

بَيْنَكَ وَالْإِسْلَامِ



BankIslami

10
YEARS

A DECADE OF
DEDICATION | DEVOTION | DETERMINATION

QUARTERLY REPORT
SEPTEMBER 30, 2016

Serving you, the Right way

Table of Content

Corporate Information	02
Directors' Report	04
Statement of Financial Position	08
Profit and Loss Account	09
Statement of Comprehensive Income	10
Cash Flow Statement	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13
Consolidated Financial Statements	43
Directors' Report	44
Consolidated Statement of Financial Position	46
Consolidated Profit and Loss Account	47
Consolidated Statement of Comprehensive Income	48
Consolidated Cash Flow Statement	49
Consolidated Statement of Changes in Equity	50
Notes to the consolidated financial statements	51



Corporate Information

AS AT SEPTEMBER 30, 2016

Board of Directors

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

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. Ali Mohd Hussain Ali Al Shamali	Member

Risk Management Committee

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

Information Technology Committee

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

Human Resource & Compensation Committee

Mr. Fawad Anwar	Chairman
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

Investment/dis-investment Committee

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

* Subject to SBP approval, SBP approval is awaited.

Company Secretary

Mr. Khawaja Ehrar ul Hassan

Auditors

EY Fordh Rhodes

Chartered Accountants

Legal Adviser

1- Haidermota & Co.

Barrister at Law

2- Mohsin Tayebaly & Co.

Corporate Legal Consultants / Barristers & Advocates

High Courts & Supreme Court

Management (in alphabetical order)

Mr. Ahmad Mobeen Malik

Mr. Bilal Zuberi

Mr. Fakhir Ahmad

Mr. Farooq Anwar

Ms. Gulbano Bokhari Asim

Mr. Hasan A. Bilgrami

Mr. Khawaja Ehrar ul Hassan

Mr. Masood Muhammad Khan

Mr. Muhammad Faisal Shaikh

Mr. Muhammad Kamran Siddiqui

Mr. Rehan Shuja Zaidi

Mr. Saad Ahmed Madani

Mr. Sadaruddin Pyar Ali

Mr. Sohail Sikandar

Mr. Syed Akhtar Ausaf

Mr. Syed Ata Hussain Jaffri

Mr. Syed Muhammad Aamir Shamim

Mr. Syed Mujtaba Hussain Kazmi

Regional General Manager

Regional General Manager

Head, Human Resources

Head, Operations

Head Consumer Banking & ADC

Chief Executive Officer

Company Secretary & Head of Legal

Head, Compliance

Head, Shariah Advisory & Structuring

Head, Service Quality & Phone Banking

Head, Internal Audit

Regional General Manager

Head, Administration & General Services

Chief Financial Officer

Head, Risk Management

Head, Information System

Head, Treasury & Financial Institutions

Head, Banking Business

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 – Unconsolidated Financial Results

On behalf of the Board, I am pleased to present the financial results of the Bank for the nine months ended September 30, 2016. The following are the highlights:

	Sep-16	Sep-15	Growth (%)
Rupees in 'millions'.....		
Total Deposits	155,074	145,112	6.87%
Total Assets	192,816	180,567	6.78%
Total Financing	81,436	57,174	42.44%
Total Investments	72,171	42,260	70.78%
Shareholder's Equity (including revaluation)	12,275	11,140	10.19%
Branches	317	317	-
Basic Earnings per share - rupees	0.59	0.18	227.78%

Financial Highlights:

The deposit size of the Bank has increased by Rs. 10bn i.e. 6.87% growth as compared to same period last year. The deposit mix has also improved during the period under review and constituted 70.53% (Sept 2015: 69.30%) of the Current and Saving Accounts ('CASA') due to which the cost of fund has declined by 154bps.

The financing book has improved by 42.44% (Sept 2015: 32.79%) with financing to deposit ratio improved to 52.51% (Sept 2015: 39.40%) which marginally enhanced the gross spreads. The net spread after provisions has also improved to 64.88% (Sept 2015: 44.43%) mainly due to reversals of provisions in financing & investments portfolio.

The Bank has focused on enhancing its consumer financing portfolio particularly auto finance to attract higher yields in a low interest rate environment. The consumer financing portfolio has grown by 32.31% during the period under review. Alhamdulillah!

The non-funded income of the Bank has improved by 16.07% supported by 11.27% increase in fee income. All this led to the growth in bottom line (profit after tax) of the Bank that has improved to Rs. 595mn for the period ended Sept 2016 as compared to Rs. 135mn recorded in same period last year. Despite of this improvement, operationally, the Bank remained stretched due to acquisition of the defunct KASB Bank. We expect this to continue till end of next year when the new branches acquired and those re-located will start contributing to the profitability.

Achievements:

The Bank received '*Transaction for the Year 2015 - Runners Up*' award from the CFA Society, Pakistan for 'Acquisition of defunct KASB Bank', which is an acknowledgment of excellence by the financial fraternity on the transaction.

New Initiatives:

- The Bank has launched its mobile application 'mBankIslami' for its customers thereby providing secure, personalized and convenient array of services to them at their fingertips. The number of downloads of the mobile application are encouraging and continue to increase. The Bank also started free e-payment facility for utility bills payments and mobile top ups.
- A re-packaged Auto Ijarah product was launched which going forward will help improve the yields.
- A Running Musharakah product for its corporate customers, specially those looking for commodity financing and working capital was launched.
- An agreement was reached with Ria Financial Services for money transfer services through the Bank's nationwide branch network.

The Bank participated in two auspicious Islamic Banking industry events i.e. the World Islamic Finance Forum held in Karachi and Islamic Finance News Forum held in Lahore to enhance Islamic Banking awareness among the various industry professionals.

Besides, conducting necessary trainings for its employees, the Bank introduced a holistic certified Leadership training program for its business executives.

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

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

On behalf of the Board,

Hasan A Bilgrami
Chief Executive Officer
October 19, 2016

ڈائریکٹرز کی رپورٹ

میں بورڈ کی جانب سے 30 ستمبر، 2016 کو اختتام پذیر ہونے والے نو ماہی نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمبر (فیصد)	ستمبر-15	ستمبر-16	
			----- روپے ملین میں -----
6.87%	145,112	155,074	کل ڈپازٹ
6.78%	180,567	192,816	کل اثاثے
42.44%	57,174	81,436	کل تنویل
70.78%	42,260	72,171	کل سرمایہ کاری
10.19%	11,140	12,275	حصہ داران کی سرمایہ کاری دوبارہ قیمت لگانے کے بعد
....	317	317	شائیں
227.78%	0.18	0.59	فی حصہ بنیادی آمدنی - روپے

مالیاتی کارکردگی کے اہم نکات:

گزشتہ سال اسی مدت کے ڈپازٹ کے مقابلے میں رواں سال دس ارب روپے کا اضافہ ہوا جو کہ 6.87% بنتا ہے۔ بینک کے کرنٹ اور سیونگ اکاؤنٹ کا تناسب %70.53 ہو گیا (جو ستمبر 2015 میں %69.30 تھا)۔ اس بہتری کی بدولت مالیاتی لاگت میں 154 پیس پوائنٹ سے کمی ہوئی۔

تمویل کی شرح ستمبر 2015ء میں %32.79 کے مقابلے میں %42.44 ہو گئی اسی طرح تنویل سے ڈپازٹ کی شرح %39.40 کے مقابلہ میں %52.51 ہو گئی جو کہ بنیادی طور پر مجموعی اسپرڈ میں اضافہ کا باعث بنا۔ خالص اسپرڈ بھی %64.88 ہو گیا (جو کہ 30 ستمبر 2015 کو %44.43 تھا)۔ اس کی بنیادی وجہ تنویل اور سرمایہ کاری کے احتیاطی فنڈز میں کمی ہے۔ بینک نے صارفین کو مالیات کی فراہمی پر زیادہ توجہ دی بالخصوص گاڑیوں کی تنویل پر تا کہ موجودہ کم تنویل شرح کے ماحول میں بہتر منافع حاصل ہو سکے۔ زیر بحث مدت میں صارفین کے تنویل مجموعے میں %32.31 کا اضافہ ہوا۔ الحمد للہ!

بینک کی غیر تنویل آمدنی میں %16.07 کا اضافہ ہوا ہے جس میں بنیادی کردار خدمات کی اجرت میں %11.27 کا اضافہ ہے۔ ان سب کے نتیجے میں بینک کی حتمی (بعد از ادائیگی ٹیکس) آمدنی 592 ملین روپے ہو گئی ہے جو پچھلے سال اسی مدت میں 135 ملین روپے تھی۔ ان سب بہتر نتائج کے باوجود بینک کی کارکردگی دباؤ کا شکار رہی جس کی بنیادی وجہ عدم KASB بینک کا انضمام تھا۔ یہ صورتحال اگلے سال کے اختتام تک برقرار رہے گی ہم امید کرتے ہیں کہ نئی حاصل شدہ اور منتقل شدہ شائیں منافع میں اپنا حصہ ڈالنا شروع کر دیں۔

کامیابیاں:

CFA سوسائٹی پاکستان کی جانب سے بینک کو "2015 کا دوسرا اہم ترین معاملہ" کے ایوارڈ سے نوازا گیا جو کا اعہوم KASB بینک کے انضمام کے سلسلے میں دیا گیا یہ مالیاتی برادری کی طرف سے اس معاملے میں بینک اسلامی کی حسن کارکردگی کا واضح اعتراف ہے۔

نئے اقدامات:

