





PLANT A **TREE**
MAKE PAKISTAN **GREEN**

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Corporate Information

Board of Directors	Lt Gen Syed Tariq Nadeem Gilani, HI(M) (Retd) - Chairman Lt Gen Javed Iqbal, HI (M) (Retd) Lt Gen Tariq Khan, HI (M) (Retd) Dr. Nadeem Inayat Mr. Rehan Laiq Mr. Manzoor Ahmed - NIT Nominee Mr. Kamal A. Chinoy Syed Ahmed Iqbal Ashraf Mr. Mushtaq Malik Brig. Saleem Ahmed Moeen, SI (Retd) Mr. Abid Sattar - President & Chief Executive
Board Audit Committee	Syed Ahmed Iqbal Ashraf - Chairman Dr. Nadeem Inayat Mr. Rehan Laiq Mr. Manzoor Ahmed
Shariah Board	Mufti Muhammad Zahid - Chairman Mufti Ismatullah - Member Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member
Auditors	A. F. Ferguson & Co Chartered Accountants
Legal Advisors	RIAA, Barker Gillette Advocates & Corporate Counselors
Company Secretary	Mr. Shahid Abbasi, FCA
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi – 46000, Pakistan. Tel: (92 51) 8092624 UAN: (92 51) 111 000 787 Fax: (92 51) 2857448 Email: ir@askaribank.com.pk
Registrar & Share Transfer Office	CDC Share Registrar Services Limited (CDCSRSL) Mezzanine Floor, South Tower, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275) Tel: (9242) 36362061-66 Fax: (92 42) 36300072 Email: info@cdcsrsl.com Website: www.cdcsrsl.com
Entity Rating	Long Term: AA+ Short Term: A1+ By PACRA
Website	www.akbl.com.pk
Social Media	 /askaribankpakistan  /askari_bank

Directors' Review

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the half year ended June 30, 2019. The financial results are summarized as under:

	Rupees in million	
	June 30, 2019	June 30, 2018
Net mark-up and non fund income	14,245	11,777
Administrative and other expenses	(8,821)	(7,791)
Profit before provision and taxation	5,424	3,986
Net (provision) / reversal	(239)	402
Profit before taxation	5,185	4,388
Taxation	(2,063)	(1,866)
Profit after taxation	3,122	2,522
Basic earnings per share - Rupees	2.48	2.00

The Bank's profit after taxation for the six months ended June 30, 2019 increased by a notable 24 percent to Rs.3.12 billion as against Rs.2.52 billion for the corresponding period last year. The profit before provisions increased to Rs.5.42 billion from Rs.3.99 billion, an increase of 36 percent, however additional provisions warranted by the continued bearish stock market sentiment diluted carry of this impact to the bottom line. The earnings per share for the current period are reported at Rs.2.48 as against Rs.2.0 for the corresponding period last year.

Aggregate net revenues for the current six months are reported at Rs.14.24 billion, improving by 21 percent from Rs.11.78 billion for the corresponding period last year. The growth in revenues was led by a 22 percent increase in net mark-up income despite recognition of Rs.483 million as additional mark-up expense upon adoption of new financial reporting standard during the period under review. The increase in net mark-up income was contributed by higher spreads in line with policy rate increases as well as higher average volumes. Trade and transactions related fee, commission and foreign exchange revenues increased by an impressive 27% during the period under review. Administrative and other expenses increased by 13 percent mainly reflecting the inflationary upsurge, Rupee devaluation and the new regulatory levy of depositors' protection premium.

Customer deposits increased by 11 percent and reported at Rs.639 billion at June 30, 2019 while gross advances increased by 7 percent and are reported at Rs.396 billion as on that date. Consequently, advances to deposits ratio stood at 62 percent at half year end. The Bank recorded net reversal of Rs.350 million mainly contributed by recoveries from non-performing loans, though the aggregate provisions against all assets registered a net charge (Rs.239 million) primarily due to higher provisions on the portfolio of stock market investments. The ratio of non-performing loans to gross advances improved to 6.7 percent from 7.2 percent at the close of 2018, while the coverage ratio at the half year end was 96.7 percent.

During the current period, the Bank's rating was maintained at 'AA+' (Double A Plus) for the long term and 'A1+' (A One Plus) for the short term by PACRA. The ratings reflect relative position of the Bank, driven by AKBL's strong Sponsors and brand, continued growth trajectory, improvement in net spreads and volume increase in earning assets.

Our efforts will remain concentrated towards achieving strong financial performance by effectively managing and improving net spreads by greater emphasis on low cost deposits and exploring better lending opportunities of acceptable risk profile. Service quality will remain our number one priority aiming for a consistent quality experience supported by digital and technology based offerings to our existing as well as prospective customers.

On behalf of the Board, we would like to place on record our gratitude to our valued customers for their continued patronage to our bank; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, and other regulatory authorities for their guidance and assistance. We would also like to recognize the hard work and dedication of our employees that has enabled successful delivery of these results.

- sd -

Abid Sattar
President & Chief Executive

Rawalpindi
August 22, 2019

- sd -

Lt Gen Syed Tariq Nadeem Gilani
HI (M)(Retd)
Chairman, Board of Directors

ڈائریکٹرز کی جائزہ رپورٹ

عزیز محض داران،

ڈائریکٹرز غیر آڈٹ شدہ مختصر عبوری غیر مدغم شدہ مالیاتی معلومات برائے اختتام ششماہی 30 جون 2019 پیش کرتے ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(روپے ملین میں)

30 جون 2018	30 جون 2019
11,777	14,245
(7,791)	(8,821)
3,986	5,424
402	(239)
4,388	5,185
(1,866)	(2,063)
2,522	3,122
2.00	2.48

مجموعی مارک اپ اور نان فنڈ آمدن

انتظامی اور دیگر اخراجات

پروویژن و ٹیکس سے قبل منافع

مجموعی (پروویژن) / ریورسل

قبل از ٹیکس منافع

ٹیکس

بعد از ٹیکس منافع

بنیادی آمدن فی حصص - روپے

بینک نے ششماہی اختتام 30 جون 2019 کی مدت میں 24 فیصد کے نمایاں اضافے کے ساتھ 3.12 ارب روپے بعد از ٹیکس منافع کمایا جو کہ پچھلے سال اسی دورانیہ کی مدت میں 2.52 ارب روپے تھا۔ قبل از پروویژن منافع 36 فیصد اضافے کے ساتھ 3.99 ارب روپے سے 5.42 ارب روپے تک بڑھا تاہم ہمارے مارکیٹ میں مسلسل مندی کے رجحان کی بنا پر اضافی پروویژن کی وجہ سے منافع میں کمی ہوئی۔ رواں دورانیہ کی مدت کیلئے آمدن فی حصص گزشتہ سال کی اسی دورانیہ کی مدت کے 2.0 روپے کے مقابلے میں 2.48 روپے رہی۔

رواں ششماہی مدت میں مجموعی خالص ریویو 21 فیصد اضافے کے ساتھ 14.24 ارب روپے رہے جو گزشتہ سال اسی دورانیہ کی مدت میں 11.78 ارب روپے تھے۔ ریویو میں اضافے کی بنیادی وجہ 22 فیصد سے بڑھنے والی مارک اپ آمدن رہی حالانکہ اسی عرصے کے دوران نئے فنڈز رپورٹنگ سٹیٹمنٹس کو اپنانے کی وجہ سے 483 ملین روپے کے مارک اپ اخراجات کا اضافہ بھی ہوا۔ خالص مارک اپ آمدن میں اضافہ بہتر سٹیٹمنٹس کی وجہ سے ہوا جو کہ پالیسی ریٹ میں اضافہ اور بہتر اوسط حجم کی نشوونما کا عکاس ہے۔ زیر جائزہ ششماہی مدت کے دوران ٹریڈ اور ٹرانزیکشن سے متعلق ٹیکس کییشن اور غیر ملکی کرنسیوں میں تجارت سے حاصل ہونے والی آمدن میں 27 فیصد کا متاثر کن اضافہ دیکھا گیا۔ انتظامی اور دیگر اخراجات میں 13 فیصد اضافہ ہوا جس کی بنیادی وجہ افراط زر کا بڑھنا، روپے کی قدر میں کمی اور ڈپازٹرز پر ویکیشن پر پیمائش کی نئی ریگولیشن کی کمی کا لاگو ہونا ہے۔

کھاتہ داروں کی طرف سے جمع کروائی گئی رقم 30 جون 2019 کو 11 فیصد اضافے کے ساتھ 639 ارب روپے رہیں جبکہ مجموعی ایڈوانسز 7 فیصد اضافے کے ساتھ 396 ارب روپے رہے۔ نتیجتاً، ششماہی مدت کے اختتام پر ایڈوانسز اور ڈپازٹس کا تناسب 62 فیصد رہا۔ بینک نے 350 ملین روپے کا نیت ریورسل کیا جس میں بنیادی حصہ غیر فعال قرضہ جات سے وصولیوں کا تھا تاہم تمام اثاثہ جات کے عوض مجموعی پروویژن کے خالص چارج (239 ملین روپے) کی بنیادی وجہ ہمارے مارکیٹ میں انویسٹمنٹ کے پورٹ فولیو پر اضافی پروویژن کا ہونا ہے۔ غیر فعال قرضہ جات اور مجموعی ایڈوانسز کے تناسب میں سال 2018 کے اختتام پر 7.2 فیصد سے 6.7 فیصد تک بہتری دیکھنے میں آئی، جبکہ ششماہی مدت کے اختتام پر کوریج کا تناسب 96.7 فیصد تھا۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی طرف سے مقرر کردہ بینک کی طویل مہلادی ریٹنگ AA+ (ذیل A پاس) اور مختصر مہلادی ریٹنگ A1+ (A پاس) برقرار رکھی گئی۔ ریٹنگ بینک کی تقابلی پوزیشن کی عکاس ہے، جو عسکری بینک کے مضبوط سپانسر اور برانڈ بھروسہ میں مسلسل اضافے، خالص سپریڈز میں بہتری اور اثاثہ جات سے آمدن میں اضافے کی وجہ سے حاصل ہوئی۔

بہتر ڈپازٹس پر فائل اور قابل قبول رسک پروفائل کے قرضوں کے بہتر مواقع کی تلاش سے موثر انداز میں خالص سپریڈز کے انتظام اور اضافے کے ساتھ مضحکم مالیاتی کارکردگی کا حصول ہماری کاوشوں کا محور رہے گا۔ خدمات کا معیار ہماری اولین ترجیح رہے گی جس کا مقصد ہمارے موجودہ اور متوقع صارفین کو ڈیجیٹل اور بینک لوجی پر مبنی پیشکش کے ساتھ یکساں معیار کا تجربہ فراہم کرنا ہے۔

بورڈ کی جانب سے، ہم اپنے گراں قدر صارفین کی طرف سے عسکری براڈ کی مسلسل سرپرستی کے لیے مدد ملنے سے مشکور ہیں۔ ہم ٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کییشن آف پاکستان اور دیگر ریگولیشن اور اتھارٹیز کی طرف سے رہنمائی اور اعانت کے لیے شکر ادا کرتے ہیں۔ ہم اپنے ملازمین کی انتھک محنت اور لگن کے بھی شکر مند ہیں، جو ہمارے لیے ان کا مہم جوئی کا باعث بنی۔

دستخط

دستخط

لیفٹیننٹ جنرل سید طارق ندیم گیلانی

عابد سار

ہدایت (ملٹری) (ریٹائرڈ)

صدر چیف ایگزیکٹو

چیئر مین بورڈ آف ڈائریکٹرز

راولپنڈی

22 اگست 2019



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Askari Bank Limited
Report on review of Unconsolidated Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Askari Bank Limited (the Bank) as at June 30, 2019 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity and the notes to the financial statements for the half year then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the three months ended June 30, 2019 and June 30, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.

- sd -

Chartered Accountants
Islamabad: August 22, 2019

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60/ 2604934-37; Fax: +92 (51) 2277924, 2206473; <www.pwc.com/pk>*

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2019

		(Un-audited)	(Audited)
		June 30, 2019	December 31, 2018
	Note	(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks	6	68,755,599	49,187,645
Balances with other banks	7	3,175,315	4,093,402
Lendings to financial institutions	8	3,878,985	-
Investments	9	280,521,623	260,233,987
Advances	10	370,623,189	343,107,147
Fixed assets	11	20,032,503	12,791,827
Intangible assets	12	826,860	741,361
Assets held for sale		80,720	80,720
Deferred tax assets	13	3,875,012	3,773,779
Other assets	14	38,048,300	32,522,174
		789,818,106	706,532,042
LIABILITIES			
Bills payable	15	14,811,134	15,512,880
Borrowings	16	60,447,371	52,702,323
Deposits and other accounts	17	638,549,655	573,635,856
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	9,992,800	9,993,600
Deferred tax liabilities		-	-
Other liabilities	19	30,619,146	21,178,476
		754,420,106	673,023,135
NET ASSETS		35,398,000	33,508,907
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		18,700,872	15,543,179
Surplus on revaluation of assets - net of tax	20	1,332,996	1,649,197
Unappropriated profit		2,761,530	3,713,929
		35,398,000	33,508,907

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the half year ended June 30, 2019

	Note	For the quarter ended		For the half year ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Rupees in thousand)			
Mark-up / return / interest earned	23	15,944,842	9,987,133	30,206,700	19,120,494
Mark-up / return / interest expensed	24	10,807,280	5,283,729	19,350,386	10,187,990
Net mark-up / interest income		5,137,562	4,703,404	10,856,314	8,932,504
Non mark-up / interest income					
Fee and commission income	25	968,677	779,235	1,813,091	1,471,360
Dividend income		89,061	77,320	146,286	114,718
Foreign exchange income		845,001	619,932	1,242,423	943,945
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	3,031	41,574	37,310	134,477
Other income	27	100,497	129,796	149,766	179,585
Total non-markup / interest income		2,006,267	1,647,857	3,388,876	2,844,085
Total income		7,143,829	6,351,261	14,245,190	11,776,589
Non mark-up / interest expenses					
Operating expenses	28	4,482,923	3,888,195	8,757,364	7,703,608
Workers' Welfare Fund		15,534	42,324	31,042	87,324
Other charges	29	10,699	63	32,908	296
Total non-markup / interest expenses		4,509,156	3,930,582	8,821,314	7,791,228
Profit before provisions		2,634,673	2,420,679	5,423,876	3,985,361
Provisions and write offs - net	30	586,759	156,376	238,736	(402,493)
Extraordinary / unusual items		-	-	-	-
Profit before taxation		2,047,914	2,264,303	5,185,140	4,387,854
Taxation	31	754,966	1,122,911	2,063,027	1,866,235
Profit after taxation		1,292,948	1,141,392	3,122,113	2,521,619
		(Rupees)		(Rupees)	
Basic earnings per share	32	1.03	0.91	2.48	2.00

The annexed notes 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the half year ended June 30, 2019

	For the quarter ended		For the half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in thousand)			
Profit after taxation	1,292,948	1,141,392	3,122,113	2,521,619
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	149,421	75,072	79,601	76,235
Movement in deficit on revaluation of investments - net of tax	(733,466)	(517,807)	(293,044)	(1,380,124)
	(584,045)	(442,735)	(213,443)	(1,303,889)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	240,683	17,693	240,683	17,693
Movement in revaluation of non-banking assets - net of tax	(23,157)	-	(23,157)	-
Total comprehensive income	<u>926,429</u>	<u>716,350</u>	<u>3,126,196</u>	<u>1,235,423</u>

The annexed notes 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the half year ended June 30, 2019

