

LET'S PULL TOGETHER FOR  
**GREENER  
PAKISTAN**



National Bank of Pakistan  
نیشنل بینک آف پاکستان

HALF YEARLY REPORT  
**JUNE 2019**

# **National Bank of Pakistan**

Unconsolidated Condensed Interim  
Financial Statements (unaudited) for  
the period ended June 30, 2019

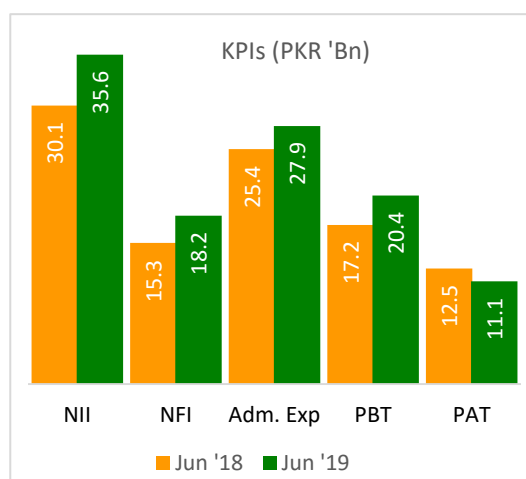
## Directors' Report to the Shareholders

### Standalone Financial Statements of the Bank

On behalf of the Board of Directors, we are pleased to present the financial statements of National Bank of Pakistan "the bank" for the half-year ended June 30, 2019.

### Key Highlights:

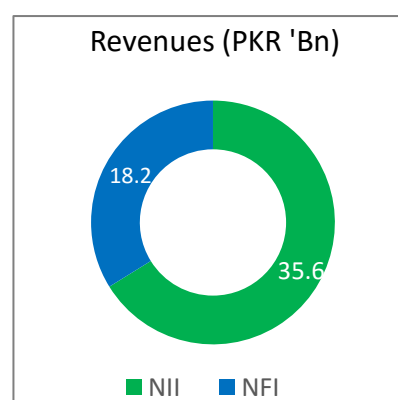
For the period under review, overall revenues of the bank amounted to PKR 53.77 billion which is highest in the banking industry and is also 18.4% higher than the bank's total revenues for the corresponding period last year. While net interest income (NII) closed at PKR 35.56 billion, non-fund income (NFI) closed at PKR 18.20 billion, up by 18.0% and 19.3% respectively. Total assets of the bank amounted to PKR 2,863.95 billion which is 2.3% higher than PKR 2,798.57 billion as at December 31, 2018. This represents 13.8% of the banking industry total assets. The bank's market share in deposits, advances and investment is around 14%, 12%, and 15% respectively. Strength of the bank's balance sheet is driven by the wide market outreach and branch banking network where the focus is on low-cost deposit mobilization.



For the half-year ended June 30, 2019, the bank's profit before provisions amounted to PKR 25.88 billion being 29.5% higher than PKR 19.98 billion for the corresponding period last year. The bank's profit before taxation amounted to PKR 20.39 billion as against PKR 17.16 billion for the corresponding period of 2018, registering an increase of 18.8%. After-tax profit for the six-months period under review amounted to PKR 11.10 billion being 11.1% lower than PKR 12.49 billion earned during the corresponding period of 2018. The drop in after-tax profit is mainly attributed to the higher taxation charge of 46% as compared to 27% for the corresponding period last year. This represents after-tax return on average assets (RoA) of 0.8% (Dec '18 : 0.8%), and translates into pre-tax and after-tax return on average equity of 26.6% (June '18 : 25.9%) and 14.5% (June '18 : 18.9%) respectively. Earnings per share amounted to PKR 5.22 as against PKR 5.87 for the corresponding half-year ended June 30, 2018.

### Profit & Loss Account:

**Mark-up/interest income:** During the six-months period under review, the bank earned total mark-up/ interest income amounting to PKR 97.69 billion which is 47.1% higher than PKR 66.41 billion earned during the corresponding period last year. This growth is attributed to the increase in discount rate as well as a volumetric growth in interest earning assets during the period. During the period gross advances averaged at PKR 1,047.47 billion, being 21.1% higher than the corresponding period. The bank's average corporate loan book expanded by 24.4%, averaging at PKR 550.18 billion in H1'19. While average Islamic finances increased by 28.3%, average commercial/retail loans registered an increase of 16.3% as compared to that of June 30, 2018. Interest income earned on loans and advances amounted to PKR 48.5 billion with a 57.7 % growth over June 2018.



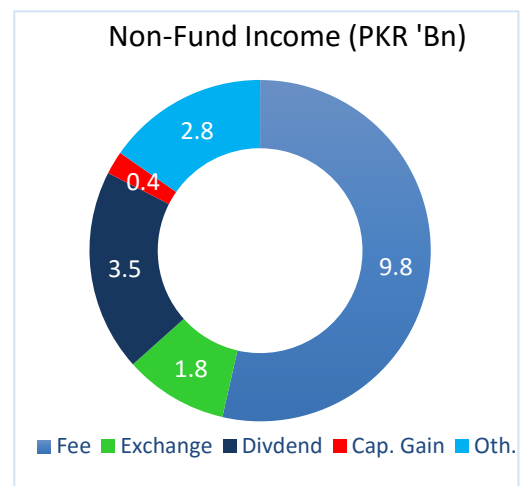
The recent rise in return on government securities has made a considerable contribution towards higher interest income of the bank. Interest income on investments & placements amounted to PKR 44.44 billion

and PKR 3.88 billion respectively, showing an increase of PKR 9.63 billion (27.7%) and PKR 3.32 billion (584.7%) respectively against that of June 30, 2018.

On the back of increased deposits and higher profit rates thereon, the bank's mark-up/interest expense also increased during the period and amounted to PKR 62.13 billion being 71.3% higher than PKR 36.3 billion for half year ended June 30, 2018. This includes cost of deposit amounting to PKR 47.1 billion which is 81.9% higher than PKR 25.9 billion for the corresponding period last year. Despite a substantial increase of 575bps in discount rate over the last one year, cost of deposits was maintained at 5.6% (Jun '18: 3.38%) and total cost of funds stood 6.4% compared to 4.0% for the corresponding period last year. Average deposits grew by 6.4% from PKR 1,830.44 billion in H1'18 to PKR 1,947.44 billion in H1'19.

Net mark-up/interest income stood at PKR 35.56 billion, being 18.0% higher against PKR 30.14 billion earned during the corresponding period last year.

**Non mark-up/interest income:** For the half-year under review, the bank's non-mark-up / interest income (NFI) also increased by 19.3% to PKR 18.20 billion as against PKR 15.25 billion earned during the corresponding period last year. NFI constitutes 33.9% share of total operating income of the bank for the period under review. Despite a tough market competition, the bank has improved its earnings from fee & commission by 9.3% to PKR 9.84 billion. This is achieved through strong momentum across general banking services, debit card, bancassurance, home remittances and advisory fee. A slight drop is however observed in commission income on government transactions during the period.



Complementing objectives of the government and SBP, the bank is aggressively promoting home remittances through banking channels. This has considerably increased the bank's market share in home remittances business as transaction volumes and remittances grew by 29% and 19% respectively from June '18 reaching to an all-time high of USD 1,252 million in H1'19 translating into market share of 11.6%. Also, income from dealing in foreign exchange has increased by 104.6% to PKR 3.52 billion. This is attributed to an active buildup in FX volumes, sharp increase in the USD/PKR forward premium and proactive management of trading positions amidst volatility in the currency markets.

Dividend income for the period is also higher by 53.2% and amounted to PKR 1.73 billion as against PKR 1.13 billion for the half year ended June 30, 2018. The increase is mainly attributed to dividend on account of Bank AlJazira (KSA) in which NBP has 3.7% shareholding. Given the lacklustre performance of the stock market, the bank's gain from sales & redemption on securities for the period under review has dropped to PKR 342.0 million as compared to PKR 2.44 billion earned during the corresponding half-year of prior year.

**Provisions & Loan Losses:** Net provision expense for the period under review amounted to PKR 5.49 billion as against PKR 2.82 billion for the corresponding six-months period of 2018. Provision charge against advances stood at PKR 2,742.4 million, being PKR 574.5 million higher from corresponding period last year. Provision charge against investment stood at PKR 2,384.1 million compared to PKR 313.6 million for the corresponding period last year. This is mainly on account of impairment against equity portfolio due to lacklustre performance of PSX.

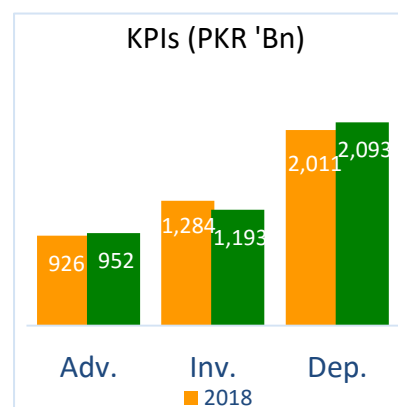
**Expense Management:** The bank continues to work on its operating costs and achieved an improved cost-to-income ratio. An increased focus on operational efficiencies and enhanced internal controls is expected to benefit the institution. Administrative expenses for the half-year under review amounted to PKR 27.80 billion, being 9.4% higher against PKR 25.41 billion for the corresponding half-year of 2018. Total compensation expenses increased by 5.5% to PKR 18.40 billion.

While Other operating expenses increased by 15.3% to PKR 4.51 billion, excluding the impact of PKR 620.0 million paid on account of deposit protection premium that was not in effect in H1'18, these expenses closed flat on a year on year basis. Expenses remained well controlled within the approved budget, and the periodic growth observed is in line with the industry norms. As the bank is taking effective measure for efficiently managing its administrative expenses, overall operating expenses to gross income as an efficiency indicator stands improved to 52% against 57% for 2018.

## **Balance Sheet Review:**

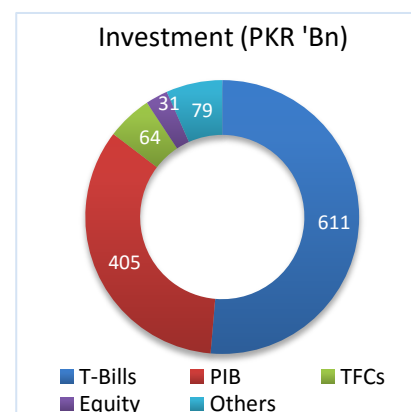
As of June 30, 2019 total assets of the bank amounted to PKR 2,863.95 billion which is 2.3% higher than PKR 2,798.57 billion as at December 31, 2018. These represent 13.8% of the banking industry total assets. Strength of the bank's balance sheet is driven by the wide market outreach and branch banking network where the focus is on low-cost deposit mobilization.

Representing 12.3% of the total industry loans, gross advances of the bank amounted to PKR 1,091.86 billion, marginally higher than PKR 1,059.48 billion as at December 31, 2018. However, compared to PKR 912.64 billion of June 2018, gross advances stand increased by PKR 179.21 billion or 19.6%. Net advances closed at PKR 952.2 billion, representing 33.2% of total assets of the bank. Domestic advances constitute 90.3% of the bank's total loan portfolio and amounted to PKR 985.7 billion (Dec '18: PKR 974.1 billion); whereas overseas loans amounted to PKR 106.1 billion (Dec '18: PKR 85.4 billion). Growth in domestic advances is mainly due to increase in Corporate lending (Rs. 9.0 bn, 1.7%), Advance Salary (Rs. 7.7 bn, 9.6%), Agriculture financing (Rs. 4.1 bn, 8.8%) and Islamic finance (Rs. 2.3 bn, 8.3%).



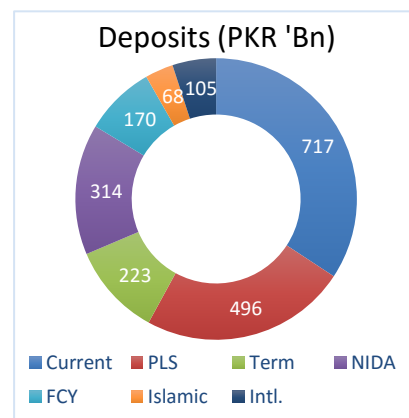
Given the challenging environment on account of higher interest rates and a sharp decline in exchange rate, non-performing loans stand increased by PKR 7.93 billion of which PKR 3.96 billion pertains to international loans due to exchange rate devaluation. Non-performing loans amounted to PKR 141.29 billion as against PKR 133.36 billion at the end of year 2018. This translates into infection ratio of 12.9% which is slightly higher than 12.6% as of December 31, 2018. NPLs are adequately covered through the provisions as per regulatory requirements. As of June 30, 2019 total provisions amounted to PKR 139.70 billion of which specific provisions amounted to PKR 132.37 billion. Gross NPLs, Net NPLs and provision coverage (on the basis of specific provision) stood at 12.9%, 0.9% and 93.7% respectively as compared to 12.6%, 0.8%, and 94.7% as of Dec '18.

As of June 30, 2019, the bank's investments at cost amounted to PKR 1,190.36 billion as against PKR 1,276.28 billion as of December 31, 2018, registering a decline of PKR 85.9 billion or 6.7% mainly on account reduction in T. Bills that reduced to PKR 611.3 billion. Investments constitute 41.7% of the bank's total assets (45.9% as on December 31, 2018) and 14.75% of the total banking industry investments.



Pursuant to the bank's effective risk and capital management strategy, the bank's investment portfolio is efficiently diversified across zero risk weighted treasury instruments & bonds, high dividend yielding equities and other interest bearing financial instruments. During the period under review, investments averaged at PKR 1,020.0 billion being 5.1% lower than PKR 1,074.6 billion during the corresponding year last year. Given the rising interest rates, the bank is following a strategy of building a short-term portfolio. Annualised yield on investments & placements during the period stand improved to 9.6% as compared to 6.6% for the corresponding period last year.

As of June 30, 2019 deposits of the bank amounted to PKR 2,093.39 billion, higher by PKR 82.01 billion or 4.1% as against PKR 2,011.38 billion as of December 31, 2018. This represents 79.0% of the bank's total liabilities and translates into 13.7% share of total banking industry deposits. Customer deposits that form 84% of the bank's funding pool remained stable during the period and amounted to PKR 1,757.98 billion which is 5.0% higher than PKR 1,674.12 billion as of December, 2018. Average deposits grew by 6.4% from PKR 1,830.44 billion in H1'18 to PKR 1,947.44 billion in H1'19. This was driven by active mobilization of CASA accounts as the average portfolio grew by 12.3% over H1'18 to PKR 1,218.27 billion in H1'19. CASA Ratio (domestic) stands improved from 81.4% at December 31, 2018 to 84.0% at June 30, 2019. In the increasing discount rate environment, the 2.6% increase in the CASA deposits helped in minimising the overall mark-up expense.



### Capital Strength & Adequacy:

The bank seeks to maintain strong capitalization levels to build a solid platform for future business growth. The bank has been designated as "Category-C" Domestic Systemically Important Bank by the State Bank of Pakistan "SBP". Therefore, the bank is required to hold an additional 1.5% loss absorbency surcharge over & above the minimum capital adequacy requirement. Hence, the bank's minimum capital adequacy requirement stands increased from 11.90% in December 2018 to 13.4% effective March 31, 2019. Further, effective March 31, 2020, the bank will be subject to enhanced loss absorbency surcharge of 2.0% in the form of additional common equity tier-1 capital (CET-1). With Common Equity Tier 1 (CET-1) ratio at 12.12% (Dec'18: 12.10%) and overall Capital Adequacy Ratio (CAR) at 15.75% as of June 30, 2019, the bank is compliant with the enhanced regulatory requirement with a buffer of 2.35%.

First priority of the Board is to maintain continuity of the bank's business which is much dependent upon strong capital base of the bank. Given the increasing minimum capital requirements, the bank aims at efficient capital allocation through conservative portfolio growth, quality lending to low-risk customers / sectors, enhanced credit monitoring and de-risking from higher capital allocation avenues.

### Contingency Regarding Pension Case:

Status of the case is same as disclosed in Note # 24.3.4.1 to the Annual Financial Statements for the year ended December 31, 2018. Hearing of the Bank's review petitions against the judgment of the Honourable Supreme Court of Pakistan in said case was last fixed for April 17, 2019; however, it was adjourned.

### Compliance with regulatory matters in USA operations:

In 2016 the bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, *inter-alia*, requires the bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and allocation of adequate resources to ensure full compliance with such requirements. The bank's management continues to address the matters highlighted in the written agreement and in the subsequent inspections, and get them independently validated. The bank seeks to comply with all laws and regulations.

This heightened attention to compliance is expected across its international franchise which will also gain from the development and implementation of an integrated strategy.

## Appropriation of Profit:

Profit for the half-year ended June 30, 2019 after carry forward of accumulated profit of 2018 is proposed to be appropriated as follows:

	(PKR Million)
Profit before tax for the half-year ended June 30, 2019	20,385
Taxation:	
- Current	8,857
- Prior Year	1,057
- Deferred	(630)
	<u>9,284</u>
Profit after tax for the half-year ended June 30, 2019	11,101
Un-appropriated profit brought forward	72,333
Other comprehensive income - net of tax	(172)
Transfer from surplus on revaluation of fixed assets	120
Profit available for appropriations	<u>83,382</u>
Transfer to Statutory Reserve (10% of after-tax profit)	<u>1,110</u>
Un-appropriated profit carried forward	<u>82,271</u>

## Economic Environment:

Overall, 2019 has been a challenging year for the country's economy as the trade imbalance and fiscal deficit subdued the growth momentum. PKR-USD parity eroded from Rs. 138.9 / USD at Dec '18 to Rs. 160.1 / USD at the end of Jun '19, a depreciation of 15% year to date, 53% over the last two years. To address the inflationary pressures, the SBP in May '19 raised the discount rate by 1.5%, followed by another 1.0% rate hike in Jul '19 to reach at 13.25%.

However, recent macroeconomic fundamentals indicate improvement as the outlook for external financing has strengthened with disbursement of the first tranche associated with the IMF extended fund facility, and other commitments of support from multilateral and bilateral partners. The program is also expected to pave the way for financing from other multi-lateral agencies and facilitating Pakistan's access to international bond markets. External conditions have also shown improvement with a sizeable reduction in the current account deficit which fell by 29.3% to US\$ 12.7 billion in Jul-May FY19 as compared to US\$ 17.9 billion during the same period last year. The Government of Pakistan has passed a FY20 budget that seeks to improve fiscal sustainability by focusing on revenue measures to widen the tax base, re-build reserves, reform the energy sector and improve the efficiency of state owned enterprises.

In the prevailing economic environment, the country's banking sector is expected to benefit from higher interest rates. However, the high discount rate environment and inevitable inflationary pressures are likely to have an adverse impact on both credit demand and asset quality.

## Credit Rating:

The bank's credit rating is carried out by both, the JCR-VIS and PACRA credit rating agencies. In June 2019, they both reaffirmed the bank's credit rating at 'AAA/A-1+' (Triple A/A-One Plus) with a 'Stable' Outlook.



## **Outlook:**

In its 70<sup>th</sup> year of service to the Nation, the bank is committed to delivering strong results. Its business strategy is evolving to ensure a focus on its “National Role” through reaching and supporting underserved sectors including SME, Microfinance, Agriculture Finance, and finance for Micro-Housing, all being developed with the highest standards. This is in addition to its dominant role in dealing with the public sector and its employees. Building a digital banking capability and a technology platform will be a central part of this strategy as will the development of a performance driven culture within the institution.

## **Acknowledgement & Appreciation:**

We would like to take this opportunity to acknowledge & appreciate the contributions of the Directors for their leadership & guidance in building a sustainable platform for growth. We also appreciate the role played by the Bank’s employees who performed resolutely throughout the year under challenging conditions.

