

# BankIslami Pakistan Limited



## CONNECTING Tomorrow Now!



QUARTER | MARCH  
REPORT | 2019

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## Corporate Information

### Board of Directors

Mr. Ali Hussain  
Mr. Fawad Anwar  
Mr. Syed Amir Ali  
Mr. Ali Mohamad Hussain  
Ali Mohamad Alshamali  
Dr. Amjad Waheed  
Mr. Muhammad Nadeem Farooq  
Mr. Noman Yakoob  
Mr. Siraj Ahmed Dadabhoy

Chairman  
Vice Chairman  
President & Chief Executive Officer

### Audit Committee

Dr. Amjad Waheed  
Mr. Ali Mohamad Hussain  
Ali Mohamad Alshamali  
Mr. Muhammad Nadeem Farooq  
Mr. Noman Yakoob

Chairman  
Member  
Member  
Member

### Risk Management Committee

Mr. Fawad Anwar  
Mr. Muhammad Nadeem Farooq  
Mr. Siraj Ahmed Dadabhoy  
Mr. Syed Amir Ali

Chairman  
Member  
Member  
Member

### Human Resource Management Committee

Mr. Ali Mohamad Hussain  
Ali Mohamad Alshamali  
Mr. Fawad Anwar  
Mr. Muhammad Nadeem Farooq  
Mr. Siraj Ahmed Dadabhoy  
Mr. Syed Amir Ali

Chairman  
Member  
Member  
Member  
Member

### Board Remuneration Committee

Mr. Ali Mohamad Hussain Ali Mohamad Alshamali  
Mr. Fawad Anwar  
Mr. Muhammad Nadeem Farooq  
Mr. Siraj Ahmed Dadabhoy

Chairman  
Member  
Member  
Member

### IT Committee

Mr. Muhammad Nadeem Farooq  
Mr. Ali Mohamad Hussain Ali Mohamad Alshamali  
Mr. Noman Yakoob  
Mr. Syed Amir Ali

Chairman  
Member  
Member  
Member

### Executive Committee

Mr. Ali Hussain  
Mr. Fawad Anwar  
Mr. Muhammad Nadeem Farooq  
Mr. Siraj Ahmed Dadabhoy  
Mr. Syed Amir Ali

Chairman  
Member  
Member  
Member  
Member

### Sharia'h Supervisory Board

Mufti Irshad Ahmad Aijaz  
Mufti Javed Ahmed  
Mufti Muhammad Husain

Chairman  
Member  
Member

#### Company Secretary

Mr. Muhammad Shoaib

#### 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  
Bilal Fiaz  
Bilal Zuberi  
Farooq Anwer  
Kashif Nisar  
Mahmood Rashid  
Masood Muhammad Khan  
Muhammad Asadullah Chaudhary  
Muhammad Shoaib  
Muhammad Uzair Sipra  
Rizwan Ata  
Rizwan Qamar Lari  
Saad Ahmed Madani  
Sohail Sikandar  
Syed Aamir Shamim  
Syed Abdul Razzaq  
Syed Amir Ali  
Tariq Ali Khan

Head, Distribution Central  
Head, Consumer Banking  
Head, Distribution South  
Head, Operations  
Head, Product & Shariah Structuring  
Head, Government Relations & Security  
Head, Compliance  
Head, Human Resources  
Company Secretary  
Head, Legal  
Country Head of Distribution  
Head, Internal Audit  
Head, Corporate Banking  
Chief Financial Officer  
Head, Treasury & Financial Institutions  
Head, Risk Management  
President & CEO  
Head, Distribution North

#### 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 of Share Registrar

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

#### Website:

www.bankislami.com.pk

## Directors' Report

Dear Shareholders,

On behalf of the Board, we are pleased to present the financial results of BankIslami Pakistan Limited ('BankIslami' or 'the Bank') for the three months ended March 31, 2019. Following are the key financial highlights of the three months period:

Particulars	Mar-19	Mar-18	Growth (%)
-----Rupees in millions-----			
Total Deposits *	191,429	173,056	10.6%
Total Assets *	226,984	208,530	8.8%
Total Financing and related assets-net	115,280	121,712	-5.3%
Total Investments-net	57,687	44,558	29.5%
Net Assets	14,765	13,462	9.7%
Net Spread Earned *	2,402	1,356	77.1%
Operating Profits	867	83	9.4 times
Profit After Tax	251	39	5.4 times
Basic Earnings per share (Rupees)	0.249	0.039	5.4 times
Branches network (number)	330	330	-

\* comparative figures have been restated due to reclassification or change in reporting format.

### Financial Performance

The balance sheet of the Bank has increased with a view to improve its revenue generation capacity. Accordingly, the deposit base grew by 10.6% as compared to same period last year. In tandem with increase in sources of funds, the Bank's asset base also grew by 8.8% which was largely driven by investments in Shari'ah compliant Government Securities. The Bank enhanced its exposure towards high yielding gilt edged avenues by participating in (i) the recently issued Pakistan Energy Sukuk and (ii) Bai Muajjal with Government of Pakistan. The reduction in Financing portfolio represent adjustment of deals in Government Commodity Operations during the period under review. However, the Bank's flagship business line of Consumer Financing grew by 17.3% as at March 2019 in comparison to March, 2018.

On the back of meticulous credit monitoring and constant follow-ups with non-performing clients, the Bank's overall infection ratio declined to 10.0% at the end of 1Q19 as compared to 12.2% at the end of 1Q18. Due to reduction in non-performing financing and booking of accelerated provisions against certain delinquent financing, BankIslami's coverage ratio increased to 88.3% at the end of March 2019 as against the coverage ratio of 70.1% in March 2018.

Owing to increase in benchmark rates and increase in earning asset base, net spread earned during the quarter increased by 77.1%; with net spread margin also improving to the level of 51.8% in current period as compared to 47.4% in the same quarter last year. Going forward, we are expecting a stress on profit margin on account of pressures mounting on cost of deposits ensuing from monetary tightening.

Bank's non-funded income declined by Rs. 49.5 million mainly due to one-off capital gains booked during the same period last year. Beside this, fee based income of the Bank has

otherwise improved by 6.2% due to increased revenue from trade business, investment banking desk and bancatakaful sales.

On account of inflationary pressures and increase in insurance related expense on account of introduction of deposit protection scheme by SBP, overall operating expenses increased by 10.8% during 1Q19 as compared to same quarter last year.

The Bank reported profit after tax of Rs. 251 million for the three months ended March 31, 2019 which is over 5 times of its last year's profit after tax of Rs. 39 million, Alhamdulillah. The operating profit before provision during the period under review has increased from Rs. 82.9 million, during same period last year, to Rs. 866.9 million i.e. 10 times higher. As a matter of prudence, the Bank booked accelerated provisioning against non-performing portfolio and closed profit before tax at Rs. 408.2 million as compared to Rs.59.8 million during same period last year.

### Achievements and New Initiatives

The Bank successfully launched the marketing campaign of its biometric banking service under the new brand of 'One Touch Banking' with enhanced features for its customers. This facility now offers unique features which enables Bank's customers to perform banking transactions (such as payorders, cash withdrawals, IBFTs, utility bills, etc.), without cheque and debit card, only through customers' Thumb impression. The marketing campaign was well promoted through electronic, print and digital platforms with Mr. Moin Khan (former captain of Pakistan Cricket Team) representing the Bank as its Brand Ambassador. During the quarter, the Bank made subtle change in its logo to make it simpler.

Investment Banking department in coordination with Shariah and Treasury teams acted as Joint Lead Arranger for issuance of Government guaranteed and SLR eligible Pakistan Investment Sukuk.

On the Consumer business side BankIslami signed MOU with Pakistan Mortgage Refinance Company (PMRC). The purpose of this MOU is that PMRC will provide Rs. 1 billion worth of financing for low and middle income segment. BankIslami is the first Islamic bank to avail the financing from PMRC which is based on Islamic mode of finance. To create USP for its Auto Finance business, the Bank successfully implemented mechanism for end to end process of an auto finance case within a turnaround time of 24 hours. The Auto finance team also performed brand activations activity in collaboration with brands like Honda and Toyota at various branches of BankIslami.

BankIslami, being cognizant of its social responsibility, is now operating half of its branch network on hybrid energy model with installed capacity of 542KW of solar energy, generating nearly 800 megawatt hours of energy per year. This project has been initiated in line with measures taken by WWF to help organizations in the region to understand the environmental challenges and learn ways to be instrumental in improving the environment. BankIslami's distribution team conducted various bank-wide Customer Appreciation Days in collaboration with its consumer teams. This has not only allowed the Bank's senior team to liaison directly with its customers but also allowed the opportunities to bank's front office teams to attain maximum mileage on the cross sell front.

Keeping in view the demand and need of its retail customers, the Bank launched a new 3 Year Term Deposit product offering market competitive profit rates, which has received an

overwhelming response from the market since its launch in this quarter.

To enhance its remittance offerings and customer base, the Bank partnered with three major global exchange companies, namely IME, Express Money and Instant Cash. With Moneygram and RIA already on board, BankIslami is now working with five out of six top exchange companies of the world, Alhamdulillah.

During the quarter, the Bank's Shariah Department, in addition to training new recruits, also provided enhanced trainings to Bank's existing staff. In this regard, trainings were conducted by Shariah Compliance and Product Development Team in Islamabad, Lahore, Multan and Karachi in which refresher course for more than 100 employees including Branch Managers and Area Managers were conducted. Islamic Banking Trainings were also conducted for more than 250 new employees in the first quarter. BankIslami also entered into MOU with COMSATS University (CUI) to jointly work for awareness and research initiatives for Islamic Banking and Finance.

The Bank conducted its Annual Business Conference 2019 in Karachi where all the core business staff of BankIslami was gathered with an aim to keep abreast with the Bank's strategy for the year 2019. The conference also allowed an opportunity for the management to review and evaluate the performance of its distribution areas and business segments.

### Litigations

There is no material change in the status of legal cases as stated in the Directors' Report to the annual financial statement of the Bank for the year ended December 31, 2018.

### Acknowledgment

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

-Sd-

Syed Amir Ali  
President and Chief Executive Officer  
April 24, 2019

-Sd-

Ali Hussain  
Chairman of the Board of Directors

100 سے زائد ملازمین بشمول برانچ منیجرز اور ایئر لائنیز کیلئے ری فریشر کورس پیش کیا گیا۔ پہلی سہ ماہی میں 250 سے زائد نئے ملازمین کیلئے اسلامک بینکنگ ٹریننگز کا بھی انعقاد ہوا۔ بینک اسلامی نے کامیٹس یونیورسٹی (سی یو آئی) کے ساتھ اسلامک بینکنگ اینڈ فنانس سے آگاہی اور تحقیقی اقدامات کے لئے مشترکہ کام کرنے کیلئے مفاہمت کی یادداشت پر دستخط بھی کئے۔

بینک نے کراچی میں اپنی سالانہ برنس کانفرنس 2019ء کا بھی انعقاد کیا جہاں بینک اسلامی کا تمام اہم کاروباری اسٹاف بینک کی سال 2019ء کیلئے حکمت عملی کے ساتھ آگاہ رہنے کے مقصد کے ساتھ موجود تھا۔ کانفرنس نے انتظامیہ کو اپنے ڈسٹری بیوشن ایریاز اور کاروباری طبقات کی کارکردگی کا تخمینہ لگانے اور جائزہ لینے کا موقع بھی فراہم کیا۔

## مقدمہ بازی (Litigations)

قانونی مقدمات کے اسٹیس میں کوئی خاص تبدیلی نہیں ہے جیسا کہ 31 دسمبر 2018ء کو ختم ہونے والے سال کے لئے بینک کے سالانہ مالی بیان کے لئے ڈائریکٹرز رپورٹ میں کہا گیا ہے۔