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
						Investments	Fixed / Non banking assets		
Balance as at January 1, 2018	12,602,602	123,847	234,669	7,808,891	3,673,350	390,491	4,751,763	2,849,878	32,435,491
Impact of IFRS 9 of Wholesale Bank Branch	-	(850)	-	-	(219,026)	-	-	-	(219,876)
Balance as at January 1, 2018 after impact of IFRS 9 of Wholesale Bank Branch	12,602,602	122,997	234,669	7,808,891	3,454,324	390,491	4,751,763	2,849,878	32,215,615
Total comprehensive income for the half year ended June 30, 2018									
Net profit for the half year ended June 30, 2018	-	-	-	-	-	-	-	2,521,619	2,521,619
Other comprehensive income related to equity	-	76,235	-	-	-	(1,380,124)	-	17,693	(1,286,196)
	-	76,235	-	-	-	(1,380,124)	-	2,539,312	1,235,423
Transfer to Statutory reserve	-	-	-	504,324	-	-	-	(504,324)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	105,282	105,282
Transfer to General reserve	-	-	-	-	2,849,878	-	-	(2,849,878)	-
Balance as at June 30, 2018	12,602,602	199,232	234,669	8,313,215	6,304,202	(989,633)	4,751,763	2,140,270	33,556,320
Total comprehensive income for the six months ended December 31, 2018									
Net profit for the six months ended December 31, 2018	-	-	-	-	-	-	-	1,909,659	1,909,659
Other comprehensive income related to equity	-	109,929	-	-	-	(3,107,890)	994,957	(14,598)	(2,017,602)
	-	109,929	-	-	-	(3,107,890)	994,957	1,895,061	(107,943)
Transfer to Statutory reserve	-	-	-	381,932	-	-	-	(381,932)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	60,530	60,530
Balance as at December 31, 2018	12,602,602	309,161	234,669	8,695,147	6,304,202	(4,097,523)	5,746,720	3,713,929	33,508,907
Total comprehensive income for the half year ended June 30, 2019									
Net profit for the half year ended June 30, 2019	-	-	-	-	-	-	-	3,122,113	3,122,113
Other comprehensive income related to equity	-	79,601	-	-	-	(293,044)	(23,157)	240,683	4,083
	-	79,601	-	-	-	(293,044)	(23,157)	3,362,796	3,126,196
Transfer to Statutory reserve	-	-	-	624,423	-	-	-	(624,423)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	23,157	23,157
Transfer to General reserve	-	-	-	-	2,453,669	-	-	(2,453,669)	-
Transaction with owners, recorded directly in equity									
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at June 30, 2019	12,602,602	388,762	234,669	9,319,570	8,757,871	(4,390,567)	5,723,563	2,761,530	35,398,000

The annexed notes 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is licensed under the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 2019. The ultimate parent of the Bank is Fauji Foundation. The Bank has 516 branches (December 31, 2018: 516 branches); 515 in Pakistan and Azad Jammu and Kashmir (including 94 (December 31, 2018: 94) Islamic Banking branches and 43 (December 31, 2018: 43) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of:

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

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

- 2.2 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2018.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2018.

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

IFRS - 16 Leases became effective for annual reporting periods beginning on or after January 1, 2019. The impact of the adoption of IFRS - 16 Leases on the Bank's unconsolidated condensed interim financial statements is disclosed in note 3.3.2.

In addition, there are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or not to have any significant impact on the Bank's financial statements.

3.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

- a) The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
IFRS 3 Business Combinations (Amendments)	January 1, 2020
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

- b) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

	Effective date (annual periods ending on or after)
IFRS 9 Financial Instruments	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan and Azad Jammu and Kashmir operations of the Bank in preparation of these unconsolidated condensed interim financial statements.

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard.

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

3.3 Change in accounting policy

3.3.1 The SBP, vide BPRD Circular Letter No. 5 dated March 22, 2019 amended the format of condensed interim financial statements of banks. Accordingly, the Bank has prepared these unconsolidated condensed interim financial statements on the new format prescribed by the SBP. The amended format introduced certain new disclosures and certain reclassification have been made in the unconsolidated condensed interim profit and loss account which are summarized below:

Reclassification from account head	Reclassification to account head	For the period ended June 30	
		2019	2018
Other income	Provision and writeoffs - net	51,334	83,727
Other provisions / writeoff	Provision and writeoffs - net	32,044	-

3.3.2 During the period, IFRS 16 - Leases became applicable to the Banks. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases - Incentive, and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS - 16 Leases introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS - 16 Leases from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as is permitted under the specific transitional provisions in the standard.

On adoption of IFRS - 16 Leases, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured at the present value of remaining lease payment, discounted using the Bank's contract wise incremental borrowing rate as at January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	<u>June 30, 2019</u>	<u>January 1, 2019</u>
	(Rupees in thousand)	
Total lease liability recognised	7,252,418	7,578,841

On adoption of IFRS 16 - Leases, the associated ROU assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the unconsolidated statement of financial position immediately before the date of initial application.

The ROU assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(un-audited)	
	June 30, 2019	January 1, 2019
The recognised ROU assets relate to the following type of asset:		
Property	7,427,071	8,312,292

The effect of this change in accounting policy is as follows:

	(un-audited)	
	June 30, 2019	January 1, 2019
	(Rupees in thousand)	
Impact on Statement of Financial Position		
Increase in fixed assets - ROU assets	7,427,071	8,312,292
Decrease in other assets - Advances, deposits, advance rent and other prepayments	(596,127)	(733,451)
Increase in other assets - Advance taxation	164,362	-
	6,995,306	7,578,841
Increase in other liabilities - lease liability against ROU assets	(7,252,418)	(7,578,841)
Increase in exchange translation reserve	33	-
Decrease in net assets	(257,079)	-

Impact on Profit and Loss account

	For the half year ended June 30, 2019
	(Rupees in thousand)
Increase in markup expense - lease liability against ROU assets	(483,276)
(Increase) / decrease in operating expenses	
- Depreciation on ROU assets	(709,595)
- Rent expense	722,008
Termination of lease contracts under IFRS - 16 Leases	49,422
Decrease in profit before tax	(421,441)
Decrease in tax	164,362
Decrease in profit after tax	(257,079)

Earnings per share for the half year ended June 30, 2019 are Rs 0.20 per share lower as a result of the adoption of IFRS - 16 Leases.

While implementing IFRS 16 - Leases, the Bank has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Bank has opted not to recognise ROU assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	10,743,872	10,368,791
Foreign currencies	2,564,343	1,935,969
	<u>13,308,215</u>	<u>12,304,760</u>
With the State Bank of Pakistan in:		
Local currency current accounts	38,078,181	24,210,710
Foreign currency current account	3,345,879	2,829,226
Foreign currency deposit account	9,332,059	7,946,957
	<u>50,756,119</u>	<u>34,986,893</u>
With National Bank of Pakistan in:		
Local currency current accounts	2,607,039	1,883,326
Prize Bonds	2,084,226	12,666
	<u>68,755,599</u>	<u>49,187,645</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	533,925	354,396
In deposit accounts	338	291
	<u>534,263</u>	<u>354,687</u>
Outside Pakistan		
In current accounts	917,645	1,047,160
In deposit accounts	1,723,416	2,691,565
	<u>2,641,061</u>	<u>3,738,725</u>
Provision under IFRS 9 related to WBB	(9)	(10)
	<u>3,175,315</u>	<u>4,093,402</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	3,878,985	-
Purchase under resale arrangement of equity securities	148,606	148,606
	<u>4,027,591</u>	<u>148,606</u>
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	<u>3,878,985</u>	<u>-</u>

8.1 Category of classification

Domestic

Loss

June 30, 2019 (Un-audited)		December 31, 2018 - (Audited)	
Classified lending	Provision held	Classified lending	Provision held
(Rupees in thousand)			
<u>148,606</u>	<u>148,606</u>	<u>148,606</u>	<u>148,606</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

9. INVESTMENTS

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in thousand)								
9.1 Investments by type:								
Held for trading securities								
Shares	64,924	-	(2,603)	62,321	-	-	-	-
	64,924	-	(2,603)	62,321	-	-	-	-
Available for sale securities								
Federal Government Securities	215,807,267	(11,688)	(6,382,154)	209,413,425	244,060,807	(41,600)	(6,125,979)	237,893,228
Shares	6,744,400	(2,149,358)	(282,710)	4,312,332	5,898,588	(1,437,160)	(153,307)	4,308,121
Units of open end mutual funds	1,032,012	(12,981)	(133,062)	885,969	1,032,012	(2,376)	(58,190)	971,446
Fully paid preference shares	27,314	(9,189)	39,570	57,695	27,314	(7,139)	39,570	59,745
Non Government Debt Securities	7,147,727	(1,507,996)	1,518	5,641,249	6,957,717	(1,540,848)	(480)	5,416,389
Foreign securities	165,935	(2,593)	2,120	165,462	421,818	(2,659)	(5,496)	413,663
	230,924,655	(3,693,805)	(6,754,718)	220,476,132	258,398,256	(3,031,782)	(6,303,882)	249,062,592
Held to maturity securities								
Federal Government Securities	60,138,949	(155,779)	-	59,983,170	11,293,815	(122,420)	-	11,171,395
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
	60,248,949	(265,779)	-	59,983,170	11,403,815	(232,420)	-	11,171,395
Total investments	291,238,528	(3,959,584)	(6,757,321)	280,521,623	269,802,071	(3,264,202)	(6,303,882)	260,233,987

(Un-audited)
June 30,
2019

(Audited)
December 31,
2018

(Rupees in thousand)

9.1.1 Investments given as collateral

The market value of investments given as collateral is as follows:

Market Treasury Bills	19,022,569	12,793,905
Pakistan Investment Bonds	1,998,452	-
Euro Bonds	1,746,809	3,381,368
Bahrain International Bonds	168,055	144,747
Srilankan Investment Bonds	-	277,070
Sukuks	9,020,168	8,369,037
	<u>31,956,053</u>	<u>24,966,127</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	3,264,202	2,042,279
Provision under IFRS 9 related to WBB	-	173,151
Opening balance after IFRS 9 impact of WBB	3,264,202	2,215,430
Exchange adjustments	23,297	-
Charge / (reversals)		
Charge for the period / year	724,855	1,331,427
Reversal of provision under IFRS 9 related to WBB	(19,917)	(6,472)
Reversals for the period / year	(32,853)	(268,539)
Reversal on disposals	-	(7,644)
	<u>672,085</u>	<u>1,048,772</u>
Closing balance	<u>3,959,584</u>	<u>3,264,202</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

9.2.2 Particulars of provision against debt securities

Category of classification	June 30, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	NPL	Provision	NPL	Provision
	(Rupees in thousand)			
Domestic				
Loss	1,617,996	1,788,056	1,650,848	1,817,527

9.3 The market value of securities classified as held to maturity as at June 30, 2019 is Rs. 59,506,691 thousand (December 31, 2018: Rs. 11,029,123 thousand).

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)					
Loans, cash credits, running finances, etc.	299,941,541	279,232,463	26,050,256	26,166,223	325,991,797	305,398,686
Islamic financing and related assets	48,669,446	46,583,103	596,229	435,096	49,265,675	47,018,199
Bills discounted and purchased	21,133,089	16,786,319	60,406	55,767	21,193,495	16,842,086
Advances - gross	369,744,076	342,601,885	26,706,891	26,657,086	396,450,967	369,258,971
Provision against advances						
- Specific	-	-	(24,694,769)	(25,113,169)	(24,694,769)	(25,113,169)
- General	(1,133,009)	(1,038,655)	-	-	(1,133,009)	(1,038,655)
Advances - net of provision	368,611,067	341,563,230	2,012,122	1,543,917	370,623,189	343,107,147

10.1 Particulars of advances (Gross)

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
In local currency	375,056,133	347,815,947
In foreign currencies	21,394,834	21,443,024
	396,450,967	369,258,971

10.2 Advances include Rs. 26,706,891 thousand (December 31, 2018: Rs. 26,657,086 thousand) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	Non Performing loans	Provision	Non Performing loans	Provision
	(Rupees in thousand)			
Domestic				
Other Assets Especially Mentioned - note 10.2.1	200,611	-	90,038	1,883
Substandard	353,934	51,955	286,591	23,421
Doubtful	1,098,434	426,203	429,231	187,411
Loss	25,053,912	24,216,611	25,851,226	24,900,454
	26,706,891	24,694,769	26,657,086	25,113,169

10.2.1 This represents classification for Agricultural, Mortgage and Small Entities finances.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

10.3 Particulars of provision against advances

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in thousand)							
Opening balance	25,113,169	498,429	540,226	26,151,824	24,962,069	236,940	447,575	25,646,584
Provision under IFRS 9 related to WBB	-	-	-	-	-	164,947	-	164,947
Opening balance after IFRS 9 impact of WBB	25,113,169	498,429	540,226	26,151,824	24,962,069	401,887	447,575	25,811,531
Exchange adjustment	-	25,925	-	25,925	-	-	-	-
Charge for the period / year	557,693	17,046	70,299	645,038	2,413,023	81,302	102,568	2,596,893
Provision under IFRS 9 related to WBB	-	(15,882)	-	(15,882)	-	16,119	-	16,119
Reversal for the period / year	(976,093)	(2,108)	(926)	(979,127)	(2,134,869)	(879)	(9,917)	(2,145,665)
	(418,400)	(944)	69,373	(349,971)	278,154	96,542	92,651	467,347
Amounts written off	-	-	-	-	-	-	-	-
Amounts charged off- agriculture financing	-	-	-	-	(127,054)	-	-	(127,054)
Closing balance	24,694,769	523,410	609,599	25,827,778	25,113,169	498,429	540,226	26,151,824

10.3.1 The net Forced Sales Value (FSV) benefit already availed has been reduced by Rs. 26,811 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 26,811 thousand (June 30, 2018: higher by Rs. 82,934 thousand) and Rs. 17,427 thousand (June 30, 2018: higher by Rs. 53,907) respectively. Further, at June 30, 2019, cumulative net of tax benefit availed for FSV was Rs. 580,641 thousand (December 31, 2018: Rs. 598,068 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.3.2 The Bank has availed the relaxation of Rs. 10,088,740 thousand (December 31, 2018: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

(Un-audited) June 30, 2019	(Audited) December 31, 2018
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11. FIXED ASSETS

Capital work-in-progress - note 11.1
Property and equipment - note 11.2

(Rupees in thousand)	
74,604	53,738
19,957,899	12,738,089
<u>20,032,503</u>	<u>12,791,827</u>

11.1 This represents advances to suppliers and contractors.

11.2 This includes right of use assets amounting to Rs 7,427,071 thousand due to adoption of IFRS - 16 Leases as explained in note 3.3.2.

