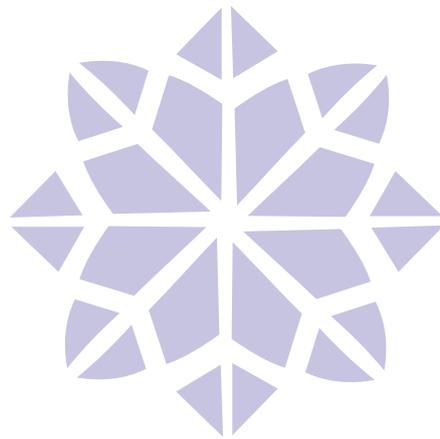


Condensed Interim
FINANCIAL INFORMATION
for the period ended September 30, 2019





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

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CORPORATE INFORMATION

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

Chairman

***Managing Director / CEO (Acting)**

Ihsan Ullah Ihsan

Board Audit Committee

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

Chairman

Board Human Resource & Remuneration Committee

Shaharyar Ahmad
Maqsood Ismail Ahmad
Asad Muhammad Iqbal
Managing Director

Chairman

Board Risk Management Committee

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

Chairman

Board I.T Steering Committee

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

Chairman

* Notification of appointment issued on October 11, 2019. Clearance from SBP is awaited.



Board Compliance Committee

Rashid Ali Khan
Shaharyar Ahmad
Javed Akhtar

Chairman

Chief Financial Officer

Mahmood Ahmed Qureshi

Company Secretary

Zahid Sahibzada

Registered Office / Head Office

The Bank of Khyber
24 – The Mall, Peshawar Cantt.

1st Floor, State Life Building, 34 – The Mall,
Peshawar Cantt., Pakistan

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

Mr. Nisar Ahmed Khan,
Advocate, Peshawar

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

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

Directors' Review

On behalf of the Board of Directors of the Bank of Khyber, I am pleased to present the condensed interim financial information of the Bank for the 3rd quarter ended September 30, 2019. The results are inclusive of Islamic Banking Operations.

Financial Highlights

The financial results of the Bank of Khyber for the 3rd quarter ended September 30, 2019, are as under:

	(Rs. in Million)	
	September 30 2019	December 31 2018
Total Assets	297,412	223,095
Deposits	187,256	171,168
Advances (Gross)	123,220	99,167
Investments (Net)	139,257	94,233

	(Rs. in Million)	
	Period Ended September 30 2019	2018
Operating Profit	1061	1,530
(Provision) / Reversal against non-performing advances / others	(161)	(6)
Profit before taxation	900	1,524
Taxation	(302)	(597)
Profit after tax	598	927

Financial Overview

Increase in policy rate and inflationary pressure from exchange rate depreciation have had its affect on the bank's profitability. The Bank's after tax profit was Rs.598 million as compared to Rs.927 million for the nine months of 2018.

Markup / interest earned for the period was higher as compared to the same period of last year. However, Markup / interest expensed was also significantly higher resulting in lower net markup / interest income. Once again re-pricing lag on assets impacted the interest income. Operating expenses were higher and an amount of Rs.161 million had to be booked on account of provisions for NPLs both of which impacted the Profit after Tax.

Total Assets increased to Rs.297,412 million from Rs.223,095 million at December 31, 2018. Investment increased significantly to Rs.139,257 million showing 48% increase over year end 2018. Advances were Rs. 118,904 million at the end of the period as compared to Rs.95,012 million at December 31, 2018. Deposits registered a growth of 9% over the figures at close of the year 2018.

Future Outlook

In the current economic situation, pressure is likely to remain on the Bank's operating performance. However, the economic outlook going forward looks positive and the economy seems to be moving towards stability.

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

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

Credit Rating

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

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

Acknowledgement

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

Islamabad: October 25, 2019

For and on behalf of the Board of Directors



Chairman

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

	Note	(Un-Audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	9,450,654	12,351,453
Balances with other banks	7	2,434,434	3,705,360
Lendings to financial institutions	8	12,626,326	7,695,642
Investments	9	139,257,310	94,233,239
Advances	10	118,904,113	95,011,903
Fixed assets	11	3,270,984	2,216,422
Intangible assets	12	273,001	78,850
Deferred tax assets	13	1,540,088	1,757,451
Other assets	14	9,655,120	6,044,663
		297,412,030	223,094,983
LIABILITIES			
Bills payable	15	867,751	895,126
Borrowings	16	85,565,373	34,842,114
Deposits and other accounts	17	187,255,669	171,167,556
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	10,863,814	4,485,603
		284,552,607	211,390,399
NET ASSETS		12,859,423	11,704,584
REPRESENTED BY			
Share capital		10,002,524	10,002,524
Reserves		2,763,045	2,643,483
Deficit on revaluation of assets	19	(1,547,664)	(2,104,692)
Unappropriated profit		1,641,518	1,163,269
		12,859,423	11,704,584
CONTINGENCIES AND COMMITMENTS			
	20		

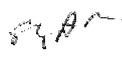
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director

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

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
----- Rupees in '000 -----					
Mark-up/return/interest earned	21	7,032,126	3,483,925	17,304,352	10,618,021
Mark-up/return/interest expensed	22	5,728,555	2,313,977	13,538,822	6,657,142
Net mark-up/ interest income		1,303,571	1,169,948	3,765,530	3,960,879
NON MARK-UP/INTEREST INCOME					
Fee and commission income	23	91,684	93,683	287,072	318,707
Dividend income		2,477	6,011	7,912	32,553
Foreign exchange income		53,973	52,537	143,170	107,166
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities - net	24	17,519	2,562	19,711	13,794
Other income	25	35,081	18,990	94,841	72,182
Total non-markup / interest income		200,734	173,783	552,706	544,402
Total income		1,504,305	1,343,731	4,318,236	4,505,281
NON MARK-UP/INTEREST EXPENSE					
Operating expenses	26	1,222,858	987,029	3,250,349	2,952,399
Workers Welfare Fund		-	-	-	-
Other charges	27	5,211	22,015	7,498	22,145
Total non-markup/interest expenses		1,228,069	1,009,044	3,257,847	2,974,544
PROFIT BEFORE PROVISIONS		276,236	334,687	1,060,389	1,530,737
Provisions and write offs - net	28	14,935	77,664	160,580	6,506
PROFIT BEFORE TAXATION		261,301	257,023	899,809	1,524,231
Taxation	29	161,655	105,668	301,998	596,524
PROFIT AFTER TAXATION		99,646	151,355	597,811	927,707
----- Rupees -----					
Basic and diluted earnings per share	30	0.10	0.15	0.60	0.93

