





2019

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	Central Depository Company of Pakistan Limited 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@cdcpak.com Website: www.cdcpakistan.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 quarter ended March 31, 2019. The financial results are summarized as under:

	Rupees in million	
	March 31, 2019	March 31, 2018
Net mark-up and non fund income	7,101	5,425
Administrative and other expenses	(4,312)	(3,861)
Profit before provision and taxation	2,789	1,564
Net reversal against loans and investments	348	559
Profit before taxation	3,137	2,123
Taxation	(1,308)	(743)
Profit after taxation	1,829	1,380
Basic earning per share - Rupees	1.45	1.10

The Bank posted a notable 33 percent increase in profit after tax for the quarter ended March 31, 2019. Profit before taxation was recorded at Rs.3.14 billion, an impressive increase of 48 percent over the corresponding period last year. Earnings per share for the current quarter were reported at Rs.1.45 as against Rs.1.10 for the corresponding quarter.

On the revenue side, net markup income and non-markup income registered a healthy growth of 31 percent mainly on the back of growth in overall average earning assets and improvement in net spreads. Trade and transaction related fee and commission income increased by 22 percent while income from foreign exchange increased by 23 percent during the quarter under review. Non mark-up expenses increased by 12 percent mainly reflecting the inflationary upsurge; though cost to income ratio improved from 71 percent to 61 percent for the current quarter mainly due to increased revenues and continued better cost management.

Customer deposits were recorded at Rs.563 billion at quarter end which show improved deposit mix and gross advances increased by 2 percent and reported at Rs.377 billion. Consequently, advances to deposits ratio improved from 64 percent to 67 percent at the quarter end. The Bank recorded a net reversal of provisions amounting to Rs.348 million mainly contributed by recoveries from non-performing assets. The ratio of non-performing loans to gross advances registered slight improvement to 7.1 percent while the coverage ratio at the quarter end was 96.4 percent.

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, continuous improvement in cost management and asset quality supplemented by comfortable liquidity position.

The Bank remains focussed on delivering sound financial performance; driven by an emphasis on improving the deposit profile, pursuing lending opportunities within Bank's risk appetite; thereby managing and improving net spreads. Service quality will remain our number one strategic agenda aiming for a consistent quality experience supported by our digital and technology based offerings to our existing and 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 the Askari brand; 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
May 3, 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 سہ ماہی 31 مارچ 2019 پیش کرتے ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(روپے ملین میں)

31 مارچ 2018	31 مارچ 2019
5,425	7,101
(3,861)	(4,312)
1,564	2,789
559	348
2,123	3,137
(743)	(1,308)
1,380	1,829
1.10	1.45

خالص مارک اپ اور نان فنڈ آمدن

انتظامی اور دیگر اخراجات

پر وہیزن ویکس سے قبل منافع

قرضوں اور سرمایہ کاری کے عوض خالص ریورسل

قبل از ویکس منافع

ونکس

بعد از ویکس منافع

بنیادی آمدن فی حصص - روپے

بنیک نے اختتام سہ ماہی 31 مارچ 2019 کے لیے بعد از ویکس منافع میں 33 فیصد کا قابل ذکر اضافہ کیا۔ قبل از ویکس منافع 3.14 ارب روپے رہا، جو کہ پچھلے سال اسی دورانیہ کی مدت کے مقابلے میں متاثر کن طور پر 48 فیصد زیادہ ہے۔ رواں سہ ماہی مدت کے لیے آمدن فی حصص گزشتہ سال کے اسی دورانیہ کی مدت کے 1.10 روپے کے مقابلے میں 1.45 روپے رہی۔

ریونیو میں خالص مارک اپ آمدن اور غیر مارک اپ آمدن نے 31 فیصد کی خاطر خواہ ہاشونما پائی، جس کی بنیادی وجہ مجموعی اوسط آمدن کے اثاثہ جات اور خالص سپریڈز میں بہتری ہے۔ زیر جائزہ سہ ماہی مدت کے دوران ٹریڈ اور ٹرانزیکشن سے متعلقہ ٹیکس اور کمیشن سے حاصل ہونے والی آمدن میں 22 فیصد اضافہ ہوا، جبکہ غیر ملکی کرنسیوں میں تجارت سے حاصل ہونے والی آمدن میں 23 فیصد اضافہ ہوا۔ غیر مارک اپ اخراجات میں 12 فیصد اضافہ ہوا، جو کہ بنیادی طور پر افراط زر کا عکاس ہے؛ چنانچہ رواں سہ ماہی مدت کے لیے اخراجات اور آمدن کے تناسب میں 71 فیصد سے 61 فیصد تک بہتری آئی، جو آمدن میں اضافے اور مسلسل بہتر لاگت کے انتظام کی وجہ سے ہوئی۔

سہ ماہی مدت کے اختتام پر کھانہ داروں کی طرف سے جمع کروائی گئی رقم 563 ارب روپے تھیں جو کہ ڈپازٹ کس میں بہتری کا مظہر ہیں اور مجموعی ایڈوائسز 2 فیصد اضافے کے ساتھ 1377 ارب روپے تھے۔ نتیجتاً، سہ ماہی کے اختتام پر ایڈوائسز نو ڈپازٹس تناسب میں 64 فیصد سے 67 فیصد تک بہتری آئی۔ بنیک نے 348 ملین روپے کی رقم کے پروڈیوزر کانٹریٹ ریورسل پیش کیا جس میں بنیادی حصہ غیر فعال اثاثہ جات سے وصولیوں کا تھا۔ سہ ماہی مدت کے اختتام پر غیر فعال قرضہ جات اور مجموعی ایڈوائسز کے تناسب میں 7.1 فیصد کی معمولی بہتری دیکھنے میں آئی جبکہ کوآرڈینیشن تناسب 96.4 فیصد رہا۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی طرف سے مقرر کردہ بنیک کی طویل ميعاد کی ریٹنگ AA+ (ذیل A پاس) اور مختصر ميعاد کی ریٹنگ A1+ (A پاس) برقرار رکھی گئی۔ ریٹنگ بنیک کی متعلقہ پوزیشن کی عکاس ہیں، جو عسکری بنیک کے مضبوط پاسرز، لاگت کے انتظام میں مسلسل بہتری اور بہترین لیویویٹی پوزیشن کے اضافے کے ساتھ اثاثوں کے معیار کے ذریعے حاصل ہوئیں۔

بنیک اپنی توجہ مستحکم مالی کارکردگی کی فراہمی پر مرکوز رکھتا ہے، جس میں ڈپازٹ پروفاٹل میں بہتری اور خالص سپریڈز کو منظم اور بہتر بناتے ہوئے بنیک کی رسک ضروریات کے تحت قرضوں کے مواقع کی جستجو پر زور دینے کے عناصر کارفرما ہیں۔ خدمات کا معیار ہماری حکمت عملی کا اولین ایجنڈا رہے گا جس کا مقصد ہمارے موجودہ اور متوقع صارفین کو ڈیجیٹل اور ٹیکنالوجی پر مبنی پیشکش کے ساتھ کیساں معیاری تجربے کی فراہمی ہے۔

بورڈ کی جانب سے، ہم اپنے گراں قدر صارفین کی طرف سے عسکری برانچ کی مسلسل سرپرستی کے لیے تہ دل سے مشکور ہیں۔ ہم ٹیٹ بنیک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی طرف سے رہنمائی اور اعانت کے لیے انتہائی مشکور ہیں۔ ہم اپنے ملازمین کی انتھک محنت اور لگن کے کبھی معترف نہیں، جو ان کا مہیا نتائج کا باعث بنی۔

دستخط

دستخط

لیفٹیننٹ جنرل سید طارق ندیم گیلانی

عابد ستار

ہلال امتیاز (ملٹی) (ریٹائرڈ)

صدر چیف ایگزیکٹو

چیئر مین بورڈ آف ڈائریکٹرز

راولپنڈی

3 مئی 2019

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2019

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks	6	46,560,734	49,187,645
Balances with other banks	7	2,934,543	4,093,402
Lendings to financial institutions	8	1,878,985	-
Investments	9	234,609,544	260,233,987
Advances	10	351,023,111	343,107,147
Fixed assets	11	12,665,085	12,791,827
Intangible assets	12	843,614	741,361
Assets held for sale		80,720	80,720
Deferred tax assets	13	3,560,742	3,773,779
Other assets	14	32,754,080	32,522,174
		686,911,158	706,532,042
Liabilities			
Bills payable	15	12,243,539	15,512,880
Borrowings	16	45,637,277	52,702,323
Deposits and other accounts	17	562,695,334	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	21,893,794	21,178,476
		652,462,744	673,023,135
Net assets		<u>34,448,414</u>	<u>33,508,907</u>
Represented by			
Share capital		12,602,602	12,602,602
Reserves		18,292,861	15,543,179
Surplus on revaluation of assets - net of tax	20	2,089,619	1,649,197
Unappropriated profit		1,463,332	3,713,929
		<u>34,448,414</u>	<u>33,508,907</u>

Contingencies and Commitments

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The annexed notes 1 to 38 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 quarter ended March 31, 2019

		Quarter ended March 31, 2019	Quarter ended March 31, 2018
		(Rupees in thousand)	
Mark-up / return / interest earned	23	14,261,858	9,133,361
Mark-up / return / interest expensed	24	8,543,106	4,904,261
Net mark-up / interest income		<u>5,718,752</u>	<u>4,229,100</u>
Non mark-up / interest income			
Fee and commission income	25	844,414	692,125
Dividend income		57,225	37,398
Foreign exchange income		397,422	324,013
Income / (loss) from derivatives		-	-
Gain on securities	26	34,279	92,903
Other income	27	49,269	49,789
Total non-markup / interest income		<u>1,382,609</u>	<u>1,196,228</u>
Total income		7,101,361	5,425,328
Non mark-up / interest expenses			
Operating expenses	28	4,274,441	3,815,413
Workers' Welfare Fund		15,508	45,000
Other charges	29	22,209	233
Total non-markup / interest expenses		<u>4,312,158</u>	<u>3,860,646</u>
Profit before provisions		2,789,203	1,564,682
Provisions and write offs - net	30	(348,023)	(558,869)
Extraordinary / unusual items		-	-
Profit before taxation		3,137,226	2,123,551
Taxation	31	1,308,061	743,324
Profit after taxation		<u>1,829,165</u>	<u>1,380,227</u>
		(Rupees)	
Basic earnings per share	32	<u>1.45</u>	<u>1.10</u>

The annexed notes 1 to 38 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 quarter ended March 31, 2019

	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
Profit after taxation	1,829,165	1,380,227
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	(69,820)	1,163
Movement in deficit on revaluation of investments - net of tax	440,422	(862,317)
	370,602	(861,154)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of non-banking assets - net of tax	-	(1,000)
Total comprehensive income	<u>2,199,767</u>	<u>518,073</u>

The annexed notes 1 to 38 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 quarter ended March 31, 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
Transfer to General reserve	-	-	-	-	2,849,878	-	-	(2,849,878)	-
Total comprehensive income for the quarter ended March 31, 2018									
Net profit for the quarter ended March 31, 2018	-	-	-	-	-	-	-	1,380,227	1,380,227
Other comprehensive income related to equity	-	1,163	-	-	-	(862,317)	(1,000)	-	(862,154)
	-	1,163	-	-	-	(862,317)	(1,000)	1,380,227	518,073
Transfer to Statutory reserve	-	-	-	276,045	-	-	-	(276,045)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	1,000	1,000
Balance as at March 31, 2018	12,602,602	124,160	234,669	8,084,936	6,304,202	(471,826)	4,750,763	1,105,182	32,734,688
Total comprehensive income for the nine months ended December 31, 2018									
Net profit for the nine months ended December 31, 2018	-	-	-	-	-	-	-	3,051,051	3,051,051
Other comprehensive income related to equity	-	185,001	-	-	-	(3,625,697)	995,957	3,095	(2,441,644)
	-	185,001	-	-	-	(3,625,697)	995,957	3,054,146	609,407
Transfer to Statutory reserve	-	-	-	610,211	-	-	-	(610,211)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	164,812	164,812
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
Transaction with owners, recorded directly in equity									
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)
Transfer to General reserve	-	-	-	-	2,453,669	-	-	(2,453,669)	-
Total comprehensive income for the quarter ended March 31, 2019									
Net profit for the quarter ended March 31, 2019	-	-	-	-	-	-	-	1,829,165	1,829,165
Other comprehensive income related to equity	-	(69,820)	-	-	-	440,422	-	-	370,602
	-	(69,820)	-	-	-	440,422	-	1,829,165	2,199,767
Transfer to Statutory reserve	-	-	-	365,833	-	-	-	(365,833)	-
Balance as at March 31, 2019	12,602,602	239,341	234,669	9,060,980	8,757,871	(3,657,101)	5,746,720	1,463,332	34,448,414

The annexed notes 1 to 38 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 Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2019