11.3 Additions to fixed assets

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

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
Capital work-in-progress	20,866	(2,836)
Property and equipment		
Building on leasehold	18,032	-
Renovation of premises	62,483	119,087
Furniture, fixtures and office equipment	48,719	55,991
Carpets	4,221	5,845
Machine and equipments	107,668	178,342
Computer equipments	77,326	15,410
Vehicles	6,543	3,896
	324,992	378,571
Right of use assets under IFRS - 16 Leases	467,106	-
Total	<u>812,964</u>	<u>375,735</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
11.4 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Renovation of premises	11,125	2,246
Furniture, fixtures and office equipment	3,950	3,951
Carpets	345	599
Machine and equipments	5,920	4,722
Vehicles	-	20
Total	<u>21,340</u>	<u>11,538</u>
	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
12. INTANGIBLE ASSETS		
Computer software	761,301	704,885
Less: Provision against intangibles	(14,603)	(24,404)
	746,698	680,481
Capital work in progress	80,162	60,880
	<u>826,860</u>	<u>741,361</u>
	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Capital work-in-progress	19,282	15,918
Directly purchased	157,360	7,034
Total	<u>176,642</u>	<u>22,952</u>
	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Post retirement employee benefits	34,003	163,600
- Deficit on revaluation of investments	2,364,151	2,206,359
- Impact under IFRS 9 related to WBB	121,871	121,871
- Provision against advances, off balance sheet	1,568,007	1,568,007
	4,088,032	4,059,837
Taxable temporary differences on		
- Accelerated tax depreciation	(213,020)	(286,058)
	<u>(213,020)</u>	<u>(286,058)</u>
	<u>3,875,012</u>	<u>3,773,779</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
14. OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	12,847,832	9,793,092
Income / mark-up accrued in foreign currencies	502,632	477,756
Advances, deposits, advance rent and other prepayments	606,375	1,321,871
Advance taxation (payments less provisions)	6,010,638	5,918,572
Non banking assets acquired in satisfaction of claims	3,093,769	3,201,319
Branch adjustment account	381,006	-
Mark to market gain on forward foreign exchange contracts - net	2,173,700	607,925
Suspense account	311,805	48,637
Stationary and stamps in hand	186,395	105,007
Dividend receivable	46,318	1,139
Acceptances	9,288,250	8,735,265
Receivable from defined benefit plan	168,291	-
Others	585,208	472,257
	<u>36,202,219</u>	<u>30,682,840</u>
Provision held against other assets - note 14.1	(227,907)	(257,811)
Other assets - net of provision	<u>35,974,312</u>	<u>30,425,029</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>2,073,988</u>	<u>2,097,145</u>
Other assets - total	<u><u>38,048,300</u></u>	<u><u>32,522,174</u></u>
14.1 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	139,207	142,470
Non-banking assets acquired in satisfaction of claims	15,952	15,952
Suspense account	34,408	34,408
Provision under IFRS 9 related to WBB	-	447
Others	38,340	64,534
	<u>227,907</u>	<u>257,811</u>
14.1.1 Movement in provision held against other assets		
Opening balance	257,811	272,565
Provision under IFRS 9 related to WBB	-	149
Opening balance after IFRS 9 impact of WBB	257,811	272,714
Charge for the period / year	63	230
Provision under IFRS 9 related to WBB	-	298
Reversals for the period / year	(22,305)	(15,431)
Amounts written off / adjustments	(7,662)	-
	<u>(29,904)</u>	<u>(14,903)</u>
Closing balance	<u>227,907</u>	<u>257,811</u>
15. BILLS PAYABLE		
In Pakistan	<u>14,811,134</u>	<u>15,512,880</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	13,497,909	12,455,680
Long term financing facility	6,116,021	6,281,267
Financing facility for storage of agricultural produce	4,167	5,833
Renewable energy financing facility	441,975	224,077
Refinance from SBP - credit guarantee scheme for women entrepreneurs	750	-
	20,060,822	18,966,857
Repurchase agreement borrowings:		
Financial Institutions	29,297,327	20,766,755
Refinance from Pakistan Mortgage Refinance Company	1,986,516	1,000,000
Total secured	51,344,665	40,733,612
Unsecured		
Call borrowings	7,555,326	10,851,663
Overdrawn nostro accounts	1,547,380	1,117,048
Total unsecured	9,102,706	11,968,711
	60,447,371	52,702,323

June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in thousand)					

17. DEPOSITS AND OTHER ACCOUNTS

Customers

Current accounts	166,522,433	18,920,784	185,443,217	152,097,142	16,648,265	168,745,407
Savings deposits	295,668,142	37,551,488	333,219,630	284,295,933	30,842,212	315,138,145
Fixed deposits	104,515,044	6,856,907	111,371,951	80,061,600	5,961,134	86,022,734
	566,705,619	63,329,179	630,034,798	516,454,675	53,451,611	569,906,286

Financial institutions

Current accounts	1,200,764	12,600	1,213,364	840,366	-	840,366
Savings deposits	1,959,893	-	1,959,893	1,451,157	-	1,451,157
Fixed deposits	5,341,600	-	5,341,600	1,438,047	-	1,438,047
	8,502,257	12,600	8,514,857	3,729,570	-	3,729,570
	575,207,876	63,341,779	638,549,655	520,184,245	53,451,611	573,635,856

(Un-audited) June 30, 2019	(Audited) December 31, 2018
(Rupees in thousand)	

18. SUBORDINATED DEBTS

Term Finance Certificates - V	3,992,800	3,993,600
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
	9,992,800	9,993,600

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

18.1 The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - V	Term Finance Certificates - VI (ADT-1)
Outstanding amount	Rupees 3,993 million	Rupees 6,000 million
Issue amount	Rupees 4,000 million	Rupees 6,000 million
Issue date	September 30, 2014	July 03, 2018
Maturity Date	September 29, 2024	Perpetual
Rating	AA-	AA-
Security	Unsecured	Unsecured
Listing	Unlisted	Unlisted
Profit payment frequency	Payable six monthly	Payable six monthly
Redemption	6-108th month: 0.36% 109-120th month: 99.64%	Perpetual
Profit Rate	Base Rate plus 1.20%	Base Rate plus 1.50%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.
Lock-in-clause	Neither profit nor principal will be payable (even at maturity), if such payment will result in a short fall in the Bank's Minimum Capital Requirement or Capital Adequacy Ratio or results in an increase in any existing shortfall in Minimum Capital Requirement or Capital Adequacy Ratio.	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cummulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.
Loss absorption clause	The instrument will be subject to Loss Absorbency under SBP's Basel III Circular.	The instrument will be subject to loss absorption if Bank's Common Equity Tier (CET-1) ratio falls to or below 6.625% of Risk Weighted Assets or at the option of SBP.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,656,045	3,167,365
Mark-up / return / interest payable in foreign currencies	152,581	166,309
Unearned commission and income on bills discounted	993,634	558,086
Accrued expenses	1,320,167	1,125,210
Advance payments	461,675	439,176
Acceptances	9,288,250	8,735,265
Dividends payable	142,836	127,053
Branch adjustment account	-	310,170
Payable to defined benefit plan	-	52,851
Security deposit against lease / Ijarah financing	4,497,763	4,473,848
Withholding taxes payable	158,783	134,361
Federal excise duty payable	53,879	68,562
Workers' Welfare Fund	161,042	130,000
Switch fee payable	1,064,704	747,778
Provision against off-balance sheet obligations - note 19.1	108,025	108,025
Lease liability against ROU assets as per IFRS - 16 Leases - note 3.3.2	7,252,418	-
Others	1,307,344	834,417
	<u>30,619,146</u>	<u>21,178,476</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	108,025	6,116
Charge for the period / year	-	101,909
Closing balance	<u>108,025</u>	<u>108,025</u>
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	(6,754,718)	(6,303,882)
- Fixed Assets	3,649,575	3,649,575
- Non-banking assets acquired in satisfaction of claims	2,073,988	2,097,145
	(1,031,155)	(557,162)
Deferred tax on deficit on revaluation of:		
- Available for sale securities	2,364,151	2,206,359
	<u>1,332,996</u>	<u>1,649,197</u>
21. CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 21.1	191,567,055	177,859,159
- Commitments - note 21.2	322,268,176	311,761,473
- Other contingent liabilities - note 21.3	728,968	792,879
	<u>514,564,199</u>	<u>490,413,511</u>
21.1 Guarantees		
Financial guarantees	4,167,596	3,841,612
Performance guarantees	118,975,875	114,818,848
Other guarantees	68,423,584	59,198,699
	<u>191,567,055</u>	<u>177,859,159</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

(Un-audited) June 30, 2019	(Audited) December 31, 2018
(Rupees in thousand)	

21.2 Commitments

Documentary credits and short-term trade-related transactions

- letters of credit

187,881,080	212,101,045
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Commitments in respect of:

- forward foreign exchange contracts - note 21.2.1

89,330,397	58,918,497
------------	------------

- forward lending - note 21.2.2

44,791,123	40,682,738
------------	------------

Commitments for acquisition of:

- fixed assets

35,093	28,565
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- intangible assets

230,483	30,628
---------	--------

322,268,176	311,761,473
-------------	-------------

21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase

55,025,990	36,434,542
------------	------------

Sale

34,304,407	22,483,955
------------	------------

89,330,397	58,918,497
------------	------------

The above commitments have maturities falling within one year.

21.2.2 Commitments in respect of forward lending

Forward repurchase agreement lending

29,432,006	20,806,907
------------	------------

Undrawn commitments

15,359,117	19,875,831
------------	------------

44,791,123	40,682,738
------------	------------

21.3 Other contingent liabilities

These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.

728,968	792,879
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22. DERIVATIVE INSTRUMENTS

The Bank at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
23. MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	18,741,402	10,121,655
Investments	10,138,990	8,753,049
Lendings to financial institutions	97,174	40,161
Balances with banks	68,623	52,244
Securities purchased under resale agreements	1,160,511	153,385
	<u>30,206,700</u>	<u>19,120,494</u>
24. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	17,112,352	9,246,692
Borrowings	1,170,906	723,128
Subordinated debts	583,852	218,170
Interest expense on lease liability against ROU assets	483,276	-
	<u>19,350,386</u>	<u>10,187,990</u>
25. FEE AND COMMISSION INCOME		
Branch banking customer fees	265,633	196,105
Consumer finance related fees	55,825	39,295
Card related fees (debit and credit cards)	426,156	413,416
Credit related fees	64,205	58,922
Investment banking fees	91,411	55,906
Commission on trade	325,628	291,722
Commission on guarantees	269,944	235,126
Commission on remittances including home remittances	194,981	24,911
Commission on bancassurance	75,915	116,343
Others	43,393	39,614
	<u>1,813,091</u>	<u>1,471,360</u>
26. GAIN ON SECURITIES		
Realised - note 26.1	39,913	134,477
Unrealised - note 9.1	(2,603)	-
	<u>37,310</u>	<u>134,477</u>
26.1 Realised gain / (loss) on:		
Federal Government Securities	32,108	135,338
Shares	7,717	(27,459)
Non Government Debt Securities	88	1,680
Mutual Funds	-	24,918
	<u>39,913</u>	<u>134,477</u>
27. OTHER INCOME		
Rent of property	1,262	3,575
Loss on sale of fixed assets	(13,795)	(1,046)
Rent of lockers	20,354	19,469
Gain on sale of non banking assets	2,452	78,508
Recovery of expenses from customers	90,071	79,079
Termination of lease contracts under IFRS - 16 Leases	49,422	-
	<u>149,766</u>	<u>179,585</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
28. OPERATING EXPENSES		
Total compensation expenses	4,521,057	4,123,169
Property expense		
Rent and taxes	169,840	863,081
Insurance	72,502	47,097
Utilities cost	249,993	218,462
Security (including guards)	245,500	274,427
Repair & maintenance (including janitorial charges)	112,164	107,141
Depreciation on ROU assets	709,595	-
Depreciation	221,024	211,346
	1,780,618	1,721,554
Information technology expenses		
Software maintenance	144,350	113,919
Hardware maintenance	14,653	19,969
Depreciation	96,334	93,128
Amortisation	101,395	97,833
Network charges	87,070	87,581
	443,802	412,430
Other operating expenses		
Directors' fees, allowances	4,844	2,644
Fees and allowances to Shariah Board	2,908	2,040
Rent, taxes, insurance etc.	105,403	91,484
Legal and professional charges	48,833	54,528
Travelling, conveyance and entertainment	525,104	456,308
Brokerage and commission	38,611	26,927
NIFT clearing charges	30,026	24,758
Repair and maintenance	131,336	114,355
Communications	229,274	192,573
Stationery and printing	133,378	102,043
Marketing, advertisement and publicity	63,565	59,123
Donations	-	857
Auditors' remuneration	12,726	7,240
Depreciation	193,968	205,285
Security service charges	106,985	86,903
Training and development	9,267	7,160
Premium paid to Deposit Protection Corporation	207,662	-
Other expenditure	167,997	12,227
	2,011,887	1,446,455
	<u>8,757,364</u>	<u>7,703,608</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

29. This includes penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
30. PROVISIONS AND WRITE OFFS - NET		
Provision for diminution in value of investments	672,085	163,065
Provision against loans and advances	(349,971)	(481,831)
Reversal of provision against fixed assets	(9,801)	-
Reversal of provision against other assets	(22,243)	-
Recovery of written off / charged off bad debts	(51,334)	(83,727)
	<u>238,736</u>	<u>(402,493)</u>
31. TAXATION		
Current	2,058,151	1,233,947
Prior years	77,915	1,700,489
Deferred	(73,039)	(1,068,201)
	<u>2,063,027</u>	<u>1,866,235</u>
32. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>3,122,113</u>	<u>2,521,619</u>
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>2.48</u>	<u>2.00</u>

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately.

33. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the 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 loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4 to the unconsolidated financial statements for the year ended December 31, 2018.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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

33.1 Fair value of financial assets

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association.

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

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

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

	June 30, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	209,413,425	-	209,413,425
Shares	4,068,973	-	305,680	4,374,653
Units of open end mutual funds	-	885,969	-	885,969
Fully paid preference shares	57,695	-	-	57,695
Non Government Debt Securities	-	993,703	4,647,546	5,641,249
Foreign securities	-	165,462	-	165,462
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	59,983,170	-	59,983,170
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,025,990	-	55,025,990
Forward sale of foreign exchange	-	34,304,407	-	34,304,407
Forward agreements for borrowing	-	-	29,432,006	29,432,006
	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	237,893,228	-	237,893,228
Shares	4,002,441	-	305,680	4,308,121
Units of open end mutual funds	-	971,446	-	971,446
Fully paid preference shares	59,745	-	-	59,745
Non Government Debt Securities	-	1,210,281	4,206,108	5,416,389
Foreign securities	-	413,663	-	413,663
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	11,171,395	-	11,171,395
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	36,434,542	-	36,434,542
Forward sale of foreign exchange	-	22,483,955	-	22,483,955
Forward agreements for borrowing	-	-	20,806,907	20,806,907

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 such transfer takes place. There were no transfers between levels 1 and 2 during the year.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
	Level 3	Level 3
33.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	8,084,238	8,084,238
Other assets		
Non-banking assets acquired in satisfaction of claims	5,167,757	5,298,464

34. SEGMENT INFORMATION

34.1 Segment details with respect to Business Activities

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

For the half year ended June 30, 2019 (Un-audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Profit and loss								
Net mark-up / return / profit	(10,989,484)	9,438,035	9,976,595	1,417,195	1,436,676	315,624	(738,327)	10,856,314
Inter segment revenue - net	19,255,816	(7,323,088)	(11,496,905)	(942,943)	-	-	507,120	-
Non mark-up / return / interest income	1,018,598	792,862	1,252,087	117,182	135,494	11,369	61,284	3,388,876
Total income	<u>9,284,930</u>	<u>2,907,809</u>	<u>(268,223)</u>	<u>591,434</u>	<u>1,572,170</u>	<u>326,993</u>	<u>(169,923)</u>	<u>14,245,190</u>
Segment direct expenses	4,947,787	184,107	100,277	366,125	971,922	44,354	1,862,563	8,477,135
Inter segment expense allocation	20,074	255,219	-	49,956	-	-	18,930	344,179
Total expenses	<u>4,967,861</u>	<u>439,326</u>	<u>100,277</u>	<u>416,081</u>	<u>971,922</u>	<u>44,354</u>	<u>1,881,493</u>	<u>8,821,314</u>
Provisions	(310,234)	(198,525)	724,127	41,247	45,913	(36,264)	(27,528)	238,736
Profit before tax	<u>4,627,303</u>	<u>2,667,008</u>	<u>(1,092,627)</u>	<u>134,106</u>	<u>554,335</u>	<u>318,903</u>	<u>(2,023,888)</u>	<u>5,185,140</u>

