

Condensed Interim
FINANCIAL INFORMATION
for the period ended June 30, 2019





CONDENSED INTERIM
FINANCIAL STATEMENTS
for the Period Ended June 30, 2019

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CORPORATE INFORMATION

Board of Directors

Dr. Shahzad Khan Bangash	Chairman
Shakeel Qadir Khan	
Maqsood Ismail Ahmad	
Asad Muhammad Iqbal	
Javed Akhtar	
Shaharyar Ahmad	
Rashid Ali Khan	

Managing Director / CEO

Saif-ul-Islam

Board Audit Committee

Asad Muhammad Iqbal	Chairman
Shakeel Qadir Khan	
Javed Akhtar	
Shaharyar Ahmad	
Rashid Ali Khan	

Board Human Resource & Remuneration Committee

Shaharyar Ahmad	Chairman
Maqsood Ismail Ahmad	
Asad Muhammad Iqbal	
Managing Director	

Board Risk Management Committee

Maqsood Ismail Ahmad	Chairman
Javed Akhtar	
Shakeel Qadir Khan	
Rashid Ali Khan	
Managing Director	

Board I.T Steering Committee

Shakeel Qadir Khan	Chairman
Shaharyar Ahmad	
Asad Muhammad Iqbal	
Rashid Ali Khan	
Managing Director	



Chief Financial Officer
Mahmood Ahmed Qureshi

Company Secretary
Zahid Sahibzada

Registered Office / Head Office
The Bank of Khyber
24 – The Mall, Peshawar Cantt.

1st Floor, State Life Building, 24 – The Mall,
Peshawar Cantt., Pakistan

UAN# 00-92-91-111 95 95 95
URL: www.bok.com.pk

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

Mr. Nisar Ahmed Khan
Advocate, Peshawar

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

THK Associates (Pvt) Ltd.
1st Floor, 40-C, Block 6
P.E.C.H.S, Karachi – 75530
Pakistan.

Directors' Review

On behalf of the Board of Directors of the Bank of Khyber, I am pleased to present the condensed interim financial information of the Bank along with Auditors' Review Report for the half year ended June 30, 2019. The results are inclusive of Islamic Banking Operations.

Financial Highlights

The financial results of the Bank of Khyber for the half year ended June 30, 2019 are as under:

	(Rs. in Million)	
	June 30 2019	December 31 2018
Total Assets	235,559	223,095
Deposits	195,268	171,168
Advances (Gross)	116,144	99,167
Investments (Net)	91,049	94,233

	(Rs. in Million)	
	Period Ended June 30	
	2019	2018
Operating Profit	784	1,196
(Provision) / Reversal against non-performing advances / others	(146)	71
Profit before taxation	638	1,267
Taxation	(140)	(491)
Profit after tax	498	776

Financial Overview

The effect of inflationary pressure from exchange rate depreciation and the subsequent rise in policy rate has affected the bank's profitability. The Bank posted a pre-tax profit of Rs. 657 million whereas after tax profit stood at Rs. 498 million against Rs. 776 million of the corresponding period of 2018.

Markup / interest earned increased by 44% over the corresponding period of 2018 due to increase in volume of advances. However, re-pricing lag on assets effected the profitability. Cost of deposits increased due to increase in policy rate which also had a negative impact. Operating expenses remained controlled with slight increase.

On the assets side of the financial statements, an increase of 6% has been witnessed in the balance sheet size which stood at Rs. 235,559 million from Rs. 223,095 million as at December 31, 2018. Deposits registered a growth of 14% mainly in CASA over the year end 2018 and stood at Rs. 195,268 million. This increase helped to reduce reliance on borrowings to meet advances and investments. Advances reached Rs. 116,144 million showing an increase of 17% over the year end 2018. This increase came mainly from commodity and blue chip corporate financing. Non-performing loans remained controlled. Investments with a slight decrease stood at Rs. 91,049 million at the close of the half year 2019.

Future Outlook

Despite the prevailing economic uncertainty, we remain optimistic about the Bank's performance as the economy moves towards stability.

The Bank's three year strategy shall concentrate on increasing low cost deposits. Emphasis will be on growth in Islamic Banking mode to benefit from lower cost of funds. The Bank also plans to tap the opportunities available in the newly merged former Federally Administered Tribal Areas (FATA). Upgradation in the I.T. platform of the Bank is essential for achieving the Bank's objectives and every effort is being made to implement the core banking system at the earliest.

The Bank with a network of 169 branches including 84 dedicated Islamic Banking Branches, 3 sub-branches and 3 booths, provides comprehensive banking services across the country and is striving to make access to these services easier, through its technology platform.

Credit Rating

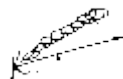
The JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained the medium to long term and short term entity ratings of the Bank at "A" (Single A) and "A-1" (A One) respectively. Outlook on the assigned rating is "Stable".

The Pakistan Credit Rating Agency Limited (PACRA) has also maintained the long term and short term entity ratings of the Bank at "A" (Single A) and "A1" (A One) respectively. Rating outlook is "Stable". These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Acknowledgement

The Board would like to thank the Provincial Government, State Bank of Pakistan and other regulatory authorities for their support and continued guidance. We are grateful to our valued customers for their trust and support whereas dedicated efforts of the staff is very much appreciated.

For and on behalf of the Board of Directors



Saif-ul-Islam
Managing Director

Islamabad: August 22, 2019



EY Ford Rhodes
Chartered Accountants
Eagle Plaza 75 West, Fazlul Haq Road
Blue Area, P.O. Box 2388
Islamabad 44000, Pakistan

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE BANK OF KHYBER REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of The Bank Of Khyber ("the Bank") as at 30 June 2019, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matters

The financial statements of the Bank for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 01 March 2019. Further, the condensed interim financial statements of the Bank for the half year ended 30 June 2018 were reviewed by the same auditor who expressed an unmodified conclusion on 17 August 2018.

The figures for the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended 30 June 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2019.

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

Chartered Accountants
Place: Islamabad
Date: 27 August 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	Un-Audited June 30, 2019	Audited December 31, 2018
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	11,260,599	12,351,453
Balances with other banks	7	3,523,654	3,705,360
Lendings to financial institutions	8	3,331,347	7,695,642
Investments	9	91,049,463	94,233,239
Advances	10	111,842,933	95,011,903
Fixed assets	11	3,354,413	2,216,422
Intangible assets	12	59,282	78,850
Deferred tax assets	13	2,042,537	1,757,451
Other assets	14	9,094,641	6,044,663
		235,558,869	223,094,983
LIABILITIES			
Bills payable	15	843,841	895,126
Borrowings	16	17,659,784	34,842,114
Deposits and other accounts	17	195,268,486	171,167,556
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	9,857,874	4,485,603
		223,629,985	211,390,399
NET ASSETS			
		11,928,884	11,704,584
REPRESENTED BY			
Share capital		10,002,524	10,002,524
Reserves		2,743,116	2,643,483
Deficit on revaluation of assets	19	(2,378,556)	(2,104,692)
Unappropriated profit		1,561,800	1,163,269
		11,928,884	11,704,584

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.