For and on behalf of the Board of Directors

**Arif Usmani**  
President & CEO  
Karachi  
Date: August 28, 2019

**Zubyr Soomro**  
Chairman



**Deloitte Yousuf Adil**  
Chartered Accountants  
Cavish Court, KCHSU  
Shahrah-e-Faisal  
Karachi 75350, Pakistan

**Grant Thornton Anjum Rahman**  
Chartered Accountants  
1<sup>st</sup> & 3<sup>rd</sup> Floor, Modern Motors House  
Beaumont Road  
Karachi 75530, Pakistan

## **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF NATIONAL BANK OF PAKISTAN**

### **Report on review of Unconsolidated Condensed Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of National Bank of Pakistan (the Bank) as at June 30, 2019 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on these interim 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 interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### **Emphasis of Matter**

We draw attention to note 22.3.4 to the interim financial statements which explains the contingency in relation to the pension obligations of the Bank. Based on the opinion of the legal counsel, the Bank is confident about the favorable outcome of this matter and hence, no provision against any additional pension obligation is made in the interim financial statements. Our conclusion is not qualified in this respect.

#### **Other Matter**

The figures for the quarters ended June 30, 2019 and June 30, 2018 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income and figures for half year ended December 31, 2018 in unconsolidated condensed interim statement of changes in equity have not been subject to the review and therefore, we do not express a conclusion thereon.



**Deloitte Yousuf Adil**  
Chartered Accountants

**Engagement Partner:**  
Nadeem Yousuf Adil

**Date:** August 28, 2019  
**Place:** Karachi



**Grant Thornton Anjum Rahman**  
Chartered Accountants

**Engagement Partner:**  
Khaliq-ur-Rahman

**NATIONAL BANK OF PAKISTAN**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

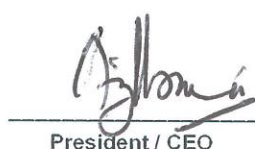
		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note		Rupees in '000	
<b>ASSETS</b>			
	Cash and balances with treasury banks	6 351,877,109	247,518,270
	Balances with other banks	7 21,267,448	12,202,020
	Lendings to financial institutions	8 35,305,992	106,391,667
	Investments	9 1,192,870,811	1,284,319,388
	Advances	10 952,156,066	926,007,004
	Fixed assets	11 53,609,360	53,859,883
	Intangible assets	12 488,199	245,658
	Right of use assets	13 6,904,766	-
	Other assets	14 249,468,662	168,022,298
		2,863,948,413	2,798,566,188
<b>LIABILITIES</b>			
	Bills payable	15 16,211,391	9,944,178
	Borrowings	16 276,647,578	392,739,396
	Deposits and other accounts	17 2,093,395,953	2,011,385,201
	Lease liability against right of use assets	18 7,275,043	-
	Deferred tax liabilities	19 6,529,474	6,985,042
	Other liabilities	20 247,964,951	170,643,836
		2,648,024,390	2,591,697,653
<b>NET ASSETS</b>			
		215,924,023	206,868,535
<b>REPRESENTED BY</b>			
	Share capital	21,275,131	21,275,131
	Reserves	55,908,573	53,274,402
	Surplus on revaluation of assets	21 56,468,436	59,986,125
	Unappropriated profit	82,271,883	72,332,877
		215,924,023	206,868,535
<b>CONTINGENCIES AND COMMITMENTS</b>			
		22	

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

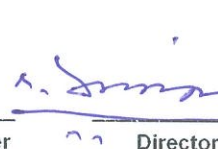
By

9THC

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director

  
Director



**NATIONAL BANK OF PAKISTAN**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

		Quarter ended		Half year ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Note		Rupees in '000			
Mark-up / return / interest earned	23	51,897,045	35,017,298	97,689,973	66,407,713
Mark-up / return / interest expensed	24	31,901,640	18,998,051	62,126,456	36,264,016
Net mark-up / return / interest income		19,995,405	16,019,247	35,563,517	30,143,697
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	5,811,149	5,060,505	9,835,961	8,997,721
Dividend income		710,761	810,842	1,728,716	1,128,103
Foreign exchange income		1,660,707	1,420,702	3,517,884	1,719,709
Gain on securities - net	26	257,713	1,548,439	342,032	2,437,157
Other income	27	1,496,648	518,886	2,779,125	971,254
Total non-mark-up / interest income		9,936,978	9,359,374	18,203,718	15,253,944
Total income		29,932,383	25,378,621	53,767,235	45,397,641
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	14,955,252	12,956,786	27,800,889	25,409,175
Workers welfare fund		-	-	-	-
Other charges	29	84,375	7,531	91,171	8,503
Total non-markup / interest expenses		15,039,627	12,964,317	27,892,060	25,417,678
Profit before provisions		14,892,756	12,414,304	25,875,175	19,979,963
Provisions and write offs - net	30	3,235,089	2,822,829	5,490,000	2,819,839
PROFIT BEFORE TAXATION		11,657,667	9,591,475	20,385,175	17,160,124
Taxation	31	4,740,136	1,993,724	9,284,161	4,668,450
PROFIT AFTER TAXATION		6,917,531	7,597,751	11,101,014	12,491,674
----- Rupees -----					
Earnings per share - basic and diluted	32	3.25	3.57	5.22	5.87

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

Q40

Q40



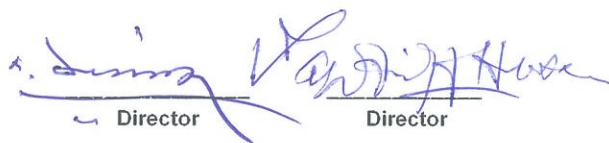
Chairman



President / CEO



Chief Financial Officer



Director

Director

NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2019

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees in '000			
	Restated		Restated	
Profit after taxation for the period	6,917,531	7,597,751	11,101,014	12,491,674
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain on translation of net assets of foreign branches	742,624	(55,173)	1,524,070	349,557
Movement in deficit on revaluation of investments - net of tax	(5,580,551)	(1,670,720)	(3,397,914)	(837,820)
	(4,837,927)	(1,725,893)	(1,873,844)	(488,263)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	104,208	975,741	(171,682)	608,768
Movement in surplus on revaluation of fixed assets - net of tax	-	(62,937)	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	104,208	912,804	(171,682)	608,768
Total comprehensive income	2,183,812	6,784,662	9,055,488	12,612,179

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

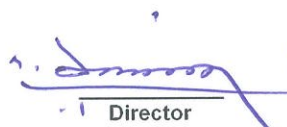
by

GTAL

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director

  
Director

**NATIONAL BANK OF PAKISTAN**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Total	
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets			Total
Rupees in '000												
Balance as at January 01, 2018	21,275,131	8,002,438	29,489,317	343,802	12,000,000	521,338	50,356,895	25,970,733	23,718,669	49,689,402	54,060,653	175,382,081
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	-	-	12,491,674	12,491,674
Other comprehensive income / (loss) - net of tax	-	349,557	-	-	-	-	349,557	(837,820)	-	(837,820)	608,768	120,505
Transfer to statutory reserve	-	-	1,249,167	-	-	-	1,249,167	-	-	-	(1,249,167)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(51,414)	(51,414)	51,414	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2017 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Opening Balance as at July 01, 2018	21,275,131	8,351,995	30,738,484	343,802	12,000,000	521,338	51,955,619	25,132,913	23,667,255	48,800,168	65,963,342	187,994,260
Profit after taxation for the half year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	7,523,448	7,523,448
Other comprehensive income / (loss) - net of tax	-	566,438	-	-	-	-	566,438	(8,857,293)	20,094,665	11,237,372	(452,983)	11,350,827
Transfer to statutory reserve	-	-	752,345	-	-	-	752,345	-	-	-	(752,345)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(51,415)	(51,415)	51,415	-
Balance as at December 31, 2018	21,275,131	8,918,433	31,490,829	343,802	12,000,000	521,338	53,274,402	16,275,620	43,710,505	59,986,125	72,332,877	206,868,535
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	-	11,101,014	11,101,014
Other comprehensive income / (loss) - net of tax	-	1,524,070	-	-	-	-	1,524,070	(3,397,914)	-	(3,397,914)	(171,682)	(2,045,526)
Transfer to statutory reserve	-	-	1,110,101	-	-	-	1,110,101	-	-	-	(1,110,101)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(119,775)	(119,775)	119,775	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2019	21,275,131	10,442,503	32,600,930	343,802	12,000,000	521,338	55,908,573	12,877,706	43,590,730	56,468,436	82,271,883	215,924,023

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

*Dr. A.*

*Zulfiqar Chaudhry*  
Chairman

*A. Iqbal*  
President / CEO

*[Signature]*  
Chief Finance Officer

*A. Iqbal*  
Director

*Vandana Hussain*  
Director

NATIONAL BANK OF PAKISTAN  
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
Note	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,385,175	17,160,124
Less dividend income	(1,728,716)	(1,128,103)
	<u>18,656,459</u>	<u>16,032,021</u>
Adjustments:		
Depreciation on fixed assets	1,213,391	1,183,351
Depreciation on right of use assets	942,493	-
Amortization	180,163	201,783
Provision and write-offs - net	5,490,000	2,819,839
Gain on sale of fixed assets	(11,973)	(42,307)
Financial charges on leased assets	12,383	333
Unrealized loss on revaluation of investments classified as held-for-trading	12,605	69,040
Charge for defined benefit plans - net	3,598,694	2,817,412
	<u>11,437,756</u>	<u>7,049,451</u>
	<u>30,094,215</u>	<u>23,081,472</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	63,885,675	(5,540,411)
Held-for-trading securities	74,271,379	257,014,084
Advances	(34,213,698)	(52,932,804)
Other assets (excluding advance taxation)	(85,373,339)	(18,940,783)
	<u>18,570,017</u>	<u>179,600,086</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	6,267,213	4,123,710
Borrowings from financial institutions	(144,873,086)	61,284,008
Deposits	82,010,752	183,570,503
Other liabilities (excluding current taxation)	86,397,424	9,007,032
	<u>29,802,303</u>	<u>257,985,253</u>
Financial charges paid	(12,383)	(333)
Income tax paid	(6,423,076)	(5,876,680)
Benefits paid	(1,527,229)	(1,797,384)
<b>Net cash flows generated from operating activities</b>	<u>70,503,847</u>	<u>452,992,414</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	27,539,828	(296,185,492)
Net investments in held-to-maturity securities	(15,901,333)	(28,942,805)
Dividends received	1,728,716	1,128,103
Investments in fixed assets	(7,955,112)	(1,194,777)
Proceeds from sale of fixed assets	4,465	68,421
Effect of translation of net investment in foreign branches	1,524,070	349,557
<b>Net cash flows generated from / (used in) investing activities</b>	<u>6,940,634</u>	<u>(324,776,993)</u>



	June 30, 2019	June 30, 2018
Note ----- Rupees in '000 -----		

# CASH FLOWS FROM FINANCING ACTIVITIES

Payments of lease obligations	-	(5,963)
Dividend paid	(1,482)	-
<b>Net cash flow used in financing activities</b>	<b>(1,482)</b>	<b>(5,963)</b>
<b>Increase in cash and cash equivalents</b>	<b>77,442,999</b>	<b>128,209,458</b>
Cash and cash equivalents at beginning of the period	227,752,888	166,307,426
Cash and cash equivalents at end of the period	305,195,887	294,516,884

33

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

BY/

GTAL

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director

Director



**NATIONAL BANK OF PAKISTAN**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

**1. STATUS AND NATURE OF BUSINESS**

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,509 (December 31, 2018: 1,504) branches in Pakistan and 21 (December 31, 2018: 21) overseas branches (including the Export Processing Zone branch, Karachi).

**2. BASIS OF PRESENTATION**

**2.1 STATEMENT OF COMPLIANCE**

**2.1.1** These unconsolidated 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:

- 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;
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

**2.1.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

**2.1.4** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2018.

**2.1.5** These unconsolidated condensed interim financial statements are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees.

## 2.1.6 Amendments to approved accounting standards that are not effective in the current period

The following new standards and interpretations of and amendments to existing accounting 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 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 220(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 unconsolidated financial statements.

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 has already adopted IFRS 9 in respect of certain overseas branches.

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

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

## 2.1.7 Standards, interpretations of and amendments to approved accounting standards that are effective

The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly financial statements of banks. All banks are directed to prepare their quarterly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Bank has prepared these condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

During the current period, IFRS 16, Leases, became applicable for the Bank. The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 3.1

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies updated for presentation of these unconsolidated condensed interim financial statements are same as those followed in presentation of the unconsolidated financial statements of the Bank for the year ended December 31, 2018 except as disclosed in note 3.1 and 3.2 to these unconsolidated condensed interim financial statements.

### 3.1 This note explains the impact of the adoption of IFRS 16 Leases (IFRS 16) on the Banks's financial statements and discloses the new accounting policies that have been applied from January 01, 2019 as disclosed in note 13 and note 18

The Bank has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and 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 recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 01, 2019 was 10%.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees, if any.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are to be discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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

	June 30, 2019	January 1, 2019
	----- Rupees in '000 -----	----- Rupees in '000 -----
<b>Impact on unconsolidated condensed interim statement of financial position</b>		
Increase in fixed assets - right-of-use assets	6,904,766	7,585,740
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	(229,241)	(229,241)
Increase in other assets - advance taxation	167,698	-
Increase in total assets	6,843,223	7,356,499
Increase in other liabilities - lease liability against right-of-use assets	(7,275,043)	(7,356,499)
(Decrease) in exchange translation reserves	169,523	-
(Decrease) / increase in net assets	(262,297)	-

**Impact on unconsolidated condensed interim profit and loss account**

	January - June 2019 Rupees in '000
Increase in mark-up expense - lease liability against right-of-use assets	(350,903)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(942,493)
- Rent expense	863,401
Decrease in profit before tax	(429,995)
Decrease in tax	167,698
Decrease in profit after tax	(262,297)

The Bank leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to statement of profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

- 3.2 The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Bank has prepared these unconsolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

#### **Unconsolidated condensed interim profit and loss account**

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the unconsolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements

#### **Unconsolidated condensed interim statement of comprehensive income**

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the unconsolidated condensed interim statement of comprehensive income have been restated to incorporate the effect of movement in surplus on revaluation of fixed assets and non-banking assets.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of this unconsolidated condensed interim financial information is the same as that applied in the preparation of the 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) June 30, 2019	(Audited) December 31, 2018
Note		Rupees in '000	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		58,034,390	39,549,448
Foreign currency		5,787,304	4,415,703
		<u>63,821,694</u>	<u>43,965,151</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	192,903,460	130,180,519
Foreign currency current accounts	6.2	8,542,699	7,029,780
Foreign currency deposit accounts	6.2	25,989,869	21,240,971
Foreign currency collection accounts		4,219,038	1,812,339
		<u>231,655,066</u>	<u>160,263,609</u>
With other central banks in			
Foreign currency current accounts	6.3	38,200,328	41,438,832
Foreign currency deposit accounts	6.3	4,549,619	1,455,866
		<u>42,749,947</u>	<u>42,894,698</u>
Prize bonds		13,650,402	394,812
		<u>351,877,109</u>	<u>247,518,270</u>

**6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

**6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

**6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.49% per annum (December 31, 2018: 0% to 0.75% per annum).

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note		Rupees in '000	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In deposit accounts	7.1	4,012,430	4,307
Outside Pakistan			
In current accounts	7.2	11,061,088	6,437,346
In deposit accounts		6,193,930	5,760,367
		<u>17,255,018</u>	<u>12,197,713</u>
		<u>21,267,448</u>	<u>12,202,020</u>

**7.1** These include various deposits with banks and carry interest at rates ranging from 5% to 10% per annum (December 31, 2018: 4% to 9.25% per annum).

**7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 2.49% per annum (December 31, 2018: 0% to 2.16% per annum).

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	----- Rupees in '000 -----

## 8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	1,040,800	8,240,800
Repurchase agreement lendings (reverse repo)	8.2	22,845,696	96,733,168
Bai Muajjal receivables with State Bank of Pakistan	8.3	11,419,496	1,417,699
Letters of placement	8.4	176,150	176,150
	8.5	35,482,142	106,567,817
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		35,305,992	106,391,667

8.1 This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2018: Rs. 40.8 million) which is guaranteed by the SBP.

8.2 These carry mark-up at rates ranging from 12.25% to 12.65% per annum (December 31, 2018: 8.45% to 10.41% per annum) with maturities ranging from July 2, 2019 to July 26, 2019.

8.3 This represents Bai Muajjal agreements entered into with SBP and carries mark-up rate from 10.41% to 13.44% per annum (December 31, 2018: 12.81% per annum).

8.4 These are overdue placements and full provision has been made against these placements as at June 30, 2019.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	----- Rupees in '000 -----
8.5 Particulars of lending		
In local currency	35,482,142	106,567,817
In foreign currencies	-	-
	35,482,142	106,567,817

## 8.6 Movement in provision held against lendings is as follows:

Opening balance	176,150	176,150
Charge for the period	-	-
Closing balance	176,150	176,150

## 8.7 Securities held as collateral against lendings to financial institutions

	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Held by Bank	Further given as collateral	Total	Total
Market Treasury Bills	5,904,967	-	5,904,967	70,283,168
Pakistan Investment Bonds	16,940,729	-	16,940,729	26,450,000
<b>Total</b>	<b>22,845,696</b>	<b>-</b>	<b>22,845,696</b>	<b>96,733,168</b>

----- Rupees in '000 -----

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 22,633 million (December 31, 2018: Rs. 95,739 million).

## 8.8 Category of classification

	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	176,150	176,150	176,150	176,150
<b>Overseas</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
<b>Total</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>

----- Rupees in '000 -----



## 9. INVESTMENTS

### 9.1 Investments by type:

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)				
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----								
<b>Held-for-trading securities</b>								
Market Treasury Bills	77,731,999	-	4,524	77,736,523	149,885,647	-	(973)	149,884,674
Pakistan Investment Bonds	-	-	-	-	2,333,574	-	(67)	2,333,507
Ordinary shares of listed companies	205,461	-	(17,129)	188,332	1,190	-	7	1,197
	77,937,460	-	(12,605)	77,924,855	152,220,411	-	(1,033)	152,219,378
<b>Available-for-sale securities</b>								
Pakistan Investment Bonds	236,022,424	-	(12,961,602)	223,060,822	207,581,489	-	(12,318,101)	195,263,388
Market Treasury Bills	533,581,427	-	(16,894)	533,564,533	592,123,867	-	(28,707)	592,095,160
Ijarah Sukuks	2,000,000	-	(78,000)	1,922,000	9,740,000	-	(56,116)	9,683,884
Ordinary shares of listed companies	28,061,858	(5,625,661)	11,396,502	33,832,699	26,005,893	(3,978,333)	17,031,223	39,058,783
Ordinary shares of unlisted companies	2,005,829	(507,573)	-	1,498,256	2,005,182	(410,893)	-	1,594,289
Preference shares	570,308	(447,394)	-	122,914	570,535	(433,444)	(11,155)	125,936
Investments in mutual funds	819,646	(41,167)	1,049,212	1,827,691	819,646	(40,642)	1,248,404	2,027,408
Ordinary shares of a bank outside Pakistan	463,294	-	19,317,303	19,780,597	463,295	-	15,570,989	16,034,284
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	61,260,606	(4,927,884)	469,666	56,802,388	58,762,773	(4,761,669)	2,264,936	56,266,040
GoP Foreign Currency Bonds	31,141,599	-	876,412	32,018,011	25,462,626	-	(515,692)	24,946,934
Foreign Government Securities	1,116,720	-	(82,985)	1,033,735	968,567	-	(148,117)	820,450
Foreign Currency Debt Securities	1,472,237	-	(157,759)	1,314,478	1,551,903	-	(94,342)	1,457,561
	898,515,948	(11,549,679)	19,811,855	906,778,124	926,055,776	(9,624,981)	22,943,322	939,374,117
<b>Held-to-maturity securities</b>								
Pakistan Investment Bonds	168,724,535	-	-	168,724,535	157,346,442	-	-	157,346,442
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	593,665	(412,384)	-	181,281	696,956	(412,384)	-	284,572
GoP Foreign Currency Bonds	3,241,208	-	-	3,241,208	2,859,233	-	-	2,859,233
Foreign Government Securities	30,110,539	-	-	30,110,539	25,866,066	-	-	25,866,066
Foreign Currency Debt Securities	615	-	-	615	532	-	-	532
	202,670,562	(412,384)	-	202,258,178	186,769,229	(412,384)	-	186,356,845
<b>Associates</b>	4,970,863	(4,252,799)	-	718,064	4,970,863	(3,793,405)	-	1,177,458
<b>Joint Venture</b>	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
<b>Subsidiaries</b>	3,906,750	(1,077,593)	-	2,829,157	3,906,750	(1,077,593)	-	2,829,157
<b>Total investments</b>	1,190,364,016	(17,292,455)	19,799,250	1,192,870,811	1,276,285,462	(14,908,363)	22,942,289	1,284,319,388

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
<b>Rupees in '000</b>		

4,850,000	9,500,000
164,375,775	274,350,000
<b>169,225,775</b>	<b>283,850,000</b>

**9.2.1 Opening balance** **14,908,363** **14,679,566**

14,908,363	14,679,566
2,418,084	1,599,536
(33,993)	(1,370,739)
2,384,091	228,797
-	-
-	-
17,292,455	14,908,363

	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	NPI	Provision	NPI	Provision

June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
NPI	Provision	NPI	Provision
Rupees in '000			
-	-	-	-
-	-	-	-
-	-	-	-
5,349,032	5,340,268	5,182,817	5,174,053
5,349,032	5,340,268	5,182,817	5,174,053
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,349,032	5,340,268	5,182,817	5,174,053

**9.3** The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 184,609 million (December 31, 2018: Rs. 172,378 million).

