WORLD OF ISLAMIC ARCHITECTURE

Quarterly Report
September 30, 2015

بینک اسلامی

BankIslami

*Inside View of Dome (Masjid-e- Nabawi, Madinah)

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Corporate Information

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	

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

Company Secretary

Mr. Muhammad Shoaib

Auditors

A. F. Ferguson & 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. Farooq Anwar	Head, Operations
Mr. Hasan A. Bilgrami	Chief Executive Officer
Mr. Kashif Nisar	Head, Shariah Compliance
Mr. Khawaja Ehrar ul Hassan	Head, Compliance & Legal
Mr. Muhammad Faisal Shaikh	Head, Shariah Advisory and Structuring
Mr. Muhammad Furqan	Head, Credit Administration
Mr. Muhammad Kamran Siddiqui	Head, Service Quality & Phone Banking
Mr. Syed Muhammad Aamir Shamim	Head, Treasury & Financial Institutions
Mr. Rehan Shuja Zaidi	Head, Internal Audit
Mr. Sadaruddin Pyar Ali	Head, Administration and General Service
Mr. Shamshad Ahmed	Head, Trade Finance
Mr. Syed Akhtar Ausaf	Head, Risk Management
Mr. Syed Arif Mahtab	Head, Branch Operations
Mr. Syed Ata Hussain Jaffri	Head, Information Systems
Mr. Syed Mujtaba H. Kazmi	Head, Corporate Finance
Mr. Fahad Asad Khan	Officiating, Chief Financial Officer

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: Shahra-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 BankIslami for the nine months ending September 30, 2015. The following are the financial highlights:

	Sept 30, 2015	Sept 30, 2014	Growth (%)
	.....Rupees in 'millions'.....		
Total Deposits	**145,112**	89,590	61.97%
Total Assets	**180,567**	102,923	75.43%
Total Financing and related assets-net	**57,174**	43,057	32.79%
Total Investments	**42,260**	38,581	9.54%
Shareholder's Equity	**11,140**	6,812	63.54%
Profit After Tax	**135**	292	-53.76%
Branch network- Number	**317**	201	57.71%

The period under review was one of the most challenging periods for the Bank. We were painstakingly involved in the integration of Defunct KASB Bank into BankIslami Pakistan Limited. The conversion of the portfolio and re-alignment of business and operations was aggressively pursued so that the amalgamation could be completed within the shortest possible time.

These financial numbers provide a consolidated picture of the amalgamated Bank. The asset and deposit size of BankIslami Pakistan Limited grew by 75% and 62% respectively outpacing the Islamic Banking industry's growth of 39% and 36% respectively. BankIslami Pakistan Limited cemented its position as the 2nd largest Islamic Banking player in the Industry by capturing 11.8% share in total Industry assets and 11.4% share of the total industry deposits.

The composition of deposit tilted further toward Current and Saving (CASA) deposits. The mix improvedfrom 61.5% of total deposits to 69.3% resulting in steady margins for the Bank in future.The profitability for the reporting period remained under pressure due to direct losses of Rs. 186.6mn attributed to the Defunct KASB Bank. In addition to that the Bank paid Rs. 23.6bn to the Depositors of the Defunct KASB Bank substantially from its own resources.

Towards the end of the period under review, a malicious and frivolous campaign was launched against the Bank by a few media channels. The Bank aggressively countered it and almost in all the cases not only defamation suits were filed but formal complaints were also lodged with PEMRA. BankIslami Pakistan Limited is determined to protect its business franchise and will use all within its means to achieve that. We are grateful to our stakeholders who stood with us and reposed confidence on the Bank. The Credit Rating by Pakistan Credit Rating Agency Limited (PACRA) for BankIslami Pakistan Limited is 'A+' for long term and A1 for short term.

We would like to thank the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their support to us. Also, we would like to show our gratitude to our customers, business partners and shareholders for their continued patronage and trust especially during the malicious media campaign after the Defunct KASB transaction. Lastly, we would like to acknowledge the dedication and hard work put in by our management team and staff members that has enabled BankIslami Pakistan Limited to successfully achieve its goals.

On behalf of the Board,

Hasan A Bilgrami
Chief Executive Officer
March 29, 2016

Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2015

	Note	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
		------- Rupees in `000 -------	
ASSETS			
Cash and balances with treasury banks	9	8,697,035	6,361,444
Balances with other banks	10	885,827	733,523
Due from financial institutions - net	11	54,105,844	18,143,574
Investments - net	12	42,260,391	30,654,552
Islamic financing and related assets and Advances (net)	13	57,173,840	41,097,058
Operating fixed assets	14	5,603,184	3,380,168
Deferred tax asset - net	15	6,092,026	-
Other assets - net		5,748,734	1,613,830
		180,566,881	101,984,149
LIABILITIES			
Bills payable		1,353,253	918,435
Due to financial institutions	16	18,350,878	561,000
Deposits and other accounts	17	145,112,038	90,330,997
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	199,683
Other liabilities		4,610,478	3,106,814
		169,426,647	95,116,929
NET ASSETS		11,140,234	6,867,220
REPRESENTED BY			
Share capital	18	10,079,121	5,758,721
Discount on Issue of shares		(79,042)	(79,042)
Reserves	19	523,176	273,176
Unappropriated profit		177,442	266,946
		10,700,697	6,219,801
Surplus on revaluation of assets - net of tax	20	439,537	647,419
		11,140,234	6,867,220
CONTINGENCIES AND COMMITMENTS	21 & 22		

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

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

Condensed Interim Profit And Loss Account (Un-audited)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Note	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
		---------- Rupees in `000 ----------			
Profit / return earned	23	2,368,144	6,472,933	2,050,993	5,707,668
Profit / return expensed		1,380,659	3,717,797	1,152,447	3,307,075
Net spread earned		987,485	2,755,136	898,546	2,400,593
(Reversal) / provision against non-performing Islamic financing and related assets (net) and loans and advances (net)		48,195	(144,699)	(67,841)	(65,733)
Provision for diminution in the value of investments		18,733	23,749	-	-
Bad debts written off directly		25	25	-	455
		66,953	(120,925)	(67,841)	(65,278)
Net spread after provisions		920,532	2,876,061	966,387	2,465,871
OTHER INCOME					
Fee, commission and brokerage income		92,102	294,727	79,645	257,884
Dividend Income		16,638	16,638	-	-
Income from dealing in foreign currencies		34,273	81,858	35,492	145,542
Gain on sale of securities		-	11,853	4,765	26,920
Unrealised gain on revaluation of investments classified as held for trading		-	-	-	-
Other income		(22,304)	39,960	13,334	31,280
Total other income		120,710	445,037	133,236	461,626
		1,041,242	3,321,098	1,099,623	2,927,497
OTHER EXPENSES					
Administrative expenses	24	1,117,264	3,172,934	888,888	2,463,728
Other provisions		15	6,852	-	-
Other charges		(2,540)	4,127	4,217	11,121
Total other expenses		1,114,739	3,183,913	893,105	2,474,849
		(73,497)	137,185	206,518	452,648
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		(73,497)	137,185	206,518	452,648
Taxation					
- Current		21,096	70,436	21,795	61,424
- Prior periods		-	21,876	-	-
- Deferred		(166,732)	(90,533)	50,415	99,260
		(145,636)	1,779	72,210	160,684
PROFIT AFTER TAXATION		72,139	135,405	134,308	291,964
		----------(Rupees) ----------			
Basic earnings per share	25	0.098	0.184	0.254	0.553
		----------(Rupees) ----------			
Diluted earnings per share	25	0.098	0.184	0.254	0.553

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

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

Condensed Interim Statement Of Comprehensive Income (Un-audited)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	---------- Rupees in `000 ----------			
Profit after taxation	**72,139**	**135,405**	134,308	291,964
Other Comprehensive Income				
Items that may not be reclassified to profit and loss account				
Remeasurement of defined benefit plan	**-**	**8,058**	-	-
Tax on remeasurement of defined benefit plan	**-**	**(2,820)**	-	-
	-	**5,238**	-	-
Comprehensive income transferred to statement of changes in equity	**72,139**	**140,643**	134,308	291,964
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of available for sale investments - net of tax	**(70,431)**	**(172,370)**	(207,685)	(631)
Total comprehensive (loss) / income for the period	**1,708**	**(31,726)**	(73,377)	291,333

