

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	31 March 2017	31 December 2016
Note	------(Rupees '000)-----	
	(Un-Audited)	(Audited)
ASSETS		
Cash and balances with treasury banks	7,014,007	18,725,350
Balances with other banks	355,000	984,125
Due from financial institutions	-	2,692,703
Investments	6 28,055,709	24,601,518
Islamic financing and related assets	7 68,973,182	66,785,266
Operating fixed assets	8 4,460,593	4,502,269
Deferred tax assets	2,969,882	2,873,137
Other assets	5,383,629	5,634,265
	117,212,002	126,798,633
LIABILITIES		
Bills payable	1,436,617	1,386,390
Due to financial institutions	7,574,023	3,223,109
Deposits and other accounts	9 92,006,583	105,843,084
Sub-ordinated loans	10 1,285,710	1,428,568
Deferred tax liabilities	-	-
Other liabilities	3,662,065	3,527,979
	105,964,998	115,409,130
NET ASSETS	11,247,004	11,389,503
REPRESENTED BY		
Share capital	13,739,628	13,739,628
Discount on issuance of shares - net	(632,766)	(632,766)
Reserves	159,472	159,348
Accumulated loss	(2,280,798)	(2,281,369)
	10,985,536	10,984,841
Surplus on revaluation of assets - net of tax	261,468	404,662
	11,247,004	11,389,503
CONTINGENCIES AND COMMITMENTS	11	

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director


 Director


 Director

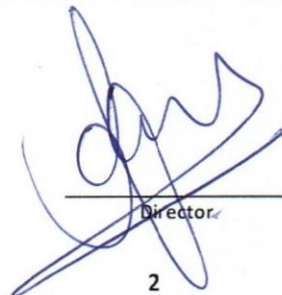
ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017

	Note	Quarter ended	
		31 March 2017	31 March 2016
------(Rupees '000)-----			
Profit / return earned on Islamic financing and related assets, investments and placements	12	1,644,512	1,135,190
Return on deposits and other dues expensed		(743,902)	(610,368)
Net spread earned		900,610	524,822
(Provision) / reversal against non-performing Islamic financing and related assets	7.2	(20,772)	24,817
Provision for diminution in the value of investments	6.1	(3,638)	(551)
		(24,410)	24,266
Net spread after provisions		876,200	549,088
Other income			
Fee, commission and brokerage income		189,515	100,065
Interest income		9,450	1,838
Income from dealing in foreign currencies		24,937	43,774
Gain on sale of securities		99,429	5,807
Unrealized gain on revaluation of investments classified as held-for-trading		-	-
Other income		35,585	140
Total other income		358,916	151,624
		1,235,116	700,712
Other expenses			
Administrative expenses		(1,207,756)	(686,779)
Other provisions / write off		-	-
Other charges		(26,388)	(26)
Total other expenses		(1,234,144)	(686,805)
		972	13,907
Extra ordinary / unusual items		-	-
Profit before taxation		972	13,907
Taxation		(20,034)	(12,868)
- Current		-	-
- Prior year		19,683	7,884
- Deferred		(351)	(4,984)
Profit after taxation		621	8,923
----- Rupee -----			
Earning per share - basic / diluted		0.00	0.01

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director


 Director


 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017

	Quarter ended	
	31 March 2017	31 March 2016
	----- (Rupees '000) -----	
Profit after taxation	621	8,923
Other comprehensive income	-	-
Comprehensive income transferred to equity	621	8,923
Components of comprehensive income not reflected in equity		
Deficit on revaluation of available-for-sale securities - net of tax *	(113,929)	(89,885)
Movement in revaluation of non-banking assets - net of tax	(29,265)	-
Total comprehensive income	(142,573)	(80,962)

* Surplus / (deficit) on revaluation of available-for-sale securities - net of tax has been shown in the statement of comprehensive income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide its BPRD Circular No. 06 of 2014 on 26 June

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 Chief Executive Officer



 Director



 Director

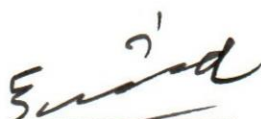


 Director

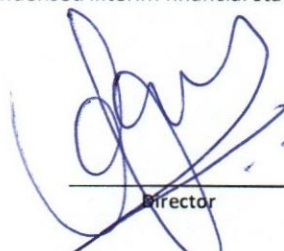
ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017