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



Chairman



Chief Financial Officer



Director



Director



Director

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	----- Rupees in '000 -----			
Profit after taxation for the period	99,646	151,355	597,811	927,707
Other comprehensive income				
Items that will be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments - net	1,278,295	(1,190,055)	856,966	(2,041,700)
Related deferred tax	(447,403)	416,519	(299,938)	714,595
	830,892	(773,536)	557,028	(1,327,105)
Total comprehensive income	930,538	(622,181)	1,154,839	(399,398)

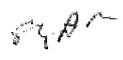
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director



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

	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of		Unappropriated profit	Total
			Investments	Fixed assets		
	Rupees in '000					
Balance as at January 1, 2018	10,002,524	2,550,263	(319,315)	774,183	2,390,464	15,398,119
Total Comprehensive Income	-	-	-	-	927,707	927,707
Profit after taxation for the nine months ended September 30, 2018	-	-	(1,327,105)	-	-	(1,327,105)
Other comprehensive income - net of tax	-	-	(1,327,105)	-	927,707	(399,398)
Transfer to statutory reserve	-	185,541	-	-	(185,541)	-
Transactions with owners recorded directly in equity	-	-	-	-	(1,500,557)	(1,500,557)
Final cash dividend for the year ended December 31, 2017 (Rs. 1.50 per share)	-	-	-	-	(1,500,557)	(1,500,557)
Balance as at September 30, 2018 (un-Audited)	10,002,524	2,735,804	(1,646,420)	774,183	1,632,073	13,498,164
Total Comprehensive Income	-	-	-	-	(461,608)	(461,608)
Loss after taxation for the three months ended December 31, 2018	-	-	(1,232,455)	-	(99,517)	(1,331,972)
Other comprehensive income - net of tax	-	-	(1,232,455)	-	(561,125)	(1,793,580)
Transfer to statutory reserve	-	(92,321)	-	-	92,321	-
Balance as at December 31, 2018 (audited)	10,002,524	2,643,483	(2,878,875)	774,183	1,163,269	11,704,584
Total Comprehensive Income	-	-	-	-	597,811	597,811
Profit after taxation for the nine months ended September 30, 2019	-	-	557,028	-	-	557,028
Other comprehensive income - net of tax	-	-	557,028	-	-	1,154,839
Transfer to statutory reserve	-	119,562	-	-	(119,562)	-
Balance as at September 30, 2019 (un-Audited)	10,002,524	2,763,045	(2,321,847)	774,183	1,641,518	12,859,423

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


Chairman


Chief Financial Officer


Director


Director


Director

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

	Note	Nine months ended September 30, 2019	Nine months ended September 30, 2018
----- 'Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		899,809	1,524,231
Less: Dividend income		7,912	32,553
		<u>891,897</u>	<u>1,491,678</u>
Adjustments:			
Depreciation		379,606	221,059
Amortization		32,224	41,701
Provisions and write offs - net	28	160,580	6,506
(Gain)/loss on sale of fixed assets		(219)	351
Finance charges on leased assets		109,990	-
Unrealized loss on securities		-	-
		<u>682,181</u>	<u>269,617</u>
		1,574,078	1,761,295
(Increase) / Decrease in operating assets			
Lendings to financial institutions		(4,930,684)	(349,337)
Held-for-trading securities		(3,081,560)	-
Advances		(24,052,790)	(9,727,447)
Others assets (excluding advance taxation)		(3,872,762)	(558,332)
		<u>(35,937,796)</u>	<u>(10,635,116)</u>
Increase / (Decrease) in operating liabilities			
Bills payable		(27,375)	(262,123)
Borrowings from financial institutions		50,723,259	(50,290,516)
Deposits		16,088,113	13,340,174
Liabilities against assets subject to finance lease		-	-
Other liabilities (excluding current taxation)		5,153,547	(1,313,383)
		<u>71,937,544</u>	<u>(38,525,848)</u>
Payments against off-balance sheet obligations		-	-
Income tax paid		(220,978)	(722,461)
Net cash flows generated from/ (used in) operating activities		<u>37,352,848</u>	<u>(48,122,130)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(41,277,301)	44,931,347
Net investments in held-to-maturity securities		191,756	5,643,518
Dividends received		7,912	32,553
Investments in operating fixed assets		(447,248)	(270,839)
Proceeds from sale of fixed assets		352	448
Net cash flows (used in)/ generated from investing activities		<u>(41,524,529)</u>	<u>50,337,027</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(44)	(1,500,847)
Net cash flows used in financing activities		<u>(44)</u>	<u>(1,500,847)</u>
Effects of exchange rate changes on cash and cash equivalents		-	-
(Decrease) / Increase in cash and cash equivalents		<u>(4,171,725)</u>	<u>714,050</u>
Cash and cash equivalents at beginning of the period		16,056,813	12,173,369
Cash and cash equivalents at end of the period		<u>11,885,088</u>	<u>12,887,419</u>

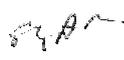
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019****1. STATUS AND NATURE OF BUSINESS**

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

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

- 3.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).
- Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

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

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

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

**4 BASIS OF MEASUREMENT
Accounting Convention**

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

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

5.1 Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

The recognised right-of-use assets are as follows

	September 30, 2019	January 01, 2019
	----- Rupees '000 -----	----- Rupees '000 -----
Property	1,071,189	1,213,428

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

Impact on Statement of Financial Position

Increase in fixed assets - right-of-use assets	1,071,189	1,213,428
Decrease in other assets - advance rent and other prepayments	(121,651)	(112,607)
Increase in other assets - advance taxation	11,470	-
	961,008	1,100,821
Increase in other liabilities - lease liability against right-of-use assets	(943,067)	(1,100,821)
Increase in net assets	17,941	-

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

Impact on Profit and Loss account	For the nine months ended September 30, 2019 (Rupees '000)
Depreciation expense of right-of-use assets	(142,239)
Interest expense on lease liabilities	(109,990)
Rent expense	<u>281,640</u>
Increase in profit before tax	29,411
Increase in tax	<u>(11,470)</u>
increase in profit after tax	<u>17,941</u>

Earnings per share for the nine months ended September 30, 2019 are Rs 0.02 per share higher as a result of the adoption of IFRS 16.