## اعتراف

بورڈ اسٹیٹ بینک آف پاکستان کا معاونت اور رہنمائی کی فراہمی کو سراہتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کی جانب سے تعاون پر بھی شکریہ ادا کرنا چاہتا ہے۔ ہم اپنے معزز صارفین، کاروباری شراکت داروں اور شیئرز ہولڈرز کے مسلسل اعتماد کیلئے بھی شکریہ ادا کرنا چاہتے ہیں۔ اس کے علاوہ ہم اپنی انتظامی ٹیم اور ملازمین کی جانب سے سخت محنت اور عزم کا بھی اعتراف کرتے ہیں جس کے باعث بینک اسلامی بالعموم بینکنگ انڈسٹری بالخصوص اسلامک بینکنگ انڈسٹری میں قابل احترام حیثیت حاصل کرنے کے قابل ہوا۔

الحمد للہ

بورڈ کی جانب سے

-Sd-

علی حسین

چیئر مین بورڈ

سید عامر علی

صدر/ چیف ایگزیکٹو آفیسر

24 اپریل 2019ء



نشان“ کے ذریعے پے آرڈرز، نقد رقم کا حصول، آئی بی ایف ٹی، یوٹیٹی بلز وغیرہ جیسی بینکنگ لین دین کرنے کے قابل ہوئے ہیں۔ مارکیٹنگ مہم کو پاکستان کرکٹ ٹیم کے سابق کپتان معین خان کے ذریعے الیکٹرانک، پرنٹ اور ڈیجیٹل پلیٹ فارمز پر کامیابی سے فروغ دیا گیا جو بینک کے برانڈ امبیڈر کے طور پر بینک کی نمائندگی کر رہے ہیں۔ سہ ماہی کے دوران بینک نے اپنے لوگو (Logo) کو آسان بنانے کے لئے اس میں تبدیلی کی۔

شریعہ اور ریٹری ٹیموں کے تعاون سے انوسٹمنٹ بینکنگ ڈیپارٹمنٹ نے حکومتی کارنی اور ایس ایل آر اہلیت کے حامل پاکستان ازہجی سکوک کے اجراء کیلئے جوائنٹ لیڈ انریجر کے طور پر کام کیا۔

صارفین کے کاروبار کی جانب بینک اسلامی نے پاکستان مورگج ری فنانس کمپنی (پی ایم آر سی) کے ساتھ مفاہمت کی یادداشت پر دستخط کئے۔ مفاہمت کی یادداشت کا مقصد یہ ہے کہ PMRC نچلے اور درمیانے درجے کے طبقہ کیلئے ایک ارب روپے کی فنانسنگ فراہم کرے گی۔ بینک اسلامی PMRC سے فنانسنگ حاصل کرنے والا پہلا اسلامی بینک ہے جو اسلامی طریقہ پر فنانس کرے گا۔ اپنے آٹو فنانس کاروبار کیلئے یو ایس پی تشکیل دینے کے لئے بینک نے 24 گھنٹے کے اندر آٹو فنانس کے کیس کو پروسس کیلئے میکیزم کا کامیابی سے نفاذ کیا ہے۔ آٹو فنانس ٹیم بینک اسلامی کی متعدد برانچوں میں ہنڈ اور ٹوٹوٹا جیسے برانڈز کے تعاون سے برانڈ کی فعالیت کی سرگرمیاں بھی انجام دے رہی ہیں۔

بینک اسلامی اپنی سماجی ذمہ داریوں کا ادراک کرتے ہوئے اپنی نصف برانچیں ہائی برڈ توانائی کے ماڈل پر چلا رہا ہے، جس کے ذریعے 542 کلو واٹ سولر انرجی حاصل کرنے کی صلاحیت موجود ہے۔ اس طرح سالانہ تقریباً 800 میگا واٹ بجلی حاصل کی جا رہی ہے۔ یہ منصوبہ WWF کی جانب سے خطے کے اداروں کی مدد کرنے کیلئے کئے گئے اقدامات کے تناظر میں شروع کیا گیا ہے جس کا مقصد ماحولیاتی چیلنجوں کا ادراک کرتے ہوئے ماحول کی بہتری کیلئے راہ ہموار کرنا ہے۔ بینک اسلامی کی ڈسٹری بیوشن ٹیم نے اپنی کزیومر ٹیموں کے اشتراک سے مختلف بینکوں میں Customer Appreciation Day کا انعقاد کیا۔ اس سے نہ صرف بینکوں کی سینئر ٹیموں کو براہ راست اپنے صارفین کے ساتھ رابطہ کرنے کا موقع ملا بلکہ بینک کی فرنٹ آفس ٹیموں کو بھی صارفین تک زیادہ رسائی میسر آئی۔

اپنے ریٹیل صارفین کی ضروریات اور طلب کو پیش نظر رکھتے ہوئے بینک نے ایک نئی تین سالہ ڈراماٹک پروڈکٹ کا آغاز کیا جو مارکیٹ کے مسابقتی منافع کی شرح پیش کرتی ہے۔ اس سہ ماہی میں اس کے آغاز کے ساتھ مارکیٹ کی جانب سے اس کا پرجوش رد عمل سامنے آیا۔

اپنی ترسیلات کی پیشکش اور کسٹمرز کو بڑھانے کے لئے بینک نے تین بڑی عالمی ایکیجینسز کمپنیوں کے ساتھ شراکت داری کی جن میں IME، ایکسپریس منی اور انسٹنٹ کیش شامل ہیں۔ مئی گرام اور RIA کے ساتھ پہلے ہی شراکت داری موجود ہے، الحمد للہ! بینک اسلامی اب 6 ممتاز ایکیجینسز کمپنیوں میں سے 5 کے ساتھ کام کر رہا ہے۔

سہ ماہی کے دوران بینک کا شریعہ ڈیپارٹمنٹ نئے اخراجات پر بیت فراہم کرنے کے علاوہ بینک کے موجودہ اسٹاف کی تربیت کو بھی بہتر بنا رہا ہے۔ اس ضمن میں شریعہ کھلانسنس اور پروڈکٹ ڈیپارٹمنٹ ٹیم کی جانب سے اسلام آباد، لاہور، ملتان اور کراچی میں تربیت کا انعقاد کیا گیا جس میں

بینک نے حال ہی میں جاری ہونے والے (1) پاکستان انرجی سکوک اور (2) حکومت پاکستان کے ساتھ بیج مغل میں شرکت کرتے ہوئے نئے مواقع سے استفادہ کیا اور اپنے تجربہ کو وسعت دی ہے۔ زیر جائزہ مدت کے دوران فنانسنگ پورٹ فولیو میں کمی حکومتی کموڈٹی آپریشنز میں لین دین کی ایڈجسٹمنٹ کو ظاہر کرتی ہے۔ تاہم بینک کی کنزیومر فنانسنگ کے کاروبار میں مارچ 2018ء کے مقابلہ میں مارچ 2019ء میں 17.3 فیصد کا اضافہ ہوا ہے۔

غیر فعال کانسٹس کے ساتھ متاثرہ کریڈٹ مانیٹرنگ اور مستقل پیروی کے حوالے سے بینک کی مجموعی متاثرہ شرح میں 2018ء کی پہلی سہ ماہی میں 12.2 فیصد کے مقابلہ میں 2019ء کی پہلی سہ ماہی کے اختتام پر 10 فیصد تک کمی ہوئی۔ غیر فعال فنانسنگ میں کمی مخصوص غیر فعال قرضوں کے بمقابلہ پروڈن کی وجہ سے بینک اسلامی کی کوریج کی شرح مارچ 2018ء میں 70.1 فیصد کی نسبت مارچ 2019ء کے اختتام پر 88.3 فیصد ہو گئی ہے۔

شیئ مارک ریٹس اور آمدنی والے اثاثوں میں اضافہ کو مد نظر رکھتے ہوئے net spread آمدن میں سہ ماہی کے دوران 77.1 فیصد کا اضافہ ہوا ہے، اس عرصہ کے دوران net spread مارجن بہتر ہو کر 51.8 فیصد ہو گیا ہے جو گزشتہ سال کی اسی سہ ماہی کے دوران 47.4 فیصد تھی۔ آگے بڑھتے ہوئے، ہم سخت مالی صورتحال کے باعث ڈپازٹس کی لاگت پر بڑھتے ہوئے دباؤ کے ضمن میں منافع کے مارجن پر دباؤ کی توقع کر رہے ہیں۔

بینک کی نان فنڈڈ آمدن میں 49.5 ملین روپے کی کمی کا بنیادی سبب گزشتہ سال کے اسی عرصہ کے دوران غیر فعال سرمایہ کاری کی وجہ سے ہے۔ اس کے علاوہ بینک کی فیس پرمی آمدن میں 6.2 فیصد تک بہتری آئی جو کہ تجارتی کاروبار، انوسٹمنٹ بینکنگ ڈیک اور بینک مکافیل سیلز سے آمدن میں اضافہ کے باعث ہوئی۔

ایس بی پی کی جانب سے ڈپازٹ پروڈکشن سکیم کو متعارف کرانے کے ضمن میں انشورنس سے متعلق اخراجات میں اضافہ اور افراط زر کے دباؤ کے باعث آپریٹنگ اخراجات میں گزشتہ سال کے اسی عرصہ کے مقابلہ میں 2019ء کی پہلی سہ ماہی کے دوران 10.8 فیصد تک اضافہ ہوا۔

بینک نے 31 مارچ 2019ء کو ختم ہونے والی سہ ماہی کے لئے 251 ملین روپے کا بعد از ٹیکس منافع ظاہر کیا جو الحمد للہ گزشتہ سال کے 39 ملین روپے کے بعد از ٹیکس منافع کے مقابلہ میں پانچ گنا زیادہ ہے۔ قبل از رسد زیر جائزہ عرصے کے دوران آپریٹنگ منافع گزشتہ سال کے اسی عرصہ کے مقابلہ میں 82.9 ملین سے بڑھ کر 866.9 ملین ہو گیا جو س گنا زیادہ ہے۔ بینک نے غیر فعال پورٹ فولیو کے مقابلہ میں تیز نمو حاصل کی اور قبل از ٹیکس منافع 408.2 ملین روپے کمایا جو گزشتہ سال 59.8 ملین روپے تھا۔

## کامیابیاں اور نئے اقدامات

بینک نے اپنے صارفین کے لئے بہتر خصوصیات کے ساتھ نئے برانڈ ”ون بچ بینکنگ“ کے تحت اپنی بائیو میٹرک بینکنگ کی مارکیٹنگ مہم کا کامیابی سے آغاز کیا۔ یہ سہولت منفرد خصوصیات پیش کرتی ہے جس میں بینک کے صارفین چیک اور ڈیبٹ کارڈ کے بغیر صرف ’انگوٹھے کے

## ڈائریکٹرز کی رپورٹ

معزز حاملین حصص

بورڈ کی جانب سے ہم 31 مارچ 2019ء کو ختم ہونے والی سہ ماہی کے لئے بینک اسلامی پاکستان لمیٹڈ (بینک اسلامی یا بینک) کے مالیاتی نتائج پیش کرنے پر خوشی محسوس کر رہے ہیں۔ تین ماہ کے عرصہ کے لئے اہم مالیاتی نکات درج ذیل ہیں۔

تفصیلات	مارچ 2019ء	مارچ 2018ء	نمو
	روپے ملین میں		
مجموعی ذی پازٹس*	191,429	173,056	10.6 فیصد
مجموعی اثاثے*	226,984	208,530	8.8 فیصد
مجموعی فنانسنگ اور متعلقہ اثاثے - صافی	115,280	121,712	-5.3 فیصد
مجموعی سرمایہ کاریاں - صافی	57,687	44,558	29.5 فیصد
کل اثاثے	14,765	13,462	9.7 فیصد
Net Spread آمدن*	2,402	1,356	77.1 فیصد
آپریٹنگ منافع	867	83	9.4 گنا
منافع بعد از ٹیکس	251	39	5.4 گنا
بنیادی آمدن فی حصص (روپے)	0.249	0.039	5.4 گنا
برانچ نیٹ ورک (تعداد)	330	330	-