June 30, 2019 (Un-audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Statement of financial position								
Cash and bank balances	25,793,232	1,292,894	39,550,238	-	5,103,291	164,692	26,567	71,930,914
Investments	-	8,973,713	248,385,693	-	7,802,562	14,226,925	1,132,730	280,521,623
Lendings to financial institutions	-	-	-	-	1,878,985	-	2,000,000	3,878,985
Advances - performing - net of provision	41,720,761	240,391,080	-	19,478,794	48,634,061	11,575,121	6,811,250	368,611,067
Advances - non-performing - net of provision	921,384	707,554	-	215,274	167,910	-	-	2,012,122
Others	10,463,208	4,866,945	6,250,768	665,963	6,152,791	197,319	34,266,401	62,863,395
Total Assets	<u>78,898,585</u>	<u>256,232,186</u>	<u>294,186,699</u>	<u>20,360,031</u>	<u>69,739,600</u>	<u>26,164,057</u>	<u>44,236,948</u>	<u>789,818,106</u>
Borrowings	4,574,920	14,405,970	20,998,440	1,986,516	6,379,933	10,554,213	1,547,379	60,447,371
Subordinated debts	-	-	-	-	-	-	9,992,800	9,992,800
Deposits and other accounts	507,067,724	76,949,784	-	38,324	54,048,837	369,992	74,994	638,549,655
Net inter segment balances - net	(453,925,959)	156,190,765	272,493,273	16,811,650	-	12,796,165	(4,365,894)	-
Others	21,181,900	8,685,667	694,986	1,523,541	4,578,378	1,130,042	7,635,766	45,430,280
Total liabilities	<u>78,898,585</u>	<u>256,232,186</u>	<u>294,186,699</u>	<u>20,360,031</u>	<u>65,007,148</u>	<u>24,850,412</u>	<u>14,885,045</u>	<u>754,420,106</u>
Equity	-	-	-	-	4,732,452	-	-	35,398,000
Total Equity and liabilities	<u>78,898,585</u>	<u>256,232,186</u>	<u>294,186,699</u>	<u>20,360,031</u>	<u>69,739,600</u>	<u>26,164,057</u>	<u>44,236,948</u>	<u>789,818,106</u>
Contingencies and commitments	<u>51,363,760</u>	<u>335,415,892</u>	<u>110,371,955</u>	<u>489,824</u>	<u>6,858,496</u>	<u>8,375,642</u>	<u>1,688,630</u>	<u>514,564,199</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

For the half year ended June 30, 2018 (Un-audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Profit and loss								
Net mark-up / return / profit	(6,131,748)	4,717,552	7,929,224	952,584	869,853	270,542	324,497	8,932,504
Inter segment revenue - net	11,574,085	(4,131,836)	(7,071,376)	(494,974)	-	-	124,101	-
Non mark-up / return / interest income	867,970	728,857	872,413	101,829	114,129	1,539	157,348	2,844,085
Total income	6,310,307	1,314,573	1,730,261	559,439	983,982	272,081	605,946	11,776,589
Segment direct expenses	4,499,646	178,531	86,263	306,151	879,676	41,541	1,476,931	7,468,739
Inter segment expense allocation	48,938	203,201	-	51,716	-	-	18,634	322,489
Total expenses	4,548,584	381,732	86,263	357,867	879,676	41,541	1,495,565	7,791,228
Provisions	274,554	(1,087,550)	366,291	16,182	23,198	-	4,832	(402,493)
Profit before tax	1,487,169	2,020,391	1,277,707	185,390	81,108	230,540	(894,451)	4,387,854

December 31, 2018 (Audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Statement of financial position								
Cash and bank balances	17,756,676	810,416	29,951,560	-	3,809,342	874,204	78,849	53,281,047
Investments	-	13,389,091	223,738,330	-	8,169,564	13,627,192	1,309,810	260,233,987
Advances - performing - net of provision	36,991,679	222,393,797	-	19,304,293	46,549,799	9,621,704	6,701,958	341,563,230
Advances - non-performing - net of provision	787,659	547,041	-	148,992	60,225	-	-	1,543,917
Others	2,291,938	10,957,788	3,457,096	585,079	2,173,734	189,483	30,254,743	49,909,861
Total Assets	57,827,952	248,098,133	257,146,986	20,038,364	60,762,664	24,312,583	38,345,360	706,532,042
Borrowings	4,373,261	13,569,235	12,789,274	1,000,000	8,999,361	10,854,144	1,117,048	52,702,323
Subordinated debts	-	-	-	-	-	-	9,993,600	9,993,600
Deposits and other accounts	453,347,498	77,602,229	-	29,564	42,338,600	272,887	45,078	573,635,856
Net inter segment balances - net	(411,927,869)	141,230,500	244,158,060	17,473,521	2,168,060	11,386,676	(4,488,948)	-
Others	12,035,062	15,696,169	199,652	1,535,279	3,071,189	1,039,532	3,114,473	36,691,356
Total liabilities	57,827,952	248,098,133	257,146,986	20,038,364	56,577,210	23,553,239	9,781,251	673,023,135
Equity	-	-	-	-	4,185,454	759,344	28,564,109	33,508,907
Total Equity and liabilities	57,827,952	248,098,133	257,146,986	20,038,364	60,762,664	24,312,583	38,345,360	706,532,042
Contingencies and commitments	66,477,246	336,263,368	71,602,764	515,246	5,934,661	8,011,980	1,608,246	490,413,511

35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at half year end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

Details of transactions with related parties and balances are as follows:

(Rupees in thousand)

	As at June 30, 2019 (Un-audited)						As at December 31, 2018 (Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship, having equity under 20%	Other Related Parties	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship, having equity under 20%	Other Related Parties
Investments												
Opening balance	-	-	-	-	49,133	-	-	-	-	-	217,634	-
Investment made during the period / year	-	-	-	-	157,904	-	-	-	-	-	154,796	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	(26,322)	-
Transfer in / (out) - net	-	-	-	-	306,002	300,000	-	-	-	-	(296,975)	-
Closing balance	-	-	-	-	513,039	300,000	-	-	-	-	49,133	-
Provision for diminution in value of investments	-	-	-	-	92,169	-	-	-	-	-	9,097	-
Advances												
Opening balance	9,581,279	451	332,540	-	3,803,463	-	781,073	695	397,255	-	3,797,303	-
Addition during the period / year	65,880,097	1,475	96,163	-	12,869,882	-	97,890,658	27,104	70,238	-	32,784,743	-
Repaid during the period / year	(65,951,758)	(1,728)	(40,494)	-	(12,691,863)	-	(89,098,452)	(63,482)	(74,429)	-	(31,663,208)	-
Transfer in / (out) - net	-	-	(2,560)	-	888,444	-	-	36,134	(60,524)	-	(1,115,375)	-
Closing balance	9,509,618	198	385,649	-	4,869,926	-	9,581,279	451	332,540	-	3,803,463	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets												
Interest / mark-up receivable	27,222	-	69,535	-	102,605	-	52,483	3,671	65,415	-	23,533	-
Receivable from staff retirement fund	-	-	-	-	-	168,291	-	-	-	-	-	-
Security deposits receivable	3,600	-	-	-	-	-	3,600	-	-	-	-	-
Advance rent	224	880	-	-	-	-	7,517	320	-	-	-	-
Acceptances	-	-	-	-	102,127	-	-	-	-	-	172,199	-
Assets held for sale - net of provision	-	-	-	80,720	-	-	-	-	-	80,720	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	1,000,000	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	(13,484)	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	1,000,000	-	-	-	-	-	-
Closing balance	-	-	-	-	-	1,986,516	-	-	-	-	-	-
Subordinated debt												
Opening balance	-	-	-	-	24,960	-	-	-	-	-	24,970	-
Issued / Purchased during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the period / year	-	-	-	-	(5)	-	-	-	-	-	(10)	-
Closing balance	-	-	-	-	24,955	-	-	-	-	-	24,960	-
Deposits and other accounts												
Opening balance	9,809,885	24,892	159,716	28,930	5,187,631	3,194,361	5,770,715	29,001	186,588	3,251	7,210,018	3,042,573
Received during the period / year	217,661,329	252,438	526,013	203,550	157,838,761	26,180,289	356,365,334	310,892	704,636	130,345	248,876,185	18,009,853
Withdrawn during the period / year	(218,524,946)	(160,105)	(537,231)	(146,776)	(148,809,902)	(25,075,653)	(352,326,164)	(299,993)	(676,343)	(104,666)	(251,057,728)	(17,858,065)
Transfer in / (out) - net	-	-	(212)	-	42,811	-	-	(15,008)	(55,165)	-	159,156	-
Closing balance	8,946,268	117,225	148,286	85,704	14,259,301	4,298,997	9,809,885	24,892	159,716	28,930	5,187,631	3,194,361
Other Liabilities												
Interest / mark-up payable	22,201	125	1,359	-	18,753	22,301	16,717	68	1,390	-	37,455	8,840
Acceptances	-	-	-	-	102,127	-	-	-	-	-	172,199	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	52,851
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	-
Security deposits payable	-	-	287	-	180,480	-	-	-	287	-	161,946	-
Others	2,052	-	-	-	-	-	3,084	-	-	-	-	-
Contingencies and Commitments												
Contingencies and Commitments	50,000	-	-	40,000	2,817,470	-	55,910	-	-	-	1,353,114	-

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2019

(Rupees in thousand)

	For the half year ended June 30, 2019 (Un-audited)						For the half year ended June 30, 2018 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship, having equity under 20%	Other Related Parties	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship, having equity under 20%	Other Related Parties
Income												
Mark-up / return / interest earned	90,418	23	8,631	-	268,034	-	23,317	1,948	6,253	-	148,756	-
Fee and commission received	41	-	-	14	8,462	-	42	-	-	-	10,697	-
Dividend income	-	-	-	-	227	-	-	-	-	-	4,132	-
Rent received	-	-	-	-	-	-	-	-	-	-	749	-
Expense												
Mark-up / return / interest expensed	296,567	1,113	3,470	306	443,145	250,064	274,560	206	2,602	-	269,636	93,046
Contribution to employees funds	-	-	-	-	-	284,454	-	-	-	-	-	253,938
Remuneration and allowances paid	-	-	233,809	-	-	2,908	-	-	223,591	-	-	2,040
Post employment Benefits	-	-	13,757	-	-	-	-	-	12,268	-	-	-
Fee and commission paid	-	-	-	-	-	23,390	-	-	-	-	236	9,533
Fee paid	-	4,844	-	-	-	-	-	2,644	-	-	-	-
Rent	11,397	496	-	-	-	-	11,688	451	-	-	-	-
Dividend paid	906,282	104	75	-	-	7,830	-	-	-	-	-	-

In addition to above, rent free sub-branch is operating at FFC head office, Sona Tower.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	30,543,067	28,990,178
Eligible Additional Tier 1 (ADT 1) Capital	5,839,489	5,736,610
Total Eligible Tier 1 Capital	36,382,556	34,726,788
Eligible Tier 2 Capital	4,920,262	5,075,159
Total Eligible Capital (Tier 1 + Tier 2)	41,302,818	39,801,947
Risk Weighted Assets (RWAs):		
Credit Risk	292,882,515	268,963,104
Market Risk	9,752,279	9,771,875
Operational Risk	39,356,590	39,356,590
Total	341,991,384	318,091,569
Common Equity Tier 1 Capital Adequacy ratio	8.93%	9.11%
Tier 1 Capital Adequacy Ratio	10.64%	10.92%
Total Capital Adequacy Ratio	12.08%	12.51%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	36,382,556	34,726,788
Total Exposures	1,210,229,388	1,157,808,940
Leverage Ratio	3.01%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	244,013,905	278,917,759
Total Net Cash Outflow	145,904,079	154,131,589
Liquidity Coverage Ratio	167.24%	180.96%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	624,385,326	584,918,449
Total Required Stable Funding	342,318,310	312,211,738
Net Stable Funding Ratio	182.40%	187.35%

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

37. ISLAMIC BANKING BUSINESS

The Bank is operating 94 Islamic banking branches including 3 sub-branches at six months ended June 30, 2019 as compared to 94 Islamic banking branches including 3 sub-branches at year ended December 31, 2018.

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
(Rupees in thousand)			
ASSETS			
Cash and balances with treasury banks		4,534,080	3,302,392
Balances with other banks		569,211	506,950
Due from financial institutions	37.1	1,878,985	-
Investments	37.2	7,802,562	8,169,564
Islamic financing and related assets	37.3	48,801,971	46,610,024
Fixed assets		2,016,659	547,807
Intangible assets		-	-
Due from head office		-	-
Other assets		4,136,132	1,625,927
Total assets		<u>69,739,600</u>	<u>60,762,664</u>
LIABILITIES			
Bills payable		799,607	757,821
Due to financial institutions		6,379,933	8,999,361
Deposits and other accounts	37.4	54,048,837	42,338,600
Due to head office		-	2,168,060
Subordinated debt		-	-
Other liabilities		3,778,772	2,313,368
		<u>65,007,149</u>	<u>56,577,210</u>
NET ASSETS		<u>4,732,451</u>	<u>4,185,454</u>
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		(37,644)	(30,306)
Unappropriated profit / (loss)	37.5	170,095	(384,240)
		<u>4,732,451</u>	<u>4,185,454</u>
CONTINGENCIES AND COMMITMENTS			
	37.6	<u>6,858,496</u>	<u>5,934,661</u>
Remuneration to Shariah Board		<u>2,908</u>	<u>4,940</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

The profit and loss account of the Bank's Islamic banking branches for the period ended June 30, 2019 is as follows:

	Note	(Un-audited)	
		Period ended June 30, 2019	Period ended June 30, 2018
(Rupees in thousand)			
Profit / return earned	37.8	3,088,324	1,563,550
Profit / return expensed	37.9	1,651,648	693,697
Net Profit / return		1,436,676	869,853
Other income			
Fee and Commission Income		93,875	83,280
Dividend Income		-	-
Foreign Exchange Income		19,977	10,134
Gain / (loss) on securities		-	-
Other Income		21,642	20,715
Total other income		135,494	114,129
Total Income		1,572,170	983,982
Other expenses			
Operating expenses		970,369	879,676
Workers' Welfare Fund		-	-
Other charges		1,553	-
Total other expenses		971,922	879,676
Profit before provisions		600,248	104,306
Provisions and write offs - net		45,913	23,198
Profit before taxation		554,335	81,108
		(Un-audited)	(Audited)
		June 30, 2019	December 31, 2018
		(Rupees in thousand)	

37.1 Due from financial institutions

Bai Muajjal Receiveable from State Bank of Pakistan in local currency	1,878,985	-
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June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in thousand)							

37.2 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks	1,000,000	-	(39,000)	961,000	5,539,756	-	(32,130)	5,507,626
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	1,031,054	-	-	1,031,054
	6,246,146	-	(39,000)	6,207,146	6,570,810	-	(32,130)	6,538,680

Non Government Debt Securities:

- Listed	175,000	-	1,356	176,356	210,000	-	1,824	211,824
- Unlisted	2,041,326	(622,266)	-	1,419,060	2,047,942	(628,882)	-	1,419,060
	2,216,326	(622,266)	1,356	1,595,416	2,257,942	(628,882)	1,824	1,630,884
Total investments	8,462,472	(622,266)	(37,644)	7,802,562	8,828,752	(628,882)	(30,306)	8,169,564

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

(Un-audited) (Audited)
June 30, December 31,
2019 2018
(Rupees in thousand)