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

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	January 01, 2020
	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

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

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

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

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

5.4 Critical accounting estimates and judgements

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

5.5 Financial Risk Management

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

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

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	1,827,081	2,110,143
Foreign currency	136,338	247,451
	1,963,419	2,357,594
With State Bank of Pakistan in		
Local currency current account	6,701,621	9,051,401
Foreign currency current account	56,982	82,680
Foreign currency deposit account	111,420	73,760
	6,870,023	9,207,841
With National Bank of Pakistan in		
Local currency current accounts	590,079	767,556
Local currency deposit accounts	890	6,658
Foreign currency deposit accounts	10,098	9,517
	601,067	783,731
Prize bonds	16,145	2,287
	9,450,654	12,351,453
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	2,012,155	3,008,582
In deposit accounts	34,649	577,196
	2,046,804	3,585,778
Outside Pakistan		
In current accounts	54,454	18,785
In deposit accounts	343,204	110,825
	397,658	129,610
Provision for doubtful placement with the bank	(10,028)	(10,028)
	2,434,434	3,705,360
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	500,000	2,500,000
Repurchase agreement lendings (Reverse Repo)	9,294,979	5,195,642
Bai Muajjal receivable from State Bank of Pakistan	2,831,347	-
Placements with financial institutions	238,944	238,944
	12,865,270	7,934,586
Less: Provision held against lending to financial institutions	(238,944)	(238,944)
Lending to financial institutions - net of provision	12,626,326	7,695,642

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

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

9 INVESTMENTS	(Un-audited) September 30, 2019				(Audited) December 31, 2018			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
9.1 Investments by type:								
	Rupees in '000							
Held-for-trading securities								
Federal Government Securities	3,081,559	-	-	3,081,559	-	-	-	-
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Non Government Debt Securities	-	-	-	-	-	-	-	-
Foreign Securities	-	-	-	-	-	-	-	-
	<u>3,081,559</u>	<u>-</u>	<u>-</u>	<u>3,081,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available-for-sale securities								
Federal Government Securities	109,727,010	-	(3,637,470)	106,089,540	68,450,985	-	(4,524,391)	63,926,594
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares	838,890	(566,126)	71,397	344,161	685,990	(566,126)	95,352	213,216
Non Government Debt Securities	7,080,285	(275,879)	(6,000)	6,798,406	7,233,909	(275,879)	-	6,958,030
Foreign Securities	-	-	-	-	-	-	-	-
	<u>117,646,185</u>	<u>(842,005)</u>	<u>(3,572,073)</u>	<u>113,232,107</u>	<u>76,368,884</u>	<u>(842,005)</u>	<u>(4,429,039)</u>	<u>71,097,840</u>
Held-to-maturity securities								
Federal Government Securities	22,903,140	-	-	22,903,140	23,094,895	-	-	23,094,895
Provincial Government Securities	-	-	-	-	-	-	-	-
Non Government Debt Securities	-	-	-	-	-	-	-	-
Foreign Securities	-	-	-	-	-	-	-	-
	<u>22,903,140</u>	<u>-</u>	<u>-</u>	<u>22,903,140</u>	<u>23,094,895</u>	<u>-</u>	<u>-</u>	<u>23,094,895</u>
Associate Subsidiaries								
Associate Subsidiaries	40,504	-	-	40,504	40,504	-	-	40,504
	<u>40,504</u>	<u>-</u>	<u>-</u>	<u>40,504</u>	<u>40,504</u>	<u>-</u>	<u>-</u>	<u>40,504</u>
Total	<u>143,671,388</u>	<u>(842,005)</u>	<u>(3,572,073)</u>	<u>139,257,310</u>	<u>99,504,283</u>	<u>(842,005)</u>	<u>(4,429,039)</u>	<u>94,233,239</u>

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
9.1.1 Investments given as collateral		
Market Treasury Bills	40,080,216	7,406,373
Pakistan Investment Bonds	30,110,907	21,965,384
	<u>70,191,123</u>	<u>29,371,757</u>

9.2 Provision for diminution in value of investments	(Un-audited) September 30, 2019	(Audited) December 31, 2018
9.2.1 Opening balance	-	865,176
Exchange adjustments	-	-
Charge / reversals	-	-
Charge for the period / year	-	(3,755)
Reversals for the period / year	-	(19,416)
Reversal on disposals	-	(23,171)
Transfers - net	-	-
Amounts written off	-	-
Closing balance	<u>842,005</u>	<u>842,005</u>

9.2.2 Particulars of provision against debt securities	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Non performing investments	Provisions	Non performing investments	Provisions
	Rupees in '000			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	275,879	275,879	275,879	275,879
	<u>275,879</u>	<u>275,879</u>	<u>275,879</u>	<u>275,879</u>
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Up to 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
>365 days	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>275,879</u>	<u>275,879</u>	<u>275,879</u>	<u>275,879</u>

9.3 The market value of securities classified as held-to-maturity amounted to Rs. 21,253,940 thousand as at September 30, 2019 (December 31, 2018: Rs. 21,062,000 thousand).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**
10 ADVANCES