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

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

Condensed Interim Cash Flow Statement (Un-audited)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Note	September 30, 2015	September 30, 2014
CASH FLOW FROM OPERATING ACTIVITIES		------- Rupees in `000 -------	
Profit before taxation		137,185	452,648
Adjustments for non - cash charges :			
Depreciation on own assets		343,230	233,626
Depreciation on operating Ijarah assets		598,644	479,134
Amortisation of intangibles assets		16,712	11,875
Provision against non-performing islamic financing and related assets - net		(144,699)	(65,733)
Bad debts written-off directly		25	-
Provision for diminution in the value of investments		23,749	-
Charge for defined benefit plan		78,675	-
Gain on sale / redemption of securities		-	-
Other provisions / write offs		6,852	-
Gain on sale of operating fixed assets		(4,045)	(4,603)
		919,143	654,299
		1,056,328	1,106,947
(Increase) / decrease in operating assets			
Due from financial institutions		(35,962,270)	(1,649,607)
Islamic financing and related assets - net		(5,431,742)	(5,161,188)
Other assets (excluding advance taxation)		47,330	(503,947)
		(41,346,682)	(7,314,742)
Increase / (decrease) in operating liabilities			
Bills payable		270,898	272,781
Due to financial institutions		20,429,208	261,000
Deposits and other accounts		(2,557,223)	14,364,093
Other liabilities (excluding current taxation)		(473,181)	502,060
		17,669,702	15,399,934
		(22,620,652)	9,192,139
Payments against defined benefit plan		(87,271)	-
Income tax paid		(58,869)	(72,933)
Net cash (used in) / generated from operating activities		(22,766,792)	9,119,206
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		16,754,916	(6,972,731)
Investment in operating fixed assets		(384,799)	(419,306)
Net cash inflow on acquisition		4,560,601	-
Proceeds from disposal of operating fixed assets		3,569	4,841
Net cash generated from / (used in) investing activities		20,934,287	(7,387,196)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of right shares		4,320,400	-
Amount received as advance from sponsors in respect of right issue of shares		-	278,187
		4,320,400	278,187
Increase in cash and cash equivalents		2,487,895	2,010,197
Cash and cash equivalents at the beginning of the period	26	7,094,967	5,851,035
Cash and cash equivalents at the end of the period	26	9,582,862	7,861,232

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

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Share Capital	Discount on issue of shares	Statutory Reserves	Reserve for bad debts & contingencies	Unappro-priated Profit	Total
	Rupees in `000					
Balance as at January 01, 2014	5,279,679	-	210,446	-	24,829	5,514,954
Profit after taxation for the nine months period ended September 30, 2014 transferred from Statement of Comprehensive Income	-	-	-	-	291,964	291,964
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,790	7,790
Balance as at September 30, 2014	5,279,679	-	210,446	-	324,583	5,814,708
Profit after taxation for the period ended December 31, 2014 transferred from Statement of Comprehensive Income	-	-	-	-	21,686	21,686
Issue of right shares at discount	479,042	(79,042)	-	-	-	400,000
Transfer to statutory reserve	-	-	62,730	-	(62,730)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(240)	(240)
Remeasurements of the net defined benefit liability / (asset) - net of tax	-	-	-	-	(16,353)	(16,353)
Balance as at December 31, 2014	5,758,721	(79,042)	273,176	-	266,946	6,219,801
Profit after taxation for the nine months period ended September 30, 2015 transferred from Statement of Comprehensive Income	-	-	-	-	135,405	135,405
Transfer to reserve for bad debts & contingencies	-	-	-	250,000	(250,000)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	19,853	19,853
Issue of right shares	4,320,400	-	-	-	-	4,320,400
Remeasurements of the net defined benefit liability / (asset) - net of tax	-	-	-	-	5,238	5,238
Balance as at September 30, 2015	10,079,121	(79,042)	273,176	250,000	177,442	10,700,697

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

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

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 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 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 September 30, 2015 (December 31, 2014: 213 branches including 90 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.

Based on the financial statements of the Bank for the year ended December 31, 2014, the Pakistan Credit Rating Agency (Private) Limited (PACRA) determined the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

2 BUSINESS COMBINATION

2.1 Acquisition of KASB Bank Limited undertakings

During the current period, 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 is effective from May 7, 2015.

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 State Bank of Pakistan (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 undertaking with and into BankIslami Pakistan Limited on May 7, 2015 with immediate effect.

As required under International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", 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. The reconciliation between audited balances and the provisional fair values is given in note 2.3 below.

Subsequent to the above amalgamation, the operations of defunct KASB Bank Limited have been amalgamated and vested into the Bank with effect from May 7, 2015. Consequently, the entire undertaking of the KASB Bank Limited including all the properties, assets and liabilities and the rights and obligations as defined in the aforesaid scheme stand amalgamated with and vested into the Bank as at May 7, 2015. Accordingly, the assets and liabilities included in the statement of financial position also include balances of the defunct KASB Bank Limited.

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

The Bank has undertaken to convert the conventional portfolio of the defunct KASB undertaking into shariah compliant products within a reasonable period of time. The acquisition of the KASB undertaking will assist the Bank in promoting the shariah compliant banking to the customers of the defunct conventional bank by targeting a diversified customer base (constituting a mix of high profile corporate and retail customer base). The acquisition is expected to bring in synergies resulting in overall growth of the Bank.

2.2 International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values.

The acquisition has been accounted for by applying the purchase method in accordance with the requirements of IFRS 3 (revised) 'Business Combinations'. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date. 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 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:

	May 7, 2015 Rupees in '000
Fair value of assets acquired (provisional)	54,046,080
Fair value of liabilities assumed (provisional)	(59,789,327)
Net liabilities assumed	(5,743,247)
Purchase Consideration:	
Cash payable	(1)
Fair value benefit of financing received from SBP	2,952,536
	2,952,535
Excess of purchase consideration over net assets	(2,790,712)

2.3 The provisional fair values and carrying amounts of identifiable assets (including intangible assets) and liabilities of the defunct KASB Bank Limited at the date of acquisition are as follows:

	Note	Acquiree's carrying amounts as at May 7, 2015 (based on audited financial statements)	Fair value adjustments / intangible recognised (as per Consultant's report)	Fair values as at May 7, 2015 (as per Consultant's report)
		.....Rupees in '000.....		
ASSETS				
Cash and balances with treasury banks		3,703,800	-	3,703,800
Balances with other banks		856,801	-	856,801
Investments - net		29,283,116	(617,861)	28,665,255
Advances		10,429,731	669,254	11,098,985
Operating fixed assets		2,157,083	-	2,157,083
Intangible recognised on acquisition	2.3.1	-	40,600	40,600
Deferred tax assets - net		6,142,788	(30,978)	6,111,810
Other assets - net		1,415,231	(3,485)	1,411,746
		53,988,550	57,530	54,046,080
LIABILITIES				
Bills payable		163,920	-	163,920
Due to financial institutions		313,206	-	313,206
Deposits and other accounts		57,338,264	-	57,338,264
Other liabiities		1,973,937	-	1,973,937
		59,789,327	-	59,789,327
Fair Value of Net assets acquired		(5,800,777)	57,530	(5,743,247)

In addition, the financial statements of the defunct KASB Bank Limited as at May 7, 2015 duly audited by Ernst & Young Ford Rhodes Sidat Hyder include a sum of Rs 981,410,000 representing advance against issue of right shares which has been treated and disclosed as a part of equity. This amount does not form part of the KASB Undertakings acquired and amalgamated with the bank as per the Scheme. A case has been filed in respect of this matter, details of which are disclosed in note 21.6 to this condensed interim financial information.

2.3.1 Intangible recognised on acquisition

Consequent to the amalgamation of the defunct KASB Bank Limited with and into the Bank, the Bank has recognised the following intangible asset as at the acquisition date of May 7, 2015:

	May 7, 2015 Rupees in '000
Core deposit intangible	40,600

This intangible asset relates to core deposits of the defunct KASB Bank Limited and represents the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or inter-bank markets. This benefit also considers the fact that the economic lifetime of these deposits is longer than their contractual life. Based on this assumption, this intangible asset has been valued using certain valuation techniques and is being amortised keeping in view the life expectancy of the core deposits.

The fair value of this identifiable intangible asset has been determined using an income approach, by an independent valuer. The income approach begins with an estimation of the annual cash flows, which a market participant acquirer would expect the asset to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the asset's projected cash flows. The present value of the estimated cash flows are then added to the present value equivalent of the residual value of the asset (if any) at the end of the discrete projection period to arrive at an estimate of the fair value of the specific asset.