☆ بینک نے "mBankIslami" کے نام سے موبائل ایپ متعارف کروائی ہے جو صارفین کو محفوظ، ذاتی اور آسان خدمات انگلیوں کے اشاروں پر فراہم کرتی ہے۔ حوصلہ افزاء بات یہ ہے کہ یہ ایپ روز بروز زیادہ سے زیادہ ڈاؤن لوڈ کی جا رہی ہے۔ علاوہ ازیں بینک نے ٹیلیٹل بلز اور موبائل ریسیچارج کے لئے بھی مفت برقی ادائیگی کی سہولت شروع کر دی ہے۔

☆ آٹو اچارج پروڈکٹ کو نئے انداز میں متعارف کروایا جا رہا ہے جس سے منافع میں بہتری آئے گی۔

☆ کاروباری گاہکوں، جو کہ ورکنگ کیپٹل اور کموڈٹی فائننس کے خواہاں تھے، کے لئے ریننگ مشارکہ (Running Musharaka) پروڈکٹ متعارف کروائی ہے۔

☆ بینک کی ملک بھر میں موجود شاخوں کے ذریعے رقوم کی منتقلی کے لئے "Ria Financial Services" کے ساتھ معاہدہ کیا گیا ہے۔

مختلف صنعت کے ماہرین کے درمیان اسلامی بینکاری کی آگاہی اور فروغ کے لئے منعقد ہونے والے دو اہم پروگراموں میں شرکت کی گئی۔ ان میں ایک "عالمی اسلامی مالیاتی فورم (کراچی)" اور دوسرا "اسلامی مالیاتی خبر فورم (لاہور)" تھا۔

بینک کے ملازمین کی عمومی ٹریننگ کے ساتھ ساتھ، کاروباری منتظمین کے لیے ایک جامع سرٹیفیکیشن پروگرام متعارف کروایا ہے۔

☆ پاکستان کریڈٹ ریننگ ایجنسی لمیٹڈ کی جانب سے بینک کے طویل مدت کے لئے ریننگ "A+" اور قلیل مدتی ریننگ "A1" مقرر کی گئی ہے۔

بینک اسلامی کا بورڈ، اسٹیٹ بینک آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتا ہے۔ اس کے ساتھ ساتھ سیکورٹی ایچ کیو کیشن آف پاکستان اور دیگر انتظامی نگران اداروں کا بھی ان کی معاونت پر بے حد مشکور ہے۔ ہم اپنے قابل قدر صارفین، کاروباری شراکت داروں اور حصے داران کا ہم پر مسلسل حمایت اور بھروسے پر ان کے انتہائی شکر گزار ہیں۔ اس کے ساتھ ساتھ ہم اپنی انتظامی ٹیم اور عملے کے افراد کی لگن، وابستگی اور محنت کو سراہتے ہیں جس کے نتیجے میں ہی بینک اسلامی کو بینکنگ انڈسٹری میں بالعموم اور اسلامی بینکنگ انڈسٹری میں بالخصوص امتیازی مقام حاصل ہوا۔

منجانب بورڈ

حسن اے بلگرامی

افسر اعلیٰ

۱۹، اکتوبر، ۲۰۱۶



Condensed Interim Unconsolidated Statement Of Financial Position

AS AT September 30, 2016

	Note	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	9	7,523,663	9,035,886
Balances with other banks	10	2,013,288	1,780,710
Due from financial institutions	11	10,532,556	39,824,221
Investments	12	72,170,875	35,885,958
Islamic financing and related assets and Advances	13	81,436,127	68,793,669
Operating fixed assets	14	6,302,864	5,884,243
Deferred tax asset - net	15	6,009,064	6,591,439
Other assets		6,828,045	6,434,619
		<u>192,816,482</u>	<u>174,230,745</u>
LIABILITIES			
Bills payable		1,600,462	1,523,933
Due to financial institutions	16	18,254,484	3,197,770
Deposits and other accounts	17	155,073,801	153,058,102
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		5,612,494	5,264,670
		<u>180,541,241</u>	<u>163,044,475</u>
NET ASSETS		<u><u>12,275,241</u></u>	<u><u>11,186,270</u></u>
REPRESENTED BY			
Share capital	18	10,079,121	10,079,121
Discount on Issue of shares		(79,042)	(79,042)
Reserves	19	954,553	351,723
		<u>10,954,632</u>	<u>10,351,802</u>
Surplus on revaluation of assets - net of tax	20	1,320,609	834,468
		<u><u>12,275,241</u></u>	<u><u>11,186,270</u></u>
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

-Sd-

CHAIRMAN

-Sd-

PRESIDENT / CHIEF EXECUTIVE

-Sd-

DIRECTOR

-Sd-

DIRECTOR



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

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

Note	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
------(Rupees in '000)-----				
Profit / return earned	2,688,251	7,623,564	2,368,144	6,472,933
Profit / return expensed	1,516,625	4,375,030	1,380,659	3,717,797
Net spread earned	1,171,626	3,248,534	987,485	2,755,136
(Reversal) / Provision against non-performing Islamic financing and related assets and advances (net)	(421,561)	(1,347,709)	48,195	(144,699)
(Reversal) / Provision for diminution in the value of investments and placements - net	(118,465)	(350,809)	18,733	23,749
Bad debts written off directly	-	523	25	25
	(540,026)	(1,697,995)	66,953	(120,925)
Net spread after provisions	1,711,652	4,946,529	920,532	2,876,061
OTHER INCOME				
Fee, commission and brokerage income	111,499	327,957	92,102	294,727
Dividend Income	-	-	16,638	16,638
Income from dealing in foreign currencies	11,461	37,424	34,273	81,858
Gain on sale of securities	23,675	60,671	-	11,853
Unrealised gain on revaluation of investments classified as "held for trading"	-	-	-	-
Other income	22,825	90,512	(22,303)	39,960
Total other income	169,460	516,564	120,710	445,036
	1,881,111	5,463,093	1,041,242	3,321,097
OTHER EXPENSES				
Administrative expenses	1,501,225	4,435,327	1,117,264	3,172,934
Other provisions	-	-	15	6,852
Other charges	8,645	21,318	(2,540)	4,127
Total other expenses	1,509,870	4,456,645	1,114,739	3,183,913
	371,241	1,006,448	(73,497)	137,184
Extraordinary / unusual items	-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION	371,241	1,006,448	(73,497)	137,184
Taxation				
- Current	28,505	81,401	21,096	70,436
- Prior periods	-	-	-	21,876
- Deferred	106,521	330,150	(166,732)	(90,533)
	135,026	411,551	(145,636)	1,779
PROFIT AFTER TAXATION	236,215	594,897	72,139	135,405
------(Rupees)-----				
Basic earnings per share	0.234	0.590	0.098	0.184
------(Rupees)-----				
Diluted earnings per share	0.234	0.590	0.098	0.184

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

-Sd-

CHAIRMAN

-Sd-

PRESIDENT / CHIEF EXECUTIVE

-Sd-

DIRECTOR

-Sd-

DIRECTOR



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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
------(Rupees in '000)-----				
Profit after taxation for the period	236,215	594,897	72,139	135,405
Other Comprehensive Income				
Items that may not be reclassified to profit and loss account in subsequent periods				
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	236,215	594,897	72,139	140,643
Components of comprehensive income not reflected in equity				
Surplus / (Deficit) on revaluation of available for sale investments	235,053	712,318	(98,857)	(255,750)
Related Deferred tax liability	(82,269)	(249,311)	28,426	83,380
	152,784	463,007	(70,431)	(172,370)

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016	September 30, 2015
----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,006,448	137,185
Adjustments for non - cash charges and other items :			
Depreciation on owned assets		465,955	343,230
Amortisation of intangible assets		31,340	16,712
Depreciation on operating Ijarah assets		895,379	598,644
Reversal of provision against non-performing Islamic financing and related assets and advances - net	13.11.3	(1,347,709)	(144,699)
(Reversal) / Provision for diminution in the value of investments and placements		(350,809)	23,749
Bad debt written off directly		523	25
Charge for defined benefit plan		50,389	78,675
Other provisions / write offs		-	6,852
Gain on sale of operating fixed assets		(23,990)	(4,045)
		(278,922)	919,143
		727,526	1,056,328
(Increase) / decrease in operating assets			
Due from financial institutions		29,291,665	(35,962,270)
Islamic financing and related assets and advances - net		(12,190,128)	(5,431,742)
Other assets (excluding advance taxation)		(339,260)	47,330
		16,762,277	(41,346,682)
Increase / (decrease) in operating liabilities			
Bills payable		76,529	270,898
Due to financial institutions		15,056,714	20,429,208
Deposits and other accounts		2,015,699	(2,557,223)
Other liabilities (excluding current taxation and defined benefit assets)		356,382	(473,181)
		17,505,324	17,669,702
		34,995,127	(22,620,652)
Payments against defined benefit plan		(104,558)	(87,271)
Income tax paid		(89,959)	(58,869)
Net cash generated / (used in) from operating activities		34,800,610	(22,766,792)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(35,221,789)	16,754,916
Investments in operating fixed assets		(861,639)	(384,799)
Net cash inflow on acquisition		-	4,560,601
Proceeds from disposal of operating fixed assets		3,173	3,569
Net cash generated from / (used in) investing activities		(36,080,255)	20,934,287
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of right shares		-	4,320,400
Net cash generated from financing activities		-	4,320,400
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		(1,279,645)	2,487,895
		10,816,596	7,094,967
Cash and cash equivalents at the end of the period	25	9,536,951	9,582,862