# 10. ADVANCES

	Note	----- Rupees in '000 -----					
		Performing		Non performing		Total	
		(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		889,591,956	879,806,247	134,461,232	127,099,303	1,024,053,188	1,006,905,550
		29,157,992	26,914,764	203,934	191,794	29,361,926	27,106,558
10.1	Loans, cash credits, running finances, etc. Islamic financing and related assets Net investment in finance lease	93,155	104,647	-	-	93,155	104,647
	Bills discounted and purchased	31,724,397	19,294,694	6,624,877	6,068,698	38,349,274	25,363,392
10.2	Advances - gross	950,567,500	926,120,352	141,290,043	133,359,795	1,091,857,543	1,059,480,147
	Provision against advances						
	- Specific	-	-	132,367,515	126,266,039	132,367,515	126,266,039
	- General	7,333,962	7,207,104	-	-	7,333,962	7,207,104
10.4		7,333,962	7,207,104	132,367,515	126,266,039	139,701,477	133,473,143
	Advances - net of provision	943,233,538	918,913,248	8,922,528	7,093,756	952,156,066	926,007,004

## 10.1 Net investment in finance lease

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)				
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
-----Rupees in '000-----								
Lease rentals receivable	26,837	18,722	-	45,559	29,146	27,840	-	56,986
Residual value	47,230	9,800	-	57,030	41,211	16,476	-	57,687
Minimum lease payments	74,067	28,522	-	102,589	70,357	44,316	-	114,673
Financial charges for future periods	7,757	1,677	-	9,434	7,516	2,510	-	10,026
Present value of minimum lease payments	66,310	26,845	-	93,155	62,841	41,806	-	104,647

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.92% to 15.36% (December 31, 2018: 10.19% to 14.47%) per annum.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
10.2 Particulars of advances (Gross)		
In local currency	980,076,285	969,752,303
In foreign currencies	111,781,258	89,727,844
	1,091,857,543	1,059,480,147

- 10.3** Advances includes Rs. 141,290 million (2018: Rs.133,360 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other assets especially mentioned	1,660,010	107,331	1,272,606	64,543
Substandard	3,833,314	932,269	3,783,452	923,008
Doubtful	3,572,708	1,767,994	1,398,861	689,032
Loss	89,471,358	88,087,686	87,723,307	86,518,782
	<b>98,537,390</b>	<b>90,895,280</b>	<b>94,178,226</b>	<b>88,195,365</b>
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	42,752,653	41,472,236	39,181,569	38,070,674
	<b>42,752,653</b>	<b>41,472,236</b>	<b>39,181,569</b>	<b>38,070,674</b>
<b>Total</b>	<b>141,290,043</b>	<b>132,367,516</b>	<b>133,359,795</b>	<b>126,266,039</b>

**10.4 Particulars of provision against advances**

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
<b>Note</b>						
Opening balance	126,266,039	7,207,104	133,473,143	110,650,722	6,515,067	117,165,789
Exchange adjustments	5,283,562	38,680	5,322,242	7,687,525	111,206	7,798,731
Charge for the year	5,187,564	319,817	5,507,381	14,157,878	1,330,247	15,488,125
Reversals	(2,533,348)	(231,639)	(2,764,987)	(5,956,687)	(749,416)	(6,706,103)
	<b>2,654,216</b>	<b>88,178</b>	<b>2,742,394</b>	<b>8,201,191</b>	<b>580,831</b>	<b>8,782,022</b>
Amounts charged off	(1,776,733)	-	(1,776,733)	(12,118)	-	(12,118)
Amounts charged off / write off	(59,568)	-	(59,568)	(261,281)	-	(261,281)
Closing balance	<b>132,367,516</b>	<b>7,333,962</b>	<b>139,701,478</b>	<b>126,266,039</b>	<b>7,207,104</b>	<b>133,473,143</b>

**10.4.1 Particulars of provision against advances**

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	90,895,280	7,024,403	97,919,683	88,195,365	6,949,253	95,144,618
In foreign currencies	41,472,236	309,559	41,781,795	38,070,674	257,851	38,328,525
	<b>132,367,516</b>	<b>7,333,962</b>	<b>139,701,478</b>	<b>126,266,039</b>	<b>7,207,104</b>	<b>133,473,143</b>

- 10.4.2** The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.
- 10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019.
- 10.4.4** This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the Bank's right to pursue recovery against these loans.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,009,955	1,934,605
Property and equipment		51,599,405	51,925,278
		<u>53,609,360</u>	<u>53,859,883</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,920,723	1,863,208
Equipment		15,909	15,884
Advances to suppliers and contractors		73,323	55,513
		<u>2,009,955</u>	<u>1,934,605</u>
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		----- Rupees in '000 -----	
<b>11.2 Additions to fixed assets</b>			
The following material additions have been made to fixed assets during the period:			
Capital work-in-progress		56,504	58,632
Property and equipment			
Building on freehold land		26,908	18,996
Building on leasehold land		6,338	27,749
Furniture and fixture		248,978	484,316
Electrical office		112,992	323,273
computer equipment		106,893	129,190
Vehicles		97,246	151,179
Total		<u>599,355</u>	<u>1,134,703</u>
		<u>655,859</u>	<u>1,193,335</u>

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	

### 11.3 Disposal of fixed assets

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

Furniture and fixture	1,310	2,060
Electrical office and computer equipment	104	272
Vehicles	6,094	4,690
<b>Total</b>	<b>7,508</b>	<b>7,022</b>

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	

### 12. INTANGIBLE ASSETS

Core Banking Application	26,270	113,026
Computer Software	461,929	132,632
	<b>488,199</b>	<b>245,658</b>

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	

### 12.1 Additions to intangible assets

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

Directly purchased	375,641	26,762
--------------------	---------	--------

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	

### 13. RIGHT OF USE ASSETS

The recognized right of use assets relate to the following types of assets:

Balance as at initial application i.e. January 01, 2019	7,585,740	-
Additions during the period	261,519	-
Depreciation charged for the period	942,493	-
<b>Balance as at June 30, 2019</b>	<b>6,904,766</b>	<b>-</b>

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	Rupees in '000	
<b>14. OTHER ASSETS</b>			
Income / return / mark-up accrued in local currency - net of provision		42,516,909	31,149,949
Income / return / mark-up accrued in foreign currency		2,815,775	2,478,075
Advances, deposits, advance rent and other prepayments		5,815,321	7,039,988
Advance taxation (payments less provisions)		8,253,050	11,743,706
Income tax refunds receivable		44,668,031	45,531,634
Compensation for delayed tax refunds		10,781,469	8,082,559
Non-banking assets acquired in satisfaction of claims		3,781,740	3,796,527
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		228,483	228,483
Unrealized gain on forward foreign exchange contracts		12,095,550	6,929,960
Commission receivable on Government treasury transactions		9,256,706	4,627,921
Stationery and stamps on hand		438,552	381,722
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale of shares		332,372	311,383
Acceptances		107,286,220	45,884,978
Others		9,679,236	7,984,536
		<u>258,886,819</u>	<u>177,108,826</u>
Less: Provision held against other assets	14.1	<u>9,216,290</u>	<u>8,884,661</u>
Other assets (net of provision)		<u>249,670,529</u>	<u>168,224,165</u>
Deficit on revaluation of non-banking assets acquired in satisfaction of claims		<u>(201,867)</u>	<u>(201,867)</u>
<b>Other assets - total</b>		<u><u>249,468,662</u></u>	<u><u>168,022,298</u></u>
<b>14.1 Provision held against other assets</b>			
Income / mark-up accrued in local currency		152,607	152,607
Advances, deposits, advance rent and other prepayments		837,949	837,949
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Protested bills		2,464,613	2,405,688
Provision against FE-25 loans		1,734,591	1,734,591
Ex-MBL / NDFC - other assets		534,173	534,173
Assets Acquired from CIRC		228,484	228,484
Others		2,229,926	1,957,221
		<u>9,216,290</u>	<u>8,884,661</u>
<b>14.1.1 Movement in provision held against other assets</b>			
Opening balance		8,884,661	8,772,698
Charge for the year		331,629	2,289,555
Adjustment of compensation claimed by SBP to SBP balances		-	(2,174,278)
Amount written off		-	(3,314)
Closing balance		<u>9,216,290</u>	<u>8,884,661</u>
<b>15. BILLS PAYABLE</b>			
In Pakistan		15,578,424	9,838,706
Outside Pakistan		<u>632,967</u>	<u>105,472</u>
		<u><u>16,211,391</u></u>	<u><u>9,944,178</u></u>



(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  
Under Export Refinance Scheme (New Scheme)  
Refinance Facility for Modernization of SMEs  
Financing Facility for storage of Agriculture Produce (FFSAP)  
Under Long-Term Financing Facility (LTFF)

2,733,900	1,553,200
17,017,491	15,711,423
9,000	-
331,147	222,727
6,111,380	5,418,613
26,202,918	22,905,963

Repurchase agreement borrowings

Bai Muajjal

**Total secured**

169,225,775	278,631,608
8,249,497	45,954,085
203,678,190	347,491,656

### Unsecured

Call borrowings

Overdrawn nostro accounts

Bai Muajjal

**Total unsecured**

64,559,165	36,400,855
4,430,305	3,807,347
3,979,918	5,039,538
72,969,388	45,247,740
276,647,578	392,739,396

### 16.1 Particulars of borrowings with respect to currencies

In local currency

In foreign currencies

215,238,427	356,338,554
61,409,151	36,400,842
276,647,578	392,739,396

### 16.2 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3% (December 31, 2018: 3.0%).
- Repurchase agreement borrowings carry mark-up ranging from 12.05% to 12.38% per annum (December 31, 2018: 8.4% to 10.16% per annum) having maturity on ranging from July 2, 2019 to July 12, 2019.
- Call borrowings carry interest ranging from 1.7% to 12.35% per annum (December 31, 2018: 0% to 4.22% per annum).

**16.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

**16.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 169,226 million (December 31, 2018: Rs. 283,850 million).

## 17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
<b>Customers</b>						
Current deposits - remunerative	326,889,020	-	326,889,020	323,623,737	-	323,623,737
Current deposits - non-remunerative	412,460,300	130,895,972	543,356,272	342,557,322	122,864,545	465,421,867
Savings deposits	517,901,205	47,562,522	565,463,727	498,375,321	37,724,865	536,100,186
Term deposits	224,064,577	77,929,219	301,993,796	273,475,804	66,124,944	339,600,748
Others	20,272,212	4,118	20,276,330	9,377,504	3,409	9,380,913
	1,501,587,314	256,391,831	1,757,979,145	1,447,409,688	226,717,763	1,674,127,451
<b>Financial Institutions</b>						
Current deposits	308,046,802	8,850,381	316,897,183	285,775,752	27,312,676	313,088,428
Savings deposits	1,393,567	3,031,866	4,425,433	812,330	778	813,108
Term deposits	7,445,999	1,955,254	9,401,253	7,335,635	1,814,815	9,150,450
Others	975,229	3,717,710	4,692,939	4,523,363	9,682,401	14,205,764
	317,861,597	17,555,211	335,416,808	298,447,080	38,810,670	337,257,750
	1,819,448,911	273,947,042	2,093,395,953	1,745,856,768	265,528,433	2,011,385,201

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 105,176 million (December 31, 2018: Rs.104,127 million).

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	-----Rupees in '000 -----	
<b>18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS</b>		
Lease liabilities included in the statement of financial position As at June 30, 2019	7,275,043	-
Of which are:		
Current lease liability	1,542,843	-
Non-current lease liability	5,732,200	-
	7,275,043	-
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	1,702,470	-
One to five years	5,537,940	-
More than five years	6,509,997	-
Total undiscounted lease liabilities as at June 30, 2019	13,750,407	-

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

-----Rupees in '000 -----

## 19. DEFERRED TAX LIABILITIES

### Deductible temporary differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Other provisions
- Right of use assets

(10,705)	(10,705)
(2,859,967)	(2,767,522)
(236,751)	(236,751)
(1,045,555)	(622,390)
(115,222)	(115,222)
(105,416)	(105,416)
(195,553)	-
(4,569,169)	(3,858,006)

### Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Other

1,794,454	1,805,306
6,934,149	6,667,702
55,208	55,208
2,314,832	2,314,832
11,098,643	10,843,048
6,529,474	6,985,042

## 20. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	40,739,123	31,324,102
Mark-up / Return / Interest payable in foreign currencies	924,891	555,608
Unearned commission and income on bills discounted	3,750,630	635,699
Accrued expenses	10,149,734	11,629,326
Advance payments	296,174	339,788
Unclaimed dividends	187,386	188,868
Unrealized loss on put option	306,339	306,339
Branch adjustment account	4,961,201	5,864,695
Employee benefits:		
Pension fund	13,389,045	13,069,665
Post retirement medical benefits	16,324,055	15,371,225
Benevolent fund	1,489,122	1,604,689
Gratuity scheme	1,983,895	1,730,265
Compensated absences	7,809,735	7,541,419
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	20,638,698	18,034,813
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,834,889	3,734,889
Payable to brokers	265,843	180,594
PIBs short selling	-	366,896
Acceptances	107,286,220	45,884,978
Others	12,629,220	11,281,227
	247,964,951	170,643,836

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	Rupees in '000	
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus on revaluation of			
- Available-for-sale securities	9.1	19,811,855	22,943,322
- Fixed assets		44,107,748	44,292,018
- Non-banking assets		2,062,480	2,062,480
		<u>65,982,083</u>	<u>69,297,820</u>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(6,934,149)	(6,667,702)
- Fixed assets		(2,524,290)	(2,588,785)
- Non-banking assets		(55,208)	(55,208)
		<u>(9,513,647)</u>	<u>(9,311,695)</u>
		<u>56,468,436</u>	<u>59,986,125</u>
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	22.1	155,356,991	94,340,276
Commitments	22.2	1,574,598,755	1,240,553,725
Other contingent liabilities	22.3	29,624,094	29,259,673
		<u>1,759,579,840</u>	<u>1,364,153,674</u>
<b>22.1 Guarantees</b>			
Financial guarantees		104,563,372	55,505,600
Performance guarantees		50,793,619	38,834,676
		<u>155,356,991</u>	<u>94,340,276</u>
<b>22.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
Letters of credit		810,649,520	670,419,500
Commitments in respect of:			
Forward foreign exchange contracts	22.2.1	750,375,692	512,873,075
Forward government securities transactions	22.2.2	13,040,700	56,816,129
Commitments for acquisition of:			
Fixed assets		519,343	431,521
Other commitments	22.2.3	13,500	13,500
		<u>1,574,598,755</u>	<u>1,240,553,725</u>
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		445,197,135	312,710,160
Sale		305,178,557	200,162,915
		<u>750,375,692</u>	<u>512,873,075</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these condensed unconsolidated interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>22.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	12,500,000	50,950,025
Sale	540,700	5,866,104
	<u>13,040,700</u>	<u>56,816,129</u>

Commitments for outstanding forward government securities transactions are disclosed in these unconsolidated condensed interim financial statements at contracted rates.

<b>22.2.3 Professional services to be received</b>	<u>13,500</u>	<u>13,500</u>
--	---------------	---------------

## **22.3 Other contingent liabilities**

<b>22.3.1 Claim against the Bank not acknowledged as debt</b>	<u>29,624,094</u>	<u>29,259,673</u>
---	-------------------	-------------------

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (December 31, 2018: Rs. 1,597 million).

## **22.3.2 Taxation**

The current status of tax contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018, except for

- The tax returns of the Bank have been filed upto tax year 2018 and amended by the tax authorities up to Tax Year 2018. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2018.
- During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2018 vide order dated March 28, 2019 through add back / additions and imposed Super Tax under Section 4B read with Finance Supplementary (Second Amendment) Act 2019 through which super tax on Banking companies levied retrospectively at the rate of four percent of taxable income for the tax year 2018. As a result thereof the net demand of Rs.1,056.84 million raised against the Bank which is paid. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.
- The aggregate effect of contingencies as on June 30, 2019 amounts to Rs. 12,065 million (December 31, 2018: Rs. 10,732 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

## **22.3.3 Barter Trade Agreements**

Same as disclosed in Annual Financial Statements of the Bank for the year ended December 31, 2018.

## **22.3.4 Contingencies in respect of employees benefits and related matters**

The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018, except for the below mentioned updates

### **22.3.4.1 Pensionary benefits to retired employees**

The hearing of pension case was fixed on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. After partial arguments the matter was adjourned for April 17, 2019. On the said date, due to adjournment application of the Counsel for respondents, the petitions were adjourned for re-listing in the 2nd week of May however, the matters didn't get

### **22.3.4.2 Post retirement medical facilities**

The Bank has filed an Intra Court Appeal (ICA) against the order of the single bench which is still pending adjudication and is fixed for hearing on September 25, 2019.

### **22.3.4.3 Restoration of Commuted Pension**

The matter is still pending adjudication and is now fixed for hearing on September 12, 2019.

## **22.4 Foreign Exchange repatriation case**

The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018.

## **22.5 Compliance and risk matters relating to anti-money laundering**

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2018.

