



Bank AL Habib Limited

ACCOUNTS FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2019
Unaudited

هَذَا مِنْ فَضْلِ رَبِّي



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CORPORATE INFORMATION

Board of Directors	Abbas D. Habib Anwar Haji Karim Farhana Mowjee Khan Syed Mazhar Abbas Qumail R. Habib Safar Ali Lakhani Syed Hasan Ali Bukhari Murtaza H. Habib Arshad Nasar Adnan Afridi	<i>Chairman</i>
		<i>Executive Director</i>
Audit Committee	Mansoor Ali Khan	<i>Chief Executive</i>
	Safar Ali Lakhani Syed Mazhar Abbas Anwar Haji Karim Syed Hasan Ali Bukhari Arshad Nasar	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Human Resource & Remuneration Committee	Syed Hasan Ali Bukhari Syed Mazhar Abbas Abbas D. Habib Farhana Mowjee Khan Arshad Nasar	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Credit Risk Management Committee	Syed Mazhar Abbas Safar Ali Lakhani Qumail R. Habib Syed Hasan Ali Bukhari Murtaza H. Habib	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Risk Management Committee	Adnan Afridi Qumail R. Habib Farhana Mowjee Khan Anwar Haji Karim Safar Ali Lakhani	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
IT Committee	Abbas D. Habib Qumail R. Habib Arshad Nasar Syed Mazhar Abbas Mansoor Ali Khan	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Company Secretary	Mohammad Taqi Lakhani	



**Chief Financial
Officer**

Ashar Husain

**Statutory
Auditors**

EY Ford Rhodes
Chartered Accountants

**Legal
Advisor**

LMA Ebrahim Hosain
Barristers, Advocates & Corporate Legal Consultants

**Registered
Office**

126-C, Old Bahawalpur Road,
Multan

**Principal
Office**

2nd Floor, Mackinnons Building,
I.I. Chundrigar Road,
Karachi

**Share
Registrar**

CDC Share Registrar Services Limited
CDC House 99-B, Block-B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi-74400.

Website

www.bankalhabib.com



DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiary AL Habib Capital Markets (Private) Limited for the nine months ended September 30, 2019.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 862.3 billion as compared to Rs. 796.9 billion on December 31, 2018. In the same period, advances increased to Rs. 492.5 billion from Rs. 478.2 billion, while investments increased to Rs. 622.8 billion from Rs. 414.6 billion. The pre-tax profit of the Bank for the nine months period ended September 30, 2019 was Rs. 12.88 billion as compared to Rs. 9.92 billion during the corresponding period last year. The profit after tax for the period ended September 30, 2019 was Rs. 7.01 billion compared with Rs. 5.90 billion during 2018.

By the Grace of Allah, the Bank now has a network of 751 offices, comprising 710 branches, 37 sub-branches, and 4 Representative Offices. Our branch network includes 78 Islamic Banking Branches and 3 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2019.

Alhamdulillah, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term and short term entity ratings at **AA+** (Double A plus) and **A1+** (A One plus), respectively. The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AA** (Double A) for TFC-2016 and TFC-2018, and **AA-** (Double A minus) for TFC-2017 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

We wish to thank our customers, for their continued trust and support, local & foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication and hard work.

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: October 24, 2019



ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 30 ستمبر 2019 کو ختم ہونے والے نو ماہ کے لئے بینک الحبیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحبیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنی الحبیب کپینٹل مارکیٹس (پرائیویٹ) لمیٹڈ پیش کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 30 ستمبر 2019 کو ختم ہونے والی مدت میں ڈپازٹس بڑھ کر 862.3 بلین روپے ہو گئے، جو کہ 31 دسمبر 2018 کو 796.9 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 478.2 بلین روپے سے بڑھ کر 492.5 بلین روپے ہو گئے اور سرمایہ کاری 414.6 بلین روپے سے بڑھ کر 622.8 بلین روپے ہو گئی۔ 30 ستمبر 2019 کو ختم ہونے والے نو ماہ کے لئے آپ کے بینک کا قبل از ٹیکس منافع 12.88 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 9.92 بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع 30 ستمبر 2019 کو ختم ہونے والی مدت کے لئے 7.01 بلین روپے رہا جبکہ گزشتہ سال یہ 5.90 بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 751 دفاتر پر مشتمل ہے، جس میں 710 برانچز، 37 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے براؤنچ نیٹ ورک میں اب 178 اسلامی بینکاری برانچز اور 3 بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال 2019 میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے لمبی مدت کے لئے بینک کی AA+ (ڈبل اے پلس) اور مختصر مدت کے لئے A1+ (اے ون پلس) ریٹنگز برقرار رکھی ہیں۔ ہمارے انسکیورڈ، سہارڈینیڈ ٹرم فنانش سرٹیفکیٹس کی ریٹنگز AA (ڈبل اے) برائے 2016-TFC اور 2018-TFC اور AA (ڈبل اے مائنس) برائے 2017-TFC (پریچپول) ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ دار یوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے اُن کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کے خلوص، لگن اور انتھک محنت پر ان کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب
چیئرمین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی ۲۴ اکتوبر ۲۰۱۹ء



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

		(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
	Note		
ASSETS			
Cash and balances with treasury banks	6	77,130,917	74,432,172
Balances with other banks	7	5,303,809	7,989,939
Lendings to financial institutions	8	1,812,907	—
Investments	9	622,800,697	414,605,406
Advances	10	492,529,829	478,214,578
Fixed assets	11	35,769,227	26,183,149
Intangible assets	12	383,524	166,930
Deferred tax assets		—	—
Other assets	13	56,118,167	46,646,829
		1,291,849,077	1,048,239,003
LIABILITIES			
Bills payable	14	14,619,405	20,603,682
Borrowings	15	281,675,066	119,038,358
Deposits and other accounts	16	862,309,260	796,900,525
Liabilities against assets subject to finance lease		—	—
Subordinated debt	17	14,993,600	14,996,000
Deferred tax liabilities	18	735,063	1,350,203
Other liabilities	19	62,422,898	45,798,555
		1,236,755,292	998,687,323
NET ASSETS		55,093,785	49,551,680
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		16,107,378	14,757,530
Surplus on revaluation of assets	20	3,879,351	3,268,202
Unappropriated profit		23,992,802	20,411,694
		55,093,785	49,551,680
CONTINGENCIES AND COMMITMENTS	21		

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



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

		Nine months period ended		Three months period ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
	Note	(Rupees in '000)			
Mark-up / return / interest earned	22	73,732,787	42,824,116	28,684,837	15,448,181
Mark-up / return / interest expensed	23	(43,718,245)	(20,327,183)	(18,193,877)	(7,866,010)
Net mark-up / interest income		30,014,542	22,496,933	10,490,960	7,582,171
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	4,205,933	3,342,182	1,342,797	1,126,000
Dividend income		349,087	333,744	164,575	157,813
Foreign exchange income		1,472,717	1,034,004	394,042	388,818
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities - net	25	(65,030)	19,795	756	(3,704)
Other income	26	443,386	299,232	152,143	85,802
Total non mark-up / interest income		6,406,093	5,028,957	2,054,313	1,754,729
Total income		36,420,635	27,525,890	12,545,273	9,336,900
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	(20,338,655)	(17,214,617)	(7,414,735)	(6,147,826)
Workers welfare fund		(321,054)	(205,432)	(103,941)	(57,624)
Other charges	28	(86,495)	(2,561)	(52,014)	(10)
Total non mark-up / interest expenses		(20,746,204)	(17,422,610)	(7,570,690)	(6,205,460)
PROFIT BEFORE PROVISIONS		15,674,431	10,103,280	4,974,583	3,131,440
Provisions and write offs - net	29	(2,798,996)	(181,347)	(644,786)	(293,541)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		12,875,435	9,921,933	4,329,797	2,837,899
Taxation	30	(5,869,774)	(4,019,285)	(1,785,249)	(1,136,263)
PROFIT AFTER TAXATION		7,005,661	5,902,648	2,544,548	1,701,636
		(Rupees)			
Basic and diluted earnings per share	31	6.30	5.31	2.29	1.53

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



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

	Nine months period ended		Three months period ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	(Rupees in '000)			
Profit after taxation for the period	7,005,661	5,902,648	2,544,548	1,701,636
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	649,282	479,160	(168,792)	93,277
Movement in deficit on revaluation of investments - net of tax	665,726	(1,116,972)	1,008,745	(436,881)
	1,315,008	(637,812)	839,953	(343,604)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>	-	-	-	-
Total comprehensive income	8,320,669	5,264,836	3,384,501	1,358,032