In applying the income approach, the Bank used the Multiple-period Excess Earnings Method ("MEEM") to determine the value of the above intangible. Under this method the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets employed (including other intangible assets) have been deducted from the asset's after-tax operating earnings.

The valuations are based on information at the time of acquisition and the expectations and assumptions that have been deemed reasonable by the Bank's management. It has been assumed that the underlying assumptions or events associated with such assets will occur as projected.

2.4 The fair value of the gross contractual receivables representing advances and lendings as at the acquisition date amounts to Rs 11,099 million. Gross contractual amounts for the aforementioned receivables due is Rs 24,288 million. The management believes that out of the total gross contractual receivables, a gross contractual amount of Rs 13,858 million is expected to be uncollectable. The uncollectable amounts of receivables and impairment of investments arising on account of fair valuation exercise have been disclosed as "Provisions transferred from amalgamated entity" in the respective notes.

3 BASIS OF PRESENTATION

3.1 The Bank provides financing mainly through Murabaha, Ijarah, Istisna, Diminishing Musharka, Musawama and other Islamic modes.

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

4 STATEMENT OF COMPLIANCE

4.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP), 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 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 this condensed inetrim 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 this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

4.3 The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of IAS 34, "Interim Financial Reporting". They do not include all of the information required for a full set of annual financial statements and this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2014.

4.4 IFRS 8 "Operating Segments" is 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 this condensed interim financial information is based on the requirements laid down by the SBP.

4.5 The SBP vide its BSD Circular No. 07 dated April 20, 2010 has 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, the surplus / (deficit) on revaluation of Available For Sale (AFS) securities only, may 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 this condensed interim financial information.

4.6 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current period

4.6.1 The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 is effective from financial periods beginning on or after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has no material impact on this condensed interim financial information except for disclosure relating to deposits as disclosed in note 17 to this condensed interim financial information.

5 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value in accordance with the requirements of the SBP. Further, staff retirement benefits have been carried at present value as determined under the International Accounting Standard (IAS) 19 (revised), "Employee Benefits".

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	

9 CASH AND BALANCES WITH TREASURY BANKS

In hand		
- local currency	2,657,683	1,658,420
- foreign currency	339,083	254,139
	2,996,766	1,912,559
With the State Bank of Pakistan in		
- local currency current account	4,051,721	3,262,935
- foreign currency deposit accounts		
Cash Reserve Account	90,937	90,937
Special Cash Reserve Account	284,051	110,029
US Dollar Clearing Account	20,424	29,915
	395,412	230,881
With National Bank of Pakistan in		
- local currency current account	1,253,136	955,069
	8,697,035	6,361,444

10 BALANCES WITH OTHER BANKS

In Pakistan		
- in current accounts	43,411	8,198
- in deposit accounts	90	88
	43,502	8,286
Outside Pakistan		
- in current accounts	831,874	725,237
- in deposit accounts (relating to defunct KASB Bank Limited)	10,451	-
	842,325	725,237
	885,827	733,523

11 DUE FROM FINANCIAL INSTITUTIONS

Due from financial institutions - Islamic	11.1	54,105,844	18,143,574
Due from financial institutions - Conventional (relating to defunct KASB Bank Limited)	11.2	-	-
		54,105,844	18,143,574

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
11.1 Due from financial institutions - Islamic			
Sukuk Murabahah	11.1.1	6,418	6,418
Commodity Murabahah - local currency	11.1.2	43,351,477	7,389,208
		43,357,895	7,395,626
Bai Muajjal		10,754,367	10,754,366
		54,112,262	18,149,992
Provision against Sukuk Murabahah		(6,418)	(6,418)
		54,105,844	18,143,574

11.1.1 The Bank entered into Sukuk Murabaha arrangement under which the Bank appointed its client as an agent under asset purchase agreements to purchase the underlying sukuk from the open market on its behalf and later sell them on deferred Murahaba basis. The maturity date of the deal was February 08, 2009. The Bank is making efforts to recover the outstanding balance and has made a provision against the outstanding amount.

11.1.2 The Bank has entered into Commodity Murabahah agreements under which the Bank purchases an underlying commodity from open market through an agent and sells it to a financial institution on credit with profit. The profit rates on the agreements range between 5.95% to 6.9% (December 31, 2014: 9.50% to 10.00%) per annum and the agreements have maturities ranging from 1 days to 131 days (December 31, 2014: 2 days to 182 days).

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
11.2 Due from financial institutions - Conventional (relating to defunct KASB Bank Limited)			
In local currency			
Clean placement (non-performing)		32,400	-
Less: Provision against lendings to financial institutions		(32,400)	-
		-	-

12 INVESTMENTS

Investments - Islamic	12.1	39,330,855	30,654,552
Investments - Conventional (relating to defunct KASB Bank Limited)	12.2	2,929,536	-
		42,260,391	30,654,552

12.1 Investments - Islamic by Type

	Note	(Un-audited) September 30, 2015			(Audited) December 31, 2014		
		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	12.1.1	38,869,764	-	38,869,764	30,641,032	-	30,641,032
Units of Open-end mutual fund	12.1.1	15		15			
Units of Closed-end mutual fund	12.1.1	242,651	-	242,651	21	-	21
		39,112,430	-	39,112,430	30,641,053	-	30,641,053
Subsidiary							
- BankIslami Modaraba Investments Limited - Unlisted company	12.1.1	191,015	-	191,015	191,015	-	191,015
Total investments at cost		39,303,445	-	39,303,445	30,832,068	-	30,832,068
Less: Provision for diminution in value of investments	12.1.1	(46,125)	-	(46,125)	(39,207)	-	(39,207)
Investments - net of Provisions		39,257,320	-	39,257,320	30,792,861	-	30,792,861
Surplus / (Deficit) on revaluation of available-for-sale securities	20.2	73,535	-	73,535	(138,309)	-	(138,309)
Total investments at market value		39,330,855	-	39,330,855	30,654,552	-	30,654,552

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
12.1.1 Islamic Investments by segments			
Federal Government Securities			
GOP Ijarah Sukuks		37,285,405	28,490,153
Sukuk certificates			
Sukuks - listed		-	254,258
Sukuks - unlisted		1,584,359	1,896,621
Fully paid up ordinary shares / Units			
Unlisted subsidiary company		191,015	191,015
Units of Open-end Mutual Funds		15	21
Units of closed - end mutual funds		242,651	-
Total investments at cost		39,303,445	30,832,068
Less: Provision for diminution in value of investments		(46,125)	(39,207)
Investments - net of provisions		39,257,320	30,792,861
Surplus / (Deficit) on revaluation of available-for-sale securities	20.2	73,535	(138,309)
Total investments at market value		39,330,855	30,654,552

12.2 Investments - Conventional by Type (relating to defunct KASB Bank Limited)

	Note	(Un-audited) September 30, 2015 Held by the Bank	Given as collateral	Total
		(Rupees in '000)		
Available for sale securities	12.2.1			
Market Treasury Bills		-	-	-
Pakistan Investment Bonds		-	-	-
Ordinary Shares of listed companies		841,950	-	841,950
Ordinary Shares of unlisted companies		1,189,029	-	1,189,029
Listed Term Finance Certificates		131,362	-	131,362
Unlisted Term Finance Certificates		443,968	-	443,968
		2,606,309	-	2,606,309
Held to maturity securities	12.2.1			
Market Treasury Bills		-	-	-
Unlisted Term Finance Certificates		396,601	-	396,601
		396,601	-	396,601
Associates	12.2.1	2,615,020	-	2,615,020
Subsidiaries	12.2.1	2,499,708	-	2,499,708
Total investments at cost		8,117,638	-	8,117,638
Less: Provision for diminution in value of investments	12.2.1	(5,187,372)	-	(5,187,372)
Investments - net of Provisions		2,930,266	-	2,930,266
Surplus on revaluation of available-for-sale securities	20	(730)	-	(730)
Total investments at market value		2,929,536	-	2,929,536

12.2.1 Investments by segments

	(Un-Audited) September 30, 2015 Rupees in '000
Federal Government Securities	
- Market Treasury Bills	-
- Pakistan Investment Bonds	-
	-
Fully paid-up ordinary shares	
- Listed companies	841,950
- Unlisted companies	1,189,029
	2,030,979
Term Finance Certificates	
- Listed	131,362
- Unlisted	840,569
	971,931