37.3 Islamic financing and related assets

Ijarah	4,352,538	4,159,292
Murabaha - note 37.3.1	4,485,247	5,163,391
Musharaka	20,941,692	16,689,289
Diminishing musharaka	11,351,318	9,489,949
Salam	3,629,663	6,209,050
Istisna	2,672,509	2,128,828
Receivable against sale of istisna / salam inventory	435,000	-
Service ijarah	250,000	390,477
Other islamic modes (executive car finance - qarz-e-hasana)	77,670	74,351
Advances against islamic assets - note 37.3.2	187,922	1,919,753
Inventory related to islamic financing - note 37.3.3	882,116	793,819
Gross islamic financing and related assets	49,265,675	47,018,199
Less: provision against islamic financings		
- Specific	428,317	374,871
- General	35,387	33,304
	463,704	408,175
Islamic financing and related assets - net of provision	48,801,971	46,610,024

37.3.1 Includes advance against Murabaha of Rs. 930,317 thousand (December 31, 2018: Rs. 1,812,315 thousand).

37.3.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in thousand)					
June 30, 2019 (Un-audited)	187,922	-	-	-	-	187,922
December 31, 2018 (Audited)	303,763	-	1,615,990	-	-	1,919,753

37.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in thousand)					
June 30, 2019 (Un-audited)	-	-	-	108,790	773,326	882,116
December 31, 2018 (Audited)	-	-	-	126,178	667,641	793,819

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
37.4 Deposits and other accounts		
Customers		
Current deposits - non remunerative	16,995,585	14,940,668
Current deposits - remunerative	720,545	589,527
Savings deposits	20,041,264	19,290,437
Term deposits	10,191,384	6,395,547
Others	624,416	513,211
	<u>48,573,194</u>	<u>41,729,390</u>
Financial Institutions		
Current deposits - non remunerative	20,869	9,885
Savings deposits	1,320,274	474,325
Term deposits	4,134,500	125,000
	<u>5,475,643</u>	<u>609,210</u>
	<u>54,048,837</u>	<u>42,338,600</u>
37.5 Islamic banking business unappropriated profit / (loss)		
Opening balance	(384,240)	(616,817)
Add: Islamic banking profit for the period	554,335	232,577
Closing Balance	<u>170,095</u>	<u>(384,240)</u>
37.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	3,449,297	3,356,190
-Commitments	3,409,199	2,578,471
-Other contingent liabilities	-	-
	<u>6,858,496</u>	<u>5,934,661</u>
37.7 CHARITY FUND		
Opening balance	23,209	6,304
Additions during the period		
- Received from customers on delayed payments	39,604	24,659
- Non shariah compliant income	123	433
- Profit on charity account	6	3
- Others	27	59
	39,760	25,154
Payments / utilization during the period		
- Education	(220)	(1,139)
- Community welfare (provision of clean drinking water)	-	(1,850)
- Health	-	(4,233)
- Orphanage	-	(1,027)
	(220)	(8,249)
Closing balance	<u>62,749</u>	<u>23,209</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
37.8 Profit / return earned on financing, investments and placements		
Profit earned on:		
Financing	2,603,082	1,354,600
Investments	400,585	180,921
Placements	7,497	28,029
Lendings	77,160	-
	<u>3,088,324</u>	<u>1,563,550</u>
37.9 Profit on deposits and other dues expensed		
Deposits and other accounts	1,027,101	577,656
Due to financial institutions	452,665	88,406
Due to head office	79,719	27,634
Lease liability against ROU assets	92,163	-
	<u>1,651,648</u>	<u>693,696</u>

38. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 22, 2019.

39. GENERAL

39.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular Letter No.5 dated March 22, 2019 and related clarifications / modifications.

39.2 The comparative figures have been re-arranged and reclassified for comparison purposes. The significant reclassification has been disclosed in note 3.3.1 of these unconsolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2019

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks	6	68,755,599	49,187,645
Balances with other banks	7	3,175,315	4,093,402
Lendings to financial institutions	8	3,878,985	-
Investments	9	280,521,623	260,233,987
Advances	10	370,623,189	343,107,147
Fixed assets	11	20,032,503	12,791,827
Intangible assets	12	826,860	741,361
Deferred tax assets	13	3,875,012	3,773,779
Other assets	14	38,048,300	32,522,174
		<u>789,737,386</u>	<u>706,451,322</u>
Assets attributable to discontinued operations	15	223,663	214,757
		<u>789,961,049</u>	<u>706,666,079</u>
LIABILITIES			
Bills payable	16	14,811,134	15,512,880
Borrowings	17	60,447,371	52,702,323
Deposits and other accounts	18	638,463,946	573,596,926
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	9,992,800	9,993,600
Deferred tax liabilities		-	-
Other liabilities	20	30,619,146	21,178,476
		<u>754,334,397</u>	<u>672,984,205</u>
Liabilities associated with discontinued operations	15	90,250	81,513
		<u>754,424,647</u>	<u>673,065,718</u>
		<u>35,536,402</u>	<u>33,600,361</u>
NET ASSETS			
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		18,744,765	15,588,694
Surplus on revaluation of assets - net of tax			
Continued operations	21	1,332,996	1,649,197
Discontinued operations		38,586	5,723
Unappropriated profit		2,770,513	3,710,867
		<u>35,489,462</u>	<u>33,557,083</u>
Non-controlling interest		46,940	43,278
		<u>35,536,402</u>	<u>33,600,361</u>

CONTINGENCIES AND COMMITMENTS

22

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the half year ended June 30, 2019

	Note	For the quarter ended		For the half year ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Rupees in thousand)			
Mark-up / return / interest earned	24	15,944,842	9,987,133	30,206,700	19,120,494
Mark-up / return / interest expensed	25	10,807,280	5,283,729	19,350,386	10,187,990
Net mark-up / interest income		5,137,562	4,703,404	10,856,314	8,932,504
Non mark-up / interest income					
Fee and commission income	26	968,677	779,235	1,813,091	1,471,360
Dividend income		89,061	77,320	146,286	114,718
Foreign exchange income		845,001	619,932	1,242,423	943,945
Income / (loss) from derivatives		-	-	-	-
Gain on securities	27	3,031	41,574	37,310	134,477
Other income	28	100,497	129,796	149,766	179,585
Total non-markup / interest income		2,006,267	1,647,857	3,388,876	2,844,085
Total income		7,143,829	6,351,261	14,245,190	11,776,589
Non mark-up / interest expenses					
Operating expenses	29	4,482,923	3,888,195	8,757,364	7,703,608
Workers' Welfare Fund		15,534	42,324	31,042	87,324
Other charges	30	10,699	63	32,908	296
Total non-markup / interest expenses		4,509,156	3,930,582	8,821,314	7,791,228
Profit before provisions		2,634,673	2,420,679	5,423,876	3,985,361
Provisions and write offs - net	31	586,759	156,376	238,736	(402,493)
Extraordinary / unusual items		-	-	-	-
Profit before taxation		2,047,914	2,264,303	5,185,140	4,387,854
Taxation	32	754,966	1,122,911	2,063,027	1,866,235
Profit after taxation - continued operations		1,292,948	1,141,392	3,122,113	2,521,619
Profit / (loss) after taxation - discontinued operations		114	(1,360)	9,730	(4,271)
		1,293,062	1,140,032	3,131,843	2,517,348
Attributable to:					
Equity holders of the Bank		1,293,032	1,140,228	3,129,313	2,518,301
Non-controlling interest		30	(196)	2,530	(953)
		1,293,062	1,140,032	3,131,843	2,517,348
		(Rupees)		(Rupees)	
Basic earnings per share	33	1.03	0.90	2.48	2.00

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

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Chairman

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

For the half year ended June 30, 2019

	For the quarter ended		For the half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in thousand)			
Profit after taxation	1,293,062	1,140,032	3,131,843	2,517,348
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	149,421	75,072	79,601	76,235
Movement in deficit on revaluation of investments - net of tax	(733,466)	(517,807)	(293,044)	(1,380,124)
Discontinued operations	(7,819)	(9,874)	32,863	(4,248)
	(591,864)	(452,609)	(180,580)	(1,308,137)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	240,683	17,693	240,683	17,693
Movement in revaluation of non-banking assets - net of tax	(23,157)	-	(23,157)	-
Total comprehensive income	<u>918,724</u>	<u>705,116</u>	<u>3,168,789</u>	<u>1,226,904</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	920,727	707,879	3,157,715	1,228,961
Non-controlling interest	(2,003)	(2,763)	11,074	(2,057)
	<u>918,724</u>	<u>705,116</u>	<u>3,168,789</u>	<u>1,226,904</u>
Total comprehensive income arises from:				
Continued operations	926,429	716,350	3,126,196	1,235,423
Discontinued operations	(7,705)	(11,234)	42,593	(8,519)
	<u>918,724</u>	<u>705,116</u>	<u>3,168,789</u>	<u>1,226,904</u>

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

- sd -
President & Chief Executive

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Chief Financial Officer

- sd -
Director

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Director

- sd -
Chairman

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

For the half year ended June 30, 2019

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of			Un-appropriated profit / (loss)	Sub-total	Non-controlling interest	Total
						Investments						
						Continued operations	Discontinued operations	Fixed / Non banking assets				
Balance as at January 1, 2018	12,602,602	123,847	234,669	7,808,891	3,864,856	390,491	19,877	4,751,763	2,703,887	32,500,883	44,353	32,545,236
Impact of IFRS 9 of Wholesale Bank Branch	-	(850)	-	-	(219,026)	-	-	-	-	(219,876)	-	(219,876)
Balance as at January 1, 2018 after impact of IFRS 9 of Wholesale Bank Branch	12,602,602	122,997	234,669	7,808,891	3,645,830	390,491	19,877	4,751,763	2,703,887	32,281,007	44,353	32,325,360
Total comprehensive income for the half year ended June 30, 2018												
Net profit for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	2,518,301	2,518,301	(953)	2,517,348
Other comprehensive income related to equity	-	76,235	-	-	-	(1,380,124)	(4,248)	-	17,693	(1,290,444)	-	(1,290,444)
Transfer to Statutory reserve	-	76,235	-	504,324	-	(1,380,124)	(4,248)	-	2,535,994	1,227,857	(953)	1,226,904
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(504,324)	-	-	-
Transfer to General reserve	-	-	-	-	2,703,887	-	-	-	105,282	105,282	-	105,282
Transfer to General reserve	-	-	-	-	-	-	-	-	(2,703,887)	-	-	-
Balance as at June 30, 2018	12,602,602	199,232	234,669	8,313,215	6,349,717	(989,633)	15,629	4,751,763	2,136,952	33,614,146	43,400	33,657,546
Total comprehensive income for the six months ended December 31, 2018												
Net profit for the six months ended December 31, 2018	-	-	-	-	-	-	-	-	1,911,009	1,911,009	262	1,911,271
Other comprehensive income related to equity	-	109,929	-	-	-	(3,107,890)	(9,906)	994,957	(15,692)	(2,028,602)	(384)	(2,028,986)
Transfer to Statutory reserve	-	109,929	-	381,932	-	(3,107,890)	(9,906)	994,957	1,895,317	(117,593)	(122)	(117,715)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(381,932)	-	-	-
Transfer to General reserve	-	-	-	-	-	-	-	-	60,530	60,530	-	60,530
Balance as at December 31, 2018	12,602,602	309,161	234,669	8,695,147	6,349,717	(4,097,523)	5,723	5,746,720	3,710,867	33,557,083	43,278	33,600,361
Impact of IFRS 9 of discontinued operations	-	-	-	-	-	-	-	-	3,223	3,223	1,132	4,355
Total comprehensive income for the half year ended June 30, 2019												
Net profit for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	3,129,313	3,129,313	2,530	3,131,843
Other comprehensive income related to equity	-	79,601	-	-	-	(293,044)	32,863	(23,157)	240,683	36,946	-	36,946
Transfer to Statutory reserve	-	79,601	-	625,863	-	(293,044)	32,863	(23,157)	3,369,996	3,166,259	2,530	3,168,789
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(625,863)	-	-	-
Transfer to General reserve	-	-	-	-	-	-	-	-	23,157	23,157	-	23,157
Transfer to General reserve	-	-	-	-	2,450,607	-	-	-	(2,450,607)	-	-	-
Transaction with owners, recorded directly in equity												
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Balance as at June 30, 2019	12,602,602	388,762	234,669	9,321,010	8,800,324	(4,390,567)	38,586	5,723,563	2,770,513	35,489,462	46,940	35,536,402

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a partly owned subsidiary.
- 1.2 Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is licensed under the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 2019. The ultimate parent of the Bank is Fauji Foundation. The Bank has 516 branches (December 31, 2018: 516 branches); 515 in Pakistan and Azad Jammu and Kashmir (including 94 (December 31, 2018: 94) Islamic Banking branches and 43 (December 31, 2018: 43) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.
- 1.3 Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Bank holds 74% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of:

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

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

- 2.2 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended December 31, 2018.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2018.

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

IFRS - 16 Leases became effective for annual reporting periods beginning on or after January 1, 2019. The impact of the adoption of IFRS - 16 Leases on the Group's consolidated condensed interim financial statements is disclosed in note 3.3.2.

In addition, there are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or not to have any significant impact on the Group's financial statements.

3.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

- a) The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
IFRS 3 Business Combinations (Amendments)	January 1, 2020
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

- b) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Group.

	Effective date (annual periods ending on or after)
IFRS 9 Financial Instruments	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan and Azad Jammu and Kashmir operations of the Group in preparation of these consolidated condensed interim financial statements.

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Group which are exposed to credit risk. The Group is in the process of assessing the full impact of this standard.

The Group expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

3.3 Change in accounting policy

3.3.1 The SBP, vide BPRD Circular Letter No. 5 dated March 22, 2019 amended the format of condensed interim financial statements of banks. Accordingly, the Group has prepared these consolidated condensed interim financial statements on the new format prescribed by the SBP. The amended format introduced certain new disclosures and certain reclassification have been made in the consolidated condensed interim profit and loss account which are summarized below:

Reclassification from account head	Reclassification to account head	For the period ended June 30	
		2019	2018
		(Rupees in thousand)	
Other income	Provision and writeoffs - net	51,334	83,727
Other provisions / writeoff	Provision and writeoffs - net	32,044	-

3.3.2 During the period, IFRS 16 - Leases became applicable to the Banks. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases - Incentive, and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS - 16 Leases introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Group has adopted IFRS - 16 Leases from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as is permitted under the specific transitional provisions in the standard.

On adoption of IFRS - 16 Leases, the Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured at the present value of remaining lease payment, discounted using the Bank's contract wise incremental borrowing rate as at January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	June 30, 2019	January 1, 2019
	(Rupees in thousand)	
Total lease liability recognised	7,252,418	7,578,841

On adoption of IFRS - 16 Leases, the associated ROU assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the consolidated statement of financial position immediately before the date of initial application.

The ROU assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

The recognised ROU assets relate to the following type of asset:

Property

(un-audited)	
June 30, 2019	January 1, 2019
(Rupees in thousand)	
7,427,071	8,312,292

The effect of this change in accounting policy is as follows:

Impact on Statement of Financial Position

Increase in fixed assets - ROU assets

Decrease in other assets - Advances, deposits,
advance rent and other prepayments

Increase in other assets - Advance taxation

Increase in other liabilities - lease liability against ROU assets

Increase in exchange translation reserve

Decrease in net assets

(un-audited)	
June 30, 2019	January 1, 2019
(Rupees in thousand)	
7,427,071	8,312,292
(596,127)	(733,451)
164,362	-
6,995,306	7,578,841
(7,252,418)	(7,578,841)
33	-
(257,079)	-

Impact on Profit and Loss account

Increase in markup expense - lease liability against ROU assets
(Increase) / decrease in operating expenses

- Depreciation on ROU assets

- Rent expense

Termination of lease contracts under IFRS - 16 Leases

Decrease in profit before tax

Decrease in tax

Decrease in profit after tax

For the half year ended
June 30, 2019

(Rupees in thousand)

(483,276)

(709,595)

722,008

49,422

(421,441)

164,362

(257,079)

Earnings per share for the half year ended June 30, 2019 are Rs 0.20 per share lower as a result of the adoption of IFRS - 16 Leases.

