

بَيْنَا وَسَلَامِي



BankIslami

10
YEARS

A DECADE OF

DEDICATION | DEVOTION | DETERMINATION

QUARTERLY REPORT
MARCH 31, 2016

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Corporate Information

AS AT MARCH 31, 2016

Board of Directors

Mr. Ali Hussain	Chairman
Mr. Ali Mohd Hussain Ali Al Shamali	
Mr. Ali Raza Siddiqui	
Mr. Fawad Anwar	
Mr. Hasan A. Bilgrami	Chief Executive Officer
Mr. Kamal Afsar	
Mr. Shabir Ahmed Randeree *	
Mr. Siraj Ahmed Dadabhoj **	

Sharia'h Supervisory Board

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

Audit Committee

Mr. Fawad Anwar	Chairman
Mr. Ali Raza Siddiqui	Member
Mr. Shabir Ahmed Randeree *	Member

Risk Management Committee

Mr. Ali Mohd Hussain Ali Al Shamali	Chairman
Mr. Fawad Anwar	Member
Mr. Hasan A. Bilgrami	Member

I.T. Committee

Mr. Hasan A. Bilgrami	Chairman
Mr. Ali Hussain	Member
Mr. Ali Raza Siddiqui	Member

Human Resource & Compensation Committee

Mr. Shabir Ahmed Randeree *	Chairman
Mr. Ali Hussain	Member
Mr. Ali Raza Siddiqui	Member
Mr. Ali Mohd Hussain Ali Al Shamali	Member
Mr. Hasan A. Bilgrami	Member
Mr. Kamal Afsar	Member

Executive Committee

Mr. Ali Hussain	Chairman
Mr. Ali Raza Siddiqui	Member
Mr. Ali Mohd Hussain Ali Al Shamali	Member
Mr. Fawad Anwar	Member
Mr. Hasan A. Bilgrami	Member
Mr. Shabir Ahmed Randeree *	Member

M & A Committee

Mr. Fawad Anwar	Chairman
Mr. Ali Mohd Hussain Ali Al Shamali	Member
Mr. Hasan A Bilgrami	Member
Mr. Shabir Ahmed Randeree *	Member

*resigned effective June 04, 2016

**co-opted effective June 04, 2016 subject to SBP approval



Investment/dis-investment Committee

Mr. Ali Hussain
Mr. Fawad Anwar
Mr. Hasan A Bilgrami

Chairman
Member
Member

Company Secretary

Mr. Khawaja Ehrar ul Hassan

Auditors

Ernst & Young Fordh Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Adviser

1- Haidermota & Co.
Barrister at Law

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

Management (in alphabetical order)

Mr. Ahmad Mobeen Malik
Mr. Bilal Zuberi
Mr. Fakhir Ahmad
Mr. Farooq Anwar
Ms. Gulbano Bokhari Asim
Mr. Hasan A. Bilgrami
Mr. Khawaja Ehrar ul Hassan
Mr. Muhammad Faisal Shaikh
Mr. Muhammad Kamran Siddiqui
Mr. Rehan Shuja Zaidi
Mr. Saad Ahmed Madani
Mr. Sadaruddin Pyar Ali
Mr. Sohail Sikandar
Mr. Syed Akhtar Ausaf
Mr. Syed Ata Hussain Jaffri
Mr. Syed Muhammad Aamir Shamim
Mr. Syed Mujtaba Hussain Kazmi

Regional General Manager
Regional General Manager
Head, Human Resources
Head, Operations
Head Consumer & Retail Banking
Chief Executive Officer
Head, Compliance & Legal
Head, Shariah Advisory & Structuring
Head, Service Quality & Phone Banking
Head, Internal Audit
Regional General Manager
Head, Administration & General Services
Chief Financial officer
Head, Risk Management
Head, Information System
Head, Treasury & Financial Institutions
Head, Corporate Finance

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

Technology Trade (Private) Limited
Dagia House, 241-C, Block-2,
P.E.C.H.S. Off: Shakra-e-Qaideen,
Karachi.
Phone: (92-21) 34387960-61
Fax: (92-21) 34391318

Website:

www.bankislami.com.pk



Directors' Report

On behalf of the Board, I am pleased to present the financial results of the Bank for the quarter ended March 31, 2016. Following are the highlights:

	Mar-16	Mar-15	Growth (%)
Rupees in 'millions'.....		
Total Deposits	144,484	93,368	54.75%
Total Assets	181,711	106,454	70.69%
Total Financing	75,231	41,796	79.99%
Total Investments	71,933	34,196	110.35%
Shareholder's Equity (including revaluation)	11,533	7,056	63.44%
Branches	317	213	48.83%
Basic Earnings per share - rupees	0.124	0.124	-

The Bank showed a deposit growth of 54.75% in March 2016 compared to 20.36% in Mar'15. The Bank also improved its deposit mix of Current and Saving deposits ('CASA') to 68.13% of total deposits compared to 58.90% in March 2015.

Since March 2015, the Bank grew its financing portfolio by 79.99%. The financing to deposit ratio rose from 44.76% to 52.07%. The infection ratio for the Islamic financing portfolio, excluding the inherited non performing financing & advances portfolio of Defunct KASB Bank, improved from 2.55% to 2.39% as of Mar'16. The net spread after provision of the Bank grew to 61.73% vs 43.92% on the back of reversals of provisions of Rs.501mn against non-performing financing. Moreover, despite decline in gross spreads to 37.26% and increase in administration expenses by 58.49% the Bank was able to report a profit after tax of Rs. 125mn for the first quarter of 2016. The drag on profitability has largely been due to incremental expenses of the Defunct KASB Bank which has continued to put pressure on the bottom line.

In the first quarter of 2016, the Bank successfully implemented a new home remittance system which improved PRI services. An agreement was also signed with Bank of Azad Kashmir for facilitating them in home remittances transfers and disbursements by Overseas Pakistanis to Azad Kashmir. The Bank received the Best Islamic Home Finance Award at Round Table Conference organized by Pakistan Observer. It signed a strategic alliance agreement with Al-Haj FAW Motors for the sale of their commercial vehicles through Auto Ijarah product. In this quarter, BankIslami also signed discount deals with some of the leading food chains for its Visa Cardholders.

In 2016, the Bank plans to expand its branch network in order to tap new areas while creating synergy with the current branch network thereby strengthening its position as the 11th largest Banking network in Pakistan.

The Credit rating of the Bank is "A+" for long term entity rating and "A1" for short-term rating by Pakistan Credit Rating Agency Limited (PACRA).

The Board would like to place on record its deep appreciation for the State Bank of Pakistan for providing all the assistance and guidance. It would also like to thank the Securities and Exchange Commission of Pakistan and other regulatory authorities for their support to us. We would like to show our gratitude to our valued customers, business partners and shareholders for their continued patronage and trust. Moreover, we would also like to acknowledge the dedication, commitment and hard work put in by our management team and staff members that has enabled BankIslami to capture a prominent position in the Banking industry in general and Islamic Banking industry in particular.

On behalf of the Board,

Hasan A Bilgrami
Chief Executive Officer
July 22, 2016

ڈائریکٹرز کی رپورٹ

میں بورڈ کی جانب سے 31 مارچ 2016 کو اختتام پذیر ہونے والی سہ ماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

مارچ-16	مارچ-15	نمو (فیصد)
----- روپے ملین میں -----		
144,484	93,368	54.75%
181,711	106,454	70.69%
75,231	41,796	79.99%
71,933	34,196	110.35%
11,533	7,056	63.44%
317	213	48.83%
0.124	0.124	-

مارچ 2015 میں 20.36% کے مقابلہ میں بینک کے ڈپازٹ میں اضافہ مارچ 2016 میں 54.75% زیادہ دیکھا گیا۔ اسی طرح بینک کے کرنٹ اور سیونگ اکاؤنٹ کے مجموعہ (CASA) میں بھی بہتری آئی جو 68.13% ہو گیا جبکہ مارچ 2015 میں 58.90% تھا۔

جیسا کہ مارچ 2015، میں بینک کا تنویلی مجموعہ بڑھ کر 79.99% تک پہنچ گیا ہے جس کے نتیجے میں تنویل سے ڈپازٹ کی شرح 44.76% سے بڑھ کر 52.07% ہو گئی ہے۔ کا اعلاہم KASB بینک کے غیر سرگرم تنویل اور قرض کے مجموعے کو نکال کر، اسلامی تنویلی مجموعہ (Islamic Financing Portfolio) میں غیر فعال تنویل کی شرح، 2.55% سے 2.39% تک مارچ 16 میں بہتر ہوئی ہے۔ خالص منافع کی شرح (Net Spread)، احتیاطی رقم نکالنے کے بعد 501 ملین کے غیر سرگرم قرضوں کے مقابلہ میں احتیاطی رقم کے واپس آجانے کے بعد 43.92% سے بڑھ کر 61.73% تک ہو گئے ہیں۔ اس کے علاوہ مجموعی منافع کی شرح (Gross Spread) میں ڈپازٹ کی شرح کم ہو کر 37.26% ہو گئی اور انتظامی اخراجات بڑھ کر 58.49% تک بڑھنے کے بعد بینک 2016 کی پہلی سہ ماہی میں ٹیکس کے بعد 125 ملین نفع کمانے کے قابل ہوا۔ منافع میں کمی کی بڑی وجہ کا اعلاہم KASB بینک کے اضافی اخراجات ہیں جن کا بینک کے اخراجات پر مسلسل دباؤ ہے۔