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
(Rupees in thousand)			
Cash flow from operating activities			
Profit before taxation		3,137,226	2,123,551
Less: dividend income		(57,225)	(37,398)
		<u>3,080,001</u>	<u>2,086,153</u>
Adjustments:			
Depreciation		257,920	255,185
Amortization		51,798	49,072
Reversal of provisions and write offs - net	30	(322,135)	(518,264)
Loss on sale of fixed assets		6,812	9
		<u>(5,605)</u>	<u>(213,998)</u>
		<u>3,074,396</u>	<u>1,872,155</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		-	(5,965,775)
Held for trading securities		(571,437)	-
Advances		(7,561,930)	(9,423,484)
Other assets (excluding advance taxation)		(331,642)	2,082,463
		<u>(8,465,009)</u>	<u>(13,306,796)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(3,269,341)	(1,387,991)
Borrowings		(7,065,046)	(47,020,826)
Deposits and other accounts		(10,940,522)	10,950,782
Other liabilities (excluding current taxation)		(543,850)	(799,777)
		<u>(21,818,759)</u>	<u>(38,257,812)</u>
		<u>(27,209,372)</u>	<u>(49,692,453)</u>
Cash used in operations		<u>(1,145,253)</u>	<u>(657,170)</u>
Income tax paid		<u>(28,354,625)</u>	<u>(50,349,623)</u>
Net cash outflow from operating activities			
Cash flow from investing activities			
Net investments in available for sale securities		43,304,864	54,889,948
Net investments in held to maturity securities		(16,470,590)	(1,186,128)
Dividend received		22,099	22,215
Investments in operating fixed assets - net of adjustment		(340,610)	(205,811)
Proceeds from sale of fixed assets		3,885	6,167
Effect of translation of net investment in Wholesale Bank Branch		(69,820)	1,163
		<u>26,449,828</u>	<u>53,527,554</u>
Net cash flow from investing activities			
Cash flow from financing activities			
Payments of subordinated debts - net		(800)	(800)
Dividends paid		(1,198)	(8,775)
		<u>(1,998)</u>	<u>(9,575)</u>
Net cash used in financing activities			
(Decrease) / increase in cash and cash equivalents			
		<u>(1,906,795)</u>	<u>3,168,356</u>
Cash and cash equivalents at beginning of the period		53,281,057	48,183,160
Cash and cash equivalents at end of the period		<u>51,374,262</u>	<u>51,351,516</u>
Cash and cash equivalents at end of the period			
Cash and balances with treasury banks		46,560,734	47,159,253
Balances with other banks		2,934,543	3,692,263
Call money lendings		1,878,985	500,000
		<u>51,374,262</u>	<u>51,351,516</u>

The annexed notes 1 to 38 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 quarter ended March 31, 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 principally engaged in the business of banking as defined in 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 March 31, 2019. The ultimate parent of the Bank is Fauji Foundation. The Bank has 516 branches (2018: 516 branches); 515 in Pakistan and Azad Jammu and Kashmir (including 91 (2018: 91) Islamic Banking branches and 43 (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 accounting and reporting standards as applicable in Pakistan. The 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.

SBP vide BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, "Investment Property" (IAS 40), for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, The International Financial Reporting Standard 7, "Financial Instruments: Disclosures" (IFRS 7), has not been made applicable for banks. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

- 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 40) 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 for the financial year ended December 31, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these

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

For the quarter ended March 31, 2019

condensed interim unconsolidated 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

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations	January 1, 2019
IFRS 9	Financial Instruments	July 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 12	Income Taxes	January 1, 2019
IAS 19	Employee Benefits	January 1, 2019
IAS 23	Borrowing Costs	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The Bank is currently awaiting instructions from SBP on applicability of IFRS 9 as the applicability of IAS 39 was deferred by SBP till further instructions. However, during the year ended December 31, 2018, IFRS 9 became applicable for Wholesale Bank Branch of the Bank.

SBP advised the banks to submit impact assessment of IFRS 16, to which the Bank has complied. As necessary guidance and instructions with regard to implementation of said Standard are awaited, therefore the requirements of IFRS 16 have not been considered in preparation of these unconsolidated condensed interim financial statements.

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

- a) Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 14	Regulatory Deferral Accounts	January 1, 2016

- 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 beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
IFRS 3	Business Combinations (Amendments)	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021

The management does not anticipate early adoption of above standards.

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

For the quarter ended March 31, 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
(Rupees in thousand)		
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	10,858,460	10,368,791
Foreign currencies	1,965,375	1,935,969
	<u>12,823,835</u>	<u>12,304,760</u>
With the State Bank of Pakistan in:		
Local currency current accounts	21,001,112	24,210,710
Foreign currency current account	3,031,551	2,829,226
Foreign currency deposit account - note 6.1	8,341,946	7,946,957
	<u>32,374,609</u>	<u>34,986,893</u>
With National Bank of Pakistan in:		
Local currency current accounts	1,350,915	1,883,326
Prize Bonds	11,375	12,666
	<u>46,560,734</u>	<u>49,187,645</u>

6.1 This represents special cash reserve maintained with the SBP and carries mark-up at the rate of 1.49% (2018: 1.50%) per annum.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
(Rupees in thousand)		
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	278,078	354,396
In deposit accounts	381	291
	<u>278,459</u>	<u>354,687</u>
Outside Pakistan		
In current accounts	518,876	1,047,160
In deposit accounts	2,137,212	2,691,565
	2,656,088	3,738,725
Provision under IFRS 9 related to WBB	(4)	(10)
	<u>2,934,543</u>	<u>4,093,402</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	1,878,985	-
Purchase under resale arrangement of equity securities	148,606	148,606
	2,027,591	148,606
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	<u>1,878,985</u>	<u>-</u>

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

For the quarter ended March 31, 2019

	March 31, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
8.1 Category of classification	(Rupees in thousand)			
Domestic Loss	148,606	148,606	148,606	148,606

9. INVESTMENTS

	March 31, 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

Federal Government Securities	571,437	-	(733)	570,704	-	-	-	-
	571,437	-	(733)	570,704	-	-	-	-

Available for sale securities

Federal Government Securities	200,282,190	(17,844)	(5,440,582)	194,823,764	244,060,807	(41,600)	(6,125,979)	237,893,228
Shares	5,898,588	(1,538,393)	(174,923)	4,185,272	5,898,588	(1,437,160)	(153,307)	4,308,121
Units of open end mutual funds	1,032,012	(2,376)	(48,158)	981,478	1,032,012	(2,376)	(58,190)	971,446
Fully paid preference shares	27,314	(7,139)	39,570	59,745	27,314	(7,139)	39,570	59,745
Non Government Debt Securities	7,567,503	(1,521,337)	(943)	6,045,223	6,957,717	(1,540,848)	(480)	5,416,389
Foreign securities	285,785	(2,281)	(1,273)	282,231	421,818	(2,659)	(5,496)	413,663
	215,093,392	(3,089,370)	(5,626,309)	206,377,713	258,398,256	(3,031,782)	(6,303,882)	249,062,592

Held to maturity securities

Federal Government Securities	27,764,405	(103,278)	-	27,661,127	11,293,815	(122,420)	-	11,171,395
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
	27,874,405	(213,278)	-	27,661,127	11,403,815	(232,420)	-	11,171,395
Total investments	243,539,234	(3,302,648)	(5,627,042)	234,609,544	269,802,071	(3,264,202)	(6,303,882)	260,233,987

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
9.1.1 Investments given as collateral		
Market Treasury Bills	3,300,842	12,793,905
Euro Bonds	3,910,892	3,381,368
Bahrain International Bonds	146,351	144,747
Srilankan Investment Bonds	140,706	277,070
Sukuks	7,640,600	8,369,037
	<u>15,139,391</u>	<u>24,966,127</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	3,264,202	2,215,430
Exchange adjustments	1,816	-
Charge / (reversals)		
Charge for the period / year	101,233	1,331,427
Reversal of provision under IFRS 9 related to WBB	(45,092)	(6,472)
Reversals for the period / year	(19,511)	(268,539)
Reversal on disposals	-	(7,644)
	<u>36,630</u>	<u>1,048,772</u>
Closing balance	<u>3,302,648</u>	<u>3,264,202</u>

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

For the quarter ended March 31, 2019

9.2.2 Particulars of provision against debt securities

Category of classification	March 31, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	NPL	Provision	NPL	Provision
	(Rupees in thousand)			
Domestic				
Loss	1,650,848	1,754,739	1,650,848	1,817,527

9.3 The market value of securities classified as held to maturity as at March 31, 2019 is Rs. 27,856,548 thousand (December 31, 2018: Rs. 11,029,123 thousand).

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)					
Loans, cash credits, running finances, etc.	286,285,336	279,232,463	26,211,571	26,166,223	312,496,907	305,398,686
Islamic financing and related assets	46,608,714	46,583,103	497,374	435,096	47,106,088	47,018,199
Bills discounted and purchased	17,162,139	16,786,319	55,767	55,767	17,217,906	16,842,086
Advances - gross	350,056,189	342,601,885	26,764,712	26,657,086	376,820,901	369,258,971
Provision against advances						
- Specific	-	-	(24,748,177)	(25,113,169)	(24,748,177)	(25,113,169)
- General	(1,049,613)	(1,038,655)	-	-	(1,049,613)	(1,038,655)
Advances - net of provision	349,006,576	341,563,230	2,016,535	1,543,917	351,023,111	343,107,147

10.1 Particulars of advances (Gross)

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
In local currency	358,995,878	347,815,947
In foreign currencies	17,825,023	21,443,024
	<u>376,820,901</u>	<u>369,258,971</u>

10.2 Advances include Rs. 26,764,712 thousand (December 31, 2018: Rs. 26,657,086 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 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	100,946	-	90,038	1,883
Substandard	677,500	48,885	286,591	23,421
Doubtful	608,205	247,318	429,231	187,411
Loss	25,378,061	24,451,974	25,851,226	24,900,454
	<u>26,764,712</u>	<u>24,748,177</u>	<u>26,657,086</u>	<u>25,113,169</u>

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 quarter ended March 31, 2019

10.3 Particulars of provision against advances

	March 31, 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	401,887	447,575	25,811,531
Exchange adjustment	-	2,378	-	2,378	-	-	-	-
Charge for the year	202,931	83	22,793	225,807	2,413,023	81,302	102,568	2,596,893
Provision under IFRS 9 related to WBB	-	(11,262)	-	(11,262)	-	16,119	-	16,119
Reversal for the year	(567,923)	(2,108)	(926)	(570,957)	(2,134,869)	(879)	(9,917)	(2,145,665)
	(364,992)	(13,287)	21,867	(356,412)	278,154	96,542	92,651	467,347
Foreign Amounts written off	-	-	-	-	-	-	-	-
Amounts charged off- agriculture financing	-	-	-	-	(127,054)	-	-	(127,054)
Closing balance	24,748,177	487,520	562,093	25,797,790	25,113,169	498,429	540,226	26,151,824

10.3.2 The net FSV benefit already availed has been increased by Rs. 79,085 thousand, which has resulted in decreased charge for specific provision for the period by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 79,085 thousand (2018: Rs. 192 thousand) and Rs. 48,242 thousand (2018: Rs. 117 thousand) respectively. Further, at March 31, 2019, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 649,473 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.

10.3.3 The Bank has availed the relaxation of Rs. 102,460 thousand (December 31, 2018: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
(Rupees in thousand)			
11. FIXED ASSETS			
Capital work-in-progress	11.1	72,421	53,738
Property and equipment		12,592,664	12,738,089
		<u>12,665,085</u>	<u>12,791,827</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
(Rupees in thousand)		
11.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	18,683	9,573
Property and equipment		
Renovation of premises	16,132	45,603
Capital Furniture, fixtures and office equipment	18,406	35,208
Carpets	2,070	1,449
Machine and equipments	53,352	106,993
Computer equipments	9,124	2,806
Vehicles	6,023	135
	<u>105,107</u>	<u>192,194</u>
Total	<u>123,790</u>	<u>201,767</u>

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Renovation of premises	6,349	2,200
Capital Furniture, fixtures and office equipment	1,857	1,531
Carpets	453	427
Machine and equipments	2,038	1,998
Vehicles	-	20
Total	10,697	6,176
	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
12. INTANGIBLE ASSETS		
Computer software	791,168	704,885
Less: Provision against intangibles	(24,404)	(24,404)
	766,764	680,481
Capital work in progress	76,850	60,880
	843,614	741,361
	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	138,040	4,043
Total	138,040	4,043
	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Post retirement employee benefits	163,600	163,600
- Deficit on revaluation of investments	1,969,208	2,206,359
- Impact under IFRS 9 related to WBB	103,494	121,871
- Provision against advances, off balance sheet	1,628,329	1,568,007
	3,864,631	4,059,837
Taxable temporary differences on		
- Accelerated tax depreciation	(303,889)	(286,058)
	(303,889)	(286,058)
	3,560,742	3,773,779