	Quarter ended	
	31 March 2017	31 March 2016
	------(Rupees '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	972	13,907
Dividend income	(9,450)	(1,838)
	<u>(8,478)</u>	<u>12,069</u>
Adjustments for non-cash and other items:		
Depreciation	56,633	38,951
Amortisation	28,765	20,454
Depreciation - non banking assets	6,417	-
Provision / (reversal) against non-performing Islamic financing and related assets	20,772	(24,817)
Provision for diminution in the value of investments	3,638	551
Gain on sale of operating fixed assets	(2,048)	(140)
	<u>114,177</u>	<u>34,999</u>
	<u>105,699</u>	<u>47,068</u>
Increase / (decrease) in operating assets		
Due from financial institutions	2,692,703	843,229
Islamic financing and related assets	(2,208,688)	(1,359,636)
Other assets	192,103	(170,759)
	<u>676,118</u>	<u>(687,166)</u>
Increase / (decrease) in operating liabilities		
Bills payable	50,227	62,676
Due to financial institutions	4,350,914	550,879
Deposits and other accounts	(13,836,501)	(2,715,748)
Other liabilities	134,086	109,207
	<u>(9,301,274)</u>	<u>(1,992,986)</u>
Income tax paid	(7,922)	(7,971)
Net cash used in operating activities	<u>(8,527,379)</u>	<u>(2,641,055)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale investments	(3,633,105)	507,916
Net investments in operating fixed assets	(45,739)	(101,057)
Dividend received	4,548	2,684
Proceeds from disposal of operating fixed assets	4,065	194
Net cash (used in) / flow from investing activities	<u>(3,670,231)</u>	<u>409,737</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Tier II mudaraba sukuk	(142,858)	(142,858)
Effect of exchange difference on translation of foreign currency debt	-	269
Net cash used in financing activities	<u>(142,858)</u>	<u>(142,589)</u>
Net decrease in cash and cash equivalents	<u>(12,340,468)</u>	<u>(2,373,907)</u>
Cash and cash equivalents at beginning of the quarter	<u>19,709,475</u>	<u>12,407,973</u>
Cash and cash equivalents at end of the quarter	<u><u>7,369,007</u></u>	<u><u>10,034,066</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director


 Director


 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017

	Issued, subscribed and paid-up share capital	Advance against issuance of shares	Discount on issuance of shares - net	Statutory Reserve *	Accumulated loss	Total
	----- (Rupees '000) -----					
Balance as at 01 January 2016	8,935,200	95,704	(767,290)	159,348	(2,135,310)	6,287,652
Profit after taxation for the quarter	-	-	-	-	8,923	8,923
Other comprehensive income for the quarter	-	-	-	-	-	-
Total comprehensive income for the quarter	-	-	-	-	8,923	8,923
Transfer to statutory reserves	-	-	-	1,785	(1,785)	-
Balance as at 31 March 2016	8,935,200	95,704	(767,290)	161,133	(2,128,172)	6,296,575
Loss after taxation for the period	-	-	-	-	(164,450)	(164,450)
Other comprehensive income for the period	-	-	-	-	9,399	9,399
Total comprehensive loss for the period	-	-	-	-	(155,051)	(155,051)
Paid to Parent Bank	-	(95,704)	-	-	-	(95,704)
Shares issued during the period	4,804,428	-	-	-	-	4,804,428
Premium on issuance of shares	-	-	134,524	-	-	134,524
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	69	69
Transfer (from) / to statutory reserves	-	-	-	(1,785)	1,785	-
Balance as at 31 December 2016	13,739,628	-	(632,766)	159,348	(2,281,369)	10,984,841
Profit after taxation for the quarter	-	-	-	-	621	621
Other comprehensive income for the quarter	-	-	-	-	-	-
Total comprehensive income for the quarter	-	-	-	-	621	621
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	74	74
Transfer to statutory reserves	-	-	-	124	(124)	-
Balance as at 31 March 2017	13,739,628	-	(632,766)	159,472	(2,280,798)	10,985,536

* This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director


 Director


 Director

ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 AlBaraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company under the Companies Ordinance, 1984.

The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010.