2016 کی پہلی سہ ماہی میں بینک نے کامیابی کے ساتھ ترسیلات زر کا نظام نافذ کیا جس کی وجہ سے PRI کی خدمات میں بہتری آئی۔ سمندر پار پاکستانیوں کی ان کے گھر اور پرتسیلات زر کی منتقلی اور ادائیگی میں معاونت فراہم کرنے کے لئے بینک آف آزاد کشمیر کے ساتھ ایک معاہدہ طے پایا۔ بینک نے پاکستان آئزورور کی جانب سے منعقد کی گئی گول میز کانفرنس میں بہترین اسلامی ہوم فنانس ایوارڈ حاصل کیا۔ بینک نے الحاج ایف اے ڈبلیو میوزک کے ساتھ ان کی کاروباری گاڑیاں بینک کی اجارہ کی سہولت کے ذریعے فروخت کرنے کا کاروباری اتحاد کا معاہدہ طے کیا۔ اس سہ ماہی میں بینک نے مختلف فوڈ کمپنیوں سے اپنے ویزا کارڈ کے حامل صارفین کے لئے رعایت دینے کے معاہدے بھی کئے۔

2016 میں بینک کا اپنی شاخوں کے پھیلائے کا بھی منصوبہ ہے تاکہ نئے علاقوں تک پہنچا جاسکے جس سے موجودہ شاخوں کو معاونت ملنے کے ساتھ ساتھ بینک کی گیارہویں بڑے بینک ہونے کی حیثیت بھی مستحکم ہو جائے۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے بینک کے طویل مدت کے لئے ریٹنگ "A+" اور قلیل مدت کے لئے ریٹنگ "A1" مقرر کی گئی ہے۔ بورڈ اسٹیٹ بینک آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتا ہے۔ اس کے ساتھ ساتھ سیکورٹی ایڈجسٹمنٹ کمیٹی آف پاکستان اور دیگر انتظامی نگران اداروں کا بھی ان کی معاونت پر شکر یاد آ کرتا ہے۔ ہم اپنے قابل قدر صارفین، کاروباری شراکت داران، اور حصے داران کا ہم پر مسلسل حمایت اور بھروسے پر انتہائی شکر گزار ہیں۔ اس کے ساتھ ساتھ ہم اپنی انتظامی جماعت، عملے کے افراد کی لگن، واہستگی، اور محنت کو تسلیم کرتے ہیں جس کے نتیجے میں ہی بینک اسلامی کو بینکنگ انڈسٹری میں بالعموم اور اسلامی بینکنگ انڈسٹری میں بالخصوص امتیازی مقام حاصل کرنے کے قابل ہوا۔

بورڈ کی جانب سے،

حسن عزیز بلگرامی

چیف ایگزیکٹو آفیسر

22 جولائی، 2016



Condensed Interim Unconsolidated Statement Of Financial Position

AS AT MARCH 31, 2016

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	10	7,544,899	9,035,886
Balances with other banks	11	664,690	1,780,710
Due from financial institutions - net	12	8,583,433	39,824,221
Investments - net	13	71,933,065	35,885,958
Islamic financing and related assets and Advances (net)	14	75,231,314	69,576,275
Operating fixed assets	15	6,024,901	5,884,246
Deferred tax assets	16	5,961,376	6,007,660
Other assets - net		5,767,552	6,134,936
		181,711,230	174,129,892
LIABILITIES			
Bills payable		1,494,692	1,523,933
Due to financial institutions	17	18,851,731	3,197,770
Deposits and other accounts	18	144,484,489	153,058,102
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		5,347,423	5,163,817
		170,178,335	162,943,622
NET ASSETS		<u>11,532,895</u>	<u>11,186,270</u>
REPRESENTED BY			
Share capital	19	10,079,121	10,079,121
Discount on issue of shares		(79,042)	(79,042)
Reserves	20	479,694	351,723
		10,479,773	10,351,802
Surplus on revaluation of assets - net of tax	21	1,053,122	834,468
		<u>11,532,895</u>	<u>11,186,270</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2016

Note	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----	
Profit / return earned	2,234,486	2,002,371
Profit / return expensed	1,401,943	1,113,861
Net spread earned	832,543	888,510
(Reversal) / Charge of provision against non-performing Islamic financing and related assets and advances - net	(500,768)	9,082
Provision for diminution in the value of investments and placements - net	(46,605)	-
Bad debts written off directly	523	-
	(546,850)	9,082
Net spread after provisions	1,379,393	879,428
OTHER INCOME		
Fee, commission and brokerage income	94,094	97,977
Dividend Income	-	-
Income from dealing in foreign currencies	14,741	31,578
Gain on sale of securities	8,781	11,853
Unrealised gain on revaluation of investments classified as held for trading	-	-
Other income	35,969	10,761
Total other income	153,585	152,169
	1,532,978	1,031,597
OTHER EXPENSES		
Administrative expenses	1,456,523	919,025
Other provisions	-	-
Other charges	-	3,054
Total other expenses	1,456,523	922,079
	76,455	109,518
Extraordinary / unusual items		-
PROFIT BEFORE TAXATION	76,455	109,518
Taxation		
- Current	23,881	21,577
- Prior year	-	-
- Deferred	(72,833)	16,666
	(48,952)	38,243
PROFIT AFTER TAXATION	125,407	71,275
	----- Rupees -----	
Basic earnings per share	0.124	0.124
Diluted earnings per share	0.124	0.124

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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

FOR THE QUARTER ENDED MARCH 31, 2016

Note	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----	
Profit after taxation for the period	125,407	71,275
Other Comprehensive Income		
Comprehensive income for the period transferred to equity	125,407	71,275
Components of comprehensive income not reflected in equity		
Surplus on revaluation of available for sale investments - net of tax	199,111	117,690
Total comprehensive income for the period	324,518	188,965

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2016

Note	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	76,455	109,518
Adjustments for non-cash charges and other items:		
Depreciation on owned assets	142,369	89,730
Amortisation	9,668	2,886
Depreciation on operating Ijarah assets	261,290	184,746
Reversal of provision against non-performing Islamic financing and related assets - net	14.12.2 (500,768)	9,082
Provision for diminution in the value of investments and placements	(46,605)	-
Other provisions	-	-
Charge for defined benefit plan	15,820	-
Gain on sale of property and equipment	(2,278)	(605)
	(120,504)	285,839
	(44,049)	395,357
(Increase) / decrease in operating assets		
Due from financial institutions	31,240,788	39,250
Islamic financing and related assets	(5,415,561)	(893,126)
Others assets (excluding advance taxation and defined benefit assets)	398,920	(132,114)
	26,224,147	(985,990)
Increase / (decrease) in operating liabilities		
Bills payable	(29,241)	239,127
Due to financial institutions	15,653,961	1,150,000
Deposits and other accounts	(8,573,613)	3,036,666
Other liabilities (excluding current taxation)	186,601	(216,423)
	7,237,708	4,209,370
	33,417,806	3,618,737
Payments against defined benefit plan	(47,352)	-
Income tax paid	(26,878)	(18,848)
Net cash generated from operating activities	33,343,576	3,599,889
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(35,694,180)	(3,360,464)
Investments in operating fixed assets	(259,576)	(109,278)
Proceeds from disposal of operating fixed assets	3,173	623
Net cash generated from investing activities	(35,950,583)	(3,469,119)
(Decrease) / Increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	26 10,816,596	130,770 7,094,967
Cash and cash equivalents at the end of the period	26 8,209,589	7,225,737

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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

FOR THE QUARTER ENDED MARCH 31, 2016

	Share capital	Discount on issue of shares	Reserve for bad debts & contingencies	Statutory reserve	Unappropriated profit / (Accumulated loss)	Total
	----- Rupees in '000 -----					
Balance as at January 1, 2015	5,758,721	(79,042)	-	273,176	266,946	6,219,801
Transfer to reserve for bad debts and contingencies	-	-	250,000	-	(250,000)	-
Profit after taxation for the quarter ended transferred from Statement of Comprehensive Income	-	-	-	-	71,275	71,275
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,447	2,447
Advance against issue of share capital	-	-	-	-	-	-
Balance as at March 31, 2015	<u>5,758,721</u>	<u>(79,042)</u>	<u>250,000</u>	<u>273,176</u>	<u>90,668</u>	<u>6,293,523</u>
Issue of right shares at par	4,320,400	-	-	-	-	4,320,400
Loss after taxation for the nine months period ended Dec 31, 2015 transferred from Statement of Comprehensive Income	-	-	-	-	(267,279)	(267,279)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	10,205	10,205
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	(5,047)	(5,047)
Balance as at December 31, 2015	<u>10,079,121</u>	<u>(79,042)</u>	<u>250,000</u>	<u>273,176</u>	<u>(171,453)</u>	<u>10,351,802</u>
Profit after taxation for the quarter ended March 31, 2016 transferred from Statement of Comprehensive Income	-	-	-	-	125,407	125,407
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,564	2,564
Balance as at March 31, 2016	<u>10,079,121</u>	<u>(79,042)</u>	<u>250,000</u>	<u>273,176</u>	<u>(43,482)</u>	<u>10,479,773</u>

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR



Notes To And Forming Part Of The Condensed Interim Unconsolidated Financial Information (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2016

1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan as a public limited company on October 18, 2004 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking activities and investment activities.

The Bank is operating through 317 branches including 124 sub branches as at March 31, 2016 (Dec 31, 2015: 317 branches including 124 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

- 1.2 As mentioned in note 4 below, during last year KASB Undertakings have been acquired and amalgamated with the Bank under a scheme sanctioned under section 47 of the Banking Companies Ordinance, 1962.

2 BASIS OF PRESENTATION

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

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

- 2.2 These condensed interim financial information are the separate condensed interim financial information of the Bank in which investments in subsidiaries are carried at cost less accumulated impairment losses, if any, and are not consolidated. The consolidated financial information of the Group are being issued separately.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim unconsolidated financial Information have been prepared in accordance with the approved accounting standards as applicable in

Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.