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
14. OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	10,744,622	9,793,092
Income / mark-up accrued in foreign currencies	688,671	477,756
Advances, deposits, advance rent and other prepayments	1,156,529	1,321,871
Advance taxation (payments less provisions)	5,773,595	5,918,572
Non banking assets acquired in satisfaction of claims	3,201,319	3,201,319
Mark to market gain on forward foreign exchange contracts - net	295,841	607,925
Suspense account	37,855	48,637
Stationary and stamps in hand	94,980	105,007
Dividend receivable	36,265	1,139
Acceptances	8,448,397	8,735,265
Others	426,557	472,257
	<u>30,904,631</u>	<u>30,682,840</u>
Provision held against other assets - note 14.1	(247,696)	(257,811)
Other assets - net of provision	<u>30,656,935</u>	<u>30,425,029</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,097,145	2,097,145
Other assets - total	<u><u>32,754,080</u></u>	<u><u>32,522,174</u></u>
14.1 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	139,464	142,470
Non-banking assets acquired in satisfaction of claims	15,952	15,952
Suspense account	34,408	34,408
Others	57,872	64,534
	<u>247,696</u>	<u>257,364</u>
14.1.1 Movement in provision held against other assets		
Opening balance	257,811	272,565
Provision under IFRS 9 related to WBB	(447)	149
Opening balance after IFRS 9 impact of WBB	<u>257,364</u>	<u>272,714</u>
Charge for the period / year	-	230
Provision under IFRS 9 related to WBB	-	298
Reversals for the period / year	(2,006)	(15,431)
Amounts written off / adjustments	(7,662)	-
	<u>(9,668)</u>	<u>(14,903)</u>
Others	<u>247,696</u>	<u>257,811</u>
15. BILLS PAYABLE		
In Pakistan	<u><u>12,243,539</u></u>	<u><u>15,512,880</u></u>

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	13,295,379	12,455,680
Long term financing facility	6,312,932	6,281,267
Financing facility for storage of agricultural produce	5,000	5,833
Renewable energy financing facility	448,200	224,077
	20,061,511	18,966,857
Repurchase agreement borrowings:		
Financial Institutions	11,361,164	20,766,755
Refinance from Pakistan Mortgage Refinance Company	1,000,000	1,000,000
Total secured	32,422,675	40,733,612
Unsecured		
Call borrowings	11,890,202	10,851,663
Overdrawn nostro accounts	1,324,400	1,117,048
Total unsecured	13,214,602	11,968,711
	45,637,277	52,702,323

March 31, 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	154,386,235	15,629,128	170,015,363	152,097,142	16,648,265	168,745,407
Savings deposits	271,063,165	34,943,139	306,006,304	284,295,933	30,842,212	315,138,145
Fixed deposits	76,489,565	6,064,299	82,553,864	80,061,600	5,961,134	86,022,734
	501,938,965	56,636,566	558,575,531	516,454,675	53,451,611	569,906,286

Financial institutions

Current accounts	887,436	-	887,436	840,366	-	840,366
Savings deposits	1,539,820	-	1,539,820	1,451,157	-	1,451,157
Fixed deposits	1,692,547	-	1,692,547	1,438,047	-	1,438,047
	4,119,803	-	4,119,803	3,729,570	-	3,729,570
	506,058,768	56,636,566	562,695,334	520,184,245	53,451,611	573,635,856

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
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 quarter ended March 31, 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 in thousand)	3,992,800	6,000,000
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 is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	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.
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 shortfall 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-cumulative 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 quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,355,329	3,167,365
Mark-up / return / interest payable in foreign currencies	79,550	166,309
Unearned commission and income on bills discounted	779,763	558,086
Accrued expenses	1,022,396	1,125,210
Advance payments	479,187	439,176
Acceptances	8,448,397	8,735,265
Dividends payable	1,386,115	127,053
Branch adjustment account	424,821	310,170
Payable to defined benefit plan	131,162	52,851
Security deposit against lease / Ijarah financing	4,489,526	4,473,848
Withholding taxes payable	229,945	134,361
Federal excise duty payable	48,850	68,562
Workers' Welfare Fund	145,508	130,000
Switch fee payable	794,727	747,778
Provision against off-balance sheet obligations - note 19.1	108,131	108,025
Others	970,387	834,417
	<u>21,893,794</u>	<u>21,178,476</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	108,025	6,116
Provision under IFRS 9 related to WBB	447	-
Opening balance after IFRS 9 impact of WBB	<u>108,472</u>	<u>6,116</u>
Charge for the period / year	-	101,909
Provision under IFRS 9 related to WBB	(341)	-
Reversals	-	-
	(341)	101,909
Amounts written off	-	-
Closing balance	<u>108,131</u>	<u>108,025</u>
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	(5,626,309)	(6,303,882)
- Fixed Assets	3,649,575	3,649,575
- Non-banking assets acquired in satisfaction of claims	2,097,145	2,097,145
	120,411	(557,162)
Deferred tax on deficit on revaluation of:		
- Available for sale securities	1,969,208	2,206,359
	<u>2,089,619</u>	<u>1,649,197</u>
21. CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 21.1	174,919,739	177,859,159
- Commitments - note 21.2	297,115,557	311,761,473
- Other contingent liabilities - note 21.3	698,058	792,879
	<u>472,733,354</u>	<u>490,413,511</u>

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
21.1 Guarantees		
Financial guarantees	3,302,876	3,841,612
Performance guarantees	114,117,721	114,818,848
Other guarantees	57,499,142	59,198,699
	<u>174,919,739</u>	<u>177,859,159</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions - letters of credit	194,436,768	212,101,045
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	75,347,230	58,918,497
- forward lending - note 21.2.2	27,209,207	40,682,738
Commitments for acquisition of:		
- operating fixed assets	39,338	28,565
- intangible assets	83,014	30,628
	<u>297,115,557</u>	<u>311,761,473</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	48,025,498	36,434,542
Sale	27,321,732	22,483,955
	<u>75,347,230</u>	<u>58,918,497</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of forward lending		
Forward repurchase agreement lending	11,414,384	20,806,907
Undrawn commitments - note 21.2.2.1	15,794,823	19,875,831
	<u>27,209,207</u>	<u>40,682,738</u>
21.2.2.1 These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	(Un-audited) March 31, 2019	(Audited) December 31, 2018
21.3 Other Contingencies	(Rupees in thousand)	
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.	698,058	792,879

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 quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
23. MARK-UP / RETURN / INTEREST EARNED		
On:		
a) Loans and advances	8,950,529	4,482,666
b) Investments	4,516,695	4,541,170
c) Lendings to financial institutions	8,256	23,281
d) Balances with banks	61,763	27,574
e) Securities purchased under resale agreements	724,615	58,670
	<u>14,261,858</u>	<u>9,133,361</u>
24. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
a) Deposits	7,711,004	4,469,070
b) Borrowings	554,689	341,950
c) Subordinated debts	277,413	93,241
	<u>8,543,106</u>	<u>4,904,261</u>
25. FEE AND COMMISSION INCOME		
Branch banking customer fees	129,484	103,938
Consumer finance related fees	28,967	20,467
Card related fees (debit and credit cards)	210,374	204,544
Credit related fees	32,249	25,439
Investment banking fees	82,230	19,208
Commission on trade	162,030	140,106
Commission on guarantees	137,383	106,552
Commission on remittances including home remittances	14,709	12,252
Commission on bancassurance	26,938	41,991
Others	20,050	17,628
	<u>844,414</u>	<u>692,125</u>
26. GAIN ON SECURITIES		
Realised - note 26.1	35,012	92,903
Unrealised - note 9.1	(733)	-
	<u>34,279</u>	<u>92,903</u>
26.1 Realised gain / (loss) on:		
Federal Government Securities	34,924	100,198
Shares	-	(33,893)
Non Government Debt Securities	88	1,680
Mutual Funds	-	24,918
	<u>35,012</u>	<u>92,903</u>
27. OTHER INCOME		
Rent of property	-	1,786
Loss on sale of fixed assets	(6,812)	(9)
Rent of lockers	10,083	9,478
Recovery of expenses from customers	45,998	38,534
	<u>49,269</u>	<u>49,789</u>

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
28. OPERATING EXPENSES		
Total compensation expenses	2,228,322	2,106,877
Property expense		
Rent and taxes	439,222	445,814
Insurance	21,054	23,212
Utilities cost	106,232	74,951
Security (including guards)	125,985	135,239
Repair & maintenance (including janitorial charges)	53,753	51,783
Depreciation	111,555	104,778
	857,801	835,777
Information technology expenses		
Software maintenance	67,001	40,145
Hardware maintenance	6,131	7,653
Depreciation	47,987	46,833
Amortisation	51,798	49,072
Network charges	56,492	33,120
	229,409	176,823
Other operating expenses		
Directors' fees, allowances	2,375	1,656
Fees and allowances to shariah board	1,446	1,004
Rent, taxes, insurance etc.	52,146	43,209
Legal and professional charges	25,228	17,460
Brokerage and commission	15,401	11,489
NIFT clearing charges	15,282	10,578
Repair and maintenance	51,867	29,662
Communications	106,934	94,314
Stationery and printing	74,711	48,552
Marketing, advertisement and publicity	3,827	8,162
Donations	-	840
Auditors' remuneration	8,397	2,829
Travelling, conveyance and entertainment	243,394	224,353
Depreciation	98,378	103,574
Security service charges	49,271	40,895
Training and development	2,379	3,231
Premium paid to Deposit Protection Corporation	95,081	-
Other expenditure	112,792	54,128
	958,909	695,936
	<u>4,274,441</u>	<u>3,815,413</u>

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

For the quarter ended March 31, 2019

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

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
30. PROVISIONS AND WRITE OFFS - NET		
Provision / (reversal of provision) for diminution in value of investments	36,630	(127,511)
Reversal of provision against loans and advances	(356,412)	(390,753)
Reversal of provision against other assets	(2,006)	-
Reversal of provision against off-balance sheet obligations	(341)	-
Recovery of written off / charged off bad debts	(25,888)	(40,605)
Reversal of provision against cash and bank balances	(6)	-
	<u>(348,023)</u>	<u>(558,869)</u>
31. TAXATION		
Current	1,212,315	722,423
Prior years	77,915	-
Deferred	17,831	20,901
	<u>1,308,061</u>	<u>743,324</u>

31.1 TAX STATUS

- (i) The Bank has filed tax returns for and up to tax year 2018 (year ended 31 December 2017). The assessments for and up to tax year 2017 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income.

Tax payments made in relation to the matters currently pending are being carried forward as receivable, as management is confident of their realization as and when the appeals are decided.

- (ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However the likelihood of an adverse decision is considered low due to a favourable decision of the High Court in a parallel case.

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
32. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>1,829,165</u>	<u>1,380,227</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>1.45</u>	<u>1.10</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 annual unconsolidated financial statements for the year ended December 31, 2018.

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).

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

For the quarter ended March 31, 2019

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.

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.

	March 31, 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	-	195,394,468	-	195,394,468
Shares	3,879,592	-	305,680	4,185,272
Units of open end mutual funds	-	981,478	-	981,478
Fully paid preference shares	59,745	-	-	59,745
Non Government Debt Securities	-	1,516,812	4,528,411	6,045,223
Foreign securities	-	282,231	-	282,231
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	27,661,127	-	27,661,127
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	48,025,498	-	48,025,498
Forward Sale of foreign exchange	-	27,321,732	-	27,321,732
Forward agreements for borrowing	-	-	11,414,384	11,414,384

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

For the quarter ended March 31, 2019

	December 31, 2018 (Audited)			Total
	Level 1	Level 2	Level 3	
	(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 lending	-	-	-	-
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 period / year.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
	Level 3	Level 3
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	5,298,464	5,298,464

33.2 Fair value of non-financial assets

34. Segment Information

34.1 Segment details with respect to Business Activities

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

	March 31, 2019 (Un-audited)							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	
	(Rupees in thousand)							
Profit and loss								
Net mark-up / return / profit	(5,267,432)	4,893,097	4,652,483	701,376	750,853	154,636	(166,262)	5,718,752
Inter segment revenue - net	9,513,896	(4,166,717)	(5,142,918)	(448,187)	-	-	243,926	-
Non mark-up / return / interest income	498,832	462,040	302,837	54,366	59,981	10,617	(6,064)	1,382,609
Total income	4,745,296	1,188,420	(187,598)	307,555	810,834	165,253	71,600	7,101,361
Segment direct expenses	2,362,969	95,900	48,907	169,983	474,738	20,974	949,250	4,122,720
Inter segment expense allocation	30,442	130,081	-	19,001	-	-	9,914	189,438
Total expenses	2,393,411	225,981	48,907	188,984	474,738	20,974	959,164	4,312,158
Provisions	(106,275)	(215,404)	-	16,955	13,401	(56,700)	-	(348,023)
Profit before tax	2,458,160	1,177,843	(236,505)	101,616	322,695	200,979	(887,564)	3,137,226

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

For the quarter ended March 31, 2019

March 31, 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	17,919,757	591,353	26,381,219	331	4,071,674	393,870	137,074	49,495,278
Investments	-	13,631,195	198,942,865	-	7,865,307	12,915,876	1,254,301	234,609,544
Lendings to financial institutions	-	-	-	-	1,878,985	-	-	1,878,985
Advances - performing - net of provision	37,836,667	230,573,749	-	18,203,620	46,574,399	9,093,182	6,724,954	349,006,571
Advances - non-performing - net of provision	862,611	885,577	-	163,532	104,820	-	-	2,016,540
Others	9,337,591	5,050,162	2,404,920	645,146	2,395,735	382,328	29,688,358	49,904,240
Total Assets	65,956,626	250,732,036	227,729,004	19,012,629	62,890,920	22,785,256	37,804,687	686,911,158
Borrowings	4,445,913	14,577,459	3,296,403	1,000,000	12,138,139	8,854,963	1,324,400	45,637,277
Subordinated debts	-	-	-	-	-	-	9,992,800	9,992,800
Deposits and other accounts	465,656,246	53,725,082	-	29,669	41,627,371	300,022	1,356,944	562,695,334
Net inter segment balances - net	(422,306,183)	175,862,349	223,825,220	16,299,202	1,868,060	11,262,448	(6,811,095)	-
Others	18,160,650	6,567,148	607,380	1,683,758	2,728,794	1,334,237	3,055,365	34,137,333
Total liabilities	65,956,626	250,732,038	227,729,003	19,012,629	58,362,364	21,751,670	8,918,414	652,462,744
Equity	-	-	-	-	4,528,556	1,033,586	28,886,272	34,448,414
Total Equity and liabilities	65,956,626	250,732,038	227,729,003	19,012,629	62,890,920	22,785,256	37,804,686	686,911,158
Contingencies and commitments	47,478,425	331,249,793	78,646,447	-	6,424,863	8,116,749	817,077	472,733,354