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets		
	(Rupees in '000)								
Balance as at 01 January 2018	11,114,254	11,901,027	413,852	126,500	540,000	846,813	4,620,480	16,179,355	45,742,281
Comprehensive income for the nine months period ended 30 September 2018:									
Profit after taxation	-	-	-	-	-	-	-	5,902,648	5,902,648
Other comprehensive income - net of tax	-	-	479,160	-	-	(1,116,972)	-	-	(637,812)
Transfer to statutory reserve	-	590,265	-	-	-	-	-	(590,265)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(54,577)	54,577	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 3.0 per share)	-	-	-	-	-	-	-	(3,334,276)	(3,334,276)
Balance as at 30 September 2018	11,114,254	12,491,292	893,012	126,500	540,000	(270,159)	4,565,903	18,212,039	47,672,841
Comprehensive income for the quarter ended 31 December 2018:									
Profit after taxation	-	-	-	-	-	-	-	2,515,008	2,515,008
Other comprehensive income - net of tax	-	-	455,225	-	-	(1,009,350)	-	(82,044)	(636,169)
Transfer to statutory reserve	-	251,501	-	-	-	-	-	(251,501)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(18,192)	18,192	-
Balance as at 31 December 2018 - audited	11,114,254	12,742,793	1,348,237	126,500	540,000	(1,279,509)	4,547,711	20,411,694	49,551,680
Comprehensive income for the nine months period ended 30 September 2019:									
Profit after taxation	-	-	-	-	-	-	-	7,005,661	7,005,661
Other comprehensive income - net of tax	-	-	649,282	-	-	665,726	-	-	1,315,008
Transfer to statutory reserve	-	700,566	-	-	-	-	-	(700,566)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(54,577)	54,577	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 2.5 per share)	-	-	-	-	-	-	-	(2,778,564)	(2,778,564)
Balance as at 30 September 2019 - un-audited	11,114,254	13,443,359	1,997,519	126,500	540,000	(613,783)	4,493,134	23,992,802	55,093,785

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

	MANSOOR ALI KHAN <i>Chief Executive</i>		ASHAR HUSAIN <i>Chief Financial Officer</i>	
SYED MAZHAR ABBAS <i>Director</i>		ANWAR HAJI KARIM <i>Director</i>		ABBAS D. HABIB <i>Chairman</i>



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

	Note	30 September 2019	30 September 2018
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		12,875,435	9,921,933
Less: Dividend income		(349,087)	(333,744)
		12,526,348	9,588,189
Adjustments:			
Depreciation		1,836,198	1,587,543
Depreciation on right-of-use assets		1,011,323	—
Amortisation		147,322	99,724
Provisions and write-offs		2,798,996	181,347
Gain on sale of fixed assets	29	(232,228)	(83,474)
Charge for defined benefit plan		306,000	234,000
Loss / (gain) on securities - net		65,030	(19,795)
Charge for compensated absences		73,201	65,839
Mark-up expense on lease liability against right-of-use assets		536,283	—
		6,542,125	2,065,184
		19,068,473	11,653,373
(Increase) / decrease in operating assets			
Lendings to financial institutions		(1,812,907)	(6,473,738)
Held-for-trading securities		197,562	289,594
Advances		(15,732,841)	(110,053,651)
Other assets (excluding advance taxation)		(9,963,403)	(4,974,358)
		(27,311,589)	(121,212,153)
(Decrease) / increase in operating liabilities			
Bills payable		(5,984,277)	372,727
Borrowings from financial institutions		160,795,619	(69,630,927)
Deposits		65,408,735	76,229,031
Other liabilities		8,540,231	7,963,987
		228,760,308	14,934,818
		220,517,192	(94,623,962)
Income tax paid		(6,311,187)	(5,075,526)
Net cash generated from / (used in) operating activities		214,206,005	(99,699,488)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(128,844,340)	80,828,101
Net investments in held to maturity securities		(79,982,092)	34,071,139
Net investments in associates		—	(21,000)
Dividends received		297,798	294,685
Investments in operating fixed assets		(4,080,736)	(4,698,677)
Proceeds from sale of fixed assets		285,759	101,637
Exchange differences on translation of net investment in foreign branches		649,282	479,160
Net cash (used in) / generated from investing activities		(211,674,329)	111,055,045
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated debt		(2,400)	(1,600)
Dividend paid		(2,761,778)	(3,242,216)
Reduction in lease liabilities		(1,595,972)	—
Net cash used in financing activities		(4,360,150)	(3,243,816)
(Decrease) / increase in cash and cash equivalents		(1,828,474)	8,111,741
Cash and cash equivalents at beginning of the period		82,075,690	64,604,599
Cash and cash equivalents at end of the period		80,247,216	72,716,340

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



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

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 710 branches (31 December 2018: 684 branches), 37 sub-branches (31 December 2018: 37 sub-branches), 04 representative offices (31 December 2018: 04 representative offices) and 01 booth (31 December 2018: NIL). The branch network of the Bank includes 03 overseas branches (31 December 2018: 03 overseas branches) and 78 Islamic Banking branches (31 December 2018: 71 Islamic Banking branches).

2. BASIS OF PRESENTATION

- 2.1** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated 22 March 2019 and International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all the information required in the annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2018.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade - related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark - up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark - up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking branches have been included in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial information of the Islamic Banking branches is disclosed in note 36 to these unconsolidated condensed interim financial statements.

2.4 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;



- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 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 SBP and SECP differ with the requirements of the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. Further, SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I) / 2008 dated 28 April 2008. 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 prescribed by SBP through various circulars.

SECP has notified IFAS 3, 'Profit and Loss Sharing on Deposits' issued by ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018 and BPRD Circular Letter 05 of 2019, as amended from time to time.

- 2.5** These are unconsolidated condensed interim financial statements of the Bank in which investments in subsidiary and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018 except as disclosed below.

- 3.1** During the period, SBP, vide its BPRD Circular Letter No. 05 dated March 22, 2019, issued the revised format for the preparation of the interim financial statements of the banks. New format is applicable for quarterly / half yearly periods beginning on or after January 01, 2019. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements.

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

The following new and amended standards, interpretations and amendments became effective during the period and do not have impact on Bank's unconsolidated condensed interim financial statements except for IFRS 16 'Leases'.



Effective date (annual periods beginning on or after)

Standard, Interpretation or Amendment

IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 15 - Revenue from contracts with customers	July 01, 2018
IFRS 16 - Leases	January 01, 2019
Amendment to IAS 28 - Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures	January 01, 2019
Amendments to IAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement	January 01, 2019
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	
- IAS 12 Income Taxes	
- IAS 23 Borrowing Costs	

3.2.1 IFRS 16 Leases supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model.

The Bank has lease contracts for various properties. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as an operating lease.

In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other asset and other liabilities, respectively.

Upon adoption of IFRS 16, the Bank applied the recognition and measurement approach of IFRS 16 for all leases, except for short-term leases and leases of low-value assets. The Bank has adopted modified retrospective approach upon transition to IFRS 16. The standard also provides practical expedients, which have been applied by the Bank.



Accordingly, the Bank recognised right-of-use assets and lease liabilities for those leases where the Bank is the lessee and which were previously accounted for as operating leases. The right-of-use assets and lease liabilities were recognised on the present value of future cash flows, discounted using the incremental borrowing rate at the date of initial application.

	As at September 30, 2019 (Rupees in '000)	As at January 01, 2019
Impact on Statement of Financial Position		
Increase in fixed assets - right-of-use assets	7,748,190	8,139,524
Decrease in other assets - advances, deposits, advance rent and other prepayments	(475,595)	(672,886)
Increase in other assets - advance taxation	184,509	—
Increase in total assets	7,457,104	7,466,638
Increase in other liabilities - lease liability against right-of-use assets / other payable	(7,745,695)	(7,466,638)
Decrease in net assets	(288,591)	—
Impact on Profit and Loss account		
Increase in mark-up expense - lease liability against right-of-use assets		(536,283)
(Increase) / decrease in administrative expenses		
- Depreciation on right-of-use assets		(1,011,323)
- Rent expense		1,074,506
		63,183
Decrease in profit before tax		(473,100)
Decrease in tax		184,509
Decrease in profit after tax		(288,591)



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

The following new and amended standards, interpretations and amendments will become effective from the dates mentioned below against the respective standard, interpretation or amendment and do not have any significant impact except for IFRS 9 'Financial Instruments'.

Effective date (annual periods beginning on or after)	
Standard, Interpretation or Amendment	
IFRS 3 - Business Combinations	January 01, 2020
IAS 1 Presentation of Financial Statements	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	June 30, 2019

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, SBP has clarified that IFRS 9 is not applicable for banks for period ending September 30, 2019. Accordingly, the requirements of IFRS 9 have not been considered for domestic operations of the Bank in preparation of these unconsolidated condensed interim financial statements.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Under this standard, provision against financial assets is determined under expected credit loss model. Previously, this was determined under the incurred loss model. The Bank has already adopted IFRS 9 in respect of overseas branches.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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) 30 September 2019	(Audited) 31 December 2018
	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	20,571,875	16,653,027
Foreign currencies	1,889,344	1,566,662
	22,461,219	18,219,689
In transit:		
Local currency	1,122,350	106,914
Foreign currencies	397,623	26,856
	1,519,973	133,770
With State Bank of Pakistan in:		
Local currency current account	27,961,386	31,352,756
Local currency current account - Islamic Banking	2,193,691	2,556,444
Foreign currency deposit account		
Cash reserve account	3,361,856	2,916,100
Cash reserve / special cash reserve account		
- Islamic Banking	231,343	148,166
Special cash reserve account	10,085,568	8,757,757
Local US Dollar collection account	33,073	84,470
	43,866,917	45,815,693
With National Bank of Pakistan in:		
Local currency current account	8,775,780	10,220,736
Prize bonds	507,028	42,284
	77,130,917	74,432,172
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current account	355,051	335,200
In deposit account	2,966,432	5,361,894
	3,321,483	5,697,094
Outside Pakistan:		
In current account	1,956,813	2,254,412
In deposit account	25,515	38,435
	1,982,328	2,292,847
	5,303,811	7,989,941
Less: impairment against IFRS 9 in overseas branches	(2)	(2)
	5,303,809	7,989,939
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Bai Muajjal receivable		
- with the State Bank of Pakistan	1,812,907	-



