	93,535	248,602
Adjustments for non-cash charges and other items:		
Depreciation on owned assets	506,205	525,734
Depreciation on non banking assets	4,994	4,975
Amortisation	48,432	46,616
Depreciation on operating Ijarah assets	1,383,698	1,049,622
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	11,307	(474,899)
(Reversal of provision) / provision for diminution in the value of investments and placements - net	(451,236)	105,343
Other reversals - net	(22,038)	(131,652)
Unrealised (gain) / loss on revaluation of investments classified as held for trading	(2,538)	1,327
Charge for defined benefit plan	57,303	52,207
Gain on sale of property and equipment	(8,277)	(9,119)
	1,527,850	1,170,154
	1,621,385	1,418,756
(Increase) / decrease in operating assets		
Due from financial institutions	4,516,198	13,933,204
Islamic financing and related assets	9,004,865	(28,046,691)
Others assets (excluding defined benefit assets)	(1,246,482)	1,002,747
	12,274,581	(13,110,740)
Increase / (decrease) in operating liabilities		
Bills payable	(423,939)	(19,629)
Due to financial institutions	(4,957,869)	(602,138)
Deposits and other accounts	(3,750,989)	10,914,690
Other liabilities (excluding current taxation and unrealised loss on forward sale promises)	(87,422)	(958,741)
	(9,220,219)	9,334,182
	4,675,747	(2,357,802)
Income tax paid	(173,651)	(142,026)
Net cash generated from / (used in) operating activities	4,502,096	(2,499,828)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(4,263,275)	4,273,012
Dividend received	18,580	1,045
Investments in operating fixed assets	(342,201)	(397,557)
Proceeds from disposal of operating fixed assets	11,098	10,972
Net cash (used in) / generated from investing activities	(4,575,798)	3,887,472
(Decrease) / Increase in cash and cash equivalents	(73,702)	1,387,644
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	12,859,833	11,633,244

The annexed notes 1 to 6 form an integral part of this condensed interim consolidated financial information.

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BankIslami Pakistan Limited

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months period ended September 30, 2017	-	-	-	-	199,998	199,998	15,881	215,879
Other comprehensive income for the nine months period ended September 30, 2017	-	-	-	-	36	36	-	36
Total comprehensive income for the nine months period ended June 30, 2017	-	-	-	-	200,034	200,034	15,881	215,915
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	10,320	10,320	-	10,320
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	201	201	-	201
Balance as at September 30, 2017	10,079,121	(79,042)	363,636	250,000	729,497	11,343,212	208,231	11,551,443
Profit after taxation for the period from September 1, 2017 to December 31, 2017	-	-	-	-	1,476,678	1,476,678	(2,989)	1,473,689
Other comprehensive income for the period from September 1, 2017 to December 31, 2017	-	-	-	-	44	44	-	44
Total comprehensive income for the period from September 1, 2017 to December 31, 2017	-	-	-	-	1,476,722	1,476,722	(2,989)	1,473,733
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	78	78	-	78
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	69	69	-	69
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 nine months period year ended September 30, 2018 transferred from statement of comprehensive income	-	-	-	-	170,138	170,138	(9,291)	160,847
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,692	7,692	-	7,692
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	231	231	-	231
Balance as at September 30, 2018	10,079,121	(79,042)	676,266	250,000	2,071,797	12,998,142	195,951	13,194,093

The annexed notes 1 to 6 form an integral part of this condensed interim consolidated financial information.

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BankIslami Pakistan Limited

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 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 quarter ended September 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, Running 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 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 SBP and SECP differ with the requirements of IAS-34 or IFAS, the requirements of 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 in this condensed interim consolidated financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 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 on 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 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on October 23, 2018 by the Board of Directors of the Holding Company.

-Sd-
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-Sd-
DIRECTOR

-Sd-
DIRECTOR



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