During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 have approved the merger of the Bank with Burj Bank Limited under a "Scheme of Amalgamation" (the Scheme). Further, State Bank of Pakistan, through its letter no. BPRD (R&P-02)//2016/24373 dated 14 October 2016, has also approved the scheme of amalgamation and granted sanction order for the amalgamation of Ex Burj Bank Limited with and into the Bank. As of the effective date of amalgamation, the entire undertaking of Ex Burj Bank Limited including all the properties, assets and liabilities and all the rights and obligations shall, without any further act, action or deed and notwithstanding the terms of any contract or other document or any rule of law, stands amalgamated with and vest in the Bank and as a consequence, BBL stands amalgamated with and into the Bank.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) {major sponsor} incorporated and domiciled in Bahrain and a member of AlBaraka Banking Group.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 206 branches including 13 sub-branches (31 December 2016 : 224 branches including 14 sub-branches) in Pakistan.

Based on the financial statements of the Bank for the year ended 31 December 2015, Pakistan Credit Rating Agency Limited (PACRA) has determined the Bank's long-term rating at "A" and short term rating as 'A1'. JCR-VIS, has also maintained long-term and short-term ratings of "A" and 'A1' respectively. At present, rating agencies are in the process of assessing the ratings of the Bank. Accordingly, current ratings were placed on watch by rating agencies on account of merger with Burj Bank Limited.

- 1.2 As at 31 March 2017, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs.10.826 billion and 10.11 % respectively.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank for the quarter ended 31 March 2017 have been prepared in accordance with approved accounting standards as applicable in Pakistan. 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

3. BASIS OF MEASUREMENT

- 3.1 These condensed interim financial statements have been prepared under the historical cost convention except for available for sale investments, non-banking assets and commitments in respect of foreign exchange forward contracts which have been measured at fair value.
- 3.2 Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as describe below :

- 4.1 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31

6. INVESTMENTS

	31 March 2017 (Un-Audited)			31 December 2016 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
Note	----- Rupees in '000 -----					
Available for sale securities						
Sukuk certificates	26,821,872	-	26,821,872	23,730,099	-	23,730,099
Ordinary shares of listed companies	1,365,125	-	1,365,125	823,793	-	823,793
Ordinary shares of unlisted company	52,200	-	52,200	52,200	-	52,200
Units of open-end mutual funds	69,408	-	69,408	69,408	-	69,408
Investments at cost	28,308,605	-	28,308,605	24,675,500	-	24,675,500
Less: Provisions for diminution in the value of investments	6.1 (168,366)	-	(168,366)	(164,728)	-	(164,728)
Investments (net of provisions)	28,140,239	-	28,140,239	24,510,772	-	24,510,772
(Deficit) / surplus on revaluation of investments classified of available for sale securities	(84,530)	-	(84,530)	90,746	-	90,746
Total investments at market value	28,055,709	-	28,055,709	24,601,518	-	24,601,518

6.1 Particulars of provisions for diminution in the value of investments

	31 March 2017	31 December 2016
Note	----- (Rupees '000) -----	----- (Rupees '000) -----
	(Un-Audited)	(Audited)
Opening balance	164,728	44,311
Charge during the quarter / year	6.2 3,638	4,514
Reversal during the quarter / year	-	(1,184)
Transfer upon amalgamation	3,638	3,330
Closing balance	168,366	164,728

6.2 The mark to market impairment loss on certain investments as of 31 March 2017 amounts to Rs.14.508 (31 December 2016 : Rs. 14.501) million. However, SBP vide its letter BPRD/BRD (Policy)/2016-14898 has allowed the recognition of impairment loss of Rs. 14.508 million in a phased manner by 30 June 2017. As per such relaxation, the Bank is required to record at least 75% of impairment loss as of 31 March 2017 which amounts to Rs. 10.881 (31 December 2016 : Rs. 7.251) million and the same has been recorded in these condensed interim financial statements.

7. ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan

Islamic financing and related assets

	31 March 2017	31 December 2016
Note	----- (Rupees '000) -----	----- (Rupees '000) -----
	(Un-Audited)	(Audited)
- Murabaha finance	12,155,187	13,811,162
- Advance against murabaha finance	1,604,755	918,213
- Export refinance under Islamic scheme	1,155,309	3,579,184
- Advance against export refinance under Islamic scheme	2,660,022	252,506
- Ijarah assets under IFAS 2	3,765,425	4,191,559
- Net investment in ijarah	112,130	112,530
- Advance against ijarah	8,024	39,326
- Service ijarah	218,750	260,417
- Diminishing musharaka financing	31,296,224	31,705,563
- Advance against diminishing musharaka finance	1,288,697	1,143,500
- Running musharaka	150,000	150,000
- Tijarah finance	1,622,406	777,563
- Over due acceptances	592,048	612,598
- Payment against guarantee	62,796	61,896
- Payment against documents	17,550	4,718
- Salam financing	22,485	22,485
- Advance against salam	8,596,177	6,015,358
- Salam inventory	275,546	185,999
- Financing against bills	992,884	597,286
- Istasna finance	2,983,857	2,517,612
- Advance against istasna	2,313,832	2,732,661
- Istasna inventory	105,250	-
- Mudaraba	-	80,000
- Staff financing	1,295,080	1,308,824
- Advance against staff financing	3,913	9,067
- Rahnuma travel services	529	161
Islamic financing and related assets - gross	73,298,876	71,090,188
Provisions for non-performing financing - specific	7.2 (4,238,725)	(4,217,953)
- general	7.2 (86,969)	(86,969)
Islamic financing and related assets - net of provisions	68,973,182	66,785,266

- 7.1 Islamic financing and related assets include Rs. 7,299.961 (31 December 2016 : Rs. 7,146.027) million which have been placed under non-performing status as detailed below:

Category of classifications	31 March 2017 (Un-Audited)				
	Classified financing			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other assets especially mentioned	112,825	-	112,825	34	34
Substandard	1,384,044	-	1,384,044	105,872	105,872
Doubtful	245,976	-	245,976	108,411	108,411
Loss	5,557,116	-	5,557,116	4,024,409	4,024,409
	<u>7,299,961</u>	<u>-</u>	<u>7,299,961</u>	<u>4,238,726</u>	<u>4,238,726</u>

Category of classifications	31 December 2016 (Audited)				
	Classified financing			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other assets especially mentioned	74,385	-	74,385	-	-
Substandard	1,085,697	-	1,085,697	89,521	89,521
Doubtful	784,546	-	784,546	211,700	211,700
Loss	5,201,399	-	5,201,399	3,916,732	3,916,732
	<u>7,146,027</u>	<u>-</u>	<u>7,146,027</u>	<u>4,217,953</u>	<u>4,217,953</u>

- 7.2 Particulars of provisions against non-performing Islamic financing and related assets

	31 March 2017 (Un-Audited)			31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	4,217,953	86,969	4,304,922	2,875,066	28,386	2,903,452
Charge for the quarter / year	63,801	-	63,801	513,194	18,688	531,882
Reversals for the quarter / year	(43,029)	-	(43,029)	(699,462)	-	(699,462)
	20,772	-	20,772	(186,268)	18,688	(167,580)
Written off during the quarter / year	-	-	-	-	-	-
Transfer upon amalgamation	-	-	-	1,529,155	39,895	1,569,050
Closing balance	<u>4,238,725</u>	<u>86,969</u>	<u>4,325,694</u>	<u>4,217,953</u>	<u>86,969</u>	<u>4,304,922</u>

- 7.2.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,150.682 (31 December 2016: Rs. 2,252.469) million. The FSV benefit recognized is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.

- 7.2.2 The Bank maintains general reserve (provisions) in accordance with the applicable requirements of prudential regulations for housing finance and small and medium enterprise Islamic financing. However, the State Bank of Pakistan vide its letter BPRD/BRD/PRs/3073/2017 dated 6 February 2017 has allowed an exemption to the Bank from recognising general reserve requirement for its auto finance subject to the following conditions :

- The Bank shall classify its auto financing as "loss" on 180th day from the date of default and shall recognise 100% provision there against;
- The general reserve already accumulated and maintained shall not be reversed; and
- The classified portfolio of auto finance shall remain upto 5% of the Bank's auto finance portfolio. In case, if classified portfolio of auto finance increases beyond 5% threshold, the exemption shall stand withdrawn from that point of time.