9. INVESTMENTS

	Note	30 September 2019 (Un-audited)				31 December 2018 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9.1 Investments by type:									
Held-for-trading securities									
Shares		-	-	-	-	285,368	-	(21,920)	263,448
Available-for-sale securities									
Federal Government Securities		481,672,418	(10,242)	(641,279)	481,020,897	354,604,674	(21,616)	(1,276,704)	353,306,354
Shares		4,700,945	(1,553,442)	(147,480)	3,000,023	4,675,040	(487,788)	(494,239)	3,693,013
Non Government Debt Securities		5,674,595	-	(134,255)	5,540,340	4,901,380	-	8,370	4,909,750
Foreign Securities		2,681,188	(11,638)	20,392	2,689,942	1,548,752	(8,041)	(45,710)	1,495,001
Units of mutual funds		2,025,000	(373,876)	(41,660)	1,609,464	2,175,000	(34,906)	(160,193)	1,979,901
		496,754,146	(1,949,198)	(944,282)	493,860,666	367,904,846	(552,351)	(1,968,476)	365,384,019
Held-to-maturity securities	9.3								
Federal Government Securities		127,577,499	(4,803)	-	127,572,696	48,049,798	(6,418)	-	48,043,380
Foreign Securities		472,512	(694)	-	471,818	-	-	-	-
Non Government Debt Securities		67,171	-	-	67,171	86,213	-	-	86,213
		128,117,182	(5,497)	-	128,111,685	48,136,011	(6,418)	-	48,129,593
Associates		628,346	-	-	628,346	628,346	-	-	628,346
Subsidiary		200,000	-	-	200,000	200,000	-	-	200,000
Total Investments		625,699,674	(1,954,695)	(944,282)	622,800,697	417,154,571	(558,769)	(1,990,396)	414,605,406



	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
9.1.1 Investments given as collateral		
Market Treasury Bills		
Carrying value	220,927,216	56,804,498
Deficit	(1,932)	(31,410)
	<u>220,925,284</u>	<u>56,773,088</u>
9.2 Provision for diminution in the value of investments		
Available for sale investments:		
Opening balance	558,769	190,242
Exchange adjustments against IFRS 9 in overseas branches	3,182	13,721
Charge / reversals		
Charge for the period / year	1,407,205	385,867
Reversal of impairment as per IFRS 9 in overseas branches for the period / year	(14,461)	(31,061)
	<u>1,392,744</u>	<u>354,806</u>
Closing Balance	<u>1,954,695</u>	<u>558,769</u>
9.3 The market value of securities classified as held to maturity at 30 September 2019 amounted to Rs. 129,111 million (31 December 2018: Rs. 47,754 million).		



10. ADVANCES

	Performing		Non-Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	419,813,869	408,233,880	6,784,917	5,059,552	426,598,786	413,293,432
Islamic financing and related assets	47,613,228	49,708,261	83,777	8,724	47,697,005	49,716,985
Bills discounted and purchased	27,333,446	22,767,224	188,181	167,116	27,521,627	22,934,340
Advances - gross	494,760,543	480,709,365	7,056,875	5,235,392	501,817,418	485,944,757
Provision against advances						
– Specific	–	–	5,799,803	4,351,895	5,799,803	4,351,895
– General as per regulations	263,293	238,099	–	–	263,293	238,099
– General	3,000,000	3,000,000	–	–	3,000,000	3,000,000
– As per IFRS 9 in overseas branches	224,493	140,185	–	–	224,493	140,185
	3,487,786	3,378,284	5,799,803	4,351,895	9,287,589	7,730,179
Advances - net of provision	491,272,757	477,331,081	1,257,072	883,497	492,529,829	478,214,578
			(Un-audited)		(Audited)	
			30 September		31 December	
			2019		2018	
	(Rupees in '000)					

10.1 Particulars of advances (Gross)

In local currency	434,194,755	428,995,512
In foreign currencies	67,622,663	56,949,245
	501,817,418	485,944,757

10.2 Advances include Rs. 7,056.875 million (31 December 2018: Rs. 5,235.392 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2019 (Un-audited)		31 December 2018 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	Loans			
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	90,461	480	10,715	998
Substandard	702,401	175,564	44,963	10,869
Doubtful	706,077	334,714	1,621,874	796,947
Loss	3,685,167	3,674,308	2,496,394	2,481,635
	5,184,106	4,185,066	4,173,946	3,290,449
Overseas				
Overdue by:				
91 to 180 days	688,085	430,053	-	-
> 365 days	1,184,684	1,184,684	1,061,446	1,061,446
	1,872,769	1,614,737	1,061,446	1,061,446
Total	7,056,875	5,799,803	5,235,392	4,351,895



10.3 Particulars of provision against advances

	Note	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		4,351,895	3,378,284	7,730,179	4,399,564	3,337,610	7,737,174
Exchange adjustments		122,277	18,693	140,970	218,348	26,933	245,281
Charge for the period / year							
- Specific provision		1,586,399	–	1,586,399	354,961	–	354,961
- General provision as per regulations	10.3.1	–	25,193	25,193	–	5,003	5,003
- As per IFRS 9 in overseas branches	10.3.2	–	66,676	66,676	–	8,738	8,738
Reversals							
- Specific provision		(259,618)	–	(259,618)	(445,270)	–	(445,270)
- As per IFRS 9 in overseas branches		–	(1,060)	(1,060)	–	–	–
		1,326,781	90,809	1,417,590	(90,309)	13,741	(76,568)
Amounts written off		(1,150)	–	(1,150)	(175,708)	–	(175,708)
Closing balance		5,799,803	3,487,786	9,287,589	4,351,895	3,378,284	7,730,179

10.3.1 General provision represents provision amounting to Rs. 263.293 million (31 December 2018: Rs. 238.099 million) against consumer finance portfolio as required by the Prudential Regulations issued by SBP.

10.3.2 The provision in respect of IFRS 9 in overseas branches amounts to Rs. 224.493 million (31 December 2018: Rs. 140.185 million).

10.3.3 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 September 2019 amounts to Rs. 3,000 million (31 December 2018: Rs. 3,000 million).

10.3.4 For the purposes of determining provision against non - performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non - performing advances.



	Note	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
11. FIXED ASSETS			
Capital work-in-progress	11.1	2,857,488	1,433,875
Property and equipment	11.2	32,911,739	24,749,274
		<u>35,769,227</u>	<u>26,183,149</u>
11.1 Capital work-in-progress			
Civil works		861,486	498,060
Advance payment towards suppliers, contractors and property		1,979,087	914,905
Consultants' fee and other charges		16,915	20,910
		<u>2,857,488</u>	<u>1,433,875</u>
11.2	This includes right-of-use assets amounting to Rs 7,748.190 million (31 December 2018: NIL) due to adoption of IFRS 16 as detailed in note 3.2.1.		
11.3 Additions to fixed assets			
The following additions have been made to operating fixed assets during the period:			
		(Un-audited) Nine months period ended 30 September 2019	30 September 2018
		(Rupees in '000)	
Capital work-in-progress		1,423,613	760,001
Property and equipment			
Leasehold land		597,059	887,133
Buildings on leasehold land		216,978	828,927
Furniture and fixture		169,064	179,058
Electrical, office and computer equipment		650,891	1,162,416
Vehicles		456,200	493,990
Improvement to leasehold buildings		208,721	172,274
		<u>2,298,913</u>	<u>3,723,798</u>
Total		<u>3,722,526</u>	<u>4,483,799</u>
11.4 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		2,548	2,606
Electrical, office and computer equipment		9,030	4,231
Vehicles		39,644	5,273
Improvement to leasehold buildings		2,309	6,053
Total		<u>53,531</u>	<u>18,163</u>



		(Un-audited) 30 September 2019	(Audited) 31 December 2018
		(Rupees in '000)	
12. INTANGIBLE ASSETS			
Computer software		383,524	166,930
		(Un-audited) Nine months period ended	
		30 September 2019	30 September 2018
		(Rupees in '000)	
12.1 Additions to intangible assets			
Directly purchased		358,210	214,878
		(Un-audited) (Audited)	
		30 September 31 December	
		2019 2018	
		(Rupees in '000)	
13. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		14,672,888	10,391,678
Income / mark-up accrued in foreign currencies - net of provision		1,040,925	390,718
Advances, deposits, advance rent and other prepayments		587,563	1,209,722
Advance taxation (payments less provisions)		925,676	1,457,872
Non-banking assets acquired in satisfaction of claims		876,395	800,040
Mark to market gain on forward foreign exchange contracts		1,250,945	1,133,980
Acceptances		33,700,439	28,771,029
Stationery and stamps on hand		225,635	218,772
Receivable from SBP		614,732	325,478
Non - refundable deposits		37,748	43,455
ATM settlement account		1,239,241	965,926
Others		918,311	909,030
		56,090,498	46,617,700
Less: Provision held against other assets	13.1	(7,294)	(7,279)
Other Assets (Net of Provision)		56,083,204	46,610,421
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		34,963	36,408
Other Assets - total		56,118,167	46,646,829