(Un-audited)      (Un-audited)  
June 30, 2019      June 30, 2018  
Note ----- Rupees in '000 -----

**23. MARK-UP / RETURN / INTEREST EARNED**

Loans and advances	48,481,747	30,748,969
Investments	44,435,362	34,803,369
On securities purchased under resale agreements	3,884,280	567,295
Balances with other banks	888,584	288,080
	<u>97,689,973</u>	<u>66,407,713</u>

**24. MARK-UP / RETURN / INTEREST EXPENSED**

Deposits	47,140,624	25,912,219
Borrowings	2,962,062	1,081,962
Cost of foreign currency swaps against foreign currency deposits	2,318,315	1,947,560
Finance charge on lease liability against right of use assets	350,903	-
Securities sold under repurchase agreements	9,354,552	7,322,275
	<u>62,126,456</u>	<u>36,264,016</u>

**25. FEE AND COMMISSION INCOME**

Branch banking customer fees	805,868	637,929
Consumer finance related fees	403,967	372,312
Card related fees	341,240	210,352
Credit related fees	135,075	157,415
Investment banking fees	347,621	190,047
Commission on trade	1,684,573	1,720,723
Commission on guarantees	248,162	264,765
Commission on cash management	9,804	9,050
Commission on remittances including home remittances	911,268	285,634
Commission on bancassurance	210,293	155,031
Commission on government transactions	4,625,176	4,931,352
Others	112,914	63,111
	<u>9,835,961</u>	<u>8,997,721</u>

**26. GAIN ON SECURITIES - NET**

Realized	26.1	354,637	2,506,197
Unrealized - held-for-trading	9.1	(12,605)	(69,040)
		<u>342,032</u>	<u>2,437,157</u>

**26.1 Realized gain on**

Federal Government Securities	206,969	246,226
Shares	119,205	2,168,440
Ijarah Sukuks	28,463	87,500
Foreign Securities	-	4,031
	<u>354,637</u>	<u>2,506,197</u>

**27. OTHER INCOME**

Rent on property	28,176	33,141
Gain on sale of fixed assets - net	11,973	42,307
Postal, SWIFT and other charges recovered	32,246	-
Compensation for delayed tax refunds	27.1	2,698,910
Others		7,820
		<u>2,779,125</u>

**27.1** This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.

	(Un-audited)	(Un-audited)
	June 30, 2019	June 30, 2018
Note	----- Rupees in '000 -----	

## 28. OPERATING EXPENSES

<b>Total compensation expenses</b>	<b>18,400,712</b>	<b>17,434,885</b>
<b>Property expenses</b>		
Rent and taxes	610,855	1,047,179
Insurance	8,626	24
Utilities cost	439,452	374,975
Security (including guards)	1,070,647	1,040,284
Repair and maintenance (including janitorial charges)	387,605	548,269
Depreciation	220,543	122,211
Depreciation on non banking assets	14,788	17,385
Depreciation on ljarah assets	91,168	126,879
Depreciation on right of use assets	942,493	-
	<b>3,786,177</b>	<b>3,277,206</b>
<b>Information technology expenses</b>		
Software maintenance	498,534	97,054
Hardware maintenance	7,014	9,774
Depreciation	156,640	228,291
Amortization	180,163	201,783
Network charges	225,897	222,328
Others	40,076	30,294
	<b>1,108,324</b>	<b>789,524</b>
<b>Other operating expenses</b>		
Directors' fees and reimbursement of other expenses	15,026	15,689
Fees and allowances to Shariah Board	-	-
Legal & professional charges	298,577	188,734
Outsourced services costs	358,158	419,246
Travelling and conveyance	349,983	319,952
NIFT clearing charges	65,861	64,025
Depreciation	730,252	688,585
Training and development	54,575	67,907
Postage and courier charges	81,982	138,751
Communication	135,925	139,542
Stationery and printing	331,409	340,089
Marketing, advertisement & publicity	120,102	111,883
Contributions for other Corporate and Social Responsibility	10,203	15,986
Auditors' remuneration	140,420	108,695
Entertainment	142,492	82,639
Clearing, verification, license fee charges	127,731	188,530
Brokerage	34,717	39,539
Financial charges on Leased assets	12,383	7,272
Insurance	357,771	258,823
Vehicle Expenses	74,217	85,408
Repairs & Maintenance	234,456	305,414
Deposit Premium expense	619,920	-
Others	209,516	320,851
	<b>4,505,676</b>	<b>3,907,560</b>
	<b>27,800,889</b>	<b>25,409,175</b>



		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	Note	Rupees in '000	
<b>29. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		90,135	8,503
Penalties imposed by other regulatory bodies (Central bank of international branches)		1,036	-
		<u>91,171</u>	<u>8,503</u>
<b>30. PROVISIONS AND WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	2,384,091	313,618
Provisions against loans and advances	10.4	2,742,394	2,167,900
Provision against other assets		363,515	338,321
		<u>5,490,000</u>	<u>2,819,839</u>
<b>31. TAXATION</b>			
Current		8,856,891	6,884,391
Prior years		1,056,841	(20,755,128)
Deferred		(629,571)	18,539,187
		<u>9,284,161</u>	<u>4,668,450</u>
<b>31.1</b>	The Federal Government vide The Finance Supplementary (Second Amendment) Bill, 2019 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2017 (Tax Year 2018). Accordingly, provisions of Rs. 1,057 million for Super tax has been made in prior year.		
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
<b>32. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>11,101,014</u>	<u>12,491,674</u>
Weighted average number of ordinary shares (in 000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>5.22</u>	<u>5.87</u>
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
<b>33. CASH AND CASH EQUIVALENT</b>		Rupees in '000	
Cash and balances with treasury banks		351,877,109	297,147,613
Balances with other banks		21,267,448	25,177,204
Call money lendings		1,040,800	140,800
Call money borrowings		(64,559,165)	(22,135,243)
Overdrawn nostro		(4,430,305)	(5,813,490)
		<u>305,195,887</u>	<u>294,516,884</u>

### 34. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

#### 34.1 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).

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

	At June 30, 2019 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b> ----- Rupees in '000 -----					
<b>Financial assets - measured at fair value</b>					
Investments					
Market Treasury Bills	611,301,056	-	611,301,056	-	611,301,056
Pakistan Investment Bonds	223,060,822	-	223,060,822	-	223,060,822
Ijarah Sukuks	1,922,000	-	1,922,000	-	1,922,000
Ordinary shares of listed companies	34,021,031	34,021,031	-	-	34,021,031
Preference shares	122,914	36,050	-	86,864	122,914
Investments in mutual funds	1,827,691	1,827,691	-	-	1,827,691
Term Finance Certificates / Musharika and Sukuk Bonds	56,802,388	-	56,802,388	-	56,802,388
GoP Foreign Currency Bonds	32,018,011	-	32,018,011	-	32,018,011
Foreign Government Securities	1,033,735	-	1,033,735	-	1,033,735
Foreign Currency Debt Securities	1,314,478	-	1,314,478	-	1,314,478
Ordinary shares of a bank outside Pakistan	19,780,597	19,780,597	-	-	19,780,597
	983,204,723	55,665,369	927,452,490	86,864	983,204,723
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	351,877,109	-	-	-	-
Balances with other banks	21,267,448	-	-	-	-
Lending to financial instruments	35,305,992	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,498,256	-	-	-	-
Pakistan Investment Bonds	168,724,535	-	-	-	-
GoP Foreign Currency Bonds	3,241,208	-	-	-	-
Foreign Government Securities	30,110,539	-	-	-	-
Foreign Currency Debt Securities	615	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	181,281	-	-	-	-
Advances	952,156,066	-	-	-	-
Other assets	249,468,662	-	-	-	-
	1,813,831,711	-	-	-	-
	2,797,036,434	55,665,369	927,452,490	86,864	983,204,723
<b>Off-balance sheet financial instruments - measured at fair value</b>					
<b>Commitments</b>					
Foreign exchange contracts purchase and sale	750,375,692	-	12,095,516	-	12,095,516
Forward government securities transactions	13,040,700	-	57,024	-	57,024

December 31, 2018 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

**Investments**

Market Treasury Bills	741,979,834	-	741,979,834	-	741,979,834
Pakistan Investment Bonds	197,596,895	-	197,596,895	-	197,596,895
Ijarah Sukuks	9,683,884	-	9,683,884	-	9,683,884
Ordinary shares of listed companies	39,059,980	39,059,980	-	-	39,059,980
Preference shares	125,936	39,072	-	86,864	125,936
Investments in mutual funds	2,027,408	2,027,408	-	-	2,027,408
Term Finance Certificates / Musharika and Sukuk Bonds	56,266,040	-	56,266,040	-	56,266,040
GoP Foreign Currency Bonds	24,946,934	-	24,946,934	-	24,946,934
Foreign Government Securities	820,450	-	820,450	-	820,450
Foreign Currency Debt Securities	1,457,561	-	1,457,561	-	1,457,561
Ordinary shares of a bank outside Pakistan	16,034,284	16,034,284	-	-	16,034,284
	1,089,999,206	57,160,744	1,032,751,598	86,864	1,089,999,206

**Financial assets - disclosed but not measured at fair value**

Cash and balances with treasury banks	247,518,270	-	-	-	-
Balances with other banks	12,202,020	-	-	-	-
Lending to financial instruments	106,391,667	-	-	-	-
<b>Investments</b>					
Ordinary shares of unlisted companies	1,594,289	-	-	-	-
Pakistan Investment Bonds	157,346,442	-	-	-	-
GoP Foreign Currency Bonds	2,859,233	-	-	-	-
Foreign Government Securities	25,866,066	-	-	-	-
Foreign Currency Debt Securities	532	-	-	-	-
Debentures, Bonds, Sukuks,	284,572	-	-	-	-
Advances	926,007,004	-	-	-	-
Other assets	168,022,298	-	-	-	-
	1,648,092,393	-	-	-	-
	2,738,091,599	57,160,744	1,032,751,598	86,864	1,089,999,206

**Off-balance sheet financial instruments - measured at fair value**

Foreign exchange contracts purchase and sale	512,873,075	-	6,929,960	-	6,929,960
Forward government securities transactions	56,816,129	-	(2,662,847)	-	(2,662,847)

## Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

### 34.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

At June 30, 2019 (Un-audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
Land and building (property and equipment)	47,868,991	-	47,868,991	-	47,868,991
Non-banking assets acquired in satisfaction of claims	3,781,740	-	3,781,740	-	3,781,740
	51,650,731	-	51,650,731	-	51,650,731
December 31, 2018 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
Land & building (property and equipment)	47,995,831	-	47,995,831	-	47,995,831
Non-banking assets acquired in satisfaction of claims	3,796,527	-	3,796,527	-	3,796,527
	51,792,358	-	51,792,358	-	51,792,358

35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Half year ended June 30, 2019 (Un-audited)

	Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Alteamaad & Islamic Banking	Head Office / Others	Total
Rupees in '000							
<b>Profit and loss account</b>							
Net mark-up / return / interest income	(26,658,350)	20,711,713	35,186,948	1,392,150	1,903,588	3,027,468	35,563,517
Inter segment revenue - net	56,697,149	(20,866,810)	(37,976,486)	-	(276,368)	2,422,515	-
Non mark-up / return / interest income	8,382,155	1,118,642	5,162,019	852,947	199,460	2,488,495	18,203,718
Total income	38,420,954	963,545	2,372,481	2,245,097	1,826,680	7,938,478	53,767,235
Segment direct expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	314,017	19,186,476
Inter segment expense allocation	-	-	-	-	-	8,705,584	8,705,584
Total expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	9,019,601	27,892,060
Provisions and write offs - net	1,232,649	3,269,756	2,217,877	(92,239)	(75,061)	(1,062,982)	5,490,000
Profit / (loss) before taxation	22,073,657	(2,626,413)	(18,471)	340,641	633,902	(18,141)	20,385,175

June 30, 2019 (Un-audited)

	Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Alteamaad & Islamic Banking	Head Office / Others	Total
Rupees in '000							
<b>Statement of financial position</b>							
Cash and balances with treasury and other banks	178,896,062	272,528	127,281,944	55,288,772	11,405,162	89	373,144,557
Investments	-	-	1,060,333,915	67,718,590	18,676,240	46,142,066	1,192,870,811
Net inter segment lending	1,339,962,917	-	-	-	-	94,049,238	1,434,012,155
Lendings to financial institutions	-	-	23,883,846	-	11,419,496	2,650	35,305,992
Advances - performing	339,644,605	509,061,006	-	63,371,852	29,157,932	9,332,045	950,567,500
Advances - non-performing	21,297,613	24,766,724	-	42,752,653	203,934	52,269,119	141,290,043
Provision against Advances	(21,239,313)	(21,452,067)	-	(41,781,795)	(203,934)	(54,974,368)	(139,701,477)
Advances - Net	339,682,905	512,375,663	-	64,342,710	29,157,992	6,626,796	952,156,066
Others	105,149,632	42,851,731	15,611,924	4,875,588	5,847,328	136,134,784	310,470,987
<b>Total assets</b>	<b>1,963,661,516</b>	<b>555,499,922</b>	<b>1,227,111,629</b>	<b>192,225,660</b>	<b>76,506,218</b>	<b>282,955,623</b>	<b>4,297,960,568</b>
Borrowings	1,352,431	24,858,632	189,027,363	61,409,152	-	-	276,647,578
Deposits and other accounts	1,840,136,414	80,191,353	-	105,356,637	67,727,125	(15,576)	2,093,395,953
Net inter segment borrowing	-	414,098,429	994,301,840	21,327,423	4,284,463	-	1,434,012,155
Others	122,172,672	36,351,508	24,997,904	3,226,363	4,358,974	86,873,438	277,980,859
<b>Total liabilities</b>	<b>1,963,661,517</b>	<b>555,499,922</b>	<b>1,208,327,107</b>	<b>191,319,575</b>	<b>76,370,562</b>	<b>86,857,862</b>	<b>4,082,036,545</b>
Equity	-	-	18,784,521	906,089	135,656	196,097,757	215,924,023
<b>Total equity and liabilities</b>	<b>1,963,661,517</b>	<b>555,499,922</b>	<b>1,227,111,628</b>	<b>192,225,664</b>	<b>76,506,218</b>	<b>282,955,619</b>	<b>4,297,960,568</b>
Contingencies and commitments	735,320,553	202,873,034	-	27,410,720	-	402,204	966,006,511

Half year ended June 30, 2018 (Un-audited)

	Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000							
Net mark-up / return / interest income	(9,158,070)	11,586,692	23,592,556	1,323,133	1,012,477	1,786,909	30,143,697
Inter segment revenue - net	28,159,477	(8,323,579)	(20,805,587)	-	(201,982)	1,171,671	-
Non mark-up / return / interest income	7,153,659	959,133	5,463,449	780,456	161,714	735,533	15,253,944
Total income	26,155,066	4,222,246	8,250,418	2,103,589	972,209	3,694,113	45,397,641
Segment direct expenses	12,923,958	113,564	194,882	1,612,469	1,019,999	413,125	16,277,997
Inter segment expense allocation	-	-	-	-	-	9,139,681	9,139,681
Total expenses	12,923,958	113,564	194,882	1,612,469	1,019,999	9,552,806	25,417,678
Provisions and write offs - net	(278,047)	1,553,116	609,896	79,453	-	855,421	2,819,839
Profit / (loss) before taxation	13,509,155	2,555,566	7,445,640	411,667	(47,790)	(6,714,114)	17,160,124

Profit and loss account

Net mark-up / return / interest income  
Inter segment revenue - net  
Non mark-up / return / interest income  
Total income  
Segment direct expenses  
Inter segment expense allocation  
Total expenses  
Provisions and write offs - net  
Profit / (loss) before taxation

December 31, 2018 (Audited)

	Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000							
Cash and balances with treasury and other banks	121,763,323	189,794	78,372,622	54,739,132	4,655,330	89	259,720,290
Investments	-	-	1,139,600,282	55,950,776	23,914,372	64,853,957	1,284,319,387
Net inter segment lending	1,321,328,484	-	-	-	-	79,158,614	1,400,487,098
Lendings to financial institutions	-	-	104,971,318	-	1,417,699	2,650	106,391,667
Advances - performing	341,581,933	500,111,019	17,990	46,230,666	26,741,353	11,437,391	926,120,352
Advances - non-performing	19,917,069	22,069,620	-	39,181,569	364,825	51,826,712	133,359,795
Provision against Advances	(20,155,956)	(20,141,547)	-	(38,328,525)	(278,995)	(54,568,120)	(133,473,143)
Advances - net	341,343,046	502,039,092	17,990	47,083,710	26,827,183	8,695,983	926,007,004
Others	28,212,221	50,731,814	9,761,367	3,904,176	2,142,202	127,376,059	222,127,839
Total assets	1,812,647,074	552,960,700	1,332,723,579	161,677,794	58,956,786	280,087,352	4,199,053,285
Borrowings	1,041,673	21,864,290	333,432,591	36,400,842	-	-	392,739,396
Deposits and other accounts	1,775,438,318	80,797,441	-	104,127,205	51,022,237	-	2,011,385,201
Net inter segment borrowing	-	404,994,021	969,156,574	20,257,431	6,079,071	-	1,400,487,097
Others	36,167,083	45,304,947	24,212,749	1,650,467	1,146,690	79,091,120	187,573,056
Total liabilities	1,812,647,074	552,960,699	1,326,801,914	162,435,945	58,247,998	79,091,120	3,992,184,750
Equity	0	-	5,921,665	(758,151)	708,789	200,996,232	206,868,535
Total equity and liabilities	1,812,647,074	552,960,699	1,332,723,579	161,677,794	58,956,787	280,087,352	4,199,053,285

Contingencies and commitments

579,228,336	203,590,159	-	27,725,864	-	100,394	810,644,753
-------------	-------------	---	------------	---	---------	-------------

**RELATED PARTY TRANSACTIONS**

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

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 during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	June 30, 2019 (Un-audited)										December 31, 2018 (Audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (HIDA A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (HIDA A/c)	Provident Fund	Other related parties
<b>Balances with other banks</b>																				
In current accounts	-	-	-	-	23,954	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	23,954	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>																				
Opening balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Provision for diminution in value of investments</b>																				
Opening balance	-	-	-	4,282,799	-	-	-	-	-	-	-	-	-	3,793,405	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	4,282,799	-	-	-	-	-	-	-	-	-	3,793,405	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Advances</b>																				
Opening balance	-	222,947	528,198	3,105,907	-	-	-	-	-	-	-	145,369	360,914	3,314,095	-	-	-	-	-	-
Repayment during the year	-	37,974	-	-	-	-	-	-	-	-	-	20,234	129,655	-	-	-	-	-	-	-
Repayment during the year	-	(19,774)	(184,633)	(37,907)	-	-	-	-	-	-	-	(127,052)	(371)	(208,178)	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	84,416	-	-	-	-	-	-	-	-
Closing balance	-	241,166	343,565	3,068,000	-	-	-	-	-	-	-	222,957	528,198	3,105,907	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>																				
Interest / mark-up accrued	-	-	197,721	1,709,854	-	-	-	-	-	-	-	-	197,027	1,704,862	-	-	-	-	-	-
Other receivable	-	-	79,935	-	-	-	-	-	-	-	-	-	78,258	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowings</b>																				
Opening balance	-	-	-	-	30,246	-	-	-	-	-	-	-	-	-	87,920	-	-	-	-	-
Borrowings during the year	-	-	-	-	465,405	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	503,713	-	-	-	-	-	-	-	-	-	87,920	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>																				
Opening balance	10,733	80,688	1,120,160	-	-	1,085	11,100,000	458,328	12,465,939	-	15,614	82,047	685,251	-	-	1,248	10,300,000	514,539	12,148,309	-
Received during the year	26,498	471,407	973,673	-	-	36,048,397	-	9,935,033	1,073,700	-	28,447	486,525	267,651	-	-	4,360,229	28,800,000	16,538,785	14,268,653	-
Withdrawn during the year	(16,418)	(386,703)	(97,049)	-	-	(36,049,408)	(10,800,000)	(10,048,336)	(698,199)	-	(33,087)	(454,455)	(32,742)	-	-	(4,360,392)	(28,000,000)	(16,538,785)	(14,268,653)	-
- Adjustment	(8,047)	12,387	-	-	-	-	-	-	-	-	(243)	(12,428)	-	-	-	-	-	-	-	-
Closing balance	12,766	161,005	1,096,784	-	-	73	300,000	345,025	12,841,440	-	10,732	80,688	1,120,160	-	-	1,085	11,100,000	458,328	12,465,939	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Liabilities</b>																				
Other payables to subsidiaries	-	-	5,979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Finance liabilities paid to subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Adjustment due to retirement / appointment of directors and changes in key management executives.