 Managing Director


 Chief Financial Officer


 Director

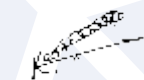

 Director


 Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Rupees in '000					
Mark-up/return/interest earned	21	5,408,135	3,508,536	10,272,226	7,134,096
Mark-up/return/interest expensed	22	4,227,959	2,114,564	7,810,267	4,343,165
Net mark-up/ interest income		1,180,176	1,393,972	2,461,959	2,790,931
NON MARK-UP/INTEREST INCOME					
Fee and commission income	23	106,247	130,793	195,388	225,024
Dividend income		5,435	19,911	5,435	26,542
Foreign exchange income		67,014	31,272	89,197	54,629
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities - net	24	(3,362)	(822)	2,192	11,232
Other income	25	25,814	30,147	59,760	53,192
Total non-markup / interest income		201,148	211,301	351,972	370,619
Total income		1,381,324	1,605,273	2,813,931	3,161,550
NON MARK-UP/INTEREST EXPENSE					
Operating expenses	26	993,741	987,516	2,027,492	1,965,370
Workers Welfare Fund		-	-	-	-
Other charges	27	2,197	130	2,287	130
Total non-markup/interest expenses		995,938	987,646	2,029,779	1,965,500
PROFIT BEFORE PROVISIONS		385,386	617,627	784,152	1,196,050
Provisions and write offs - net	28	91,517	30,129	145,645	(71,158)
PROFIT BEFORE TAXATION		293,869	587,498	638,507	1,267,208
Taxation	29	(17,564)	249,631	140,343	490,856
PROFIT AFTER TAXATION		311,433	337,867	498,164	776,352
Rupees					
Basic and diluted earnings per share	30	0.31	0.34	0.50	0.78

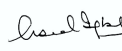
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Managing Director



Chief Financial Officer



Director



Director



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
----- Rupees in '000 -----				
Profit after taxation for the period	311,433	337,867	498,164	776,352
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments - net	(787,178)	(446,638)	(421,329)	(851,645)
Related deferred tax	275,512	156,323	147,465	298,076
	(511,666)	(290,314)	(273,864)	(553,569)
Total comprehensive income	(200,233)	47,553	224,300	222,783

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.


 Managing Director


 Chief Financial Officer


 Director


 Director


 Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of	Fixed assets	Unappropriated profit	Total
			Investments	Rupees in '000		
Balance as at January 1, 2018	10,002,524	2,550,263	(319,315)	774,183	2,390,464	15,398,119
Total Comprehensive Income	-	-	-	-	776,352	776,352
Profit after taxation for the six months ended June 30, 2018	-	-	(553,569)	-	-	(553,569)
Other comprehensive income - net of tax	-	-	(553,569)	-	776,352	222,783
Transfer to statutory reserves	-	155,270	-	-	(155,270)	-
Transactions with owners recorded directly in equity	-	-	-	-	(1,500,557)	(1,500,557)
Final cash dividend for the year ended December 31, 2017 (Rs. 1.50 per share)	-	-	-	-	(1,500,557)	(1,500,557)
Balance as at June 30, 2018 (un-Audited)	10,002,524	2,705,533	(872,884)	774,183	1,510,989	14,120,345
Total Comprehensive Income	-	-	-	-	(310,253)	(310,253)
Loss after taxation for the six months ended December 31, 2018	-	-	(2,005,991)	-	(99,517)	(2,105,508)
Other comprehensive income - net of tax	-	-	(2,005,991)	-	(409,770)	(2,415,761)
Transfer to statutory reserves	-	(62,050)	-	-	62,050	-
Balance as at December 31, 2018 (audited)	10,002,524	2,643,483	(2,878,875)	774,183	1,163,269	11,704,584
Total Comprehensive Income	-	-	-	-	498,164	498,164
Profit after taxation for the six months ended June 30, 2019	-	-	(273,864)	-	-	(273,864)
Other comprehensive income - net of tax	-	-	(273,864)	-	498,164	224,300
Transfer to statutory reserves	-	99,633	-	-	(99,633)	-
Balance as at June 30, 2019	10,002,524	2,743,116	(3,152,739)	774,183	1,561,800	11,928,884

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Managing Director



Chief Financial Officer



Director



Director

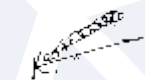


Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	Note	Six months ended June 30, 2019	Six months ended June 30, 2018
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		638,507	1,267,208
Less: Dividend income		5,435	26,542
		633,072	1,240,666
Adjustments:			
Depreciation		253,369	145,517
Amortization		21,073	21,757
Provisions and write offs - net	28	145,645	(71,158)
Gain on sale of fixed assets		(204)	(36)
Finance charges on leased assets		75,185	-
Unrealized loss on securities		-	698
		495,068	96,778
		1,128,140	1,337,444
(Increase) / decrease in operating assets			
Lendings to financial institutions		4,364,295	(1,049,911)
Held-for-trading securities		-	(3,986,775)
Advances		(16,976,675)	(8,733,121)
Others assets (excluding advance taxation)		(3,270,490)	(72,941)
		(15,882,870)	(13,842,748)
Increase / (decrease) in operating liabilities			
Bills payable		(51,285)	(441,600)
Borrowings from financial institutions		(17,182,330)	(41,141,151)
Deposits		24,100,930	10,878,679
Liabilities against assets subject to finance lease		-	-
Other liabilities (excluding current taxation)		4,179,665	536,506
		11,046,980	(30,167,566)
Payments against off-balance sheet obligations		-	-
Income tax paid		(153,422)	(680,307)
Net cash flow used in operating activities		(3,861,172)	(43,353,177)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		2,637,439	41,549,252
Net investments in held-to-maturity securities		125,008	5,562,857
Dividends received		5,435	26,542
Investments in operating fixed assets		(179,474)	(158,676)
Proceeds from sale of fixed assets		240	214
Net cash flow generated from investing activities		2,588,648	46,980,189
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(36)	(1,500,798)
Net cash flow used in financing activities		(36)	(1,500,798)
Effects of exchange rate changes on cash and cash equivalents		-	-
(Decrease) / increase in cash and cash equivalents		(1,272,560)	2,126,214
Cash and cash equivalents at beginning of the period		16,056,813	12,173,369
Cash and cash equivalents at end of the period		14,784,253	14,299,583

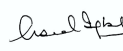
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Managing Director



Chief Financial Officer



Director



Director



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

1. STATUS AND NATURE OF BUSINESS

The Bank of Khyber ("the Bank") was established under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar and it has been temporarily shifted to 1st Floor, State Life Building, 34 - The Mall, Peshawar Cantt. The Bank operates 169 branches including 84 Islamic banking branches (2018: 169 branches including 84 Islamic banking branches). The long term credit ratings of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS are 'A' and 'A' respectively and the short-term credit ratings assigned are 'A-1' (A-One) and 'A-1' (A-One) respectively.