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

-Sd-

CHAIRMAN

-Sd-

PRESIDENT / CHIEF EXECUTIVE

-Sd-

DIRECTOR

-Sd-

DIRECTOR



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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	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, 2015 (Audited)	5,758,721	(79,042)	273,176	-	266,946	6,219,801
Profit after tax for the period	-	-	-	-	135,405	135,405
Other comprehensive income for the period	-	-	-	-	-	-
Transfer to reserves for bad debts and 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 (Un-audited)	<u>10,079,121</u>	<u>(79,042)</u>	<u>273,176</u>	<u>250,000</u>	<u>177,442</u>	<u>10,700,697</u>
Loss after taxation for the period	-	-	-	-	(331,409)	(331,409)
Other comprehensive income for the period	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(7,201)	(7,201)
Remeasurements of the net defined benefit liability / (asset) - net of tax	-	-	-	-	(10,285)	(10,285)
Balance as at December 31, 2015 (Audited)	<u>10,079,121</u>	<u>(79,042)</u>	<u>273,176</u>	<u>250,000</u>	<u>(171,453)</u>	<u>10,351,802</u>
Profit after tax for the period	-	-	-	-	594,897	594,897
Other comprehensive income for the period	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,933	7,933
Balance as at September 30, 2016 (Un-audited)	<u>10,079,121</u>	<u>(79,042)</u>	<u>273,176</u>	<u>250,000</u>	<u>431,377</u>	<u>10,954,632</u>

The annexed notes 1 to 31 form an integral part of this condensed interim unconsolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

1 STATUS AND NATURE OF BUSINESS

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

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

The Bank is operating through 317 branches including 124 sub branches as at September 30, 2016 (Dec 31, 2015: 317 branches including 124 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

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

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

2 BASIS OF PRESENTATION

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

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

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

3 STATEMENT OF COMPLIANCE

- 3.1** These condensed interim unconsolidated financial statements of the Bank for the nine month period ended September 30, 2016 have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 3.2** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with financial statements for the year ended 31 December 2015.

4 BUSINESS COMBINATION

4.1 Acquisition of KASB Bank Limited undertakings

During the previous year, under the 'Scheme of Amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited under Section 47 of the Banking Companies Ordinance, 1962', hereinafter referred to as 'The Scheme', KASB Bank Undertakings have been acquired and amalgamated with the bank. The Scheme is effective from May 7, 2015.

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

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

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

- 4.1.2 The Bank accounted for the amalgamation by applying acquisition method of accounting as prescribed by the International Financial Reporting Standard 3, "Business Combination" (IFRS 3).

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. At the time of acquisition, the management was in the process of carrying out a detailed exercise for the identification and valuation of assets acquired (including intangible assets) for the purpose of the initial accounting for the acquisition. According to the requirements of IFRS 3, if the initial accounting for a business combination remains incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report provisional amounts for the items for which the accounting is incomplete. Such provisional values shall be adjusted retrospectively within a period of one year from the acquisition date to reflect the results of the valuation and information that existed as of acquisition date.

- 4.1.3 The fair valuation exercise for assets and liabilities acquired has been completed by the management with the assistance of an independent valuer and the accounting treatment of fair valuation of KASB Bank Undertaking's assets and liabilities (including the contingent liabilities) in the books has been finalised in the current period and accounted for in these interim condensed consolidated financial statements. Details of the 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	53,993,354
Fair value of liabilities assumed	(59,890,186)
Net liabilities assumed	<u>(5,896,832)</u>
Purchase Consideration:	
Cash payable	(1)
Fair value benefit of financing from SBP	<u>2,952,536</u>
	2,952,535
Excess of purchase consideration over net assets	<u><u>(2,944,297)</u></u>

The SBP vide its letter no. BPRD(R&P-02)/625-112/2-16/20881 dated 26 August 2016 has allowed the Bank to carry goodwill at 30 June 2016 without testing for impairment. The matter is still under discussion with SBP, hence, goodwill has not been tested for impairment during the period.

(Restated)

-----as per consultant's report-----

	Provisional fair value as at 7 May 2015 (based on audited financial statement as at 31 December 2015)	Final fair value adjustments recognised during the period	Fair value as at 7 May 2015
--	--	---	-----------------------------

-----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	28,665,255	-	28,665,255
Advances	11,098,985	(636,506)	10,462,479
Operating fixed assets	2,157,083	-	2,157,083
Intangible recognised on acquisition	40,600	-	40,600
Deferred tax assets - net	6,111,811	583,779	6,695,590
Other assets - net	1,411,746	-	1,411,746
	54,046,081	(52,727)	53,993,354

LIABILITIES

Bills payable	163,920	-	163,920
Borrowings	313,206	-	313,206
Deposits and other accounts	57,338,264	-	57,338,264
Other liabilities	1,973,937	100,859	2,074,796
	59,789,327	100,859	59,890,186

Fair Value of Net assets acquired

	(5,743,246)	(153,586)	(5,896,832)
--	-------------	-----------	-------------

In addition, the audited financial statements of the defunct KASB Bank Limited as at May 7, 2015 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 Bank Undertaking 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 21.5 to this condensed interim unconsolidated financial information.

5 BASIS OF MEASUREMENT

This condensed interim unconsolidated 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 unconsolidated financial information are 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 unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015 except for change in accounting policy as explained in note 7.2 below:

7.1 New / Revised Standards, Interpretations and Amendments

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

The Bank has adopted the following amendment to IFRSs which became effective for the current period.

- IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

In addition to the above standards and interpretations, improvements to following accounting standards have also been issued by the IASB and are generally effective for current period.

- IFRS 5 - Non-Current Assets Held For Sale and Discontinued Operations - Changes in methods of disposal

- IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements.
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information ' elsewhere in the interim financial report'

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on this condensed interim unconsolidated financial information.

7.2 Non banking assets acquired in satisfaction of claims

Effective January 1, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) and surplus on revaluation of assets would have been lower by Rs 29.108 million and Rs.34.011 million respectively while deferred tax assets would have been higher by Rs 2.944 million.

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual financial statements of the

9	CASH AND BALANCES WITH TREASURY BANKS	Note	(Un-audited)	(Audited)
			September 30, 2016	December 31, 2015
----- Rupees in '000 -----				
	In hand			
	- local currency		3,030,563	2,304,599
	- foreign currency		369,344	347,816
			<u>3,399,907</u>	<u>2,652,415</u>
	With the State Bank of Pakistan in			
	- local currency current account		2,723,432	4,615,510
	- foreign currency deposit accounts			
	Cash Reserve Account		241,958	141,716
	Special Cash Reserve Account		94,467	228,335
	US Dollar Clearing Account		10,879	48,066
			<u>347,304</u>	<u>418,117</u>
	With National Bank of Pakistan in			
	- local currency current account		1,053,020	1,349,844
			<u>7,523,663</u>	<u>9,035,886</u>
10	BALANCES WITH OTHER BANKS			
	In Pakistan			
	- in current accounts		4,854	4,544
	- in deposit accounts		74	93
			<u>4,928</u>	<u>4,637</u>
	Outside Pakistan			
	- in current accounts		2,008,360	1,776,073
	- in deposit accounts		-	-
			<u>2,008,360</u>	<u>1,776,073</u>
			<u>2,013,288</u>	<u>1,780,710</u>
11	DUE FROM FINANCIAL INSTITUTIONS			
	Sukuk Murabahah	11.1	535	5,349
	Commodity Murabahah - local currency	11.2	10,532,555	39,824,221
			<u>10,533,090</u>	<u>39,829,570</u>
	Other placements - transferred from the amalgamated entity		32,400	32,400
			<u>10,565,490</u>	<u>39,861,970</u>
	Provision against Sukuk Murabahah	11.1	(534)	(5,349)
	Provision against placement - transferred from the amalgamated entity		(32,400)	(32,400)
			<u>10,532,556</u>	<u>39,824,221</u>

11.1 In prior years, the Bank entered into Sukuk Murabahah arrangement under which the Bank appointed its client as an agent under asset purchase agreements to purchase the underlying sukuk from open market on its behalf and later sell them on deferred Murabahah basis. The maturity date of the deal was February 08, 2009. The Bank has recovered an amount of Rs. 4.815 million during the period. The Bank is making efforts to recover the outstanding balance and has made a provision against the outstanding amount.

11.2 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 5.8% to 6.35% (December 31, 2015: 6.02% to 6.7%) per annum and the agreements have maturities ranging from 3 days to 112 days (December 31, 2015: 4 days to 185 days).

12 INVESTMENTS

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
----- Rupees in '000 -----			
Investments - Islamic	12.1	70,080,072	34,126,388
Investments - Conventional (relating to defunct KASB Bank Limited)*	12.2	2,090,803	1,759,570
		<u>72,170,875</u>	<u>35,885,958</u>

12.1 Investments - Islamic by Types

Note	(Un-Audited) -----September 30, 2016-----			(Audited) -----December 31, 2015-----			
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total	
	----- (Rupees in '000) -----						
Available for sale securities							
Sukuk / Certificates	12.1.1	46,046,407	-	46,046,407	10,805,042	-	10,805,042
Units of Open-end mutual fund	12.1.1	21	-	21	21	-	21
Ordinary shares of listed company	12.1.1	242,645	-	242,645	242,645	-	242,645
Bai Muajjal	12.1.1	22,959,293	-	22,959,293	22,959,292	-	22,959,292
		69,248,366	-	69,248,366	34,007,000	-	34,007,000
Subsidiary	12.1.1	191,015	-	191,015	191,015	-	191,015
Total investments at cost		69,439,381	-	69,439,381	34,198,015	-	34,198,015
Less: Provision for diminution in value of investments	12.1.1	(46,125)	-	(46,125)	(46,125)	-	(46,125)
Investments - net of Provisions		69,393,256	-	69,393,256	34,151,890	-	34,151,890
Surplus / (Deficit) on revaluation of available-for-sale securities	20.3	686,816	-	686,816	(25,502)	-	(25,502)
Total investments at market value		<u>70,080,072</u>	-	<u>70,080,072</u>	<u>34,126,388</u>	-	<u>34,126,388</u>

12.1.1 Investments - Islamic by Segments

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
----- Rupees in '000 -----			
Federal Government Securities			
GOP Ijarah Sukuks		43,358,545	9,330,423
Sukuk certificates			
Sukuks - Unlisted		2,687,862	1,474,619
Fully paid up ordinary shares / Units			
Units of Open-End Mutual Funds		21	21
Listed Companies		242,645	242,645
Other Federal Government Securities			
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)		22,959,293	22,959,292
Subsidiary			
BankIslami Modaraba Investment Limited - Unlisted company		191,015	191,015
Total investments at cost		69,439,381	34,198,015
Less: Provision for diminution in value of investments		(46,125)	(46,125)
Investments - net of provisions		69,393,256	34,151,890
Surplus / (Deficit) on revaluation of available-for-sale securities	20.3	686,816	(25,502)
Total Islamic investments at market value		<u>70,080,072</u>	<u>34,126,388</u>

*These investments are under process of conversion / liquidation.