- 3.2** The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these condensed interim financial Information s. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these condensed interim financial Informations. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** IFRS 8 "Operating Segments" was effective for the Bank's accounting period beginning on or after January 1, 2009. All Banking Companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual financial statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these condensed interim unconsolidated financial Information is based on the requirements laid down by the SBP.
- 3.4** The SBP vide BSD Circular No. 07 dated April 20, 2010 clarified that for the purpose of preparation of financial statement in accordance with International Accounting Standard - 1 (Revised), 'Presentation of financial statement', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, only the surplus / (deficit) on revaluation of available for sale (AFS) securities is required to be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of these condensed interim unconsolidated financial Information.
- 3.5** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial Information would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these financial Information.

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

3.6.1 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 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.

4 BUSINESS COMBINATION

4.1 Acquisition of KASB Bank Limited

During last year, under the 'Scheme of Amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited under Section 47 of the Banking Companies Ordinance, 1962', hereinafter referred to as 'The Scheme', KASB Bank Undertakings have been acquired and amalgamated with the Bank. The Scheme was effective from May 7, 2015. This transaction has been accounted for as "Business Combination" under 'International Financial Reporting Standard 3' (IFRS 3), 'Business Combination'.

KASB Bank Undertakings as per the Scheme means the business and all assets and liabilities, of the then KASB Bank Limited of whatsoever nature and wherever situated.

The aforementioned scheme was prepared by the SBP and placed before the Federal Government of Pakistan for its approval. The Federal Government of Pakistan in terms of the powers conferred to it under section 47 of the Banking Companies Ordinance, 1962 sanctioned the scheme of amalgamation of KASB Bank Undertakings with and into BankIslami Pakistan Limited on May 7, 2015 with immediate effect.

The assets and liabilities included in the statement of financial position also include balances of the defunct KASB Bank Limited as required under IFRS 3, the balances of KASB Bank undertakings have been incorporated at their provisional fair values as determined by an independent firm KPMG Taseer Hadi & Co, Chartered Accountants. Their valuation is being carried out using the balances as appearing in the financial statements of defunct KASB Bank Limited as at May 7, 2015 duly audited by Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalised the accounting for business combination. The fair valuation exercise is substantially complete and will be finalised within the period of one year as allowed under IFRS 3. Any adjustment arising at the time of finalisation of this exercise will be incorporated with retrospective effect from the date of acquisition.

The KASB Bank Limited at the time of acquisition by the Bank had the following three subsidiaries (both direct and indirect) which by virtue of amalgamation have now become subsidiaries of the Bank:

	Name of Entity	Percentage of holding	Nature of relationship
1	My Solutions Corporation Limited	100.00%	Direct
2	KASB Securities Limited	77.12%	Direct
3	Structured Ventures (Private) Limited	77.12%	Indirect

- 4.2 The fair valuation exercise is being carried out by M/s KPMG Taseer Hadi & Co. Chartered Accountants (an independent professional consultant) engaged by the Bank for this purpose. Details of the provisional fair values of the assets acquired, liabilities assumed and purchase consideration and the resultant goodwill recognised are as follows:

	Note	May 7, 2015 Rupees in '000
Fair value of assets acquired (provisional)		54,046,081
Fair value of liabilities assumed (provisional)		<u>(59,789,327)</u>
Net liabilities assumed - based on provisional values		<u>(5,743,246)</u>
Purchase Consideration:		
Cash payable		<u>(1)</u>
Fair value benefit of financing from SBP	4.2.1	<u>2,952,536</u>
		2,952,535
Excess of purchase consideration over net assets (Goodwill)		<u>(2,790,711)</u>

- 4.2.1 This represents the fair value benefit of the subsidised financing which was to be received as on May 7, 2015 by the Bank from the State Bank of Pakistan for the liquidity support (refer note 17.1.2). The amount of financing was received subsequent to May 7, 2015.

- 4.3 The figures pertaining to post combination revenue and profit or loss pertaining to the operations of the defunct KASB Bank Limited have not been given as the same is considered impracticable mainly on account of the fact that the majority of the portfolio has been converted to Shariah compliant products and made part of the acquiree entity.

5 BASIS OF MEASUREMENT

These condensed interim unconsolidated financial Information have been prepared under the historical cost convention, except that certain fixed assets, certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value. Further, staff retirement benefits have been carried at present values as determined under the International Accounting Standards (IAS)19 (revised) "Employee Benefits".

6 FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim unconsolidated financial Information are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

7 ROUNDING OFF

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

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for the critical accounting estimates and judgements adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statement of the Bank for the year ended December 31, 2015.

9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2015.

	Note	(Un-audited)	(Audited)
		March 31, 2016	December 31, 2015
10 CASH AND BALANCES WITH TREASURY BANKS		----- Rupees in '000 -----	
In hand			
- local currency		2,421,150	2,304,599
- foreign currency		407,718	347,816
		<u>2,828,868</u>	<u>2,652,415</u>
With the State Bank of Pakistan in			
- local currency current account		3,295,905	4,615,510
- foreign currency deposit accounts			
Cash Reserve Account		141,715	141,716
Special Cash Reserve Account		175,200	228,335
US Dollar Clearing Account		17,719	48,066
		<u>334,634</u>	<u>418,117</u>
With National Bank of Pakistan in			
- local currency current account		1,085,492	1,349,844
		<u>7,544,899</u>	<u>9,035,886</u>
11 BALANCES WITH OTHER BANKS			
In Pakistan			
- on current accounts		4,853	4,544
- on deposit accounts		93	93
		<u>4,946</u>	<u>4,637</u>
Outside Pakistan			
- on current accounts		659,744	1,776,073
- on deposit accounts			-
		<u>659,744</u>	<u>1,776,073</u>
		<u>664,690</u>	<u>1,780,710</u>
12 DUE FROM FINANCIAL INSTITUTIONS			
Sukuk Murabahah	12.1	3,744	5,349
Commodity Murabahah - local currency	12.2	8,583,433	39,824,221
		<u>8,587,177</u>	<u>39,829,570</u>
Other placements		32,400	32,400
		<u>8,619,577</u>	<u>39,861,970</u>
Provision against Sukuk Murabahah	12.1	(3,744)	(5,349)
Provision against placements - transferred from the amalgamated entity		(32,400)	(32,400)
		<u>8,583,433</u>	<u>39,824,221</u>
12.1			
In prior years, the Bank entered into Sukuk Murabahah arrangement under which the Bank appointed its client as an agent under asset purchase agreements to purchase the underlying sukuk from open market on its behalf and later sell them on deferred Murabahah basis. The maturity date of the deal was February 08, 2009. The Bank has recovered an amount of Rs. 1.069 million during the period. The Bank is making efforts to recover the outstanding balance and has made a provision against the outstanding amount.			

12.2 The Bank has entered into Commodity Murabahah agreements under which the Bank purchases an underlying commodity from open market through an agent and sells it to a financial institution on credit with profit. The profit rates on the agreements range between 6.05% to 6.40% (2015: 6.02% to 6.70%) per annum and the agreements have a maturity ranging from 7 days to 63 days (2015: 4 days to 185 days).

Note	(Un-audited)	(Audited)
	March 31,	December 31,
	2016	2015
	----- Rupees in '000 -----	

13 INVESTMENTS

Investments - Islamic	13.1	70,173,495	34,126,388
Investments - Conventional (relating to defunct KASB Bank Limited)	13.2	1,759,570	1,759,570
		<u>71,933,065</u>	<u>35,885,958</u>

13.1 Investments by types

Note	-----2016-----			-----2015-----		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	----- (Rupees in '000) -----					
Available for sale securities						
Sukuk / Certificates	46,545,826	-	46,545,826	10,805,042	-	10,805,042
Units of Open-end mutual fund	21	-	21	21	-	21
Ordinary Shares of listed companies	242,645	-	242,645	242,645	-	242,645
Bai Muajjal	22,959,292	-	22,959,292	22,959,292	-	22,959,292
	<u>69,747,784</u>		<u>69,747,784</u>	<u>34,007,000</u>		<u>34,007,000</u>
Subsidiary	191,015	-	191,015	191,015	-	191,015
Total investments at cost	<u>69,938,799</u>	<u>-</u>	<u>69,938,799</u>	<u>34,198,015</u>	<u>-</u>	<u>34,198,015</u>
Less: Provision for diminution in value of investments	(46,125)	-	(46,125)	(46,125)	-	(46,125)
Investments - net of Provisions	<u>69,892,674</u>	<u>-</u>	<u>69,892,674</u>	<u>34,151,890</u>	<u>-</u>	<u>34,151,890</u>
Surplus / (Deficit) on revaluation of available-for-sale securities	21.2 280,821	-	280,821	(25,502)	-	(25,502)
Total investments at market value	<u>70,173,495</u>	<u>-</u>	<u>70,173,495</u>	<u>34,126,388</u>	<u>-</u>	<u>34,126,388</u>

13.2 Conventional Investments by type (relating to defunct KASB Bank Limited) *

	-----2016-----			-----2015-----		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	----- (Rupees in '000) -----					
Available for sale securities						
Ordinary Shares of listed companies	841,950	-	841,950	841,950	-	841,950
Ordinary Shares of unlisted companies	1,189,030	-	1,189,030	1,189,030	-	1,189,030
Listed Term Finance Certificates	105,312	-	105,312	105,312	-	105,312
Unlisted Term Finance Certificates	177,822	-	177,822	222,821	-	222,821
	<u>2,314,114</u>	<u>-</u>	<u>2,314,114</u>	<u>2,359,113</u>	<u>-</u>	<u>2,359,113</u>
Held to maturity securities						
Unlisted Term Finance Certificates	321,601	-	321,601	321,601	-	321,601
Associates	1,660,111	-	1,660,111	1,660,111	-	1,660,111
Subsidiaries	2,499,708	-	2,499,708	2,499,708	-	2,499,708
Total investments at fair value	<u>6,795,534</u>	<u>-</u>	<u>6,795,534</u>	<u>6,840,533</u>	<u>-</u>	<u>6,840,533</u>
Less: Provision for diminution in the value of investments	(5,035,964)	-	(5,035,964)	(5,080,963)	-	(5,080,963)
Total investments at market value	<u>1,759,570</u>	<u>-</u>	<u>1,759,570</u>	<u>1,759,570</u>	<u>-</u>	<u>1,759,570</u>
Surplus / (Deficit) on revaluation of available-for-sale securities	-	-	-	-	-	-
Total investments at market value	<u>1,759,570</u>	<u>-</u>	<u>1,759,570</u>	<u>1,759,570</u>	<u>-</u>	<u>1,759,570</u>

* These investments are under process of conversion / liquidation.