	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
(Rupees in '000)			
13.1 Provision held against other assets			
Receivable against consumer loans	13.1.1	<u>7,294</u>	<u>7,279</u>
13.1.1 Movement in provision held against other assets			
Opening balance		7,279	6,486
Charge for the period / year		<u>1,582</u>	<u>1,485</u>
Reversals for the period / year		<u>(1,221)</u>	<u>(605)</u>
		361	880
Amount written off		<u>(346)</u>	<u>(87)</u>
Closing balance		<u>7,294</u>	<u>7,279</u>
14. BILLS PAYABLE			
In Pakistan		<u>14,619,405</u>	<u>20,603,682</u>
15. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		<u>35,366,031</u>	<u>33,445,797</u>
Under renewable energy		<u>3,906,898</u>	<u>3,885,244</u>
Under long term financing for imported and locally manufactured plant and machinery		<u>18,303,290</u>	<u>13,444,746</u>
Under modernisation of small and medium enterprises		<u>218,025</u>	<u>116,354</u>
Under women entrepreneurship		<u>15,526</u>	<u>8,476</u>
Under financing facility for storage of agricultural produce		<u>5,731</u>	<u>26,967</u>
		57,815,501	50,927,584
Repurchase agreement borrowings		<u>220,672,055</u>	<u>56,714,334</u>
Total secured		<u>278,487,556</u>	<u>107,641,918</u>
Unsecured			
Call borrowings		<u>—</u>	<u>1,500,000</u>
Borrowings from financial institutions		<u>1,000,000</u>	<u>9,550,019</u>
Overdrawn nostro accounts		<u>2,187,510</u>	<u>346,421</u>
Total unsecured		<u>3,187,510</u>	<u>11,396,440</u>
		<u>281,675,066</u>	<u>119,038,358</u>



16. DEPOSITS AND OTHER ACCOUNTS

	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	273,581,954	33,235,265	306,817,219	259,924,538	27,655,719	287,580,257
Savings deposits	211,872,987	39,795,882	251,668,869	190,726,381	35,939,386	226,665,767
Term deposits	139,099,341	34,883,816	173,983,157	128,918,633	27,556,178	156,474,811
Current deposits - remunerative	97,500,143	729,624	98,229,767	82,817,947	550,054	83,368,001
Others	10,376,373	9,663,765	20,040,138	10,802,035	8,189,454	18,991,489
	732,430,798	118,308,352	850,739,150	673,189,534	99,890,791	773,080,325
Financial institutions						
Current deposits	1,344,749	1,361,047	2,705,796	1,284,400	358,311	1,642,711
Savings deposits	2,133,901	16	2,133,917	11,836,148	15	11,836,163
Term deposits	665,000	113,052	778,052	289,001	454,768	743,769
Current deposits - remunerative	3,388,523	2,563,722	5,952,245	7,226,357	2,285,052	9,511,409
Others	100	–	100	86,148	–	86,148
	7,532,273	4,037,837	11,570,110	20,722,054	3,098,146	23,820,200
	739,963,071	122,346,189	862,309,260	693,911,588	102,988,937	796,900,525

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
	Note		
		(Rupees in '000)	
17. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - V - (Unquoted)	17.1	3,994,400	3,996,000
Term Finance Certificates (TFCs) - VI - (Unquoted)	17.2	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	17.3	3,999,200	4,000,000
		14,993,600	14,996,000



17.1 Term Finance Certificates - V (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	March 2016
Maturity date	March 2026
Rating	AA
Profit payment frequency	six monthly
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each
Mark-up	Payable six monthly at six months' KIBOR plus 0.75% without any floor and cap
Call option	On or after five years with prior SBP approval
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and /or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full).

17.2 Term Finance Certificates - VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA-
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date
Mark-up	Payable six monthly at six months' KIBOR plus 1.5% without any floor and cap The issuer will have full discretion over the amount and timing of profit distribution, and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and /or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full).



17.3 Term Finance Certificates - VII (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	AA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% each; 114th and 120th month: 49.82% each
Mark-up	6-Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and /or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full).

(Un-audited) **(Audited)**
30 September **31 December**
2019 **2018**
(Rupees in '000)

18. DEFERRED TAX LIABILITIES

Taxable Temporary Differences on:

Accelerated tax depreciation	929,991	1,042,090
Surplus on revaluation of fixed assets / non - banking assets	994,257	1,023,644
Remeasurement of defined benefit plan	246,397	246,397
	2,170,645	2,312,131

Deductible Temporary Differences on:

Provision against diminution in the value of investments	(673,137)	(181,518)
Provision against loans and advances, off balance sheet, etc.	(337,934)	(5,555)
Impairment as per IFRS 9 in overseas branches	(94,012)	(78,217)
Surplus on revaluation of held for trading investments	-	(7,671)
Surplus on revaluation of available for sale investments	(330,499)	(688,967)
	(1,435,582)	(961,928)
	735,063	1,350,203



	(Un-audited) 30 September Note 2019	(Audited) 31 December 2018
	(Rupees in '000)	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,471,785	2,973,219
Mark-up / return / interest payable in foreign currencies	270,489	231,537
Unearned commission income	223,456	204,609
Accrued expenses	1,742,554	1,026,805
Acceptances	33,700,439	28,771,029
Unclaimed dividends	432,433	415,647
Mark to market loss on forward foreign exchange contracts	1,270,166	614,896
Branch adjustment account	913,091	717,339
Payable to defined benefit plan	1,009,992	703,992
Charity payable	37,138	14,218
Provision against off - balance sheet items	19.1 114,930	116,600
Security deposits against leases / ijarah	6,340,497	5,940,336
Provision for compensated absences	660,479	585,739
Special exporters' accounts in foreign currencies	104,562	41,936
Other security deposits	578,765	506,331
Workers' welfare fund	1,624,216	1,303,162
Payable to SBP / NBP	425,389	223,763
Payable to supplier against murabaha	339,963	44,886
Payable against purchase of securities	-	22,083
Insurance payable	490,530	490,757
Lease liability against right-of-use assets	7,699,824	-
Others	972,200	849,671
	<u>62,422,898</u>	<u>45,798,555</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	116,600	160,838
Exchange adjustment against IFRS 9 in overseas branches	10,029	12,263
Charge for the period / year	29,449	13,827
Reversals for the period / year	(41,148)	(70,328)
	(11,699)	(56,501)
Closing balance	<u>114,930</u>	<u>116,600</u>



		(Un-audited) 30 September 2019 Note	(Audited) 31 December 2018 (Rupees in '000)
20. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	9.1	(944,282)	(1,968,476)
- Fixed Assets		5,522,775	5,605,295
- Non-banking assets acquired in satisfaction of claims		34,963	36,408
		4,613,456	3,673,227
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(330,499)	(688,967)
- Fixed Assets		1,058,896	1,087,778
- Non-banking assets acquired in satisfaction of claims		5,708	6,214
		734,105	405,025
		3,879,351	3,268,202
21. CONTINGENCIES AND COMMITMENTS			
Guarantees	21.1	74,040,874	66,873,212
Commitments	21.2	225,052,360	217,907,165
Other contingent liabilities	21.3	4,669,685	4,716,420
		303,762,919	289,496,797
21.1 Guarantees:			
Financial guarantees		12,048,867	9,633,948
Performance guarantees		61,992,007	57,239,264
		74,040,874	66,873,212
21.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		121,192,726	109,275,067
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	99,165,910	103,620,742
- forward lending	21.2.2	3,716,226	3,916,624
Commitments for acquisition of:			
- Fixed assets		977,498	1,094,732
		225,052,360	217,907,165
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		67,947,744	70,584,095
Sale		31,218,166	33,036,647
		99,165,910	103,620,742
The maturities of above contracts are spread over the periods upto one year.			
21.2.2 Commitments in respect of forward lending			
		3,716,226	3,916,624
21.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			



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

21.3 Claims against the Bank not acknowledged as debts	<u>4,669,685</u>	<u>4,716,420</u>
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21.4 Other contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2017 (Tax Year 2018). The income tax assessments of the Bank are completed upto tax year 2016.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) has passed order u/s. 122(5A) of the Income Tax Ordinance, 2001 disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting an impact of Rs. 797.233 million. After filing of appeal with Commissioner Inland Revenue (Appeals) by the Bank, orders have been passed by CIR (Appeals) allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 662.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Deputy Commissioner Inland Revenue has finalized order u/s. 122(5A) of Tax Year 2014 (Accounting Year 2013) by disallowing certain expenses resulting in an impact of Rs. 150.769 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

Additional Commissioner Inland Revenue has finalized order u/s. 122(5A) of Tax Year 2015 (Accounting Year 2014) by disallowing certain expenses resulting in an impact of Rs. 301.855 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

Additional Commissioner Inland Revenue has finalized order u/s. 122(5A) of Tax Year 2016 (Accounting Year 2015) by disallowing certain expenses resulting in an impact of Rs. 305.179 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.

Deputy Commissioner Inland Revenue has passed order for the period January 2013 to December 2015 levying Federal Excise Duty on certain items resulting in an impact of Rs. 80.766 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals).

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. The Bank has filed an appeal before Appellate Tribunal (Punjab Revenue Authority).

Commissioner Inland Revenue (Appeals) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before ITAT against the above referred orders.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Years 2014 to 2018 by disallowing certain expenses resulting in an impact of Rs. 93.443 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

The management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters.