\* رپورٹنگ فارمیٹ میں تبدیلی کی وجہ سے تقابلی اعداد و شمار کا اعادہ کیا گیا ہے۔

### مالی کارکردگی

بینک کی ہیلتھ شیٹ میں آمدن پیدا کرنے کی گنجائش میں بہتری کے ساتھ اضافہ ہوا۔ اس کے مطابق ڈیپازٹس میں گزشتہ سال کی اسی مدت کے مقابلہ میں 10.6 فیصد اضافہ ہوا۔ فنڈز کے ذرائع میں اضافہ کے ساتھ بینک کے اثاثوں کی بنیاد میں بھی 8.8 فیصد تک اضافہ ہوا جس میں شرعی اصولوں کے مطابق سرکاری سیکورٹیز میں بڑے پیمانے پر سرمایہ کاری کی گئی۔

## Condensed Interim Unconsolidated Statement of Financial Position

AS AT MARCH 31, 2019

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	14,770,712	14,292,752
Balances with other banks	7	2,480,238	832,621
Due from financial institutions - net	8	6,903,093	18,173,504
Investments - net	9	57,687,320	38,832,093
Islamic financing, related assets and advances - net	10	115,279,939	118,570,811
Fixed assets	11	9,124,231	6,663,467
Intangible assets	12	3,104,913	3,121,906
Deferred tax assets	13	7,434,648	7,530,221
Other assets - net	14	10,198,905	7,725,881
		226,983,999	215,743,256
<b>LIABILITIES</b>			
Bills payable	15	3,675,170	3,242,180
Due to financial institutions	16	8,489,313	7,819,532
Deposits and other accounts	17	191,429,210	184,693,363
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	8,624,848	5,473,366
		212,218,541	201,228,441
<b>NET ASSETS</b>		<u>14,765,458</u>	<u>14,514,815</u>
<b>REPRESENTED BY</b>			
Share capital - net		10,000,079	10,000,079
Reserves		968,799	968,799
Surplus on revaluation of assets - net of tax	19	1,828,736	1,850,647
Unappropriated profit		<u>1,967,844</u>	<u>1,695,290</u>
		<u>14,765,458</u>	<u>14,514,815</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	20		

The annexed notes 1 to 37 form an integral part of this condensed interim unconsolidated financial information.

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DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Note	March 31, 2019	Restated March 31, 2018
Rupees in '000			
Profit / return earned	21	4,640,758	2,857,122
Profit / return expensed	22	2,238,809	1,501,479
Net Profit / return		2,401,949	1,355,643
<b>OTHER INCOME</b>			
Fee and commission income	23	181,048	170,432
Dividend income		2,989	-
Foreign exchange income		25,948	30,548
(Loss) / gain on securities	24	(4,145)	56,930
Other income	25	34,089	31,502
Total other income		239,929	289,412
Total Income		2,641,878	1,645,055
<b>OTHER EXPENSES</b>			
Operating expenses	26	1,730,698	1,562,034
Workers' Welfare Fund		8,057	-
Other charges	27	36,150	50
Total other expenses		1,774,905	1,562,084
<b>Profit before provisions</b>		866,973	82,971
Provisions and write offs - net	28	458,736	23,150
Extraordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		408,237	59,821
Taxation	29	156,934	20,990
<b>PROFIT AFTER TAXATION</b>		251,303	38,831
Rupees			
<b>Basic earnings per share</b>	30	0.2493	0.0385
<b>Diluted earnings per share</b>	30	0.2493	0.0385

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

FOR THE QUARTER ENDED MARCH 31, 2019

Note	March 31, 2019	Restated March 31, 2018
	Rupees in '000	
<b>Profit after taxation for the period</b>	251,303	38,831
<b>Other Comprehensive Income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus on revaluation of investments - net of tax	(660)	(252,468)
<b>Items that will not be reclassified to profit and loss account in subsequent periods</b>	-	-
<b>Total comprehensive income</b>	<u>250,643</u>	<u>(213,637)</u>

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Share capital	Discount on issue of shares	Statutory reserve	Revenue Reserve for bad debts & contingencies	Investment	Surplus/(Deficit) on revaluation of Fixed / Non Banking Assets	Unappropriated profit	Total
Rupees in '000								
<b>Balance as at December 31, 2017 (restated)</b>	10,079,121	(79,042)	676,266	250,000	269,896	1,006,444	1,473,784	13,676,469
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	-	38,831	38,831
Other comprehensive income for the quarter ended March 31, 2018	-	-	-	-	(252,468)	-	-	(252,468)
Total comprehensive income for the quarter ended March 31, 2018	-	-	-	-	(252,468)	-	38,831	(213,637)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(2,564)	2,564	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(77)	77	-
<b>Balance as at March 31, 2018 (restated)</b>	10,079,121	(79,042)	676,266	250,000	17,428	1,003,803	1,515,256	13,462,832
Profit after taxation for the period from April 01, 2018 to December 31, 2018	-	-	-	-	-	-	173,833	173,833
Other comprehensive income for the period from April 01, 2018 to December 31, 2018	-	-	-	-	(7,440)	881,518	4,072	878,150
Total comprehensive income for the period from April 01, 2018 to December 31, 2018	-	-	-	-	(7,440)	881,518	177,905	1,051,983
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(7,834)	7,834	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(231)	231	-
Surplus on revaluation of non banking assets transferred to unappropriated profit	-	-	-	-	-	(36,597)	36,597	-
Transfer to statutory reserve	-	-	42,533	-	-	-	(42,533)	-
<b>Balance as at December 31, 2018</b>	10,079,121	(79,042)	718,799	250,000	9,988	1,840,659	1,695,290	14,514,815
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	-	251,303	251,303
Other comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(660)	-	-	(660)
Total comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(660)	-	251,303	250,643
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(4,881)	4,881	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(520)	520	-
Surplus on revaluation of fixed assets transferred to unappropriated profit	-	-	-	-	-	(15,850)	15,850	-
<b>Balance as at March 31, 2019</b>	10,079,121	(79,042)	718,799	250,000	9,328	1,819,408	1,967,844	14,765,458

The annexed notes 1 to 37 form an integral part of this condensed interim unconsolidated financial information.

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

FOR THE QUARTER ENDED MARCH 31, 2019

Note	Restated	
	March 31, 2019	March 31, 2018
Rupees in '000		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	408,237	59,821
Less: Dividend Income	(2,989)	-
	405,248	59,821
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	161,106	167,239
Depreciation on non banking assets	1,842	1,658
Amortization	16,994	14,992
Depreciation on operating Ijarah assets	244,140	321,975
Provisions and write offs - net	458,736	23,150
Unrealized gain on revaluation of investments classified as held for trading	(6)	(845)
Charge for defined benefit plan	22,501	19,101
Gain on sale of property and equipment	(13,762)	(3,121)
	891,551	544,149
	1,296,799	603,970
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	11,270,411	15,877,658
Held-for-trading securities	144,135	(268,331)
Islamic financing and related assets and advances	2,601,444	(2,905,704)
Others assets	(2,473,376)	(166,052)
	11,542,614	12,537,571
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	432,990	(395,722)
Due to financial institutions	669,781	(3,891,126)
Deposits and other accounts	6,735,847	(5,367,535)
Other liabilities (excluding current taxation)	3,142,492	87,941
	10,981,110	(9,566,442)
	23,820,523	3,575,099
	(74,520)	(40,641)
Income tax paid		
<b>Net cash generated from operating activities</b>	23,746,003	3,534,458
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(19,013,464)	(2,446,318)
Dividend received	2,989	-
Investments in operating fixed assets	(2,675,250)	(123,023)
Proceeds from disposal of operating fixed assets	65,299	3,744
<b>Net cash used in investing activities</b>	(21,620,426)	(2,565,597)
<b>Increase in cash and cash equivalents</b>		
	2,125,577	968,861
Cash and cash equivalents at the beginning of the period	15,125,373	12,585,987
<b>Cash and cash equivalents at the end of the period</b>	17,250,950	13,554,848

The annexed notes 1 to 37 form an integral part of this condensed interim unconsolidated financial information.

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## Notes to and forming part of the condensed interim unconsolidated financial information (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2019

### 1. STATUS AND NATURE OF BUSINESS

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 76 sub-branches as at March 31, 2019 (December 31, 2018: 330 branches including 81 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 PREPARATION

#### 2.1 Statement of compliance

This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) and notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2 During the period, the SBP, vide its BPRD Circular No. 05, dated: March 22, 2019, issued the revised forms for the preparation of the interim financial statements of banks, to bring it in line with the annual financial statements format, issued vide BPRD Circular No. 2 of 2018. The revised forms for the preparation of the interim financial statements are applicable for periods beginning on or after January 01, 2019. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the financial statements.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current period's presentation.

- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS).

Further, during the period, SECP vide S.R.O 229 (I)/2019 dated February 14, 2019, has deferred the applicability of IFRS 9 'Financial Instrument' for reporting period / year ending on or after June 30, 2019 for all companies. Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim unconsolidated financial information.

- 2.4 The disclosures made in this condensed interim unconsolidated financial information have been limited based on the format prescribed by SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". This condensed interim unconsolidated financial information does not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended December 31, 2018.
- 2.5 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.

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

The purchases and sales arising under these arrangements are not reflected in this condensed interim unconsolidated financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Bank.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2018, except as described below:

- 3.1 Amendments to accounting and reporting standards that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim unconsolidated financial information.

- 3.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned there against:

Standard, Interpretations and Amendments	Effective date
- Definition of a Business – Amendments to IFRS 3	January 01, 2020
- Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
- The Conceptual Framework for Financial Reporting	January 01, 2020
- IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**Standards**

**IASB Effective date (annual periods beginning on or after)**

IFRS 14 – Regulatory Deferral Accounts  
IFRS 17 – Insurance Contracts

January 01, 2016  
January 01, 2021

With regards to IFRS 16 'Leases', the Bank has approached SBP through Pakistan Banking Association (PBA) for the deferment of IFRS 16 and to issue suitable guidance and instructions on the application of IFRS 16 for the Banking sector of Pakistan. Hence, the impact of the standard has not been considered in the preparation of this condensed interim unconsolidated financial information.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2018.

**5 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2018.

**6 CASH AND BALANCES WITH TREASURY BANKS**

**In hand:**

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
- local currency	3,599,575	3,619,317
- foreign currency	388,764	332,378
	<u>3,988,339</u>	<u>3,951,695</u>

**With the State Bank of Pakistan in:**

- local currency current account	8,651,130	7,642,125
- foreign currency deposit accounts:		
- Cash Reserve Account	298,173	269,114
- Special Cash Reserve Account	358,991	323,549
- US Dollar Clearing Account	19,017	26,604
	<u>676,181</u>	<u>619,267</u>

**With National Bank of Pakistan in:**

- local currency current account	1,455,062	2,079,665
	<u>14,770,712</u>	<u>14,292,752</u>

## 7 BALANCES WITH OTHER BANKS

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000	
<b>In Pakistan:</b>		
- in current accounts	2,861	2,416
- in deposit accounts	3,132	4,575
	5,993	6,991
<b>Outside Pakistan:</b>		
- in current accounts	2,474,245	825,630
	2,480,238	832,621

## 8 DUE FROM FINANCIAL INSTITUTIONS - NET

		March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Note	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
		Rupees in '000					
<b>Secured</b>							
Commodity Murabahah	8.1	-	-	-	1,913,199	-	1,913,199
<b>Unsecured</b>							
Wakalah Placement	8.2	-	730,618	730,618	-	534,039	534,039
Commodity Murabahah	8.1	-	-	-	15,726,266	-	15,726,266
Bai Muajjal Receivable from State Bank of Pakistan	8.3	6,172,475	-	6,172,475	-	-	-
Other placements		32,400	-	32,400	32,400	-	32,400
		6,204,875	730,618	6,935,493	17,671,865	534,039	18,205,904
Provision against placements		(32,400)	-	(32,400)	(32,400)	-	(32,400)
		6,172,475	730,618	6,903,093	17,639,465	534,039	18,173,504

- 8.1 The Bank had entered into Commodity Murabahah agreements under which the Bank purchased an underlying commodity from open market through an agent and sold it to a financial institution on credit with profit. The profit rates on the agreements range between Nil (December 31, 2018: 10% to 10.75%) per annum and the agreements have maturities ranging from Nil (December 31, 2018: 2 days to 55 days).
- 8.2 This represents foreign currency placements and the profit rates on these agreements range between 0.25% to 3.05% (December 31, 2018: 0.25% to 2.80%) per annum. The agreements have maturities ranging from 89 days to 92 days (December 31, 2018: 62 days to 181 days).
- 8.3 The profit rates on the agreements range between 10.47% to 10.57% (December 31, 2018: Nil) per annum and the agreements have maturities of 364 days (December 31, 2018: Nil).