	Note	(Un-audited)	(Audited)
		March 31,	December
		2016	31, 2015
14 ISLAMIC FINANCING AND RELATED ASSETS AND ADVANCES			
Islamic financing and related assets - net	14.1	72,293,738	66,260,609
Advances (relating to defunct KASB Bank Limited)	14.2	2,937,576	3,315,666
		<u>75,231,314</u>	<u>69,576,275</u>
14.1 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabahah financing and related assets	14.3 & 14.9	32,700,475	30,966,858
- Istinah financing and related assets	14.4 & 14.10	14,690,324	11,951,754
- Diminishing Musharakah - Housing		5,675,160	5,516,984
- Diminishing Musharakah financing and related assets			
Others	14.6	6,575,890	6,464,608
- Against Bills - Murabahah		-	62,512
- Against Bills - Musawama		4,041	-
- Payment Against Document		16,640	-
- Post Due Acceptance		22,954	11,556
- Salam	14.5	2,043,000	2,000,000
- Muswammah financing and related assets	14.7	5,478,869	5,465,376
- Financing to employees		1,898,279	1,847,139
		<u>69,105,632</u>	<u>64,286,787</u>
Housing finance portfolio		80,207	83,980
Net investment in Ijarah financing in Pakistan		63,305	64,445
Ijarah financing under IFAS 2 and related assets	14.8	5,228,595	4,414,721
Gross financing and related assets		<u>74,477,739</u>	<u>68,849,933</u>
Less: Provision against non-performing Islamic financing and related assets			
- Specific	14.11 & 14.12	(2,041,094)	(2,455,621)
- General	14.11 & 14.12	(142,907)	(133,703)
Islamic financing and related assets – net of provisions		<u>72,293,738</u>	<u>66,260,609</u>
14.2 ADVANCES (relating to defunct KASB Bank Limited) *			
Loans, cash credits, running finances, etc.			
In Pakistan		12,268,749	12,761,388
Outside Pakistan		-	-
		<u>12,268,749</u>	<u>12,761,388</u>
Net investment in finance lease			
In Pakistan		640,824	660,149
Outside Pakistan		-	-
		<u>640,824</u>	<u>660,149</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		842,100	843,557
Payable outside Pakistan		-	-
		<u>842,100</u>	<u>843,557</u>
Advances - gross		<u>13,751,673</u>	<u>14,265,094</u>
Less: Provision for non-performing Financings			
- Specific	14.11 & 14.12	(10,812,206)	(10,947,538)
- General	14.11 & 14.12	(1,891)	(1,890)
Advances - net of provision		<u>2,937,576</u>	<u>3,315,666</u>

* Most of the advances are delinquent. Nonetheless, management is making efforts to convert these into Islamic financing or liquidate.

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
14.3 Murabahah financing and related assets		
Murabahah financing	18,274,294	19,658,149
Advance against Murabahah financing	14,426,181	11,308,709
	<u>32,700,475</u>	<u>30,966,858</u>
14.4 Istisna financing and related assets		
Istisna financing	1,282,395	4,476,496
Advance against Istisna financing	13,407,929	5,672,724
Istisna inventories	-	1,802,534
	<u>14,690,324</u>	<u>11,951,754</u>
14.5 Salam		
Advance against Salam	<u>2,043,000</u>	<u>2,000,000</u>
14.6 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	6,206,994	6,096,950
Advance against Diminishing Musharakah financing	368,896	367,658
	<u>6,575,890</u>	<u>6,464,608</u>
14.7 Muswammah financing and related assets		
Muswammah financing	2,802,558	1,846,665
Muswammah inventories	2,676,311	3,618,711
	<u>5,478,869</u>	<u>5,465,376</u>
14.8 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	4,299,020	3,905,102
Advance against Ijarah financing	929,575	509,619
	<u>5,228,595</u>	<u>4,414,721</u>
14.9 Murabahah financing and related assets includes financing amounting to Rs. 202.6 million (2015: Rs. 50 million) and advance amounting to Rs. 55.1 million (2015: Rs. 189.1 million) under Islamic Export Refinance Scheme.		
14.10 Istisna financing and related assets includes financing amounting to Rs. 37.5 million (2015: Rs. 150 million) and advance amounting to Rs. 2,149.94 million (2015: Rs. 831.25 million) under Islamic Export Refinance Scheme.		
14.11 Islamic financing and related assets and advances include Rs. 14,648.104 million (2015: Rs. 15,230.980 million) which have been placed under non-performing status as follows:		

Category of Classification	March 31, 2016 (Un-audited)								
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets especially mentioned (OAEM)	321,612	-	321,612	-	-	-	-	-	-
Substandard	1,017,187	-	1,017,187	168,951	-	168,951	168,951	-	168,951
Doubtful	366,112	-	366,112	125,898	-	125,898	125,898	-	125,898
Loss	12,943,193	-	12,943,193	12,558,451	-	12,558,451	12,558,451	-	12,558,451
	<u>14,648,104</u>	<u>-</u>	<u>14,648,104</u>	<u>12,853,300</u>	<u>-</u>	<u>12,853,300</u>	<u>12,853,300</u>	<u>-</u>	<u>12,853,300</u>

Category of Classification	December 31, 2015 (Audited)								
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets especially mentioned (OAEM)	159,355	-	159,355	-	-	-	-	-	-
Substandard	859,300	-	859,300	159,717	-	159,717	159,717	-	159,717
Doubtful	382,990	-	382,990	135,009	-	135,009	135,009	-	135,009
Loss	13,829,335	-	13,829,335	13,108,433	-	13,108,433	13,108,433	-	13,108,433
	<u>15,230,980</u>	<u>-</u>	<u>15,230,980</u>	<u>13,403,159</u>	<u>-</u>	<u>13,403,159</u>	<u>13,403,159</u>	<u>-</u>	<u>13,403,159</u>

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

	March 31, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	13,403,159	135,593	13,538,752	524,414	76,644	601,058
Transfer from the amalgamated entity	-	-	-	13,819,265	6,238	13,825,503
Charge for the period / year	47,670	9,204	56,874	324,602	52,711	377,313
Reversals	(597,529)	-	(597,529)	(1,247,551)	-	(1,247,551)
	(549,859)	9,204	(540,655)	(922,949)	52,711	(870,238)
Amount written off	-	-	-	(93,662)	-	(93,662)
Transferred from provision against off - balance sheet obligations	-	-	-	76,091	-	76,091
Closing balance	<u>12,853,300</u>	<u>144,797</u>	<u>12,998,097</u>	<u>13,403,159</u>	<u>135,593</u>	<u>13,538,752</u>

14.12.1

	March 31, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Islamic financing and related assets	2,041,093	142,907	2,184,000	2,455,621	133,703	2,589,324
Advances	10,812,207	1,890	10,814,097	10,947,538	1,890	10,949,428
	<u>12,853,300</u>	<u>144,797</u>	<u>12,998,097</u>	<u>13,403,159</u>	<u>135,593</u>	<u>13,538,752</u>

14.12.2 Reversals net of fair value adjustment taken to profit and loss account

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000		
Gross reversals	(597,529)	(1,247,551)
Charge for the period / year	56,874	377,313
	<u>(540,655)</u>	<u>(870,238)</u>
Fair value adjusted against reversals	39,887	230,715
Net reversals taken to the profit and loss account	<u>(500,768)</u>	<u>(639,523)</u>

14.12.2.1 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

14.12.2.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2016 amounts to Rs. 249.031 million (2015: Rs 238.542 million). The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2016 amounts to Rs. 161.870 million (2015: Rs. 155.052 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
	-----Rupees in '000-----	
15 OPERATING FIXED ASSETS		
Capital work-in-progress	107,139	101,463
Property and equipment	5,750,321	5,619,810
Intangible assets	167,441	162,973
	6,024,901	5,884,246
	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
	-----Rupees in '000-----	
15.1 Additions to operating fixed assets - net		
Furniture and fixture	94,088	5,600
Electrical, office and computer equipment	156,201	68,060
Vehicles	1,873	-
Capital work-in-progress	5,673	33,582
15.2 Intangibles		
Computer software	14,136	2,036
15.3 Disposals of operating fixed assets		
Electrical, office and computer equipment	273	623

- 16 The Bank has aggregate tax losses of Rs. 10,839.506 million as at March 31, 2016 which includes tax losses of defunct KASB Bank Limited (now amalgamated with and into the Bank). The management has carried out an assessment for estimating the benefit of these losses, the Bank would be able to set off from the profit earned in future years against these carry forward losses. Based on this assessment the management has recognised deferred tax debit balance amounting to Rs. 2,330.862 million [including deferred tax on minimum tax amounting to Rs. 339.443 million (2015: Rs. 315.488 million – representing deferred tax asset on minimum tax)]. The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the Board of Directors. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing loans and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

		(Un-audited)	(Audited)
		March 31, 2016	December 31, 2015
17 DUE TO FINANCIAL INSTITUTIONS	Note	-----Rupees in '000-----	
In Pakistan		18,851,731	3,197,770
Outside Pakistan		-	-
		<u>18,851,731</u>	<u>3,197,770</u>
17.1 Details of due to financial institutions secured / unsecured			
Secured			
Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	17.1.1	2,193,140	1,039,350
Acceptances from State Bank of Pakistan for liquidity support	17.1.2	15,208,591	2,158,420
Unsecured			
Call acceptances		1,450,000	-
		<u>18,851,731</u>	<u>3,197,770</u>

- 17.1.1 The acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favour of the State Bank of Pakistan (SBP). A limit of Rs. 5,000 million (2015: Rs. 5,000 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2015.
- 17.1.2 This includes a 10 year financing facility of Rs.5,000 million extended by the State Bank of Pakistan (SBP). The facility is secured against Government of Pakistan Ijara Sukuk. The 10 year facility was provided on the basis of Mudaraba to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum).