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

Note	(Un-Audited) September 30, 2016			(Audited) December 31, 2015		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- (Rupees in '000) -----						
Available for sale securities	12.2.1					
Ordinary Shares of listed companies	967,706	-	967,706	841,950	-	841,950
Ordinary Shares of unlisted companies	1,189,030	-	1,189,030	1,189,030	-	1,189,030
Listed Term Finance Certificates	105,163	-	105,163	105,312	-	105,312
Unlisted Term Finance Certificates	177,821	-	177,821	222,821	-	222,821
	2,439,720	-	2,439,720	2,359,113	-	2,359,113
Held to maturity securities	12.2.1					
Unlisted Term Finance Certificates	321,601	-	321,601	321,601	-	321,601
	321,601	-	321,601	321,601	-	321,601
Associates	12.2.1					
	1,660,111	-	1,660,111	1,660,111	-	1,660,111
Subsidiaries	12.2.1					
	2,499,708	-	2,499,708	2,499,708	-	2,499,708
Total investments at fair value	6,921,140					
Less: Provision for diminution in value of investments	12.2.1 (4,830,337)					
Total Investments - net of Provisions	2,090,803					
Surplus on revaluation of available-for-sale securities	20 -					
Total investments at market value	2,090,803					

12.2.1 Investments - Conventional by Segments

Fully paid-up ordinary shares

- Listed companies
- Unlisted companies

(Un-Audited) September 30, 2016	(Audited) December 31, 2015
967,706	841,950
1,189,030	1,189,030
2,156,736	2,030,980

Term Finance Certificates

- Listed companies
- Unlisted companies

105,163	105,312
499,422	544,422
604,585	649,734

Associates

Unlisted

- KASB Capital Limited (Formerly KASB International Limited)
- KASB Funds Limited
- New Horizon Exploration & Production Limited
- Shakarganj Food Products Limited

41,867	41,867
432,302	432,302
558,000	558,000
627,942	627,942
1,660,111	1,660,111

Subsidiaries

Listed

- KASB Securities Limited

2,394,937	2,394,937
2,499,708	2,499,708

Unlisted

- My Solutions Corporation Limited

104,771	104,771
2,499,708	2,499,708

Total investments at fair value

Less: Provision for diminution in value of investments

6,921,140	6,840,533
(4,830,337)	(5,080,963)

Investments - net of provisions

Surplus on revaluation of available for sale securities

2,090,803	1,759,570
-	-

Total investments at market value

2,090,803	1,759,570
-----------	-----------

	Note	(Un-audited) September 30, 2016	(Restated) (Audited) December 31, 2015
----- Rupees in '000 -----			
13 ISLAMIC FINANCING AND RELATED ASSETS AND ADVANCES			
Islamic financing and related assets - net	13.1	80,886,021	66,260,609
Advances (relating to defunct KASB Bank Limited)	13.2	550,106	2,533,060
		<u>81,436,127</u>	<u>68,793,669</u>
13.1 Islamic financing and related assets - net			
In Pakistan			
- Murabaha financing and related assets	13.3	20,146,417	30,966,858
- Istisna financing and related assets	13.4	13,730,302	11,951,754
- Diminishing Musharka - Housing		7,073,426	5,516,984
- Diminishing Musharka financing and related assets - Others	13.5	7,795,914	6,464,608
- Against Bills- Murabaha		-	62,512
- Against Bills- Salam		48,230	-
- Post Due Acceptance		3,161	11,556
- Musawama financing and related assets	13.7	8,170,349	5,465,376
- Financing to employees		2,051,421	1,847,139
- Salam	13.8	76,998	2,000,000
- Running Musharaka		10,000,000	-
- Investment agency Wakalah		6,250,000	-
- Payment Against Document		8,059	-
		<u>75,354,277</u>	<u>64,286,787</u>
Housing finance portfolio		85,747	83,980
Net investment in Ijarah financing in Pakistan		41,311	64,445
Ijarah financing under IFAS 2 and related assets	13.6	7,181,285	4,414,721
Gross financing and related assets		<u>82,662,620</u>	<u>68,849,933</u>
Less: Provision against non-performing Islamic financing and related assets			
- Specific	13.11 & 13.11.1	(1,596,469)	(2,455,621)
- General	13.11 & 13.11.1	(180,130)	(133,703)
Islamic financing and related assets – net of provisions		<u>80,886,021</u>	<u>66,260,609</u>
13.2 Advances (relating to defunct KASB Bank Limited)*			
Loans, cash credits, running finances, etc.			
In Pakistan		9,454,734	12,092,129
Outstanding Pakistan		-	-
		<u>9,454,734</u>	<u>12,092,129</u>
Net investment in finance lease			
In Pakistan		610,156	660,149
Outstanding Pakistan		-	-
		<u>610,156</u>	<u>660,149</u>
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		834,869	843,557
- Payable outside Pakistan		-	-
		<u>834,869</u>	<u>843,557</u>
Advances - gross		<u>10,899,759</u>	<u>13,595,835</u>
Less: Provision against non-performing Advances			
- Specific		(10,347,762)	(11,060,885)
- General		(1,891)	(1,890)
Advances - net of provisions		<u>550,106</u>	<u>2,533,060</u>

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
13.3 Murabaha financing and related assets		
Murabahah financing	10,696,188	19,658,149
Advance against Murabahah financing	9,450,229	11,308,709
	<u>20,146,417</u>	<u>30,966,858</u>
13.4 Istisn'a financing and related assets		
Istisna financing	7,021,628	4,476,496
Advance against Istisna financing	5,921,624	5,672,724
Istisna inventories	787,050	1,802,534
	<u>13,730,302</u>	<u>11,951,754</u>
13.5 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	7,535,838	6,096,950
Advance against Diminishing Musharakah financing	260,076	367,658
	<u>7,795,914</u>	<u>6,464,608</u>
13.6 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	6,070,512	3,905,102
Advance against Ijarah financing	1,110,773	509,619
	<u>7,181,285</u>	<u>4,414,721</u>
13.7 Muswammah financing and related assets		
Muswammah financing	5,410,748	1,846,665
Advance against Musawama financing	2,759,601	3,618,711
	<u>8,170,349</u>	<u>5,465,376</u>
13.8 Salam		
Advance against Salam	<u>76,998</u>	<u>2,000,000</u>
13.9	Istisna financing and related assets includes financing amounting to Rs. 217.500 million (December 31, 2015: Rs. 150 million) and related advance amounting to Rs. 725 million (December 31, 2015: Rs. 831.25 million) under Islamic Export Refinance Scheme.	
13.10	Murabahah financing and related assets includes financing amounting to Rs. 200 million (December 31, 2015: Rs.50 million) and related advance amounting to Rs. 240 million (December 31, 2015: Rs.189.1 million) under Islamic Export Refinance Scheme.	

- 13.11 Islamic financing and related assets and advances include Rs. 13,945,417 million (December 31, 2015: Rs. 15,683,583 million) which have been placed under non-performing status as follows:

Category of Classification	September 30, 2016 (Un-audited)								
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets especially mentioned (OAEM)	301,735	-	301,735	-	-	-	-	-	-
Substandard	435,630	-	435,630	51,437	-	51,437	51,437	-	51,437
Doubtful	785,553	-	785,553	230,885	-	230,885	230,885	-	230,885
Loss	12,422,500	-	12,422,500	11,661,909	-	11,661,909	11,661,909	-	11,661,909
	13,945,417	-	13,945,417	11,944,231	-	11,944,231	11,944,231	-	11,944,231

Category of Classification	December 31, 2015 (Audited) (Restated)								
	Classified Islamic financing and related assets and advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets especially mentioned (OAEM)	159,355	-	159,355	-	-	-	-	-	-
Substandard	1,311,903	-	1,311,903	273,064	-	273,064	273,064	-	273,064
Doubtful	382,990	-	382,990	135,009	-	135,009	135,009	-	135,009
Loss	13,829,335	-	13,829,335	13,108,433	-	13,108,433	13,108,433	-	13,108,433
	15,683,583	-	15,683,583	13,516,506	-	13,516,506	13,516,506	-	13,516,506

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

	September 30, 2016 (Un-audited)			December 31, 2015 (Audited) (Restated)				
	Specific	General	Total	Specific	General	Total		
Rupees in '000								
Opening balance			13,516,506	135,593	13,652,099	524,414	76,644	601,058
Transfer from the amalgamated entity						13,932,612	6,238	13,938,850
Charge for the period / year	565,582	46,428	611,990	324,602	52,711	377,313		
Reversals	(2,149,996)	-	(2,149,996)	(1,247,551)	-	(1,247,551)		
	(1,584,434)	46,428	(1,538,006)	(922,949)	52,711	(870,238)		
Adjustment with fair value		12,159	12,159					
Amount written off		-	-	(93,662)	-	(93,662)		
Transferred from provision against off-balance sheet obligations		-	-			76,091		76,091
Closing balance			11,944,231	182,021	12,126,252	13,516,506	135,593	13,652,099