#### 8.4 Securities held as collateral against amounts due from financial institutions

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Held by the Bank	Further Given as collateral	Total	Held by the Bank	Given as collateral	Total
	Rupees in '000					
Government of Pakistan						
Ijarah Sukuks	-	-	-	1,950,000	-	1,950,000

#### 8.5 Category of classification

	March 31, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Classified Placements	Provision held	Classified Placements	Provision held
	Rupees in '000			
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	32,400	32,400	32,400	32,400
<b>Total</b>	<b>32,400</b>	<b>32,400</b>	<b>32,400</b>	<b>32,400</b>

##### 8.5.1 The Bank does not hold overseas classified placements.

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		Rupees in '000	
<b>9 INVESTMENTS - NET</b>			
Investments - Islamic	9.1 & 9.3	55,894,711	37,033,572
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	<u>1,792,609</u> <u>57,687,320</u>	<u>1,798,521</u> <u>38,832,093</u>

#### 9.1 Islamic Investments by type

	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
<b>Held for trading securities</b>								
Shares	478	-	(70)	408	164,223	-	(19,686)	144,537
<b>Available for sale securities</b>								
Federal Government Securities	45,305,836	-	-	45,305,836	26,511,713	-	1,893	26,513,606
Non Government Debt Securities	10,265,443	(35,880)	(2,580)	10,226,983	10,082,407	(35,880)	(1,479)	10,045,048
Mutual fund units	21	-	41	62	21	-	44	65
Shares	251,264	-	22,765	274,029	208,642	-	16,785	225,427
	55,822,564	(35,880)	20,226	55,806,910	36,802,783	(35,880)	17,243	36,784,146
<b>Subsidiaries</b>	191,015	(103,622)	-	87,393	191,015	(86,126)	-	104,889
<b>Total Islamic investments</b>	<b>56,014,057</b>	<b>(139,502)</b>	<b>20,156</b>	<b>55,894,711</b>	<b>37,158,021</b>	<b>(122,006)</b>	<b>(2,443)</b>	<b>37,033,572</b>

## 9.2 Conventional Investments by type\*

	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
<b>Available for sale securities</b>								
Non Government Debt Securities	268,210	(268,210)	-	-	270,586	(270,586)	-	-
Shares	1,330,922	(683,181)	(5,875)	641,866	1,334,508	(684,853)	(1,877)	647,778
	1,599,132	(951,391)	(5,875)	641,866	1,605,094	(955,439)	(1,877)	647,778
<b>Held to maturity securities</b>								
Non Government Debt Securities	321,601	(321,601)	-	-	321,601	(321,601)	-	-
Associates	1,660,111	(1,032,169)	-	627,942	1,660,111	(1,032,169)	-	627,942
Subsidiaries	2,499,708	(1,976,907)	-	522,801	2,499,708	(1,976,907)	-	522,801
<b>Total conventional investments</b>	<b>6,080,552</b>	<b>(4,282,068)</b>	<b>(5,875)</b>	<b>1,792,609</b>	<b>6,086,514</b>	<b>(4,286,116)</b>	<b>(1,877)</b>	<b>1,798,521</b>

## 9.3 Islamic Investments by segments

<b>Federal Government Securities</b>								
GOP Ijarah Sukuks	-	-	-	-	26,511,713	-	1,893	26,513,606
Sukuk certificates	35,000,000	-	-	35,000,000	-	-	-	-
Bai Mu'ajjal	10,305,836	-	-	10,305,836	-	-	-	-
	45,305,836	-	-	45,305,836	26,511,713	-	1,893	26,513,606
<b>Non Government Debt Securities</b>								
Sukuk certificates - unlisted	10,265,443	(35,880)	(2,580)	10,226,983	10,082,407	(35,880)	(1,479)	10,045,048
<b>Mutual fund units</b>								
Units of open-end mutual funds	21	-	41	62	21	-	44	65
<b>Shares</b>								
Ordinary shares of listed companies	251,742	-	22,695	274,437	372,865	-	(2,901)	369,964
<b>Subsidiary</b>								
BankIslami Modaraba Investments Limited	191,015	(103,622)	-	87,393	191,015	(86,126)	-	104,889
	56,014,057	(139,502)	20,156	55,894,711	37,158,021	(122,006)	(2,443)	37,033,572

## 9.4 Conventional Investments by segments\*

<b>Non Government Debt Securities</b>								
Listed Companies	90,388	(90,388)	-	-	92,764	(92,764)	-	-
Unlisted Companies	499,423	(499,423)	-	-	499,423	(499,423)	-	-
	589,811	(589,811)	-	-	592,187	(592,187)	-	-
<b>Shares</b>								
Listed Companies	141,892	(71,826)	(5,875)	64,191	145,478	(73,498)	(1,877)	70,103
Unlisted Companies	1,189,030	(611,355)	-	577,675	1,189,030	(611,355)	-	577,675
	1,330,922	(683,181)	(5,875)	641,866	1,334,508	(684,853)	(1,877)	647,778
<b>Associates - Unlisted</b>								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
New Horizon Exploration & Production Limited	558,000	(558,000)	-	-	558,000	(558,000)	-	-
Shakarganj Food Products Limited	627,942	-	-	627,942	627,942	-	-	627,942
	1,660,111	(1,032,169)	-	627,942	1,660,111	(1,032,169)	-	627,942
<b>Subsidiaries</b>								
BIPL Securities Limited	2,394,937	(1,872,136)	-	522,801	2,394,937	(1,872,136)	-	522,801
My Solutions Corporation Limited	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	2,499,708	(1,976,907)	-	522,801	2,499,708	(1,976,907)	-	522,801
	6,080,552	(4,282,068)	(5,875)	1,792,609	6,086,514	(4,286,116)	(1,877)	1,798,521

\* These assets are related to amalgamated entity. These investments are under process of conversion / liquidation / disposal.

9.5 Investments given as collateral

Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000	
Federal Government Securities	5,000,000	5,000,000

9.6 Provision for diminution in value of investments

9.6.1 Opening balance	4,408,122	5,100,858
Charge / (reversal)		
Charge for the period / year	17,496	73,426
Reversals for the period / year	(4,048)	(12,043)
Provision for diminution in value of investments - net	28 13,448	61,383
Amounts written off	-	(754,119)
Closing Balance	9.6.1.1 4,421,570	4,408,122

9.6.1.1 Break up of provision for diminution in the value of investments is as follows:

Investments - Islamic	139,502	122,006
Investments - Conventional	4,282,068	4,286,116
	4,421,570	4,408,122

9.6.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
Rupees in '000				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	901,942	625,691	904,318	628,067
Total	901,942	625,691	904,318	628,067

9.6.2.1 The Bank does not hold overseas classified debt securities.



## 10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000			
Islamic financing and related assets - net	10.1	114,854,350	118,087,795
Advances (relating to amalgamated entity) - net	10.2	425,589	483,016
		<u>115,279,939</u>	<u>118,570,811</u>

### 10.1 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non Performing		Total	
	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000						
<b>In Pakistan</b>						
- Murabahah financing and related assets	8,912,532	9,448,791	374,452	446,781	9,286,984	9,895,572
- Istisna financing and related assets	14,062,845	14,023,932	1,021,216	1,047,479	15,084,061	15,071,411
- Diminishing Musharakah - Housing	12,727,773	12,452,638	1,051,512	933,779	13,779,285	13,386,417
- Diminishing Musharakah financing and related assets - Auto	9,110,267	8,394,715	73,234	52,478	9,183,501	8,447,193
- Diminishing Musharakah financing and related assets - Others	19,512,070	19,962,598	654,793	633,515	20,166,863	20,596,113
- Against Bills - Murabahah	394,486	169,671	-	-	394,486	169,671
- Post Due Acceptance	33,598	94,806	-	13,922	33,598	108,728
- Salam	143,935	143,935	337	337	144,272	144,272
- Muswammah financing and related assets / Karoobar financing	16,678,994	14,355,182	877,934	877,072	17,556,928	15,232,254
- Financing to employees	2,593,899	2,507,962	86,874	95,489	2,680,773	2,603,451
- Qardh e Hasana	205,100	205,100	177,650	394,094	382,750	599,194
- Running Musharakah	19,626,982	22,058,949	-	2,345,509	19,626,982	24,404,458
- Investment Agency Wakalah	6,250,000	6,250,000	-	-	6,250,000	6,250,000
- Housing finance portfolio - others	33,341	37,819	-	-	33,341	37,819
- Net investment in Ijarah financing in Pakistan	39,538	36,543	-	-	39,538	36,543
- Ijarah financing under IFAS 2 and related assets	3,321,411	3,714,311	180,974	167,097	3,502,385	3,881,408
Gross financing and related assets	113,646,771	113,856,952	4,498,976	7,007,552	118,145,747	120,864,504
Less: Provision against non-performing Islamic financing and related assets						
- Specific	10.4 & 10.5	-	(3,027,493)	(2,546,436)	(3,027,493)	(2,546,436)
- General	10.4 & 10.5	(263,904)	(230,273)	-	(263,904)	(230,273)
		(263,904)	(3,027,493)	(2,546,436)	(3,291,397)	(2,776,709)
Islamic financing and related assets-net of provisions		<u>113,382,867</u>	<u>1,471,483</u>	<u>4,461,116</u>	<u>114,854,350</u>	<u>118,087,795</u>

### 10.2 ADVANCES

Loans, cash credits, running finances, etc. - In Pakistan*	260,783	194,852	6,906,602	7,218,699	7,167,385	7,413,551
Net investment in finance lease - In Pakistan	-	255	585,243	584,988	585,243	585,243
Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan	-	122,451	714,646	592,195	714,646	714,646
Advances - gross	260,783	317,558	8,206,491	8,395,882	8,467,274	8,713,440
Provision against advances						
- Specific	10.4 & 10.5	-	(8,197,683)	(8,386,515)	(8,197,683)	(8,386,515)
- General	10.4 & 10.5	(172)	(369)	-	(172)	(369)
		(172)	(8,197,683)	(8,386,515)	(8,197,855)	(8,386,884)
Advances - net of provision		<u>260,611</u>	<u>317,189</u>	<u>8,808</u>	<u>9,367</u>	<u>326,556</u>
Fair Value adjustment	10.5.4	-	156,170	156,460	156,170	156,460
Advances - net of provision and fair value adjustment		<u>260,611</u>	<u>317,189</u>	<u>164,978</u>	<u>425,589</u>	<u>483,016</u>

\* This includes non-interest bearing financing facilities amounting to Rs. 85.944 million (December 31, 2018: Rs. 88.944 million).