2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") are not reflected in this condensed interim financial information as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up in price thereon. However, the Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of Companies Act, 2017.
- 2.2 The financial results of the Islamic Banking Group have been included in this condensed interim financial information for reporting purpose, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Group are disclosed in note 35 to these financial information.
- 2.3 This condensed interim financial information has been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 2.4 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 05 dated March 22, 2019 and International Accounting Standard 34, Interim Financial Reporting. They do not include all disclosures required for annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2018.
- 2.5 In this condensed interim financial information, investments in associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using the equity method of accounting.

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as 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 IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

3.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of SECP issued vide SRO 411 (I)/2008 dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Moreover SBP vide BPRD circular No. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard (IFAS) 3, Profit and Loss Sharing on Deposits. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through its various circulars.

3.3 SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS-10, Consolidated Financial Statements, effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS-10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

4 BASIS OF MEASUREMENT **Accounting Convention**

This condensed interim financial information has been prepared under the historical cost convention except that leasehold land have been stated at revalued amount, available for sale securities at fair values, net obligations in respect of defined benefit schemes and lease liability under IFRS 16 at their present values.

5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

5.1 Significant accounting policies

The accounting policies, underlying estimates and judgements and method of computation followed in the preparation of this condensed interim financial information are same as those applied in preparing the financial statements of the Bank for the year ended December 31, 2018 except for those disclosed under note 5.2.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's current accounting period but, except for IFRS 16 (refer Note 5.2.2) are considered not to be relevant or do not have any significant effect on the Bank's operations. These include:

- IAS 28 - Long term interests in associates and Joint Venture (Amendments to IAS 28)
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Annual improvements to IFRS Standards 2-15-2017 cycle
- IAS 19 Plan amendment, curtailment or settlement (Amendments to IAS 19)
- IFRS 15 - Revenue from contracts with customers (Note 5.2.1)

5.2.1 IFRS 15, Revenue from Contracts with Customers, which replaced IAS 18, Revenue and IAS 11, Construction Contracts, has been applied effective from January 01, 2018. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Bank to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Bank recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, the Bank will continue to recognize fee and commission income charged for services provided as the services are provided (for example on completion of the underlying transaction). The Accounting policy is updated to reflect the terminology in the new standard but it has had no effect on financial information reported in the current or comparative periods. Interest income and expense continues to be recognized using the effective interest rate method for financial instruments measured at historical cost. There has been no restatement of profit or loss for comparative periods. Accordingly, these interim financial statements do not include detailed disclosures of the amounts by which line items are affected by the application of IFRS 15 compared to revenue standards no longer in effect.

5.2.2 IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 retrospectively from January 01, 2019, using the modified retrospective approach, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental monthly weighted average borrowing rate from 01 January 2019 to the end of their respective lease terms ranging from 12.73% to 16.23%. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

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

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

The recognised right-of-use assets are as follows

	June 30, 2019	January 01, 2019
	Rupees '000	
Property	1,118,602	1,213,428
The effect of this change in accounting policy is as follows:		
Impact on Statement of Financial Position		
Increase in fixed assets - right-of-use assets	1,118,602	1,213,428
Decrease in other assets - advance rent and other prepayments	(113,707)	(112,607)
Increase in other assets - advance taxation	8,903	-
	1,013,798	1,100,821
Increase in other liabilities - lease liability against right-of-use assets	(999,873)	(1,100,821)
Increase in net assets	13,925	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

Impact on Profit and Loss account	For the six months ended June 30, 2019
	(Rupees '000)
Depreciation expense of right-of-use assets	(94,826)
Interest expense on lease liabilities	(75,185)
Rent expense	192,839
Increase in profit before tax	22,828
Increase in tax	(8,903)
Increase in profit after tax	13,925

Earnings per share for the six months ended June 30, 2019 are Rs 0.01 per share higher as a result of the adoption of IFRS 16.

The Bank has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

5.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following new standards and interpretations of and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	January 01, 2020

Standard, Interpretation or Amendment	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

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

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

The Bank is in the process of assessing the full impact of this standard.

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

5.4 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as that applied in the preparation of the financial statements for the year ended December 31, 2018.

5.5 Financial Risk Management

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	2,037,469	2,110,143
Foreign currency	303,663	247,451
	2,341,132	2,357,594
With State Bank of Pakistan in		
Local currency current account	7,582,442	9,051,401
Foreign currency current account	74,695	82,680
Foreign currency deposit account	120,866	73,760
	7,778,003	9,207,841
With National Bank of Pakistan in		
Local currency current account	1,029,528	767,556
Local currency deposit account	4,416	6,658
Foreign currency deposit account	22,372	9,517
	1,056,316	783,731
Prize bonds	85,148	2,287
	11,260,599	12,351,453
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	2,993,644	3,008,582
In deposit accounts	50,396	577,196
	3,044,040	3,585,778
Outside Pakistan		
In current accounts	58,132	18,785
In deposit accounts	431,510	110,825
	489,642	129,610
Provision for doubtful placements with the banks	(10,028)	(10,028)
	3,523,654	3,705,360
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money Lendings	500,000	2,500,000
Repurchase agreement lendings (Reverse Repo)	-	5,195,642
Bai Muajjal receivable from State Bank of Pakistan	2,831,347	-
Placements with financial institutions	238,944	238,944
	3,570,291	7,934,586
Less: Provision held against Lending to financial institutions	(238,944)	(238,944)
Lendings to financial institutions - net of provision	3,331,347	7,695,642

		(Un-audited)	(Audited)		
		June 30, 2019	December 31, 2018		
8.1	Category of classification	Classified lending	Provision held	Classified lending	Provision held
----- Rupees in '000 -----					
	Domestic				
	Other assets especially mentioned	-	-	-	-
	Substandard	-	-	-	-
	Doubtful	-	-	-	-
	Loss	238,944	238,944	238,944	238,944
		238,944	238,944	238,944	238,944
	Overseas				
	Not past due but impaired	-	-	-	-
	Overdue by:				
	Upto 90 days	-	-	-	-
	91 to 180 days	-	-	-	-
	181 to 365 days	-	-	-	-
	> 365 days	-	-	-	-
		-	-	-	-
	Total	238,944	238,944	238,944	238,944