	(Un-Audited) September 30, 2015 Rupees in '000
Associates	
Listed	
KASB Asset Allocation Fund	298,424
KASB Cash Fund	113,389
KASB Income Opportunity Fund	328,794
KASB Islamic Income Opportunity Fund	103,525
Crosby Dragon Fund	110,777
Unlisted	
KASB International Limited	41,867
KASB Funds Limited	432,302
New Horizon Exploration & Production Limited	558,000
Shakarganj Food Products Limited	627,942
	2,615,020
Subsidiaries	
Listed	
KASB Securities Limited	2,394,937
Unlisted	
My Soloutions Corporation Limited	104,771
	2,499,708
Total investments at cost	8,117,638
Less: Provision for diminution in value of investments	(5,187,372)
Investments - net of provisions	2,930,266
Surplus on revaluation of investments classified as available for sale	(730)
Total investments at market value	2,929,536

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
13 ISLAMIC FINANCING AND RELATED ASSETS AND ADVANCES			
Islamic financing and related assets - net	13.1	52,335,492	41,097,058
Advances (relating to defunct KASB Bank Limited)	13.2	4,838,348	-
		57,173,840	41,097,058

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
13.1 Islamic financing and related assets - net			
In Pakistan			
- Murabaha financing and related assets	13.1.1	17,303,153	15,458,980
- Istisna financing and related assets	13.1.2	10,914,536	6,946,722
- Diminishing Musharka - Housing		4,770,417	3,673,349
- Diminishing Musharka financing and related assets - Others	13.1.3	7,148,039	4,121,136
- Against Bills - Murabaha		-	97,848
- Post Due Acceptance		22,043	34,297
- Musawama financing and related assets	13.1.4	6,727,373	7,191,343
- Financing to employees		1,623,960	1,159,060
- Payment Against Document		8,059	-
- Salam financing and related assets		1,000,000	-
		49,517,580	38,682,735
Housing finance portfolio		88,228	98,282
Net investment in Ijarah financing in Pakistan		66,006	86,465
Ijarah financing under IFAS 2 and related assets	13.1.5	3,910,368	2,830,634
Gross financing and related assets		53,582,182	41,698,116
Less: Provision against non-performing Islamic financing and related assets			
- Specific	13.1.7	(1,133,601)	(524,414)
- General	13.1.7	(113,089)	(76,644)
Islamic financing and related assets – net of provisions		52,335,492	41,097,058
13.1.1 Murabaha financing and related assets			
Murabahah financing		14,414,264	13,004,733
Advance against Murabahah financing		2,888,889	2,454,247
		17,303,153	15,458,980
13.1.2 Istisn'a financing and related assets			
Istisna financing		3,549,811	3,982,917
Advance against Istisna financing		7,364,725	2,053,984
Istisna inventories		-	909,821
		10,914,536	6,946,722

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
13.1.3 Diminishing Musharakah financing and related assets - Others			
Diminishing Musharakah financing		7,146,839	4,119,936
Advance against Diminishing Musharakah financing		1,200	1,200
		7,148,039	4,121,136
13.1.4 Financing to employees			
Muswammah financing		2,043,655	3,657,257
Muswammah inventories		4,683,718	3,534,086
		6,727,373	7,191,343
13.1.5 Ijarah financing under IFAS 2 and related assets			
Net book value of assets under IFAS 2		3,348,889	2,467,367
Advance against Ijarah financing		561,479	363,267
		3,910,368	2,830,634

13.1.6 Istisna financing and related assets includes financing amounting to Rs. 35 million (December 31, 2014: Rs. 80 million) against Istisna and advance amounting to Rs. 826 million (December 31, 2014: Rs. 506 million) under Islamic Export Refinance Scheme.

13.1.7 Islamic financing and related assets include Rs. 1,956.041 million (December 31, 2014: Rs. 1,061.929 million) which have been placed under non-performing status as follows:

Category of Classification	(Un-audited) September 30, 2015								
	Classified Islamic financing and related assets			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets especially mentioned (OAEM)	189,553	-	189,553	-	-	-	-	-	-
Substandard	149,197	-	149,197	18,918	-	18,918	18,918	-	18,918
Doubtful	88,931	-	88,931	6,880	-	6,880	6,880	-	6,880
Loss	1,528,359	-	1,528,359	1,107,803	-	1,107,803	1,107,803	-	1,107,803
	1,956,041	**-**	**1,956,041**	**1,133,601**	**-**	**1,133,601**	**1,133,601**	**-**	**1,133,601**

Category of Classification	(Audited) December 31, 2014								
	Classified Islamic financing and related assets			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets especially mentioned (OAEM)	95,067	-	95,067	-	-	-	-	-	-
Substandard	75,587	-	75,587	7,259	-	7,259	7,259	-	7,259
Doubtful	56,960	-	56,960	7,614	-	7,614	7,614	-	7,614
Loss	834,315	-	834,315	509,541	-	509,541	509,541	-	509,541
	1,061,929	**-**	**1,061,929**	**524,414**	**-**	**524,414**	**524,414**	**-**	**524,414**

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

	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Specific	General	Total	Specific	General	Total
	---------- Rupees in '000 ----------					
Opening balance	524,414	76,644	601,058	575,843	47,470	623,313
Charge for the period / year	38,620	36,445	75,065	72,056	29,174	101,230
Reversals	(149,620)	-	(149,620)	(123,485)	-	(123,485)
	(111,000)	36,445	(74,555)	(51,429)	29,174	(22,255)
Transferred from amalgamated entity	720,187	-	720,187	-	-	-
Closing balance	1,133,601	113,089	1,246,690	524,414	76,644	601,058

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

13.1.7.3 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The benefit availed as at September 30, 2015 amounts to Rs 415.625 million (December 2014: Rs 316.283 million). The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2015 amounts to Rs 270.157 million (December 2014: 205.584 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) September 30, 2015 Rupees in '000
13.2 Advances (relating to defunct KASB Bank Limited)	
Loans, cash credits, running finances, etc. - in Pakistan	16,371,489
Net investment in finance lease - in Pakistan	664,294
Bills discounted and purchased (excluding government treasury bills)	
- Payable in Pakistan	126,157
- Payable outside Pakistan	38,185
Gross Advances	17,200,125
Less: Provision against non-performing loans and advances	
- Specific	(13,026,751)
- General	(4,280)
Advances - net of provisions	4,169,094
Fair Value adjustment (provisional)	669,254
Advances	4,838,348

13.2.1 Particulars of non-performing loans and advances

(Un-Audited)

Category of Classification	September 30, 2015								
	Classified advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets especially mentioned (OAEM)	52,363	-	52,363	4,257	-	4,257	4,257	-	4,257
Substandard	34,189	-	34,189	8,547	-	8,547	8,547	-	8,547
Doubtful	236,551	-	236,551	118,276	-	118,276	118,276	-	118,276
Loss	13,045,673	-	13,045,673	12,895,671	-	12,895,671	12,895,671	-	12,895,671
	13,368,776	**-**	**13,368,776**	**13,026,751**	**-**	**13,026,751**	**13,026,751**	**-**	**13,026,751**

13.2.2 Particulars of provision against non-performing advances

(Un-audited)

	September 30, 2015		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	-	-	-
Charge for the period	57,042	-	57,042
Reversals	(125,226)	(1,958)	(127,184)
	(68,184)	(1,958)	(70,142)
Transferred from amalgamated entity	13,819,267	6,238	13,825,505
Transferred to Islamic Financing and Related Assets	(630,669)	-	(630,669)
Amounts written off	(93,663)	-	(93,663)
Closing balance	13,026,751	4,280	13,031,031

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	------- Rupees in `000 -------	
14 OPERATING FIXED ASSETS		
Capital work-in-progress	96,047	11,714
Property and equipment	5,340,076	3,329,257
Intangible assets	167,061	39,197
	5,603,184	3,380,168

	(Un-audited) September 30, 2015	(Un-audited) September 30, 2014
	------- Rupees in `000 -------	
14.1 Additions to operating fixed assets - net		
Freehold land	-	-
Building	-	
Furniture and fixture	106,270	236,164
Electrical, office and computer equipment	193,811	159,510
Vehicles	67	880
Capital work-in-progress	39,438	-
14.2 Intangibles		
Computer software	10,369	22,752
Customer Relationship	40,600	-
14.3 Disposals of operating fixed assets		
Electrical, office and computer equipment	5,785	4,942
Vehicles	66	13