- 13.11.2

	September 30, 2016 (Un-audited)			December 31, 2015 (Audited) (Restated)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Islamic Financing and related assets	1,596,469	180,130	1,776,599	2,455,621	133,703	2,589,324
Advances	10,347,762	1,891	10,349,653	11,080,885	1,890	11,082,775
	11,944,231	182,021	12,126,252	13,516,506	135,593	13,652,099

- 13.11.3 Reversal net of fair value adjustment taken to profit and loss account

Gross reversals		2,149,996	1,247,551
Charge for the period/year		(611,990)	(377,313)
		1,538,006	870,238
Fair value adjusted against reversals		(190,297)	(230,715)
Net reversals taken to the profit and loss account		1,347,709	639,523

(Unaudited) (Audited)
September December
30,2016 31,2015
-----Rupees in '000-----

- 13.11.4** 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.
- 13.11.5** SBP vide various circulars has amended Prudential Regulations in respect of provisioning against non-performing financing under which the benefit of forced Sale value (FSV) has been allowed for certain collaterals held against these non-performing financings. The benefit availed as at September 30, 2016 amounts to Rs 377.814 million (December 2015: Rs 238.542 million). The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2016 amounts to Rs 245.579 million (December 2015: Rs.155.052 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	------(Rupees in '000)-----	
14 OPERATING FIXED ASSETS		
Capital work-in-progress	75,030	101,463
Property and equipment	6,048,337	5,619,810
Intangible assets	179,497	162,973
	6,302,864	5,884,246
14.1 Additions to operating fixed assets - net		
Furniture and fixture	570,704	36,519
Electrical, office and computer equipment	302,790	130,138
Vehicles	7,541	67
Capital work-in-progress	54,978	51,370
14.2 Additions to intangibles		
Computer software	49,408	5,454
Core deposits	-	40,600
14.3 Disposals of operating fixed assets		
Electrical, office and computer equipment	76,367	4,340
Vehicles	1,870	66
Furniture and fixture	2,457	-

15	DEFERRED TAX ASSET - NET	Note	(Restated)	
			(Un-audited) September 30, 2016	(Audited) December 31, 2015
------(Rupees in '000)-----				
DEBIT ARISING FROM DEFERRED TAX				
	Accumulated Tax losses	15.1	1,808,433	1,949,348
	Tax Credit against minimum tax		396,964	315,488
	Deficit on revaluation of available for sale securities		-	8,925
	Provision for diminution in the value of Investment		502,722	590,441
	Provision against non-performing Islamic Financing and related assets		3,814,981	3,832,981
	Provision for gratuity		21,253	21,253
	Impairment of goodwill		83,099	92,240
	Fair value adjustment		15,229	81,726
	Others		599,659	638,953
			7,242,340	7,531,355
CREDIT ARISING FROM DEFERRED TAX				
	Ijarah Financing and related Assets		(17,404)	-
	Accelerated tax depreciation		(240,517)	(201,923)
	Surplus on revaluation of fixed assets		(653,598)	(656,390)
	Surplus on revaluation of available for sale securities		(240,154)	-
	Net Investment in Finance lease		(81,603)	(81,603)
			(1,233,276)	(939,916)
			<u>6,009,064</u>	<u>6,591,439</u>

- 15.1 The Bank has aggregate tax losses of Rs. 9,672.746 million as at September 30, 2016 which includes tax losses of defunct KASB Bank Limited (now amalgamated with and into the Bank). The management has carried out an assessment for estimating the benefit of these losses, which 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. 1,808.433 million (December 31, 2015: Rs. 1,949.348 million). The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the Board of Directors. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing loans and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

		(Un-audited) September 30, 2016	(Audited) December 31, 2015
------(Rupees in '000)-----			
16	DUE TO FINANCIAL INSTITUTIONS		
	In Pakistan	18,254,484	3,197,770
	Outside Pakistan	-	-
		<u>18,254,484</u>	<u>3,197,770</u>
16.1	Details of due to financial institution secured/unsecured		
	Secured		
	Acceptances from State Bank of Pakistan under Islamic Export Refinance Scheme	16.1.1 920,000	1,039,350
	Acceptances from State Bank of Pakistan for liquidity support	16.1.2 2,309,484	2,158,420
	Unsecured		
	Call acceptances	15,025,000	-
		<u>18,254,484</u>	<u>3,197,770</u>
16.1.1	The acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of the State Bank of Pakistan (SBP). A limit of Rs. 5,000 million (2015: Rs. 5,000 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the current period.		
16.1.2	This represents a 10 year financing facility of Rs.5,000 million extended by the SBP. The facility is secured against Government of Pakistan Ijarah sukuk. The 10 year facility was provided on the basis of Mudaraba to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum).		
		(Un-audited) September 30, 2016	(Audited) December 31, 2015
------(Rupees in '000)-----			
17	Deposits and Other Accounts		
	Customers		
	Fixed deposits	43,065,803	47,405,448
	Savings deposits	49,543,177	51,231,874
	Current accounts - non-remunerative	45,270,413	44,844,739
	Margin accounts - non-remunerative	404,508	391,114
		<u>138,283,901</u>	<u>143,873,175</u>
	Financial Institutions		
	Remunerative deposits	16,398,959	8,964,444
	Non-remunerative deposits	390,941	220,483
		<u>155,073,801</u>	<u>153,058,102</u>
17.1	Particulars of deposits		
	In		
	- local currency	152,355,758	150,404,887
	- foreign currencies	2,718,043	2,653,215
		<u>155,073,801</u>	<u>153,058,102</u>

18 SHARE CAPITAL

18.1 Authorised capital

(Un-audited) September 30, 2016	(Audited) December 31, 2015	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
----- 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 - cash

(Un-audited) September 30, 2016	(Audited) December 31, 2015		(Un-audited) September 30, 2016	(Audited) December 31, 2015
-----Number of shares-----			----- Rupees in '000 -----	
Ordinary shares of Rs. 10 each				
1,007,912,090	575,872,090	At beginning of the period / year	10,079,121	5,758,721
-	432,040,000	Issued during the period/year - right issue	-	4,320,400
<u>1,007,912,090</u>	<u>1,007,912,090</u>	At end of the period / year	<u>10,079,121</u>	<u>10,079,121</u>

19 RESERVES

Statutory Reserves	19.1	273,176	273,176
Reserve for bad debts and contingencies		250,000	250,000
Unappropriated profit / (Accumulated losses)		431,377	(171,453)
		<u>954,553</u>	<u>351,723</u>

- 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.

		(Un-audited) September 30, 2016	(Audited) December 31, 2015
----- Rupees in '000 -----			
20 SURPLUS ON REVALUATION OF ASSETS			
Surplus / (Deficit) arising on revaluation of:			
Fixed Assets	20.1	843,239	851,045
Non banking assets	20.2	30,940	-
Available for sale securities	20.3	446,430	(16,577)
		<u>1,320,609</u>	<u>834,468</u>
20.1 Surplus on revaluation of fixed assets			
Freehold Land			
Surplus on revaluation of fixed assets at January 1		112,087	112,087
Surplus recognized during the period / year		-	-
		<u>112,087</u>	<u>112,087</u>
Related deferred tax liability on surplus arising during the period / year		-	-
		<u>112,087</u>	<u>112,087</u>
		(Un-audited) September 30, 2016	(Audited) December 31, 2015
----- Rupees in '000 -----			
Building on leasehold land			
Surplus on revaluation of fixed assets at January 1		1,136,858	961,677
Surplus recognised during the period/year		-	194,646
Transferred to Unappropriated profit / (accumulated losses) in respect of incremental depreciation charged during the period / year		(7,806)	(12,652)
Related deferred tax liability in respect of incremental depreciation charged during the period/year		(4,203)	(6,813)
		<u>(12,009)</u>	<u>(19,465)</u>
		1,124,849	1,136,858
Related deferred tax liability on surplus as at January 1		(397,900)	(336,587)
Related deferred tax liability on surplus arising during the period/year		-	(68,126)
Related deferred tax liability in respect of incremental depreciation charged during the period/year		4,203	6,813
		<u>(393,697)</u>	<u>(397,900)</u>
		731,152	738,958
		<u>843,239</u>	<u>851,045</u>

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
20.2 Surplus on revaluation of Non Banking Asset		
Freehold Land		
Surplus on revaluation of Non Banking Assets (OREO) at January 1	-	-
Surplus recognized during the period / year	25,599	-
Related deferred tax liability on surplus arising during the period / year	-	-
	<u>25,599</u>	<u>-</u>
Building on leasehold land		
Surplus on revaluation of Non Banking Assets (OREO) at January 1	-	-
Surplus recognised during the period	8,413	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period	(127)	-
Related deferred tax liability in respect of incremental depreciation charged during the period	(44)	-
	<u>(171)</u>	<u>-</u>
	8,241	-
Related deferred tax liability on surplus as at January 1	-	-
Related deferred tax liability on surplus arising during the period	(2,944)	-
Related deferred tax liability in respect of incremental depreciation charged during the period	44	-
	<u>(2,900)</u>	<u>-</u>
	5,341	-
	<u>30,940</u>	<u>-</u>
20.3 Surplus / (deficit) on revaluation of available for sale securities		
Federal Government Securities		
- Ijarah Sukuk Bonds	698,505	1,177
Sukuk certificates		
- Listed companies	(5,577)	-
- Unlisted companies	2,669	(20,758)
Fully paid up ordinary shares / Units		
- Units of Open end Mutual Funds	(8,781)	(5,956)
- Ordinary shares of listed company	-	35
	<u>686,816</u>	<u>(25,502)</u>
Related deferred tax (liability) / asset	(240,386)	8,925
	<u>446,430</u>	<u>(16,577)</u>

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
21 CONTINGENCIES AND COMMITMENTS		
21.1 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
- Government	202,980	452,948
- Others	11,524,299	10,707,081
	<u>11,727,279</u>	<u>11,160,029</u>
21.2 Trade-related contingent liabilities		
Import letter of Credit	2,579,632	4,624,374
Acceptances	2,961,972	1,618,343
	<u>5,541,604</u>	<u>6,242,717</u>
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	<u>150,000</u>	<u>150,000</u>
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 pro forma 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 in 2012 under Section 33 of the Federal Excise Duty Act 2005, wherein aggregate demand of federal excise duty of Rs. 69.431 million was raised against the Bank mainly in respect of income from dealing in foreign currencies and certain dispute regarding deposit of the amount amongst Federal and Provincial government.		