	Performing		Non performing		Total	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	Rupees in '000					
Loans, cash credits, running finances, etc.	69,912,374	59,077,654	4,786,252	4,121,876	74,698,626	63,199,530
Islamic financing and related assets	47,243,332	35,294,489	296,564	313,506	47,539,896	35,607,995
Bills discounted and purchased	774,125	136,480	207,118	222,970	981,243	359,450
Advances - gross	117,929,831	94,508,623	5,289,934	4,658,352	123,219,765	99,166,975
Provision against advances						
- Specific	-	-	4,273,719	4,119,221	4,273,719	4,119,221
- General	41,933	35,851	-	-	41,933	35,851
	41,933	35,851	4,273,719	4,119,221	4,315,652	4,155,072
Advances - net of provision	117,887,898	94,472,772	1,016,215	539,131	118,904,113	95,011,903
					(Un-audited)	(Audited)
					September 30, 2019	December 31, 2018
					----- Rupees in '000 -----	
					123,219,765	99,166,975
					-	-
					123,219,765	99,166,975

10.1 Particulars of advances (Gross)

In local currency
In foreign currencies

10.2 Advances include Rs.5,289,934 thousand (December 2018: Rs. 4,658,352 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Non performing loans	Provision	Non performing loans	Provision
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	78,892	17	10,308	-
Substandard	190,321	8,698	129,817	4,361
Doubtful	495,912	136,062	239,992	45,855
Loss	4,524,809	4,128,942	4,278,235	4,069,005
	5,289,934	4,273,719	4,658,352	4,119,221
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	5,289,934	4,273,719	4,658,352	4,119,221

10.3 Particulars of provision against advances

	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	4,119,221	35,851	4,155,072	4,278,567	24,954	4,303,521
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year	207,340	6,082	213,422	309,531	10,897	320,428
Reversals	(52,842)	-	(52,842)	(468,877)	-	(468,877)
	154,498	6,082	160,580	(159,346)	10,897	(148,449)
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	4,273,719	41,933	4,315,652	4,119,221	35,851	4,155,072

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

10.3.2 State Bank of Pakistan through various circulars has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification. As at September 30, 2019 the Bank has availed cumulative benefit of forced sale values of Rs. 502,432 thousand (December 2018: Rs. 285,790 thousand). Increase in unappropriated profit net of tax amounting to Rs. 326,581 thousand (December 2018: Rs. 185,764 thousand) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

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

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
11	FIXED ASSETS		
	Capital work-in-progress	11.1 410,600	291,647
	Property and equipment	1,789,195	1,924,775
	Right of use asset	5.2.2 1,071,189	-
		3,270,984	2,216,422
11.1	Capital work-in-progress		
	Civil works	294,827	284,396
	Equipment	16,201	7,251
	Advances to suppliers	99,572	-
		410,600	291,647
11.2	Additions to fixed assets		
	Following additions have been made to fixed assets during the period:		
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
	Capital work-in-progress	118,953	31,404
	Property and equipment		
	Freehold land	-	-
	Leasehold land	-	-
	Building on freehold land	-	-
	Building on leasehold land	-	-
	Furniture and fixture	6,392	16,413
	Electrical, office and computer equipment	75,653	110,643
	Vehicles	112	3,393
	Renovation	19,761	111,168
	Books	-	80
		101,918	241,697
		220,871	273,101
11.3	Disposals of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
	Freehold land	-	-
	Leasehold land	-	-
	Building on freehold land	-	-
	Building on leasehold land	-	-
	Furniture and fixture	83	309
	Electrical office and computer equipment	51	10
	Vehicles	-	-
	Renovation	-	973
		134	1,292
12	INTANGIBLE ASSETS		
	Work in progress	210,467	8,300
	Computer software	62,534	70,550
		273,001	78,850

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

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
12.1 Additions to intangible assets		
Following additions have been made to intangible assets during the period:		
Developed internally	-	-
Directly purchased	24,210	48,390
Through business combination	-	-
Total	24,210	48,390
12.2 Disposals of intangible assets		
The net book value of intangible assets disposed off during the period is as follows:		
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-
13 DEFERRED TAX ASSET / (LIABILITY) - NET		
Deductible temporary differences on		
- Re-measurement of defined benefit plan	27,586	27,586
- Deficit on revaluation of investments	1,250,226	1,550,164
- Accelerated tax depreciation	76,740	50,978
- (Reversal) / Provision against loans and advances-net	45,760	-
- Provision for balances with other banks	3,510	3,510
- Provision for diminution in value of investments	77,981	78,157
- Provision for other assets	3,448	3,448
- Islamic Pool Management reserve	54,837	49,899
	1,540,088	1,763,742
Taxable temporary differences on		
- (Reversal) / provision against loans and advances - net	-	(6,291)
	1,540,088	1,757,451
14 OTHER ASSETS		
Income/ mark-up accrued in local currency - net of provision	8,651,443	4,386,767
Advances for Pre-IPO	100,000	100,000
Advances, deposits, advance rent and other prepayments	51,431	660,898
Advance taxation (payments less provisions)	507,234	670,828
Non-banking assets acquired in satisfaction of claims	-	-
Receivable from Provident Fund Trust	5,232	-
Mark to market gain on forward foreign exchange contracts	-	-
Receivable on account of sale of securities	10,860	87,902
Stationary and stamps on hand	36,594	18,863
Others	436,752	263,831
	9,799,546	6,189,089
Less: Provision held against other assets	144,426	144,426
Other Assets (Net of provision)	9,655,120	6,044,663
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
Other assets total	9,655,120	6,044,663
14.1 Provision held against other assets		
Advances for Pre-IPO	100,000	100,000
Others	44,426	44,426
	144,426	144,426
14.1.1 Movement in provision held against other assets		
Opening balance	144,426	143,833
Charge for the period / year	-	593
Reversals	-	-
Closing balance	144,426	144,426
15 BILLS PAYABLE		
In Pakistan	867,751	895,126
Outside Pakistan	-	-
	867,751	895,126