### 10.3 Particulars of Islamic financing and related assets and advances - gross

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000	
In local currency	126,613,021	129,577,944
In foreign currency	-	-
	<u>126,613,021</u>	<u>129,577,944</u>

10.4 Islamic financing and related assets and advances include Rs. 12,705.467 million (December 31, 2018: Rs. 15,403.434 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Non-performing loans	Specific Provision	Non-performing loans	Specific Provision
	Rupees in '000			
<b>Domestic</b>				
Other assets especially mentioned	382,484	445	267,237	220
Substandard	388,828	29,964	734,484	87,997
Doubtful	207,226	14,990	523,501	112,035
Loss	11,726,929	11,179,777	13,878,212	10,732,699
Total	<u>12,705,467</u>	<u>11,225,176</u>	<u>15,403,434</u>	<u>10,932,951</u>

10.4.1 The Bank does not hold overseas classified non performing Islamic financing, related assets and advances.

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

	(Un-audited) March 31, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	10,932,951	230,642	11,163,593	11,450,069	223,878	11,673,947
Charge for the period / year	517,317	33,434	550,751	824,518	6,764	831,282
Reversals for the period / year	(105,753)	-	(105,753)	(903,028)	-	(903,028)
	411,564	33,434	444,998	(78,510)	6,764	(71,746)
Amount written off	(119,339)	-	(119,339)	(438,608)	-	(438,608)
Closing balance	<u>11,225,176</u>	<u>264,076</u>	<u>11,489,252</u>	<u>10,932,951</u>	<u>230,642</u>	<u>11,163,593</u>

**10.5.1 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account**

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000	
Gross reversals	105,753	903,028
Charge for the period / year	(550,751)	(831,282)
	(444,998)	71,746
Fair value adjusted - net	(290)	(35,871)
Net reversals taken to the profit and loss account	(445,288)	35,875

**10.5.2 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.**

**10.5.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2019 amounts to Rs. 335.668 million (December 31, 2018: Rs. 493.169 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 218.197 million (December 31, 2018: Rs. 320.560 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.**

**10.5.4 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.**

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		Rupees in '000	
<b>11 FIXED ASSETS</b>			
Capital work-in-progress	11.1	589,194	87,761
Property and equipment		8,535,037	6,575,706
		9,124,231	6,663,467

**11.1 Capital work-in-progress**

Advances to suppliers and contractors	181,307	87,761
Advance for acquiring properties:		
- Office premises	1,129,790	721,903
	1,311,097	809,664
Provision for impairment against advance for acquiring floor / office premises	(721,903)	(721,903)
	589,194	87,761

## 11.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
Rupees in '000		
Capital work-in-progress	502,638	29,835
Property and equipment		
Freehold / Leasehold land	1,895,503	-
Freehold / Leasehold Building	222,377	-
Furniture and fixture	16,889	28,905
Electrical office and computer equipment	54,740	80,014
Vehicles	6,997	135
	2,196,506	109,054
Total	2,699,144	138,889

## 11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Freehold / Leasehold Building	51,529	-
Furniture and fixture	-	862
Electrical office and computer equipment	8	29,940
Total	51,537	30,802

## 12 INTANGIBLE ASSETS

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000		
Computer software	129,296	145,721
Core deposits	31,320	31,888
Goodwill	2,944,297	2,944,297
	3,104,913	3,121,906

### 12.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

- Directly purchased	-	1,564
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### 12.2 Disposals of intangible assets

There were no disposals of intangible assets during the period.

13 DEFERRED TAX ASSETS

Note | (Un-audited) | (Audited)  
March 31, 2019 | December 31, 2018  
Rupees in '000

**Deductible Temporary Differences on:**

Accumulated tax losses	13.1	3,569,024	3,630,734
Tax credit against minimum tax		167,652	168,353
Provision for diminution in the value of investments		326,246	326,246
Provision against non-performing Islamic financing and related assets and advances		3,988,156	4,034,741
Provision for gratuity		21,253	21,253
Ijarah financing and related assets		186,703	179,937
Others		268,962	268,589
		8,527,996	8,629,853

**Taxable Temporary Differences on:**

Fair value adjustments relating to net assets acquired upon amalgamation		(301,816)	(272,996)
Accelerated tax depreciation		(45,578)	(77,419)
Surplus on revaluation of fixed assets	19	(637,395)	(640,023)
Surplus on revaluation of non-banking assets	19	(21,933)	(22,213)
Surplus on revaluation of available for sale securities	19	(5,023)	(5,378)
Net investment in finance lease		(81,603)	(81,603)
		(1,093,348)	(1,099,632)
		7,434,648	7,530,221

- 13.1 The Bank has aggregate tax losses of Rs. 10,197.210 million as at March 31, 2019 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 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. 3,569.024 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 realisibility of the deferred tax asset.

14 OTHER ASSETS - NET

Note | (Un-audited) | (Audited)  
March 31, 2019 | December 31, 2018  
Rupees in '000

Profit / return accrued in local currency	3,136,159	2,549,844
Profit / return accrued in foreign currency	3,528	3,804
Advances, deposits, advance rent and other prepayments	683,765	754,090
Non-banking assets acquired in satisfaction of claims	2,460,697	2,462,019
Branch Adjustment Account	22,266	85,453
Insurance claim receivable	31,281	24,280
Receivable against First WAPDA Sukuk Acceptances	2,992,061	944,025
Unrealized gain on forward foreign exchange contracts	24,094	25,489
Unrealized gain on future sale contracts	76	21,006
Amount held with financial institution	738,477	738,477
Other receivables	351,478	361,851
	10,493,882	8,020,338
Less: Provision held against other assets	14.1 (678,959)	(678,959)
Other Assets (Net of Provision)	9,814,923	7,341,379
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	383,982	384,502
Total - other assets	10,198,905	7,725,881

14.1 Provision held against other assets

Advances, deposits, advance rent & other prepayments	26,692	26,692
Non banking assets acquired in satisfaction of claims	528,850	528,850
Others	123,417	123,417
	678,959	678,959

15 BILLS PAYABLE

In Pakistan	3,675,170	3,242,180
Outside Pakistan	-	-
	3,675,170	3,242,180

16 DUE TO FINANCIAL INSTITUTIONS

Secured

Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	16.1 3,001,375	2,496,675
Acceptances from State Bank of Pakistan for financial assistance	16.2 2,887,938	2,822,857
Total secured	5,889,313	5,319,532

Unsecured

Musharakah Acceptance	16.3 2,600,000	2,500,000
Total unsecured	2,600,000	2,500,000
	8,489,313	7,819,532

- 16.1 The acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of the State Bank of Pakistan (SBP). A limit of Rs. 5,000 million (December 31, 2018: Rs. 5,000 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended March 31, 2019.
- 16.2 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 Federal Government securities. 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. Accordingly, the profit amortization rate applied by the Bank in this respect is 0.01% per annum.
- 16.3 The profit rates on these agreements are varying between 9% to 9.7% (December 31, 2018: 9.10% to 9.60%) per annum and has maturity in 3 to 7 days (December 31, 2018: 3 to 25 days).

## 17 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
<b>Customers</b>	Rupees in '000					
Current deposits	57,520,283	1,981,115	59,501,398	57,544,632	1,571,063	59,115,695
Savings deposits	56,377,660	2,974,830	59,352,490	57,397,384	2,932,484	60,329,868
Term deposits	57,237,087	763,617	58,000,704	54,272,975	617,886	54,890,861
Others	624,820	17,798	642,618	438,238	17,697	455,935
	171,759,850	5,737,360	177,497,210	169,653,229	5,139,130	174,792,359
<b>Financial Institutions</b>						
Current deposits	154,375	6,620	160,995	162,566	11,425	173,991
Savings deposits	11,684,505	-	11,684,505	7,482,013	-	7,482,013
Term deposits	2,086,500	-	2,086,500	2,245,000	-	2,245,000
	13,925,380	6,620	13,932,000	9,889,579	11,425	9,901,004
	185,685,230	5,743,980	191,429,210	179,542,808	5,150,555	184,693,363

Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000	

## 18 OTHER LIABILITIES

Profit / return payable in local currency	1,084,773	860,995
Profit / return payable in foreign currencies	11,348	9,837
Accrued expenses	581,782	500,693
Deferred Murabahah Income		
- Financing and IERS	213,609	173,447
Deferred Murabahah Income		
- Commodity Murabahah	-	17,561
Payable to defined benefit plan	4,880	4,880
Payable to defined contribution plan	2,975	2,917
Defined Benefit Plan liabilities	100,743	78,446
Security deposits against Ijarah	1,957,570	2,053,039
Provision against off-balance sheet obligations	129,093	129,093
Acceptances	2,992,061	944,025
Receipt appropriation account	76,025	74,056
Current taxation (provisions less payments)	200,918	214,429
Provision against other tax liabilities	63,432	58,683
Sundry creditors	160,189	176,996
Payable to brokers against purchase of shares - net	-	33,444
Charity payable	17,342	12,966
Retention money payable	12,610	10,857
Provision for Workers' Welfare Fund	39,996	31,939
Advance payment against financing	728,555	-
Others	246,947	85,063
	<u>8,624,848</u>	<u>5,473,366</u>

## 19 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

### Surplus on revaluation of:

Available for sale securities	9.1 & 9.2	14,351	15,366
Fixed Assets		2,087,646	2,119,539
Non-banking assets acquired in satisfaction of claims		382,556	383,356
		<u>2,484,553</u>	<u>2,518,261</u>

### Deferred tax liability on surplus on revaluation of:

Available for sale securities	(5,023)	(5,378)
Fixed Assets	(628,861)	(640,023)
Non-banking assets acquired in satisfaction of claims	(21,933)	(22,213)
	<u>(655,817)</u>	<u>(667,614)</u>
	<u>1,828,736</u>	<u>1,850,647</u>



	Note	(Un-audited) March 31, 2019	Restated (Audited) December 31, 2018
Rupees in '000			
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	20.1	5,811,030	6,709,789
- Commitments	20.2	11,697,017	9,058,388
- Other contingent liabilities	20.3	2,453,168	2,453,168
		<u>19,961,215</u>	<u>18,221,345</u>

**20.1 Guarantees:**

Financial guarantees	76,182	123,320
Performance guarantees	4,452,949	4,701,791
Other guarantees	1,281,899	1,884,678
	<u>5,811,030</u>	<u>6,709,789</u>

**20.2 Commitments:**

Documentary credits and short-term trade-related transactions - letters of credit		7,339,859	3,706,280
<b>Commitments in respect of:</b>			
- forward foreign exchange contracts	20.2.1	1,659,867	2,870,624
- future sale of shares	20.2.2	(484)	(165,634)
<b>Commitments for acquisition of:</b>			
- operating fixed assets		183,470	198,145
- intangible assets		51,881	114,207
Other commitments	20.2.3	2,462,424	2,334,766
		<u>11,697,017</u>	<u>9,058,388</u>

**20.2.1 Commitments in respect of forward foreign exchange contracts**

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000		
Purchase	5,640,075	9,694,236
Sale	(3,980,208)	(6,823,612)
	<u>1,659,867</u>	<u>2,870,624</u>

**20.2.2 Shariah Compliant future sale of shares**

Purchase	-	170
Sale	(484)	(165,804)
	<u>(484)</u>	<u>(165,634)</u>

**20.2.3 Other commitments**

Bills for collection	<u>2,462,424</u>	<u>2,334,766</u>
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**20.2.3.1** 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.

(Un-audited) (Audited)  
March 31, 2019 December 31, 2018  
Rupees in '000

### 20.3 Other contingent liabilities

Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt  
Tax Contingencies

161,200	161,200
2,291,968	2,291,968
2,453,168	2,453,168

20.3.1 There is no change in the status of tax and other contingencies, as set out in note 23 to the annual financial statement of the Bank for the year ended December 31, 2018

### 21 PROFIT / RETURN EARNED

(Un-audited) Restated  
March 31, 2019 (Un-audited)  
March 31, 2018  
Rupees in '000

Profit earned on:

Financing	3,408,070	1,999,270
Investments	794,694	631,649
Placements	415,029	203,999
Others	22,965	22,204
	4,640,758	2,857,122

### 22 PROFIT / RETURN EXPENSED

Deposits and other accounts	2,056,910	1,341,117
Due to financial institutions	167,837	160,362
Cost of foreign currency swaps against foreign currency deposits	14,062	-
	2,238,809	1,501,479

### 23 FEE AND COMMISSION INCOME

Branch banking customer fees	11,534	22,505
Commission on bancatakaful	21,948	13,367
Card related fees	45,060	66,388
Financing related fees	36	226
Commission on arrangement with financial institutions	6,245	4,437
Consumer finance related fees	10,364	7,247
Commission on guarantees	16,817	15,462
Investment banking fees	28,626	3,533
Commission on cash management	1,210	882
Commission on remittances including home remittances	9,924	10,510
Commission on trade	27,276	24,703
Others	2,008	1,172
	181,048	170,432