March 31, 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	(3,028,272)	2,135,708	4,098,517	457,438	435,975	132,517	(2,783)	4,229,100
Inter segment revenue - net	5,440,137	(1,653,915)	(3,592,394)	(235,485)	-	-	41,657	-
Non mark-up / return / interest income	446,719	324,704	294,904	46,097	55,022	744	28,038	1,196,228
Total income	2,858,584	806,498	801,027	268,050	490,997	133,261	66,911	5,425,328
Segment direct expenses	2,190,568	88,937	43,025	150,377	433,977	21,663	769,287	3,697,834
Inter segment expense allocation	30,937	104,943	-	24,413	-	-	2,519	162,812
Total expenses	2,221,505	193,880	43,025	174,790	433,977	21,663	771,806	3,860,646
Provisions	93,195	(660,832)	-	(11,010)	19,778	-	-	(558,869)
Profit before tax	543,884	1,273,450	758,002	104,270	37,242	111,598	(704,895)	2,123,551

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	67,749,459	336,263,367	71,602,764	-	5,934,661	8,011,980	851,280	490,413,511

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

For the quarter ended March 31, 2019

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 the period 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.

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

	As at March 31, 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
(Rupees in thousand)												
Investments												
Opening balance	-	-	-	-	49,133	-	-	-	-	-	217,634	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	154,796	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	(26,322)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	(296,975)	-
Closing balance	-	-	-	-	49,133	-	-	-	-	-	49,133	-
Provision for diminution in value of investments	-	-	-	-	9,097	-	-	-	-	-	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	31,668,209	1,051	13,595	-	6,975,549	-	97,898,658	27,104	70,238	-	32,784,743	-
Repaid during the period / year	(31,769,654)	(1,286)	(16,904)	-	(6,824,174)	-	(89,098,452)	(63,482)	(74,429)	-	(31,663,208)	-
Transfer in / (out) - net	-	-	(2,560)	-	-	-	-	-	36,134	-	(60,524)	-
Closing balance	9,479,834	216	326,671	-	3,954,838	-	9,581,279	451	332,540	-	3,803,463	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets												
Interest / mark-up receivable	633	3,598	68,188	-	76,708	-	52,483	3,671	65,415	-	23,533	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Security deposits receivable	3,600	-	-	-	-	-	3,600	-	-	-	-	-
Acceptances	-	-	-	-	127,784	-	-	-	-	-	172,199	-
Assets held for sale - net of provision	-	-	-	80,720	-	-	-	-	-	80,720	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
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	99,527,636	69,211	196,551	74,827	57,403,809	10,153,014	356,365,334	310,892	704,636	130,345	248,876,185	18,009,853
Withdrawn during the period / year	(104,386,832)	(48,128)	(213,880)	(52,997)	(49,993,890)	(10,246,306)	(352,326,164)	(299,993)	(676,343)	(104,666)	(251,057,728)	(17,858,065)
Transfer in / (out) - net	-	-	(212)	-	-	-	-	(15,008)	(55,165)	-	159,156	-
Closing balance	4,950,689	45,975	142,175	50,760	12,597,550	3,101,069	9,809,885	24,892	159,716	28,930	5,187,631	3,194,361
Other Liabilities												
Interest / mark-up payable	18,158	44	638	-	10,696	2,615	16,717	68	1,390	-	37,455	8,840
Acceptances	-	-	-	-	127,784	-	-	-	-	-	172,199	-
Payable to staff retirement fund	-	-	-	-	-	131,162	-	-	-	-	-	52,851
Dividend payable	906,282	104	75	-	-	7,830	-	-	-	-	-	-
Security deposits payable	-	-	287	-	178,786	-	-	-	287	-	161,946	-
Contingencies and Commitments												
Contingencies and Commitments	50,000	-	-	-	818,696	-	55,910	-	-	-	1,353,114	-

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

For the quarter ended March 31, 2019

(Rupees in thousand)

	For the quarter ended March 31, 2019 (Un-audited)						For the quarter ended March 31, 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	55,611	16	4,005	-	98,444	-	2,830	34	3,297	-	76,463	-
Fee and commission received	21	-	-	-	3,225	-	20	-	-	-	3,311	-
Dividend income	-	-	-	-	227	-	-	-	-	-	2,319	-
Expense												
Mark-up / return / interest expensed	138,737	285	1,534	87	154,688	93,603	109,349	39	3,297	-	121,208	50,171
Contribution to employees funds	-	-	-	-	-	149,007	-	-	-	-	-	154,883
Remuneration and allowances paid	-	-	99,944	-	-	1,446	-	-	137,093	-	-	1,004
Post employment Benefits	-	-	6,462	-	-	-	-	-	7,396	-	-	-
Fee and commission paid	-	-	-	-	-	7,378	-	-	-	-	236	5,649
Fee paid	-	2,375	-	-	-	-	-	1,656	-	-	-	-
Rent of property / service charges paid	1,026	-	-	-	-	-	993	-	-	-	-	-

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) March 31, 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	30,187,019	28,990,178
Eligible Additional Tier 1 (ADT 1) Capital	5,828,079	5,736,610
Total Eligible Tier 1 Capital	36,015,098	34,726,788
Eligible Tier 2 Capital	4,462,889	5,075,159
Total Eligible Capital (Tier 1 + Tier 2)	40,477,987	39,801,947
Risk Weighted Assets (RWAs):		
Credit Risk	275,347,816	268,963,104
Market Risk	8,950,088	9,771,875
Operational Risk	39,356,590	39,356,590
Total	323,654,494	318,091,569
Common Equity Tier 1 Capital Adequacy ratio	9.33%	9.11%
Tier 1 Capital Adequacy Ratio	11.13%	10.92%
Total Capital Adequacy Ratio	12.51%	12.51%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	36,015,098	34,726,788
Total Exposures	1,100,473,320	1,157,808,940
Leverage Ratio	3.27%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	241,657,851	278,917,449
Total Net Cash Outflow	137,085,548	154,131,589
Liquidity Coverage Ratio	176.28%	180.96%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	572,007,549	584,918,449
Total Required Stable Funding	318,426,805	312,211,738
Net Stable Funding Ratio	179.64%	187.35%

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

For the quarter ended March 31, 2019

37. Islamic Banking Business

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

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		3,551,675	3,302,392
Balances with other banks		519,999	506,950
Due from financial institutions	37.1	1,878,985	-
Investments	37.2	7,865,307	8,169,564
Islamic financing and related assets	37.3	46,679,219	46,610,024
Operating fixed assets		528,137	547,807
Other assets		1,867,598	1,625,927
Total Assets		<u>62,890,920</u>	<u>60,762,664</u>
LIABILITIES			
Bills payable		655,307	775,821
Due to Financial Institutions		12,138,139	899,361
Deposits and other accounts	37.4	41,627,371	42,338,600
Due to Head Office		1,868,060	2,168,060
Other liabilities		2,073,487	2,313,368
		<u>58,362,364</u>	<u>56,577,210</u>
Net Assets		<u>4,528,556</u>	<u>4,185,454</u>
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Deficit on revaluation of assets		(9,899)	(30,306)
Unappropriated loss	37.5	(61,545)	(384,240)
		<u>4,528,556</u>	<u>4,185,454</u>
CONTINGENCIES AND COMMITMENTS			
	37.6	<u>6,424,863</u>	<u>5,934,661</u>
Remuneration to Shariah Board		<u>1,004</u>	<u>3,965</u>

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

For the quarter ended March 31, 2019

The profit and loss account of the Bank's Islamic banking branches for the quarter ended March 31, 2019 is as follows:

	Note	(Un-audited)	
		Quarter ended March 31, 2019	Quarter ended March 31, 2018
		(Rupees in thousand)	
Profit / return earned	37.8	1,443,675	740,405
Profit / return expensed	37.9	692,822	304,430
Net Profit / return		750,853	435,975
Other income			
Fee and Commission Income		46,247	41,373
Foreign Exchange Income		2,831	3,827
Other Income		10,903	9,822
Total other income		59,981	55,022
Total Income		810,834	490,997
Other expenses			
Operating expenses		463,220	433,977
Workers' Welfare Fund		-	-
Other charges		11,518	-
Total other expenses		474,738	433,977
Profit before provisions		336,096	57,020
Provisions and write offs - net		13,401	19,778
Profit before taxation		322,695	37,242

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

37.1 Due from financial institutions

Bai Muajjal Receivable from
State Bank of Pakistan

1,878,985	-	1,878,985	-	-	-
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March 31, 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)							

37.1 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks	1,000,000	-	(11,500)	988,500	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	-	(11,500)	6,234,646	6,570,810	-	(32,130)	6,538,680

Non Government Debt Securities:

- Listed	210,000	-	1,601	211,601	210,000	-	1,824	211,824
- Unlisted	2,044,149	(625,089)	-	1,419,060	2,047,942	(628,882)	-	1,419,060
	2,254,149	(625,089)	1,601	1,630,661	2,257,942	(628,882)	1,824	1,630,884
Total investments	8,500,295	(625,089)	(9,899)	7,865,307	8,828,752	(628,882)	(30,306)	8,169,564

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

For the quarter ended March 31, 2019

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

37.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	4,229,423	4,159,292
Murabaha - note 37.3.1	4,230,287	5,163,391
Musharaka	18,850,169	16,689,289
Diminishing musharaka	9,938,105	9,489,949
Salam	3,876,000	6,209,050
Istisna	2,172,900	2,128,828
Receivable against sale of istisna / salam inventory	200,000	-
Service ijarah	390,477	390,477
Other islamic modes (executive car finance - qarz-e-hasana)	75,376	74,351
Advances against islamic assets - note 37.3.2	1,387,641	1,919,753
Inventory related to islamic financing - note 37.3.3	1,755,710	793,819
Gross islamic financing and related assets	47,106,088	47,018,199
Less: provision against islamic financings		
- Specific	392,554	374,871
- General	34,315	33,304
	426,869	408,175
Islamic financing and related assets - net of provision	46,679,219	46,610,024

37.3.1 Includes advance against Murabaha of Rs. 589,889 thousand (December 31, 2018: Rs. 1,812,315 thousand).

37.3.2 Advance against islamic assets

	Diminishing					Total
	Ijarah	Musharaka	Musharaka	Salam	Istisna	
	(Rupees in thousand)					
March 31, 2019 (Un-audited)	219,381	-	1,168,260	-	-	1,387,641
December 31, 2018 (Audited)	303,763	-	1,615,990	-	-	1,919,753

37.3.3 Inventory related to islamic financing

	Diminishing					Total
	Ijarah	Musharaka	Musharaka	Salam	Istisna	
	(Rupees in thousand)					
March 31, 2019 (Un-audited)	-	-	-	882,290	873,420	1,755,710
December 31, 2018 (Audited)	-	-	-	126,178	667,641	793,819

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
37.4 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Current deposits - non remunerative	14,482,585	14,940,668
Current deposits - remunerative	712,782	589,527
Savings deposits	17,486,207	19,290,437
Term deposits	7,120,904	6,395,547
Others	599,668	513,211
	<u>40,402,146</u>	<u>41,729,390</u>
Financial Institutions		
Current deposits - non remunerative	10,647	9,885
Savings deposits	989,578	474,325
Term deposits	225,000	125,000
	<u>1,225,225</u>	<u>609,210</u>
	<u>41,627,371</u>	<u>42,338,600</u>
37.5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED LOSS		
Opening balance	(384,240)	(616,817)
Add: Islamic banking profit for the period	322,695	232,577
Closing Balance	<u>(61,545)</u>	<u>(384,240)</u>
37.6 CONTINGENCIES AND COMMITMENTS		
- Transaction-related contingent liabilities	3,578,128	3,356,190
- Trade-related contingent liabilities	2,843,403	2,465,459
- Commitments in respect of forward exchange contracts	-	112,220
- Commitments for the acquisition of operating fixed assets	3,332	792
	<u>6,424,863</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	35,594	24,659
- Non shariah compliant income	10	433
- Profit on charity account	2	3
- Others	5	59
	35,611	25,154
Payments / utilization during the period		
- Education	-	(1,139)
- Community welfare (provision of clean drinking water)	-	(1,850)
- Health	-	(4,233)
- Orphanage	-	(1,027)
	-	(8,249)
Closing balance	<u>58,820</u>	<u>23,209</u>