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

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
16 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan(SBP)		
Under export refinance scheme	2,840,033	3,299,000
Under Locally Manufactured Machinery (LMM) scheme	-	-
Long Term Financing Facility (LTFF)	1,570,037	1,209,271
Livestock and Dairy	72,391	40,000
	4,482,461	4,548,271
Repurchase agreement borrowings	47,908,624	18,815,672
Borrowings from subsidiary companies, managed modarabas and associated undertakings	-	-
Borrowings from directors (including chief executive) of the bank	-	-
Bai Muajjal Borrowing	27,924,288	10,478,171
	80,315,373	33,842,114
Unsecured		
Bai Muajjal Borrowing	-	-
Call borrowings	5,250,000	1,000,000
	85,565,373	34,842,114

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	35,242,544	373,556	35,616,100	33,724,537	658,829	34,383,366
Saving deposits	70,071,243	343,647	70,414,890	56,316,293	134,854	56,451,147
Term deposits	74,306,343	-	74,306,343	74,575,968	-	74,575,968
Others	6,891,459	-	6,891,459	5,595,363	-	5,595,363
	186,511,589	717,203	187,228,792	170,212,161	793,683	171,005,844
Financial Institutions						
Current deposits	425	-	425	2,689	-	2,689
Saving deposits	26,452	-	26,452	159,023	-	159,023
Term deposits	-	-	-	-	-	-
	26,877	-	26,877	161,712	-	161,712
	186,538,466	717,203	187,255,669	170,373,873	793,683	171,167,556

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

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----			
18 OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		5,736,263	2,331,098
Mark-up/ return/ interest payable in foreign currency		324	69
Unearned commission and income on bills discounted		63,456	119,605
Accrued expenses		168,209	180,357
Unclaimed dividends		29,016	29,060
Branch adjustment account		624,849	754,017
Unremitted head office expenses		-	-
Charity fund payable		20,164	9,156
Provision against off-balance sheet obligations		-	-
Employees benefits payable		50,616	276,373
Security deposits against lease		-	-
Security deposits against ijarah		338,485	340,901
Deferred income murabaha		130,785	117,499
Deferred income government schemes		43,766	37,427
Islamic pool management reserve		156,949	142,569
Share subscription money refund		1,091	1,091
Retention money		23,767	24,903
Mark up in suspense		41,319	22,383
Deferred income on Bai-Maujjal		2,159,031	-
Lease liability against right-of-use assets	5.2.2	943,067	-
Bills payment system over the counter		120,868	-
Marked to market loss on forward foreign exchange contracts		59,839	-
Others		151,950	99,095
		<u>10,863,814</u>	<u>4,485,603</u>
19 DEFICIT ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	9.1	(3,572,073)	(4,429,039)
- Fixed assets		774,183	774,183
- Non-banking assets acquired in satisfaction of claims		-	-
		<u>(2,797,890)</u>	<u>(3,654,856)</u>
Deferred tax on deficit on revaluation of:			
- Available for sale securities		1,250,226	1,550,164
- Fixed assets		-	-
- Non-banking assets acquired in satisfaction of claims		-	-
		<u>1,250,226</u>	<u>1,550,164</u>
		<u>(1,547,664)</u>	<u>(2,104,692)</u>
20 CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	15,194,261	15,959,908
- Commitments	20.2	20,899,891	13,545,311
		<u>36,094,152</u>	<u>29,505,219</u>
20.1 Guarantees:			
Financial guarantees		1,935,663	3,719,981
Performance guarantees		13,054,327	11,689,103
Other guarantees		204,271	550,824
		<u>15,194,261</u>	<u>15,959,908</u>
20.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		3,904,970	10,334,256
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	16,153,870	3,206,101
- Forward government securities transactions		-	-
- Derivatives		-	-
- Forward lending		-	-
- Operating leases		-	-
Commitments for acquisition of:			
- Fixed assets		517,276	4,954
- Intangible assets		323,775	-
Other commitments		-	-
		<u>20,899,891</u>	<u>13,545,311</u>

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

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
20.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	8,064,614	1,705,102
Sale	8,089,256	1,500,999
	<u>16,153,870</u>	<u>3,206,101</u>
20.3 Other contingent liabilities		
<p>During financial year 2011, the tax authorities issued an amended order for the tax year 2009 disallowing certain expenditure on account of lack of evidence for such expenditure resulting in an additional tax demand of Rs. 308,900 thousand. The Bank filed an appeal as well as rectification application against the said order. Based on rectification application, the order was amended and accordingly the additional demand was reduced to Rs. 256,349 thousand. During 2012, the Commissioner Inland Revenue (Appeals) [CIR (A)] through an order dated June 01, 2012 has deleted certain additions on account of disallowances except for the additions under certain heads of expenses having tax impact of approximately Rs. 23,000 thousand. The Bank had filed an appeal against the order of the Appellate Tribunal Inland Revenue (ATIR) in respect of remaining additions which also decided in favor of the Bank. Subsequently, CIR went in to appeal in Peshawar High Court. The management is confident that matter will be decided in the Bank's favor.</p>		
	(Un-audited) Nine months ended September 30, 2019	(Un-audited) Nine months ended September 30, 2018
	----- Rupees in '000 -----	
21 MARK-UP / RETURN / INTEREST EARNED		
On:		
a) Loans and advances	9,282,124	4,678,920
b) Investments	6,208,045	5,659,556
c) Lendings to Financial Institutions	1,784,840	263,183
d) Balances with banks	29,343	16,362
	<u>17,304,352</u>	<u>10,618,021</u>
22 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
a) Deposits	11,033,564	5,150,576
b) Borrowings	2,505,258	1,506,566
	<u>13,538,822</u>	<u>6,657,142</u>
23 FEE AND COMMISSION INCOME		
Branch banking customer fees	29,731	57,126
Consumer finance related fees	4,167	6,299
Credit related fees (debit cards)	28,214	23,138
Credit related fees	46,093	50,898
Investment banking fees	20,668	26,223
Commission on trade	9,747	3,518
Commission on guarantees	126,451	126,954
Commission on remittances including home remittances	18,556	19,382
Others	3,445	5,169
	<u>287,072</u>	<u>318,707</u>
24 (LOSS) / GAIN ON SECURITIES - NET		
Realized	19,711	13,794
Unrealized	-	-
	<u>19,711</u>	<u>13,794</u>
24.1 Realized (loss) / gain on:		
Federal Government Securities	21,756	13,630
Provincial Government Securities	-	-
Shares	(812)	164
Non Government Debt Securities	(1,233)	-
Foreign Securities	-	-
Associates	-	-
Subsidiaries	-	-
	<u>19,711</u>	<u>13,794</u>