June 30, 2019 (Un-audited)

June 30, 2018 (Un-audited)

	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
--	--------------------------	--------------	------------	---------------	--------------	----------------	--------	--------------------------	--------------	------------	---------------	--------------	----------------	--------

Rupees in '000

Income

Mark-up / return / interest earned	-	8,968	-	29	-	-	120,844	-	6,817	-	284	-	-	14,733
Dividend income	-	-	-	-	-	-	-	-	7,875	-	-	-	-	-

Expense

Mark-up / return / interest paid	-	11,634	-	233	198,306	830,422	-	-	5,689	-	822	372,801	554,188	-
Transaction Fee paid to company in which director of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	-	-	5,057
Finance charges paid on lease assets to subsidiary	-	-	-	-	-	-	-	-	421	-	-	-	-	-
Remuneration to key management executives including charge for defined benefit plan	254,125	-	-	-	-	-	-	231,612	-	-	-	-	-	-
Commission paid to subsidiaries	-	739	-	-	-	-	-	-	4,025	-	-	-	-	-
Commission received from subsidiaries	-	3,631	-	-	-	-	-	-	-	-	-	-	-	-

36.1

Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government 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 service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,625 million for the year ended June 30, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 385,030 million, Rs. 809,887 million and Rs. 848,130 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 12,980 million and Rs. 15,472 million respectively.

### 37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>Minimum Capital Requirement</b>		
Paid-up capital	<u>159,455,587</u>	<u>146,882,410</u>
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	135,754,434	124,818,200
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	135,754,434	124,818,200
Eligible Tier 2 Capital	40,691,591	43,840,140
Total Eligible Capital (Tier 1 + Tier 2)	<u>176,446,025</u>	<u>168,658,340</u>
<b>Risk Weighted Assets</b>		
Credit Risk	860,335,623	795,527,135
Market Risk	105,017,789	81,071,227
Operational Risk	155,078,622	155,078,622
Total	<u>1,120,432,034</u>	<u>1,031,676,984</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>12.12%</u>	<u>12.10%</u>
Tier 1 Capital Adequacy Ratio	<u>12.12%</u>	<u>12.10%</u>
Total Capital Adequacy Ratio	<u>15.75%</u>	<u>16.35%</u>
<b>Leverage Ratio</b>		
Eligible Tier-1 Capital	135,754,434	124,818,200
Total Exposures	3,865,413,427	3,645,020,976
Leverage Ratio	<u>3.51%</u>	<u>3.42%</u>
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	893,209,617	949,424,482
Total Net Cash Outflow	562,546,121	560,346,109
Liquidity Coverage Ratio	<u>159%</u>	<u>169%</u>
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	1,914,095,583	1,745,679,890
Total Required Stable Funding	726,877,425	544,123,198
Net Stable Funding Ratio	<u>263%</u>	<u>321%</u>

### 38. ISLAMIC BANKING BUSINESS

The bank is operating 190 (December 31, 2018: 192) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2019.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		7,391,627	4,649,968
Balances with other banks		4,012,430	4,319
Due from financial institutions	38.1	11,419,496	1,417,699
Investments	38.2	18,676,240	23,914,372
Islamic financing and related assets - net	38.3	29,157,698	26,827,280
Fixed assets		194,304	275,435
Right of use assets		933,535	-
Other assets		5,779,763	1,998,587
<b>Total Assets</b>		<b>77,565,093</b>	<b>59,087,660</b>
<b>LIABILITIES</b>			
Bills payable		277,568	228,382
Deposits and other accounts	38.4	67,727,156	51,022,121
Lease liability against right of use assets		971,448	-
Due to head office		1,449,527	3,920,506
Other liabilities		4,210,824	1,065,012
		<b>74,636,523</b>	<b>56,236,021</b>
<b>NET ASSETS</b>		<b>2,928,570</b>	<b>2,851,639</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,200,000	2,200,000
Reserves		-	-
Surplus on revaluation of assets		135,656	708,789
Unappropriated profit / (unremitted loss)	38.5	592,914	(57,150)
		<b>2,928,570</b>	<b>2,851,639</b>

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

	Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		Rupees in '000	
Profit / return earned	38.6	3,004,267	1,288,857
Profit / return expensed	38.7	(1,514,015)	(605,284)
<b>Net profit / return</b>		<b>1,490,252</b>	<b>683,573</b>
<b>Other income</b>			
Fee and commission income		177,711	130,161
Foreign exchange income		18,331	9,879
Other income		3,773	21,674
<b>Total other income</b>		<b>199,815</b>	<b>161,714</b>
<b>Total Income</b>		<b>1,690,067</b>	<b>845,287</b>
<b>Other expenses</b>			
Operating expenses		(1,176,674)	(893,078)
<b>Profit / (loss) before provisions</b>		<b>513,393</b>	<b>(47,791)</b>
<b>Provisions and write offs - net</b>		<b>75,049</b>	<b>(158)</b>
<b>Profit / (loss) before taxation</b>		<b>588,442</b>	<b>(47,949)</b>

### 38.1 Due from Financial Institutions

Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	In local currency	In foreign currencies	Total	Total
			Rupees in '000	
	-	-	-	-
	11,419,496	-	11,419,496	1,417,699
	11,419,496	-	11,419,496	1,417,699

This represent Bai Muajjal agreements with Government of Pakistan and carries profit rate ranging from 10.41% to 13.44% (December 31, 2018: 12.81%) per annum.

### 38.2 Investments by segments:

Federal Government Securities:

-Ijarah Sukuks

Non Government Debt Securities

-Listed

-Unlisted

Total Investments

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	2,000,000	-	(78,000)	1,922,000	9,740,000	-	(56,116)	9,683,884
	2,000,000	-	(78,000)	1,922,000	9,740,000	-	(56,116)	9,683,884
	500,000	-	3,875	503,875	600,000	-	5,211	605,211
	16,171,391	(130,807)	209,781	16,250,365	12,996,390	(130,807)	759,694	13,625,277
	16,671,391	(130,807)	213,656	16,754,240	13,596,390	(130,807)	764,905	14,230,488
	18,671,391	(130,807)	135,656	18,676,240	23,336,390	(130,807)	708,789	23,914,372

(Un-audited)  
June 30,  
2019

(Audited)  
December 31,  
2018

Rupees in '000

### 38.3 Islamic financing and related assets - net

Ijarah

Murabaha

Musawama

Diminishing Musharaka

Istisna

Other Islamic Modes (Wakala tul Istismar)

Advances against Islamic assets (Ijarah, Murabaha, DM, Istasna)

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

	336,692	436,069
	1,850,332	2,024,071
	30,015	69,867
	11,886,310	11,971,073
	717,076	525,434
	8,500,000	8,500,000
	6,041,501	3,580,044
	29,361,926	27,106,558
	(203,933)	(278,995)
	(295)	(283)
	(204,228)	(279,278)
	29,157,698	26,827,280

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>38.4 Deposits and other accounts</b>		
<b>Customers</b>		
Current deposits	29,646,122	16,347,155
Savings deposits	27,884,403	26,885,268
Term deposits	5,563,723	2,608,640
	<u>63,094,248</u>	<u>45,841,063</u>
<b>Financial Institutions</b>		
Current deposits	710,751	505,685
Savings deposits	222,157	126,897
Term deposits	3,700,000	4,548,476
	<u>4,632,908</u>	<u>5,181,058</u>
	<u>67,727,156</u>	<u>51,022,121</u>

**38.5 Unappropriated profit / (unremitted loss)**

Opening balance	(57,150)	(228,135)
Add: Islamic banking profit / (loss) for the period	592,914	(57,150)
Less: transferred / remitted to head office	57,150	228,135
Closing balance	<u>592,914</u>	<u>(57,150)</u>

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	

**38.6 Profit / return earned**

Profit earned on:		
Financing	1,417,256	729,465
Investments	1,090,921	552,894
Placements	6,612	6,498
Others (Bai Muajjal)	489,478	-
	<u>3,004,267</u>	<u>1,288,857</u>

**38.7 Profit / return / expensed**

Deposits and other accounts	1,192,203	403,302
Finance charge on right of use assets	45,444	-
Others (General Account)	276,368	201,982
	<u>1,514,015</u>	<u>605,284</u>

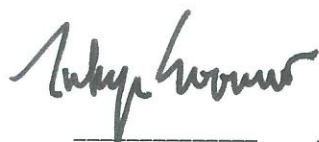
39. GENERAL

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

40. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on August 28, 2019 by the Board of Directors of the Bank.

84/10 STATE.



Chairman



President / CEO



Chief Financial Officer



Director

Director

# **National Bank of Pakistan**

Consolidated Condensed Interim  
Financial Statements (unaudited) for  
the period ended June 30, 2019



## Directors' Report to the Shareholders

### Consolidated Financial Statements

We are pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the bank and its subsidiaries for the half year ended June 30, 2019.

These consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards, Islamic Financial Accounting Standards, and other applicable regulatory directives.

Consolidated after-tax profit for the half year ended June 30, 2019 decreased by 10.7% to PKR 11.4 billion as compared to PKR 12.7 billion for the half year ended June 30, 2018. For the period under review, the bank's subsidiaries contributed PKR 111.1 million in Group's profitability whereas share of loss from associates and joint venture amounted to PKR 29.4 million and PKR 39.2 million respectively. Consolidated assets of the bank amounted to PKR 2,871.5 billion, being 2.4% higher than PKR 2,803.9 billion as at December 31, 2018. Consolidated earnings per share for the period under review amounted to Rs. 5.34 as against Rs. 5.95 for the similar period of 2018. The drop is mainly due to the lower standalone profits of the bank.

Consolidated operating results and appropriation of profits as recommended by the Board are given below:

	PKR Million
Profit before tax for the half-year ended June 30, 2019	20,740
Taxation:	
- Current	8,942
- Prior Year	1,057
- Deferred	(638)
	9,361
Profit after tax for the half-year ended June 30, 2019	11,379
Un-appropriated profit brought forward	76,240
Other comprehensive income - net of tax	(172)
Non-controlling interest	(26)
Transfer from surplus on revaluation of fixed assets	120
Profit available for appropriations	87,541
<b>Appropriation:</b>	
Transfer to Statutory Reserve	1,110
Un-appropriated profit carried forward	86,431
Basic and diluted earnings per share (Rupees)	5.34

For and on behalf of the Board of Directors

**Arif Usmani**  
President & CEO  
Karachi  
Date: August 28, 2019

**Zubyr Soomro**  
Chairman

**NATIONAL BANK OF PAKISTAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

(Un-audited) (Audited)  
June 30, December 31,  
2019 2018  
Note ----- Rupees in '000 -----

**ASSETS**

Cash and balances with treasury banks	6	352,248,449	247,917,421
Balances with other banks	7	21,505,430	13,049,725
Lendings to financial institutions	8	35,305,992	106,391,667
Investments	9	1,195,156,326	1,284,974,506
Advances	10	952,927,352	926,339,789
Fixed assets	11	54,166,920	54,338,676
Intangible assets	12	1,120,569	856,900
Right of use assets	13	6,904,766	-
Other assets	14	252,134,734	170,017,572
		<b>2,871,470,538</b>	<b>2,803,886,256</b>

**LIABILITIES**

Bills payable	15	16,211,391	9,944,178
Borrowings	16	276,647,578	392,739,396
Deposits and other accounts	17	2,093,467,838	2,011,312,625
Liabilities against assets subject to finance lease	18	167,553	121,077
Lease liability against right of use assets	19	7,275,043	-
Deferred tax liabilities	20	6,478,739	6,945,767
Other liabilities	21	249,472,090	171,761,918
		<b>2,649,720,232</b>	<b>2,592,824,961</b>
<b>NET ASSETS</b>		<b>221,750,304</b>	<b>211,061,295</b>


**REPRESENTED BY**


Share capital		21,275,131	21,275,131
Reserves		56,972,838	53,442,643
Surplus on revaluation of assets	22	56,204,049	59,262,177
Unappropriated profit		86,430,573	76,239,599
		<b>220,882,592</b>	<b>210,219,550</b>
Non-controlling interest		867,712	841,745
		<b>221,750,304</b>	<b>211,061,295</b>


**CONTINGENCIES AND COMMITMENTS**

23

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director

  
Director

NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2019

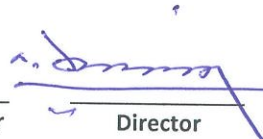
Note	Quarter ended		Half year ended		
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
	Rupees in '000				
Mark-up / return / interest earned	24	51,952,156	35,073,864	97,786,919	66,526,786
Mark-up / return / interest expensed	25	31,895,033	18,996,105	62,115,159	36,259,724
Net mark-up / return / interest income		20,057,123	16,077,759	35,671,760	30,267,062
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	6,166,992	5,474,123	10,565,043	9,819,275
Dividend income		710,761	803,048	1,728,716	1,120,309
Foreign exchange income		1,770,411	1,483,098	3,670,695	1,834,144
Gain on securities - net	27	251,919	1,538,318	353,826	2,448,285
Share of loss from joint venture - net of tax		(23,176)	(54,443)	(39,191)	(11,147)
Share of (loss) / profit from associates - net of tax		(54,794)	(35,088)	(29,371)	17,988
Other income	28	1,535,415	527,937	2,817,432	976,579
Total non-mark-up / interest income		10,357,528	9,736,993	19,067,150	16,205,433
Total income		30,414,651	25,814,753	54,738,910	46,472,495
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	15,401,314	13,325,340	28,645,509	26,147,876
Workers welfare fund		-	-	-	-
Other charges	30	84,776	7,513	93,374	9,757
Total non-markup / interest expenses		15,486,090	13,332,853	28,738,883	26,157,633
Profit before provisions		14,928,561	12,481,900	26,000,027	20,314,862
Provisions and write offs - net	31	3,046,440	2,801,024	5,259,684	2,798,471
PROFIT BEFORE TAXATION		11,882,121	9,680,876	20,740,343	17,516,390
Taxation	32	4,780,816	2,045,831	9,361,392	4,773,228
PROFIT AFTER TAXATION		7,101,305	7,635,045	11,378,951	12,743,162
Attributable to:					
Shareholders of the Bank		7,096,982	7,594,614	11,352,984	12,656,259
Non-controlling interest		4,323	40,431	25,967	86,903
		7,101,305	7,635,045	11,378,951	12,743,162
----- Rupees -----					
Earnings per share - basic and diluted	33	3.34	3.57	5.34	5.95

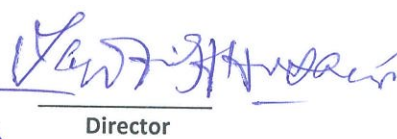
The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

  
Chairman

  
President / CEO

  
Chief Financial Officer




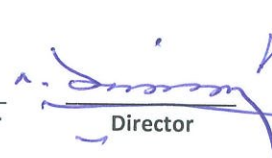
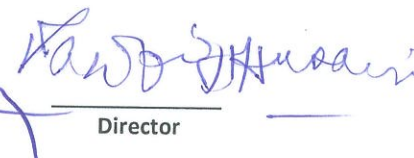
  
Director

  
Director

NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2019

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees in '000			
	Restated		Restated	
Profit after taxation for the period	7,101,305	7,635,045	11,378,951	12,743,162
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	1,468,834	(125,577)	2,420,094	545,825
Movement in surplus on revaluation of investments - net of tax	(5,415,683)	(2,219,079)	(2,938,353)	(1,442,682)
	(3,946,849)	(2,344,657)	(518,259)	(896,857)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	104,207	975,741	(171,683)	608,768
Movement in surplus on revaluation of fixed assets - net of tax	-	(62,937)	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	104,207	912,804	(171,683)	608,768
Total comprehensive income	3,258,663	6,203,192	10,689,009	12,455,074
Total comprehensive income attributable to:				
Shareholders of the Bank	3,254,340	6,162,761	10,663,042	12,368,171
Non-controlling interest	4,323	40,431	25,967	86,903
	3,258,663	6,203,192	10,689,009	12,455,074

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

  
Chairman
   
President/CEO
   
Chief Financial Officer
   
Director
   
Director



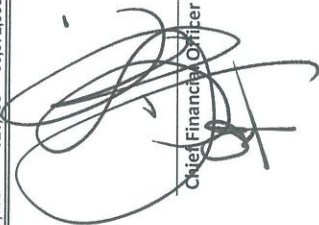
**NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2019**

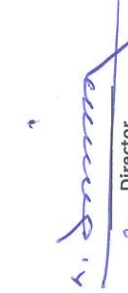
	Share capital	Reserves				Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total	
		Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets					
								Total					
Rupees in '000													
Balance as at January 01, 2018	21,275,131	7,779,628	29,586,362	12,000,000	521,338	49,887,328	25,511,867	24,120,588	49,632,435	58,069,393	178,864,287	811,427	179,675,714
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	-	12,656,259	12,656,259	86,903	12,743,162
Other comprehensive income / (loss) - net of tax	-	545,825	-	-	-	545,825	(1,442,682)	-	(1,442,682)	608,768	(288,089)	-	(288,089)
Transfer to statutory reserve	-	-	1,249,167	-	-	1,249,167	-	-	-	(1,249,167)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(51,414)	(51,414)	51,414	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2017 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,628)	(5,628)
Opening Balance as at July 01, 2018	21,275,131	8,325,453	30,835,529	12,000,000	521,338	51,682,321	24,069,185	24,069,154	48,138,339	70,136,667	191,232,458	892,702	192,125,160
Profit after taxation for the half year ended December 31, 2018	-	-	-	-	-	-	-	-	-	7,256,845	7,256,845	35,293	7,292,138
Other comprehensive income / (loss) - net of tax	-	1,007,978	-	-	-	1,007,978	(8,919,411)	20,084,664	11,175,253	(452,983)	11,730,248	-	11,730,248
Transfer to statutory reserve	-	-	752,345	-	-	752,345	-	-	-	(752,345)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(51,415)	(51,415)	51,415	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(86,250)	(86,250)
Balance as at December 31, 2018	21,275,131	9,333,431	31,587,874	12,000,000	521,338	53,442,643	15,149,774	44,112,403	59,262,177	76,239,599	210,219,550	841,745	211,061,295
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	11,352,984	11,352,984	25,967	11,378,951
Other comprehensive income / (loss) - net of tax	-	2,420,094	-	-	-	2,420,094	(2,938,353)	-	(2,938,353)	(171,683)	(689,942)	-	(689,942)
Transfer to statutory reserve	-	-	1,110,101	-	-	1,110,101	-	-	-	(1,110,101)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(119,775)	(119,775)	119,775	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2019	21,275,131	11,753,525	32,697,975	12,000,000	521,338	56,972,838	12,211,420	43,992,629	56,204,049	86,430,573	220,882,592	867,712	221,750,304

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

  
Chairman

  
President/CEO

  
Chief Financial Officer

  
Director


  
Director

NATIONAL BANK OF PAKISTAN  
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
Note ----- Rupees in '000 -----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,740,343	17,516,390
Less: dividend income	(1,728,716)	(1,120,309)
	19,011,627	16,396,081
Adjustments:		
Depreciation on fixed assets	1,268,806	1,237,423
Depreciation on right-of-use assets	942,493	-
Amortization	182,165	202,679
Provision and write-offs - net	5,259,684	2,798,471
Gain on sale of fixed assets	(18,120)	(46,266)
Financial charges on leased assets	21,095	333
Unrealized loss on revaluation of investments classified as held-for-trading	13,599	69,120
Charge for defined benefit plans - net	3,598,694	2,817,412
Share of loss from joint venture - net of tax	39,191	11,147
Share of loss / (gain) from associates - net of tax	29,371	(17,988)
	11,336,977	7,072,331
	30,348,604	23,468,413
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	63,885,675	(5,540,411)
Held-for-trading securities	74,225,518	256,662,826
Advances	(34,677,214)	(52,600,386)
Others assets (excluding advance taxation)	(86,482,191)	(18,946,874)
	16,951,788	179,575,155
<b>Increase/ (decrease) in operating liabilities</b>		
Bills payable	6,267,213	4,123,709
Borrowings from financial institutions	(144,873,086)	61,284,008
Deposits	82,155,213	183,585,146
Other liabilities (excluding current taxation)	86,786,480	8,541,346
	30,335,820	257,534,209
Financial charges paid	(21,095)	(333)
Income tax paid	(6,561,577)	(5,978,122)
Benefits paid	(1,527,229)	(1,797,384)
<b>Net cash flows generated from operating activities</b>	69,526,312	452,801,938
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	27,572,757	(296,184,881)
Net investments in held-to-maturity securities	(16,324,706)	(29,139,917)
Dividends received	1,728,716	1,120,309
Investments in fixed assets	(8,121,532)	(1,286,179)
Proceeds from sale of fixed assets	43,718	138,722
Effect of translation of net investment in foreign branches	2,420,094	545,825
<b>Net cash flows generated from / (used in) investing activities</b>	7,319,046	(324,806,120)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease obligations	(38,411)	19,762
Dividend paid	(1,482)	-
<b>Net cash flow used in financing activities</b>	(39,893)	19,762
<b>Increase in cash and cash equivalents</b>	76,805,465	128,015,580
Cash and cash equivalents at beginning of the period	228,999,744	167,211,263
Cash and cash equivalents at end of the period	305,805,209	295,226,843


The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director

  
Director

**NATIONAL BANK OF PAKISTAN**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

**1. THE GROUP AND ITS OPERATIONS**

**1.1 The "Group" consists of:**

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

- CJSC Subsidiary Bank of NBP in Kazakhstan
- CJSC Subsidiary Bank of NBP in Tajikistan
- NBP Exchange Company Limited, Pakistan
- National Bank Modaraba Management Company Limited, Pakistan
- First National Bank Modaraba, Pakistan
- Taurus Securities Limited, Pakistan
- NBP Fund Management Limited, Pakistan
- Cast-N-Link Products Limited

The subsidiary company of the Group, National Bank Modaraba Management Company Limited, Pakistan exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the Ultimate Holding Company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset.