	Note	(Un-audited) March 31, 2019	Restated (Un-audited) March 31, 2018
Rupees in '000			
<b>24 (LOSS) / GAIN ON SECURITIES</b>			
Realized (loss) / gain	24.1	(4,151)	56,085
Unrealized gain - held for trading	9.1	6	845
		(4,145)	56,930
<b>24.1 Realized (loss) / gain on:</b>			
Federal Government Securities		(8,185)	-
Shares		4,034	56,085
		(4,151)	56,085
<b>25 OTHER INCOME</b>			
Rent on property		1,332	1,728
Gain on termination of financing		17,151	24,747
Gain on sale of property and equipment		13,762	3,121
Fee for attending Board meetings of associates		24	48
Recoveries against previously expensed items		1,644	1,701
Others		176	157
		34,089	31,502
<b>26 OPERATING EXPENSES</b>			
Rupees in '000			
<b>Total compensation expense</b>		705,706	678,270
<b>Property expense</b>			
Rent & taxes		237,075	217,124
Insurance		11,292	12,023
Utilities cost		67,158	52,130
Security (including guards)		78,025	72,727
Repair & maintenance (including janitorial charges)		32,259	26,186
Depreciation		68,642	75,593
Others		305	185
		494,756	455,968
<b>Information technology expenses</b>			
Software maintenance		36,589	21,415
Hardware maintenance		30,346	17,998
Depreciation		43,986	44,580
Amortization		16,424	14,422
Network charges		37,593	38,848
		164,938	137,263

(Un-audited)  
March 31, 2019

(Un-audited)  
March 31, 2018

Rupees in '000

**Other operating expenses**

Directors' fees and allowances  
Fees and allowances to Shariah Board  
Legal & professional charges  
Travelling & conveyance  
NIFT clearing charges  
Depreciation  
Depreciation on non banking assets  
Entertainment expense  
Training & development  
Postage & courier charges  
Communication  
Stationery & printing  
Marketing, advertisement & publicity  
Repairs and maintenance  
Takaful, tracker and other charges on car Ijarah  
Insurance  
Fee and subscription  
Vehicle running and maintenance  
Auditors Remuneration  
Amortization  
CDC and share registrar services  
Brokerage and commission  
Stamp duty, registration & verification charges  
Others

1,725	2,063
3,339	2,919
29,035	13,854
10,403	8,215
3,180	3,132
48,478	47,065
1,842	1,658
17,029	19,931
2,985	2,679
9,166	13,052
6,637	12,281
28,300	18,403
32,108	8,331
11,439	15,877
17,827	36,484
51,297	881
28,277	41,905
27,486	20,628
3,028	2,114
570	569
3,234	3,057
1,567	2,250
14,056	2,772
12,290	10,413
365,298	290,533
1,730,698	1,562,034

**27 OTHER CHARGES**

Penalties imposed by the State Bank  
of Pakistan

36,150	50
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**28 PROVISIONS AND WRITE OFFS - NET**

Provision / (reversal of provision) for  
diminution in value of investments - net  
Provision against Islamic financing and  
related assets and advances - net  
Other provisions / reversal of provision - net

Note	(Un-audited) March 31, 2019	Restated (Un-audited) March 31, 2018
	Rupees in '000	
9.6.1	13,448	(3,134)
10.5.1	445,288	26,284
	-	-
	458,736	23,150

**29 TAXATION**

Current year  
Prior years  
Deferred

	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
	Rupees in '000	
	61,009	38,620
	-	-
29.1	95,925	(17,630)
	156,934	20,990

- 29.1 **The numerical reconciliation between average tax rate and the applicable tax rate** has not been presented in these financial statements as the provision for current year income tax has been made under section 113 of the Income Tax Ordinance, 2001 (minimum tax on turnover) due to available tax losses brought forward from prior years and transferred from the defunct KASB Bank Limited.

Under Section 114 of the Income Tax Ordinance, 2001 (Ordinance), the Bank has filed the return of income for the tax years 2006 to 2018 on due dates. These returns were deemed completed under the provisions of the prevailing income tax laws as applicable in Pakistan during the relevant accounting years.

### 30 BASIC AND DILUTED EARNINGS PER SHARE

Note	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
	Rupees in '000	
Profit after taxation for the period	251,303	38,831
	Rupees in '000	
Weighted average number of ordinary shares in issue	1,007,912,090	1,007,912,090
	Rupees	
Earnings per share - basic / diluted	30.1 0.2493	0.0385

- 30.1 There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2019 and March 31, 2018.

### 31 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL

The Bank maintained the following pools for profit declaration and distribution during the quarter ended March 31, 2019:

- (i) General Deposit Mudarabah Pool (PKR, USD, EUR & GBP);
- (ii) Musharakah Pool under SBP's Islamic Export Refinance Scheme; and
- (iii) Special Mudarabah Deposits Pool; and
- (iv) Treasury Pools

The deposits and funds accepted under the General Deposit Mudarabah Pool is provided to different sectors of economy mainly to 'Textile and Allied', 'Energy', 'Fertilizer', 'Trading', 'Consumer Finance' and 'GOP Ijarah Sukuks'.

Musharakah investments from the SBP under Islamic Export Refinance Scheme (IERS) are channeled towards the export sector of the economy via different Islamic financing modes such as Murabahah, Istisna etc.

Key features and risk & reward characteristics of all pools along with the parameters used for allocation of profit, charging expenses and provisions are consistent with those disclosed in note 34 to the unconsolidated financial statements for the year ended December 31, 2018.

March 31, 2019 (Un-audited)

General Deposit Mudarabah Pool	Profit rate and weightage announcement period	Profit rate return earned	Depositor Share %	Mudarib share %	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Term)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
					Rupees in '000			Rupees in '000
PKR Pool	Monthly	9.65%	50.00%	50.00%	706,772	4.63%	10.31%	70,450
USD Pool	Monthly	1.83%	50.00%	50.00%	6,184	1.00%	20.00%	674
GBP Pool	Monthly	0.68%	50.00%	50.00%	189	0.38%	16.00%	26
EURO Pool	Monthly	0.12%	50.00%	50.00%	23	0.07%	0.00%	5
Specific Mudarabah Pool	Profit rate and weightage announcement period	Profit rate return earned	Client Share %	Bank share %	Bank share	Profit rate return distributed	Percentage of Hiba to Client	Amount of IERS to Client
					Rupees in '000			Rupees in '000
Islamic Export Refinance (IERS) Musharakah Pool	Monthly	4.53%	47.83%	52.17%	2,983,068	2.00%	0.00%	-
Specific Mudarabah Pool	Profit rate and weightage announcement period	Profit rate return earned	Depositor Share %	Mudarib share %	Mudarib Fee	Profit rate return distributed to remunerative special deposits	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to special remunerative deposits
					Rupees in '000			Rupees in '000
(i) Mutual Fund	Monthly	10.99%	88.43%	11.57%	30,255	10.32%	40.97%	14,352
(ii) Special Term Deposit	Monthly	11.88%	80.00%	20.00%	115,817	10.10%	25.72%	28,997
(iii) Special Saving	Monthly	12.56%	70.00%	30.00%	77,773	9.91%	32.89%	22,533
(iv) 1 year special Term Deposit monthly profit	Monthly	11.22%	77.61%	22.39%	40,963	9.48%	33.05%	12,675
(v) 3 years special Term Deposit monthly profit	Monthly	11.10%	90.00%	10.00%	429	10.25%	23.63%	101
(vi)	In addition to the above, 42 short term Treasury Pools were created to meet liquidity management requirement of Treasury Department. The Pools were dissolved after maturity of respective Treasury transaction. The Pools were managed under the Shariah approved guidelines.							

## 32 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity or investments in subsidiaries & associates, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

### 32.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	March 31, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Shares	338,628	-	-	338,628
Non-Government Debt Securities	-	9,070,897	-	9,070,897
Units of open ended mutual funds	62	-	-	62
Non-Financial Assets - measured at fair value				
Operating fixed assets - Land and building	-	-	6,584,253	6,584,253
Non-banking assets	-	-	2,315,829	2,315,829
Off-balance sheet financial instruments				
- measured at fair value				
Forward purchase of foreign exchange	-	5,716,658	-	5,716,658
Forward sale of foreign exchange	-	4,028,992	-	4,028,992
Shariah compliant future sale of shares	408	-	-	408

December 31, 2018 (Audited)

Level 1	Level 2	Level 3	Total
Rupees in '000			

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

Investments

Federal Government Securities	-	26,513,606	-	26,513,606
Shares	440,067	-	-	440,067
Non-Government Debt Securities	-	10,045,048	-	10,045,048
Units of open ended mutual funds	65	-	-	65

**Non-Financial Assets - measured at fair value**

Operating fixed assets - Land and building	-	-	4,565,588	4,565,588
Non-banking assets	-	-	2,317,671	2,317,671
Non-current assets classified as held for sale				

**Off-balance sheet financial instruments**

**- measured at fair value**

Forward purchase of foreign exchange	-	9,846,491	-	9,846,491
Forward sale of foreign exchange	-	6,950,378	-	6,950,378
Shariah compliant future purchase of shares	161	-	-	161
Shariah compliant future sale of shares	144,789	-	-	144,789

**Valuation techniques used in determination of fair values within level 2**

Items	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.
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Items	Valuation approach and input used
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.

32.2 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.

### 33 SEGMENT INFORMATION

#### 33.1 Segment Details with respect to Business Activities

	March 31, 2019 (Un-audited)				
Profit & Loss	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in ' 000				
Net profit / return	1,356,153	(1,303,896)	2,326,726	22,966	2,401,949
Inter segment revenue - net	(1,155,000)	3,485,609	(2,330,609)	-	-
Total other income	31,031	117,326	74,451	17,121	239,929
Total Income	232,184	2,299,039	70,568	40,087	2,641,878
Segment direct expenses	16,738	1,009,693	24,376	724,098	1,774,905
Inter segment expense allocation	33,671	478,122	154,885	(666,678)	-
Total expenses	50,409	1,487,815	179,261	57,420	1,774,905
Provisions	13,448	144,936	305,769	(5,417)	458,736
Profit/ loss before tax	168,327	666,288	(414,462)	(11,916)	408,237
<b>Balance Sheet</b>					
Assets					
Cash & Bank balances	10,847,740	6,403,210	-	-	17,250,950
Investments	57,687,320	-	-	-	57,687,320
Net inter segment lending	-	163,080,666	-	-	163,080,666
Due from financial institutions	6,903,093	-	-	-	6,903,093
Islamic financing and related assets - performing	-	24,176,573	87,042,885	2,580,189	113,799,647
- non-performing	-	965,871	446,230	68,191	1,480,292
Others	1,657,314	1,930,583	3,470,133	22,804,668	29,862,698
Total Assets	77,095,467	196,556,903	90,959,248	25,453,048	390,064,666
Liabilities					
Borrowings	8,489,313	3,675,170	-	-	12,164,483
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	191,429,210	-	-	191,429,210
Net inter segment borrowing	68,574,424	-	88,141,963	6,364,280	163,080,667
Others	31,730	1,452,523	2,817,285	4,323,310	8,624,848
Total liabilities	77,095,467	196,556,903	90,959,248	10,687,590	375,299,208
Equity				14,765,458	14,765,458
Total Equity & liabilities	77,095,467	196,556,903	90,959,248	25,453,048	390,064,666
Contingencies & Commitments	1,659,383	-	13,150,889	5,150,943	19,961,215