15 DEFERRED TAX ASSET - NET

The Bank has aggregate tax losses of Rs 8,758.793 million as at September 30, 2015 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 6,092.026 million (December 31, 2014: Rs. 262.180 million). The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the Board of Directors. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit's composition, kibor rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing loans and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisibility of the deferred tax asset.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	

16 DUE TO FINANCIAL INSTITUTIONS AND BORROWINGS

In Pakistan	16.1	18,350,878	561,000
Outside Pakistan			
(relating to defunct KASB Bank Limited)	16.2	-	-
		18,350,878	561,000

16.1 This includes a 10 year financing facility of Rs.5,000 million and a 6 month liquidity support facility of Rs.15,000 million extended by the State Bank of Pakistan (SBP). Both the facilities are 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).The 6 month facilities were also provided on the basis of Mudaraba with profit sharing ratio to be calculated based on the Bank's cost of funds on a monthly basis, which is currently 4.70% per annum.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	

17 DEPOSITS AND OTHER ACCOUNTS

Deposits and Other Accounts - Islamic	17.1	114,326,451	90,330,997
Deposits and Other Accounts - Conventional	17.2	30,785,587	-
		145,112,038	90,330,997

17.1 Deposits and Other Accounts - Islamic

Customers		
Fixed deposits	42,622,024	35,087,230
Savings deposits	44,921,318	36,926,200
Current accounts - non-remunerative	20,779,357	16,854,088
Margin accounts - non-remunerative	329,854	152,023
	108,652,553	89,019,541
Financial Institutions		
Remunerative deposits	5,399,854	1,113,164
Non-remunerative deposits	274,044	198,292
	114,326,451	90,330,997

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	------- Rupees in `000 -------	
17.1.1 Particulars of Islamic deposits		
In:		
- local currency	112,362,211	88,586,108
- foreign currencies	1,964,240	1,744,889
	114,326,451	90,330,997

	(Un-audited) September 30, 2015 Rupees in '000
17.2 Deposits and Other Accounts - Conventional (relating to defunct KASB Bank Limited)	
Customers	
Fixed deposits	1,453,893
Savings deposits	6,869,369
Current accounts - non-remunerative	21,855,363
Margin accounts - non-remunerative	79,306
	30,257,931
Financial Institutions	
Remunerative deposits	522,580
Non-remunerative deposits	5,076
	30,785,587

	(Un-audited) September 30, 2015 Rupees in '000
17.2.1 Particulars of Conventional deposits	
In:	
- local currency	30,171,147
- foreign currencies	614,440
	30,785,587

18 SHARE CAPITAL

18.1 Authorised capital

(Un-audited) September 30, 2015	(Audited) December 31, 2014		(Un-audited) September 30, 2015	(Audited) December 31, 2014
------ Number of Shares ------			------- Rupees in `000 -------	
1,300,000,000	1,300,000,000	Ordinary shares of Rs.10 each	13,000,000	13,000,000

18.2 Issued, subscribed and paid up capital

(Un-audited) September 30, 2015	(Audited) December 31, 2014		(Un-audited) September 30, 2015	(Audited) December 31, 2014
------ Number of Shares ------			------- Rupees in `000 -------	
		Ordinary shares of Rs. 10 each		
575,872,090	527,967,898	fully paid in cash	5,758,721	5,279,679
432,040,000	47,904,192	Right issue of share capital	4,320,400	479,042
1,007,912,090	575,872,090		10,079,121	5,758,721

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
19 RESERVES			
Statutory Reserves	19.1	273,176	273,176
Reserve for bad debts and contingencies	19.2	250,000	-
		523,176	273,176

19.1 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.

19.2 The Board of Directors in its meeting held on March 6, 2015 have transferred an amount of Rs 250 million out of "unappropriated profit" to "reserve for bad debts and contingencies".

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- Rupees in `000 -------	
20 SURPLUS ON REVALUATION OF ASSETS			
Surplus / (Deficit) arising on revaluation of:			
Fixed Assets	20.1	701,798	737,310
Available for sale securities	20.2	(262,261)	(89,891)
		439,537	647,419

20.1 Surplus on revaluation of fixed assets

Freehold Land	112,220	112,220
Building on lease hold land	950,835	961,677
Transfer to unappropriated profit in respect of incremental depreciation charged during the period	(8,325)	-
	1,054,730	1,073,897
Related deferred tax liability	(352,933)	(336,587)
	701,798	737,310

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	------- Rupees in `000 -------	
20.2 Surplus / (deficit) on revaluation of available for sale securities		
Federal Government Securities		
- Ijarah Sukuk Bonds	111,216	(142,831)
- Others	(466,764)	-
Listed Term Finance Certificates	(67)	-
Ordinary shares of listed companies	(763)	-
Sukuk certificates		
- Sukuks listed	2,385	-
- Sukuks unlisted	(22,673)	4,492
Fully paid up ordinary shares / Units		
- Units of Open end Mutual Funds	(17,393)	30
- Units of Closed end Mutual Funds		-
	(394,059)	(138,309)
Related deferred tax asset / (liability)	131,798	48,418
	(262,261)	(89,891)

21 CONTINGENCIES AND COMMITMENTS (PERTAINING TO BANKISLAMI PAKISTAN LIMITED)

21.1 Transaction-related contingent liabilities

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	540,608	299,083
- Others	3,686,834	2,613,521
	4,227,442	2,912,604

21.2 Trade-related contingent liabilities

Import letter of Credit	3,910,274	2,968,447
Acceptances	551,552	108,638
	4,461,826	3,077,085

21.3 Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt	150,000	150,000

21.3.1 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.

21.3.2 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.

21.4 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.

21.5 The Bank filed an appeal for the stay of the above demand before the Appellate Tribunal Inland Revenue (ATIR) after the assessment orders 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 had initially deposited an amount of Rs. 10.4 million for filing appeal against the said case. Last year, the Bank 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 condensed interim financial information.

21.6 As referred to in note 2.3, this represents amount received by the Defunct Bank from Mr. Nasir Ali Shah Bukhari, a former sponsor of the Defunct Bank and other shareholders. The Defunct Bank, 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 Bank 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 Bank is now amalgamated with and into the BIPL, with effect from 07 May 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 01 July 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 Bank 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) September 30, 2015	(Audited) December 31, 2014
	------- Rupees in `000 -------	
21.7 Commitments in respect of promises		
Purchases	3,205,768	1,763,272
Sales	2,143,535	1,310,100
21.8 Commitments for the acquisition of operating fixed assets	76,486	134,178

21.9 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.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	------- Rupees in `000 -------	
21.10 Other commitments		
Bills for collection	98,384	191,002

22 CONTINGENCIES AND COMMITMENTS (PERTAINING TO DEFUNCT KASB BANK LIMITED)

	(Un-audited) September 30, 2015 Rupees in '000
22.1 Transaction-related contingent liabilities	
Includes performance bonds, bid bonds, warranties advance payment guarantees and shipping guarantees related to particular transactions issued in favour of:	
- Government	6,660,685
- Others	560,814
	7,221,499

22.2 Taxation

22.2.1 The income tax returns of the Bank have been filed and tax assessments have been made by the tax authorities upto tax year 2013. The return filed for the tax year 2014 is treated to be deemed assessment order under section 120 of the Income Tax Ordinance, 2001.

22.2.2 During the year 2014, 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 was 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 reduced to Rs.89.928 million. Against the order of the learned CIRA , the Bank has filed and appeal before the Honorable 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.

22.2.3 During the year 2014, in respect of Income tax assessments of International Housing Finance Limited (amalgamated into the Bank 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 Bank has preferred appeals before the ATIR for tax year 2005.

22.2.4 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.

22.2.5 During the year 2013, the Appellate Tribunal Inland Revenue (ATIR) passed an order for the tax years 2005 to 2009 in favour of the Bank 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 Bank has preferred an appeal before the Honorable High Court of Sindh against the said decision of the ATIR. No development has taken place during the current period 2015.

22.2.6 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 Honorable High Court of Sindh against the said decision of tax authorities. No development has taken placed till the current period end.

22.2.7 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 Bank 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.

22.2.8 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 Bank 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 favor of the Bank. 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 Bank. 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 Bank 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.

22.2.9 During the year 2014, the Commissioner Inland Revenue (Appeals) has given decision in favor of the Bank 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 Rs. 33.208 million.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters and consequently no additional provision has been considered necessary in these condensed interim financial information

		(Un-audited) September 30, 2015 Rupees in '000
22.3	Commitments in respect of forward exchange contracts	
	Purchase	30,532
22.4	Commitments for the acquisition of operating fixed assets	5,272
22.5	Commitment to extend credits	

The Bank makes commitments to extend credit 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.