The Bank filed an appeal for the stay of the above demand before the Appellate Tribunal Inland Revenue (ATIR) after the assessment 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. In 2014, 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 favor of the Bank and therefore, no provision for any liability which may arise in this respect has been made in these condensed interim unconsolidated financial information.

- 21.5** The audited financial statement of the defunct KASB Bank Limited as at May 7, 2015 included a sum of Rs 981,410,000 disclosed and treated as advance against issue of right shares as being part of equity, 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 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, 2016	(Audited) December 31, 2015
	----- Rupees in '000 -----	
21.6 Commitments in respect of promises		
Purchases	<u>2,278,391</u>	<u>4,971,841</u>
Sales	<u>2,274,245</u>	<u>4,808,264</u>
21.7 Commitments for the acquisition of operating fixed assets	<u>308,507</u>	<u>61,451</u>

21.8 Commitments in respect of financing facilities

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

(Un-audited) September 30, 2016	(Audited) December 31, 2015
----- Rupees in '000 -----	

21.9 Other commitments

Bills for collection	1,735,960	1,627,426
----------------------	-----------	-----------

21.10 Taxation

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

The income tax returns of the defunct KASB Bank Limited have been filed and tax assessments have been made by the tax authorities up to tax year 2013.

21.11 Other Contingencies / Taxation

There is no significant change during the period in the other contingencies / taxation as disclosed in the annual financial statements of the Bank for the year ended 31 December 2015.

----- (Un-audited) -----	
For the nine month period ended	
September 30, 2016	September 30, 2015
----- Rupees in '000 -----	

22 PROFIT / RETURN EARNED

On financing to:

- Customers	4,068,014	2,706,605
- Financial institutions	1,775,434	1,796,643
	<u>5,843,448</u>	<u>4,503,248</u>
On investments in available for sale securities	1,720,007	1,918,158
On deposits / placements with financial institutions	4,945	11,487
Others	55,164	40,040
	<u>7,623,564</u>	<u>6,472,933</u>

23 FINANCIAL RESULTS OF CONVENTIONAL OPERATIONS

"As more fully explained in note 4 to these condensed interim unconsolidated financial information, during the last year the Bank acquired the operations of the defunct KASB Bank Limited effective from May 7, 2015 (close of business). The defunct KASB Bank Limited was operating as a conventional Bank in Pakistan.

"Keeping in view the circumstances, the Shariah Board of the Bank has allowed to utilize the amount of income recovered from conventional products uptill June 30, 2016 for paying of certain specific expenses directly relating to amalgamation of the defunct KASB Bank with and into the Bank subject to approval of Shariah Board. As a result, the surplus accrued income from unconverted portfolio up to June 30, 2016 amounting to Rs. 266.703 million has been kept in a separate account under the head "Surplus income of quarantined entity held for future admissible expenses" appearing in other liabilities. Excess amount received in cash form on conclusion of the period (to be decided by the Shariah Board) would be transferred to charity account in that relevant period.

The Shariah Board has further allowed to keep the surplus income from unconverted portfolio from July 01,2016 onwards in a separate account under the head " Receipt Appropriation Account " and the same shall be transferred into charity account once it is recovered in cash form.

	(Unaudited)		(Unaudited)	
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
----- (Rupees in '000) -----				
24 BASIC AND DILUTED EARNINGS PER SHARE				
Profit after taxation for the period	236,215	594,897	72,139	135,405
----- Number of shares -----				
Weighted average number of ordinary shares	1,007,912,090	1,007,912,090	735,711,064	735,711,064
----- Rupees -----				
Basic and diluted earnings per share	0.234	0.590	0.098	0.184

24.1 There were no convertible / dilutive potential ordinary shares outstanding as at September 30, 2016 and September 30, 2015.

Note	(Un-audited) September 30, 2016	(Audited) September 30, 2015
	----- Rupees in '000 -----	

25 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	9	7,523,663	8,697,035
Balances with other banks	10	2,013,288	885,827
		<u>9,536,951</u>	<u>9,582,862</u>

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of quoted investments is based on quoted market prices. Unquoted equity securities are valued at cost less impairment losses. The provision for impairment in the value of investments has been determined in accordance with the accounting policy as stated in notes to the annual financial statements of the Bank for the year ended December 31,2015.

The fair values of Islamic financing and related assets cannot be determined with reasonable accuracy due to absence of current and active market. The provisions against Islamic financing and related assets have been calculated in accordance with the accounting policy as stated in the annual financial statements of the Bank for the year ended December 31,2015.

Fair values of all other financial assets and liabilities cannot be calculated with sufficient accuracy as active market does not exist for these instruments. In the opinion of the management, fair value of these assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature and in case of financing and deposits these are frequently repriced.

26.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

	September 30, 2016			Total
	Level 1	Level 2	Level 3	
<u>RECURRING FAIR VALUE MEASUREMENTS</u>				
<i>Financial Assets</i>				
Subsidiaries	-	-	522,801	522,801
Available for sale securities				
Ordinary shares - listed	596,378	-	-	596,378
GOP Sukuks	-	44,056,660	-	44,056,660
WAPDA Sukuks	-	300,406	-	300,406
Units of open ended mutual funds	61	-	-	61

NON - RECURRING FAIR VALUE MEASUREMENTS

Ordinary shares - unlisted	-	-	577,675	577,675
<i>Non-Financial Assets</i>				
Non Banking Asset	-	-	1,107,233	1,107,233
<i>Commitments in respect of forward exchange contracts</i>				
Forward purchase of foreign exchange contracts	-	2,278,391	-	2,278,391
Forward sale of foreign exchange contracts	-	2,274,245	-	2,274,245

(Restated)

	December 31, 2015			Total
	Level 1	Level 2	Level 3	
<u>RECURRING FAIR VALUE MEASUREMENTS</u>				
<i>Financial Assets</i>				
Subsidiaries	-	-	522,801	522,801
Available for sale securities				
Ordinary shares - listed	267,841	-	-	267,841
GOP Sukuks	-	9,331,600	-	9,331,600
WAPDA Sukuks	-	606,016	-	606,016
Units of open ended mutual funds	56	-	-	56

RECURRING FAIR VALUE MEASUREMENTS

Financial Assets

Subsidiaries	-	-	522,801	522,801
Available for sale securities				
Ordinary shares - listed	267,841	-	-	267,841
GOP Sukuks	-	9,331,600	-	9,331,600
WAPDA Sukuks	-	606,016	-	606,016
Units of open ended mutual funds	56	-	-	56

NON - RECURRING FAIR VALUE MEASUREMENTS

Ordinary shares - unlisted	-	-	577,675	577,675
<i>Commitments in respect of forward exchange contracts</i>				
Forward purchase of foreign exchange contracts	-	4,971,841	-	4,971,841
Forward sale of foreign exchange contracts	-	4,808,264	-	4,808,264

The non-recurring fair value measurements represent assets acquired as part of business combination during the previous year and are carried at fair value.

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

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

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GoP Ijarah Sukuks, WAPDA sukuks classified as available for sale, forward foreign exchange contracts and operating fixed assets (land and building).

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of investment in subsidiaries, investment in associates, investment in unlisted company, valuation of non-performing loans and core deposit intangibles acquired as part of business combination.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks WAPDA Sukuks	The fair value of GoP Ijarah Sukuks and WAPDA Sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Non Banking Asset	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in note . The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and key input used
Subsidiary	Discounted cashflow is the primary valuation methodology. Significant Unobservable Input Used: Discount rate of 18.5% and terminal growth of 6% have been used. Relationship of unobservable inputs to fair value: A slight increase / decrease in discount rate would result in a decrease / increase in fair value by an insignificant amount.