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

	(Un-audited) Nine months ended September 30, 2019	(Un-audited) Nine months ended September 30, 2018
	----- Rupees in '000 -----	
25 OTHER INCOME		
Rent on property	19,197	8,586
Gain/ (loss) on sale of fixed assets - net	219	(351)
Service income on Government schemes	2,681	3,274
Postal, swift and other services	68,813	57,200
Rebate from financial institutions	3,931	3,473
	<u>94,841</u>	<u>72,182</u>
26 OPERATING EXPENSES		
Total compensation expense	1,838,063	1,710,882
Property expense		
Rates and taxes	5,525	273,124
Insurance	-	-
Utilities cost	108,886	92,673
Security (including guards)	93,976	90,265
Repair and maintenance (including janitorial charges)	2,592	2,664
Finance cost on Right of use assets	109,990	-
Depreciation	249,485	99,996
	570,454	558,722
Information technology expenses		
Software maintenance	60,249	7,565
Hardware maintenance	17,238	22,421
Depreciation	108,768	100,204
Amortization	32,224	41,701
Network charges	7,431	7,980
ATM charges	100,200	88,021
Others	1,477	-
	327,587	267,893
Other operating expenses		
Directors' fees and allowances	7,435	7,890
Fees and allowances to Shariah Board	320	383
Legal and professional charges	30,850	18,212
Outsourced services costs	57,615	60,451
Travelling and conveyance	45,832	45,405
NIFT clearing charges	8,242	7,312
Depreciation	21,353	20,861
Training and development	6,526	5,212
Postage and courier charges	15,045	17,392
Communication	40,178	41,633
Stationery and printing	34,457	36,408
Marketing, advertisement and publicity	31,819	25,202
Donations	-	25
Auditors remunerations	8,923	11,980
Repair and maintenance	8,964	4,008
Insurance expense	34,029	27,704
Brokerage and commission	33,414	16,003
Rent and taxes	866	893
Entertainment	20,118	19,686
News papers and periodicals	1,401	1,099
Fees and subscription	6,239	2,251
Deposit protection premium	47,538	-
Cash carriage charges	33,156	28,812
Others	19,925	16,078
	514,245	414,902
	<u>3,250,349</u>	<u>2,952,399</u>

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

Note	(Un-audited) Nine months ended September 30, 2019	(Un-audited) Nine months ended September 30, 2018
----- Rupees in '000 -----		
27 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	7,498	22,145
28 PROVISIONS AND WRITE OFFS - NET		
Reversal for diminution in value of investments	9.2 -	(5,763)
Provisions against loans & advances	10.3 160,580	12,204
Bad debts written off directly	-	65
	<u>160,580</u>	<u>6,506</u>
29 TAXATION		
Current	432,238	613,905
Prior periods	(47,664)	-
Deferred	(82,576)	(17,381)
	<u>301,998</u>	<u>596,524</u>
29.1	Includes super tax, levied through Finance Act, 2020, at the rate of 4% on the taxable income for the period ended September 30, 2019.	
	(Un-audited) Nine months ended September 30, 2019	(Un-audited) Nine months ended September 30, 2018
----- Rupees in '000 -----		
30 BASIC AND DILUTED EARNING PER SHARE		
Profit for the period	597,811,071	927,707,122
Weighted average number of ordinary shares	1,000,252,485	1,000,252,485
Basic earnings per share	<u>0.60</u>	<u>0.93</u>

31 FAIR VALUE MEASUREMENTS

The fair value of quoted investments other than those classified as held to maturity is based on quoted market prices. The fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per their latest available audited financial statements. The fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

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

31.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy in to which the fair value measurement is categorized:

	(Un-audited) September 30, 2019			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities		109,171,099	-	109,171,099
Shares	287,903		-	287,903
Term Finance Certificates		1,926,000	-	1,926,000
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	22,903,140	-	22,903,140
Shares	-	56,258	-	56,258
Non-Government Debt Securities	-	4,872,406	-	4,872,406
Associates	-	40,504	-	40,504
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	8,064,614	-	8,064,614
Forward sale of foreign exchange	-	8,089,256	-	8,089,256
(Audited) December 31, 2018				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	63,926,594	-	63,926,594
Shares	156,958		-	156,958
Term Finance Certificates	-	1,600,000	-	1,600,000
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	23,094,895	-	23,094,895
Shares	-	56,258	-	56,258
Non-Government Debt Securities	-	5,358,030	-	5,358,030
Associates	-	40,504	-	40,504
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	1,705,102	-	1,705,102
Forward sale of foreign exchange	-	1,500,999	-	1,500,999

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

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

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

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

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

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

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

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

Operating fixed assets (Leasehold land) Leasehold land are revalued on regular basis using professional values on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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32 SEGMENT INFORMATION
32.1 Segment details with respect to business activities