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,509 (December 31, 2018: 1,504) branches in Pakistan and 21 (December 31, 2018: 21) overseas branches (including the Export Processing Zone branch, Karachi).

CJSC Subsidiary Bank of NBP in Kazakhstan, CJSC Subsidiary Bank of NBP in Tajikistan, NBP Exchange Company Limited, National Bank Modaraba Management Company Limited are wholly owned subsidiaries of the holding company while the controlling interest in Taurus Securities Limited is 58.32%, NBP Fund Management Limited is 54%, First National Bank Modaraba 30% and Cast-N-Link Products Limited 76.51%.

**1.2 BASIS OF CONSOLIDATION**

- The consolidated financial statements include the financial statements of the Bank (Holding Company) and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of the comprehensive income from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.
- The financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 228 of the Companies Act, 2017 (the Act) in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-291 dated November 27, 2018, based on the fact that investment of the Group in CNL is not material and comprise of 0.000050% of the total assets of the Bank and the investment have been fully provided for, granted the exemption from consolidation of CNL in its consolidated financial statements.



## 2. BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

2.1.1 These consolidated 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:

- 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).

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

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

2.1.3 The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

2.1.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2018.

#### 2.1.5 Amendments to approved accounting standards that are not effective in the current period

The following new standards and interpretations of and amendments to existing accounting 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 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 220(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 consolidated condensed interim financial statements.

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 has already adopted IFRS 9 in respect of certain overseas branches.

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

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

#### **2.1.6 Standards, interpretations and amendments to approved accounting standards that are effective**

The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly financial statements of banks. All banks are directed to prepare their quarterly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Bank has prepared these condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

During the current period, IFRS 16, Leases, became applicable for the Bank. The impact of the adoption of IFRS 16 on the Group's condensed interim financial statements is disclosed in note 3.1

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adapted for presentation of these consolidated condensed interim financial statements are same as those followed in presentation of the consolidated financial statements of the Group for the year ended December 31, 2018 except as disclosed in note 3.1 and 3.2 to these consolidated condensed interim financial statements.

#### **3.1 This note explains the impact of the adoption of IFRS 16 Leases (IFRS 16) on the Group's financial statements and discloses the new accounting policies that have been applied from January 01, 2019 as disclosed in note 13 and note 19 as below.**

The Group has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and 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 recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 01, 2019 was 10%.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees, if any.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are to be discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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

June 30, 2019	January 1, 2019
----- Rupees in '000 -----	

#### Impact on consolidated condensed interim statement of financial position

Increase in fixed assets - right-of-use assets	6,904,766	7,585,740
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	(229,241)	(229,241)
Increase in other assets - advance taxation	167,698	-
Increase in total assets	6,843,223	7,356,499
Increase in other liabilities - lease liability against right-of-use assets	(7,275,043)	(7,356,499)
(Decrease) in exchange translation reserves	169,523	-
(Decrease) / increase in net assets	(262,297)	-

#### Impact on consolidated condensed interim profit and loss account

January - June  
2019  
Rupees in '000

Increase in mark-up expense - lease liability against right-of-use assets	(350,903)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(942,493)
- Rent expense	863,401
Decrease in profit before tax	(429,995)
Decrease in tax	167,698
Decrease in profit after tax	(262,297)

The Group leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to statement of profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

- 3.2 The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Bank has prepared these consolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

**- Consolidated condensed interim profit and loss account**

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the consolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of

**- Consolidated condensed interim statement of comprehensive income**

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the consolidated condensed interim statement of comprehensive income have been restated to incorporate the effect of movement in surplus on revaluation of fixed assets and non-banking assets.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of this consolidated condensed interim financial information is the same as that applied in the preparation of the 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.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note		Rupees in '000	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		58,203,078	39,696,873
Foreign currency		5,983,695	4,661,530
		64,186,773	44,358,402
With State Bank of Pakistan in			
Local currency current accounts	6.1	192,909,721	130,186,419
Foreign currency current accounts	6.2	8,542,699	7,029,780
Foreign currency deposit accounts	6.2	25,989,869	21,240,971
Foreign currency collection accounts		4,219,038	1,812,339
		231,661,327	160,269,509
With other central banks in			
Foreign currency current accounts	6.3	38,200,328	41,438,832
Foreign currency deposit accounts	6.3	4,549,619	1,455,866
		42,749,947	42,894,698
Prize bonds		13,650,402	394,812
		352,248,449	247,917,421
6.1	This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.		
6.2	These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.		
6.3	These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.49% per annum (December 31, 2018: 0% to 0.75% per annum).		

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note		Rupees in '000	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current accounts		12,933	25,813
In deposit accounts	7.1	4,113,213	155,631
		4,126,146	181,444
Outside Pakistan			
In current accounts		11,185,354	7,107,914
In deposit accounts	7.2	6,193,930	5,760,367
		17,379,284	12,868,281
		21,505,430	13,049,725

- 7.1 These include various deposits with banks and carry interest at rates ranging from 5% to 10% per annum (December 31, 2018: 4% to 9.25% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 2.49% per annum (December 31, 2018: 0% to 2.16% per annum).

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note		Rupees in '000	
8.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call / clean money lendings	8.1 1,040,800	8,240,800
	Repurchase agreement lendings (Reverse Repo)	8.2 22,845,696	96,733,168
	Bai Muajjal receivables with State Bank of Pakistan	8.3 11,419,496	1,417,699
	Letters of placement	8.4 176,150	176,150
		8.5 35,482,142	106,567,817
	Less: provision held against lendings to financial institutions	8.6 (176,150)	(176,150)
	Lendings to financial institutions - net of provision	35,305,992	106,391,667

- 8.1 This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2018: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 12.25% to 12.65% per annum (December 31, 2018: 8.45% to 10.41% per annum) with maturities ranging from July 2, 2019 to July 26, 2019.
- 8.3 This represents Bai Muajjal agreements entered into with SBP and carries mark-up rate from 10.41% to 13.44% per annum (December 31, 2018: 12.81% per annum).
- 8.4 These are overdue placements and full provision has been made against these placements as at June 30, 2019.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
8.5 Particulars of lending		
In local currency	35,482,142	106,567,817
In foreign currencies	-	-
	<u>35,482,142</u>	<u>106,567,817</u>
8.6 Movement in provision held against lendings is as follows:		
Opening balance	176,150	176,150
Charge for the year	-	-
Closing balance	<u>176,150</u>	<u>176,150</u>

## 8.7 Securities held as collateral against lendings to financial institutions

	June 30, 2019 (Un-Audited)		December 31, 2018 (Audited)	
	Held by Bank	Further given as collateral	Total	
Rupees in '000				
Market Treasury Bills	5,904,967	-	5,904,967	70,283,168
Pakistan Investment Bonds	16,940,729	-	16,940,729	26,450,000
Total	22,845,696	-	22,845,696	96,733,168

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 22,633 million (December 31, 2018: Rs. 95,739 million).

## 8.8 Category of classification

	June 30, 2019 (Un-Audited)		December 31, 2018 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
Rupees in '000				
Domestic	-	-	-	-
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	176,150	176,150	176,150	176,150
Overseas	176,150	176,150	176,150	176,150
Not past due but impaired	-	-	-	-
Overdue by:	-	-	-	-
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
Total	176,150	176,150	176,150	176,150

## 9. INVESTMENTS

### 9.1 Investments by type:

#### Held-for-trading securities

Market Treasury Bills  
Pakistan Investment Bonds  
Ordinary shares of listed companies  
Investment in mutual funds  
Foreign Government Securities

#### Available-for-sale securities

Market Treasury Bills  
Pakistan Investment Bonds  
Ijarah Sukuks  
Ordinary shares of listed companies  
Ordinary shares of unlisted companies  
Preference shares  
Term Finance Certificates / Musharika  
Participation Term Certificate and Sukuk Bonds  
GoP Foreign Currency Bonds  
Foreign Government Securities  
Foreign Currency Debt Securities  
Investments in mutual funds  
Ordinary shares of a bank outside Pakistan

#### Held-to-maturity securities

Market Treasury Bills  
Pakistan Investment Bonds  
Debentures, Bonds, Sukuks, Participation Term  
Certificates and Term Finance Certificates  
GoP Foreign Currency Bonds  
Foreign Government Securities  
Foreign Currency Debt Securities

#### Associates

#### Joint Venture

#### Subsidiaries

#### Total Investments

June 30, 2019 (Un-Audited)				December 31, 2018 (Audited)			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000							
77,731,999	-	4,524	77,736,523	149,885,647	-	(973)	149,884,674
-	-	-	-	2,333,574	-	(67)	2,333,507
356,097	-	(17,204)	338,893	158,277	-	197	158,474
279,884	-	(919)	278,965	404,747	-	(21,181)	383,566
1,168,224	-	-	1,168,224	971,052	-	-	971,052
79,536,204	-	(13,599)	79,522,605	153,753,297	-	(22,024)	153,731,274
533,675,731	-	(16,894)	533,658,837	592,215,863	-	(28,707)	592,187,156
236,022,424	-	(12,961,602)	223,060,822	207,581,489	-	(12,318,101)	195,263,388
2,071,299	-	(78,000)	1,993,299	9,789,374	-	(56,116)	9,733,258
28,066,354	(5,625,661)	11,412,989	33,853,682	26,042,551	(3,978,334)	17,017,036	39,081,253
2,005,829	(507,573)	-	1,498,256	2,005,182	(410,893)	-	1,594,289
570,308	(447,394)	-	122,914	570,535	(433,444)	(11,155)	125,936
61,260,606	(4,927,884)	469,666	56,802,388	58,787,773	(4,761,669)	2,264,936	56,291,040
31,141,599	-	876,412	32,018,011	25,462,626	-	(515,692)	24,946,934
1,116,720	-	(82,985)	1,033,735	968,567	-	(148,117)	820,450
1,472,237	-	(157,759)	1,314,478	1,551,903	-	(94,342)	1,457,561
819,646	(41,167)	1,049,212	1,827,691	819,646	(40,642)	1,248,405	2,027,408
463,294	-	19,317,303	19,780,597	463,295	-	15,570,989	16,034,284
898,686,047	(11,549,679)	19,828,342	906,964,709	926,258,804	(9,624,982)	22,929,135	939,562,957
69,352	-	-	69,352	69,967	-	-	69,967
168,870,231	-	-	168,870,231	157,492,035	-	-	157,492,035
593,665	(412,384)	-	181,281	696,956	(412,384)	-	284,572
3,241,208	-	-	3,241,208	2,859,233	-	-	2,859,233
30,534,424	-	-	30,534,424	25,866,066	-	-	25,866,066
615	-	-	615	532	-	-	532
203,309,495	(412,384)	-	202,897,111	186,984,789	(412,384)	-	186,572,405
1,158,961	(851,170)	-	307,791	1,190,599	(626,069)	-	564,531
5,464,111	-	-	5,464,111	4,543,339	-	-	4,543,339
1,245	(1,245)	-	-	1,245	(1,245)	-	-
1,188,156,062	(12,814,478)	19,814,743	1,195,156,326	1,272,732,074	(10,664,680)	22,907,111	1,284,974,506



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
	4,850,000	9,500,000
	164,375,775	274,350,000
	169,225,775	283,850,000
	10,664,680	10,521,310
	2,183,791 (33,993)	1,514,109 (1,370,739)
	2,149,798	143,370
	-	-
	-	-
	12,814,478	10,664,680

**9.2.2 Particulars of provision against debt securities**  
**Category of classification**

	June 30, 2019 (Un-Audited)	December 31, 2018 (Audited)
	NPI	Provision
	----- Rupees in '000 -----	
Domestic		
Other assets especially mentioned	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
Overseas		
Not past due but impaired	-	-
Overdue by:		
Upto 90 days	-	-
91 to 180 days	-	-
181 to 365 days	-	-
> 365 days	-	-
	-	-
	-	-
Total	5,349,032	5,340,268
	5,182,817	5,174,053

**9.3** The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 184,609 million (December 31, 2018: Rs. 172,378 million).

### Note

### Note

## June 30, 2019 (Un-audited)

December 31, 2018 (Audited)

	(Un-audited) June 30, 2019	(Audited) December 31 2018
		Rupees in '000

**In local currency**  
**In foreign currencies**

980,298,680	969,830,010
113,058,804	90,686,565
<u>1,093,357,484</u>	<u>1,060,516,575</u>

- 10.3 Advances include Rs. 142,463 million (2018: Rs. 134,551 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other Assets Especially Mentioned	1,668,971	107,331	1,281,567	64,543
Substandard	3,833,314	932,269	3,783,451	923,008
Doubtful	3,621,996	1,767,994	1,448,149	689,033
Loss	89,861,182	88,429,370	88,113,131	86,856,965
	98,985,463	91,236,964	94,626,299	88,533,549
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	4,372	3,279	-	-
181 to 365 days	714,547	377,509	733,217	355,579
> 365 days	42,758,837	41,478,420	39,191,446	38,080,551
	43,477,756	41,859,208	39,924,663	38,436,130
<b>Total</b>	<b>142,463,220</b>	<b>133,096,172</b>	<b>134,550,963</b>	<b>126,969,680</b>

10.4 Particulars of provision against advances

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	126,969,680	7,207,106	134,176,786	111,347,775	6,515,068	117,862,843
Exchange adjustments	5,304,599	38,680	5,343,279	7,701,151	111,207	7,812,358
Charge for the year	5,222,322	319,817	5,542,139	14,178,781	1,330,247	15,509,029
Reversals	(2,564,129)	(231,639)	(2,795,768)	(5,987,047)	(749,416)	(6,736,463)
	2,658,193	88,178	2,746,371	8,191,734	580,831	8,772,565
Amounts charged off	(1,776,733)	-	(1,776,733)	(12,118)	-	(12,118)
Amounts charged off /						
Write off	(59,568)	-	(59,568)	(261,281)	-	(261,281)
Other adjustments	-	-	-	2,419	-	2,419
Closing balance	133,096,172	7,333,961	140,430,133	126,969,680	7,207,106	134,176,786

10.4.1 Particulars of provision against advances

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	91,236,964	7,024,401	98,261,365	88,533,549	6,949,255	95,482,804
In foreign currencies	41,859,208	309,559	42,168,766	38,436,131	257,851	38,693,982
	133,096,172	7,333,961	140,430,133	126,969,680	7,207,106	134,176,786

- 10.4.2** The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.
- 10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019.
- 10.4.4** This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the bank's right to pursue recovery against these loans.