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 Centre	Total
(Rupees in '000)					
For the nine month ended September 30, 2016 (Un-audited)					
Total income	1,289,610	3,836,886	2,856,468	157,164	8,140,128
Total expenses	373,673	3,782,771	1,257,055	1,720,181	7,133,680
Net income / (loss) before tax	915,937	54,115	1,599,413	(1,563,017)	1,006,448

As at September 30, 2016 (Un-audited)

Segment assets (gross)	94,659,480	21,334,308	85,706,519	8,296,754	209,997,061
Segment non performing assets	7,333,506	1,937,349	12,081,431	33,130	21,385,416
Segment provision held	4,933,653	1,362,278	10,851,322	33,326	17,180,579
Segment liabilities	19,322,736	86,040,904	71,358,326	3,819,275	180,541,241
Segment return on assets (ROA) (%)	1.29%	0.34%	2.49%		
Segment cost of funds (%)	5.59%	3.45%	1.97%		

	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
(Rupees in '000)					
For the nine month ended September 30, 2015 (Un-audited)					
Total Income	2,229,397	2,804,473	1,569,707	314,392	6,917,969
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)	(816,140)	137,184

As at September 30, 2015 (Un-audited)

Segment assets (gross)	126,605,574	12,207,991	58,792,767	3,898,919	201,505,251
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%		

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:

<u>SUBSIDIARY</u>	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	------(Rupees in '000)-----	
Deposits:		
Opening balance	444,256	385,653
Deposit during the period / year	35,944,744	22,536,195
Withdrawal during the period / year	(35,830,723)	(22,477,592)
Closing balance	558,277	444,256
Islamic financing and related assets :		
Opening balance	150,000	150,000
Disbursed during the period / year	-	-
Repaid during the period / year	-	-
Closing balance	150,000	150,000
Receivable on Financings	10,806	-
Other Receivable	3,627	3,627
Payable on Deposits	2,253	-
Contingencies and commitments	1,978	1,978
	(Un-audited) September 30, 2016	(Un-audited) September 30, 2015
	------(Rupees in '000)-----	
Transactions, income and expenses:		
Profit earned on financing	3,549	5,880
Return on deposits expensed	22,213	11,865
Administrative expenses	3	2,914
Other Income	480	-

ASSOCIATES

Deposits:

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	------(Rupees in '000)-----	
Opening balance	866,101	664,636
Deposit during the period / year	4,093,397	3,931,438
Withdrawal during the period / year	(3,875,929)	(3,178,596)
Balance transferred during the year	-	(551,377)
Closing balance	<u>1,083,569</u>	<u>866,101</u>

Islamic financing and related assets :

Opening balance	90,000	93,750
Disbursed during the period / year	400,000	90,000
Repaid during the period / year	-	(93,750)
Closing balance	<u>490,000</u>	<u>90,000</u>

Prepayments:

At beginning of the period	26,805	12,733
Additions during the period / year	21,870	29,126
Expired during the period / year	(44,810)	(22,476)
At the end of the period	<u>3,865</u>	<u>19,383</u>

Receivable on Financings	31,218	-
Other Receivable	-	1,626
Payable on Deposits	5,313	-

Transactions, income and expenses:

	(Un-audited) September 30, 2016	(Un-audited) September 30, 2015
	------(Rupees in '000)-----	
Profit earned on financing	25,663	3,200
Return on deposits expensed	46,723	45,595
Repair and maintenance	-	12,733
Insurance	-	16,638

KEY MANAGEMENT PERSONNEL

Deposits:

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	------(Rupees in '000)-----	
Opening balance	13,849 *	15,330
Deposit during the period / year	161,604	89,163
Withdrawal during the period / year	(145,706)	(88,979)
Closing balance	<u>29,747</u>	<u>15,514</u>

	(Unaudited) September 30, 2016	(Audited) December 31, 2015
	------(Rupees in '000)-----	
Islamic financing and related assets :		
Opening balance	205,524 *	111,354
Disbursed during the period / year	49,974	92,249
Repaid during the period / year	(54,963)	(68,493)
Closing balance	<u>200,535</u>	<u>135,110</u>

Payable on Deposits

11 -

	(Unaudited) September 30, 2016	(Unaudited) September 30, 2015
	------(Rupees in '000)-----	
Transactions, income and expenses:		
Profit earned on financing	6,006	1,503
Return on deposits expensed	165	158
Remuneration	95,640	7,491

* 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.

OTHER RELATED PARTIES

Deposits:

	(Unaudited) September 30, 2016	(Audited) December 31, 2015
	------(Rupees in '000)-----	
Opening balance	645,426	212,369
Deposit during the period / year	27,776	596,139
Withdrawal during the period / year	(632,747)	(714,459)
Balances Transferred during the period	-	551,377
Closing balance	<u>40,455</u>	<u>645,426</u>

Other Receivable

17,880 17,880

Payable on Deposits

126 -

	(Unaudited) September 30, 2016	(Unaudited) September 30, 2015
	------(Rupees in '000)-----	
Transactions, income and expenses:		
Profit / return on deposits expensed	4,859	3,704
Other administrative Expenses	8,426	-

Employee Benefit plans

Contribution to employees gratuity fund	<u>50,389</u>	<u>65,923</u>
Charge for defined defined plan	<u>50,389</u>	<u>65,923</u>
Contribution to employees provident fund	<u>55,041</u>	<u>41,783</u>

29 GENERAL

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

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

30 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications / restatements during the period except as disclosed in note 4 and as disclosed below.

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

31 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial information were authorised for issue on October 19, 2016 by the Board of Directors of the Bank.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Consolidated Financial Statements
of
BankIslami Pakistan Limited
For the Period Ended
September 30, 2016

Directors' Report – Consolidated Financial Results

On behalf of the Board, I am pleased to present the consolidated financial results of the Group for the nine months ended September 30, 2016. The following are the highlights:

	Sep-16	Sep-15	Growth (%)
Rupees in 'millions'.....		
Total Deposits	154,516	144,606	6.85%
Total Assets	193,616	180,917	7.02%
Total Financing	81,287	57,024	42.55%
Total Investments	72,244	42,130	71.48%
Shareholder's Equity (including revaluation)	12,626	11,167	13.07%
Branches	317	317	-
Basic Earnings per share - rupees	0.646	0.211	206.16%

The performance of the Group remained satisfactory. The Deposit has grown by 6.85%. The Financing and Investments have grown by 42.55% and 71.48% respectively. Total Assets of the Group has witnessed an overall growth of 7.02%.

We would like to place on record our deep appreciation to the State Bank of Pakistan ('SBP'), Securities and Exchange Commission of Pakistan ('SECP') and other regulatory authorities for their continued support. Also, we would like to express our gratitude to the employees of the Groupcompanies for their commitment and hard work for the Group's progress and growth.

On behalf of the Board,

Hasan A Bilgrami
Chief Executive Officer
October 19, 2016

ڈائریکٹرز کی رپورٹ - جامع مالیاتی نتائج

میں بورڈ کی جانب سے 30 ستمبر، 2016 کو اختتام پذیر ہونے والی نو ماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ اس کے اہم نکات درج ذیل ہیں۔

نمبر (فیصد)	ستمبر - 15	ستمبر - 16	
----- روپے ملین میں -----			
6.85%	144,606	154,516	کل ڈپازٹ
7.02%	180,917	193,616	کل اثاثے
42.55%	57,024	81,287	کل تنویل
71.48%	42,130	72,244	کل سرمایہ کاری
13.07%	11,167	12,626	حصہ داران کی سرمایہ کاری دوبارہ قیمت لگانے کے بعد
-----	317	317	شاخیں
206.16%	0.211	0.646	فی حصہ بنیادی آمدنی - روپے

ہماری گروپ کی کارکردگی بھی قابل اطمینان رہی۔ مجموعی طور پر 6.85% ڈپازٹ میں 42.55% تنویل میں، اور 71.48% سرمایہ کاری میں بالترتیب اضافہ ہوا۔ گروپ کے کل اثاثوں میں مجموعی طور پر 7.02% اضافہ ہوا۔ ہم اسٹیٹ بینک اور سیکورٹی ایجنسی کمیشن آف پاکستان کی مسلسل مدد اور رہنمائی پر اپنی انتہائی تحسین کو ریکارڈ کا حصہ بنانا چاہتے ہیں۔ ہم اپنے گروپ کے ملازمین کی کارکردگی میں اپنی وابستگی اور محنت کے ذریعے حصہ ڈالنے پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ

حسن اے بلگرامی

افسر اعلیٰ

۱۹، اکتوبر، ۲۰۱۶



Condensed Interim Consolidated Statement of Financial Position

AS AT SEPTEMBER 30, 2016

	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
----- (Rupees in '000) -----		
ASSETS		
Cash and balances with treasury banks	7,523,795	9,035,889
Balances with other banks	2,362,437	2,016,267
Due from financial institutions	10,538,072	39,855,525
Investments	72,244,066	35,801,058
Islamic financing and related assets and Advances	81,286,825	69,428,078
Operating fixed assets	6,321,273	5,910,716
Deferred tax assets - net	5,930,933	5,947,169
Other assets	7,408,410	6,554,335
	193,615,811	174,549,037
LIABILITIES		
Bills payable	1,600,462	1,523,933
Due to financial institutions	18,254,484	3,197,770
Deposits and other accounts	154,515,523	152,661,140
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	6,619,361	5,681,959
	180,989,830	163,064,802
NET ASSETS	12,625,981	11,484,235
REPRESENTED BY		
Share capital	10,079,121	10,079,121
Discount on Issue of shares	(79,042)	(79,042)
Reserves	1,127,931	465,881
Total equity attributable to equity holders of the Bank	11,128,010	10,465,960
Non-controlling interest	187,094	189,855
	11,315,104	10,655,815
Surplus on revaluation of assets - net of tax	1,310,877	828,420
	12,625,981	11,484,235
CONTINGENCIES AND COMMITMENTS		