	(Un-audited) September 30, 2019				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
Profit & loss					
Net mark-up / return / profit	2,265,550	455,666	246,296	798,018	3,765,530
Non mark-up / return / interest income	265,745	204,737	12,475	69,749	552,706
Total income	2,531,295	660,403	258,771	867,767	4,318,236
Segment direct expenses	1,584,137	263,644	40,041	1,370,025	3,257,847
Total expenses	1,584,137	263,644	40,041	1,370,025	3,257,847
Provisions	-	-	21,195	139,385	160,580
Profit before tax	947,158	396,759	197,535	(641,643)	899,809
Balance sheet					
Cash and bank balances	6,701,621	377,853	4,751,160	54,454	11,885,088
Lendings to financial institutions	-	12,626,326	-	-	12,626,326
Investments	124,227,651	6,167	-	15,023,492	139,257,310
Advances - performing	76,600,408	9,393,117	4,650,886	28,259,702	118,904,113
Operating fixed assets/intangible assets	-	-	-	3,543,985	3,543,985
Deferred tax assets	-	1,408,456	3,448	128,184	1,540,088
Others	6,092,772	803,792	394,530	2,364,026	9,655,120
Total assets	213,622,452	24,615,711	9,800,024	49,373,843	297,412,030
Bills payable	-	-	867,751	-	867,751
Borrowings	-	5,250,000	-	80,315,373	85,565,373
Deposits and other accounts	131,078,968	16,853,010	1,872,557	37,451,134	187,255,669
Liabilities against assets subject to finance lease	-	-	-	-	-
Others	7,605,253	977,818	108,646	2,172,097	10,863,814
Total liabilities	138,684,221	23,080,828	2,848,954	119,938,604	284,552,607
Equity	74,938,815	1,534,957	6,951,077	(70,565,426)	12,859,423
Total equity and liabilities	213,623,036	24,615,785	9,800,032	49,373,178	297,412,030
Contingencies and commitments	23,100,257	1,082,825	1,804,708	10,106,362	36,094,152
	(Un-audited) September 30, 2018				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
Profit and loss					
Net mark-up / return / profit	4,508,057	(1,147,276)	171,918	428,180	3,960,879
Non mark-up / return / interest income	264,638	190,643	23,064	66,057	544,402
Total income	4,772,695	(956,633)	194,982	494,237	4,505,281
Segment direct expenses	1,717,291	234,761	59,180	963,312	2,974,544
Total expenses	1,717,291	234,761	59,180	963,312	2,974,544
Provisions	-	-	6,506	-	6,506
Profit before tax	3,055,404	(1,191,394)	129,296	(469,075)	1,524,231
	(Audited) December 31, 2018				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
Balance sheet					
Cash and bank balances	9,051,401	688,021	6,298,606	18,785	16,056,813
Lendings to financial Institutions	-	7,695,642	-	-	7,695,642
Investments	90,491,491	1,518,261	-	2,223,487	94,233,239
Advances - performing	54,109,118	1,977,368	4,253,967	34,671,450	95,011,903
Operating fixed assets/intangible assets	-	-	-	2,295,272	2,295,272
Deferred tax assets	1,640,876	(3,184)	3,448	116,311	1,757,451
Liabilities against assets subject to finance lease	-	-	-	-	-
Others	3,168,513	89,272	220,290	2,566,587	6,044,662
Total assets	158,461,399	11,965,380	10,776,311	41,891,892	223,094,983
Bills payable	-	-	895,126	-	895,126
Borrowings	-	30,293,843	-	4,548,271	34,842,114
Deposits and other accounts	128,375,667	6,846,702	1,711,676	34,233,511	171,167,556
Others	3,364,202	179,425	44,855	897,120	4,485,602
Total liabilities	131,739,869	37,319,970	2,651,657	39,678,902	211,390,399
Equity	26,721,530	(25,354,590)	8,124,654	2,212,990	11,704,584
Total equity and liabilities	158,461,399	11,965,380	10,776,311	41,891,892	223,094,983
Contingencies and commitments	18,769,612	3,206,101	2,646,165	4,883,341	29,505,219

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY RATIO		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,002,524	10,002,524
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	10,806,886	9,587,071
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	10,806,886	9,587,071
Eligible Tier 2 Capital	-	35,851
Total Eligible Capital (Tier 1 + Tier 2)	10,806,886	9,622,922
Risk weighted assets (RWAs):		
Credit risk	59,212,900	55,368,559
Market risk	16,001,615	12,766,137
Operational risk	10,259,721	10,259,721
Total	85,474,236	78,394,417
Common Equity Tier 1 Capital Adequacy Ratio	12.64%	12.23%
Tier 1 Capital Adequacy Ratio	12.64%	12.23%
Total Capital Adequacy Ratio	12.64%	12.28%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	10,806,886	9,587,071
Total Exposure	300,742,492	263,853,741
Leverage Ratio	3.59%	3.63%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	66,201,820	60,817,347
Total Net Cash Outflow	56,044,397	55,418,370
Liquidity Coverage Ratio	118.19%	109.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	131,496,903	116,343,436
Total Required Stable Funding	118,679,747	97,573,326
Net Stable Funding Ratio	110.80%	119.24%

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

35 ISLAMIC BANKING BUSINESS

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

Note	(Un-Audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
ASSETS		
	3,644,276	4,222,345
Cash and balances with treasury banks	917,978	1,629,801
Balances with other banks	2,831,347	2,000,000
Due from financial institutions	12,017,228	10,573,630
Investments	47,384,459	35,466,569
Islamic financing and related assets - net	634,711	280,407
Fixed assets	4,031	5,845
Intangible assets	1,427,421	-
Due from head office	4,592,268	867,929
Other assets	73,453,719	55,046,525
Total Assets		
LIABILITIES		
	323,554	336,698
Bills payable	13,750,000	1,500,000
Due to financial institutions	48,577,179	45,894,040
Deposits and other accounts	-	1,078,829
Due to head office	-	-
Subordinated debt	4,687,291	1,168,149
Other liabilities	67,338,024	49,977,715
	6,115,695	5,068,810
NET ASSETS		
REPRESENTED BY		
	460,000	460,000
Islamic banking fund	52,789	44,855
Reserves	(43,800)	(34,432)
Deficit on revaluation of assets	5,646,706	4,598,387
Unappropriated profit	6,115,695	5,068,810