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

9	INVESTMENTS	(Un-audited) June 30, 2019				(Audited) December 31, 2018			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
9.1	Investments by type:								
		Rupees in '000							
	Held-for-trading securities								
	Federal Government Securities	-	-	-	-	-	-	-	-
	Provincial Government Securities	-	-	-	-	-	-	-	-
	Shares	-	-	-	-	-	-	-	-
	Non Government Debt Securities	-	-	-	-	-	-	-	-
	Foreign Securities	-	-	-	-	-	-	-	-
	Available-for-sale securities								
	Federal Government Securities	65,971,811	-	(4,925,897)	61,045,914	68,450,985	-	(4,524,391)	63,926,594
	Provincial Government Securities	-	-	-	-	-	-	-	-
	Shares	821,854	(566,126)	81,529	337,257	683,990	(566,126)	95,352	213,216
	Non Government Debt Securities	6,937,780	(275,879)	(6,000)	6,655,901	7,233,909	(275,879)	-	6,958,030
	Foreign Securities	-	-	-	-	-	-	-	-
		73,731,445	(842,005)	(4,850,368)	68,039,072	76,368,884	(842,005)	(4,429,039)	71,097,840
	Held-to-maturity securities								
	Federal Government Securities	22,969,887	-	-	22,969,887	23,094,895	-	-	23,094,895
	Provincial Government Securities	-	-	-	-	-	-	-	-
	Non Government Debt Securities	-	-	-	-	-	-	-	-
	Foreign Securities	-	-	-	-	-	-	-	-
		22,969,887	-	-	22,969,887	23,094,895	-	-	23,094,895
	Associate	40,504	-	-	40,504	40,504	-	-	40,504
	Subsidiaries	-	-	-	-	-	-	-	-
	Total	96,741,836	(842,005)	(4,850,368)	91,049,463	99,504,283	(842,005)	(4,429,039)	94,233,239
								(Un-audited) June 30, 2019	(Audited) December 31, 2018
								Rupees in '000	
9.1.1	Investments given as collateral								
	Market Treasury Bills							-	7,406,373
	Pakistan Investment Bonds							3,958,776	21,965,384
								3,958,776	29,371,757
9.2	Provision for diminution in value of investments								
9.2.1	Opening balance							842,005	865,176
	Exchange adjustments							-	-
	Charge / (reversal)								
	Charge for the period / year							-	-
	(Reversal) for the period / year							-	(3,755)
	(Reversal) on disposals							-	(19,416)
								-	(23,171)
	Transfers - net							-	-
	Amounts written off							-	-
	Closing balance							842,005	842,005
9.2.2	Particulars of provision against debt securities								
						(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Category of classification								
	Domestic								
	Other assets especially mentioned							-	-
	Substandard							-	-
	Doubtful							-	-
	Loss							-	-
						275,879	275,879	275,879	275,879
						275,879	275,879	275,879	275,879
	Overseas								
	Not past due but impaired							-	-
	Overdue by:								
	Upto 90 days							-	-
	91 to 180 days							-	-
	181 to 365 days							-	-
	> 365 days							-	-
								-	-
	Total					275,879	275,879	275,879	275,879

9.3 The market value of securities classified as held-to-maturity amounted to Rs. 20,656,513 thousand as at June 30, 2019 (December 31, 2018: Rs. 21,062,000 thousand).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

10 ADVANCES

	Performing		Non performing		Total	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Rupees in '000						
Loans, cash credits, running finances, etc.	68,903,480	59,077,654	4,699,373	4,121,876	73,602,853	63,199,530
Islamic financing and related assets	41,281,887	35,294,489	326,892	313,506	41,608,779	35,607,995
Bills discounted and purchased	851,071	136,480	80,947	222,970	932,018	359,450
Advances - gross	111,036,438	94,508,623	5,107,212	4,658,352	116,143,650	99,166,975
Provision against advances						
- Specific	-	-	4,260,750	4,119,221	4,260,750	4,119,221
- General	39,967	35,851	-	-	39,967	35,851
	39,967	35,851	4,260,750	4,119,221	4,300,717	4,155,072
Advances - net of provision	110,996,471	94,472,772	846,462	539,131	111,842,933	95,011,903

10.1 Particulars of advances (Gross)

In local currency	116,143,650	99,166,975
In foreign currencies	-	-
	116,143,650	99,166,975

10.2 Advances include Rs. 5,107,212 thousand (December 2018: Rs. 4,658,352 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000				
Domestic	39,270	54	10,308	-
Other assets especially mentioned	66,271	6,259	129,817	4,361
Substandard	565,181	132,442	239,992	45,855
Doubtful	4,436,490	4,121,995	4,278,235	4,069,005
Loss	5,107,212	4,260,750	4,658,352	4,119,221
Overseas	-	-	-	-
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
Total	5,107,212	4,260,750	4,658,352	4,119,221

10.3 Particulars of provision against advances

	(Un-audited) June 30, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	4,119,221	35,851	4,155,072	4,278,567	24,954	4,303,521
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year (Reversal)	188,355 (46,826)	4,116	192,471 (46,826)	309,531 (468,877)	10,897	320,428 (468,877)
	141,529	4,116	145,645	(159,346)	10,897	(148,449)
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	4,260,750	39,967	4,300,717	4,119,221	35,851	4,155,072

10.3.1 General provision represents provision against consumer finance portfolio as required by the Prudential Regulations issued by the SBP.

10.3.2 State Bank of Pakistan through various circulars has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification. As at June 30, 2019 the Bank has availed cumulative benefit of forced sale values of Rs. 472,405 thousand (December 2018: Rs. 285,790 thousand). Increase in unappropriated profit net of tax amounting to Rs. 307,063 thousand (December 2018: Rs. 185,764 thousand) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
11 FIXED ASSETS			
Capital work-in-progress	11.1	380,125	291,647
Property and equipment		1,855,686	1,924,775
Right of use asset	5.2.2	1,118,602	-
		3,354,413	2,216,422
11.1 Capital work-in-progress			
Civil works		285,700	284,396
Equipment		7,251	7,251
Advances to suppliers		87,174	-
		380,125	291,647
11.2 Additions to fixed assets			
Following additions have been made to fixed assets during the period:			
		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
Capital work-in-progress		88,478	31,404
Property and equipment			
Freehold land Leasehold land		-	-
Building on freehold land		-	-
Building on leasehold land		-	-
Furniture and fixture		4,945	16,413
Electrical office and computer equipment		66,299	110,643
Vehicles		112	3,393
Renovation		18,133	111,168
Books		-	80
		89,489	241,697
		177,967	273,101
11.3 Disposals of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
Freehold land		-	-
Leasehold land		-	-
Building on freehold land		-	-
Building on leasehold land		-	-
Furniture and fixture		36	309
Electrical office and computer equipment		-	10
Vehicles		-	-
Renovation		-	973
		36	1,292
12 INTANGIBLE ASSETS			
Work in progress		1,016	8,300
Computer software		58,266	70,550
		59,282	78,850