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
Note		2019	2018
		(Rupees in '000)	
22. MARK - UP / RETURN / INTEREST EARNED			
On loans and advances		36,335,323	19,247,083
On investments		35,478,437	23,273,050
On deposits with financial institutions		471,316	199,112
On securities purchased under resale agreements		1,221,894	104,576
On call money lendings		225,817	295
		<u>73,732,787</u>	<u>42,824,116</u>
23. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		34,583,790	16,801,983
Borrowings from SBP		837,757	670,288
Subordinated debt		1,388,377	635,588
Cost of foreign currency swaps		1,207,067	354,341
Repurchase agreement borrowings		4,969,090	1,628,956
Mark-up expense on lease liability against right-of-use assets		536,283	—
Other borrowings		195,881	236,027
		<u>43,718,245</u>	<u>20,327,183</u>
24. FEE AND COMMISSION INCOME			
Branch banking customer fees		813,436	454,928
Consumer finance related fees		31,832	33,334
Card related fees (debit and credit cards)		238,213	392,047
Credit related fees		113,470	143,604
Commission on trade		2,520,401	1,886,915
Commission on guarantees		292,172	274,235
Commission on cash management		146,190	127,867
Commission on home remittances		39,789	23,330
Others		10,430	5,922
		<u>4,205,933</u>	<u>3,342,182</u>
25. (LOSS) / GAIN ON SECURITIES - NET			
Realised	25.1	<u>(65,030)</u>	<u>19,795</u>
25.1 Realised gain on:			
Federal Government Securities		100	(1,897)
Shares		(65,886)	21,542
Non Government Debt Securities		—	150
Mutual funds		756	—
		<u>(65,030)</u>	<u>19,795</u>
26. OTHER INCOME			
Rent on property		1,575	1,575
Gain on sale of fixed assets - net		232,228	83,474
Recovery of expenses from customers		199,720	206,027
Lockers rent		7,498	5,530
Others		2,365	2,626
		<u>443,386</u>	<u>299,232</u>



(Un-audited)
Nine months period ended
30 September 30 September
2019 2018
(Rupees in '000)

27. OPERATING EXPENSES

Total compensation expenses	9,325,515	7,808,430
Property expenses		
Rent & taxes	317,728	1,147,287
Insurance	12,846	16,609
Utilities cost	762,701	638,346
Security (including guards)	637,165	630,632
Repair & maintenance (including janitorial charges)	172,823	146,208
Depreciation	1,610,076	514,375
Amortisation	5,707	5,707
	3,519,046	3,099,164
Information technology expenses		
Software maintenance	3,909	1,192
Hardware maintenance	310,412	281,054
Depreciation	218,853	192,865
Amortisation	141,615	94,017
Network charges	294,236	230,613
	969,025	799,741
Other operating expenses		
Directors' fees and allowances	34,600	29,825
Fees and allowances to Shariah Board	7,333	4,914
Insurance	245,165	187,649
Legal & professional charges	126,660	105,159
Outsourced services costs	1,156,163	928,121
Traveling & conveyance	174,981	154,444
NIFT & other clearing charges	97,332	83,136
Depreciation	1,018,592	880,303
Repair and maintenance	840,288	851,928
Training & development	35,320	39,253
Postage & courier charges	155,577	138,217
Communication	203,661	185,064
Stationery & printing	575,816	371,464
Marketing, advertisement & publicity	220,341	223,532
Donations	58,700	86,128
Auditors Remuneration	2,978	2,368
Commission and brokerage	166,265	123,527
Entertainment and staff refreshment	207,884	193,013
Vehicle running expenses	626,766	449,483
Subscriptions and publications	103,186	74,564
CNIC verification charges	107,718	45,286
Security charges	192,662	173,382
Others	167,081	176,522
	6,525,069	5,507,282
	20,338,655	17,214,617



		(Un-audited) Nine months period ended	
		30 September 2019	30 September 2018
Note		(Rupees in '000)	
28. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		<u>86,495</u>	<u>2,561</u>
29. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision for diminution in value of investments	9.2	<u>1,392,744</u>	397,810
Provision / (reversal) against loans and advances - net	10.3	<u>1,417,590</u>	(197,182)
Reversal against off - balance sheet items	19.1	<u>(11,699)</u>	(43,850)
Provision against other assets	13.1.1	<u>361</u>	24,569
		<u>2,798,996</u>	<u>181,347</u>
30. TAXATION			
Current		<u>6,271,476</u>	4,066,904
Prior years		<u>571,907</u>	—
Deferred		<u>(973,609)</u>	(47,619)
		<u>5,869,774</u>	<u>4,019,285</u>

30.1 The Finance Supplementary (Second Amendment) Act 2019 has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3% and further levied an additional Super Tax charge at 4% for Tax Year 2018 (Accounting Year 2017), which was previously not chargeable resulting in additional Super Tax charge of Rs. 571.907 million in the current period. The aggregate Super Tax charge for the nine months period ended September 30, 2019 is Rs. 1,215.136 million.

		(Un-audited) Nine months period ended	
		30 September 2019	30 September 2018
		(Rupees in '000)	
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		<u>7,005,661</u>	<u>5,902,648</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,111,425,416</u>	<u>1,111,425,416</u>
		(Rupees)	
Basic and diluted earnings per share		<u>6.30</u>	<u>5.31</u>



32. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV rates (Reuters page)
Non Government Debt Securities	Market prices
Foreign Securities	Market prices / Mashreqbank PSC
Listed securities	Market prices
Mutual funds	Net asset values
Unlisted equity investments	Break - up value as per latest available audited financial statements.

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Bank's accounting policies, as disclosed in the unconsolidated financial statements for the year ended December 31, 2018.

32.1 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 categorised:



30 September 2019 (Un-audited)

	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	–	481,031,139	–	481,031,139
Shares	4,449,229	–	–	4,449,229
Non-Government Debt Securities	3,313,303	2,027,076	–	5,340,379
Foreign Securities	–	2,701,580	–	2,701,580
Mutual funds	1,983,340	–	–	1,983,340
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	128,562,860	–	128,562,860
Non-Government Debt Securities	–	67,171	–	67,171
Foreign Securities	–	481,128	–	481,128
Associates				
Listed shares	525,001	–	–	525,001
Mutual funds	338,376	–	–	338,376
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	–	99,146,689	–	99,146,689

31 December 2018 (Audited)

(Rupees in '000)

On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	–	353,327,970	–	353,327,970
Shares	4,340,014	–	–	4,340,014
Non-Government Debt Securities	2,597,060	2,112,711	–	4,709,771
Foreign Securities	–	1,503,042	–	1,503,042
Mutual funds	2,014,807	–	–	2,014,807
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	47,667,386	–	47,667,386
Non-Government Debt Securities	–	86,213	–	86,213
Foreign Securities	–	–	–	–
Associates				
Listed shares	348,367	–	–	348,367
Mutual funds	352,118	–	–	352,118
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	–	104,139,826	–	104,139,826

32.2 Fixed assets have been carried at revalued amounts determined by professional valuer (level 2 measurement) based on their assessment of the market value.



33. SEGMENT INFORMATION

Segment Details with respect to Business Activities

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

	Nine months period ended 30 September 2019 (Un-audited)		
	Commercial banking	Retail banking (Rupees in '000)	Total
Profit & Loss			
Net mark-up / return / profit	67,386,683	6,346,104	73,732,787
Inter segment revenue - net	–	22,872,604	22,872,604
Non mark-up / return / interest income	2,465,848	3,940,245	6,406,093
Total Income	69,852,531	33,158,953	103,011,484
Segment direct expenses	(37,398,936)	(27,065,513)	(64,464,449)
Inter segment expense allocation	(22,872,604)	–	(22,872,604)
Total expenses	(60,271,540)	(27,065,513)	(87,337,053)
Provisions	(2,798,996)	–	(2,798,996)
Profit before tax	6,781,995	6,093,440	12,875,435
As at 30 September 2019 (Un-audited)			
(Rupees in '000)			
Balance Sheet			
Cash & Bank balances	70,626,169	11,808,557	82,434,726
Lending to financial institutions	1,812,907	–	1,812,907
Investments	622,800,697	–	622,800,697
Net inter segment lending	–	521,393,934	521,393,934
Advances - performing	420,823,332	70,449,425	491,272,757
- non-performing	1,152,901	104,171	1,257,072
Others	79,053,353	13,217,565	92,270,918
Total Assets	1,196,269,359	616,973,652	1,813,243,011
Borrowings	281,675,066	–	281,675,066
Subordinated debt	14,993,600	–	14,993,600
Deposits & other accounts	304,558,521	557,750,739	862,309,260
Net inter segment borrowing	521,393,934	–	521,393,934
Others	27,695,154	50,082,212	77,777,366
Total liabilities	1,150,316,275	607,832,951	1,758,149,226
Equity	45,953,084	9,140,701	55,093,785
Total Equity & liabilities	1,196,269,359	616,973,652	1,813,243,011
Contingencies & Commitments	195,174,770	58,830	195,233,600