	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
	-----Rupees in '000-----	
18 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	43,328,471	47,405,448
Savings deposits	47,422,002	51,231,874
Current accounts - non-remunerative	43,080,731	44,844,739
Margin accounts - non-remunerative	697,515	391,114
	<u>134,528,719</u>	<u>143,873,175</u>
Financial Institutions		
Remunerative deposits	9,681,387	8,964,444
Non-remunerative deposits	274,383	220,483
	<u>144,484,489</u>	<u>153,058,102</u>
18.1 Particulars of deposits		
In		
- local currency	141,725,044	150,404,887
- foreign currencies	2,759,445	2,653,215
	<u>144,484,489</u>	<u>153,058,102</u>

19 SHARE CAPITAL

19.1 Authorised capital

(Un-audited)	(Audited)		(Un-audited)	(Audited)
March 31, 2016	December 31, 2015		March 31, 2016	December 31, 2015
----- Number of Shares -----			----- Rupees in '000 -----	
<u>1,300,000,000</u>	<u>1,300,000,000</u>	Ordinary shares of Rs.10 each	<u>13,000,000</u>	<u>13,000,000</u>

19.2 Issued, subscribed and paid up capital

March 31, 2016 (Un-audited)			December 31, 2015 (Audited)			Ordinary shares of Rs 10 each	March 31, 2016 (Un- audited)	December 31, 2015 (Audited)
Issued for cash	Issued for consideration other than cash	Total	Issued for cash	Issued for consideration other than cash	Total			
Number of shares						Rupees in '000		
1,007,912,090	-	1,007,912,090	575,872,090	-	575,872,090	At beginning of the period/year	10,079,121	5,758,721
-	432,040,000	432,040,000	-	432,040,000	432,040,000	Issued during the period/year - right issue	-	4,320,400
<u>1,007,912,090</u>	<u>-</u>	<u>1,007,912,090</u>	<u>1,007,912,090</u>	<u>-</u>	<u>1,007,912,090</u>	Balance as at December 31	<u>10,079,121</u>	<u>10,079,121</u>

	Note	(Un-audited)	(Audited)
		March 31,	December 31,
20 RESERVES		2016	2015
		----- Rupees in '000 -----	
Statutory Reserves	20.1	273,176	273,176
Reserve for bad debts and contingencies		250,000	250,000
Accumulated losses		(43,482)	(171,453)
		<u>479,694</u>	<u>351,723</u>

20.1 Under section 21 of the Banking Companies Ordinance, 1962 an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital. Thereafter, an amount of not less than 10% of the profit is required to be transferred to such reserve fund.

	Note	(Un-audited)	(Audited)
		March 31,	December 31,
21 SURPLUS ON REVALUATION OF ASSETS		2016	2015
		----- Rupees in '000 -----	
Surplus / (Deficit) arising on revaluation of:			
Fixed Assets	21.1	870,588	851,045
Available for sale securities	21.2	182,534	(16,577)
		<u>1,053,122</u>	<u>834,468</u>
21.1 Surplus on revaluation of fixed assets			
Freehold Land			
Surplus on revaluation of fixed assets at January 1		112,087	112,087
Surplus recognised during the period/year		25,599	-
		<u>137,686</u>	<u>112,087</u>
Related deferred tax liability on surplus arising during the period/year		(8,960)	-
		<u>128,726</u>	<u>112,087</u>
Building on lease hold land			
Surplus on revaluation of fixed assets at January 1		1,136,858	961,677
Surplus recognised during the period/year		8,412	194,646
Transferred to accumulated losses in respect of incremental depreciation charged during the period/year		(2,564)	(12,652)
Related deferred tax liability in respect of incremental depreciation charged during the period/year		(1,381)	(6,813)
		<u>(3,945)</u>	<u>(19,465)</u>
		<u>1,141,325</u>	<u>1,136,858</u>
Related deferred tax liability on surplus as at January 1		(397,900)	(336,587)
Related deferred tax liability on surplus arising during the period/year		(2,944)	(68,126)
Related deferred tax liability in respect of incremental depreciation charged during the period/year		1,381	6,813
		<u>(399,464)</u>	<u>(397,900)</u>
		<u>741,862</u>	<u>738,958</u>
		<u>870,588</u>	<u>851,045</u>

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
21.2 Surplus on revaluation of available for sale securities		
Federal Government Securities		
- Ijarah Sukuk Bonds	298,040	1,177
Sukuk certificates		
- Sukuks unlisted	(4,902)	(20,758)
Fully paid up ordinary shares / Units		
- Ordinary shares of listed company	(12,317)	(5,956.0)
- Units of Open end Mutual Funds	-	35
	<u>280,821</u>	<u>(25,502)</u>
Related deferred tax asset	<u>(98,287)</u>	<u>8,925</u>
	<u>182,534</u>	<u>(16,577)</u>
22 CONTINGENCIES AND COMMITMENTS		
22.1 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	438,216	452,948
- Others	11,402,681	10,707,081
	<u>11,840,897</u>	<u>11,160,029</u>
22.2 Trade-related contingent liabilities		
Import letter of Credit	840,697	4,624,374
Acceptances	4,910,591	1,618,343
	<u>5,751,288</u>	<u>6,242,717</u>
22.3 Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt	<u>150,000</u>	<u>150,000</u>

- 22.3.1** These mainly represent counter claims filed by the borrowers for restricting the Bank for disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing.
- 22.3.2** Consequent to the amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited as at May 7, 2015 certain cases have been filed by individuals pertaining to amalgamation in which the Bank has been made a party. The management based on the advice of its legal counsel is confident that there will be no financial loss to the Bank in respect of these cases.
- 22.4** The Deputy Commissioner Inland Revenue (DCIR) passed certain assessment orders against the Bank vide letter no 06/97/2012, 07/97/2012 and 08/97/2012, all dated September 25, 2012 under Section 33 of the Federal Excise Duty Act 2005, wherein aggregate demand of federal excise duty of Rs. 69.431 million was raised against the Bank mainly in respect of income from dealing in foreign currencies and certain dispute regarding deposit of the amount amongst Federal and Provincial government.

The Bank filed an appeal for the stay of the above demand before the Appellate Tribunal Inland Revenue (ATIR) after the assessment order were confirmed by the Commissioner Inland Revenue (Appeals). The stay application was heard on February 23, 2013. The ATIR accepted the stay application of the Bank and had verbally directed that no recovery of demand should be initiated against the Bank till the decision of the main case by the ATIR. The Bank deposited an amount of Rs. 10.4 million for filing appeal against the said case. Last year, the Bank had initially deposited an additional amount of Rs. 8 million on the verbal instructions of the authorities. The ATIR has set aside the stay appeal in respect of income from dealing in foreign currencies and remanded back the case to the Commissioner Inland Revenue for fresh reassessment proceedings. The management of the Bank is confident that the above matter will be decided in favour of the Bank and therefore, no provision for any liability which may arise in this respect has been made in these financial statements.

- 22.5** As referred to in note 4.3 this represents amount received by the defunct KASB Bank Limited from Mr. Nasir Ali Shah Bukhari, a former sponsor of the defunct KASB Bank Limited and other shareholders. The defunct KASB Bank Limited, when it was under the management and control of Mr. Bukhari, did not issue shares against the said advance, amongst other reasons, due to default on the part of the sponsors for meeting the minimum capital requirement. The amount was reported by the defunct KASB Bank Limited as a part of the shareholders equity in the financial statements with the permission of SBP consistent with the practice followed by other Banks in Pakistan. The defunct KASB Bank Limited is now amalgamated with and into the BIPL, with effect from May 7, 2015, as per the Scheme of Amalgamation sanctioned by the Federal Government. The KASB Corporation Limited and one of its sponsors has filed a suit no: 1102/2015 in the Honorable High Court of Sindh, wherein, they prayed for restraining the BIPL from using or transferring the amount of advance for any purpose whatsoever during the pendency of the instant proceedings. Pursuant to the said suit, an order has been passed by the Honorable High Court of Sindh on July 1, 2015, whereby, the Bank has been asked to submit a statement of financial position and keep the amount in the same position. The Bank is of the view that, in addition to other reasons, as Advance against future issue of right shares appeared as shareholders equity in the financial statements prepared by the defunct KASB Bank Limited itself, it did not form part of the assets and liabilities of the defunct Bank transferred to the Bank under the scheme of amalgamation. The same position has been maintained.

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
22.6	Commitments in respect of promises	
	Purchases	4,971,841
	Sales	4,808,264
22.7	Commitments for the acquisition of operating fixed assets	
	22,876	61,451

22.8 Commitments in respect of financing facilities

The Bank makes commitments to extend financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

22.9 Taxation

22.9.1 The income tax returns of the Bank have been filed and tax assessments have been made by the tax authorities upto tax year 2014. The return filed for the tax year 2015 is treated to be deemed assessment order under section 120 of the Income Tax Ordinance, 2001.