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
12.1 Additions to intangible assets		
Following additions have been made to intangible assets during the period:		
Developed internally	-	-
Directly purchased	1,507	48,390
Through business combination	-	-
Total	1,507	48,390
12.2 Disposals of intangible assets		
The net book value of intangible assets disposed off during the period is as follows:		
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-
13 DEFERRED TAX ASSET / (LIABILITY) - NET		
Deductible temporary differences on		
- Re-measurement of defined benefit plan	27,586	27,586
- Deficit on revaluation of investments	1,697,629	1,550,164
- Accelerated tax depreciation	89,134	50,978
- Provision against loans and advances	86,939	-
- Provision for balances with other banks	3,510	3,510
- Provision for diminution in value of investments	77,981	78,157
- Provision for other assets	3,448	3,448
- Islamic Pool Management reserve	56,310	49,899
	2,042,537	1,763,742
Taxable temporary differences on		
- (Reversal) / provision against loans and advances - net	-	(6,291)
	2,042,537	1,757,451
14 OTHER ASSETS		
Income/ mark-up accrued in local currency - net of provision	8,010,374	4,386,767
Advances for Pre-IPO	100,000	100,000
Advances, deposits, advance rent and other prepayments	89,600	660,898
Advance taxation (payments less provisions)	546,286	670,828
Non-banking assets acquired in satisfaction of claims	-	-
Receivable from Provident Fund Trust	26,171	-
Mark to market gain on forward foreign exchange contracts	224,279	-
Receivable on account of sale of securities	42,850	87,902
Stationary and stamps on hand	20,826	18,863
Others	178,681	263,831
	9,239,067	6,189,089
Less: Provision held against other assets	144,426	144,426
Other Assets (Net of provision)	9,094,641	6,044,663
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
Other assets total	9,094,641	6,044,663
14.1 Provision held against other assets		
Advances for Pre-IPO	100,000	100,000
Others	44,426	44,426
	144,426	144,426
14.1.1 Movement in provision held against other assets		
Opening balance	144,426	143,833
Charge for the period / year	-	593
Reversals	-	-
Closing balance	144,426	144,426
15 BILLS PAYABLE		
In Pakistan	843,841	895,126
Outside Pakistan	-	-
	843,841	895,126

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
16 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	3,420,200	3,299,000
Under Locally Manufactured Machinery (LMM) scheme	-	-
Long term financing scheme for export oriented projects (LTF - EOP)	224,721	-
Long Term Financing Facility (LTFF)	1,383,474	1,209,271
Livestock and Dairy	53,120	40,000
	5,081,515	4,548,271
Repurchase agreement borrowings	-	18,815,672
Borrowings from subsidiary companies, managed modarabas and associated undertakings	-	-
Borrowings from directors (including chief executive) of the bank	-	-
Bai Muajjal Borrowing	-	10,478,171
	5,081,515	33,842,114
Unsecured		
Bai Muajjal Borrowing	4,078,269	-
Call borrowings	8,500,000	1,000,000
	17,659,784	34,842,114

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	42,100,754	388,630	42,489,384	33,724,537	658,829	34,383,366
Saving deposits	75,055,580	298,164	75,353,744	56,316,293	134,854	56,451,147
Term deposits	70,288,454	-	70,288,454	74,575,968	-	74,575,968
Others	6,806,178	-	6,806,178	5,595,363	-	5,595,363
	194,250,966	686,794	194,937,760	170,212,161	793,683	171,005,844
Financial Institutions						
Current deposits	67,619	-	67,619	2,689	-	2,689
Saving deposits	263,107	-	263,107	159,023	-	159,023
Term deposits	-	-	-	-	-	-
	330,726	-	330,726	161,712	-	161,712
	194,581,692	686,794	195,268,486	170,373,873	793,683	171,167,556

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
18 OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		4,513,428	2,331,098
Mark-up/ return/ interest payable in foreign currency		145	69
Unearned commission and income on bills discounted		68,256	119,605
Accrued expenses		174,079	180,357
Unclaimed dividends		29,024	29,060
Branch adjustment account		517,445	754,017
Unremitted head office expenses		-	-
Charity fund payable		34,277	9,156
Provision against off-balance sheet obligations		-	-
Employees benefits payable		136,402	276,373
Security deposits against lease		-	-
Security deposits against ijarah		351,226	340,901
Deferred income murabaha		130,360	117,499
Islamic pool management reserve		148,064	142,569
Share subscription money refund		1,091	1,091
Retention money		23,721	24,903
Mark up in suspense		41,677	22,383
Deferred income on Bai-Maujil		2,444,799	-
Lease liability against right-of-use assets	5.2.2	999,873	-
Bills payment system over the counter		90,455	2,724
Others		153,552	133,798
		9,857,874	4,485,603
19 DEFICIT ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	9.1	(4,850,368)	(4,429,039)
- Fixed assets (leasehold land)		774,183	774,183
- Non-banking assets acquired in satisfaction of claims		-	-
		(4,076,185)	(3,654,856)
Deferred tax on deficit on revaluation of:			
- Available for sale securities		1,697,629	1,550,164
- Fixed assets		-	-
- Non-banking assets acquired in satisfaction of claims		-	-
		1,697,629	1,550,164
		(2,378,556)	(2,104,692)
20 CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	15,503,896	15,959,908
- Commitments	20.2	13,476,057	13,545,311
		28,979,953	29,505,219
20.1 Guarantees:			
Financial guarantees		2,771,854	3,719,981
Performance guarantees		12,527,771	11,689,103
Other guarantees		204,271	550,824
		15,503,896	15,959,908
20.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		5,668,560	10,334,256
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	7,301,778	3,206,101
- Forward government securities transactions		-	-
- Derivatives		-	-
- Forward lending		-	-
- Operating leases		-	-
Commitments for acquisition of:			
- Fixed assets		505,719	4,954
- Intangible assets		-	-
Other commitments		-	-
		13,476,057	13,545,311