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
37.8 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS		
Profit earned on:		
Financing	1,250,994	629,474
Investments	161,174	89,804
Placements	3,450	21,127
Lendings	28,057	-
	<u>1,443,675</u>	<u>740,405</u>
37.9 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	417,092	277,410
Due to financial institutions	247,968	14,938
Due to head office	27,762	12,082
	<u>692,822</u>	<u>304,430</u>

38. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on May 3, 2019.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2019**

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2019

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks	6	46,560,734	49,187,645
Balances with other banks	7	2,934,543	4,093,402
Lendings to financial institutions	8	1,878,985	-
Investments	9	234,609,544	260,233,987
Advances	10	351,023,111	343,107,147
Fixed assets	11	12,665,085	12,791,827
Intangible assets	12	843,614	741,361
Deferred tax assets	13	3,560,742	3,773,779
Other assets	14	32,754,080	32,522,174
		<u>686,830,438</u>	<u>706,451,322</u>
Assets attributable to discontinued operations	15	253,560	214,757
		<u>687,083,998</u>	<u>706,666,079</u>
Liabilities			
Bills payable	16	12,243,539	15,512,880
Borrowings	17	45,637,277	52,702,323
Deposits and other accounts	18	562,644,574	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	21,893,794	21,178,476
		<u>652,411,984</u>	<u>672,984,205</u>
Liabilities associated with discontinued operations	15	81,848	81,513
		<u>652,493,832</u>	<u>673,065,718</u>
		<u>34,590,166</u>	<u>33,600,361</u>
Net assets			
Represented by			
Share capital		12,602,602	12,602,602
Reserves		18,336,737	15,588,694
Surplus on revaluation of assets - net of tax			
Continued operations	21	2,089,619	1,649,197
Discontinued operations		46,405	5,723
Unappropriated profit		1,469,025	3,710,867
		<u>34,544,388</u>	<u>33,557,083</u>
Non-controlling interest		45,778	43,278
		<u>34,590,166</u>	<u>33,600,361</u>

Contingencies and Commitments

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The annexed notes 1 to 39 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 quarter ended March 31, 2019

		Quarter ended March 31, 2019	Quarter ended March 31, 2018
		(Rupees in thousand)	
Mark-up / return / interest earned	24	14,261,858	9,133,361
Mark-up / return / interest expensed	25	8,543,106	4,904,261
Net mark-up / interest income		<u>5,718,752</u>	<u>4,229,100</u>
Non mark-up / interest income			
Fee and commission income	26	844,414	692,125
Dividend income		57,225	37,398
Foreign exchange income		397,422	324,013
Income / (loss) from derivatives		-	-
Gain on securities	27	34,279	92,903
Other income	28	49,269	49,789
Total non-markup / interest income		<u>1,382,609</u>	<u>1,196,228</u>
Total income		7,101,361	5,425,328
Non mark-up / interest expenses			
Operating expenses	29	4,274,441	3,815,413
Workers' Welfare Fund		15,508	45,000
Other charges	30	22,209	233
Total non-markup / interest expenses		<u>4,312,158</u>	<u>3,860,646</u>
Profit before provisions		2,789,203	1,564,682
Provisions and write offs - net	31	(348,023)	(558,869)
Extraordinary / unusual items		-	-
Profit before taxation		3,137,226	2,123,551
Taxation	32	1,308,061	743,324
Profit after taxation - continued operations		1,829,165	1,380,227
Profit / (loss) after taxation - discontinued operations		9,616	(2,911)
		<u>1,838,781</u>	<u>1,377,316</u>
Attributable to:			
Equity holders of the Bank		1,836,281	1,378,073
Non-controlling interest		2,500	(757)
		<u>1,838,781</u>	<u>1,377,316</u>
		(Rupees)	
Basic earnings per share	33	<u>1.46</u>	<u>1.09</u>

The annexed notes 1 to 39 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 Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2019

	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
Profit after taxation	1,838,781	1,377,316
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	(69,820)	1,163
Movement in deficit on revaluation of investments - net of tax		
Continued operations	440,422	(862,317)
Discontinued operations	40,682	5,626
	411,284	(855,528)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of non-banking assets - net of tax	-	(1,000)
Total comprehensive income	<u>2,250,065</u>	<u>520,788</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	2,236,988	520,082
Non-controlling interest	13,077	706
	<u>2,250,065</u>	<u>520,788</u>
Total comprehensive income arises from:		
Continued operations	2,199,767	518,073
Discontinued operations	50,298	2,715
	<u>2,250,065</u>	<u>520,788</u>

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

- sd -
President & Chief Executive

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Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2019

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of Investments			Un-appropriated profit / (loss)	Sub-total	Non-controlling interest	Total
						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
Transfer to General reserve	-	-	-	-	2,703,887	-	-	-	(2,703,887)	-	-	-
Total comprehensive income for the quarter ended March 31, 2018	-	-	-	-	-	-	-	-	1,378,073	1,378,073	(757)	1,377,316
Net profit for the quarter ended March 31, 2018	-	-	-	-	-	-	-	-	1,378,073	1,378,073	(757)	1,377,316
Other comprehensive income related to equity	-	1,163	-	-	-	(862,317)	5,626	(1,000)	-	(856,528)	-	(856,528)
Transfer to Statutory reserve	-	-	-	275,615	-	-	-	-	(275,615)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	1,000	1,000	-	1,000
Balance as at March 31, 2018	12,602,602	124,160	234,669	8,084,506	6,349,717	(471,826)	25,503	4,750,763	1,103,458	32,803,552	43,596	32,847,148
Total comprehensive income for the nine months ended December 31, 2018	-	-	-	-	-	-	-	-	3,051,237	3,051,237	66	3,051,303
Net profit for the nine months ended December 31, 2018	-	-	-	-	-	-	-	-	3,051,237	3,051,237	66	3,051,303
Other comprehensive income related to equity	-	185,001	-	-	-	(3,625,697)	(19,780)	995,957	2,001	(2,462,518)	(384)	(2,462,902)
Transfer to Statutory reserve	-	-	-	-	-	(3,625,697)	(19,780)	995,957	3,053,238	588,719	(318)	588,401
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	610,641	-	-	-	-	(610,641)	-	-	-
Transfer to Statutory reserve	-	-	-	-	-	-	-	-	164,812	164,812	-	164,812
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
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Transfer to General reserve	-	-	-	-	2,450,607	-	-	-	(2,450,607)	-	-	-
Total comprehensive income for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	1,836,281	1,836,281	2,500	1,838,781
Net profit for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	1,836,281	1,836,281	2,500	1,838,781
Other comprehensive income related to equity	-	(69,820)	-	-	-	440,422	40,682	-	-	411,284	-	411,284
Transfer to Statutory reserve	-	(69,820)	-	-	-	440,422	40,682	-	1,836,281	2,247,565	2,500	2,250,065
Transfer to Statutory reserve	-	-	-	367,256	-	-	-	-	(367,256)	-	-	-
Balance as at March 31, 2019	12,602,602	239,341	234,669	9,062,403	8,800,324	(3,657,101)	46,405	5,746,720	1,469,025	34,544,388	45,778	34,590,166

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

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

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Director

- sd -
Chairman

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2019

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018
Cash flow from operating activities			
(Rupees in thousand)			
Profit before taxation		3,137,226	2,123,551
Less: dividend income		(57,225)	(37,398)
		<u>3,080,001</u>	<u>2,086,153</u>
Adjustments:			
Depreciation		257,920	255,185
Amortization		51,798	49,072
Reversal of provisions and write offs - net	31	(322,135)	(518,264)
Loss on sale of fixed assets		6,812	9
		<u>(5,605)</u>	<u>(213,998)</u>
		<u>3,074,396</u>	<u>1,872,155</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		-	(5,965,775)
Held for trading securities		(571,437)	-
Advances		(7,561,930)	(9,423,484)
Other assets (excluding advance taxation)		(315,971)	2,077,888
		<u>(8,449,338)</u>	<u>(13,311,371)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(3,269,341)	(1,387,991)
Borrowings		(7,065,046)	(47,020,826)
Deposits and other accounts		(10,952,352)	10,953,782
Other liabilities (excluding current taxation)		(543,850)	(799,779)
		<u>(21,830,589)</u>	<u>(38,254,814)</u>
Cash used in operations		(27,205,531)	(49,694,030)
Discontinued operations		19,470	1,139
Income tax paid		(1,145,253)	(657,170)
Net cash outflow from operating activities		<u>(28,331,314)</u>	<u>(50,350,061)</u>
Cash flow from investing activities			
Net investments in available for sale securities		43,304,864	54,889,948
Net investments in held to maturity securities		(16,470,590)	(1,186,128)
Dividend income		22,099	22,215
Investments in operating fixed assets - net of adjustment		(340,610)	(205,811)
Proceeds from sale of fixed assets		3,885	6,167
Effect of translation of net investment in Wholesale Bank Branch		(69,820)	1,163
Discontinued operations		(23,311)	438
Net cash flow from investing activities		<u>26,426,517</u>	<u>53,527,992</u>
Cash flow from financing activities			
Payments of subordinated debts - net		(800)	(800)
Dividends paid		(1,198)	(8,775)
Net cash used in financing activities		<u>(1,998)</u>	<u>(9,575)</u>
(Decrease) / increase in cash and cash equivalents		<u>(1,906,795)</u>	<u>3,168,356</u>
Cash and cash equivalents at beginning of the period		53,281,057	48,183,160
Cash and cash equivalents at end of the period		<u>51,374,262</u>	<u>51,351,516</u>
Cash and cash equivalents at end of the period			
Cash and balances with treasury banks		46,560,734	47,159,253
Balances with other banks		2,934,543	3,692,263
Call money lendings		1,878,985	500,000
		<u>51,374,262</u>	<u>51,351,516</u>

The annexed notes 1 to 39 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 quarter ended March 31, 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 principally engaged in the business of banking as defined in 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 March 31, 2019. The ultimate parent of the Bank is Fauji Foundation. The Bank has 516 branches (2018: 516 branches); 515 in Pakistan and Azad Jammu and Kashmir (including 91 (2018: 91) Islamic Banking branches and 43 (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 accounting and reporting standards as applicable in Pakistan. The 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.

SBP vide BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, "Investment Property" (IAS 40), for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the International Financial Reporting Standard 7, "Financial Instruments: Disclosures" (IFRS 7), has not been made applicable for banks. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

- 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

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

For the quarter ended March 31, 2019

International Accounting Standard 34 'Interim Financial Reporting' (IAS 40) 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 for the financial year ended December 31, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated 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

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations	January 1, 2019
IFRS 9	Financial Instruments	July 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 12	Income Taxes	January 1, 2019
IAS 19	Employee Benefits	January 1, 2019
IAS 23	Borrowing Costs	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The Group is currently awaiting instructions from SBP on applicability of IFRS 9 as the applicability of IAS 39 was deferred by SBP till further instructions. However, during the year ended December 31, 2018, IFRS 9 became applicable for Wholesale Bank Branch of the Group.

SBP advised the banks to submit impact assessment of IFRS 16, to which the Group has complied. As necessary guidance and instructions with regard to implementation of said Standard are awaited, therefore the requirements of IFRS 16 have not been considered in preparation of these consolidated condensed interim financial statements.

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

- a) Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2019
IFRS 14	Regulatory Deferral Accounts	January 1, 2016

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

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

For the quarter ended March 31, 2019

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
IFRS 3	Business Combinations (Amendments)	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021

The management does not anticipate early adoption of above standards.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

6. CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
In hand:		
Local currency	10,858,460	10,368,791
Foreign currencies	1,965,375	1,935,969
	<u>12,823,835</u>	<u>12,304,760</u>
With the State Bank of Pakistan in:		
Local currency current accounts	21,001,112	24,210,710
Foreign currency current account	3,031,551	2,829,226
Foreign currency deposit account - note 6.1	8,341,946	7,946,957
	<u>32,374,609</u>	<u>34,986,893</u>
With National Bank of Pakistan in:		
Local currency current accounts	1,350,915	1,883,326
Prize Bonds	11,375	12,666
	<u>46,560,734</u>	<u>49,187,645</u>

6.1. This represents special cash reserve maintained with the SBP and carries mark-up at the rate of 1.49% (2018: 1.50%) per annum.