While implementing IFRS - 16 Leases, the Group has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Group has opted not to recognise ROU assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of consolidated financial statements of the Group for the year ended December 31, 2018.

5. FINANCIAL RISK MANAGEMENT

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	10,743,872	10,368,791
Foreign currencies	2,564,343	1,935,969
	<u>13,308,215</u>	<u>12,304,760</u>
With the State Bank of Pakistan in:		
Local currency current accounts	38,078,181	24,210,710
Foreign currency current account	3,345,879	2,829,226
Foreign currency deposit account	9,332,059	7,946,957
	<u>50,756,119</u>	<u>34,986,893</u>
With National Bank of Pakistan in:		
Local currency current accounts	2,607,039	1,883,326
Prize Bonds	2,084,226	12,666
	<u>68,755,599</u>	<u>49,187,645</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	533,925	354,396
In deposit accounts	338	291
	<u>534,263</u>	<u>354,687</u>
Outside Pakistan		
In current accounts	917,645	1,047,160
In deposit accounts	1,723,416	2,691,565
	<u>2,641,061</u>	<u>3,738,725</u>
Provision under IFRS 9 related to WBB	(9)	(10)
	<u>3,175,315</u>	<u>4,093,402</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	3,878,985	-
Purchase under resale arrangement of equity securities	148,606	148,606
	<u>4,027,591</u>	<u>148,606</u>
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	<u>3,878,985</u>	<u>-</u>

8.1 Category of classification

Domestic

Loss

June 30, 2019 (Un-audited)		December 31, 2018 - (Audited)	
Classified lending	Provision held	Classified lending	Provision held
(Rupees in thousand)			
148,606	148,606	148,606	148,606

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

9. INVESTMENTS

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in thousand)								
9.1 Investments by type:								
Held for trading securities								
Shares	64,924	-	(2,603)	62,321	-	-	-	-
	64,924	-	(2,603)	62,321	-	-	-	-
Available for sale securities								
Federal Government Securities	215,807,267	(11,688)	(6,382,154)	209,413,425	244,060,807	(41,600)	(6,125,979)	237,893,228
Shares	6,744,400	(2,149,358)	(282,710)	4,312,332	5,898,588	(1,437,160)	(153,307)	4,308,121
Units of open end mutual funds	1,032,012	(12,981)	(133,062)	885,969	1,032,012	(2,376)	(58,190)	971,446
Fully paid preference shares	27,314	(9,189)	39,570	57,695	27,314	(7,139)	39,570	59,745
Non Government Debt Securities	7,147,727	(1,507,996)	1,518	5,641,249	6,957,717	(1,540,848)	(480)	5,416,389
Foreign securities	165,935	(2,593)	2,120	165,462	421,818	(2,659)	(5,496)	413,663
	230,924,655	(3,693,805)	(6,754,718)	220,476,132	258,398,256	(3,031,782)	(6,303,882)	249,062,592
Held to maturity securities								
Federal Government Securities	60,138,949	(155,779)	-	59,983,170	11,293,815	(122,420)	-	11,171,395
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
	60,248,949	(265,779)	-	59,983,170	11,403,815	(232,420)	-	11,171,395
Total investments	291,238,528	(3,959,584)	(6,757,321)	280,521,623	269,802,071	(3,264,202)	(6,303,882)	260,233,987

(Un-audited)
June 30,
2019

(Audited)
December 31,
2018

(Rupees in thousand)

9.1.1 Investments given as collateral

The market value of investments given as collateral is as follows:

Market Treasury Bills	19,022,569	12,793,905
Pakistan Investment Bonds	1,998,452	-
Euro Bonds	1,746,809	3,381,368
Bahrain International Bonds	168,055	144,747
Srilankan Investment Bonds	-	277,070
Sukuks	9,020,168	8,369,037
	<u>31,956,053</u>	<u>24,966,127</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	3,264,202	2,042,279
Provision under IFRS 9 related to WBB	-	173,151
Opening balance after IFRS 9 impact of WBB	3,264,202	2,215,430
Exchange adjustments	23,297	-
Charge / (reversals)		
Charge for the period / year	724,855	1,331,427
Reversal of provision under IFRS 9 related to WBB	(19,917)	(6,472)
Reversals for the period / year	(32,853)	(268,539)
Reversal on disposals	-	(7,644)
	<u>672,085</u>	<u>1,048,772</u>
Closing balance	<u>3,959,584</u>	<u>3,264,202</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

9.2.2 Particulars of provision against debt securities

Category of classification	June 30, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	NPL	Provision	NPL	Provision
	(Rupees in thousand)			
Domestic				
Loss	1,617,996	1,788,056	1,650,848	1,817,527

9.3 The market value of securities classified as held to maturity as at June 30, 2019 is Rs. 59,506,691 thousand (December 31, 2018: Rs. 11,029,123 thousand).

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)					
Loans, cash credits, running finances, etc.	299,941,541	279,232,463	26,050,256	26,166,223	325,991,797	305,398,686
Islamic financing and related assets	48,669,446	46,583,103	596,229	435,096	49,265,675	47,018,199
Bills discounted and purchased	21,133,089	16,786,319	60,406	55,767	21,193,495	16,842,086
Advances - gross	369,744,076	342,601,885	26,706,891	26,657,086	396,450,967	369,258,971
Provision against advances						
- Specific	-	-	(24,694,769)	(25,113,169)	(24,694,769)	(25,113,169)
- General	(1,133,009)	(1,038,655)	-	-	(1,133,009)	(1,038,655)
Advances - net of provision	368,611,067	341,563,230	2,012,122	1,543,917	370,623,189	343,107,147

10.1 Particulars of advances (Gross)

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
In local currency	375,056,133	347,815,947
In foreign currencies	21,394,834	21,443,024
	396,450,967	369,258,971

10.2 Advances include Rs. 26,706,891 thousand (December 31, 2018: Rs. 26,657,086 thousand) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	Non Performing loans	Provision	Non Performing loans	Provision
	(Rupees in thousand)			
Domestic				
Other Assets Especially Mentioned - note 10.2.1	200,611	-	90,038	1,883
Substandard	353,934	51,955	286,591	23,421
Doubtful	1,098,434	426,203	429,231	187,411
Loss	25,053,912	24,216,611	25,851,226	24,900,454
	26,706,891	24,694,769	26,657,086	25,113,169

10.2.1 This represents classification for Agricultural, Mortgage and Small Entities finances.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

10.3 Particulars of provision against advances

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in thousand)							
Opening balance	25,113,169	498,429	540,226	26,151,824	24,962,069	236,940	447,575	25,646,584
Provision under IFRS 9 related to WBB	-	-	-	-	-	164,947	-	164,947
Opening balance after IFRS 9 impact of WBB	25,113,169	498,429	540,226	26,151,824	24,962,069	401,887	447,575	25,811,531
Exchange adjustment	-	25,925	-	25,925	-	-	-	-
Charge for the period / year	557,693	17,046	70,299	645,038	2,413,023	81,302	102,568	2,596,893
Provision under IFRS 9 related to WBB	-	(15,882)	-	(15,882)	-	16,119	-	16,119
Reversal for the period / year	(976,093)	(2,108)	(926)	(979,127)	(2,134,869)	(879)	(9,917)	(2,145,665)
	(418,400)	(944)	69,373	(349,971)	278,154	96,542	92,651	467,347
Amounts written off	-	-	-	-	-	-	-	-
Amounts charged off- agriculture financing	-	-	-	-	(127,054)	-	-	(127,054)
Closing balance	24,694,769	523,410	609,599	25,827,778	25,113,169	498,429	540,226	26,151,824

10.3.1 The net Forced Sales Value (FSV) benefit already availed has been reduced by Rs. 26,811 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 26,811 thousand (June 30, 2018: higher by Rs. 82,934 thousand) and Rs. 17,427 thousand (June 30, 2018: higher by 53,907) respectively. Further, at June 30, 2019, cumulative net of tax benefit availed for FSV was Rs. 580,641 thousand (December 31, 2018: Rs. 598,068 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.3.2 The Group has availed the relaxation of Rs.10,088,740 thousand (December 31, 2018: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

11. FIXED ASSETS

Capital work-in-progress - note 11.1
Property and equipment - note 11.2

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
	74,604	53,738
	19,957,899	12,738,089
	<u>20,032,503</u>	<u>12,791,827</u>

11.1 This represents advances to suppliers and contractors.

11.2 This includes right of use assets amounting to Rs 7,427,071 thousand due to adoption of IFRS - 16 Leases as explained in note 3.3.2

11.3 Additions to fixed assets

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

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
Capital work-in-progress	20,866	(2,836)
Property and equipment		
Building on leasehold	18,032	-
Renovation of premises	62,483	119,087
Furniture, fixtures and office equipment	48,719	55,991
Carpets	4,221	5,845
Machine and equipments	107,668	178,342
Computer equipments	77,326	15,410
Vehicles	6,543	3,896
	324,992	378,571
Right of use assets under IFRS - 16 Leases	467,106	-
Total	<u>812,964</u>	<u>375,735</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
11.4 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Renovation of premises	11,125	2,246
Furniture, fixtures and office equipment	3,950	3,951
Carpets	345	599
Machine and equipments	5,920	4,722
Vehicles	-	20
Total	21,340	11,538
	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
12. INTANGIBLE ASSETS		
Computer software	761,301	704,885
Less: Provision against intangibles	(14,603)	(24,404)
	746,698	680,481
Capital work in progress	80,162	60,880
	826,860	741,361
	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Capital work-in-progress	19,282	15,918
Directly purchased	157,360	7,034
Total	176,642	22,952
	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Post retirement employee benefits	34,003	163,600
- Deficit on revaluation of investments	2,364,151	2,206,359
- Impact under IFRS 9 related to WBB	121,871	121,871
- Provision against advances, off balance sheet	1,568,007	1,568,007
	4,088,032	4,059,837
Taxable temporary differences on		
- Accelerated tax depreciation	(213,020)	(286,058)
	(213,020)	(286,058)
	3,875,012	3,773,779

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
14. OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	12,847,832	9,793,092
Income / mark-up accrued in foreign currencies	502,632	477,756
Advances, deposits, advance rent and other prepayments	606,375	1,321,871
Advance taxation (payments less provisions)	6,010,638	5,918,572
Non banking assets acquired in satisfaction of claims	3,093,769	3,201,319
Branch adjustment account	381,006	-
Mark to market gain on forward foreign exchange contracts - net	2,173,700	607,925
Suspense account	311,805	48,637
Stationary and stamps in hand	186,395	105,007
Dividend receivable	46,318	1,139
Acceptances	9,288,250	8,735,265
Receivable from defined benefit plan	168,291	-
Others	585,208	472,257
	<u>36,202,219</u>	<u>30,682,840</u>
Provision held against other assets - note 14.1	(227,907)	(257,811)
Other assets - net of provision	<u>35,974,312</u>	<u>30,425,029</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>2,073,988</u>	<u>2,097,145</u>
Other assets - total	<u><u>38,048,300</u></u>	<u><u>32,522,174</u></u>
14.1 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	139,207	142,470
Non-banking assets acquired in satisfaction of claims	15,952	15,952
Suspense account	34,408	34,408
Provision under IFRS 9 related to WBB	-	447
Others	38,340	64,534
	<u>227,907</u>	<u>257,811</u>
14.1.1 Movement in provision held against other assets		
Opening balance	257,811	272,565
Provision under IFRS 9 related to WBB	-	149
Opening balance after IFRS 9 impact of WBB	257,811	272,714
Charge for the period / year	63	230
Provision under IFRS 9 related to WBB	-	298
Reversals for the period / year	(22,305)	(15,431)
Amounts written off / adjustments	(7,662)	-
	<u>(29,904)</u>	<u>(14,903)</u>
Closing balance	<u><u>227,907</u></u>	<u><u>257,811</u></u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

15. DISCONTINUED OPERATIONS

- 15.1 An analysis of the assets and liabilities attributable to discontinued operations as at the date of Statement of Financial Position is as follows:

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
15.1.1 Assets attributable to discontinued operations		
Cash and balances with treasury banks	-	-
Balances with other banks	36,985	69,943
Lendings to financial institutions	-	-
Investments	112,698	57,429
Advances	17,164	911
Fixed assets	5,737	4,238
Intangible assets	16,442	16,696
Deferred tax assets	-	-
Other assets	34,637	65,540
	<u>223,663</u>	<u>214,757</u>
Liabilities associated with discontinued operations		
Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Liabilities against assets subject to finance lease	-	-
Sub-ordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	90,250	81,513
	<u>90,250</u>	<u>81,513</u>
	<u><u>133,413</u></u>	<u><u>133,244</u></u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
15.1.2 Financial Performance		
Mark-up / return / interest earned	2,708	590
Mark-up / return / interest expensed	44	53
Net mark-up / interest income	<u>2,664</u>	<u>537</u>
Non mark-up / interest income		
Fee and commission income	13,572	16,559
Dividend income	1,404	80
Foreign exchange income	-	-
Income / (loss) from derivatives	-	-
Gain on securities	2,160	4,801
Other income	71	225
Total non-markup / interest income	<u>17,207</u>	<u>21,665</u>
Total income	<u>19,871</u>	<u>22,202</u>
Non mark-up / interest income		
Operating expenses	13,766	23,315
Workers' welfare fund	-	-
Other charges	-	-
Total non-markup / interest expenses	<u>13,766</u>	<u>23,315</u>
Profit before provisions	<u>6,105</u>	<u>(1,113)</u>
Provisions and write offs - net	-	-
Extraordinary / unusual items	-	-
Profit before taxation	<u>6,105</u>	<u>(1,113)</u>
Taxation	<u>3,625</u>	<u>(3,158)</u>
Profit after taxation	<u>9,730</u>	<u>(4,271)</u>
15.1.3 Other Comprehensive Income		
Profit after taxation	9,730	(4,271)
Movement in deficit on revaluation of investments - net of tax	<u>32,863</u>	<u>(4,248)</u>
	<u>42,593</u>	<u>(8,519)</u>
15.1.4 Cash Flow Information		
Net cash flows from operating activities	<u>56,295</u>	<u>37,208</u>
Net cash flows from investing activities	<u>(23,650)</u>	<u>(39,185)</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>
	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
16. BILLS PAYABLE		
In Pakistan	<u>14,811,134</u>	<u>15,512,880</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	13,497,909	12,455,680
Long term financing facility	6,116,021	6,281,267
Financing facility for storage of agricultural produce	4,167	5,833
Renewable energy financing facility	441,975	224,077
Refinance from SBP - credit guarantee scheme for women entrepreneurs	750	-
	20,060,822	18,966,857
Repurchase agreement borrowings:		
Financial Institutions	29,297,327	20,766,755
Refinance from Pakistan Mortgage Refinance Company	1,986,516	1,000,000
Total secured	51,344,665	40,733,612
Unsecured		
Call borrowings	7,555,326	10,851,663
Overdrawn nostro accounts	1,547,380	1,117,048
Total unsecured	9,102,706	11,968,711
	<u>60,447,371</u>	<u>52,702,323</u>

June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in thousand)					

18. DEPOSITS AND OTHER ACCOUNTS

Customers

Current accounts	166,522,433	18,920,784	185,443,217	152,097,142	16,648,265	168,745,407
Savings deposits	295,668,142	37,551,488	333,219,630	284,295,933	30,842,212	315,138,145
Fixed deposits	104,515,044	6,856,907	111,371,951	80,061,600	5,961,134	86,022,734
	566,705,619	63,329,179	630,034,798	516,454,675	53,451,611	569,906,286