Nine months period ended 30 September 2018 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit & Loss			
Net mark-up / return / profit	38,774,191	4,049,925	42,824,116
Inter segment revenue - net	—	17,720,621	17,720,621
Non mark-up / return / interest income	2,989,726	2,039,231	5,028,957
Total Income	41,763,917	23,809,777	65,573,694
Segment direct expenses	(17,962,638)	(19,787,155)	(37,749,793)
Inter segment expense allocation	(17,720,621)	—	(17,720,621)
Total expenses	(35,683,259)	(19,787,155)	(55,470,414)
Provisions	(198,907)	17,560	(181,347)
Profit before tax	5,881,751	4,040,182	9,921,933

As at 30 September 2018 (Un-audited)

(Rupees in '000)

Balance Sheet			
Cash & Bank balances	63,239,650	10,638,231	73,877,881
Lending to financial institutions	6,473,738	—	6,473,738
Investments	358,807,370	—	358,807,370
Net inter segment lending	—	742,472,918	742,472,918
Advances - performing	384,259,385	64,755,795	449,015,180
- non-performing	883,203	33,237	916,440
Others	61,956,142	10,422,318	72,378,460
Total Assets	875,619,488	828,322,499	1,703,941,987
Borrowings	64,847,017	—	64,847,017
Subordinated debt	10,996,000	—	10,996,000
Deposits & other accounts	14,160,809	754,644,398	768,805,207
Net inter segment borrowing	742,472,918	—	742,472,918
Others	2,766,400	66,381,603	69,148,003
Total liabilities	835,243,144	821,026,001	1,656,269,145
Equity	40,376,344	7,296,498	47,672,842
Total Equity & liabilities	875,619,488	828,322,499	1,703,941,987
Contingencies & Commitments	188,375,485	21,825	188,397,310

34. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates (including entities having directors in common with the Bank), employee benefit plans, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties of the Bank are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.

Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:



	30 September 2019 (Un-audited)					31 December 2018 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	200,000	628,346	-	-	-	200,127	688,576	-
Investment made during the period / year	-	-	-	-	-	-	-	-	21,000	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	-	-	-	-	(127)	(81,230)	-
Closing balance	-	-	200,000	628,346	-	-	-	200,000	628,346	-
Advances										
Opening balance	1,313	53,257	-	1,359,059	-	977	51,929	-	1,775,142	-
Addition during the period / year	39,390	284,408	5,213,420	26,584,955	-	34,176	51,761	6,894,120	32,726,863	-
Repaid during the period / year	(39,108)	(254,582)	(5,205,838)	(25,401,599)	-	(33,840)	(50,433)	(6,894,120)	(33,142,946)	-
Closing balance	1,595	83,083	7,582	2,542,415	-	1,313	53,257	-	1,359,059	-
Operating Fixed Assets										
Right of Use	-	-	-	7,862	-	-	-	-	-	-
Other Assets										
Interest / mark-up accrued	-	47	-	24,120	-	-	32	-	4,216	-
L/C acceptances	-	-	-	536,051	-	-	-	-	532,718	-
Unrealised gain on forward exchange contracts	-	-	-	679	-	-	-	-	-	-
Subordinated debt										
Opening balance	-	-	-	-	-	-	-	-	-	-
Issued / purchased during the period / year	-	-	-	40,000	-	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	40,000	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	587,452	816,406	47,744	4,876,833	536,801	821,526	580,986	41,933	4,021,911	1,412,440
Received during the period / year	6,939,748	2,194,437	5,342,690	96,497,125	23,148,651	3,185,597	2,384,155	6,276,995	101,140,451	33,145,306
Withdrawn during the period / year	(6,558,196)	(2,504,240)	(5,325,219)	(96,975,436)	(23,188,039)	(3,419,671)	(2,148,735)	(6,271,184)	(100,285,529)	(34,020,945)
Closing balance	969,004	506,603	65,215	4,398,522	497,413	587,452	816,406	47,744	4,876,833	536,801
Other Liabilities										
Interest / mark-up payable	5,406	2,253	4	13,540	3,040	652	2,240	9	20,861	6,897
Payable to staff retirement fund	-	-	-	-	1,009,992	-	-	-	-	703,992
L/C acceptances	-	-	-	536,051	-	-	-	-	532,718	-
Other liabilities	-	378	432	-	-	-	-	630	-	-
Contingencies and Commitments										
	-	-	-	1,216,209	-	-	-	-	729,458	-
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	85,000	201,000	8,132,000	-	-	80,000	21,000	3,827,000
Increased during the period / year	30,000	-	85,000	1,487,440	6,987,000	-	-	370,000	416,000	15,445,000
Decreased during the period / year	(30,000)	-	(85,000)	(946,100)	(9,687,000)	-	-	(365,000)	(236,000)	(11,140,000)
Closing balance	-	-	85,000	742,340	5,432,000	-	-	85,000	201,000	8,132,000



34.1 RELATED PARTY TRANSACTIONS

	30 September 2019 (Un-audited)					30 September 2018 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	–	3,875	297	191,850	–	3	2,156	61	60,429	–
Fee and commission income	18	85	16	12,228	–	15	31	3	5,088	–
Dividend income	–	–	–	49,072	–	–	–	–	35,101	–
Net gain / (loss) on sale / redemption of securities / mutual funds	–	–	–	–	–	–	–	–	–	(16)
Other income	1	–	2,165	222	140	–	–	2,167	135	119
Expense										
Mark-up / return / interest expensed	56,897	30,474	4,275	258,836	61,145	24,858	22,064	616	119,485	39,598
Operating expenses	–	–	1,982	4,011	–	–	–	1,872	545	–
Salaries and allowances	–	376,808	–	–	–	–	298,790	–	–	–
Bonus	–	50,431	–	–	–	–	36,174	–	–	–
Contribution to defined contribution plan	–	18,792	–	–	–	–	13,475	–	–	–
Contribution to defined benefit plan	–	49,861	–	–	–	–	35,534	–	–	–
Staff provident fund	–	–	–	–	394,891	–	–	–	–	332,152
Staff gratuity fund	–	–	–	–	306,000	–	–	–	–	234,000
Directors' fees	33,850	–	–	–	–	29,075	–	–	–	–
Expense on closure of subsidiary	–	–	–	–	–	–	–	20,743	–	–
Donation	–	–	–	4,500	–	–	–	–	2,250	–
Insurance premium paid	–	–	–	126,687	–	–	–	–	128,448	–
Insurance claims settled	–	–	–	22,177	–	–	–	–	17,560	–



35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	48,669,331	43,278,088
Eligible Additional Tier 1 (ADT 1) Capital	6,750,000	6,750,000
Total Eligible Tier 1 Capital	55,419,331	50,028,088
Eligible Tier 2 Capital	16,413,050	14,242,570
Total Eligible Capital (Tier 1 + Tier 2)	71,832,381	64,270,658
Risk Weighted Assets (RWAs):		
Credit Risk	416,342,142	408,701,591
Market Risk	10,533,903	8,590,756
Operational Risk	61,440,341	61,440,341
Total	488,316,386	478,732,688
Common Equity Tier 1 Capital Adequacy ratio	9.967%	9.040%
Tier 1 Capital Adequacy Ratio	11.349%	10.450%
Total Capital Adequacy Ratio	14.710%	13.425%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	55,419,331	50,028,088
Total Exposures	1,421,847,054	1,230,510,528
Leverage Ratio	3.898%	4.066%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	326,047,635	360,946,772
Total Net Cash Outflow	128,643,049	111,556,296
Liquidity Coverage Ratio	253.451%	323.556%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	777,735,701	707,901,854
Total Required Stable Funding	584,178,280	482,005,370
Net Stable Funding Ratio	133.133%	146.866%



36. ISLAMIC BANKING BUSINESS

The Bank is operating 78 (31 December 2018: 71) Islamic banking branches and 141 (31 December 2018: 132) Islamic banking windows at the end of the period / year.

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		3,729,911	3,814,608
Balances with other banks		2,695,284	5,164,063
Due from financial institutions	36.1	1,812,907	–
Investments	36.2	19,801,045	15,158,233
Islamic financing and related assets - net	36.3	47,623,349	49,690,533
Fixed assets		342,194	326,841
Intangible assets		–	–
Due from Head Office		–	–
Other assets		1,447,139	4,124,660
Total Assets		77,451,829	78,278,938
LIABILITIES			
Bills payable		59,373	21,052
Due to financial institutions		8,202,514	6,438,783
Deposits and other accounts	36.4	55,029,132	57,230,315
Due to Head Office		3,371,699	2,199,047
Subordinated debt		–	–
Other liabilities		2,372,637	5,289,933
		(69,035,355)	(71,179,130)
NET ASSETS		8,416,474	7,099,808
REPRESENTED BY			
Islamic Banking Fund		6,800,000	6,200,000
Reserves		–	–
Deficit on revaluation of assets		(152,654)	(28,940)
Unremitted profit	36.8	1,769,128	928,748
		8,416,474	7,099,808
CONTINGENCIES AND COMMITMENTS	36.5		



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

		(Un-audited)	
		Nine months period ended	
	Note	30 September 2019	30 September 2018
		(Rupees in '000)	
Profit / return earned	36.6	5,779,346	2,557,108
Profit / return expensed	36.7	(2,953,534)	(1,151,360)
Net Profit / return		2,825,812	1,405,748
Other income			
Fee and commission income		166,862	128,846
Dividend income		3,356	4,366
Foreign exchange income		49,515	38,229
Income / (loss) from derivatives		—	—
Gain / (loss) on securities		—	—
Other income		70,918	28,183
Total other income		290,651	199,624
Total income		3,116,463	1,605,372
Other expenses			
Operating expenses		(1,296,125)	(985,850)
Other charges		—	—
Total other expenses		(1,296,125)	(985,850)
Profit before provisions		1,820,338	619,522
Provisions and write offs - net		(51,210)	(27,494)
Profit for the period		1,769,128	592,028
		(Un-audited)	(Audited)
		30 September 2019	31 December 2018
		(Rupees in '000)	