- 7.2.3 SBP vide its letter BPRD/BLRD-3/DMG/2011-1035 dated 26 January 2011 and BPRD/BRD/PR-Unit/ 2017/1094 dated 13 January 2017 has allowed relaxation from further provisioning requirement against certain financing exposures having a provisioning impact of Rs. 297.581 (31 December 2016: Rs. 40.581) million. The relaxation allowed vide letter BPRD/BRD/PR-Unit/ 2017/1094 dated 13 January 2017 is effective till 31 March 2017.

8. OPERATING FIXED ASSETS	Note	31 March	31 December
		2017	2016
		----- (Rupees '000) -----	
Property and equipment		2,004,014	2,054,500
Intangible assets		1,861,227	1,884,535
Capital work-in-progress	8.1	595,352	563,234
		<u>4,460,593</u>	<u>4,502,269</u>

	Quarter ended	
	31 March	31 March
	2017	2016
	----- (Rupees '000) -----	
12. PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS		
On islamic financing and related assets	1,293,547	893,781
On investments in		
- Available-for-sale securities	299,184	172,324
- Held to maturity securities	-	31,097
	299,184	203,421
On deposits with banks	16,449	9,211
On due from financial institutions	35,332	28,777
	<u>1,644,512</u>	<u>1,135,190</u>

13. RELATED PARTY TRANSACTIONS

13.1 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 and operational decisions and include Key management personnel, Parent Bank, shareholders of the Bank, staff retirement benefit plan and Directors of the Bank. Banking transactions with related parties are entered into the normal course of business. Details of transactions with the related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	31 March 2017	31 December 2016
	----- (Rupees '000) -----	
	(Un-Audited)	(Audited)
<u>Key management personnel</u>		
Islamic financing and related assets		
At beginning of the quarter / year	233,323	151,457
Disbursements / additions during the quarter / year	27,040	109,578
Repayments / deletions during the quarter / year	(8,758)	(60,633)
Transfer upon amalgamation	-	32,921
At end of the quarter / year	251,605	233,323
Deposits		
At beginning of the quarter / year	172,200	95,028
Deposits / additions during the quarter / year	85,535	584,252
Withdrawals / deletions during the quarter / year	(99,694)	(508,260)
Transfer upon amalgamation	-	1,180
At end of the quarter / year	158,041	172,200
Other Balances		
Profit receivable on Islamic financing and related assets	364	254
Return payable on deposit	1,069	1,031
Other receivables	642	708
	Quarter ended (Un-Audited)	
	31 March	31 March
	2017	2016
	----- (Rupees '000) -----	
Transactions, income and expenses		
Profit earned on Islamic financing and related assets	2,274	1,378
Return on deposits expenses	1,296	1,844
Salaries, allowances and benefits	57,909	40,719
	31 March	31 December
	2017	2016
	----- (Rupees '000) -----	
	(Un-Audited)	(Audited)
<u>Shareholders, directors and other related parties of the Bank</u>		
Islamic financing and related assets		
At beginning of the quarter / year	153,345	-
Disbursements / additions during the quarter / year	-	-
Repayments / deletions during the quarter / year	(2,734)	-
Transfer upon amalgamation	-	153,345
At end of the quarter / year	150,611	153,345

	31 March 2017 ----- (Rupees '000) ----- (Un-Audited)	31 December 2016 ----- (Rupees '000) ----- (Audited)
Deposits		
At beginning of the quarter / year	745,954	687,191
Deposits / additions during the quarter / year	130,249	592,561
Withdrawals / deletions during the quarter / year	(99,710)	(582,078)
Transfer upon amalgamation	-	48,280
At end of the quarter / year	776,493	745,954
Other balances		
Profit receivable on Islamic financing and related assets	2,881	235
Return payable on deposits	3,071	3,054
Investments	52,200	52,200
Provision for diminution in the value of investments	22,044	22,044
Non funded exposures	3,503	2,772
Payable to shareholders	657	657
	Quarter ended (Un-Audited)	
	31 March	31 March
	2017	2016
	----- (Rupees '000) -----	
Transactions, income and expenses		
Profit earned on Islamic financing and related assets	2,704	-
Revenue earned from non funded exposure	12	13
Return on deposits expenses	8,154	9,478
Director fee and other allowances	16,191	9,165
Shariah Board fee	2,122	216
	31 March	31 December
	2017	2016
	----- (Rupees '000) -----	
	(Un-Audited)	(Audited)
Staff Retirement benefit plan of the Bank		
Balance		
Receivable in respect of defined benefit plan	52,331	52,331
	Quarter ended (Un-Audited)	
	31 March	31 March
	2017	2016
	----- (Rupees '000) -----	
Transactions, income and expenses		
Contribution to defined contribution plan	17,837	11,815
Contribution to defined benefit plan	7,369	10,155