7. BALANCES WITH OTHER BANKS

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
In Pakistan		
In current accounts	278,078	354,396
In deposit accounts	381	291
	<u>278,459</u>	<u>354,687</u>
Outside Pakistan		
In current accounts	518,876	1,047,160
In deposit accounts	2,137,212	2,691,565
	<u>2,656,088</u>	<u>3,738,725</u>
Provision under IFRS 9 related to WBB	(4)	(10)
	<u>2,934,543</u>	<u>4,093,402</u>

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
8. LENDINGS TO FINANCIAL INSTITUTIONS	(Rupees in thousand)	
Call / clean money lendings	1,878,985	-
Purchase under resale arrangement of equity securities	148,606	148,606
	2,027,591	148,606
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	1,878,985	-

	March 31, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
	(Rupees in thousand)			
8.1 Category of classification				
Domestic				
Loss	148,606	148,606	148,606	148,606

9. INVESTMENTS

March 31, 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

Federal Government Securities	571,437	-	(733)	570,704	-	-	-	-
	571,437	-	(733)	570,704	-	-	-	-

Available for sale securities

Federal Government Securities	200,282,190	(17,844)	(5,440,582)	194,823,764	244,060,807	(41,600)	(6,125,979)	237,893,228
Shares	5,898,588	(1,538,393)	(174,923)	4,185,272	5,898,588	(1,437,160)	(153,307)	4,308,121
Units of open end mutual funds	1,032,012	(2,376)	(48,158)	981,478	1,032,012	(2,376)	(58,190)	971,446
Fully paid preference shares	27,314	(7,139)	39,570	59,745	27,314	(7,139)	39,570	59,745
Non Government Debt Securities	7,567,503	(1,521,337)	(943)	6,045,223	6,957,717	(1,540,848)	(480)	5,416,389
Foreign securities	285,785	(2,281)	(1,273)	282,231	421,818	(2,659)	(5,496)	413,663
	215,093,392	(3,089,370)	(5,626,309)	206,377,713	258,398,256	(3,031,782)	(6,303,882)	249,062,592

Held to maturity securities

Federal Government Securities	27,764,405	(103,278)	-	27,661,127	11,293,815	(122,420)	-	11,171,395
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
	27,874,405	(213,278)	-	27,661,127	11,403,815	(232,420)	-	11,171,395
Total investments	243,539,234	(3,302,648)	(5,627,042)	234,609,544	269,802,071	(3,264,202)	(6,303,882)	260,233,987

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
9.1.1 Investments given as collateral		
Market Treasury Bills	3,300,842	12,793,905
Euro Bonds	3,910,892	3,381,368
Bahrain International Bonds	146,351	144,747
Srilankan Investment Bonds	140,706	277,070
Sukuks	7,640,600	8,369,037
	15,139,391	24,966,127

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
9.2 Provision for diminution in value of investments	(Rupees in thousand)	
9.2.1 Opening balance	3,264,202	2,215,430
Exchange adjustments	1,816	-
Charge / (reversals)		
Charge for the period / year	101,233	1,331,427
Reversal of provision under IFRS 9 related to WBB	(45,092)	(6,472)
Reversals for the period / year	(19,511)	(268,539)
Reversal on disposals	-	(7,644)
	<u>36,630</u>	<u>1,048,772</u>
Closing balance	<u>3,302,648</u>	<u>3,264,202</u>

9.2.2 Particulars of provision against debt securities

Category of classification	March 31, 2019 (Un-audited)		December 31, 2018 - (Audited)	
	NPL	Provision	NPL	Provision
	(Rupees in thousand)			

Category of classification

Domestic

Loss

1,650,848	1,754,739	1,650,848	1,817,527
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9.3 The market value of securities classified as held to maturity as at March 31, 2019 is Rs. 27,856,548 thousand (December 31, 2018: Rs. 11,029,123 thousand).

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)					
Loans, cash credits, running finances, etc.	286,285,336	279,232,463	26,211,571	26,166,223	312,496,907	305,398,686
Islamic financing and related assets	46,608,714	46,583,103	497,374	435,096	47,106,088	47,018,199
Bills discounted and purchased	17,162,139	16,786,319	55,767	55,767	17,217,906	16,842,086
Advances - gross	350,056,189	342,601,885	26,764,712	26,657,086	376,820,901	369,258,971
Provision against advances						
- Specific	-	-	(24,748,177)	(25,113,169)	(24,748,177)	(25,113,169)
- General	(1,049,613)	(1,038,655)	-	-	(1,049,613)	(1,038,655)
	<u>(1,049,613)</u>	<u>(1,038,655)</u>	<u>(24,748,177)</u>	<u>(25,113,169)</u>	<u>(25,797,790)</u>	<u>(26,151,824)</u>
Advances - net of provision	<u>349,006,576</u>	<u>341,563,230</u>	<u>2,016,535</u>	<u>1,543,917</u>	<u>351,023,111</u>	<u>343,107,147</u>

10.1 Particulars of advances (Gross)

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
In local currency	358,995,878	347,815,947
In foreign currencies	17,825,023	21,443,024
	<u>376,820,901</u>	<u>369,258,971</u>

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

For the quarter ended March 31, 2019

10.2 Advances include Rs. 26,764,712 thousand (December 31, 2018: Rs. 26,657,086 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 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	100,946	-	90,038	1,883
Substandard	677,500	48,885	286,591	23,421
Doubtful	608,205	247,318	429,231	187,411
Loss	25,378,061	24,451,974	25,851,226	24,900,454
	<u>26,764,712</u>	<u>24,748,177</u>	<u>26,657,086</u>	<u>25,113,169</u>

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

10.3. Particulars of provision against advances

	March 31, 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	401,887	447,575	25,811,531
Exchange adjustment	-	2,378	-	2,378	-	-	-	-
Charge for the year	202,931	83	22,793	225,807	2,413,023	81,302	102,568	2,596,893
Provision under IFRS 9 related to WBB	-	(11,262)	-	(11,262)	-	16,119	-	16,119
Reversal for the year	(567,923)	(2,108)	(926)	(570,957)	(2,134,869)	(879)	(9,917)	(2,145,665)
	(364,992)	(13,287)	21,867	(356,412)	278,154	96,542	92,651	467,347
Foreign Amounts written off	-	-	-	-	-	-	-	-
Amounts charged off- agriculture financing	-	-	-	-	(127,054)	-	-	(127,054)
Closing balance	<u>24,748,177</u>	<u>487,520</u>	<u>562,093</u>	<u>25,797,790</u>	<u>25,113,169</u>	<u>498,429</u>	<u>540,226</u>	<u>26,151,824</u>

10.3.2 The net FSV benefit already availed has been increased by Rs. 79,085 thousand, which has resulted in decreased charge for specific provision for the period by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 79,085 thousand (2018: Rs. 192 thousand) and Rs. 48,242 thousand (2018: Rs. 117 thousand) respectively. Further, at March 31, 2019, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 649,473 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.

10.3.3 The Group has availed the relaxation of Rs. 102,460 thousand (December 31, 2018: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		(Rupees in thousand)	
11. FIXED ASSETS			
Capital work-in-progress	11.1	72,421	53,738
Property and equipment		12,592,664	12,738,089
		<u>12,665,085</u>	<u>12,791,827</u>

11.1 This represents advances to suppliers and contractors.

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
11.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	18,683	9,573
Property and equipment		
Renovation of premises	16,132	45,603
Capital Furniture, fixtures and office equipment	18,406	35,208
Carpets	2,070	1,449
Machine and equipments	53,352	106,993
Computer equipments	9,124	2,806
Vehicles	6,023	135
	105,107	192,194
Total	<u>123,790</u>	<u>201,767</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Renovation of premises	6,349	2,200
Capital Furniture, fixtures and office equipment	1,857	1,531
Carpets	453	427
Machine and equipments	2,038	1,998
Vehicles	-	20
Total	<u>10,697</u>	<u>6,176</u>

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
12. INTANGIBLE ASSETS		
Computer software	791,168	704,885
Less: Provision against intangibles	(24,404)	(24,404)
	766,764	680,481
Capital work-in-progress	76,850	60,880
	<u>843,614</u>	<u>741,361</u>

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	138,040	4,043
Total	<u>138,040</u>	<u>4,043</u>

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Post retirement employee benefits	163,600	163,600
- Deficit on revaluation of investments	1,969,208	2,206,359
- Impact under IFRS 9 related to WBB	103,494	121,871
- Provision against advances, off balance sheet	1,628,329	1,568,007
	3,864,631	4,059,837
Taxable temporary differences on		
- Accelerated tax depreciation	(303,889)	(286,058)
	(303,889)	(286,058)
	<u>3,560,742</u>	<u>3,773,779</u>
14. OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	10,744,622	9,793,092
Income / mark-up accrued in foreign currencies	688,671	477,756
Advances, deposits, advance rent and other prepayments	1,156,529	1,321,871
Advance taxation (payments less provisions)	5,773,595	5,918,572
Non banking assets acquired in satisfaction of claims	3,201,319	3,201,319
Mark to market gain on forward foreign exchange contracts - net	295,841	607,925
Suspense account	37,855	48,637
Stationary and stamps in hand	94,980	105,007
Dividend receivable	36,265	1,139
Acceptances	8,448,397	8,735,265
Others	426,557	472,257
	30,904,631	30,682,840
Provision held against other assets - note 14.1	(247,696)	(257,811)
Other assets - net of provision	30,656,935	30,425,029
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,097,145	2,097,145
Other assets - total	<u>32,754,080</u>	<u>32,522,174</u>
14.1 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	139,464	142,470
Non-banking assets acquired in satisfaction of claims	15,952	15,952
Suspense account	34,408	34,408
Others	57,872	64,534
	<u>247,696</u>	<u>257,364</u>
14.1.1 Movement in provision held against other assets		
Opening balance	257,811	272,565
Provision under IFRS 9 related to WBB	(447)	149
Opening balance after IFRS 9 impact of WBB	257,364	272,714
Charge for the period / year	-	230
Provision under IFRS 9 related to WBB	-	298
Reversals for the period / year	(2,006)	(15,431)
Amounts written off / adjustments	(7,662)	-
	(9,668)	(14,903)
Others	<u>247,696</u>	<u>257,811</u>

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

For the quarter ended March 31, 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) March 31, 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	56,545	69,943
Lendings to financial institutions	-	-
Investments	120,494	57,429
Advances	873	911
Fixed assets	5,293	4,238
Intangible assets	16,569	16,696
Deferred tax assets	-	-
Other assets	53,786	65,540
	<u>253,560</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	81,848	81,513
	<u>81,848</u>	<u>81,513</u>
	<u>171,712</u>	<u>133,244</u>

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
15.1.2 Financial Performance		
Mark-up / return / interest earned	644	180
Mark-up / return / interest expensed	4	-
Net mark-up / interest income	640	180
Non mark-up / interest income		
Fee and commission income	7,819	9,544
Dividend income	827	-
Foreign exchange income	-	-
Income / (loss) from derivatives	-	-
Gain on securities	3,098	-
Other income	137	124
Total non-markup / interest income	11,881	9,668
Total income	12,521	9,848
Non mark-up / interest income		
Operating expenses	6,466	11,512
Workers' welfare fund	-	-
Other charges	-	-
Total non-markup / interest expenses	6,466	11,512
Profit before provisions	6,055	(1,664)
Provisions and write offs - net	-	-
Extraordinary / unusual items	-	-
Profit before taxation	6,055	(1,664)
Taxation	3,561	(1,247)
Profit after taxation	9,616	(2,911)
15.1.3 Other Comprehensive Income		
Profit after taxation	9,616	(2,911)
Movement in deficit on revaluation of investments - net of tax	40,682	5,626
	50,298	2,715
15.1.4 Cash Flow Information		
Net cash flows from operating activities	19,470	1,139
Net cash flows from investing activities	(23,311)	438
Net cash flows from financing activities	-	-
	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
16. BILLS PAYABLE		
In Pakistan	12,243,539	15,512,880

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
(Rupees in thousand)		
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	13,295,379	12,455,680
Long term financing facility	6,312,932	6,281,267
Financing facility for storage of agricultural produce	5,000	5,833
Renewable energy financing facility	448,200	224,077
	20,061,511	18,966,857
Repurchase agreement borrowings:		
Financial Institutions	11,361,164	20,766,755
Refinance from Pakistan Mortgage Refinance Company	1,000,000	1,000,000
Total secured	32,422,675	40,733,612
Unsecured		
Call borrowings	11,890,202	10,851,663
Overdrawn nostro accounts	1,324,400	1,117,048
Total unsecured	13,214,602	11,968,711
	45,637,277	52,702,323

March 31, 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	154,386,235	15,629,128	170,015,363	152,097,142	16,648,265	168,745,407
Savings deposits	271,063,165	34,943,139	306,006,304	284,295,933	30,842,212	315,138,145
Fixed deposits	76,489,565	6,064,299	82,553,864	80,061,600	5,961,134	86,022,734
	501,938,965	56,636,566	558,575,531	516,454,675	53,451,611	569,906,286

Financial institutions

Current accounts	843,871	-	843,871	811,441	-	811,441
Savings deposits	1,532,625	-	1,532,625	1,441,152	-	1,441,152
Fixed deposits	1,692,547	-	1,692,547	1,438,047	-	1,438,047
	4,069,043	-	4,069,043	3,690,640	-	3,690,640
	506,008,008	56,636,566	562,644,574	520,145,315	53,451,611	573,596,926

	(Un-audited) March 31, 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
	9,992,800	9,993,600