Financial institutions

Current accounts	1,138,615	12,600	1,151,215	811,441	-	811,441
Savings deposits	1,936,333	-	1,936,333	1,441,152	-	1,441,152
Fixed deposits	5,341,600	-	5,341,600	1,438,047	-	1,438,047
	8,416,548	12,600	8,429,148	3,690,640	-	3,690,640
	<u>575,122,167</u>	<u>63,341,779</u>	<u>638,463,946</u>	<u>520,145,315</u>	<u>53,451,611</u>	<u>573,596,926</u>

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
19. SUBORDINATED DEBTS		
Term Finance Certificates - V	3,992,800	3,993,600
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
	<u>9,992,800</u>	<u>9,993,600</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

19.1 The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - V	Term Finance Certificates - VI (ADT-1)
Outstanding amount	Rupees 3,993 million	Rupees 6,000 million
Issue amount	Rupees 4,000 million	Rupees 6,000 million
Issue date	September 30, 2014	July 03, 2018
Maturity Date	September 29, 2024	Perpetual
Rating	AA-	AA-
Security	Unsecured	Unsecured
Listing	Unlisted	Unlisted
Profit payment frequency	Payable six monthly	Payable six monthly
Redemption	6-108th month: 0.36% 109-120th month: 99.64%	Perpetual
Profit Rate	Base Rate plus 1.20%	Base Rate plus 1.50%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.
Lock-in-clause	Neither profit nor principal will be payable (even at maturity), if such payment will result in a short fall in the Bank's Minimum Capital Requirement or Capital Adequacy Ratio or results in an increase in any existing shortfall in Minimum Capital Requirement or Capital Adequacy Ratio.	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cummulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.
Loss absorption clause	The instrument will be subject to Loss Absorbency under SBP's Basel III Circular.	The instrument will be subject to loss absorption if Bank's Common Equity Tier (CET-1) ratio falls to or below 6.625% of Risk Weighted Assets or at the option of SBP.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,656,045	3,167,365
Mark-up / return / interest payable in foreign currencies	152,581	166,309
Unearned commission and income on bills discounted	993,634	558,086
Accrued expenses	1,320,167	1,125,210
Advance payments	461,675	439,176
Acceptances	9,288,250	8,735,265
Dividends payable	142,836	127,053
Branch adjustment account	-	310,170
Payable to defined benefit plan	-	52,851
Security deposit against lease / Ijarah financing	4,497,763	4,473,848
Withholding taxes payable	158,783	134,361
Federal excise duty payable	53,879	68,562
Workers' Welfare Fund	161,042	130,000
Switch fee payable	1,064,704	747,778
Provision against off-balance sheet obligations - note 20.1	108,025	108,025
Lease liability against ROU assets as per IFRS - 16 Leases - note 3.3.2	7,252,418	-
Others	1,307,344	834,417
	<u>30,619,146</u>	<u>21,178,476</u>
20.1 Provision against off-balance sheet obligations		
Opening balance	108,025	6,116
Charge for the period / year	-	101,909
Closing balance	<u>108,025</u>	<u>108,025</u>
21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	(6,754,718)	(6,303,882)
- Fixed Assets	3,649,575	3,649,575
- Non-banking assets acquired in satisfaction of claims	2,073,988	2,097,145
	(1,031,155)	(557,162)
Deferred tax on deficit on revaluation of:		
- Available for sale securities	2,364,151	2,206,359
	<u>1,332,996</u>	<u>1,649,197</u>
22. CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 22.1	191,567,055	177,859,159
- Commitments - note 22.2	322,268,176	311,768,322
- Other contingent liabilities - note 22.3	728,968	792,879
	<u>514,564,199</u>	<u>490,420,360</u>
22.1 Guarantees		
Financial guarantees	4,167,596	3,841,612
Performance guarantees	118,975,875	114,818,848
Other guarantees	68,423,584	59,198,699
	<u>191,567,055</u>	<u>177,859,159</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
22.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	187,881,080	212,101,045
Commitments in respect of:		
- forward foreign exchange contracts - note 22.2.1	89,330,397	58,918,497
- forward lending - note 22.2.2	44,791,123	40,682,738
Commitments for acquisition of:		
- fixed assets	35,093	29,633
- intangible assets	230,483	30,628
Commitments in respect of future contract transactions of equity securities	-	5,781
	<u>322,268,176</u>	<u>311,768,322</u>
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	55,025,990	36,434,542
Sale	34,304,407	22,483,955
	<u>89,330,397</u>	<u>58,918,497</u>
The above commitments have maturities falling within one year.		
22.2.2 Commitments in respect of forward lending		
Forward repurchase agreement lending	29,432,006	20,806,907
Undrawn commitments	15,359,117	19,875,831
	<u>44,791,123</u>	<u>40,682,738</u>
22.3 Other contingent liabilities		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	728,968	792,879
	<u>728,968</u>	<u>792,879</u>
23. DERIVATIVE INSTRUMENTS		
The Group at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).		

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
24. MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	18,741,402	10,121,655
Investments	10,138,990	8,753,049
Lendings to financial institutions	97,174	40,161
Balances with banks	68,623	52,244
Securities purchased under resale agreements	1,160,511	153,385
	<u>30,206,700</u>	<u>19,120,494</u>
25. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	17,112,352	9,246,692
Borrowings	1,170,906	723,128
Subordinated debts	583,852	218,170
Interest expense on lease liability against ROU assets	483,276	-
	<u>19,350,386</u>	<u>10,187,990</u>
26. FEE AND COMMISSION INCOME		
Branch banking customer fees	265,633	196,105
Consumer finance related fees	55,825	39,295
Card related fees (debit and credit cards)	426,156	413,416
Credit related fees	64,205	58,922
Investment banking fees	91,411	55,906
Commission on trade	325,628	291,722
Commission on guarantees	269,944	235,126
Commission on remittances including home remittances	194,981	24,911
Commission on bancassurance	75,915	116,343
Others	43,393	39,614
	<u>1,813,091</u>	<u>1,471,360</u>
27. GAIN ON SECURITIES		
Realised - note 27.1	39,913	134,477
Unrealised - note 9.1	(2,603)	-
	<u>37,310</u>	<u>134,477</u>
27.1 Realised gain / (loss) on:		
Federal Government Securities	32,108	135,338
Shares	7,717	(27,459)
Non Government Debt Securities	88	1,680
Mutual Funds	-	24,918
	<u>39,913</u>	<u>134,477</u>
28. OTHER INCOME		
Rent of property	1,262	3,575
Loss on sale of fixed assets	(13,795)	(1,046)
Rent of lockers	20,354	19,469
Gain on sale of non banking assets	2,452	78,508
Recovery of expenses from customers	90,071	79,079
Termination of lease contracts under IFRS - 16 Leases	49,422	-
	<u>149,766</u>	<u>179,585</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
29. OPERATING EXPENSES		
Total compensation expenses	4,521,057	4,123,169
Property expense		
Rent and taxes	169,840	863,081
Insurance	72,502	47,097
Utilities cost	249,993	218,462
Security (including guards)	245,500	274,427
Repair & maintenance (including janitorial charges)	112,164	107,141
Depreciation on ROU assets	709,595	-
Depreciation	221,024	211,346
	1,780,618	1,721,554
Information technology expenses		
Software maintenance	144,350	113,919
Hardware maintenance	14,653	19,969
Depreciation	96,334	93,128
Amortisation	101,395	97,833
Network charges	87,070	87,581
	443,802	412,430
Other operating expenses		
Directors' fees, allowances	4,844	2,644
Fees and allowances to Shariah Board	2,908	2,040
Rent, taxes, insurance etc.	105,403	91,484
Legal and professional charges	48,833	54,528
Travelling, conveyance and entertainment	525,104	456,308
Brokerage and commission	38,611	26,927
NIFT clearing charges	30,026	24,758
Repair and maintenance	131,336	114,355
Communications	229,274	192,573
Stationery and printing	133,378	102,043
Marketing, advertisement and publicity	63,565	59,123
Donations	-	857
Auditors' remuneration	12,726	7,240
Depreciation	193,968	205,285
Security service charges	106,985	86,903
Training and development	9,267	7,160
Premium paid to Deposit Protection Corporation	207,662	-
Other expenditure	167,997	12,227
	2,011,887	1,446,455
	<u>8,757,364</u>	<u>7,703,608</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

30. This includes penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
	(Rupees in thousand)	
31. PROVISIONS AND WRITE OFFS - NET		
Provision for diminution in value of investments	672,085	163,065
Provision against loans and advances	(349,971)	(481,831)
Reversal of provision against fixed assets	(9,801)	-
Reversal of provision against other assets	(22,243)	-
Recovery of written off / charged off bad debts	(51,334)	(83,727)
	<u>238,736</u>	<u>(402,493)</u>
32. TAXATION		
Current	2,058,151	1,233,947
Prior years	77,915	1,700,489
Deferred	(73,039)	(1,068,201)
	<u>2,063,027</u>	<u>1,866,235</u>
33. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>3,129,313</u>	<u>2,518,301</u>
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>2.48</u>	<u>2.00</u>

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately.

34. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Group as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the 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 loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 4 to the consolidated financial statements for the year ended December 31, 2018.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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

34.1 Fair value of financial assets

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association.

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

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

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

June 30, 2019 (Un-audited)				
	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	209,413,425	-	209,413,425
Shares	4,068,973	-	305,680	4,374,653
Units of open end mutual funds	-	885,969	-	885,969
Fully paid preference shares	57,695	-	-	57,695
Non Government Debt Securities	-	993,703	4,647,546	5,641,249
Foreign securities	-	165,462	-	165,462
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	59,983,170	-	59,983,170
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,025,990	-	55,025,990
Forward sale of foreign exchange	-	34,304,407	-	34,304,407
Forward agreements for borrowing	-	-	29,432,006	29,432,006
December 31, 2018 (Audited)				
	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	237,893,228	-	237,893,228
Shares	4,002,441	-	305,680	4,308,121
Units of open end mutual funds	-	971,446	-	971,446
Fully paid preference shares	59,745	-	-	59,745
Non Government Debt Securities	-	1,210,281	4,206,108	5,416,389
Foreign securities	-	413,663	-	413,663
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	11,171,395	-	11,171,395
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	36,434,542	-	36,434,542
Forward sale of foreign exchange	-	22,483,955	-	22,483,955
Forward agreements for borrowing	-	-	20,806,907	20,806,907

The Group'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 such transfer takes place. There were no transfers between levels 1 and 2 during the year.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
	Level 3	Level 3
34.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	8,084,238	8,084,238
Other assets		
Non-banking assets acquired in satisfaction of claims	5,167,757	5,298,464

35. SEGMENT INFORMATION

35.1 Segment details with respect to Business Activities

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

For the half year ended June 30, 2019 (Un-audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Profit and loss								
Net mark-up / return / profit	(10,989,484)	9,438,035	9,976,595	1,417,195	1,436,676	315,624	(738,327)	10,856,314
Inter segment revenue - net	19,255,816	(7,323,088)	(11,496,905)	(942,943)	-	-	507,120	-
Non mark-up / return / interest income	1,018,598	792,862	1,252,087	117,182	135,494	11,369	61,284	3,388,876
Total income	9,284,930	2,907,809	(268,223)	591,434	1,572,170	326,993	(169,923)	14,245,190
Segment direct expenses	4,947,787	184,107	100,277	366,125	971,922	44,354	1,862,563	8,477,135
Inter segment expense allocation	20,074	255,219	-	49,956	-	-	18,930	344,179
Total expenses	4,967,861	439,326	100,277	416,081	971,922	44,354	1,881,493	8,821,314
Provisions	(310,234)	(198,525)	724,127	41,247	45,913	(36,264)	(27,528)	238,736
Profit before tax	4,627,303	2,667,008	(1,092,627)	134,106	554,335	318,903	(2,023,888)	5,185,140

June 30, 2019 (Un-audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Statement of financial position								
Cash and bank balances	25,793,232	1,292,894	39,550,238	-	5,103,291	164,692	26,567	71,930,914
Investments	-	8,973,713	248,385,693	-	7,802,562	14,226,925	1,132,730	280,521,623
Lendings to financial institutions	-	-	-	-	1,878,985	-	2,000,000	3,878,985
Advances - performing - net of provision	41,720,761	240,391,080	-	19,478,794	48,634,061	11,575,121	6,811,250	368,611,067
Advances - non-performing - net of provision	921,384	707,554	-	215,274	167,910	-	-	2,012,122
Others	10,463,208	4,866,945	6,250,768	665,963	6,152,791	197,319	34,185,681	62,782,675
Assets attributable to discontinued operations	78,898,585	256,232,186	294,186,699	20,360,031	69,739,600	26,164,057	44,156,228	789,737,386
Total Assets	78,898,585	256,232,186	294,186,699	20,360,031	69,739,600	26,164,057	44,379,891	789,961,049
Borrowings	4,574,920	14,405,970	20,998,440	1,986,516	6,379,933	10,554,213	1,547,379	60,447,371
Subordinated debts	-	-	-	-	-	-	9,992,800	9,992,800
Deposits and other accounts	506,982,015	76,949,784	-	38,324	54,048,837	369,992	74,994	638,463,946
Net inter segment balances - net	(453,840,250)	156,190,765	272,493,273	16,811,650	-	12,796,165	(4,451,603)	-
Others	21,181,900	8,685,667	694,986	1,523,541	4,578,378	1,130,042	7,635,766	45,430,280
Liabilities associated with discontinued operations	78,898,585	256,232,186	294,186,699	20,360,031	65,007,148	24,850,412	14,799,336	754,334,397
Total liabilities	78,898,585	256,232,186	294,186,699	20,360,031	65,007,148	24,850,412	14,889,586	754,424,647
Equity	-	-	-	-	4,732,452	1,313,645	29,490,305	35,536,402
Total Equity and liabilities	78,898,585	256,232,186	294,186,699	20,360,031	69,739,600	26,164,057	44,379,891	789,961,049
Contingencies and commitments	51,363,760	335,415,892	110,371,955	489,824	6,858,496	8,375,642	1,688,630	514,564,199

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

For the half year ended June 30, 2018 (Un-audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Profit and loss								
Net mark-up / return / profit	(6,131,748)	4,717,552	7,929,224	952,584	869,853	270,542	324,497	8,932,504
Inter segment revenue - net	11,574,085	(4,131,836)	(7,071,376)	(494,974)	-	-	124,101	-
Non mark-up / return / interest income	867,970	728,857	872,413	101,829	114,129	1,539	157,348	2,844,085
Total income	6,310,307	1,314,573	1,730,261	559,439	983,982	272,081	605,946	11,776,589
Segment direct expenses	4,499,646	178,531	86,263	306,151	879,676	41,541	1,476,931	7,468,739
Inter segment expense allocation	48,938	203,201	-	51,716	-	-	18,634	322,489
Total expenses	4,548,584	381,732	86,263	357,867	879,676	41,541	1,495,565	7,791,228
Provisions	274,554	(1,087,550)	366,291	16,182	23,198	-	4,832	(402,493)
Profit before tax	1,487,169	2,020,391	1,277,707	185,390	81,108	230,540	(894,451)	4,387,854

December 31, 2018 (Audited)