Profit & Loss	Restated March 31, 2018 (Un-audited)				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in ' 000				
Net profit / return	678,547	(793,707)	1,448,317	22,486	1,355,643
Inter segment revenue - net	(681,607)	2,160,831	(1,479,224)	-	-
Total other income	91,916	149,467	40,894	7,135	289,412
Total Income	88,856	1,516,591	9,987	29,621	1,645,055
Segment direct expenses	13,343	983,087	19,376	546,278	1,562,084
Inter segment expense allocation	24,945	320,471	95,032	(440,448)	-
Total expenses	38,288	1,303,558	114,408	105,830	1,562,084
Provisions	(3,133)	15,810	9,924	549	23,150
Profit before tax	53,701	197,223	(114,345)	(76,758)	59,821
(Audited) December 31, 2018					
Balance Sheet	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in ' 000				
Assets					
Cash & Bank balances	8,309,890	6,815,483	-	-	15,125,373
Investments	38,832,093	-	-	-	38,832,093
Net inter segment lending	-	156,041,540	-	-	156,041,540
Due from financial institutions	18,173,504	-	-	-	18,173,504
Islamic financing and related assets - performing	-	22,423,321	89,165,423	2,511,581	114,100,325
- non-performing	-	746,700	3,649,429	74,357	4,470,486
Others	1,727,663	1,873,391	3,166,067	18,274,354	25,041,475
Total Assets	67,043,150	187,900,435	95,980,919	20,860,292	371,784,796
Liabilities					
Borrowings	5,331,216	2,488,316	-	-	7,819,532
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	184,681,628	-	11,735	184,693,363
Net inter segment borrowing	61,630,487	-	94,411,053	-	156,041,540
Others	81,447	3,941,460	1,569,866	3,122,773	8,715,546
Total liabilities	67,043,150	191,111,404	95,980,919	3,134,508	357,269,981
Equity	-	-	-	14,514,815	14,514,815
Total Equity & liabilities	67,043,150	191,111,404	95,980,919	17,649,323	371,784,796
Contingencies & Commitments	2,704,990	-	10,416,069	10,013,710	23,134,769

### 34 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	March 31, 2019 (Un-audited)					December 31, 2018 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Rupees in ' 000										
<b>Investments</b>										
Opening balance	-	-	2,690,723	1,660,111	-	-	-	2,690,723	1,660,111	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	2,690,723	1,660,111	-	-	-	2,690,723	1,660,111	-
<b>Provision for diminution in value of investments</b>	-	-	(2,080,529)	(1,032,169)	-	-	-	(2,063,033)	(1,032,169)	-
<b>Islamic financing and related assets</b>										
Opening balance	25,280	364,505	256,850	392,853	461,667	27,464	184,202	162,777	582,084	1,880,378
Addition during the year	-	39,098	55,000	200,000	515,300	-	258,618	128,348	675,000	3,196,861
Repaid during the year	(651)	(16,313)	(155,511)	(236,052)	(2,083)	(2,184)	(82,809)	(34,275)	(864,231)	(4,180,572)
Transfer in / (out) - net	-	(182,900)	-	-	-	-	4,494	-	-	(435,000)
Closing balance	24,629	204,390	156,339	356,801	974,884	25,280	364,505	256,850	392,853	461,667
<b>Other Assets</b>										
Profit receivable on financings	131	35	4,456	6,641	21,558	135	118	782	8,225	15,470
Other receivable	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>										
Opening balance	3,696	46,092	263,847	80,269	1,232,106	2,458	32,016	247,712	25,849	902,081
Received during the year	1,430	104,981	1,841,446	630,365	1,134,548	34,119	579,006	17,161,595	2,738,230	8,232,318
Withdrawn during the year	(2,872)	(101,364)	(1,810,432)	(659,312)	(1,301,965)	(34,528)	(563,296)	(17,145,460)	(2,684,170)	(7,850,192)
Transfer in / (out) - net	-	(41,730)	-	360	-	1,647	(1,634)	-	360	(52,101)
Closing balance	2,254	7,979	294,861	51,682	1,064,689	3,696	46,092	263,847	80,269	1,232,106
<b>Other Liabilities</b>										
Profit / return payable	-	7	-	-	-	-	11	125	-	-
<b>Contingencies and Commitments</b>										
Other contingencies	-	-	-	39,104	116,487	-	-	-	19,760	91,572
	March 31, 2019 (Un-audited)					March 31, 2018 (Un-audited)				
<b>Income</b>										
Profit / return earned	557	2,166	4,402	13,177	21,204	541	1,722	4,298	14,515	7,336
Other income	-	4	32	-	-	-	20	-	48	-
<b>Expense</b>										
Profit / return expensed	5	760	166	236	22,660	12	27	1,522	213	10,992
Other administrative expenses	-	2,310	-	92	-	49	642	200	77	-
Meeting Fee / Remuneration	1,725	40,177	-	-	-	4,153	31,445	-	-	-
Contribution to employees provident fund	-	-	-	-	22,981	-	-	-	-	21,342
Contribution to employees gratuity fund	-	-	-	-	22,501	-	-	-	-	19,101

### 35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	10,000,079	10,000,079
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	12,776,106	11,995,695
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	12,776,106	11,995,695
Eligible Tier 2 Capital	4,479,790	4,151,812
Total Eligible Capital (Tier 1 + Tier 2)	17,255,896	16,147,507
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	94,182,455	94,255,376
Market Risk	1,091,658	1,373,209
Operational Risk	11,284,350	11,284,350
Total	106,558,464	106,912,935
Common Equity Tier 1 Capital Adequacy ratio	11.99%	11.22%
Tier 1 Capital Adequacy Ratio	11.99%	11.22%
Total Capital Adequacy Ratio	16.19%	15.10%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	12,776,106	11,995,695
Total Exposures	244,569,174	230,798,907
Leverage Ratio	5.22%	5.20%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	40,805,440	42,125,500
Total Net Cash Outflow	27,209,935	21,949,912
Liquidity Coverage Ratio	166.11%	191.92%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	194,468,525	187,439,582
Total Required Stable Funding	87,168,819	97,963,189
Net Stable Funding Ratio	223.09%	191.34%

### 36 GENERAL

- 36.1** Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for captions of the Statement of Financial Position and Profit and Loss Account.
- 36.2** This condensed interim unconsolidated financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

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

#### 36.4 Corresponding figures

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

Transfer from	Transfer to	Aggregate
		Rupees in '000
Profit / return earned - Financings	Profit / return earned - Placements	190,992
Other Income - Fee and commission income	Profit / return earned	513

#### 37 DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue on April 24, 2019 by the Board of Directors of the Bank.

-Sd-  
PRESIDENT /  
CHIEF EXECUTIVE  
OFFICER

-Sd-  
CHIEF FINANCIAL  
OFFICER

-Sd-  
CHAIRMAN

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR

Condensed Interim  
Consolidated  
Financial Statements of  
**BankIslami Pakistan Limited**  
For The Quarter Ended  
March 31, 2019

## Directors' Report

Dear Shareholders,

On behalf of the Board, we are pleased to present the consolidated financial results of the Group for three months ended March 31, 2019. Following are the key financial highlights of three months period:

Particulars	Mar-19	Mar-18	Growth (%)
-----Rupees in millions-----			
Total Deposits *	191,134	172,770	10.6%
Total Assets *	228,044	209,821	8.7%
Total Financing and related assets-net	115,130	121,552	-5.3%
Total Investments-net	58,189	44,878	29.7%
Net Assets	15,541	14,086	10.3%
Net Spread Earned *	2,403	1,361	76.7%
Operating Profits	867	85	9.2 times
Profit After Tax	259	84	2.0 times
Basic Earnings per share (Rupees)	0.259	0.087	2.0 times
Branches network (number)	330	330	-

\* comparative figures have been restated due to reclassification or change in reporting format.

The Group posted satisfactory results for the quarter ended March 31, 2019 whereby total deposits and assets depicted growth of 10.6% and 8.7% respectively, as compared to same period last year, primarily driven by improved performance by the Islamic Banking operations of the Group. Deposits of the banking segment grew in line with its strategy to increase its revenue generation capacity. Likewise, assets also witnessed growth on the back of enhanced investment related activities wherein exposures were directed towards high yielding Government Securities.

The Group reported profit after tax of Rs. 259 million for the three months ended March 31, 2019 which is over 2 times of its last year's profit after tax of Rs. 84 million, Alhamdulillah. This improvement was largely due to increase in earning asset base of the Banking operations and overall increase in benchmark rates. This translated into 76.7% increase in net spreads earned by the Group in 1Q19 vis-à-vis 1Q18. Going forward, we are expecting a stress on profit margin on account of pressures mounting on cost of deposits due to monetary tightening. Operating expenses increased by 10.7% due to inflationary pressures and increase in insurance related expense on account of introduction of deposit protection scheme by SBP.

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 and 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,**

-Sd-

President / Chief Executive Officer

April 24, 2019

-Sd-

Chairman of the Board of Directors

شخصوں میں مجموعی اضافہ کے باعث آئی۔ یہ گروپ کی جانب سے 2018ء کی پہلی سہ ماہی کے مقابلہ میں 2019ء کی پہلی سہ ماہی میں آمدنی کے کل پھیلاؤ میں 76.7 فیصد اضافہ کی ترجمانی کرتی ہے۔

آگے بڑھتے ہوئے، ہم سخت مالی صورتحال کے باعث ڈپازٹس کی لاگت پر بڑھتے ہوئے دباؤ کے ضمن میں منافع کے مارجن پر دباؤ کی توقع کر رہے ہیں۔

ایس بی پی کی جانب سے ڈپازٹ پروٹیکشن سکیم کو متعارف کرانے کے ضمن میں انشورنس سے متعلق اخراجات اور افراط زر کے دباؤ میں اضافہ کے باعث آپریٹنگ اخراجات میں 10.7 فیصد اضافہ ہوا۔

ہم اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مسلسل رہنمائی اور معاونت پر گہرائی سے تعریف کرنا چاہتے ہیں۔ ہم گروپ کی ترقی کے لئے گروپ کے ملازمین کی سخت محنت اور عزم کو بھی سراہتے ہیں۔

بورڈ کی جانب سے

-Sd-

علی حسین

چیئر مین بورڈ

-Sd-

سید عامر علی

صدر/ چیف ایگزیکٹو آفیسر

24 اپریل 2019ء



## ڈائریکٹرز کی رپورٹ

### معزز حاملین حصص

بورڈ کی جانب سے ہم 31 مارچ 2019ء کو ختم ہونے والی سہ ماہی کے لئے گروپ کے مضبوط مالیاتی نتائج پیش کرنے پر خوشی محسوس کر رہے ہیں۔ تین ماہ کے عرصہ کے اہم مالیاتی نکات درج ذیل ہیں:-

تفصیلات	مارچ 2019ء	مارچ 2018ء	نمو
	روپے بلین میں		
مجموعی ڈیپازٹس*	191,134	172,770	10.6 فیصد
مجموعی اثاثے*	228,044	209,821	8.7 فیصد
مجموعی فنانسنگ اور متعلقہ اثاثے۔ صافی	115,130	121,525	-5.3 فیصد
مجموعی سرمایہ کاریاں۔ صافی	58,189	44,878	29.7 فیصد
کل اثاثے	15,541	14,086	10.3 فیصد
Net Spread آمدن*	2,403	1,361	76.7 فیصد
آپریٹنگ منافع	867	85	9.2 گنا
منافع بعد از ٹیکس	259	84	2.0 گنا
بنیادی آمدن فی حصص (روپے)	0.259	0.087	2.0 گنا
برائے نیٹ ورک (تعداد)	330	330	-

\* رپورٹنگ فارمیٹ میں تبدیلی کی وجہ سے تقابلی اعداد و شمار کا اعادہ کیا گیا ہے۔

گروپ نے 31 مارچ 2019ء کو ختم ہونے والی سہ ماہی کے لئے اطمینان بخش نتائج پیش کئے جس میں گزشتہ سال کی اسی مدت کے مقابلہ میں مجموعی ڈیپازٹس اور اثاثوں میں بالترتیب 10.6 فیصد اور 8.7 فیصد نمو ظاہر کی گئی جو گروپ کے اسلامک بینکنگ آپریشن کی جانب سے بنیادی طور پر بہتر کارکردگی ہے۔ اپنی آمدنی کی پیداواری صلاحیت کو بڑھانے کے لئے اپنی حکمت عملی کے ساتھ بینکنگ طبقہ کے ڈپازٹس میں اضافہ ہوا۔ اسی طرح اثاثوں نے بہتر سرمایہ کاری سے متعلقہ سرگرمیوں کی پشت پر ترقی حاصل کی جہاں سرمایہ کاری اعلیٰ منافع کے حامل حکومتی سیکوریٹیز کی جانب گامزن ہوئی۔