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

For the quarter ended March 31, 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 in thousand)	3,992,800	6,000,000
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 is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	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.
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 shortfall 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 quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,355,329	3,167,365
Mark-up / return / interest payable in foreign currencies	79,550	166,309
Unearned commission and income on bills discounted	779,763	558,086
Accrued expenses	1,022,396	1,125,210
Advance payments	479,187	439,176
Acceptances	8,448,397	8,735,265
Dividends payable	1,386,115	127,053
Branch adjustment account	424,821	310,170
Payable to defined benefit plan	131,162	52,851
Security deposit against lease / Ijarah financing	4,489,526	4,473,848
Withholding taxes payable	229,945	134,361
Federal excise duty payable	48,850	68,562
Workers' Welfare Fund	145,508	130,000
Switch fee payable	794,727	747,778
Provision against off-balance sheet obligations - note 20.1	108,131	108,025
Others	970,387	834,417
	<u>21,893,794</u>	<u>21,178,476</u>
20.1 Provision against off-balance sheet obligations		
Opening balance	108,025	6,116
Provision under IFRS 9 related to WBB	447	-
Opening balance after IFRS 9 impact of WBB	108,472	6,116
Charge for the period / year	-	101,909
Provision under IFRS 9 related to WBB	(341)	-
	(341)	101,909
Amounts written off	-	-
Closing balance	<u>108,131</u>	<u>108,025</u>
21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	(5,626,309)	(6,303,882)
- Fixed Assets	3,649,575	3,649,575
- Non-banking assets acquired in satisfaction of claims	2,097,145	2,097,145
	120,411	(557,162)
Deferred tax on deficit on revaluation of:		
- Available for sale securities	1,969,208	2,206,359
	<u>2,089,619</u>	<u>1,649,197</u>
22. CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 22.1	174,919,739	177,859,159
- Commitments - note 22.2	297,122,186	311,768,322
- Other contingency liabilities - note 22.3	698,058	792,879
	<u>472,739,983</u>	<u>490,420,360</u>

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
22.1 Guarantees		
Financial guarantees	3,302,876	3,841,612
Performance guarantees	114,117,721	114,818,848
Other guarantees	57,499,142	59,198,699
	<u>174,919,739</u>	<u>177,859,159</u>
22.2 Commitments		
Documentary credits and short-term trade-related transactions - letters of credit	194,436,768	212,101,045
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	75,347,230	58,918,497
- forward lending - note 21.2.2	27,209,207	40,682,738
Commitments for acquisition of:		
- operating fixed assets	39,338	29,633
- intangible assets	83,014	30,628
Commitments in respect of future contract transactions of equity securities	6,629	5,781
	<u>297,122,186</u>	<u>311,768,322</u>
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	48,025,498	36,434,542
Sale	27,321,732	22,483,955
	<u>75,347,230</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	11,414,384	20,806,907
Undrawn commitments - note 21.2.2.1	15,794,823	19,875,831
	<u>27,209,207</u>	<u>40,682,738</u>
21.2.2.1 These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.		
	(Un-audited) March 31, 2019	(Audited) December 31, 2018
22.3 Other contingent liabilities	(Rupees in thousand)	
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.	698,058	792,879
	<u>698,058</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 quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
24. MARK-UP / RETURN / INTEREST EARNED		
On:		
a) Loans and advances	8,950,529	4,482,666
b) Investments	4,516,695	4,541,170
c) Lendings to financial institutions	8,256	23,281
d) Balances with banks	61,763	27,574
e) Securities purchased under resale agreements	724,615	58,670
	<u>14,261,858</u>	<u>9,133,361</u>
25. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
a) Deposits	7,711,004	4,469,070
b) Borrowings	554,689	341,950
c) Subordinated debts	277,413	93,241
	<u>8,543,106</u>	<u>4,904,261</u>
26. FEE AND COMMISSION INCOME		
Branch banking customer fees	129,484	103,938
Consumer finance related fees	28,967	20,467
Card related fees (debit and credit cards)	210,374	204,544
Credit related fees	32,249	25,439
Investment banking fees	82,230	19,208
Commission on trade	162,030	140,106
Commission on guarantees	137,383	106,552
Commission on remittances including home remittances	14,709	12,252
Commission on bancassurance	26,938	41,991
Others	20,050	17,628
	<u>844,414</u>	<u>692,125</u>
27. GAIN ON SECURITIES		
Realised - note 27.1	35,012	92,903
Unrealised - note 9.1	(733)	-
	<u>34,279</u>	<u>92,903</u>
27.1 Realised gain / (loss) on:		
Federal Government Securities	34,924	100,198
Shares	-	(33,893)
Non Government Debt Securities	88	1,680
Mutual Funds	-	24,918
	<u>35,012</u>	<u>92,903</u>
28. OTHER INCOME		
Rent of property	-	1,786
Loss on sale of fixed assets	(6,812)	(9)
Rent of lockers	10,083	9,478
Recovery of expenses from customers	45,998	38,534
	<u>49,269</u>	<u>49,789</u>

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
	(Rupees in thousand)	
29. OPERATING EXPENSES		
Total compensation expenses	2,228,322	2,106,877
Property expense		
Rent and taxes	439,222	445,814
Insurance	21,054	23,212
Utilities cost	106,232	74,951
Security (including guards)	125,985	135,239
Repair & maintenance (including janitorial charges)	53,753	51,783
Depreciation	111,555	104,778
	857,801	835,777
Information technology expenses		
Software maintenance	67,001	40,145
Hardware maintenance	6,131	7,653
Depreciation	47,987	46,833
Amortisation	51,798	49,072
Network charges	56,492	33,120
	229,409	176,823
Other operating expenses		
Directors' fees, allowances	2,375	1,656
Fees and allowances to shariah board	1,446	1,004
Rent, taxes, insurance etc.	52,146	43,209
Legal and professional charges	25,228	17,460
Brokerage and commission	15,401	11,489
NIFT clearing charges	15,282	10,578
Repair and maintenance	51,867	29,662
Communications	106,934	94,314
Stationery and printing	74,711	48,552
Marketing, advertisement and publicity	3,827	8,162
Donations	-	840
Auditors' remuneration	8,397	2,829
Travelling, conveyance and entertainment	243,394	224,353
Depreciation	98,378	103,574
Security service charges	49,271	40,895
Training and development	2,379	3,231
Premium paid to Deposit Protection Corporation	95,081	-
Other expenditure	112,792	54,128
	958,909	695,936
	<u>4,274,441</u>	<u>3,815,413</u>

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

For the quarter ended March 31, 2019

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

(Un-audited)	
Quarter ended March 31, 2019	Quarter ended March 31, 2018
(Rupees in thousand)	

31. PROVISIONS AND WRITE OFFS - NET

Provision / (reversal of provision) for diminution in value of investments	36,630	(127,511)
Reversal of provision against loans and advances	(356,412)	(390,753)
Reversal of provision against other assets	(2,006)	-
Reversal of provision against off-balance sheet obligations	(341)	-
Recovery of written off / charged off bad debts	(25,888)	(40,605)
Reversal of provision against cash and bank balances	(6)	-
	<u>(348,023)</u>	<u>(558,869)</u>

32. TAXATION

Current	1,212,315	722,423
Prior years	77,915	-
Deferred	17,831	20,901
	<u>1,308,061</u>	<u>743,324</u>

32.1 TAX STATUS

- (i) The Group has filed tax returns for and up to tax year 2018 (year ended 31 December 2017). The assessments for and up to tax year 2017 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income.

Tax payments made in relation to the matters currently pending are being carried forward as receivable, as management is confident of their realization as and when the appeals are decided.

- (ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However the likelihood of an adverse decision is considered low due to a favourable decision of the High Court in a parallel case.

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
33. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>1,836,281</u>	<u>1,378,073</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>1.46</u>	<u>1.09</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 annual consolidated financial statements for the year ended December 31, 2018.

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).

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For the quarter ended March 31, 2019

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.

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.

	March 31, 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	-	195,394,468	-	195,394,468
Shares	3,879,592	-	305,680	4,185,272
Units of open end mutual funds	-	981,478	-	981,478
Fully paid preference shares	59,745	-	-	59,745
Non Government Debt Securities	-	1,516,812	4,528,411	6,045,223
Foreign securities	-	282,231	-	282,231
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	27,661,127	-	27,661,127
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	48,025,498	-	48,025,498
Forward Sale of foreign exchange	-	27,321,732	-	27,321,732
Forward agreements for borrowing	-	-	11,414,384	11,414,384

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For the quarter ended March 31, 2019

	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 lending	-	-	-	-
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.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
	Level 3	Level 3
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	5,298,464	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:

	March 31, 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	(5,267,432)	4,893,097	4,652,483	701,376	750,853	154,636	(166,262)	5,718,752
Inter segment revenue - net	9,513,896	(4,166,717)	(5,142,918)	(448,187)	-	-	243,926	-
Non mark-up / return / interest income	498,832	462,040	302,837	54,366	59,981	10,617	(6,064)	1,382,609
Total income	4,745,297	1,188,419	(187,598)	307,555	810,834	165,253	71,600	7,101,361
Segment direct expenses	2,362,969	95,900	48,907	169,983	474,738	20,974	949,250	4,122,720
Inter segment expense allocation	30,442	130,081	-	19,001	-	-	9,914	189,438
Total expenses	2,393,411	225,980	48,907	188,984	474,738	20,974	959,164	4,312,158
Provisions	(106,275)	(215,404)	-	16,955	13,401	(56,700)	-	(348,023)
Profit before tax	2,458,161	1,177,843	(236,505)	101,616	322,695	200,979	(887,563)	3,137,226

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the quarter ended March 31, 2019

March 31, 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	17,919,757	591,353	26,381,219	331	4,071,674	393,870	137,074	49,495,277
Investments	-	13,631,195	198,942,865	-	7,865,307	12,915,876	1,254,301	234,609,544
Lendings to financial institutions	-	-	-	-	1,878,985	-	-	1,878,985
Advances - performing - net of provision	37,836,667	230,573,749	-	18,203,620	46,574,399	9,093,182	6,724,954	349,006,571
Advances - non-performing - net of provision	862,611	885,577	-	163,532	104,820	-	-	2,016,540
Others	9,337,591	5,050,162	2,404,920	645,146	2,395,735	382,328	29,607,638	49,823,521
	<u>65,956,626</u>	<u>250,732,037</u>	<u>227,729,004</u>	<u>19,012,629</u>	<u>62,890,920</u>	<u>22,785,256</u>	<u>37,723,967</u>	<u>680,830,438</u>
Assets attributable to discontinued operations	-	-	-	-	-	-	253,560	253,560
Total Assets	<u>65,956,626</u>	<u>250,732,037</u>	<u>227,729,004</u>	<u>19,012,629</u>	<u>62,890,920</u>	<u>22,785,256</u>	<u>37,977,527</u>	<u>687,083,998</u>
Borrowings	4,445,913	14,577,459	3,296,403	1,000,000	12,138,139	8,854,963	1,324,400	45,637,277
Subordinated debts	-	-	-	-	-	-	9,992,800	9,992,800
Deposits and other accounts	465,605,486	53,725,082	-	29,669	41,627,371	300,022	1,356,944	562,644,574
Net inter segment balances - net	(422,255,423)	175,862,349	223,825,220	16,299,202	1,868,060	11,262,448	(6,861,855)	-
Others	18,160,650	6,567,148	607,380	1,683,758	2,728,794	1,334,237	3,055,365	34,137,333
	<u>65,956,626</u>	<u>250,732,037</u>	<u>227,729,004</u>	<u>19,012,629</u>	<u>58,362,364</u>	<u>21,751,670</u>	<u>8,867,655</u>	<u>652,411,984</u>
Liabilities associated with discontinued operations	-	-	-	-	-	-	81,848	81,848
Total liabilities	<u>65,956,626</u>	<u>250,732,037</u>	<u>227,729,004</u>	<u>19,012,629</u>	<u>58,362,364</u>	<u>21,751,670</u>	<u>8,949,503</u>	<u>652,493,832</u>
Equity	-	-	-	-	4,528,556	1,033,586	29,028,024	34,590,166
Total Equity and liabilities	<u>65,956,626</u>	<u>250,732,037</u>	<u>227,729,004</u>	<u>19,012,629</u>	<u>62,890,920</u>	<u>22,785,256</u>	<u>37,977,527</u>	<u>687,083,998</u>
Contingencies and commitments	<u>47,478,425</u>	<u>331,249,793</u>	<u>78,646,447</u>	<u>-</u>	<u>6,424,863</u>	<u>8,116,749</u>	<u>823,706</u>	<u>472,739,983</u>

March 31, 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	(3,028,272)	2,135,708	4,098,517	457,438	435,975	132,517	(2,783)	4,229,100
Inter segment revenue - net	5,440,137	(1,653,915)	(3,592,394)	(235,485)	-	-	41,656	-
Non mark-up / return / interest income	446,719	324,704	294,904	46,097	55,022	744	28,038	1,196,228
Total income	<u>2,858,584</u>	<u>806,498</u>	<u>801,027</u>	<u>268,050</u>	<u>490,997</u>	<u>133,261</u>	<u>66,911</u>	<u>5,425,328</u>
Segment direct expenses	2,190,568	88,937	43,025	150,377	433,977	21,663	769,287	3,697,833
Inter segment expense allocation	30,937	104,943	-	24,413	-	-	2,519	162,813
Total expenses	<u>2,221,505</u>	<u>193,880</u>	<u>43,025</u>	<u>174,790</u>	<u>433,977</u>	<u>21,663</u>	<u>771,806</u>	<u>3,860,646</u>
Provisions	93,195	(660,832)	-	(11,010)	19,778	-	-	(558,869)
Profit before tax	<u>543,884</u>	<u>1,273,450</u>	<u>758,002</u>	<u>104,270</u>	<u>37,242</u>	<u>111,598</u>	<u>(704,895)</u>	<u>2,123,551</u>

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

For the quarter ended March 31, 2019

	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
	<u>57,827,952</u>	<u>248,098,133</u>	<u>257,146,986</u>	<u>20,038,364</u>	<u>60,762,664</u>	<u>24,312,583</u>	<u>38,264,640</u>	<u>706,451,322</u>
Assets attributable to discontinued operations	-	-	-	-	-	-	214,757	214,757
Total Assets	<u>57,827,952</u>	<u>248,098,133</u>	<u>257,146,986</u>	<u>20,038,364</u>	<u>60,762,664</u>	<u>24,312,583</u>	<u>38,479,397</u>	<u>706,666,079</u>
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	(411,927,869)	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
	<u>57,827,952</u>	<u>248,098,133</u>	<u>257,146,986</u>	<u>20,038,364</u>	<u>56,577,210</u>	<u>23,553,239</u>	<u>9,742,321</u>	<u>672,984,205</u>
Liabilities associated with discontinued operations	-	-	-	-	-	-	81,513	81,513
Total liabilities	<u>57,827,952</u>	<u>248,098,133</u>	<u>257,146,986</u>	<u>20,038,364</u>	<u>56,577,210</u>	<u>23,553,239</u>	<u>9,823,834</u>	<u>673,065,718</u>
Equity	-	-	-	-	4,185,454	759,344	28,655,563	33,600,361
Total Equity and liabilities	<u>57,827,952</u>	<u>248,098,133</u>	<u>257,146,986</u>	<u>20,038,364</u>	<u>60,762,664</u>	<u>24,312,583</u>	<u>38,479,397</u>	<u>706,666,079</u>
Contingencies and commitments	<u>67,749,459</u>	<u>336,263,367</u>	<u>71,602,764</u>	<u>-</u>	<u>5,934,661</u>	<u>8,011,980</u>	<u>858,129</u>	<u>490,420,360</u>

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 the period 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.