22.9.2 During the year 2014, (relating to defunct KASB Bank Limited) the learned Additional Commissioner Inland Revenue (ACIR) passed amended assessments order under section 122(5A) of the Income Tax Ordinance, 2001 for tax Years 2011 and 2013 by imposing minimum tax on turnover disregarding gross loss position of the bank. ACIR has also amended taxability of capital gain and dividend income. The aggregate tax impact comes to Rs.116.002 million. Against the said order, the bank filed appeal before the Commissioner Inland Revenue - Appeals (CIRA). During the year the learned CIRA issued order under section 129 of the Ordinance by deleting the tax charged on capital gain and dividend income and upheld the levy of minimum tax. The learned ACIR has passed appeal effect order under section 124 of the Ordinance. After appeal effect order the aforesaid demand has now been reduced to Rs.89.928 million. Against the order of the learned CIRA, the Bank has filed an appeal before the Honourable Appellate Tribunal Inland Revenue (ATIR). However, the department has filed appeal against the CIRA Order on the issue of capital gain and dividend income. Therefore, cross appeal for the tax year 2011 and 2013 is pending before ATIR.

22.9.3 During the year 2014, in respect of Income tax assessments of International Housing Finance Limited (amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007) for tax year 2005, CIR Appeals has maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs 12.997 million. The Defunct Kasb Bank Limited has preferred appeals before the ATIR for tax year 2005.

- 22.9.4** The income tax returns of the Bank for Azad Jammu Kashmir (AJK) region have been filed and tax assessments have been made by the tax authorities upto and including tax year 2014.
- 22.9.5** During the year 2013, the Appellate Tribunal Inland Revenue (ATIR) passed an order for the tax years 2005 to 2009 in favour of the defunct KASB Bank Limited by allowing certain deductions including provision for non-performing advances, impairment on investments, other provisions, amortization of goodwill and allocation of expenses having an aggregate tax impact of Rs. 712.550 million. However, the ATIR has disallowed deductions relating to carry over transactions having tax impact of Rs. 86.377 million for the tax years 2005 to 2008. The Defunct Kasb Bank Limited has preferred an appeal before the Honourable High Court of Sindh against the said decision of the ATIR. No further development has taken place during the current period.
- 22.9.6** During the year 2013, the Income tax assessments of KASB Capital Limited (amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2008) for tax years 2008 and 2009 were amended by the Taxation Officer to the extent of apportionment of expenses having an aggregate tax impact of Rs 125.880 million. The Bank has preferred an appeal before the Honourable High Court of Sindh against the said decision of tax authorities. No development has taken placed till the current period end.
- 22.9.7** For tax years 2003 and 2004, the Commissioner Inland Revenue Appeals (CIR Appeals) has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited has preferred appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above referred orders of the CIR Appeals. No development has taken place during the current period.
- 22.9.8** For assessment years 2001-2002 and 2002-2003 and tax years 2003, 2004 and 2005 the income tax authorities of AJK region have passed appellate orders by adding interest on surplus funds transferred to head office, resulting in an additional tax demand of Rs. 14.587 million. The defunct KASB Bank Limited has filed reference with the Azad Kashmir High Court against such additions for the above mentioned assessment/ tax years upto 2004. For tax year 2005, the Commissioner Income Tax (Appeals) - AJK has passed order in favour of the defunct KASB Bank Limited. However, the tax department has preferred appeal before the Appellate Tribunal Inland Revenue (ATIR) - AJK against interest on surplus head office funds, having tax impact of Rs. 5.337 million. For tax years 2006 and 2008, AJK tax department passed orders under section 122(5A) of the Ordinance. As a result of these orders, aggregate demand of Rs 19.178 million was raised against the defunct KASB Bank Limited . However, the order for the tax year 2008 has subsequently rectified under section 221 of the Ordinance. Thereby aggregate demand for tax year 2006 and 2008 reduced to Rs.13.304 million. During the year the learned Commissioner Income Tax (Appeals) - AJK has passed orders under section 129 of the Ordinance for the tax

year 2006 and 2008 whereby he has confirmed all additions. Therefore, the defunct KASB Bank Limited has preferred an appeal before the ITAT - AJK . An appeal against the order of CIRA for the tax year 2006 and 2008 has been filed by the Bank before the Appellate Tribunal Inland Revenue (ATIR) - AJK.

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

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
22.9.10 Other commitments		
Bills for collection	<u>1,622,577</u>	<u>191,002</u>

	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
	----- Rupees in '000 -----	
23 PROFIT / RETURN EARNED		
On financing to:		
- Customers	1,040,306	961,205
- Financial institutions	<u>785,954</u>	<u>373,633</u>
	1,826,260	1,334,838
On investments in available for sale securities	389,082	645,043
On deposits / placements with financial institutions	2,138	10,392
Others	<u>17,006</u>	<u>12,098</u>
	<u>2,234,486</u>	<u>2,002,371</u>

24 FINANCIAL RESULTS OF CONVENTIONAL OPERATIONS

As more fully explained in note 4 to these financial statements, during the last year the Bank acquired the operations of the defunct KASB Bank Limited effective from May 7, 2015 (close of business). The defunct KASB Bank Limited was operating as a conventional Bank in Pakistan. Keeping in view the current circumstances, the Shariah Board of the Bank has allowed to utilize the amount of income recovered from conventional products for paying of legal and marketing / advertisement expenses directly relating to amalgamation of the defunct KASB Bank Undertakings with and into the Bank. As a result, the income due / received from converted portfolio during the period amounting to Rs. 173.590 million has been kept in a separate account under the head "Surplus income of quarantined entity held for future admissible expenses" appearing in other liabilities. Any excess amount remaining in this account on conclusion of the period (to be decided by the Shariah Board) would be transferred to charity account in that relevant period.

	Note	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
----- Rupees in '000 -----			
25 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period		<u>125,407</u>	<u>71,275</u>
----- Number of shares -----			
Weighted average number of ordinary shares in issue		<u>1,007,912,090</u>	<u>575,872,090</u>
----- Rupees -----			
Earnings per share - basic / diluted	25.1	<u>0.124</u>	<u>0.124</u>
25.1	There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2016 and March 31, 2015.		
	Note	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
----- Rupees in '000 -----			
26 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	10	7,544,899	5,859,878
Balances with other banks	11	<u>664,690</u>	<u>1,365,859</u>
		<u>8,209,589</u>	<u>7,225,737</u>

27 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
Rupees in '000					
March 31, 2016 (Un-audited)					
Total income	125,403	1,125,863	787,404	349,401	2,388,071
Total expenses	62,066	1,228,124	406,852	614,574	2,311,616
Net income / (loss)	63,337	(102,261)	380,552	(265,173)	76,455
Segment assets (gross)	91,653,600	14,157,529	91,711,515	2,971,353	200,493,997
Segment non - performing assets	7,224,880	1,936,648	13,303,411	36,450	22,501,389
Segment provision required	5,156,260	1,351,402	12,237,738	37,364	18,762,764
Segment liabilities	8,507,932	78,928,867	80,202,589	2,538,947	170,178,335
Segment return on assets (ROA) (%)	0.28%	-2.91%	1.67%		
Segment cost of funds (%)	6.04%	3.65%	3.23%		
Rupees in '000					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
March 31, 2015 (Un-audited)					
Total income	333,719	1,008,109	781,449	31,264	2,154,541
Total expenses	18,085	1,073,562	600,409	352,967	2,045,023
Net income / (loss)	315,634	(65,453)	181,040	(321,703)	109,518
Segment assets (gross)	57,501,166	8,017,748	38,764,833	2,883,793	107,167,540
Segment non - performing assets	377,327	497,071	618,251	-	1,492,649
Segment provision required	68,277	244,135	401,415	-	713,827
Segment liabilities	1,103,069	60,492,739	36,215,591	1,586,039	99,397,438
Segment return on assets (ROA) (%)	2.23%	-3.31%	1.89%		
Segment cost of funds (%)	6.63%	5.03%	3.41%		

28 RELATED PARTY TRANSACTIONS

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

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

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

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

28.1 Transactions with related parties are as follows:

<u>Subsidiary</u>	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
	----- Rupees '000 -----	
Islamic Financing and related assets		
Opening balance	150,000	* 150,000
Accrued during the period / year	-	-
Repayments	-	-
Closing balance	<u>150,000</u>	<u>150,000</u>
Deposits		
Opening balance	444,256	* 385,653
Deposits during the period / year	13,234,859	22,536,195
Withdrawals during the period / year	(13,213,685)	(22,477,592)
Closing balance	<u>465,430</u>	<u>444,256</u>
Receivable on financing	3,627	3,482
Payable on deposit	1,660	-
	(Un-audited)	(Un-audited)
	March 31,	March 31,
	2016	2015
	----- Rupees in '000 -----	
Transactions, income and expenses		
Profit earned on financing	3,549	-
Return on deposit expensed	6,816	1
Administrative expense	3	-

	(Un-audited) March 31,	(Audited) December 31,
	2016	2015
----- Rupees '000 -----		
Associates		
Islamic Financing and related assets		
Opening balance	90,000 *	93,750
Disbursements	-	90,000
Repayments	-	(93,750)
Closing balance	90,000	90,000

Prepayments		
At beginning of the period / year	19,383	12,733
Additions during the period / year	14,197	29,126
Expired during the period / year	(14,254)	(22,476)
At end of the period / year	19,326	19,383

Deposits		
At beginning of the period / year	866,101 *	664,636
Deposits during the period / year	786,366	3,931,438
Withdrawals during the period / year	(529,424)	(3,178,596)
Balance transferred during the period / year	-	(551,377)
At end of the period / year	1,123,043	866,101

Receivable on financing	1,626	1,626
Payable on deposit	4,457	-

* Balances pertaining to parties that were related at the beginning of the period but ceased to be related during any part of the current period are not reflected as part of the opening balance of the current period.