36.1 Due from Financial Institutions

In local currency

Bai Muajjal Receivable from State Bank of Pakistan

1,812,907

—

36.1.1 Securities held as collateral against amounts due from financial institutions

	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
(Rupees in '000)						
GoP Ijarah Sukuks	1,812,907	—	1,812,907	—	—	—

36.1.2 The GoP Ijarah Sukuks carry rates ranging from 10.39% to 10.49% (31 December 2018: Nil).



	30 September 2019 (Un-audited)				31 December 2018 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
	(Rupees in '000)							
36.2 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	2,000,000	-	(58,400)	1,941,600	4,152,910	-	(39,979)	4,112,931
- Neelum Jhelum Hydropower Co Ltd. Sukuk	4,812,500	-	-	4,812,500	5,156,250	-	-	5,156,250
- Bai Muajjal with Government of Pakistan	9,832,865	-	-	9,832,865	2,386,820	-	-	2,386,820
	16,645,365	-	(58,400)	16,586,965	11,695,980	-	(39,979)	11,656,001
Shares								
- Listed Companies	97,442	(56,869)	-	40,573	97,442	(41,345)	3,596	59,693
Non Government Debt Securities								
- Listed	1,499,636	-	(94,254)	1,405,382	1,635,901	-	7,444	1,643,345
- Unlisted	1,715,526	-	-	1,715,526	1,734,101	-	-	1,734,101
	3,215,162	-	(94,254)	3,120,908	3,370,002	-	7,444	3,377,446
Units of mutual funds	100,000	(47,401)	-	52,599	100,000	(34,907)	-	65,093
Total Investments	<u>20,057,969</u>	<u>(104,270)</u>	<u>(152,654)</u>	<u>19,801,045</u>	<u>15,263,424</u>	<u>(76,252)</u>	<u>(28,939)</u>	<u>15,158,233</u>

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
	(Rupees in '000)	
36.3 Islamic financing and related assets		
Ijarah	2,541,970	2,854,541
Murabaha	8,589,320	10,034,698
Diminishing Musharaka	13,951,320	15,868,804
Islamic Long Term Financing Facility (ILTFF)	101,498	-
Istisna	2,356,320	1,471,282
Islamic Export Refinance - Istisna	-	1,523,700
Musawamah	2,905,027	3,166,895
Running Musharaka	3,473,327	4,271,620
Islamic Export Refinance - Running Musharaka	1,518,000	1,000,000
Staff Financing	388,166	210,540
Advance against Musawamah	1,222,341	1,079,782
Advance against Istisna	2,818,816	4,127,286
Advance against Istisna - IERF	4,875,000	2,600,100
Advance against Ijarah	45,122	305,071
Advance against Diminishing Musharaka	1,183,510	884,300
Advance against ILTFF	1,348,616	318,366
Financing against Bills Musawamah	354,640	-
Gross Islamic financing and related assets	47,672,993	49,716,985
Less: provision against Islamic financings		
- Specific	27,185	4,187
- General	22,459	22,265
	(49,644)	(26,452)
Islamic financing and related assets - net of provision	47,623,349	49,690,533



	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
36.4 Deposits and other accounts		
Customers		
Current deposits	20,870,992	20,283,223
Savings deposits	18,851,571	17,878,029
Term deposits	12,949,672	7,299,391
	<u>52,672,235</u>	<u>45,460,643</u>
Financial institutions		
Current deposits	14,814	25,342
Savings deposits	2,342,083	11,744,330
	<u>2,356,897</u>	<u>11,769,672</u>
	<u>55,029,132</u>	<u>57,230,315</u>
36.5 CONTINGENCIES AND COMMITMENTS		
Guarantees	3,259,938	2,573,724
Commitments	5,316,325	5,766,253
	<u>8,576,263</u>	<u>8,339,977</u>
	(Un-audited) Nine months period ended	
	30 September 2019	30 September 2018
	(Rupees in '000)	
36.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	3,736,806	1,911,951
Investments	1,623,700	608,765
Placements	418,840	36,392
	<u>5,779,346</u>	<u>2,557,108</u>
36.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	2,792,156	1,017,664
Due to Financial Institutions	107,691	68,886
Due to Head Office	53,687	64,810
	<u>2,953,534</u>	<u>1,151,360</u>



	(Un-audited) 30 September 2019	(Audited) 31 December 2018
	(Rupees in '000)	
36.8 Islamic Banking Business Unappropriated Profit		
Opening Balance	928,748	422,821
Add: Islamic Banking profit for the period / year	1,769,128	928,748
Less: Remitted to Head Office	(928,748)	(422,821)
Closing Balance	<u>1,769,128</u>	<u>928,748</u>

36.9 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

36.9.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk & reward characteristics:

General Pool PKR (Mudaraba)

The deposits parked in general pool are based on normal weightages. The risk of loss is minimal due to a long range of diversified assets parked in the general pool.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the special class of assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. The weightages are also declared separately.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Separate Pool for Ministry of Religious Affairs (MORA) for Hajj Purpose

Separate Pool for Ministry of Religious Affairs is created in order to share return with the ministry on Deposit of Hajj dues as per the contract with Government.

Musharakah Pool for Islamic Financial Institutions

Separate Musharakah pools are created in order to meet short term liquidity requirements. The said pool comprises of Islamic Financial Institutions only.



Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & Shariah clearance.

36.9.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

The Mudaraba based funds have been deployed in the following avenues / sectors / business:

- Chemical & Pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes & leather garments
- Investment in Sukuk, shares and mutual funds
- Production and transmission of energy
- Food and Allied except Sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (Domestic Whole Sale, Engineering Goods, Plastic Product, etc.)

36.9.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

The Bank's Islamic Banking Division (IBD) is currently accepting Pak Rupees Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-ul-Maal. The Bank also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, shares, mutual funds and Sukuks etc.

The Bank calculates the profit of the pool after every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, amortization of premium on sukuks and loss of investments directly incurred in deriving that income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the period was 50% (31 December 2018: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2018: 50%) of net income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.



In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

36.9.4 Mudarib share & HIBA distributed to depositor's pool and specific pool

30 September 2019 (Un-audited)					
	Distributable Income (Rupees in '000)	Mudarib Share (Rupees in '000)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	3,825,265	1,436,000	37.54%	409,258	28.50%
FCY Pool	18,040	17,145	95.04%	1,731	10.10%
30 September 2018 (Un-audited)					
LCY Pool	1,658,079	723,525	43.64%	137,329	18.98%
FCY Pool	10,094	9,588	94.99%	506	5.28%

36.9.5 Profit rate earned vs. profit rate distributed to the depositors during the period

(Un-audited)		
Nine months period ended		
	30 September 2019	30 September 2018
	(Percentage)	
Profit rate earned	10.43%	6.41%
Profit rate distributed	6.52%	3.45%

37. GENERAL

37.1 Captions in respect of which there are no amounts, have not been reproduced in these unconsolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.

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

37.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by SBP vide BPRD Circular Letter No. 05 of 2019.

38. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 24 October 2019.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Company



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

		(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
	Note		
ASSETS			
Cash and balances with treasury banks	6	77,130,970	74,432,185
Balances with other banks	7	5,304,335	8,010,940
Lendings to financial institutions	8	1,812,907	—
Investments	9	623,152,402	414,981,145
Advances	10	492,524,276	478,214,653
Fixed assets	11	35,778,831	26,192,997
Intangible assets	12	387,152	170,863
Deferred tax assets		—	—
Other assets	13	56,203,461	46,723,577
		1,292,294,334	1,048,726,360
LIABILITIES			
Bills payable	14	14,619,405	20,603,682
Borrowings	15	281,675,066	119,038,358
Deposits and other accounts	16	862,248,068	796,851,867
Liabilities against assets subject to finance lease		—	—
Subordinated debt	17	14,993,600	14,996,000
Deferred tax liabilities	18	729,920	1,344,621
Other liabilities	19	62,522,792	45,896,782
		1,236,788,851	998,731,310
NET ASSETS			
		55,505,483	49,995,050
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		16,107,378	14,757,530
Surplus on revaluation of assets	20	3,973,072	3,375,368
Unappropriated profit		24,219,682	20,641,220
Equity attributable to the shareholders of the Holding Company			
Non-controlling interest	21	55,414,386 91,097	49,888,372 106,678
Total equity		55,505,483	49,995,050
CONTINGENCIES AND COMMITMENTS			
	22		