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,011,289	1,934,605
Property and equipment		52,155,631	52,404,071
		<u>54,166,920</u>	<u>54,338,676</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,922,057	1,863,208
Equipment		15,909	15,884
Advances to suppliers and contractors		73,323	55,513
		<u>2,011,289</u>	<u>1,934,605</u>
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		----- Rupees in '000 -----	
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		56,504	58,632
Property and equipment			
Building on freehold land		26,908	18,996
Building on leasehold land		6,338	30,500
Furniture and fixture		279,133	497,521
Computer and peripheral equipment		129,002	138,172
Electrical, office equipment		123,083	329,800
Vehicles		100,587	195,956
Assets held under finance lease - Vehicles		84,887	28,205
Assets held under finance lease - Office Equipment		-	9,628
		<u>749,938</u>	<u>1,248,779</u>
<b>Total</b>		<u>806,442</u>	<u>1,307,411</u>

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	
<b>11.3 Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is as follows:		
Buidling on leasehold land	-	1,363
Furniture and fixture	1,406	3,446
Computer and peripheral equipment	554	395
Electrical, office equipment	169	10,588
Vehicles	9,165	19,424
Assets held under finance lease - Vehicles	29,156	4,265
Assets held under Ijarah - Machinery	-	8,488
Assets held under Ijarah - Vehicle	164	19,806
Total	40,613	67,774

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>12. INTANGIBLE ASSETS</b>		
Core Banking Application	26,270	113,027
Computer Software	531,745	179,289
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
	1,120,569	856,900

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	

#### 12.1 Additions to intangible assets

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

Directly purchased	390,144	26,895
Total	390,144	26,895

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	

#### 13. RIGHT-OF-USE ASSETS

The recognised right-of-use assets relate to the following types of assets:

Balance as at initial application i.e. January 01, 2019	7,585,740	-
Additions during the period	261,519	-
Depreciation charged for the period	942,493	-
Balance as at June 30, 2019	6,904,766	-

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	

#### 14. OTHER ASSETS

Income / return / mark-up accrued in local currency - net of provision	42,531,941	31,164,399
Income / return / mark-up accrued in foreign currency	2,824,464	2,481,428
Advances, deposits, advance rent and other prepayments	6,081,441	7,239,676
Advance taxation (payments less provisions)	8,441,461	11,879,329
Income tax refunds receivable	44,668,031	45,531,634
Compensation for delayed tax refunds	10,781,469	8,082,559
Non-banking assets acquired in satisfaction of claims	3,781,740	3,796,527
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	228,483	228,484
Unrealized gain on forward foreign exchange contracts	12,095,550	6,929,960
Commission receivable on Government treasury transactions	9,256,706	4,627,921
Stationery and stamps on hand	438,552	381,722
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale / purchase of shares	835,383	580,632
Receivable against sale of foreign currencies	232,532	160,496
Receivable from Pakistan Stock Exchange	147,748	127,579
Receivable from mutual funds	724,157	674,504
Acceptances	107,286,220	45,884,978
Others	10,259,607	8,394,868
	<u>261,552,891</u>	<u>179,104,100</u>
Less: Provision held against other assets	14.1 <u>9,216,290</u>	<u>8,884,661</u>
Other assets (net of provision)	<u>252,336,601</u>	<u>170,219,439</u>
Deficit surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>(201,867)</u>	<u>(201,867)</u>
Other assets - total	<u><u>252,134,734</u></u>	<u><u>170,017,572</u></u>

#### 14.1 Provision held against other assets

Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	2,464,613	2,405,689
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets acquired from CIRC	228,484	228,484
Others	2,229,926	1,957,221
	<u>9,216,290</u>	<u>8,884,661</u>

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	8,884,661	8,772,698
Charge for the year / period	331,630	2,289,554
Adjustment of compensation claimed by SBP to SBP balances	-	(2,174,278)
Amount Written off	-	(3,314)
Closing balance	<u>9,216,290</u>	<u>8,884,661</u>
<b>15. BILLS PAYABLE</b>		
In Pakistan	15,578,424	9,838,706
Outside Pakistan	<u>632,967</u>	<u>105,472</u>
	<u>16,211,391</u>	<u>9,944,178</u>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	2,733,900	1,553,200
Under Export Refinance Scheme (New Scheme)	17,017,491	15,711,423
Refinance Facility for Modernization of SMEs	9,000	-
Financing Facility for storage of Agriculture Produce (FFSAP)	331,147	222,727
Under Long-Term Financing Facility (LTFF)	6,111,380	5,418,613
	<u>26,202,918</u>	<u>22,905,963</u>
Repurchase agreement borrowings	169,225,775	278,631,608
Bai Muajjal	<u>8,249,497</u>	<u>45,954,085</u>
<b>Total secured</b>	<u>203,678,190</u>	<u>347,491,656</u>
<b>Unsecured</b>		
Call borrowings	64,559,165	36,400,855
Overdrawn nostro accounts	4,430,305	3,807,347
Bai Muajjal	<u>3,979,918</u>	<u>5,039,538</u>
<b>Total unsecured</b>	<u>72,969,388</u>	<u>45,247,740</u>
	<u>276,647,578</u>	<u>392,739,396</u>
<b>16.1 Particulars of borrowings with respect to currencies</b>		
In local currency	215,238,427	356,338,554
In foreign currencies	<u>61,409,151</u>	<u>36,400,842</u>
	<u>276,647,578</u>	<u>392,739,396</u>
<b>16.2 Mark-up / interest rates and other terms are as follows:</b>		
- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3% (December 31, 2018: 3.0%).		
- Repurchase agreement borrowings carry mark-up ranging from 12.05% to 12.38% per annum (December 31, 2018: 8.4% to 10.16% per annum) having maturity on ranging from July 2, 2019 to July 12, 2019.		
- Call borrowings carry interest ranging from 1.7% to 12.35% per annum (December 31, 2018: 0% to 4.22% per annum).		
<b>16.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.</b>		
<b>16.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 169,226 million (December 31, 2018: Rs. 283,850 million).</b>		

## 17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
<b>Customers</b>						
Current deposits - remunerative	326,889,020	-	326,889,020	323,623,737	-	323,623,737
Current deposits - non-remunerative	412,475,273	132,798,056	545,273,329	342,571,453	123,766,119	466,337,572
Savings deposits	517,901,205	47,694,452	565,595,657	498,375,321	37,821,597	536,196,918
Term deposits	224,066,235	77,946,660	302,012,895	273,492,139	66,143,486	339,635,626
Others	20,272,212	4,118	20,276,330	9,377,504	3,409	9,380,913
	1,501,603,945	258,443,285	1,760,047,231	1,447,440,155	227,734,611	1,675,174,765
<b>Financial Institutions</b>						
Current deposits	307,991,108	7,183,698	315,174,806	285,716,351	26,528,709	312,245,060
Savings deposits	1,279,796	3,031,866	4,311,662	812,330	778	813,108
Term deposits	7,445,999	1,795,202	9,241,201	7,197,975	1,675,953	8,873,928
Others	975,229	3,717,710	4,692,939	4,523,362	9,682,401	14,205,763
	317,692,132	15,728,476	333,420,608	298,250,018	37,887,841	336,137,859
	1,819,296,077	274,171,761	2,093,467,838	1,745,690,173	265,622,452	2,011,312,625

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 105,176 million (December 31, 2018: Rs.104,127 million).

## 18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- Rupees in '000 -----					
Not later than one year	89,812	15,041	74,771	41,968	9,328	32,640
Later than one year and upto five years	105,400	12,618	92,782	97,404	8,967	88,437
Over five years	-	-	-	-	-	-
	195,212	27,659	167,553	139,372	18,295	121,077

The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 1.75% to KIBOR + 3.5% per annum (2018: KIBOR + 1.75% to KIBOR + 3.5% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

## 19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

Lease liabilities included in the statement of financial position  
As at June 30, 2019

Of which are:

Current lease liability  
Non-current lease liability

Maturity analysis - contractual undiscounted cashflows

Less than one year  
One to five years  
More than five years

Total undiscounted lease liabilities as at June 30, 2019

(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----	
7,275,043	-
1,542,843	-
5,732,200	-
7,275,043	-

1,702,470	-
5,537,940	-
6,509,997	-
13,750,407	-



## 20. DEFERRED TAX LIABILITIES

(Un-audited) (Audited)  
June 30, December 31,  
2019 2018  
----- Rupees in '000-----

### Deductible Temporary Differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Other provisions
- Right-of-use assets
- Others

(10,705)	(10,705)
(2,911,133)	(2,816,109)
(236,751)	(236,751)
(1,045,555)	(622,390)
(115,222)	(115,222)
(105,416)	(111,576)
(195,553)	-
(3,904)	(3,904)
(4,624,239)	(3,916,657)

### Taxable Temporary Differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Excess of accounting book value of leased assets over lease liabilities
- Other

1,805,040	1,822,205
6,934,149	6,667,702
55,208	55,208
213	2,477
2,308,368	2,314,832
11,102,978	10,862,424
6,478,739	6,945,767

## 21. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	40,743,123	31,324,102
Mark-up / Return / Interest payable in foreign currencies	924,891	555,608
Unearned commission and income on bills discounted	3,752,952	643,869
Accrued expenses	10,207,114	11,651,136
Advance payments	330,556	370,498
Acceptances	107,286,220	45,884,978
Unclaimed dividends	187,386	188,868
Unrealized loss on put option	306,339	306,339
Branch adjustment account	4,961,201	5,864,695
Employee benefits:		
Pension fund	13,389,045	13,069,665
Post retirement medical benefits	16,324,055	15,371,225
Benevolent fund	1,489,122	1,604,689
Gratuity scheme	2,159,843	1,881,355
Compensated absences	7,809,735	7,541,419
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	20,638,698	18,034,813
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,834,889	3,734,889
Payable to brokers	265,843	180,594
Payable to customers	625,256	190,335
PIBs shortselling	-	366,896
Others	13,237,071	11,997,194
	249,472,090	171,761,918

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note		Rupees in '000	
<b>22.</b>	<b>SURPLUS ON REVALUATION OF ASSETS</b>		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	9.1 19,828,342	22,929,135
	- Fixed Assets	44,509,647	44,693,917
	- Non-banking assets	2,062,480	2,062,480
	- On securities of associates and joint venture	(682,773)	(1,111,660)
		<u>65,717,696</u>	<u>68,573,872</u>
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Available for sale securities	(6,934,149)	(6,667,702)
	- Fixed Assets	(2,524,290)	(2,588,785)
	- Non-banking assets	(55,208)	(55,208)
		<u>(9,513,647)</u>	<u>(9,311,695)</u>
		<u>56,204,049</u>	<u>59,262,177</u>
<b>23.</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	Guarantees	23.1 155,356,991	94,340,275
	Commitments	23.2 1,574,598,755	1,240,553,725
	Other contingent liabilities	23.3 29,624,094	29,259,673
		<u>1,759,579,840</u>	<u>1,364,153,674</u>
<b>23.1</b>	<b>Guarantees:</b>		
	Financial guarantees	104,563,372	55,505,600
	Performance guarantees	50,793,619	38,834,676
		<u>155,356,991</u>	<u>94,340,275</u>
<b>23.2</b>	<b>Commitments:</b>		
	Documentary credits and short-term trade-related transactions		
	Letters of credit	810,649,520	670,419,500
	Commitments in respect of:		
	Forward foreign exchange contracts	23.2.1 750,375,692	512,873,075
	Forward government securities transactions	23.2.2 13,040,700	56,816,129
	Commitments for acquisition of:		
	Fixed assets	519,343	431,521
	Other commitments	23.2.3 13,500	13,500
		<u>1,574,598,755</u>	<u>1,240,553,725</u>
<b>23.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	445,197,135	312,710,160
	Sale	305,178,557	200,162,915
		<u>750,375,692</u>	<u>512,873,075</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	12,500,000	50,950,025
Sale	540,700	5,866,104
	<u>13,040,700</u>	<u>56,816,129</u>

Commitments for outstanding forward government securities transactions are disclosed in these consolidated condensed interim financial statements at contracted rates.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>23.2.3 Professional services to be received</b>	<u>13,500</u>	<u>13,500</u>
<b>23.3 Other contingent liabilities</b>		
<b>23.3.1 Claim against the Group not acknowledged as debt</b>	<u>29,624,094</u>	<u>29,259,673</u>

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2018: Rs. 1,597 million).

#### 23.3.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018, except for

- The tax returns of the Bank have been filed upto tax year 2018 and amended by the tax authorities up to Tax Year 2018. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2018.
- During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2018 vide order dated March 28, 2019 through add back / additions and imposed Super Tax under Section 4B read with Finance Supplementary (Second Amendment) Act 2019 through which super tax on Banking companies levied retrospectively at the rate of four percent of taxable income for the tax year 2018. As a result thereof the net demand of Rs.1,056.84 million raised against the Bank which is paid. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.
- The aggregate effect of contingencies as on June 30, 2019 amounts to Rs. 12,065 million (December 31, 2018: Rs. 10,732 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

#### 23.3.3 Barter Trade Agreements

Same as disclosed in annual financial statements of the Group for the year ended December 31, 2018.

#### 23.3.4 Contingencies in respect of employees benefits and related matters

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018, except for the below mentioned updates.

##### 23.3.4.1 Pensionary benefits to retired employees

The hearing of pension case was fixed on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. After partial arguments the matter was adjourned for April 17, 2019. On the said date, due to adjournment application of the Counsel for respondents, the petitions were adjourned for re-listing in the 2nd week of May however, the matters didn't get listed.

#### **23.3.4.2 Post retirement medical facilities**

The Bank has filed an Intra Court Appeal (ICA) against the order of the single bench which is still pending adjudication and is fixed for hearing on September 25, 2019.

#### **23.3.4.3 Restoration of Commuted Pension**

The matter is still pending adjudication and is now fixed for hearing on September 12, 2019.

#### **23.4 Foreign Exchange repatriation case**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018.

#### **23.5 Compliance and risk matters relating to anti-money laundering**

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018.

		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	Note	----- Rupees in '000 -----	
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>			
Loans and advances		48,501,242	30,794,915
Investments		44,459,427	34,831,029
On securities purchased under resale agreements		3,928,865	606,511
Balances with other banks		897,385	294,331
		<u>97,786,919</u>	<u>66,526,786</u>
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		47,129,327	25,907,927
Borrowings		2,962,062	1,081,962
Cost of foreign currency swaps against foreign currency deposits		2,318,315	1,947,560
Finance charge on lease liability against right of use assets		350,903	-
Securities sold under repurchase agreements		9,354,552	7,322,275
		<u>62,115,159</u>	<u>36,259,724</u>
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		805,868	637,929
Consumer finance related fees		403,967	372,312
Card related fees		341,240	210,352
Credit related fees		135,075	157,415
Investment banking fees		347,621	190,047
Commission on trade		1,684,573	1,720,723
Commission on guarantees		248,162	264,765
Commission on cash management		9,804	9,050
Commission on remittances including home remittances		928,216	301,580
Commission on bancassurance		210,293	155,031
Commission on government transactions		4,625,176	4,931,352
Management fee & sale load		673,964	751,643
Brokerage income		36,011	50,186
Others		115,073	66,890
		<u>10,565,043</u>	<u>9,819,275</u>
<b>27. GAIN ON SECURITIES - NET</b>			
Realised	27.1	367,425	2,517,405
Unrealized - held-for-trading	9.1	(13,599)	(69,120)
		<u>353,826</u>	<u>2,448,285</u>
<b>27.1 Realised gain on:</b>			
Federal Government Securities		206,969	246,226
Shares and mutual funds		131,993	2,179,648
Ijarah Sukuks		28,463	87,500
Foreign Securities		-	4,031
		<u>367,425</u>	<u>2,517,405</u>

	Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		Rupees in '000	
<b>28. OTHER INCOME</b>			
Rent on property		16,743	33,141
Gain on sale of fixed assets - net		18,120	46,266
Postal, SWIFT and other charges recovered		32,246	-
Compensation for delayed tax refunds	28.1	2,698,910	888,335
Digital infrastructure support income		33,729	-
Others		17,684	8,837
		<u>2,817,432</u>	<u>976,579</u>
<b>28.1</b>	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		
<b>29. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		<b>18,964,978</b>	<b>17,908,140</b>
<b>Property expense</b>			
Rent and taxes		650,759	1,094,200
Insurance		25,917	15,251
Utilities cost		450,469	388,826
Security (including guards)		1,087,192	1,055,637
Repair and maintenance (including janitorial charges)		400,104	560,800
Depreciation		221,012	122,634
Depreciation on non banking assets		14,788	17,385
Depreciation on Ijarah assets		91,168	126,879
Depreciation on right of use assets		942,493	-
		<u>3,883,902</u>	<u>3,381,613</u>
<b>Information technology expenses</b>			
Software maintenance		499,719	97,753
Hardware maintenance		9,435	11,910
Depreciation		170,258	238,717
Amortisation		182,165	202,679
Network charges		225,897	222,328
Others		40,076	30,294
		<u>1,127,549</u>	<u>803,681</u>
<b>Other operating expenses</b>			
Directors' fees and reimbursement of other expenses		15,026	15,689
Directors' fees and allowances - subsidiaries		3,605	2,890
Legal & professional charges		319,502	211,326
Outsourced services costs		358,158	419,246
Travelling and conveyance		368,664	334,168
NIFT clearing charges		65,861	64,025
Depreciation		771,580	731,808
Training and development		58,605	72,191
Postage and courier charges		91,116	143,176
Communication		156,108	154,135
Stationery and printing		340,064	350,040
Marketing, advertisement & publicity		124,757	114,212
Donations		-	515
Contributions for other Corporate and Social Responsibility		10,203	15,986
Auditors' Remuneration		144,030	110,863
Financial charges on leased assets		21,095	8,568
Insurance		357,771	258,823
Entertainment		149,160	89,253
Clearing, verification, license fee charges		132,242	188,530
Vehicle Expenses		74,217	85,408
Repairs & Maintenance		234,456	305,414
Brokerage		34,548	40,161
Deposit premium expense		619,920	-
Others		218,392	338,015
		<u>4,669,079</u>	<u>4,054,442</u>
		<u>28,645,509</u>	<u>26,147,876</u>

	Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		Rupees in '000	
<b>30. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		90,135	8,503
Penalties imposed by other regulatory bodies (Central bank of international branches)		1,036	-
Penalties imposed by other regulatory bodies (Central bank of subsidiaries)		2,203	1,254
		<u>93,374</u>	<u>9,757</u>
<b>31. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	2,149,798	294,281
Provisions against loans and advances	10.4	2,746,371	2,165,869
Provision against other assets		363,515	338,321
		<u>5,259,684</u>	<u>2,798,471</u>
<b>32. TAXATION</b>			
Current		8,942,604	6,991,313
Prior years		1,056,841	(20,755,128)
Deferred		(638,053)	18,537,043
		<u>9,361,392</u>	<u>4,773,228</u>
<b>32.1</b>	The Federal Government vide The Finance Supplementary (Second Amendment) Bill, 2019 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2017 (Tax Year 2018). Accordingly, provisions of Rs. 1,057 million for Super tax has been made in prior year.		
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
<b>33. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>11,352,984</u>	<u>12,656,259</u>
Weighted average number of ordinary shares (000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>5.34</u>	<u>5.95</u>
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
<b>34. CASH AND CASH EQUIVALENT</b>		Rupees in '000	
Cash and balances with treasury banks		352,248,449	297,529,294
Balances with other banks		21,505,430	25,505,482
Call money lendings		1,040,800	140,800
Call money borrowings		(64,559,165)	(22,135,243)
Overdrawn nostro		(4,430,305)	(5,813,490)
		<u>305,805,209</u>	<u>295,226,843</u>
<b>35. FAIR VALUE MEASUREMENTS</b>			
The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.			
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.			
<b>35.1 Fair value of financial assets</b>			
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:			
<b>Level 1:</b> Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.			
<b>Level 2:</b> 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).			
<b>Level 3:</b> Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).			