	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
	----- Rupees '000 -----	
Transactions, income and expenses		
Return on deposits expensed	11,804	6,068
Administrative expense	14,254	8,721
Profit earned on financing	1,965	

	(Un-audited) March 31, 2016	(Audited) December 2015
	----- Rupees '000 -----	
Key management personnel		
Islamic financing and related assets		
At beginning of the period / year	112,802 *	111,354
Disbursements	2,000	92,249
Repaid during the period / year	(7,528)	(68,493)
At end of the period / year	107,274	135,110

Deposits		
At beginning of the period / year	11,688 *	15,330
Deposits during the period / year	20,149	89,163
Withdrawals during the period / year	(15,559)	(88,979)
At end of the period / year	16,278	15,514

Payable on deposits

13

-

	(Un-audited)	(Un-audited)
	March 31, 2016	March 31, 2015
	----- Rupees '000 -----	----- Rupees '000 -----
Transactions, income and expenses		
Profit earned on financing	734	860
Return on deposits expensed	26	56
Remuneration	18,730	10,400
<u>Employee benefit plans</u>		
Contribution to employees gratuity fund	15,820	6,250
Charge for defined benefit plan	15,820	6,250
Contribution to employees provident fund	16,941	12,649
	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
	----- Rupees '000 -----	----- Rupees '000 -----
<u>Other related parties</u>		
Deposits		
At beginning of the period / year	645,426 *	212,369
Deposits during the period / year	25,227	596,139
Withdrawals during the period / year	(607,731)	(714,459)
Balance transferred during the period / year	-	551,377
At end of the period / year	62,922	645,426
Receivable from KASB Modaraba	17,880	17,880
Payable on deposits	262	-
	(Un-audited)	(Un-audited)
	March 31, 2016	March 31, 2015
	----- Rupees '000 -----	----- Rupees '000 -----
Transactions, income and expenses		
Return on deposits expensed	3,705	

* Balances pertaining to parties that were related at the beginning of the period but ceased to be related during any part of the current period are not reflected as part of the opening balance of the current period.

29 GENERAL

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

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

29.2 CORRESPONDING FIGURES

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

Reclassified from	Reclassified to	Rupees in '000
Other Assets	Operating Fixed Assets	251,027

30 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial information were authorised for issue on July 22, 2016 by the Board of Directors of the Bank.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Consolidated Financial Statements
of
BankIslami Pakistan Limited
For the Period Ended
March 31, 2016

Directors' Report

On behalf of the Board, the consolidated Quarterly Report of BankIslami Group ('the Group') for the quarter ended March 31, 2016 is being presented. The following are the key financial highlights:

	Mar-16	Mar-15	Growth (%)
.....Rupees in 'millions'.....			
Total Deposits	144,123	93,368	54.36%
Total Assets	182,305	106,462	71.24%
Total Financings-net	75,082	41,796	79.64%
Total Investments	71,937	34,053	111.25%
Shareholder's Equity	11,883	7,062	68.27%
Profit After Tax	176	72	145.75%
Branches	317	213	48.83%
Basic Earning per share-rupees	0.175	0.124	41.13%

Our Group performance remained satisfactory. The Group has been able to post growth in its deposits by 54.36%, Financings by 79.64% and Total Assets by 71.24%.

We would like to place on record 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 the Group for their contribution towards the Group's progress through their hard work and commitment.

On behalf of the Board,

Hasan A Bilgrami

Chief Executive Officer

July 22, 2016

ڈائریکٹرز کی رپورٹ

بورڈ کی جانب سے 31 مارچ 2016 کو اختتام پذیر ہونے والی سہ ماہی کے بینک اسلامی گروپ کی مجموعی رپورٹ پیش خدمت ہے۔ اس کے اہم نکات درج ذیل ہیں۔

نمبر (فیصد)	مارچ-15	مارچ-16	
----- روپے ملین میں -----			
54.36%	93,368	144,123	کل ڈپازٹ
71.24%	106,462	182,305	کل اثاثے
79.64%	41,796	75,082	کل خالص تمویل
111.25%	34,053	71,937	کل سرمایہ کاری
68.27%	7,062	11,883	حصہ داران کی سرمایہ کاری
145.75%	72	176	ٹیکس کے بعد کا منافع
48.83%	213	317	شائعیں
41.13%	0.124	0.175	فی حصہ بنیادی آمدنی

ہماری گروپ کی کارکردگی اطمینان بخش رہی ہے۔ گروپ %54.36 ڈپازٹ میں، %79.64 تمویل میں، اور %71.24 کل اثاثوں میں اضافہ کرنے میں کامیاب ہوا۔

ہم اسٹیٹ بینک آف پاکستان اور سیکورٹی ایجنسی کمیٹی آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتے ہیں۔ ہم اپنے گروپ کے ملازمین کی جانب سے گروپ کی کارکردگی میں اپنی واہستگی، اور محنت کے ذریعے حصہ ڈالنے پر شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے،

حسن عزیز بلگرامی

چیف ایگزیکٹو آفیسر

22 جولائی، 2016



Condensed Interim Consolidated Statement Of Financial Position

AS AT MARCH 31, 2016

(Un-audited) (Audited)
March 31, **December 31,**
2016 **2015**
 ----- Rupees in '000 -----

ASSETS

Cash and balances with treasury banks	7,545,047	9,035,889
Balances with other banks	1,006,628	2,016,267
Due from financial institutions - net	8,604,923	39,855,525
Investments - net	71,937,489	35,801,058
Islamic financing and related assets and Advances (net)	75,082,237	69,428,078
Operating fixed assets	6,048,931	5,910,716
Deferred tax assets - net	5,907,505	5,947,169
Other assets - net	6,171,917	6,554,335
	182,304,677	174,549,037

LIABILITIES

Bills payable	1,494,692	1,523,933
Due to financial institutions	18,851,731	3,197,770
Deposits and other accounts	144,122,976	152,661,140
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	5,952,481	5,681,959
	170,421,880	163,064,802
	11,882,797	11,484,235

NET ASSETS

REPRESENTED BY:

Share capital	10,079,121	10,079,121
Discount on Issue of shares	(79,042)	(79,042)
Reserves	649,581	465,881
Total equity attributable to equity holders of the Bank	10,649,660	10,465,960
Non-controlling interest	184,564	189,855
	10,834,224	10,655,815
Surplus on revaluation of assets - net of tax	1,048,573	828,420
	11,882,797	11,484,235

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 11 form an integral part of these condensed interim consolidated financial information.

-Sd-	-Sd-	-Sd-	-Sd-
CHAIRMAN	PRESIDENT / CHIEF EXECUTIVE	DIRECTOR	DIRECTOR



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

FOR THE QUARTER ENDED MARCH 31, 2016

	Quarter ended	
	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----	
Profit / (Loss) after taxation for the period attributable to:		
Equity shareholders of the Bank	181,136	71,554
Non-controlling interest	(5,291)	-
Comprehensive income for the period transferred to equity	<u>175,845</u>	<u>71,554</u>
Components of comprehensive income not reflected in equity		
Surplus / (deficit) on revaluation of available for sale investments - net of tax		
Equity shareholders of the Bank	267,144	118,017
Non-controlling interest	(2,455)	-
	264,689	118,017
Total comprehensive income for the period	<u><u>440,534</u></u>	<u><u>189,571</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim consolidated financial information.

-Sd-

CHAIRMAN

-Sd-

PRESIDENT / CHIEF EXECUTIVE

-Sd-

DIRECTOR

-Sd-

DIRECTOR

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2016

	Quarter ended	
	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	126,893	109,797
Less: Share of profit from associates	(75,030)	-
	51,863	109,797
Adjustments for non-cash charges and other items:		
Depreciation on owned assets	142,479	89,596
Amortisation	9,668	2,886
Depreciation on operating Ijarah assets	261,290	184,746
Reversal of provision against non-performing Islamic financing and related assets - net	(500,768)	9,082
Provision for diminution in the value of investments and placements	(46,605)	-
Other provisions	-	-
Charge for defined benefit plan	15,820	-
Gain on sale of property and equipment	(2,278)	(606)
	(120,394)	285,704
	(68,531)	395,501
(Increase) / decrease in operating assets		
Due from financial institutions	31,252,207	39,250
Islamic financing and related assets	(5,414,681)	(893,126)
Others assets (excluding advance taxation, defined benefit asset and dividend receivable)	672,084	(131,712)
	26,509,610	(985,588)
Increase / (decrease) in operating liabilities		
Bills payable	(29,241)	239,127
Due to financial institutions	15,653,961	1,150,000
Deposits and other accounts	(8,538,164)	3,036,785
Other liabilities (excluding current taxation)	270,216	(216,429)
	7,356,772	4,209,483
	33,797,851	3,619,396
Payments against defined benefit plan	(47,509)	-
Income tax paid	(29,111)	(19,014)
Net cash generated from operating activities	33,721,231	3,600,382
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(35,967,638)	(3,360,465)
Investments in operating fixed assets	(259,646)	(109,279)
Proceeds from disposal of operating fixed assets	5,572	626
Net cash generated from investing activities	(36,221,712)	(3,469,118)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of right shares	-	92
Net cash flow from financing activities	-	92
Increase in cash and cash equivalents	(2,500,481)	131,356
Cash and cash equivalents at the beginning of the period	11,052,156	7,209,334
Cash and cash equivalents at the end of the period	8,551,675	7,340,690