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
20.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	3,417,083	1,705,102
Sale	3,884,695	1,500,999
	7,301,778	3,206,101
20.3 Other contingent liabilities		
<p>During financial year 2011, the tax authorities issued an amended order for the tax year 2009 disallowing certain expenditure on account of lack of evidence for such expenditure resulting in an additional tax demand of Rs. 308,900 thousand. The Bank filed an appeal as well as rectification application against the said order. Based on rectification application, the order was amended and accordingly the additional demand was reduced to Rs. 256,349 thousand. During 2012, the Commissioner Inland Revenue (Appeals) [CIR (A)] through an order dated June 01, 2012 has deleted certain additions on account of disallowances except for the additions under certain heads of expenses having tax impact of approximately Rs. 23,000 thousand. The Bank had filed an appeal against the order of the Appellate Tribunal Inland Revenue (ATIR) in respect of remaining additions which also decided in favor of the Bank. Subsequently, CIR went in to appeal in Peshawar High Court. The management is confident that matter will be decided in the Bank's favor.</p>		
	(Un-audited) Six months ended June 30, 2019	(Un-audited) Six months ended June 30, 2018
	----- Rupees in '000 -----	
21 MARK-UP / RETURN / INTEREST EARNED		
On:		
a) Loans and advances	5,614,928	3,031,197
b) Investments	4,063,332	3,938,800
c) Lendings to Financial Institutions	576,206	153,466
d) Balances with banks	17,760	10,633
	10,272,226	7,134,096
22 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
a) Deposits	6,736,119	3,164,121
b) Borrowings	1,074,148	1,179,044
	7,810,267	4,343,165
23 FEE AND COMMISSION INCOME		
Branch banking customer fees	20,622	45,769
Consumer finance related fees	3,043	4,016
Credit related fees (debit cards)	17,707	13,851
Credit related fees	31,664	36,006
Investment banking fees	13,186	17,760
Commission on trade	8,016	2,658
Commission on guarantees	84,942	88,015
Commission on remittances including home remittances	13,779	14,549
Others	2,429	2,400
	195,388	225,024
24 (LOSS) / GAIN ON SECURITIES - NET		
Realized	2,192	11,930
Unrealized	-	(698)
	2,192	11,232
24.1 Realized (loss) / gain on:		
Federal Government Securities	2,192	11,930
Provincial Government Securities	-	-
Shares	-	-
Non Government Debt Securities	-	-
Foreign Securities	-	-
Associates	-	-
Subsidiaries	-	-
	2,192	11,930

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	(Un-audited) Six months ended June 30, 2019	(Un-audited) Six months ended June 30, 2018
	----- Rupees in '000 -----	
25 OTHER INCOME		
Rent on property	14,006	23,872
Gain on sale fixed assets - net	204	442
Service income on Government schemes	2,198	2,726
Postal, swift and other services	40,826	22,225
Rebate from financial institutions	2,526	3,927
	59,760	53,192
26 OPERATING EXPENSES		
Total compensation expense	1,082,671	1,124,159
Property expense		
Rent and taxes	-	188,151
Insurance	-	-
Utilities cost	65,664	53,661
Security (including guards)	67,826	62,966
Repair and maintenance (including janitorial charges)	1,963	1,982
Depreciation	166,956	66,384
	302,409	373,144
Information technology expenses		
Software maintenance	38,130	3,781
Hardware maintenance	11,488	15,989
Depreciation	72,164	65,737
Amortization	21,073	21,757
Network charges	5,820	4,675
ATM charges	57,489	57,704
Others	974	1,007
	207,138	170,650
Other operating expenses		
Directors' fees and allowances	7,922	6,080
Fees and allowances to Shariah Board	296	383
Legal and professional charges	24,332	11,557
Outsourced services costs	39,296	38,806
Travelling and conveyance	30,521	33,367
NIFT clearing charges	7,301	5,997
Depreciation	14,249	13,395
Training and development	5,089	3,368
Postage and courier charges	10,719	9,860
Communication	30,742	30,681
Stationery and printing	27,115	26,289
Marketing, advertisement and publicity	22,271	21,336
Donations	-	25
Auditors remunerations	7,642	9,587
Repair and maintenance	6,665	2,749
Insurance expense	22,148	18,149
Brokerage and commission	18,717	11,359
Rent and taxes	657	604
Entertainment	12,335	14,325
News papers and periodicals	1,003	770
Fees and subscription	2,341	1,792
Deposit protection premium	32,444	-
Cash carriage charges	22,925	18,584
Others	88,544	18,354
	435,274	297,417
	2,027,492	1,965,370

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Note	(Un-audited) Six months ended June 30, 2019	(Un-audited) Six months ended June 30, 2018
		----- Rupees in '000 -----	
27 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		2,287	130
28 PROVISIONS AND WRITE OFFS - NET			
Provisions against lending to financial institutions	8.1	-	-
Provisions / (reversal) for diminution in value of investments	9.2	-	(5,763)
Provisions / (reversal) against loans & advances	10.3	145,645	(65,395)
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	-
		145,645	(71,158)
29 TAXATION			
Current		277,964	493,238
Prior periods		-	-
Deferred		(137,621)	(2,382)
		140,343	490,856

29.1 Includes super tax, levied through Finance Act, 2019, at the rate of 4% on the taxable income for the period ended June 30, 2019.

	(Un-audited) Six months ended June 30, 2019	(Un-audited) Six months ended June 30, 2018
	----- Rupees -----	
30 BASIC AND DILUTED EARNING PER SHARE		
Profit for the period	498,164,000	776,352,000
Weighted average number of ordinary shares	1,000,252,485	1,000,252,485
Basic earnings per share	0.50	0.78

31 FAIR VALUE MEASUREMENTS

The fair value of quoted investments other than those classified as held to maturity is based on quoted market prices. The fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per their latest available audited financial statements. The 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 these 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.

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

31.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets 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).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy in to which the fair value measurement is categorized:

the fair value measurement is categorized.

(Un-audited) June 30, 2019				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	61,045,914	-	61,045,914
Shares	280,999	-	-	280,999
Term Finance Certificates	-	1,969,000	-	1,969,000
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	22,969,887	-	22,969,887
Shares	-	56,258	-	56,258
Non-Government Debt Securities	-	4,686,901	-	4,686,901
Associates	-	40,504	-	40,504
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	3,417,083	-	3,417,083
Forward sale of foreign exchange	-	3,884,695	-	3,884,695
(Audited)				
December 31, 2018				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	63,926,594	-	63,926,594
Shares	156,958	-	-	156,958
Term Finance Certificates	-	1,600,000	-	1,600,000
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	23,094,895	-	23,094,895
Shares	-	56,258	-	56,258
Non-Government Debt Securities	-	5,358,030	-	5,358,030
Associates	-	40,504	-	40,504
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	1,705,102	-	1,705,102
Forward sale of foreign exchange	-	1,500,999	-	1,500,999

The valuation techniques used for above assets are same as disclosed in the most recent annual financial statements.

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuks Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values within level 1

Fully paid-up ordinary shares Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

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

Pakistan Investment Bonds / Market Treasury Bills Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).

Government of Pakistan (GoP) - Ijarah Sukuks Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.