CONTINGENCIES AND COMMITMENTS

35.5

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

Note	(Un-Audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
	4,812,244	2,290,143
Profit / return earned	2,021,850	852,117
Profit / return expensed	2,790,394	1,438,026
Net profit / return		
OTHER INCOME		
	73,419	60,997
Fee and Commission Income	-	-
Dividend Income	45,865	47,118
Foreign Exchange Income	4,306	-
Gain on securities	30,798	33,498
Other income	154,388	141,613
Total other income	2,944,782	1,579,639
OTHER EXPENSES		
	1,184,520	1,088,914
Operating expenses	-	-
Workers Welfare Fund	27,698	9,268
Other charges	1,212,218	1,098,182
Total other expenses	1,732,564	481,457
Profit before provisions	14,012	(10,875)
Provisions and write offs - net	1,718,552	492,332
Profit before taxation	670,233	192,009
Taxation	1,048,319	300,323
Profit after taxation		

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

	(Un-audited)		(Audited)	
	September 30, 2019		December 31, 2018	
	In local currency	In foreign currencies	In local currency	In foreign currencies
35.1 Due from financial institutions				
Bai Muajjal receivable from State Bank of Pakistan	2,831,347	-	2,831,347	-
Call lendings	-	-	2,000,000	-
	2,831,347	-	2,831,347	2,000,000
	Rupees in '000			

	(Un-audited)		(Audited)	
	September 30, 2019		December 31, 2018	
	Provision for diminution	Carrying value	Provision for diminution	Carrying value
35.2 Investments by segments:				
Federal Government Securities:				
- GOP Ijarah sukuk	-	1,281,456	-	(34,432)
- Bai Muajjal sukuk	(43,800)	6,388,711	-	-
Non-Government Debt Securities				
- Un-listed	-	4,347,061	4,358,030	-
	(43,800)	12,017,228	10,698,062	(34,432)
	Rupees in '000			

	(Un-audited)		(Audited)	
	September 30, 2019		December 31, 2018	
	Cost	Provision for diminution	Cost	Carrying value
35.3 Islamic financing and related assets - net				
Ijarah	1,325,256	-	6,250,032	6,215,600
Murabaha	6,388,711	-	-	-
Diminishing musharaka	4,347,061	-	4,358,030	4,358,030
Salam	12,065,028	-	10,698,062	10,573,630
			(34,432)	
			(Un-audited)	(Audited)
	September 30, 2019	December 31, 2018		
	Rupees in '000			

	(Un-audited)		(Audited)	
	September 30, 2019		December 31, 2018	
	Cost	Provision for diminution	Cost	Carrying value
35.3 Islamic financing and related assets - net				
Ijarah	1,106,425	-	1,138,904	1,138,904
Murabaha	3,021,935	-	3,268,313	3,268,313
Diminishing musharaka	5,206,453	-	4,291,097	4,291,097
Salam	4,220,554	-	3,849,993	-
Running musharka	33,983,630	-	23,026,000	3,849,993
Qarze hasna	900	-	33,688	23,026,000
Gross Islamic financing and related assets	47,539,897	-	35,607,995	35,607,995
Less: provision against Islamic financings				
- Specific	142,241	-	125,439	125,439
- General	13,197	-	15,987	15,987
	155,438	-	141,426	141,426
	47,384,459	-	35,466,569	35,466,569
	Rupees in '000			

Islamic financing and related assets - net of provision

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

35.4 Deposits and other accounts	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	17,916,329	55,826	17,972,155	19,196,004	322,813	19,518,817
Savings deposits	25,688,457	-	25,688,457	21,761,903	-	21,761,903
Term deposits	2,731,818	-	2,731,818	2,309,946	-	2,309,946
Others	2,184,509	-	2,184,509	2,212,882	-	2,212,882
	<u>48,521,113</u>	<u>55,826</u>	<u>48,576,939</u>	<u>45,480,735</u>	<u>322,813</u>	<u>45,803,548</u>
Financial Institutions						
Current deposits	-	-	-	1,494	-	1,494
Savings deposits	240	-	240	88,998	-	88,998
	<u>48,521,353</u>	<u>55,826</u>	<u>48,577,179</u>	<u>45,571,227</u>	<u>322,813</u>	<u>45,894,040</u>
				(Un-audited) September 30, 2019	(Audited) December 31, 2018	
				----- Rupees in '000 -----		
35.5 Contingencies and commitments				4,346,816	4,608,139	
- Guarantees				1,105,986	1,500,966	
- Commitments				<u>5,452,802</u>	<u>6,109,105</u>	
				(Un-audited) September 30, 2019	(Un-audited) September 30, 2018	
				----- Rupees in '000 -----		
35.6 Profit/return earned of financing, investments and placements						
Profit earned on:						
Financing				3,590,374	1,761,166	
Investments				1,221,470	527,285	
Placements				400	1,692	
				<u>4,812,244</u>	<u>2,290,143</u>	
35.7 Profit on deposits and other dues expensed						
Deposits and other accounts				1,448,067	439,530	
Due to Financial Institutions				573,783	412,587	
				<u>2,021,850</u>	<u>852,117</u>	
				(Un-audited) September 30, 2019	(Audited) December 31, 2018	
				----- Rupees in '000 -----		
35.8 Islamic banking business unappropriated profit				4,598,387	4,094,931	
Opening balance				1,718,552	825,338	
Add: Islamic banking profit for the year				670,233	321,882	
Less: Taxation				-	-	
Less: Reserves				-	-	
Closing balance				<u>5,646,706</u>	<u>4,598,387</u>	

36 **Profit equalization reserve**
The profit equalization reserves amounting to Rs. 52,789 thousand (2018: Rs. 44,855 thousand) classified in other liabilities, which has been presented as reserves in note 35.

37 **GENERAL**

37.1 **Comparatives**

Comparative information has been reclassified, rearranged or additionally incorporated in this condensed interim financial information for the purposes of better presentation. The comparative information has also been reclassified and / or restated as a result of revised format of interim financial information as more fully explained in note 2.4 to this condensed interim financial information.

37.2 Figures have been rounded to the nearest thousand rupees, unless, otherwise stated.

38 **DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 25, 2019 by the Board of Directors of the Bank.



Chairman



Chief Financial Officer



Director



Director



Director



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