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

At June 30, 2019 (Un-audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	611,395,359	-	611,395,359	-	611,395,359
Pakistan Investment Bonds	223,060,822	-	223,060,822	-	223,060,822
Ijarah Sukuks	1,993,299	-	1,993,299	-	1,993,299
Ordinary shares of listed companies	34,192,575	34,192,575	-	-	34,192,575
Ordinary shares of unlisted companies	1,498,256	-	-	1,498,256	1,498,256
Investment in mutual funds	2,106,656	2,106,656	-	-	2,106,656
Preference shares	122,914	122,914	-	-	122,914
Term Finance Certificates / Musharika and Sukuk Bonds	56,802,388	-	56,802,388	-	56,802,388
GoP Foreign Currency Bonds	32,018,011	-	32,018,011	-	32,018,011
Foreign Government Securities	2,201,959	-	2,201,959	-	2,201,959
Foreign Currency Debt Securities	1,314,478	-	1,314,478	-	1,314,478
Ordinary shares of a bank outside Pakistan	19,780,597	19,780,597	-	-	19,780,597
	986,487,314	56,202,742	928,786,316	1,498,256	986,487,313
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	352,248,449	-	-	-	-
Balances with other banks	21,505,430	-	-	-	-
Lendings to financial institutions	35,305,992	-	-	-	-
Investments					
Market Treasury Bills	69,352	-	-	-	-
Pakistan Investment Bonds	168,870,231	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	181,281	-	-	-	-
GoP Foreign Currency Bonds	3,241,208	-	-	-	-
Foreign Government Securities	30,534,424	-	-	-	-
Foreign Currency Debt Securities	615	-	-	-	-
Advances	952,927,352	-	-	-	-
Other Assets	252,134,734	-	-	-	-
	1,817,019,068	-	-	-	-
	2,803,506,382	56,202,742	928,786,316	1,498,256	986,487,313
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	750,375,692	-	12,095,516	-	12,095,516
Forward government securities transactions	13,040,700	-	57,024	-	57,024
December 31, 2018 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	742,071,830	-	742,071,830	-	742,071,830
Pakistan Investment Bonds	197,596,895	-	197,596,895	-	197,596,895
Ijarah Sukuks	9,733,258	-	9,733,258	-	9,733,258
Ordinary shares of listed companies	39,239,727	39,239,727	-	-	39,239,727
Ordinary shares of unlisted companies	1,594,289	-	-	1,594,289	1,594,289
Investments in mutual funds	2,410,974	2,410,974	-	-	2,410,974
Preference shares	125,936	39,072	-	86,864	125,936
Term Finance Certificates / Musharika and Sukuk Bonds	56,291,040	-	56,291,040	-	56,291,040
GoP Foreign Currency Bonds	24,946,934	-	24,946,934	-	24,946,934
Foreign Government Securities	1,791,502	-	1,791,502	-	1,791,502
Foreign Currency Debt Securities	1,457,561	-	1,457,561	-	1,457,561
Ordinary shares of a bank outside Pakistan	16,034,284	16,034,284	-	-	16,034,284
	1,093,294,231	57,724,057	1,033,889,021	1,681,153	1,093,294,231



December 31, 2018 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
Rupees in '000					
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	247,917,421	-	-	-	-
Balances with other banks	13,049,725	-	-	-	-
Lending to financial instruments	106,391,667	-	-	-	-
Investments					
- Market Treasury Bills	69,967	-	-	-	-
- Pakistan Investment Bonds	157,492,035	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term					
Certificates and Term Finance Certificates	284,572	-	-	-	-
- GoP Foreign Currency Bonds	2,859,233	-	-	-	-
- Foreign Government Securities	25,866,066	-	-	-	-
- Foreign Currency Debt Securities	532	-	-	-	-
Advances	926,339,789	-	-	-	-
Other assets	170,017,572	-	-	-	-
	1,650,288,579	-	-	-	-
	2,743,582,810	57,724,057	1,033,889,021	1,681,153	1,093,294,231
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	512,873,075	-	6,929,960	-	6,929,960
Forward government securities transactions	56,816,129	-	(2,662,847)	-	(2,662,847)

#### Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

### 35.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

At June 30, 2019 (Un-audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----					
Land & building (property and equipment)	47,873,111	-	47,873,111	-	47,873,111
Non-banking assets acquired in satisfaction of claims	3,781,740	-	3,781,740	-	3,781,740
	<u>51,654,851</u>	-	<u>51,654,851</u>	-	<u>51,654,851</u>

December 31, 2018 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----					
Land & building (property and equipment)	48,000,422	-	48,000,422	-	48,000,422
Non-banking assets acquired in satisfaction of claims	3,796,527	-	3,796,527	-	3,796,527
	<u>51,796,949</u>	-	<u>51,796,949</u>	-	<u>51,796,949</u>

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Half Year Ended June 30, 2019 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitmaad & Islamic Banking	Head Office / Others	Total

Profit and loss account

Net mark-up / return / profit	(26,658,350)	20,711,713	35,186,948	1,392,150	1,903,588	3,135,711	35,671,760
Inter segment revenue - net	56,697,149	(20,866,810)	(37,976,486)	-	(276,368)	2,422,515	-
Non mark-up / return / interest income	8,382,155	1,118,642	5,162,019	852,947	199,460	3,351,926	19,067,150
Total Income	38,420,954	963,545	2,372,481	2,245,097	1,826,680	8,910,152	54,738,910
Segment direct expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	1,160,839	20,033,298
Inter segment expense allocation	-	-	-	-	-	8,705,584	8,705,584
Total expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	9,866,423	28,738,883
Provisions	1,232,649	3,269,756	2,217,877	(92,239)	(75,061)	(1,293,298)	5,259,684
Profit / (loss) before tax	22,073,657	(2,626,413)	(18,471)	340,641	633,902	337,027	20,740,343

June 30, 2019 (Un-audited)

	Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
--	-----------------------------	-------------------	----------	-----------------------	----------------------------	----------------------	-------

Statement of financial position

Cash and balances with treasury and other banks	176,899,278	272,528	127,281,944	55,288,772	11,405,162	2,606,196	373,753,879
Investments	-	-	1,060,333,915	67,718,590	18,676,240	48,427,582	1,195,156,326
Net inter segment lending	1,339,962,917	-	-	-	-	94,049,238	1,434,012,155
Lendings to financial institutions	-	-	23,883,846	-	11,419,496	2,650	35,305,992
Advances - performing	339,372,542	509,061,006	-	63,371,852	29,157,992	9,930,873	950,894,265
- non-performing	21,297,613	24,766,724	-	42,752,653	203,934	53,442,296	142,463,220
Provision against advances	(21,289,313)	(21,452,067)	-	(41,781,795)	(203,934)	(55,703,026)	(140,430,133)
Others	339,380,842	512,375,663	-	64,342,710	29,157,992	7,670,143	952,927,352
Total Assets	1,961,392,669	555,499,922	1,227,111,629	192,225,660	76,506,218	292,746,594	4,305,482,693

Borrowings	1,080,368	24,858,632	189,027,363	61,409,152	-	272,063	276,647,578
Deposits & other accounts	1,838,139,630	80,191,353	-	105,356,637	67,727,125	2,053,094	2,093,467,838
Net inter segment borrowing	-	414,098,429	994,301,840	21,327,423	4,284,463	-	1,434,012,155
Others	122,172,672	36,351,508	24,997,904	3,226,363	4,358,974	88,497,395	279,604,816
Total liabilities	1,961,392,670	555,499,922	1,208,327,107	191,319,575	76,370,562	90,822,551	4,083,732,387
Equity	-	-	18,784,521	906,089	135,656	201,924,041	221,750,304
Total Equity & liabilities	1,961,392,669	555,499,922	1,227,111,629	192,225,660	76,506,218	292,746,592	4,305,482,693

Contingencies & Commitments	735,320,553	202,873,034	-	27,410,720	-	402,204	966,006,511
-----------------------------	-------------	-------------	---	------------	---	---------	-------------

Half Year Ended June 30, 2018 (Un-audited)

	Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Ailemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000							
<b>Profit and loss account</b>							
Net mark-up / return / profit	(9,158,070)	11,586,692	23,592,556	1,323,133	1,012,477	1,910,274	30,267,062
Inter segment revenue - net	28,159,477	(8,323,579)	(20,805,587)	-	(201,982)	1,171,671	-
Non mark-up / return / interest income	7,153,659	959,133	5,455,574	780,456	161,714	1,694,897	16,205,433
Total Income	26,155,066	4,222,246	8,242,543	2,103,589	972,209	4,776,842	46,472,495
Segment direct expenses	12,923,958	113,564	194,882	1,612,469	1,019,999	1,153,080	17,017,952
Inter segment expense allocation	-	-	-	-	-	9,139,681	9,139,681
Total expenses	12,923,958	113,564	194,882	1,612,469	1,019,999	10,292,761	26,157,633
Provisions	(278,047)	1,553,116	609,896	79,453	-	834,052	2,798,471
Profit / (loss) before tax	13,509,155	2,555,566	7,437,765	411,667	(47,790)	(6,349,972)	17,516,390

December 31, 2018 (Audited)

	Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Ailemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000							
<b>Statement of financial position</b>							
Cash and balances with treasury and other banks	120,643,163	189,794	78,372,622	54,739,132	4,655,330	2,367,105	260,967,146
Investments	-	-	1,139,600,282	55,950,776	23,914,372	65,509,075	1,284,974,506
Net inter segment lending	1,321,328,484	-	-	-	-	79,158,614	1,400,487,097
Lendings to financial institutions	-	-	104,971,318	-	1,417,699	2,650	106,391,667
Advances - performing	341,125,237	500,111,019	17,990	46,230,666	26,741,353	11,739,346	925,965,612
- non-performing	19,917,069	22,069,620	-	39,181,569	364,825	53,017,880	134,550,963
Provision against advances	(20,155,956)	(20,141,547)	-	(38,328,525)	(278,995)	(55,271,763)	(134,176,786)
Others	340,886,350	502,039,092	17,990	47,083,710	26,827,183	9,485,463	926,339,789
Total Assets	28,212,221	50,731,814	9,761,367	3,904,176	2,142,202	130,461,368	225,213,148
	1,811,070,218	552,960,699	1,332,723,580	161,677,794	58,956,786	286,984,275	4,204,373,353
Borrowings	584,977	21,864,290	333,432,591	36,400,842	-	456,696	392,739,396
Deposits & other accounts	1,774,318,158	80,797,441	-	104,127,206	51,022,237	1,047,584	2,011,312,625
Net inter segment borrowing	-	404,994,021	969,156,574	20,257,431	6,079,071	-	1,400,487,097
Others	36,167,083	45,304,947	24,212,749	1,650,467	1,146,690	80,291,002	188,772,940
Total liabilities	1,811,070,218	552,960,699	1,326,801,914	162,435,945	58,247,998	81,795,282	3,993,312,058
Equity	-	-	5,921,665	(758,151)	708,789	205,188,993	211,061,295
Total Equity & liabilities	1,811,070,218	552,960,699	1,332,723,580	161,677,794	58,956,786	286,984,275	4,204,373,353

Contingencies & Commitments

533,343,359	203,590,159	-	27,725,864	-	100,394	764,759,776
-------------	-------------	---	------------	---	---------	-------------

### 37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

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

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

	June 30, 2019 (Un-audited)						December 31, 2018 (Audited)											
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties
Rupees in '000																		
Balances with other banks																		
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-	16,836	-	-	-	-	-
In deposit accounts	-	-	-	23,954	-	-	-	-	-	-	-	-	8,780	-	-	-	-	-
	-	-	-	23,954	-	-	-	-	-	-	-	-	25,616	-	-	-	-	-
Investments																		
Opening balance	-	-	4,970,863	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	4,970,863	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-
Provision for diminution in value of investments																		
	-	-	4,252,799	-	-	-	-	-	-	-	-	3,793,405	-	-	-	-	-	-
Advances																		
Opening balance	-	222,967	3,105,907	-	-	-	-	-	-	-	145,369	3,314,085	-	-	-	-	-	-
Addition during the period / year	-	37,974	-	-	-	-	-	-	5,557,991	-	20,234	-	-	-	-	-	-	-
Repaid during the period / year	-	(19,774)	(37,907)	-	-	-	-	-	(5,559,636)	-	(27,052)	(208,178)	-	-	-	-	-	-
*Adjustment	-	-	-	-	-	-	-	-	2,498,965	-	84,416	-	-	-	-	-	-	-
Closing balance	-	241,166	3,068,000	-	-	-	-	-	2,497,320	-	222,967	3,105,907	-	-	-	-	-	-
Other Assets																		
Interest / mark-up accrued	-	-	1,709,854	-	-	-	-	-	-	-	-	1,704,892	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	38,248	-	-	-	-	-	-	-	-	87,920	-	-	-	-	-
Borrowings during the period / year	-	-	-	465,465	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	(49,672)	-	-	-	-	-
Closing balance	-	-	-	503,713	-	-	-	-	-	-	-	-	38,248	-	-	-	-	-
Deposits and other accounts																		
Opening balance	10,733	80,688	-	-	1,085	11,100,000	458,328	12,465,939	-	15,614	62,047	-	-	1,248	10,300,000	514,539	12,749,309	-
Received during the period / year	26,498	471,407	-	-	36,045,397	-	9,935,033	1,073,700	-	28,447	485,525	-	-	4,300,229	28,800,000	16,639,785	14,268,653	-
Withdrawn during the period / year	(16,418)	(388,703)	-	-	(36,049,408)	(10,800,000)	(10,048,336)	(698,199)	-	(33,087)	(454,455)	-	-	(4,300,392)	(28,000,000)	(16,695,996)	(14,552,023)	-
* Adjustment	(8,047)	(2,387)	-	-	-	-	-	-	-	(242)	(12,429)	-	-	-	-	-	-	-
Closing balance	12,766	161,005	-	-	73	300,000	345,025	12,841,440	-	10,733	80,688	-	-	1,085	11,100,000	458,328	12,465,939	-

\* Adjustment due to retirement / appointment of directors and changes in key management executives.

	June 30, 2019 (Un-audited)					June 30, 2018 (Un-audited)						
	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others	Key management-personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others
Income												
Mark-up / return / interest earned	-	-	29	-	-	120,844	-	-	284	-	-	14,733
Expense												
Mark-up / return / interest paid	-	-	233	198,306	830,422	-	-	-	822	372,801	554,188	-
Transaction Fee paid to company in which director of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	5,057
Remuneration to key management executives including charge for defined benefit plan	254,125	-	-	-	-	-	231,612	-	-	-	-	-

Rupees in '000

### 37.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government 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 service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,625 million for the year ended June 30, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 385,030 million, Rs. 809,887 million and Rs. 848,130 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 12,980 million and Rs. 15,472 million respectively.

### 38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000-----	
<b>Minimum Capital Requirement</b>		
Paid-up capital	<u>164,678,544</u>	<u>150,957,373</u>
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	139,204,710	128,017,400
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	139,204,710	128,017,400
Eligible Tier 2 Capital	42,004,031	45,126,290
Total Eligible Capital (Tier 1 + Tier 2)	<u>181,208,741</u>	<u>173,143,690</u>
<b>Risk Weighted Assets</b>		
Credit Risk	865,978,143	798,236,578
Market Risk	105,318,911	81,385,782
Operational Risk	157,972,625	157,972,625
Total	<u>1,129,269,678</u>	<u>1,037,594,984</u>
Common Equity Tier 1 Capital Adequacy ratio	12.33%	12.34%
Tier 1 Capital Adequacy Ratio	12.33%	12.34%
Total Capital Adequacy Ratio	<u>16.05%</u>	<u>16.69%</u>
<b>Leverage Ratio</b>		
Tier-1 Capital	139,204,710	128,017,400
Total Exposures	<u>3,872,840,348</u>	<u>3,650,341,045</u>
Leverage Ratio	<u>3.59%</u>	<u>3.51%</u>
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	893,209,617	949,424,482
Total Net Cash Outflow	<u>562,546,121</u>	<u>560,346,109</u>
Liquidity Coverage Ratio	<u>159%</u>	<u>169%</u>
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	1,914,095,583	1,745,679,890
Total Required Stable Funding	<u>726,877,425</u>	<u>544,123,198</u>
Net Stable Funding Ratio	<u>263%</u>	<u>321%</u>

### 39. ISLAMIC BANKING BUSINESS

The bank is operating 190 (December 31, 2018: 192) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2019.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		7,391,627	4,649,968
Balances with other banks		4,012,430	4,319
Due from financial institutions	39.1	11,419,496	1,417,699
Investments	39.2	18,676,240	23,914,372
Islamic financing and related assets - net	39.3	29,157,698	26,827,280
Fixed assets		194,304	275,435
Right of use assets		933,535	-
Other assets		5,779,763	1,998,587
<b>Total Assets</b>		<b>77,565,093</b>	<b>59,087,660</b>
<b>LIABILITIES</b>			
Bills payable		277,568	228,382
Deposits and other accounts	39.4	67,727,156	51,022,121
Lease liability against right of use assets		971,448	-
Due to Head Office		1,449,527	3,920,506
Other liabilities		4,210,824	1,065,012
		<b>74,636,523</b>	<b>56,236,021</b>
<b>NET ASSETS</b>		<b>2,928,570</b>	<b>2,851,639</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,200,000	2,200,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		135,656	708,789
Unappropriated/ Unremitted loss	39.5	592,914	(57,150)
		<b>2,928,570</b>	<b>2,851,639</b>

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

		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		----- Rupees in '000 -----	
Profit / return earned	39.6	3,004,267	1,288,857
Profit / return expensed	39.7	(1,514,015)	(605,284)
Net Profit / return		<b>1,490,252</b>	<b>683,573</b>
<b>Other income</b>			
Fee and Commission Income		177,711	130,161
Foreign Exchange Income		18,331	9,879
Other Income		3,773	21,674
Total other income		<b>199,815</b>	<b>161,714</b>
Total Income		<b>1,690,067</b>	<b>845,287</b>
<b>Other expenses</b>			
Operating expenses		(1,172,202)	(893,078)
Profit / (loss) before provisions		<b>517,865</b>	<b>(47,791)</b>
Provisions and write offs - net		<b>75,049</b>	<b>(158)</b>
Profit / (loss) before taxation		<b>592,914</b>	<b>(47,949)</b>

39.1 Due from Financial Institutions

Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
In Local Currency	In Foreign currencies	Total	Total
Rupees in '000			
11,419,496	-	11,419,496	1,417,699
11,419,496	-	11,419,496	1,417,699

This represent Bai Muajjal agreements with Government of Pakistan and carries profit rate ranging from 10.41% to 13.44% (December 31, 2018: 12.81%) per annum.

39.2 Investments by segments:

Federal Government Securities.

-Ijarah Sukuks

June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000			
2,000,000	(78,000)	1,922,000	9,740,000
2,000,000	-	(78,000)	1,922,000
			(56,116)
			9,683,884

Non Government Debt Securities

-Listed

-Unlisted

Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
500,000		3,875	503,875	600,000	-	5,211	605,211
16,171,391	(130,807)	209,781	16,250,365	12,996,390	(130,807)	759,694	13,625,277
16,671,391	(130,807)	213,656	16,754,240	13,596,390	(130,807)	764,905	14,230,488
18,671,391	(130,807)	135,656	18,676,240	23,336,390	(130,807)	708,789	23,914,372

Total Investments

(Un-audited) (Audited)  
June 30, December 31,  
2019 2018  
----- Rupees in '000 -----

39.3 Islamic financing and related assets

Ijarah

Murabaha

Musawama

Diminishing Musharaka

Istisna

Other Islamic Modes (Wakala tul Istismar)

Advances against Islamic assets (Ijarah, Murbaha, DM, Istasna)

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

336,692	436,069
1,850,332	2,024,071
30,015	69,867
11,886,310	11,971,073
717,076	525,434
8,500,000	8,500,000
6,041,501	3,580,044
29,361,926	27,106,558

Islamic financing and related assets - net of provision

(203,933)	(278,995)
(295)	(283)
(204,228)	(279,278)
29,157,698	26,827,280



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>39.4 Deposits</b>		
<b>Customers</b>		
Current deposits	29,646,122	16,347,155
Savings deposits	27,884,403	26,885,268
Term deposits	5,563,723	2,608,640
	<u>63,094,248</u>	<u>45,841,063</u>
<b>Financial Institutions</b>		
Current deposits	710,751	505,685
Savings deposits	222,157	126,897
Term deposits	3,700,000	4,548,476
	<u>4,632,908</u>	<u>5,181,058</u>
	<u>67,727,156</u>	<u>51,022,121</u>

**39.5 Islamic Banking Business Unappropriated Profit**

Opening Balance	(57,150)	(228,135)
Add: Islamic Banking loss for the period	592,914	(57,150)
Less: Transferred / Remitted to Head Office	57,150	228,135
Closing Balance	<u>592,914</u>	<u>(57,150)</u>

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	

**39.6 Profit/Return Earned of Financing, Investments and Placement**

Profit earned on:		
Financing	1,417,256	729,465
Investments	1,090,921	552,894
Placements	6,612	6,498
Others (Bai Muajjal)	489,478	-
	<u>3,004,267</u>	<u>1,288,857</u>

**39.7 Profit on Deposits and other Dues Expensed**

Deposits and other accounts	1,192,203	403,302
Finance charge on right of use assets	45,444	-
Others (General Account)	276,368	201,982
	<u>1,514,015</u>	<u>605,284</u>

40. GENERAL

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

41. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on August 28, 2019 by the Board of Directors of the Bank.

  
Chairman

  
President / CEO

  
Chief Financial Officer

  
Director

  
Director



National Bank of Pakistan

نیشنل بینک آف پاکستان

**Head Office:**

NBP Building, I.I Chundrigar Road,  
Karachi. Pakistan

**Phone:** (021) 921 2100 ( 50 lines )

**DID:** 021 9906- (Ext.)

**Call Center:** 111-NBP-NBP (+92 21 111 627 627)

**Toll Free:** 0800-11627

**Website:** [www.nbp.com.pk](http://www.nbp.com.pk)