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

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For the quarter ended March 31, 2019

(Rupees in thousand)

	As at March 31, 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
Investments										
Opening balance	-	-	-	49,133	-	-	-	-	217,634	-
Investment made during the period / year	-	-	-	-	-	-	-	-	154,796	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	(26,322)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(296,975)	-
Closing balance	-	-	-	49,133	-	-	-	-	49,133	-
Provision for diminution in value of investments	-	-	-	9,097	-	-	-	-	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	31,668,209	1,051	13,595	6,975,549	-	97,898,658	27,104	70,238	32,784,743	-
Repaid during the period / year	(31,769,654)	(1,286)	(16,904)	(6,824,174)	-	(89,098,452)	(63,482)	(74,429)	(31,663,208)	-
Transfer in / (out) - net	-	-	(2,560)	-	-	-	36,134	(60,524)	(1,115,375)	-
Closing balance	9,479,834	216	326,671	3,954,838	-	9,581,279	451	332,540	3,803,463	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Interest / mark-up receivable	633	3,598	68,188	76,708	-	52,483	3,671	65,415	23,533	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-
Security deposits receivable	3,600	-	-	-	-	3,600	-	-	-	-
Acceptances	-	-	-	127,784	-	-	-	-	172,199	-
Assets held for sale - net of provision	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
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	99,527,636	69,211	196,551	57,403,809	10,153,014	356,265,334	310,892	704,636	248,876,185	18,009,853
Withdrawn during the period / year	(104,386,832)	(48,128)	(213,880)	(49,993,890)	(10,246,306)	(352,326,164)	(299,993)	(676,343)	(251,057,728)	(17,858,065)
Transfer in / (out) - net	-	-	(212)	-	-	-	(15,008)	(55,165)	159,156	-
Closing balance	4,950,689	45,975	142,175	12,597,550	3,101,069	9,809,885	24,892	159,716	5,187,631	3,194,361
Other Liabilities										
Interest / mark-up payable	18,158	44	638	10,696	2,615	16,717	68	1,390	37,455	8,840
Acceptances	-	-	-	127,784	-	-	-	-	172,199	-
Payable to staff retirement fund	-	-	-	-	131,162	-	-	-	-	52,851
Dividend payable	906,282	104	75	-	7,830	-	-	-	-	-
Security deposits payable	-	-	287	178,786	-	-	-	287	161,946	-
Contingencies and Commitments										
Contingencies and Commitments	50,000	-	-	818,696	-	55,910	-	-	1,353,114	-

(Rupees in thousand)

	For the quarter ended March 31, 2019 (Un-audited)					For the quarter ended March 31, 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	55,611	16	4,005	98,444	-	2,830	34	3,297	76,463	-
Fee and commission received	21	-	-	3,225	-	20	-	-	3,311	-
Dividend income	-	-	-	227	-	-	-	-	2,319	-
Expense										
Mark-up / return / interest expensed	138,737	285	1,534	154,688	93,603	109,349	39	3,297	121,208	50,171
Contribution to employees funds	-	-	-	-	149,007	-	-	-	-	154,883
Remuneration and allowances paid	-	-	99,944	-	1,446	-	-	137,093	-	1,004
Post employment Benefits	-	-	6,462	-	-	-	-	7,396	-	-
Fee and commission paid	-	-	-	-	7,378	-	-	-	236	5,649
Fee paid	-	2,375	-	-	-	-	1,656	-	-	-
Rent of property / service charges paid	1,026	-	-	-	-	993	-	-	-	-

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

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

For the quarter ended March 31, 2019

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 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	30,241,545	29,036,877
Eligible Additional Tier 1 (ADT 1) Capital	5,828,078	5,747,573
Total Eligible Tier 1 Capital	36,069,623	34,784,450
Eligible Tier 2 Capital	4,462,889	5,064,335
Total Eligible Capital (Tier 1 + Tier 2)	40,532,512	39,848,785
Risk Weighted Assets (RWAs):		
Credit Risk	275,533,049	269,107,754
Market Risk	8,950,088	9,771,875
Operational Risk	39,361,691	39,361,691
Total	323,844,827	318,241,320
Common Equity Tier 1 Capital Adequacy ratio	9.34%	9.12%
Tier 1 Capital Adequacy Ratio	11.14%	10.93%
Total Capital Adequacy Ratio	12.52%	12.52%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	36,069,624	34,784,450
Total Exposures	1,100,651,117	1,157,947,222
Leverage Ratio	3.28%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	241,657,851	278,917,759
Total Net Cash Outflow	137,085,548	154,131,589
Liquidity Coverage Ratio	176.28%	180.96%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	572,007,549	584,918,449
Total Required Stable Funding	318,426,805	312,211,738
Net Stable Funding Ratio	179.64%	187.35%

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

For the quarter ended March 31, 2019

38. Islamic Banking Business

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

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
(Rupees in thousand)			
ASSETS			
Cash and balances with treasury banks		3,551,675	3,302,392
Balances with other banks		519,999	506,950
Due from financial institutions	38.1	1,878,985	-
Investments	38.2	7,865,307	8,169,564
Islamic financing and related assets	38.3	46,679,219	46,610,024
Fixed assets		528,137	547,807
Other assets		1,867,598	1,625,927
Total Assets		62,890,920	60,762,664
LIABILITIES			
Bills payable		655,307	757,821
Due to Financial Institutions		12,138,139	8,999,361
Deposits and other accounts	38.4	41,627,371	42,338,600
Due to Head Office		1,868,060	2,168,060
Other liabilities		2,073,487	2,313,368
		58,362,364	56,577,210
Net Assets		4,528,556	4,185,454
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
(Deficit) / surplus on revaluation of assets		(9,899)	(30,306)
Unappropriated loss	38.5	(61,545)	(384,240)
		4,528,556	4,185,454
CONTINGENCIES AND COMMITMENTS			
	38.6	6,424,863	5,934,661
Remuneration to Shariah Board		1,446	4,940

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

For the quarter ended March 31, 2019

The profit and loss account of the Bank's Islamic banking branches for the quarter ended March 31, 2019 is as follows:

	Note	(Un-audited)	
		Quarter ended March 31, 2019	Quarter ended March 31, 2018
(Rupees in thousand)			
Profit / return earned	38.8	1,443,675	740,405
Profit / return expensed	38.9	692,822	304,430
Net Profit / return		750,853	435,975
Other income			
Fee and Commission Income		46,247	41,373
Foreign Exchange Income		2,831	3,827
Other Income		10,903	9,822
Total other income		59,981	55,022
Total Income		810,834	490,997
Other expenses			
Operating expenses		463,220	433,977
Workers' Welfare Fund		-	-
Other charges		11,518	-
Total other expenses		474,738	433,977
Profit before provisions		336,096	57,020
Provisions and write offs - net		13,401	19,778
Profit before taxation		322,695	37,242

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

38.1 Due from financial institutions

Bai Muajjal Receivable from
State Bank of Pakistan

1,878,985	-	1,878,985	-	-	-
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March 31, 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
- GOP Bai Muajjal

1,000,000	-	(11,500)	988,500	5,539,756	-	(32,130)	5,507,626
2,044,149	-	-	5,246,146	1,031,054	-	-	1,031,054
6,246,146	-	(11,500)	6,234,646	6,570,810	-	(32,130)	6,538,680

Non Government Debt Securities:

- Listed
- Unlisted

210,000	-	1,601	211,601	210,000	-	1,824	211,824
2,044,149	(625,089)	-	1,419,060	2,047,942	(628,882)	-	1,419,060
2,254,149	(625,089)	1,601	1,630,661	2,257,942	(628,882)	1,824	1,630,884
8,500,295	(625,089)	(9,899)	7,865,307	8,828,752	(628,882)	(30,306)	8,169,564

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
38.3 ISLAMIC FINANCING AND RELATED ASSETS		
Ijarah	4,229,423	4,159,292
Murabaha - note 38.3.1	4,230,287	5,163,391
Musharaka	18,850,169	16,689,289
Diminishing musharaka	9,938,105	9,489,949
Salam	3,876,000	6,209,050
Istisna	2,172,900	2,128,828
Receivable against sale of istisna / salam inventory	200,000	-
Service ijarah	390,477	390,477
Other islamic modes (executive car finance - qarz-e-hasana)	75,376	74,351
Advances against islamic assets - note 38.3.2	1,387,641	1,919,753
Inventory related to islamic financing - note 38.3.3	1,755,710	793,819
Gross islamic financing and related assets	47,106,088	47,018,199
Less: provision against islamic financings		
- Specific	392,554	374,871
- General	34,315	33,304
	426,869	408,175
Islamic financing and related assets - net of provision	46,679,219	46,610,024

38.3.1 Includes advance against Murabaha of Rs. 589,889 thousand (December 31, 2018: Rs. 1,812,315 thousand).

38.3.2 Advance against islamic assets

	Diminishing					Total
	Ijarah	Musharaka	Musharaka	Salam	Istisna	
	(Rupees in thousand)					
March 31, 2019 (Un-audited)	219,381	-	1,168,260	-	-	1,387,641
December 31, 2018 (Audited)	303,763	-	1,615,990	-	-	1,919,753

38.3.3 Inventory related to islamic financing

	Diminishing					Total
	Ijarah	Musharaka	Musharaka	Salam	Istisna	
	(Rupees in thousand)					
March 31, 2019 (Un-audited)	-	-	-	882,290	873,420	1,755,710
December 31, 2018 (Audited)	-	-	-	126,178	667,641	793,819

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

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
38.4 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Current deposits - non remunerative	14,482,585	14,940,668
Current deposits - remunerative	712,782	589,527
Savings deposits	17,486,207	19,290,437
Term deposits	7,120,904	6,395,547
Others	599,668	513,211
	<u>40,402,146</u>	<u>41,729,390</u>
Financial Institutions		
Current deposits - non remunerative	10,647	9,885
Savings deposits	989,578	474,325
Term deposits	225,000	125,000
	<u>1,225,225</u>	<u>609,210</u>
	<u>41,627,371</u>	<u>42,338,600</u>
38.5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED LOSS		
Opening balance	(384,240)	(616,817)
Add: Islamic banking profit for the period	322,695	232,577
Closing balance	<u>(61,545)</u>	<u>(384,240)</u>
38.6 CONTINGENCIES AND COMMITMENTS		
- Transaction-related contingent liabilities	3,578,128	3,356,190
- Trade-related contingent liabilities	2,843,403	2,465,459
- Commitments in respect of forward exchange contracts	-	112,220
- Commitments for the acquisition of operating fixed assets	3,332	792
	<u>6,424,863</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	35,594	24,659
- Non shariah compliant income	10	433
- Profit on charity account	2	3
- Others	5	59
	35,611	25,154
Payments / utilization during the period		
- Education	-	(1,139)
- Community welfare (provision of clean drinking water)	-	(1,850)
- Health	-	(4,233)
- Orphanage	-	(1,027)
	-	(8,249)
Closing balance	<u>58,820</u>	<u>23,209</u>

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

For the quarter ended March 31, 2019

	(Un-audited)	
	Quarter ended March 31, 2019	Quarter ended March 31, 2018
38.8 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS	(Rupees in thousand)	
Profit earned on:		
Financing	1,250,994	629,474
Investments	161,174	89,804
Placements	3,450	21,127
Lendings	28,057	-
	<u>1,443,675</u>	<u>740,405</u>
38.9 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	417,092	277,410
Due to financial institutions	247,968	14,938
Due to head office	27,762	12,082
	<u>692,822</u>	<u>304,430</u>

39. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on May 3, 2019.

- sd -
President & Chief Executive

- sd -
Chief Financial Officer

- sd -
Director

- sd -
Director

- sd -
Chairman



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