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
------(Rupees in '000)-----				
Profit / return earned	2,669,591	7,603,580	2,351,365	6,463,016
Profit / return expensed	1,494,937	4,342,312	1,374,947	3,715,599
Net spread earned	1,174,654	3,261,268	976,418	2,747,417
(Reversal) / provision against non-performing Islamic financing and related assets and advances (net)	(421,561)	(1,347,709)	48,195	(144,699)
Reversal of provision for diminution in the value of investments and placements (net)	(118,465)	(350,809)	(6,793)	(35,241)
Bad debts written off directly	-	523	25	25
	(540,026)	(1,697,995)	41,427	(179,915)
Net spread after provisions	1,714,680	4,959,263	934,991	2,927,332
OTHER INCOME				
Fee, commission and brokerage income	111,499	327,957	81,364	294,727
Dividend Income	468	468	467	467
Income from dealing in foreign currencies	11,461	37,424	34,273	81,885
Gain / (loss) on sale of securities	23,675	60,671	(7,212)	(2,691)
Unrealised loss on revaluation of investments classified as 'held for trading'	-	-	-	-
Other income	(14,058)	53,629	(14,741)	40,236
Total other income	133,045	480,149	94,151	414,624
	1,847,725	5,439,412	1,029,142	3,341,956
OTHER EXPENSES				
Administrative expenses	1,500,047	4,443,617	1,101,732	3,157,927
Other provisions	-	68	(2,957)	10,798
Other charges	8,645	21,304	3,323	10,996
Total other expenses	1,508,692	4,464,989	1,102,098	3,179,721
	339,033	974,423	(72,956)	162,235
Profit / (loss) for the period from KASB Securities Limited - net of tax	4,313	(29,849)	27,909	10,834
Share of profit from associates	20,833	116,790	2,403	6,353
PROFIT / (LOSS) BEFORE TAXATION	364,179	1,061,364	(42,644)	179,422
Taxation				
- Current	26,989	79,910	21,325	70,667
- Prior years	-	(20)	-	21,876
- Deferred	106,521	330,148	(147,592)	(68,490)
	133,510	410,038	(126,267)	24,053
PROFIT AFTER TAXATION	230,669	651,326	83,623	155,369
------(Rupees)-----				
Basic earnings per share	0.229	0.646	0.114	0.211
------(Rupees)-----				
Diluted earnings per share	0.229	0.646	0.114	0.211

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Nine months ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2015
----- (Rupees in '000) -----				
Profit after taxation for the period attributable to:				
Equity shareholders of the Bank	225,037	654,087	83,623	155,369
Non-controlling interest	5,632	(2,761)	-	-
	<u>230,669</u>	<u>651,326</u>	<u>83,623</u>	<u>155,369</u>
Other Comprehensive Income				
Items that may not be reclassified to profit and loss account in subsequent periods				
Remeasurement of defined benefit plan	-	44	(209)	7,849
Tax on remeasurement of defined benefit plan	-	(14)	67	(2,753)
	-	30	(142)	5,096
Comprehensive income transferred to statement of changes in equity	<u>230,669</u>	<u>651,356</u>	<u>83,481</u>	<u>160,465</u>
Components of comprehensive income not reflected in equity				
Surplus / (deficit) on revaluation of available for sale investments - net of tax				
Equity shareholders of the Bank	245,102	448,167	(65,126)	(162,556)
Non-controlling interest	(855)	(3,310)	-	-
	<u>244,247</u>	<u>444,857</u>	<u>(65,126)</u>	<u>(162,556)</u>

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

	Attributable to equity shareholders of the Bank						Non - controlling interest	Total
	Share capital	Discount on Issue of shares	Statutory reserve	Reserve for bad debts & contingencies	Unappropriated profit / (Accumulated loss)	Sub total		
	Rupees in '000							
Balance as at January 01, 2015	5,758,721	(79,042)	273,176	-	269,349	6,222,204	-	6,222,204
Transfer to reserve for bad debts and contingencies	-	-	-	250,000	(250,000)	-	-	-
Profit after taxation for the period transferred from Statement of Comprehensive Income	-	-	-	-	155,370	155,370	-	155,370
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	19,853	19,853	-	19,853
Issue of right shares at par	4,320,400	-	-	-	-	4,320,400	-	4,320,400
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	5,095	5,095	-	5,095
Balance as at September 30, 2015	<u>10,079,121</u>	<u>(79,042)</u>	<u>273,176</u>	<u>250,000</u>	<u>199,667</u>	<u>10,722,922</u>	<u>-</u>	<u>10,722,922</u>
Non-controlling interest recognised during the period	-	-	-	-	-	-	193,133	193,133
Loss after taxation for the period transferred from Statement of Comprehensive Income	-	-	-	-	(239,477)	(239,477)	(3,278)	(242,755)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(7,201)	(7,201)	-	(7,201)
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	(10,284)	(10,284)	-	(10,284)
Balance as at December 31, 2015	<u>10,079,121</u>	<u>(79,042)</u>	<u>273,176</u>	<u>250,000</u>	<u>(57,295)</u>	<u>10,465,960</u>	<u>189,855</u>	<u>10,655,815</u>
Profit / (loss) after taxation for the period transferred from Statement of Comprehensive Income	-	-	-	-	654,087	654,087	(2,761)	651,326
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	-	30	30	-	30
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	7,933	7,933	-	7,933
Balance as at September 30, 2016	<u>10,079,121</u>	<u>(79,042)</u>	<u>273,176</u>	<u>250,000</u>	<u>604,755</u>	<u>11,128,010</u>	<u>187,094</u>	<u>11,315,104</u>

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company)

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

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

The Bank is operating through 317 branches including 124 sub branches as at September 30, 2016 (December 31, 2015: 317 branches including 124 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

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

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

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

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

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

The financial statements of the subsidiary company have been consolidated on the basis of condensed interim financial information for the period ended September 30, 2016.

The financial statements of "Modaraba Al-Mali", a modaraba floated by the subsidiary company in which it has 13 percent holding, have not been consolidated although the Group has control over Modaraba Al-Mali by virtue of management rights. The management of the Group is of the view that consolidated financial statements are required to be prepared only for subsidiaries as defined in the Companies Ordinance, 1984. "Modaraba Al-Mali" is a modaraba floated under the Modaraba Companies and Modaraba (floatation and control) Ordinance, 1980 and does not fall under the definition of subsidiary as defined under the Companies Ordinance, 1984. Hence, the financial statements of "Modaraba Al-Mali" are not required to be consolidated in the Group's consolidated financial statements.

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

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

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

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

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

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

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

2 BASIS OF PRESENTATION

- 2.1 The Holding Company provides financing mainly through Murabaha, Ijarah, Istisna, Diminishing Musharka, Musawama and other Islamic modes.
- 2.2 The purchases and sales arising under these arrangements are not reflected in these condensed interim 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 Board of the Holding Company.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim consolidated financial statements of the Group for the nine months ended September 30, 2016 have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 3.2 The Group has disclosed financial results of KASB Securities Limited (KSL) as a single line item in Consolidated Profit & Loss account as majority of the operations of KSL are of conventional nature.

4 BUSINESS COMBINATION

4.1 Acquisition of KASB Bank Limited undertakings

During the previous year, under the 'Scheme of Amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited under Section 47 of the Bank Companies Ordinance, 1962', hereinafter referred to as 'The Scheme', KASB Bank Undertakings have been acquired and amalgamated with the Holding Company. The Scheme is effective from May 7, 2015.

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

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

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

- 4.1.2 The Holding Company accounted for the amalgamation by applying acquisition method of accounting as prescribed by the International Financial Reporting Standard 3, "Business Combination" (IFRS 3).

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. At the time of acquisition, the management was in the process of carrying out a detailed exercise for the identification and valuation of assets acquired (including intangible assets) for the purpose of the initial accounting for the acquisition. According to the requirements of IFRS 3, if the initial accounting for a business combination remains incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report provisional amounts for the items for which the accounting is incomplete. Such provisional values shall be adjusted retrospectively within a period of one year from the acquisition date to reflect the results of the valuation and information that existed as of acquisition date.

- 4.1.3 The fair valuation exercise for assets and liabilities acquired has been completed by the management with the assistance of an independent valuer and the accounting treatment of fair valuation of KASB Bank Undertaking's assets and liabilities (including the contingent liabilities) in the books has been finalised in the current period and accounted for in this condensed interim consolidated financial statements. 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	53,993,354
Fair value of liabilities assumed	(59,890,186)
Net liabilities assumed	(5,896,832)
Purchase Consideration:	
Cash payable	(1)
Fair value benefit of financing from SBP	2,952,536
	2,952,535
Excess of purchase consideration over net assets	(2,944,297)

(Restated)

-----as per consultant's report-----

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	28,665,255	-	28,665,255
Advances	11,098,985	(636,506)	10,462,479
Operating fixed assets	2,157,083	-	2,157,083
Intangible recognised on acquisition	40,600	-	40,600
Deferred tax assets - net	6,111,811	583,779	6,695,590
Other assets - net	1,411,746	-	1,411,746
	54,046,081	(52,727)	53,993,354

LIABILITIES

Bills payable	163,920	-	163,920
Borrowings	313,206	-	313,206
Deposits and other accounts	57,338,264	-	57,338,264
Other liabilities	1,973,937	100,859	2,074,796
	59,789,327	100,859	59,890,186

Fair Value of Net assets acquired	(5,743,246)	(153,586)	(5,896,832)
--	--------------------	------------------	--------------------

In addition, the audited financial statements of the defunct KASB Bank Limited as at May 7, 2015 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 Bank Undertaking acquired and amalgamated with the Holding Company as per the Scheme. A case has been filed in respect of this matter.

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 are 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 condensed interim consolidated financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2015 except for change in accounting policy as explained in note 7.2 below.

7.1 New / Revised Standards, Interpretations and Amendments

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

The Holding Company has adopted the following amendment to IFRSs which became effective for the current period.

- IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial statements.

In addition to the above standards and interpretations, improvements to following accounting standards have also been issued by the IASB and are generally effective for current period.

- IFRS 5 - Non-Current Assets Held For Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements.
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information ' elsewhere in the interim financial report'

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

7.2 Non Banking assets acquired in satisfaction of claims

Effective January 1, 2016, the Holding Company has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) and surplus on revaluation of assets would have been lower by Rs 29.108 million and Rs.34.011 million respectively while deferred tax assets would have been higher by Rs 2.944 million.

8 GENERAL

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

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

8.3 CORRESPONDING FIGURES

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

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

9 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information were authorised for issue on October 19, 2016 by the Board of Directors of the Holding Company.

-Sd-
CHAIRMAN

-Sd-
PRESIDENT / CHIEF EXECUTIVE

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

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

www.bankislami.com.pk