Term Finance, Bonds and Sukuk certificates Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorizes these as traded, thinly traded and non-traded securities.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

32 SEGMENT INFORMATION

32.1 Segment details with respect to business activities

	(Un-audited) June 30, 2019				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
Profit & loss					
Net mark-up / return / profit	1,142,413	(411,592)	145,682	1,585,456	2,461,959
Non mark-up / return / interest income	156,318	107,758	12,106	75,790	351,972
Total income / loss	1,298,731	(303,834)	157,788	1,661,246	2,813,931
Segment direct expenses	1,394,801	188,427	28,535	418,016	2,029,779
Total expenses	1,394,801	188,427	28,535	418,016	2,029,779
Provisions	-	1,430,286	6,006	(1,290,647)	145,645
Profit before tax / loss	(96,070)	(1,922,547)	123,247	2,533,877	638,507
Balance sheet					
Cash and bank balances	7,582,443	481,906	6,661,772	58,132	14,784,253
Lendings to financial institutions	-	3,331,347	-	-	3,331,347
Investments	76,185,590	(737)	-	14,864,610	91,049,463
Advances - performing	61,265,325	2,008,610	4,332,408	44,236,590	111,842,933
Operating fixed assets/intangible assets	-	-	-	3,413,695	3,413,695
Deferred tax assets	86,938	1,868,254	3,448	83,897	2,042,537
Others	4,816,131	265,140	358,400	3,654,970	9,094,641
Total assets	149,936,427	7,954,520	11,356,028	66,311,894	235,558,869
Bills payable	-	-	843,841	-	843,841
Borrowings	-	12,578,269	-	5,081,515	17,659,784
Deposits and other accounts	146,451,365	7,810,739	1,952,686	39,053,696	195,268,486
Liabilities against assets subject to finance lease	-	-	-	-	-
Others	7,393,407	394,315	98,578	1,971,574	9,857,874
Total liabilities	153,844,772	20,783,323	2,895,105	46,106,785	223,629,985
Equity	(3,908,345)	(12,828,803)	8,460,923	20,205,109	11,928,884
Total equity and liabilities	149,936,427	7,954,520	11,356,028	66,311,894	235,558,869
Contingencies and commitments	18,721,520	739,370	1,361,808	8,157,255	28,979,953
	(Un-audited) June 30, 2018				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
Profit and loss					
Net mark-up / return / profit	1,969,207	(304,711)	75,473	1,050,962	2,790,931
Non mark-up / return / interest income	185,234	101,371	12,776	71,238	370,619
Total income	2,154,441	(203,340)	88,249	1,122,200	3,161,550
Segment direct expenses	1,298,694	79,112	24,237	563,457	1,965,500
Total expenses	1,298,694	79,112	24,237	563,457	1,965,500
Provisions (loss)	-	1,424,522	(4,575)	(1,491,105)	(71,158)
Profit before tax	855,747	(1,706,974)	68,587	2,049,848	1,267,208
	(Audited) December 31, 2018				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
Balance sheet					
Cash and bank balances	9,051,401	688,021	6,298,606	18,785	16,056,813
Lendings to financial institutions	-	7,695,642	-	-	7,695,642
Investments	90,491,491	1,518,261	-	2,223,487	94,233,239
Advances - performing	54,109,118	1,977,368	4,253,967	34,671,450	95,011,903
Operating fixed assets/intangible assets	-	-	-	2,295,272	2,295,272
Deferred tax assets	1,640,876	(3,184)	3,448	116,311	1,757,451
Liabilities against assets subject to finance lease	-	-	-	-	-
Others	3,168,513	89,272	220,291	2,566,587	6,044,663
Total assets	158,461,399	11,965,380	10,776,312	41,891,892	223,094,983
Bills payable	-	-	895,126	-	895,126
Borrowings	-	30,293,843	-	4,548,271	34,842,114
Deposits and other accounts	128,375,667	6,846,702	1,711,676	34,233,511	171,167,556
Others	3,364,202	179,425	44,856	897,120	4,485,603
Total liabilities	131,739,869	37,319,970	2,651,658	39,678,902	211,390,399
Equity	26,721,530	(25,354,590)	8,124,654	2,212,990	11,704,584
Total equity and liabilities	158,461,399	11,965,380	10,776,312	41,891,892	223,094,983
Contingencies and commitments	18,769,612	3,206,101	2,646,165	4,883,341	29,505,219

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

33 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its shareholders, employee benefit plans, associate, directors, key management personnel and other related parties.

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. Contribution to and accruals in respect of staff retirement benefit plan are made in accordance with actuarial valuations. Remuneration to the executives are determined in accordance with terms of their appointments.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	(Un-audited) June 30, 2019				(Audited) December 31, 2018			
	Directors	Key Management Personnel	Associate	Employee Funds	Directors	Key Management Personnel	Associate	Employee Funds
	Rupees in '000				Rupees in '000			
Advances								
Opening balance	-	276,454	-	-	-	260,785	-	-
Addition during the period / year	-	7,635	-	-	-	73,501	-	-
Repaid during the period / year	-	26,748	-	-	-	57,832	-	-
Closing balance	-	257,341	-	-	-	276,454	-	-
Provision held against advances	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	-	43,815	29,951	2,179,378	-	26,773	21,546	1,960,438
Received during the period / year	-	168,790	33,229	2,564,878	-	330,924	38,136	1,079,463
Withdrawn during the period / year	-	164,590	30,021	171,111	-	313,882	29,731	860,523
Closing balance	-	48,015	33,159	4,573,145	-	43,815	29,951	2,179,378
Other liabilities								
Interest / mark-up payable	-	1,160	1,230	118,947	-	1,119,447	842,314	1,524,050
	(Un-audited) June 30, 2019				(Un-audited) June 30, 2018			
	Directors	Key Management Personnel	Associate	Employee Funds	Directors	Key Management Personnel	Associate	Employee Funds
	Rupees in '000				Rupees in '000			
Income								
Mark-up / return / interest earned	-	2,457	-	-	-	4,776	-	-
Expense								
Mark-up / return / interest paid	-	1,160	1,230	118,947	-	626	381	132,967
Operating expenses	-	-	-	-	-	6,301	-	-

The Government of Khyber Pakhtunkhwa (GoKP) holds controlling interest (70.20% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	(Un-audited) June 30, 2019	Audited December 31, 2018
	----- Rupees in '000 -----	
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY RATIO		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,002,525	10,002,524
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	9,448,833	9,587,071
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	9,448,833	9,587,071
Eligible Tier 2 Capital	-	35,851
Total Eligible Capital (Tier 1 + Tier 2)	9,448,833	9,622,922
Risk weighted assets (RWAs):		
Credit risk	57,014,869	55,368,559
Market risk	11,368,008	12,766,137
Operational risk	10,259,721	10,259,721
Total	78,642,598	78,394,417
Common Equity Tier 1 Capital Adequacy Ratio	12.01%	12.23%
Tier 1 Capital Adequacy Ratio	12.01%	12.23%
Total Capital Adequacy Ratio	12.01%	12.28%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	9,448,833	9,587,071
Total Exposure	275,635,081	263,853,741
Leverage Ratio	3.43%	3.63%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	61,508,030	60,817,347
Total Net Cash Outflow	52,759,777	55,418,370
Liquidity Coverage Ratio	116.58%	109.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	133,023,557	116,343,436
Total Required Stable Funding	115,319,411	97,573,326
Net Stable Funding Ratio	115.35%	119.24%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

35 ISLAMIC BANKING BUSINESS

The Bank is operating 84 (December 2018: 84) Islamic banking branches and 39 (December 2018: 39) Islamic banking windows as at June 30, 2019.

Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
ASSETS		
Cash and balances with treasury banks	4,021,545	4,222,345
Balances with other banks	1,633,473	1,629,801
Due from financial institutions	2,831,347	2,000,000
Investments	12,017,112	10,573,630
Islamic financing and related assets - net	41,450,323	35,466,569
Fixed assets	672,956	280,407
Intangible assets	4,636	5,845
Due from head office	6,116,462	-
Other assets	3,896,766	867,929
Total Assets	72,644,620	55,046,526
LIABILITIES		
Bills payable	285,489	336,698
Due to financial institutions	9,000,000	1,500,000
Deposits and other accounts	53,056,411	45,894,040
Due to head office	-	1,078,829
Subordinated debt	-	-
Other liabilities	4,632,237	1,168,149
	66,974,137	49,977,716
NET ASSETS REPRESENTED BY	5,670,483	5,068,810
Islamic banking fund	460,000	460,000
Reserves	46,538	44,855
(Deficit) / surplus on revaluation of assets	(58,500)	(34,432)
Unappropriated profit	5,222,445	4,598,387
	5,670,483	5,068,810

CONTINGENCIES AND COMMITMENTS

35.5

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

Note	(Un-Audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----		
Profit / return earned	2,938,757	1,536,148
Profit / return expensed	1,207,880	590,892
Net profit / return	1,730,877	945,256
OTHER INCOME		
Fee and Commission Income	52,500	39,833
Dividend Income	-	-
Foreign Exchange Income	34,227	27,481
Gain on securities	4,306	-
Other income	18,426	29,045
Total other income	109,459	96,359
	1,840,336	1,041,615
OTHER EXPENSES		
Operating expenses	800,224	724,681
Workers Welfare Fund	-	-
Other charges	35	100
Total other expenses	800,259	724,781
Profit before provisions	1,040,077	316,834
Provisions and write offs - net	17,031	(27,880)
Profit before taxation	1,023,046	344,714
Taxation	398,988	134,438
Profit after taxation	624,058	210,276

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

35.1 Due from financial institutions

Bai Muajjal receivable from State Bank of Pakistan
Call lendings

(Un-audited) June 30, 2019			(Audited) December 31, 2018		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
2,831,347	-	2,831,347	-	-	-
2,831,347	-	2,831,347	2,000,000	-	2,000,000

(Un-audited) June 30, 2019			(Audited) December 31, 2018		
Cost	Provision for diminution	Carrying value	Cost	Provision for diminution	Carrying value
1,346,240	-	1,287,740	-	-	6,215,600
6,388,711	(58,500)	6,388,711	-	(34,432)	-
4,340,661	-	4,340,661	-	-	4,358,030
12,075,612	(58,500)	12,017,112	-	(34,432)	10,579,630

35.2 Investments by segments:

Federal Government Securities:

- GoP Ijarah sukuk
- Bai Muajjal sukuk

Non-Government Debt Securities

- Un-listed

35.3 Islamic financing and related assets - net

Ijarah
Murabaha
Musharaka
Diminishing musharaka
Salam
Istisna
Running musharka
Qarze hasna

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

(Un-audited) June 30, 2019			(Audited) December 31, 2018		
Rupees in '000			Rupees in '000		
1,179,528	1,138,904		144,448	125,439	
2,736,351	3,268,313		14,009	15,987	
4,641,067	4,291,097		158,457	141,426	
4,996,304	3,849,993		41,608,780	35,607,995	
28,054,630	23,026,000				
900	33,688				

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
35.4 Deposits and other accounts						
	Rupees in '000					
Customers						
Current deposits	21,931,160	61,641	21,992,801	19,196,004	322,813	19,518,817
Savings deposits	25,417,306	-	25,417,306	21,761,903	-	21,761,903
Term deposits	2,629,256	-	2,629,256	2,309,946	-	2,309,946
Others	2,832,336	-	2,832,336	2,212,882	-	2,212,882
	52,810,058	61,641	52,871,699	45,480,735	322,813	45,803,548
Financial Institutions						
Current deposits	876	-	876	1,494	-	1,494
Savings deposits	183,836	-	183,836	88,998	-	88,998
	52,994,770	61,641	53,056,411	45,571,227	322,813	45,894,040
35.5 Contingencies and commitments				(Un-audited) June 30, 2019	(Audited) December 31, 2018	
- Guarantees				4,360,676	4,608,139	
- Commitments				879,694	1,500,966	
				5,240,370	6,109,105	
35.6 Profit/return earned of financing, investments and placements				(Un-audited) June 30, 2019	(Un-audited) June 30, 2018	
Profit earned on:				Rupees in '000		
Financing				2,173,551	1,193,115	
Investments				764,847	341,349	
Placements				359	1,684	
				2,938,757	1,536,148	
35.7 Profit on deposits and other dues expensed						
Deposits and other accounts				851,826	272,594	
Due to Financial Institutions				356,054	318,298	
				1,207,880	590,892	
35.8 Islamic banking business unappropriated profit				(Un-audited) June 30, 2019	(Audited) December 31, 2018	
Opening balance				4,598,387	4,094,931	
Add: Islamic banking profit for the year				1,023,046	825,338	
Less: Taxation				398,988	321,882	
Less: Reserves				-	-	
Closing balance				5,222,445	4,598,387	
36 Profit equalization reserve						
The profit equalization reserves amounting to Rs. 46,538 thousand (2018: Rs. 44,855 thousand) classified in other liabilities, which has been presented as reserves in note 35.						
37 GENERAL						
37.1 Comparatives						
Comparative information has been reclassified, rearranged or additionally incorporated in this condensed interim financial information for the purposes of better presentation. The comparative information has also been reclassified and / or restated as a result of revised format of interim financial information as more fully explained in note 2.4 to this condensed interim financial information.						
37.2						
Figures have been rounded to the nearest thousand rupees, unless, otherwise stated.						
38 DATE OF AUTHORIZATION FOR ISSUE						
This condensed interim financial information was authorised for issue on August 22, 2019 by the Board of Directors of the Bank.						



Managing Director



Chief Financial Officer



Director



Director



Director



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