		(Unaudited)	
		For the nine months period ended September 30, 2015	For the nine months period ended September 30, 2014
23	**PROFIT / RETURN EARNED**	------- Rupees in `000 -------	
	On financing to:		
	- Customers	**2,706,605**	2,834,116
	- Financial institutions	**1,796,643**	607,847
		4,503,248	3,441,963
	On investments in available for sale securities	**1,918,158**	2,233,214
	On deposits / placements with financial institutions	**11,487**	1,858
	Others	**40,040**	30,633
		6,472,933	5,707,668

24 FINANCIAL RESULTS OF CONVENTIONAL OPERATIONS

As more fully explained in note 2 to this condensed interim financial information, during the current period the Bank has 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. The Shariah Board of the Bank, keeping in view the extraordinary circumstances under which the former KASB Bank Limited was acquired, allowed a run-off period (six months) within which the conventional portfolio of the defunct KASB Bank Limited was required to be converted into Shariah compliant products, if possible. During this period, the Bank's management was required to quarantine the operations of the defunct KASB Bank Limited from BankIslami Pakistan Limited's operations.

The Shariah Board of the Bank further allowed the management of the Bank to use the income relating to defunct KASB Bank Limited's portfolio for paying the expenses of the quarantined entity without taking it to the profit and loss account. In this regard, the mark-up receivable and mark-up payable as at May 7, 2015 pertaining to defunct KASB Bank Limited also form part of the quarantined entity. The surplus has been netted off with the administrative expenses of the quarantined entity, as per the Shariah Board's approval as follows:

	(Unaudited) For the period from May 8 to September 30, 2015 Rupees in '000
Inflow / accrual of markup / interest income	523,716
Outflow / accrual of markup / interest expense	(267,691)
	256,025
Add: Gain on sale of securities	389,357
Surplus adjusted against administrative expenses of the quarantined entity as per the approval of the Shariah Board (for quarantined entity)	645,382
Administrative expenses of the quarantined entity for the period	(831,978)
Net Deficit of Quarantined Entity charged against profits	(186,596)

In addition to it, an amount of Rs 57.040 million was also charged to profit and loss account as per provisioning guidelines contained in the Prudential Regulations.

25 BASIC AND DILUTED EARNINGS PER SHARE

	Quarter ended September 30, 2015	**Nine months ended September 30, 2015**	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	(Unaudited)		(Unaudited)	
	---------- Rupees in `000 ----------			
Profit after taxation for the period	**72,139**	**135,405**	134,308	291,964
	---------- Number of shares ----------			
Weighted average number of ordinary shares	**735,711,064**	**735,711,064**	527,967,898	527,967,898
	---------- Rupees ----------			
Basic and diluted earnings per share	**0.098**	**0.184**	0.254	0.553

25.1 There were no convertible / dilutive potential ordinary shares outstanding as at September 30, 2015 and September 30, 2014.

	Note	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
		------- Rupees in `000 -------	
26 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	9	8,697,035	6,361,444
Balances with other banks	10	885,827	733,523
		9,582,862	7,094,967

27 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Support Center	Total
	---------- Rupees in '000 ----------				
For the nine months ended September 30, 2015 (Un-audited)					
Total income	2,229,397	2,804,473	1,569,707	314,393	6,917,970
Total expenses	654,989	3,365,650	1,629,614	1,130,532	6,780,785
Net income / (loss) before tax	1,574,408	(561,177)	(59,907)	(816,139)	137,185
As at September 30, 2015 (Un-audited)					
Segment assets (gross)	126,605,574	12,207,991	58,792,767	3,898,919	201,505,252
Segment non performing assets	384,245	1,858,390	19,434,021	-	21,676,656
Segment provision held	75,195	1,456,413	19,406,763	-	20,938,371
Segment liabilities	23,575,117	71,581,459	72,398,830	1,871,241	169,426,647
Segment return on assets (ROA) (%)	1.66%	-6.15%	-0.14%		
Segment cost of funds (%)	5.71%	4.53%	3.82%		

	Trading & Sales	Retail Banking	Commercial Banking	Support Center	Total
	---------- Rupees in '000 ----------				
For the nine months ended September 30, 2014 (Un-audited)					
Total Income - restated	577,537	3,335,577	2,174,568	81,612	6,169,294
Total Expenses - restated	120,087	3,103,133	1,576,146	917,280	5,716,646
Net income / (loss) before tax - restated	457,450	232,444	598,422	(835,668)	452,648
As at September 30, 2014 (Un-audited)					
Segment assets (gross)	53,326,583	7,634,155	41,103,620	1,457,210	103,521,568
Segment non performing assets	328,840	438,826	718,081	-	1,485,747
Segment provision held	19,790	202,960	376,135	-	598,885
Segment liabilities	1,896,452	57,309,008	35,529,027	1,376,475	96,110,962
Segment return on assets (ROA) (%)	1.15%	4.07%	1.95%		
Segment cost of funds (%)	8.24%	5.27%	6.48%		

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 The details of transactions with related parties and balances with them are given below:

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	------- Rupees in `000 -------	
SUBSIDIARY		
Deposits:		
Opening balance	385,653*	55,877
Deposit during the period / year	13,499,505	251,556
Withdrawal during the period / year	(13,374,527)	(307,307)
Closing balance	510,630	126
Islamic financing and related assets :		
Opening balance	150,000*	-
Disbursed during the period / year	-	-
Repaid during the period / year	-	-
Closing balance	150,000	-

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	------- Rupees in `000 -------	
Transactions, income and expenses:		
Profit / return on deposits earned	5,880	-
Profit / return on deposits expensed	11,865	4,836
Other administrative expenses	2,914	-

ASSOCIATES

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	------- Rupees in `000 -------	
Islamic financing and related assets :		
Opening balance	93,752*	1,830
Disbursed during the period / year	-	13,001
Repaid during the period / year	-	(14,831)
Closing balance	93,752	-

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	------- Rupees in `000 -------	
Deposits:		
Opening balance	666,260*	314,696
Deposit during the period / year	2,340,211	1,789,122
Withdrawal during the period / year	(2,096,720)	(1,507,715)
Closing balance	909,751	596,103

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	------- Rupees in `000 -------	
Prepayments:		
At beginning of the period	12,733	7,632
Additions during the period / year	29,074	27,496
Expired during the period / year	(12,733)	(22,395)
At the end of the period	29,074	12,733

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	------- Rupees in `000 -------	
Transactions, income and expenses:		
Profit / return on deposits earned	3,200	-
Profit / return on deposits expensed	45,595	18,738
Repair and maintenance	12,733	44,261
Insurance	-	17,148
Dividend Income	16,638	

KEY MANAGEMENT PERSONNEL

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	------- Rupees in `000 -------	
Islamic financing and related assets :		
Opening balance	106,019*	67,806
Disbursed during the period / year	59,458	55,550
Repaid during the period / year	(9,270)	(26,246)
Closing balance	156,206	97,110
Deposits:		
Opening balance	15,330*	29,778
Deposit during the period / year	63,531	115,898
Withdrawal during the period / year	(67,353)	(130,857)
Closing balance	11,508	14,819

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	------- Rupees in `000 -------	
Transactions, income and expenses:		
Profit / return earned on Islamic financing and related assets	1,503	1,847
Profit / return on deposits expensed	158	558
Remuneration	7,491	37,872
Other administrative Expenses	-	-
Employee Benefit plans		
Contribution to Employees Gratuity Fund	65,923	32,647
Contribution to Employees Providend Fund	41,783	31,143

OTHER RELATED PARTIES (RELATED TO DEFUNCT KASB BANK LIMITED)	September 30, 2015 (Unaudited) Rupees in `000
Deposits:	
Opening balance	213,847
Deposit during the period / year	260,127
Withdrawal during the period / year	(461,612)
Closing balance	12,362
Transactions, income and expenses:	
Profit / return on deposits expensed	3,704
Other income	-
Employee Benefit plans	
Contribution to Employees Gratuity Fund	-

* Balances pertaining to parties that became related during the period / year and continued to be so related during any part of the current period are not reflected as part of the opening balance of the current period / year.

29 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on March 29, 2016 by the Board of Directors of the Bank.