گروپ نے 31 مارچ 2019ء کو ختم ہونے والی سہ ماہی کے لئے منافع بعد از ٹیکس 259 ملین روپے ظاہر کیا جو گزشتہ سال اس کے 84 ملین روپے کے منافع بعد از ٹیکس سے دو گنا زیادہ ہے، الحمد للہ۔ یہ بہتری بینکنگ آپریشنز کے بنیادی اثاثوں کی آمدنی میں اضافہ اور بیٹج مارک کی

## Condensed Interim Consolidated Statement of Financial Position

AS AT MARCH 31, 2019

(Un-audited) (Audited)  
March 31, 2019 December 31, 2018  
Rupees in '000

### ASSETS

Cash and balances with treasury banks	14,770,837	14,292,752
Balances with other banks	2,714,306	1,164,553
Due from financial institutions - net	6,903,093	18,173,504
Investments - net	58,188,563	39,236,762
Islamic financing, related assets and advances - net	115,130,449	118,320,811
Fixed assets	9,146,812	6,683,785
Intangible assets	3,156,599	3,173,692
Deferred tax assets	7,377,175	7,471,963
Other assets - net	10,656,045	8,315,446
Total Assets	228,043,879	216,833,268

### LIABILITIES

Bills payable	3,675,170	3,242,180
Due to financial institutions	8,489,823	7,819,532
Deposits and other accounts	191,134,349	184,429,521
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	9,203,914	6,066,223
	212,503,256	201,557,456
NET ASSETS	15,540,623	15,275,812

### REPRESENTED BY

Share capital - net	10,000,079	10,000,079
Reserves	968,799	968,799
Surplus on revaluation of assets - net of tax	1,854,106	1,875,495
Unappropriated profit	2,519,437	2,236,825
	15,342,421	15,081,198
Non-controlling interest	198,202	194,614
	15,540,623	15,275,812

### CONTINGENCIES AND COMMITMENTS

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

-Sd-  
PRESIDENT /  
CHIEF EXECUTIVE  
OFFICER

-Sd-  
CHIEF FINANCIAL  
OFFICER

-Sd-  
CHAIRMAN

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

	(Un-audited) March 31, 2019	Restated (Un-audited) March 31, 2018
	Rupees in '000	
Profit / return earned	4,637,336	2,856,672
Profit / return expensed	2,234,396	1,495,789
Net Profit / return	2,402,940	1,360,883
<b>OTHER INCOME</b>		
Fee and commission income	181,048	170,432
Dividend income	2,989	-
Foreign exchange income	25,948	30,548
(Loss) / gain on securities	(4,145)	56,930
Other income	34,089	31,502
Total other income	239,929	289,412
Total Income	2,642,869	1,650,295
<b>OTHER EXPENSES</b>		
Operating expenses	1,732,035	1,565,336
Workers Welfare Fund	8,057	-
Other charges	36,150	50
Total other expenses	1,776,242	1,565,386
<b>Profit before provisions</b>	866,627	84,909
Provisions and write offs - net	441,312	23,150
Extraordinary / unusual items	-	-
Loss for the period from BIPL Securities Limited - net of tax	(9,121)	(14,501)
Share of profit from associate	-	57,834
<b>PROFIT BEFORE TAXATION</b>	416,194	105,092
Taxation	156,934	20,990
<b>PROFIT AFTER TAXATION</b>	259,260	84,102
<b>ATTRIBUTABLE TO:</b>		
Equity shareholders of the Bank	261,361	87,432
Non-controlling interest	(2,101)	(3,330)
	259,260	84,102
	Rupees	
<b>Basic earnings per share</b>	0.2593	0.0867
<b>Diluted earnings per share</b>	0.2593	0.0867

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

-Sd-  
PRESIDENT /  
CHIEF EXECUTIVE  
OFFICER

-Sd-  
CHIEF FINANCIAL  
OFFICER

-Sd-  
CHAIRMAN

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

	(Un-audited) March 31, 2019	Restated (Un-audited) March 31, 2018
	Rupees in '000	
<b>Profit after taxation for the period attributable to:</b>		
Equity shareholders of the Bank	261,361	87,432
Non-controlling interest	(2,101)	(3,330)
	<u>259,260</u>	<u>84,102</u>
<b>Other Comprehensive Income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus on revaluation of investments - net of tax attributable to:		
Equity shareholders of the Bank	(138)	(225,138)
Non-controlling interest	5,689	-
	<u>5,551</u>	<u>(225,138)</u>
<b>Items that may not be reclassified to profit and loss account in subsequent periods</b>	-	-
<b>Total comprehensive income</b>	<u>264,811</u>	<u>(141,036)</u>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Bank	261,223	(137,706)
Non-controlling interest	3,588	(3,330)
	<u>264,811</u>	<u>(141,036)</u>

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

-Sd-  
PRESIDENT /  
CHIEF EXECUTIVE  
OFFICER

-Sd-  
CHIEF FINANCIAL  
OFFICER

-Sd-  
CHAIRMAN

-Sd-  
DIRECTOR

-Sd-  
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Attributable to equity shareholders of the Bank									
	Share capital	Discount on issue of shares	Statutory reserve	Reserve for bad debts & contingencies	Surplus/(Deficit) on revaluation of			Sub total	Non-controlling interest	Total
					Investment	Fixed / Non Banking Assets	Unappropriated profit			
	Rupees in '000									
Balance as at December 31, 2017 (Restated)	10,079,121	(79,042)	676,266	250,000	195,469	1,006,444	1,893,736	14,021,994	205,242	14,227,236
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	-	87,432	87,432	(3,330)	84,102
Other comprehensive income for the quarter ended March 31, 2018	-	-	-	-	(225,138)	-	-	(225,138)	-	(225,138)
Total comprehensive income for the quarter ended March 31, 2018	-	-	-	-	(225,138)	-	87,432	(137,706)	(3,330)	(141,036)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(2,564)	2,564	-	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(77)	77	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018 (Restated)	10,079,121	(79,042)	676,266	250,000	(29,669)	1,003,803	1,983,809	13,884,289	201,912	14,086,201
Profit after taxation for the period from April 01, 2018 to December 31, 2018	-	-	-	-	-	-	246,834	246,834	(10,628)	236,206
Other comprehensive income for the period from April 01, 2018 to December 31, 2018	-	-	-	-	64,505	881,518	4,053	950,076	-	950,076
Total comprehensive income for the period from April 01, 2018 to December 31, 2018	-	-	-	-	64,505	881,518	250,887	1,196,910	(10,628)	1,186,282
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(7,834)	7,834	-	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(231)	231	-	-	-
Surplus on revaluation of non banking assets transferred to unappropriated profit	-	-	-	-	-	(36,597)	36,597	-	-	-
Transfer to statutory reserve	-	-	42,533	-	-	-	(42,533)	-	-	-
Balance as at December 31, 2018	10,079,121	(79,042)	718,799	250,000	34,836	1,840,659	2,236,825	15,081,198	194,614	15,275,812
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	-	261,361	261,361	(2,101)	259,260
Other comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(138)	-	-	(138)	5,689	5,551
Total comprehensive income for the quarter ended March 31, 2019	-	-	-	-	(138)	-	261,361	261,223	3,588	264,811
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(4,881)	4,881	-	-	-
Transfer from surplus on revaluation of non banking assets - net of tax	-	-	-	-	-	(520)	520	-	-	-
Surplus on revaluation of non banking assets transferred to unappropriated profit	-	-	-	-	-	(15,850)	15,850	-	-	-
Balance as at March 31, 2019	10,079,121	(79,042)	718,799	250,000	34,698	1,819,408	2,519,437	15,342,421	198,202	15,540,623

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

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DIRECTOR

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DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

	(Un-audited) March 31, 2019	Restated (Un-audited) March 31, 2018
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	416,194	105,092
Less: Dividend Income	(2,989)	-
Less: Share of profit from associate	-	(57,834)
	413,205	47,258
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	161,028	167,148
Depreciation on non banking assets	1,321	1,658
Amortisation	16,994	14,992
Depreciation on operating Ijarah assets	244,141	1,383,698
Provisions and write offs - net	441,312	23,151
Unrealised gain on revaluation of investments classified as held for trading	(6)	(845)
Charge for defined benefit plan	22,501	19,101
Gain on sale of property and equipment	(13,762)	(3,121)
	873,529	1,605,782
	1,286,734	1,653,040
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	11,270,411	15,877,658
Held-for-trading securities	71,268	(268,331)
Islamic financing and related assets and advances	2,518,357	(3,954,731)
Others assets (excluding defined benefit assets)	(2,231,285)	(117,738)
	11,628,751	11,536,858
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	432,990	(395,722)
Due to financial institutions	670,291	(3,903,232)
Deposits and other accounts	6,704,828	(5,406,044)
Other liabilities (excluding current taxation and unrealised loss on forward sale promises)	3,164,578	317,150
	10,972,687	(9,387,848)
	23,888,172	3,802,050
Income tax paid	(206,322)	(69,530)
<b>Net cash generated from operating activities</b>	23,681,850	3,732,520
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(19,030,957)	(2,409,708)
Dividend received	2,989	-
Investments in operating fixed assets	(2,691,343)	(141,068)
Proceeds from disposal of operating fixed assets	65,299	3,744
<b>Net cash used in investing activities</b>	(21,654,012)	(2,547,032)
<b>Increase in cash and cash equivalents</b>	2,027,838	1,185,488
Cash and cash equivalents at the beginning of the period	15,457,305	12,933,535
<b>Cash and cash equivalents at the end of the period</b>	17,485,143	14,119,023

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

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## Notes to and forming part of Condensed Interim Consolidated Financial Information (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2019

### 1. STATUS AND NATURE OF BUSINESS

**The Group comprises of:**

#### 1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

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 76 sub-branches as at March 31, 2019 (December 31, 2018: 330 branches including 81 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 March 31, 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 PREPARATION

### 2.1 Statement of compliance

This condensed interim consolidated financial information has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (IASB) and notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;



- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2 During the period, the SBP, vide its BPRD Circular No. 05, dated: March 22, 2019, issued the revised forms for the preparation of the interim financial statements of banks, to bring it in line with the annual financial statements format, issued vide BPRD Circular No. 2 of 2018. The revised forms for the preparation of the interim financial statements are applicable for periods beginning on or after January 01, 2019. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the financial statements.

The Holding Company has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current period's presentation.

- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS).

Further, during the period, SECP vide S.R.O 229 (I)/2019 dated February 14, 2019, has deferred the applicability of IFRS 9 'Financial Instruments' for reporting period / year ending on or after June 30, 2019 for all companies. Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim consolidated financial information.

- 2.4 The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". This condensed interim consolidated financial information does not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2018.
- 2.5 The Group provides financing mainly through Murabahah, Ijarah, Istisna, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in this condensed interim consolidated 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 Holding Company.

## 2.6 Basis of Consolidation

This condensed interim consolidated financial information incorporates the financial statements of the Bank (Holding Company) 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 and the investment held by the Holding Company 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.

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 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2018, except as described below:

#### 3.1 Amendments to accounting and reporting standards that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim consolidated financial information.

#### 3.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned there against:

Standard, Interpretations and Amendments	Effective date
- Definition of a Business – Amendments to IFRS 3	January 01, 2020
- Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
- The Conceptual Framework for Financial Reporting	January 01, 2020
- IFRS 10 Consolidated Financial Statements and IAS 28	
Investment in Associates and Joint Ventures Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

The above standards, amendments and interpretations are not expected to have any material impact on the Holding Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 – Insurance Contracts	January 01, 2021

With regards to IFRS 16 'Leases', the Holding Company has approached SBP through Pakistan Banking Association (PBA) for the deferment of IFRS 16 and to issue suitable guidance and instructions on the application of IFRS 16 for the Banking sector of Pakistan. Hence, the impact of the standard has not been considered in the preparation of this condensed interim consolidated financial information.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as those applied in the preparation of the annual consolidated financial statements of the Holding Company for the year ended December 31, 2018.

#### 5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted in the preparation of this condensed interim consolidated financial information are consistent with those disclosed in the annual consolidated financial statements of the Holding Company for the year ended December 31, 2018.

#### 6 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on April 24, 2019 by the Board of Directors of the Holding Company.

-Sd-  
PRESIDENT /  
CHIEF EXECUTIVE  
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## BankIslami Pakistan Limited

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