The annexed notes 1 to 11 form an integral part of these condensed interim consolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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

FOR THE QUARTER ENDED MARCH 31, 2016

	Attributable to equity shareholders of the Bank					Non - controlling interest	Total
	Share capital	Discount on issue of shares	Statutory reserve	Reserve for bad debts & contingencies	Unappropriated profit / (Accumulated loss)		
	Rupees in '000						
Balance as at January 01, 2015	5,758,721	(79,042)	273,176	-	269,349	6,222,204	6,222,204
Profit after taxation for the quarter ended March 31, 2015 transferred from Statement of Comprehensive Income	-	-	-	-	71,554	71,554	71,554
Transfer to statutory reserve	-	-	-	250,000	(250,000)	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,447	2,447	2,447
Balance as at March 31, 2015	5,758,721	(79,042)	273,176	250,000	93,350	6,296,205	6,296,205
Non-controlling interest recognised during the year (upon business combination, refer note 2)	-	-	-	-	-	193,133	193,133
Profit after taxation for the nine months ended Dec 31, 2015 transferred from Statement of Comprehensive Income	-	-	-	-	(155,661)	(155,661)	(158,939)
Issue of right shares at par	4,320,400	-	-	-	-	4,320,400	4,320,400
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	10,205	10,205	10,205
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	(5,189)	(5,189)	(5,189)
Balance as at December 31, 2015	10,079,121	(79,042)	273,176	250,000	(57,295)	10,465,960	10,655,815
Profit after taxation for the quarter ended March 31, 2016 transferred from Statement of Comprehensive Income	-	-	-	-	181,136	181,136	175,845
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	2,564	2,564	2,564
Balance as at March 31, 2016	10,079,121	(79,042)	273,176	250,000	126,405	10,649,660	10,834,224

The annexed notes 1 to 11 form an integral part of these condensed interim consolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Notes To And Forming Part Of The Condensed Interim Consolidated Financial Information (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2016

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company)

BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan as a public limited company on October 18, 2004 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking activities and investment activities.

The Bank is operating through 317 branches including 124 sub branches as at March 31, 2016 (December 31, 2015: 317 branches including 124 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

1.2 As mentioned in note 2 below, during the last year KASB Undertakings have been acquired and amalgamated with the Bank under a scheme sanctioned under section 47 of the Banking Companies Ordinance, 1962.

1.3 BankIslami Modaraba Investments Limited (Subsidiary Company) - 100 percent holding

The subsidiary company was incorporated in Pakistan on January 22, 1986 under the Companies Ordinance, 1984 as a public limited company. Later on it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The principal activity of the subsidiary company is to float and operate Modaraba. The subsidiary company is managing its Modaraba with the name of Modaraba-Al-Mali. The principal place of business of the subsidiary company is situated at 10th Floor, Progressive Square, Shahrah-e-Faisal, Karachi.

The financial statements of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of the investments held by the holding company has been eliminated against the shareholder's equity in the subsidiary company. Intra group balances or transactions have been eliminated.

The financial statements of the subsidiary company have been consolidated on the basis of condensed interim financial information for the period ended March 31, 2016.

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.

1.4 KASB Securities Limited (Subsidiary Company) - 77.12 percent holding [Acquired as part of business acquisition during the current year]

KASB Securities Limited was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 01, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited). The registered office of the company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in listed and unlisted equity and debt securities, economic research and advisory services.

1.5 My Solutions Corporation Limited (Subsidiary Company) - 100 percent holding [Acquired as part of business acquisition during the current year]

My Solutions Corporation Limited (the Company) was incorporated as a private limited company on November 05, 1995 and was converted into a public limited company on March 24, 2003. The Company is engaged in sale of IT equipment, providing internet connectivity and telecommunication services, networking services and electronic utility bill payment switch services (eUBS). Its registered office is situated at the 9th floor, Trade Centre, I.I Chundrigar Road, Karachi.

1.6 Structured Ventures (Private) Limited (Indirect Subsidiary Company through KASB Securities Limited) - 77.12 percent holding [Acquired as part of business acquisition during the current year]

Structured Venture (Private) Limited was incorporated in Pakistan on June 25, 2010 under the Companies Ordinance, 1984. The registered office of the company is situated at 5th floor, Trade Centre, I. I. Chundrigar Road, Karachi. The company is a wholly owned subsidiary of KASB Securities Limited. The ultimate parent company is BankIslami Pakistan Limited.

2 BUSINESS COMBINATION

2.1 Acquisition of KASB Bank Limited undertakings

During last year, under the 'Scheme of Amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited under Section 47 of the Banking Companies Ordinance, 1962', hereinafter referred to as 'The Scheme', KASB Bank Undertakings have been acquired and amalgamated and made part of the group. The Scheme is effective from May 7, 2015. This transaction has been accounted for as a "Business Combination" under 'International Financial Reporting Standard 3'.

KASB Bank Undertakings, as per the Scheme, means the business and all assets and liabilities, of the then KASB Bank Limited of whatsoever nature and wherever situated.

The aforementioned scheme was prepared by the SBP and placed before the Federal Government of Pakistan for its approval. The Federal Government of Pakistan in terms of the powers conferred to it under section 47 of the Banking Companies Ordinance, 1962 sanctioned the scheme of amalgamation of KASB Bank Undertakings with and into BankIslami Pakistan Limited on May 7, 2015 with immediate effect.

The assets and liabilities included in the consolidated statement of financial position also include balances of the defunct KASB Bank Limited as required under International Financial Reporting Standard 3, (IFRS 3) 'Business Combination', the balances of KASB Bank undertakings have been incorporated at their fair values as determined by an independent firm KPMG Taseer Hadi & Co, Chartered Accountants. Their valuation is being carried out using the balances as appearing in the financial statements of KASB Bank Limited as at May 7, 2015 duly audited by Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. The fair valuation exercise is in progress and will be finalised within the period of one year as allowed under IFRS 3. Any adjustment arising at the time of finalisation of this exercise will be incorporated with retrospective effect from the date of acquisition.

The KASB Bank Limited at the time of acquisition by the Bank had the following three subsidiaries (both direct and indirect) which by virtue of amalgamation have now become subsidiaries of the Bank:

	Name of Entity	Percentage of holding	Nature of relationship
1	My Solutions Corporation Limited	100.00%	Direct
2	KASB Securities Limited	77.12%	Direct
3	Structured Ventures (Private) Limited	77.12%	Indirect

2.2 The fair valuation exercise is being carried out by M/s KPMG Taseer Hadi & Co. Chartered Accountants (an independent professional consultant) engaged by the holding company for this purpose. Details of the provisional fair values of the assets acquired, liabilities assumed and purchase consideration and the resultant goodwill recognised are as follows:

	Note	May 7, 2015 Rupees in '000
Fair value of assets acquired (provisional)		55,208,942
Fair value of liabilities assumed (provisional)		<u>(60,759,055)</u>
Net liabilities assumed - based on provisional values		(5,550,113)
Net liabilities pertaining to Non-controlling interest (pertaining to KASB Securities Limited)		<u>(193,133)</u>
Parent's share of net liabilities assumed - based on provisional values		(5,743,246)
Purchase Consideration:		
Cash payable		<u>(1)</u>
Fair value benefit of financing from SBP	2.2.1	<u>2,952,536</u>
		2,952,535
Excess of purchase consideration over net assets (Goodwill)		<u><u>(2,790,711)</u></u>

Further, as noted above, the goodwill recorded in the consolidated financial statements is based on provisional figures and does not incorporate adjustments which will be recorded after completion of the fair value exercise of recorded assets and liabilities.

- 2.2.1** This represents the fair value benefit of the subsidised financing which was to be received as on May 7, 2015 by the Group from the State Bank of Pakistan for the liquidity support. The amount of financing was received subsequent to May 7, 2015.
- 2.3** The figures pertaining to post combination revenue and profit or loss pertaining to the operations of the defunct KASB Bank Limited have not been given as the same is considered impracticable mainly on account of the fact that the majority of the portfolio has been converted to Shariah compliant products and made part of the acquiree entity.

3 BASIS OF PRESENTATION

- 3.1** 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 these condensed interim consolidated financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable or as directed by the Shariah Board of the holding company.

4 STATEMENT OF COMPLIANCE

- 4.1** These condensed interim consolidated financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASS) issued by the Institute

of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.

- 4.2 The SBP vide its letter No. BPRD/BRP/13921/16 dated June 2, 2016, has allowed the Group to disclose financial results of KASB Securities Limited (KSL) as a single line item in Consolidated Profit and Loss account as majority of the operations of KSL are of conventional nature and line by line consolidation would result in non-compliance of Shariah requirements.
- 4.3 The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these condensed interim consolidated financial information. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these condensed interim consolidated financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 4.4 IFRS 8 "Operating Segments" was effective for the Group's accounting period beginning on or after January 1, 2009. All Banking Companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Group believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by the SBP.
- 4.5 The SBP vide BSD Circular No. 07 dated April 20, 2010 clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, is required to be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of these consolidated financial statements.

4.6 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these condensed interim consolidated financial statements.

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

4.7.1 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information.

5 BASIS OF MEASUREMENT

These condensed interim consolidated financial information have been prepared under the historical cost convention, except that certain fixed assets, certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value. Further, staff retirement benefits have been carried at present values as determined under the International Accounting Standards IAS 19 revised 'Employee Benefits.

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 ROUNDING OFF

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

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in this condensed interim consolidated financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2015.

9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2015.

10 CORRESPONDING FIGURES

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

Reclassified from	Reclassified to	Rupees in '000
Other Assets	Operating Fixed Assets	251,027

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial information were authorised for issue on July 22, 2016 by the Board of Directors of the holding Company.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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BankIslami Pakistan Limited

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