30 GENERAL

30.1 Corresponding information has been re-classified, re-arranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

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

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

Consolidated Financial Statements

of

BankIslami Pakistan Limited

for the Quarterly Report

September 30, 2015

Directors' Report

On behalf of the Board, I am pleased to present the consolidated financial results of the Group for the period ended September 30 , 2015. Following are the highlights:

	Sept 30, 2015	Sept 30, 2014	Growth (%)
	.....Rupees in 'millions'.....		
Total Deposits	**144,606**	89,590	61.41%
Total Assets	**180,917**	102,933	75.76%
Total Financing and related assets-net	**57,024**	43,057	32.44%
Total Investments	**42,130**	38,399	9.72%
Shareholder's Equity	**11,167**	6,820	63.74%
Profit After Tax	**155**	293	-47.10%
Branches-Numbers	**317**	201	57.71%

Our Group performance remained satisfactory. The Group has been able to post growth in its deposits by 61.41%, financings by 32.44% and total assets by 75.76%.

Finally, we would like to place on record our appreciation to State Bank of Pakistan and Securities and Exchange Commission for their continued support, guidance as well as understanding. Also, we would like to show our gratitude to the employees of BankIslami , BankIslami Modaraba Investment Limited, KASB Securities Limited, My Solution Corporation Limited and Structured Ventures (Private Limited) 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
March 29, 2016

Condensed Interim Statement of Consolidated Financial Position

AS AT SEPTEMBER 30, 2015

	September 30, 2015 Un-audited	December 31, 2014 (Audited)
	------- Rupees in `000 -------	
ASSETS		
Cash and balances with treasury banks	8,697,168	6,361,444
Balances with other banks	1,238,679	847,890
Due from financial institutions - net	54,114,970	18,143,574
Investments - net	42,129,619	30,511,422
Islamic financing and related assets and Advances (net)	57,023,840	41,097,058
Operating fixed assets	5,828,540	3,387,282
Deferred tax asset - net	5,896,270	-
Other assets - net	5,988,388	1,643,247
	180,917,474	101,991,917
LIABILITIES		
Bills payable	1,353,253	918,435
Due to financial institutions	18,380,740	561,000
Deposits and other accounts	144,605,605	90,330,870
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	199,348
Other liabilities	5,410,555	3,109,455
	169,750,153	95,119,108
NET ASSETS	11,167,321	6,872,809
REPRESENTED BY		
Share capital	10,079,121	5,758,721
Discount on Issue of shares	(79,042)	(79,042)
Reserves	523,176	273,176
Unappropriated profit	199,667	269,349
	10,722,922	6,222,204
Surplus on revaluation of assets - net of tax	444,399	650,605
	11,167,321	6,872,809

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

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

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	---------- Rupees in `000 ----------			
Profit / return earned	2,368,107	6,477,491	2,052,892	5,712,134
Profit / return expensed	1,378,642	3,715,780	1,151,798	3,304,052
Net spread earned	989,465	2,761,711	901,094	2,408,082
(Reversal) / provision against non-performing Islamic financing and related assets (net) and loans and advances (net)	48,195	(144,699)	(67,841)	(65,733)
Provision for diminution in the value of investments	(6,750)	(35,241)	-	-
Bad debts written off directly	25	25	-	455
	41,470	(179,915)	(67,841)	(65,278)
Net spread after provisions	947,995	2,941,626	968,935	2,473,360
OTHER INCOME				
Fee, commission and brokerage income	164,337	428,836	79,645	257,884
Dividend Income	40,255	40,274	-	-
Income from dealing in foreign currencies	34,273	81,885	35,492	145,542
Gain on sale of securities	-	11,853	4,765	26,920
Unrealised gain on revaluation of investments classified as held for trading	(3,000)	(3,368)	-	-
Other income	(11,379)	44,677	13,337	31,351
Total other income	224,487	604,158	133,239	461,697
	1,172,482	3,545,784	1,102,174	2,935,057
OTHER EXPENSES				
Administrative expenses	1,216,115	3,350,347	890,256	2,468,581
Other provisions	(3,247)	10,508	-	-
Other charges	3,323	10,996	4,231	11,149
Total other expenses	1,216,192	3,371,852	894,487	2,479,730
	(43,710)	173,932	207,687	455,327
Share of profit from associates	2,403	6,353	-	-
Extraordinary / unusual items	-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION	(41,307)	180,285	207,687	455,327
Taxation				
- Current	29,144	82,017	22,176	62,121
- Prior periods	-	21,876	-	-
- Deferred	(154,074)	(78,977)	51,196	99,309
	(124,931)	24,915	73,372	161,430
PROFIT AFTER TAXATION	83,624	155,370	134,315	293,897
	----------(Rupees) ----------			
Basic earnings per share	0.114	0.211	0.254	0.557
	----------(Rupees) ----------			
Diluted earnings per share	0.114	0.211	0.254	0.557

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

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

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	---------- Rupees in `000 ----------			
Profit after taxation	**83,624**	**155,370**	134,315	293,897
Other Comprehensive Income				
Items that may not be reclassified to profit and loss account				
Remeasurement of defined benefit plan	**(209)**	**7,849**	-	-
Tax on remeasurement of defined benefit plan	**67**	**(2,753)**	-	-
	(143)	**5,095**	-	-
Comprehensive income transferred to statement of changes in equity	**83,481**	**160,465**	134,315	293,897
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of available for sale investments - net of tax	**(65,126)**	**(162,556)**	(207,521)	1,452
Total comprehensive (loss) / income for the period	**18,355**	**(2,090)**	(73,206)	295,349

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

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CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	September 30, 2015	September 30, 2014
	(Un-audited)	
CASH FLOW FROM OPERATING ACTIVITIES	------- Rupees in `000 -------	
Profit before taxation	180,285	455,327
Adjustments for non - cash charges :		
Depreciation on own assets	345,114	232,500
Depreciation on operating Ijarah assets	598,644	479,134
Amortisation of intangibles assets	16,712	11,875
Provision against non-performing islamic financing and related assets - net	(144,699)	(65,733)
Bad debts written-off directly	25	-
Provision for diminution in the value of investments	(35,241)	-
Charge for defined benefit plan	78,675	-
Gain on sale / redemption of securities	-	-
Other provisions / write offs	10,508	-
Gain on sale of operating fixed assets	(4,045)	(4,672)
	865,693	653,104
	1,045,978	1,108,431
(Increase) / decrease in operating assets		
Due from financial institutions	(35,971,396)	(1,649,607)
Islamic financing and related assets - net	(5,431,741)	(5,161,188)
Other assets (excluding advance taxation)	193,779	(504,632)
	(41,209,358)	(7,315,427)
Increase / (decrease) in operating liabilities		
Bills payable	270,898	272,781
Due to financial institutions	20,459,070	261,000
Deposits and other accounts	(2,678,002)	14,419,851
Other liabilities (excluding current taxation)	(523,409)	506,625
	17,528,557	15,460,257
	(22,634,823)	9,253,261
Payments against defined benefit plan	(83,862)	-
Income tax paid	(58,869)	(74,206)
Net cash (used in) / generated from operating activities	(22,777,554)	9,179,055
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	16,790,202	(6,970,293)
Investment in operating fixed assets	(346,737)	-
Net cash inflow on acquisition	4,851,000	(417,377)
Proceeds from disposal of operating fixed assets	3,569	4,911
Net cash generated from investing activities	21,298,034	(7,382,759)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of right shares	4,320,400	-
Amount received as advance from sponsors in respect of right issue of shares	-	278,187
	4,320,400	278,187
Increase in cash and cash equivalents	2,840,880	2,074,483
Cash and cash equivalents at the beginning of the period	7,094,967	5,902,200
Cash and cash equivalents at the end of the period	9,935,847	7,976,683

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Share Capital	Discount on issue of shares	Statutory Reserves	Reserve for bad debts & contingencies	Unappropriated profit	Total
	Rupees in `000					
Balance as at January 01, 2014	5,279,679	-	210,446	-	27,199	5,517,324
Profit after taxation for the nine months period ended September 30, 2014 transferred from Statement of Comprehensive Income	-	-	-	-	293,897	293,897
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,790	7,790
Remeasurements of the net defined benefit liability / asset - net of tax					244	244
Balance as at September 30, 2014	5,279,679	-	210,446	-	329,130	5,819,255
Profit after taxation for the period ended December 31, 2014 transferred from Statement of Comprehensive Income	-	-	-	-	19,543	19,543
Issue of right shares at discount	479,042	(79,042)	-	-	-	400,000
Transfer to statutory reserve	-	-	62,730	-	(62,730)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(240)	(240)
Remeasurements of the net defined benefit liability / (asset) - net of tax	-	-	-	-	(16,354)	(16,354)
Balance as at December 31, 2014	5,758,721	(79,042)	273,176	-	269,349	6,222,204
Profit after taxation for the nine months period ended September 30, 2015 transferred from Statement of Comprehensive Income	-	-	-	-	155,370	155,370
Transfer to reserve for bad debts & contingencies	-	-	-	250,000	(250,000)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	19,853	19,853
Issue of right shares	4,320,400	-	-	-	-	4,320,400
Remeasurements of the net defined benefit liability / (asset) - net of tax	-	-	-	-	5,095	5,095
Balance as at September 30, 2015	10,079,121	(79,042)	273,176	250,000	199,667	10,722,922

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

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 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 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 September 30, 2015 (December 31, 2014: 213 branches including 90 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.