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

14.1 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 traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. These securities are carried at amortized cost in order to comply with the requirements of BSD Circular No. 14 dated 24 September 2004. As of 31 March 2017, the Bank does not have any investment as 'held to maturity'.

Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available financial statements.

Fair value of Islamic financing and related assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing has been calculated in accordance with the Bank's accounting

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer Islamic financing and deposits are frequently repriced.

14.2 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in these condensed interim financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table provides the fair value measurement hierarchy of the Bank's assets:

		31 March 2017 (Un-Audited)			
		Level 1	Level 2	Level 3	Total
		----- (Rupees '000) -----			
On - balance sheet financial instruments	Note				
Financial assets classified as 'available-for-sale securities'					
Ordinary shares					
Listed shares		1,260,610	-	-	1,260,610
Government Securities					
Government of Pakistan - Ijarah sukuk		-	19,735,303	-	19,735,303
Sukuks					
Sukuk certificates - listed		1,049,869	-	-	1,049,869
Mutual Funds					
Units of open end fund		70,726	-	-	70,726
Non - financial assets					
Non banking assets acquired in satisfaction of claims - Gross		-	-	2,087,160	2,087,160
		<u>2,381,205</u>	<u>19,735,303</u>	<u>2,087,160</u>	<u>24,203,668</u>
Off - balance sheet financial instruments					
Forward exchange contracts					
Purchase	14.2.1	-	6,247,022	-	6,247,022
Sale	14.2.1	-	5,351,224	-	5,351,224
		31 December 2016 (Audited)			
		Level 1	Level 2	Level 3	Total
		----- (Rupees '000) -----			
On - balance sheet financial instruments					
Financial assets classified as 'available-for-sale securities'					
Ordinary shares					
Listed shares		834,978	-	-	834,978
Government Securities					
Government of Pakistan - Ijarah sukuk		-	16,672,262	-	16,672,262
Sukuks					
Sukuk certificates - listed		1,048,425	-	-	1,048,425
Mutual Funds					
Units of open end fund		69,854	-	-	69,854
Non - financial assets					
Non banking assets acquired in satisfaction of claims - Gross		-	-	2,374,360	2,374,360
		<u>1,953,257</u>	<u>16,672,262</u>	<u>2,374,360</u>	<u>20,999,879</u>
Off - balance sheet financial instruments					
Forward exchange contracts					
Purchase	14.2.1	-	4,236,420	-	4,236,420
Sale	14.2.1	-	2,512,760	-	2,512,760

31 March 2017	31 December 2016
----- (Rupees '000) -----	----- (Rupees '000) -----
(Un-Audited)	(Audited)

14.2.1 Book value of off - balance sheet financial instruments

Forward purchase of foreign exchange	6,211,696	4,238,066
Forward sale of foreign exchange	5,343,106	2,516,480

14.3 Valuation techniques used in determination of fair values within level 2 and level 3

Particulars	Valuation approach and input used
Government of Pakistan - Ijarah sukuk	The fair value of GOP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by Financial Market Association (FMA) through Reuters. The rates announced are simple average of quotes received from 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 assets acquired in satisfaction of claims - Gross	Non banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

15. GENERAL

15.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate the comparison. No significant reclassification were made during the current period.

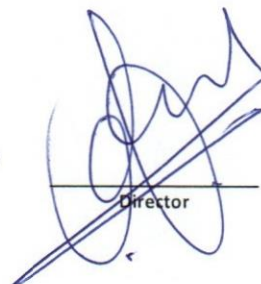
15.2 Figures have been rounded off to the nearest thousand rupees.

16. DATE OF AUTHORISATION

These financial statements were authorized for issue on 26 April 2017 by the Board of Directors of the Bank.


Chief Executive Officer


Director


Director


Director