	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in thousand)							
Statement of financial position								
Cash and bank balances	17,756,676	810,416	29,951,560	-	3,809,342	874,204	78,849	53,281,047
Investments	-	13,389,091	223,738,330	-	8,169,564	13,627,192	1,309,810	260,233,987
Advances - performing - net of provision	36,991,679	222,393,797	-	19,304,293	46,549,799	9,621,704	6,701,958	341,563,230
Advances - non-performing - net of provision	787,659	547,041	-	148,992	60,225	-	-	1,543,917
Others	2,291,938	10,957,788	3,457,096	585,079	2,173,734	189,483	30,174,023	49,829,141
	57,827,952	248,098,133	257,146,986	20,038,364	60,762,664	24,312,583	38,264,640	706,451,322
Assets attributable to discontinued operations	-	-	-	-	-	-	214,757	214,757
Total Assets	57,827,952	248,098,133	257,146,986	20,038,364	60,762,664	24,312,583	38,479,397	706,666,079
Borrowings	4,373,261	13,569,235	12,789,274	1,000,000	8,999,361	10,854,144	1,117,048	52,702,323
Subordinated debts	-	-	-	-	-	-	9,993,600	9,993,600
Deposits and other accounts	453,308,568	77,602,229	-	29,564	42,338,600	272,887	45,078	573,596,926
Net inter segment balances - net	(411,888,939)	141,230,500	244,158,060	17,473,521	2,168,060	11,386,676	(4,527,878)	-
Others	12,035,062	15,696,169	199,652	1,535,279	3,071,189	1,039,532	3,114,473	36,691,356
	57,827,952	248,098,133	257,146,986	20,038,364	56,577,210	23,553,239	9,742,321	672,984,205
Liabilities associated with discontinued operations	-	-	-	-	-	-	81,513	81,513
Total liabilities	57,827,952	248,098,133	257,146,986	20,038,364	56,577,210	23,553,239	9,823,834	673,065,718
Equity	-	-	-	-	4,185,454	759,344	28,655,563	33,600,361
Total Equity and liabilities	57,827,952	248,098,133	257,146,986	20,038,364	60,762,664	24,312,583	38,479,397	706,666,079
Contingencies and commitments	66,477,246	336,263,368	71,602,764	515,246	5,934,661	8,011,980	1,615,095	490,420,360

36. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Group's share capital at half year end. The Group has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

Details of transactions with related parties and balances are as follows:

	As at June 30, 2019 (Un-audited)					As at December 31, 2018 (Audited)				
	Parent	Directors	Key management personnel	Companies with common directorship, having equity under 20%	Other Related Parties	Parent	Directors	Key management personnel	Companies with common directorship, having equity under 20%	Other Related Parties
(Rupees in thousand)										
Investments										
Opening balance	-	-	-	49,133	-	-	-	-	217,634	-
Investment made during the period / year	-	-	-	157,904	-	-	-	-	154,796	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	(26,322)	-
Transfer in / (out) - net	-	-	-	306,002	300,000	-	-	-	(296,975)	-
Closing balance	-	-	-	513,039	300,000	-	-	-	49,133	-
Provision for diminution in value of investments	-	-	-	92,169	-	-	-	-	9,097	-
Advances										
Opening balance	9,581,279	451	332,540	3,803,463	-	781,073	695	397,255	3,797,303	-
Addition during the period / year	65,880,097	1,475	96,163	12,869,882	-	97,898,658	27,104	70,238	32,784,743	-
Repaid during the period / year	(65,951,758)	(1,728)	(40,494)	(12,691,863)	-	(89,098,452)	(63,482)	(74,429)	(31,663,208)	-
Transfer in / (out) - net	-	-	(2,560)	888,444	-	-	36,134	(60,524)	(1,115,375)	-
Closing balance	9,509,618	198	385,649	4,869,926	-	9,581,279	451	332,540	3,803,463	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Interest / mark-up receivable	27,222	-	69,535	102,605	-	52,483	3,671	65,415	23,533	-
Receivable from staff retirement fund	-	-	-	-	168,291	-	-	-	-	-
Security deposits receivable	3,600	-	-	-	-	3,600	-	-	-	-
Advance rent	224	880	-	-	-	7,517	320	-	-	-
Acceptances	-	-	-	102,127	-	-	-	-	172,199	-
Assets held for sale - net of provision	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	1,000,000	-	-	-	-	-
Settled during the period / year	-	-	-	-	(13,484)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	1,000,000	-	-	-	-	-
Closing balance	-	-	-	-	1,986,516	-	-	-	-	-
Subordinated debt										
Opening balance	-	-	-	24,960	-	-	-	-	24,970	-
Issued / Purchased during the period / year	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the period / year	-	-	-	(5)	-	-	-	-	(10)	-
Closing balance	-	-	-	24,955	-	-	-	-	24,960	-
Deposits and other accounts										
Opening balance	9,809,885	24,892	159,716	5,187,631	3,194,361	5,770,715	29,001	186,588	7,210,018	3,042,573
Received during the period / year	217,661,329	252,438	526,013	157,838,761	26,180,289	356,365,334	310,892	704,636	248,876,185	18,009,853
Withdrawn during the period / year	(218,524,946)	(160,105)	(537,231)	(148,809,902)	(25,075,653)	(352,326,164)	(299,993)	(676,343)	(251,057,728)	(17,858,065)
Transfer in / (out) - net	-	-	(212)	42,811	-	-	(15,008)	(55,165)	159,156	-
Closing balance	8,946,268	117,225	148,286	14,259,301	4,298,997	9,809,885	24,892	159,716	5,187,631	3,194,361
Other Liabilities										
Interest / mark-up payable	22,201	125	1,359	18,753	22,301	16,717	68	1,390	37,455	8,840
Acceptances	-	-	-	102,127	-	-	-	-	172,199	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	52,851
Dividend payable	-	-	-	-	-	-	-	-	-	-
Security deposits payable	-	-	287	180,480	-	-	-	287	161,946	-
Others	2,052	-	-	-	-	3,084	-	-	-	-
Contingencies and Commitments										
Contingencies and Commitments	50,000	-	-	2,817,470	-	55,910	-	-	1,353,114	-

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Rupees in thousand)									
	For the half year ended June 30, 2019 (Un-audited)					For the half year ended June 30, 2018 (Un-audited)				
	Parent	Directors	Key management personnel	Companies with common directorship, having equity under 20%	Other Related Parties	Parent	Directors	Key management personnel	Companies with common directorship, having equity under 20%	Other Related Parties
Income										
Mark-up / return / interest earned	90,418	23	8,631	268,034	-	23,317	1,948	6,253	148,756	-
Fee and commission received	41	-	-	8,462	-	42	-	-	10,697	-
Dividend income	-	-	-	227	-	-	-	-	4,132	-
Rent received	-	-	-	-	-	-	-	-	749	-
Expense										
Mark-up / return / interest expensed	296,567	1,113	3,470	443,145	250,064	274,560	206	2,602	269,636	93,046
Contribution to employees funds	-	-	-	-	284,454	-	-	-	-	253,938
Remuneration and allowances paid	-	-	233,809	-	2,908	-	-	223,591	-	2,040
Post employment Benefits	-	-	13,757	-	-	-	-	12,268	-	-
Fee and commission paid	-	-	-	-	23,390	-	-	-	236	9,533
Fee paid	-	-	4,844	-	-	-	-	2,644	-	-
Rent	11,397	496	-	-	-	11,688	451	-	-	-
Dividend paid	906,282	104	75	-	7,830	-	-	-	-	-

In addition to above, rent free sub-branch is operating at FFC head office, Sona Tower.

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	30,601,228	29,036,877
Eligible Additional Tier 1 (ADT 1) Capital	5,839,489	5,747,573
Total Eligible Tier 1 Capital	36,440,717	34,784,450
Eligible Tier 2 Capital	4,920,261	5,064,335
Total Eligible Capital (Tier 1 + Tier 2)	41,360,978	39,848,785
Risk Weighted Assets (RWAs):		
Credit Risk	293,038,675	269,107,754
Market Risk	9,752,279	9,771,875
Operational Risk	39,361,691	39,361,691
Total	342,152,645	318,241,320
Common Equity Tier 1 Capital Adequacy ratio	8.94%	9.12%
Tier 1 Capital Adequacy Ratio	10.65%	10.93%
Total Capital Adequacy Ratio	12.09%	12.52%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	36,440,717	34,784,450
Total Exposures	1,210,377,617	1,157,947,222
Leverage Ratio	3.01%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	244,013,905	278,917,759
Total Net Cash Outflow	145,904,079	154,131,589
Liquidity Coverage Ratio	167.24%	180.96%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	624,385,326	584,918,449
Total Required Stable Funding	342,318,310	312,211,738
Net Stable Funding Ratio	182.40%	187.35%

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

38. ISLAMIC BANKING BUSINESS

The Group is operating 94 Islamic banking branches including 3 sub-branches at six months ended June 30, 2019 as compared to 94 Islamic banking branches including 3 sub-branches at year ended December 31, 2018.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		4,534,080	3,302,392
Balances with other banks		569,211	506,950
Due from financial institutions	38.1	1,878,985	-
Investments	38.2	7,802,562	8,169,564
Islamic financing and related assets	38.3	48,801,971	46,610,024
Fixed assets		2,016,659	547,807
Intangible assets		-	-
Due from head office		-	-
Other assets		4,136,132	1,625,927
Total assets		<u>69,739,600</u>	<u>60,762,664</u>
LIABILITIES			
Bills payable		799,607	757,821
Due to financial institutions		6,379,933	8,999,361
Deposits and other accounts	38.4	54,048,837	42,338,600
Due to head office		-	2,168,060
Subordinated debt		-	-
Other liabilities		3,778,772	2,313,368
		<u>65,007,149</u>	<u>56,577,210</u>
NET ASSETS		<u>4,732,451</u>	<u>4,185,454</u>
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		(37,644)	(30,306)
Unappropriated profit / (loss)	38.5	170,095	(384,240)
		<u>4,732,451</u>	<u>4,185,454</u>
CONTINGENCIES AND COMMITMENTS			
	38.6	<u>6,858,496</u>	<u>5,934,661</u>
Remuneration to Shariah Board		<u>2,908</u>	<u>4,940</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

The profit and loss account of the Group's Islamic banking branches for the period ended June 30, 2019 is as follows:

	Note	(Un-audited)	
		Period ended June 30, 2019	Period ended June 30, 2018
		(Rupees in thousand)	
Profit / return earned	38.8	3,088,324	1,563,550
Profit / return expensed	38.9	1,651,648	693,697
Net Profit / return		1,436,676	869,853
Other income			
Fee and Commission Income		93,875	83,280
Dividend Income		-	-
Foreign Exchange Income		19,977	10,134
Gain / (loss) on securities		-	-
Other Income		21,642	20,715
Total other income		135,494	114,129
Total Income		1,572,170	983,982
Other expenses			
Operating expenses		970,369	879,676
Workers' Welfare Fund		-	-
Other charges		1,553	-
Total other expenses		971,922	879,676
Profit before provisions		600,248	104,306
Provisions and write offs - net		45,913	23,198
Profit before taxation		554,335	81,108
		(Un-audited)	(Audited)
		June 30, 2019	December 31, 2018
		(Rupees in thousand)	

38.1 Due from financial institutions

Bai Muajjal Receivable from State Bank of Pakistan in local currency	1,878,985	-
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June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in thousand)							

38.2 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks	1,000,000	-	(39,000)	961,000	5,539,756	-	(32,130)	5,507,626
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	1,031,054	-	-	1,031,054
	6,246,146	-	(39,000)	6,207,146	6,570,810	-	(32,130)	6,538,680

Non Government Debt Securities:

- Listed	175,000	-	1,356	176,356	210,000	-	1,824	211,824
- Unlisted	2,041,326	(622,266)	-	1,419,060	2,047,942	(628,882)	-	1,419,060
	2,216,326	(622,266)	1,356	1,595,416	2,257,942	(628,882)	1,824	1,630,884
Total investments	8,462,472	(622,266)	(37,644)	7,802,562	8,828,752	(628,882)	(30,306)	8,169,564

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

(Un-audited) (Audited)
June 30, December 31,
2019 2018
(Rupees in thousand)

38.3 Islamic financing and related assets

Ijarah	4,352,538	4,159,292
Murabaha - note 38.3.1	4,485,247	5,163,391
Musharaka	20,941,692	16,689,289
Diminishing musharaka	11,351,318	9,489,949
Salam	3,629,663	6,209,050
Istisna	2,672,509	2,128,828
Receivable against sale of istisna / salam inventory	435,000	-
Service ijarah	250,000	390,477
Other islamic modes (executive car finance - qarz-e-hasana)	77,670	74,351
Advances against islamic assets - note 38.3.2	187,922	1,919,753
Inventory related to islamic financing - note 38.3.3	882,116	793,819
Gross islamic financing and related assets	49,265,675	47,018,199
Less: provision against islamic financings		
- Specific	428,317	374,871
- General	35,387	33,304
	463,704	408,175
Islamic financing and related assets - net of provision	48,801,971	46,610,024

38.3.1 Includes advance against Murabaha of Rs. 930,317 thousand (December 31, 2018: Rs. 1,812,315 thousand).

38.3.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in thousand)					
June 30, 2019 (Un-audited)	187,922	-	-	-	-	187,922
December 31, 2018 (Audited)	303,763	-	1,615,990	-	-	1,919,753

38.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in thousand)					
June 30, 2019 (Un-audited)	-	-	-	108,790	773,326	882,116
December 31, 2018 (Audited)	-	-	-	126,178	667,641	793,819

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
38.4 Deposits and other accounts		
Customers		
Current deposits - non remunerative	16,995,585	14,940,668
Current deposits - remunerative	720,545	589,527
Savings deposits	20,041,264	19,290,437
Term deposits	10,191,384	6,395,547
Others	624,416	513,211
	<u>48,573,194</u>	<u>41,729,390</u>
Financial Institutions		
Current deposits - non remunerative	20,869	9,885
Savings deposits	1,320,274	474,325
Term deposits	4,134,500	125,000
	<u>5,475,643</u>	<u>609,210</u>
	<u>54,048,837</u>	<u>42,338,600</u>
38.5 Islamic banking business unappropriated profit / (loss)		
Opening balance	(384,240)	(616,817)
Add: Islamic banking profit for the period	554,335	232,577
Closing Balance	<u>170,095</u>	<u>(384,240)</u>
38.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	3,449,297	3,356,190
-Commitments	3,409,199	2,578,471
-Other contingent liabilities	-	-
	<u>6,858,496</u>	<u>5,934,661</u>
38.7 CHARITY FUND		
Opening balance	23,209	6,304
Additions during the period		
- Received from customers on delayed payments	39,604	24,659
- Non shariah compliant income	123	433
- Profit on charity account	6	3
- Others	27	59
	39,760	25,154
Payments / utilization during the period		
- Education	(220)	(1,139)
- Community welfare (provision of clean drinking water)	-	(1,850)
- Health	-	(4,233)
- Orphanage	-	(1,027)
	(220)	(8,249)
Closing balance	<u>62,749</u>	<u>23,209</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

	(Un-audited)	
	Period ended June 30, 2019	Period ended June 30, 2018
38.8 Profit / return earned on financing, investments and placements		
Profit earned on:		
Financing	2,603,082	1,354,600
Investments	400,585	180,921
Placements	7,497	28,029
Lendings	77,160	-
	<u>3,088,324</u>	<u>1,563,550</u>
38.9 Profit on deposits and other dues expensed		
Deposits and other accounts	1,027,101	577,656
Due to financial institutions	452,665	88,406
Due to head office	79,719	27,634
Lease liability against ROU assets	92,163	-
	<u>1,651,648</u>	<u>693,696</u>

39. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 22, 2019.

40. GENERAL

40.1 These consolidated condensed interim financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular Letter No.5 dated March 22, 2019 and related clarifications / modifications.

40.2 The comparative figures have been re-arranged and reclassified for comparison purposes. The significant reclassification has been disclosed in note 3.3.1 of these consolidated condensed interim financial statements.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman



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