Based on the financial statements of the Bank for the year ended December 31, 2014, the Pakistan Credit Rating Agency (Private) Limited (PACRA) determined the Bank's long-term rating as 'A+' and the short-term rating as 'A1'.

2 BUSINESS COMBINATION

2.1 Acquisition of KASB Bank Limited

During the current period, 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 is effective from May 7, 2015.

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 State Bank of Pakistan (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 undertaking with and into BankIslami Pakistan Limited on May 7, 2015 with immediate effect.

As required under International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", 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. The reconciliation between audited balances and the provisional fair values is given in note 2.3 below.

Subsequent to the above amalgamation, the operations of defunct KASB Bank Limited have been amalgamated and vested into the Bank with effect from May 7, 2015. Consequently, the entire undertaking of the KASB Bank Limited including all the properties, assets and liabilities and the rights and obligations as defined in the aforesaid scheme stand amalgamated with and vested into the Bank as at May 7, 2015. Accordingly, the assets and liabilities included in the statement of financial position also include balances of the defunct KASB Bank Limited.

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

The Bank has undertaken to convert the conventional portfolio of the defunct KASB undertaking into shariah compliant products within a reasonable period of time. The acquisition of the KASB undertaking will assist the Bank in promoting the shariah compliant banking to the customers of the defunct conventional bank by targeting a diversified customer base (constituting a mix of high profile corporate and retail customer base). The acquisition is expected to bring in synergies resulting in overall growth of the Bank.

2.2 Acquisition of controlling interest

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values.

The acquisition has been accounted for by applying the purchase method in accordance with the requirements of IFRS 3 (revised) 'Business Combinations'. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date. 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 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:

	May 7, 2015 Rupees in '000
Fair value of assets acquired (provisional)	54,663,370
Fair value of liabilities assumed (provisional)	(60,254,372)
Net liabilities assumed	(5,591,002)
Purchase Consideration:	
Cash payable	(1)
Fair value benefit of financing received from SBP	2,952,536
	2,952,535
Excess of purchase consideration over net assets	(2,638,467)

2.3 The provisional fair values and carrying amounts of identifiable assets (including intangible assets) and liabilities of the defunct KASB Bank Limited at the date of acquisition are as follows:

	Note	Acquiree's carrying amounts as at May 7, 2015 (based on audited financial statements)	Fair value adjustments / intangible recognised (as per Consultant's report)	Fair values as at May 7, 2015 (as per Consultant's report)
		.....Rupees in '000.....		
ASSETS				
Cash and balances with treasury banks		3,704,020	-	3,704,020
Balances with other banks		1,146,980	-	1,146,980
Investments - net		29,248,460	(617,861)	28,630,599
Advances		10,279,732	669,254	10,948,986
Operating fixed assets		2,415,271	-	2,415,271
Intangible recognised on acquisition	2.3.1	-	40,600	40,600
Deferred tax assets - net		5,958,187	(30,978)	5,927,209
Other assets - net		1,853,190	(3,485)	1,849,705
		54,605,840	57,530	54,663,370
LIABILITIES				
Bills payable		163,920	-	163,920
Due to financial institutions		313,206	-	313,206
Deposits and other accounts		56,952,737	-	56,952,737
Other liabiities		2,824,509	-	2,824,509
		60,254,372	-	60,254,372
Fair Value of Net assets acquired		(5,648,532)	57,530	(5,591,002)

In addition, the financial statements of the defunct KASB Bank Limited as at May 7, 2015 duly audited by Ernst & Young Ford Rhodes Sidat Hyder include a sum of Rs 981,410,000 representing advance against issue of right shares which has been treated and disclosed as a part of equity. This amount does not form part of the KASB Undertakings acquired and amalgamated with the bank as per the Scheme. A case has been filed in respect of this matter, details of which are disclosed in note 21.6 to this condensed interim financial information.

2.3.1 Intangible acquired in business combination

Consequent to the amalgamation of the defunct KASB Bank Limited with and into the Bank, the Bank has recognised the following intangible asset as at the acquisition date of May 7, 2015:

	May 7, 2015 Rupees in '000
Customer realtionship core deposit intangible	**40,600**

This intangible asset relates to core deposits of the defunct KASB Bank Limited and represents the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or inter-bank markets. This benefit also considers the fact that the economic lifetime of these deposits is longer than their contractual life. Based on this assumption, this intangible asset has been valued using certain valuation techniques and is being amortised keeping in view the life expectancy of the core deposits.

The fair value of this identifiable intangible asset has been determined using an income approach, by an independent valuer. The income approach begins with an estimation of the annual cash flows, which a market participant acquirer would expect the asset to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the asset's projected cash flows. The present value of the estimated cash flows are then added to the present value equivalent of the residual value of the asset (if any) at the end of the discrete projection period to arrive at an estimate of the fair value of the specific asset.

In applying the income approach, the Bank used the Multiple-period Excess Earnings Method ("MEEM") to determine the value of the above intangible. Under this method the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets employed (including other intangible assets) have been deducted from the asset's after-tax operating earnings.

The valuations are based on information at the time of acquisition and the expectations and assumptions that have been deemed reasonable by the Bank's management. It has been assumed that the underlying assumptions or events associated with such assets will occur as projected.

2.4 The fair value of the gross contractual receivables representing advances and lendings as at the acquisition date amounts to Rs 11,099 million. Gross contractual amounts for the aforementioned receivables due is Rs 24,288 million. The management believes that out of the total gross contractual receivables, a gross contractual amount of Rs 13,858 million is expected to be uncollectable. The uncollectable amounts of receivables and impairment of investments arising on account of fair valuation exercise have been disclosed as "Provisions transferred from amalgamated entity" in the respective notes.

3 BASIS OF PRESENTATION

3.1 The Group provides financing mainly through Murabaha, Ijarah, Istisna, Diminishing Musharka, Musawama and other Islamic modes.

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

4 STATEMENT OF COMPLIANCE

4.1 This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP), 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 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 this 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 this ccondensed interim consolidated financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

4.3 The disclosures made in the condensed interim consolidated financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of IAS 34, "Interim Financial Reporting". They do not include all of the information required for a full set of annual financial statements and this condensed interim consolidated financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2014.

4.4 IFRS 8 "Operating Segments" is 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 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 this condensed interim consolidated financial information is based on the requirements laid down by the SBP.

4.5 The SBP vide its BSD Circular No. 07 dated April 20, 2010 has 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, the surplus / (deficit) on revaluation of Available For Sale (AFS) securities only, may 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 this condensed interim consolidated financial information.

4.6 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current period

4.6.1 The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 is effective from financial periods beginning on or after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has no material impact on this condensed interim financial information except for disclosure relating to deposits as disclosed in note 17 to this condensed interim consolidated financial information.

5 BASIS OF MEASUREMENT

This condensed interim consolidated financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value in accordance with the requirements of the SBP. Further, staff retirement benefits have been carried at present value as determined under the International Accounting Standard (IAS) 19 (revised), "Employee Benefits".

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this ccondensed 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, 2014.

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments 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, 2014.

9 CORRESPONDING FIGURES

Corresponding information has been re-classified, re-arranged or additionally incorporated in this condensed interim consolidated financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

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

10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on March 29, 2016 by the Board of Directors of the holding Company.

-Sd-	-Sd-	-Sd-	-Sd-
Chairman	Chief Executive Officer	Director	Director

Moroccan Architectural Motif

317 BRANCHES
93 Cities

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