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



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

		Nine months period ended		Three months period ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
	Note	(Rupees in '000)			
Mark-up / return / interest earned	23	73,744,299	42,831,311	28,689,248	15,450,962
Mark-up / return / interest expensed	24	(43,716,560)	(20,326,568)	(18,193,320)	(7,865,848)
Net mark-up / interest income		30,027,739	22,504,743	10,495,928	7,585,114
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	4,228,469	3,367,029	1,348,712	1,133,649
Dividend income		301,801	302,353	162,463	140,740
Foreign exchange income		1,472,717	1,034,004	394,042	388,818
Income / (loss) from derivatives		—	—	—	—
(Loss) / gain on securities - net	26	(65,030)	23,454	756	(3,725)
Share of profit from associates		65,213	55,069	27,880	22,049
Other income	27	442,315	299,156	152,383	85,186
Total non mark-up / interest income		6,445,485	5,081,065	2,086,236	1,766,717
Total income		36,473,224	27,585,808	12,582,164	9,351,831
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	(20,386,683)	(17,258,571)	(7,431,115)	(6,163,182)
Workers welfare fund		(321,054)	(205,432)	(103,941)	(57,624)
Other charges	29	(86,495)	(2,561)	(52,014)	(10)
Total non mark-up / interest expenses		(20,794,232)	(17,466,564)	(7,587,070)	(6,220,816)
PROFIT BEFORE PROVISIONS		15,678,992	10,119,244	4,995,094	3,131,015
Provision and write offs - net	30	(2,811,919)	(156,447)	(657,709)	(270,501)
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		12,867,073	9,962,797	4,337,385	2,860,514
Taxation	31	(5,873,455)	(4,024,416)	(1,786,375)	(1,135,709)
PROFIT AFTER TAXATION		6,993,618	5,938,381	2,551,010	1,724,805
Attributable to:					
Shareholders of the Holding company		7,003,015	5,940,806	2,557,141	1,725,904
Non-controlling interest		(9,397)	(2,425)	(6,131)	(1,099)
		6,993,618	5,938,381	2,551,010	1,724,805
(Rupees)					
Basic and diluted earnings per share attributable to the equity holders of the Holding company	32	6.30	5.35	2.30	1.55

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



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

	Nine months period ended		Three months period ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	(Rupees in '000)			
Profit after taxation for the period	6,993,618	5,938,381	2,551,010	1,724,805
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign operations	649,282	480,602	(168,792)	97,050
Movement in deficit on revaluation of investments - net of tax	646,097	(1,100,351)	997,049	(448,878)
	1,295,379	(619,749)	828,257	(351,828)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>	-	-	-	-
Total comprehensive income	8,288,997	5,318,632	3,379,267	1,372,977
Attributable to:				
Shareholders of the Holding company	8,304,578	5,325,048	3,388,068	1,376,077
Non-controlling interest	(15,581)	(6,416)	(8,801)	(3,100)
	8,288,997	5,318,632	3,379,267	1,372,977

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019**

	Attributable to the shareholders of the Holding Company										Total
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Sub-total	Non-controlling interest	
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets				
	(Rupees in '000)										
Balance as at 01 January 2018	11,114,254	11,901,027	412,410	126,500	540,000	940,933	4,620,480	16,368,696	46,024,300	120,479	46,144,779
Comprehensive income for the nine months period ended 30 September 2018:											
Profit after taxation	-	-	-	-	-	-	-	5,940,806	5,940,806	(2,425)	5,938,381
Other comprehensive income - net of tax	-	-	480,602	-	-	(1,096,360)	-	-	(615,758)	(3,991)	(619,749)
Transfer to statutory reserve	-	590,265	-	-	-	-	-	(590,265)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(54,577)	54,577	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 3.0 per share)	-	-	-	-	-	-	-	(3,334,276)	(3,334,276)	-	(3,334,276)
Balance as at 30 September 2018	11,114,254	12,491,292	893,012	126,500	540,000	(155,427)	4,565,903	18,439,538	48,015,072	114,063	48,129,135
Comprehensive income for the quarter ended 31 December 2018:											
Profit after taxation	-	-	-	-	-	-	-	2,517,035	2,517,035	(2,761)	2,514,274
Other comprehensive income - net of tax	-	-	455,225	-	-	(1,016,916)	-	(82,044)	(643,735)	(4,624)	(648,359)
Transfer to statutory reserve	-	251,501	-	-	-	-	-	(251,501)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(18,192)	18,192	-	-	-
Balance as at 31 December 2018 - audited	11,114,254	12,742,793	1,348,237	126,500	540,000	(1,172,343)	4,547,711	20,641,220	49,888,372	106,678	49,995,050
Comprehensive income for the nine months period ended 30 September 2019:											
Profit after taxation	-	-	-	-	-	-	-	7,003,015	7,003,015	(9,397)	6,993,618
Other comprehensive income - net of tax	-	-	649,282	-	-	652,281	-	-	1,301,563	(6,184)	1,295,379
Transfer to statutory reserve	-	700,566	-	-	-	-	-	(700,566)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(54,577)	54,577	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 2.5 per share)	-	-	-	-	-	-	-	(2,778,564)	(2,778,564)	-	(2,778,564)
Balance as at 30 September 2019 - un-audited	11,114,254	13,443,359	1,997,519	126,500	540,000	(520,062)	4,493,134	24,219,682	55,414,386	91,097	55,505,483

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

	MANSOOR ALI KHAN <i>Chief Executive</i>		ASHAR HUSAIN <i>Chief Financial Officer</i>	
SYED MAZHAR ABBAS <i>Director</i>		ANWAR HAJI KARIM <i>Director</i>		ABBAS D. HABIB <i>Chairman</i>



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

	Note	30 September 2019 (Rupees in '000)	30 September 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		12,867,073	9,962,797
Less: Dividend income		(301,801)	(302,353)
		12,565,272	9,660,444
Adjustments:			
Depreciation		1,837,911	1,588,811
Depreciation on right-of-use assets		1,011,323	—
Amortisation		147,877	100,462
Provisions and write-offs		2,811,919	156,447
Gain on sale of fixed assets	30	(232,245)	(83,516)
Charge for defined benefit plan		306,000	234,000
Loss / (gain) on securities - net		65,030	(23,454)
Share of profit from associates		(65,213)	(55,069)
Charge for compensated absences		73,201	65,839
Mark-up expense on lease liability against right-of-use assets		536,283	—
		6,492,086	1,983,520
		19,057,358	11,643,964
(Increase) / decrease in operating assets			
Lendings to financial institutions		(1,812,907)	(6,473,738)
Held-for-trading securities		197,562	289,594
Advances		(15,727,213)	(110,053,605)
Other assets (excluding advance taxation)		(9,970,377)	(4,897,783)
		(27,312,935)	(121,135,532)
(Decrease) / increase in operating liabilities			
Bills payable		(5,984,277)	372,727
Borrowings from financial institutions		160,795,619	(69,630,927)
Deposits		65,396,201	76,222,247
Other liabilities		8,541,860	7,899,210
		228,749,403	14,863,257
		220,493,826	(94,628,311)
Income tax paid		(6,314,494)	(5,103,768)
Net cash generated from / (used in) operating activities		214,179,332	(99,732,079)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(128,837,383)	80,851,238
Net investments in held to maturity securities		(79,982,092)	34,050,970
Net investments in associates		49,073	14,102
Dividends received		249,710	261,830
Investments in operating fixed assets		(4,082,503)	(4,699,484)
Proceeds from sale of fixed assets		285,822	101,679
Exchange differences on translation of net investment in foreign operations		649,282	480,602
Net cash (used in) / generated from investing activities		(211,668,091)	111,060,937
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated debt		(2,400)	(1,600)
Dividend paid		(2,761,778)	(3,242,216)
Reduction in lease liabilities		(1,595,972)	—
Net cash used in financing activities		(4,360,150)	(3,243,816)
(Decrease) / increase in cash and cash equivalents		(1,848,909)	8,085,042
Cash and cash equivalents at beginning of the period		82,096,704	64,645,552
Cash and cash equivalents at end of the period		80,247,795	72,730,594

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman



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

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding company

- Bank AL Habib Limited

Subsidiary

- AL Habib Capital Markets (Private) Limited

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 710 branches (31 December 2018: 684 branches), 37 sub-branches (31 December 2018: 37 sub-branches), 04 representative offices (31 December 2018: 04 representative offices) and 01 booth (31 December 2018: NIL). The branch network of the Bank includes 03 overseas branches (31 December 2018: 03 overseas branches) and 78 Islamic Banking branches (31 December 2018: 71 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984. The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

2. BASIS OF PRESENTATION

2.1 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated 22 March 2019 and International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all the information required in the annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2018.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade - related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark - up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark - up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.



2.3 The financial results of the Islamic Banking branches have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial information of the Islamic Banking branches is disclosed in note 37 to these consolidated condensed interim financial statements.

2.4 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 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 SBP and SECP differ with the requirements of the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. Further, SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I) / 2008 dated 28 April 2008. 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 prescribed by SBP through various circulars.

SECP has notified IFAS 3, 'Profit and Loss Sharing on Deposits' issued by ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018 and BPRD Circular Letter 05 of 2019, as amended from time to time.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2018 except as disclosed below.



3.1 During the period, SBP, vide its BPRD Circular Letter No. 05 dated March 22, 2019, issued the revised format for the preparation of the interim financial statements of the banks. New format is applicable for quarterly / half yearly periods beginning on or after January 01, 2019. The implementation of the revised format has resulted in certain changes to the presentation and disclosures of various elements of the interim financial statements.

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

The following new and amended standards, interpretations and amendments became effective during the period and do not have impact on Group's consolidated condensed interim financial statements except for IFRS 16 'Leases'.

	Effective date (annual periods beginning on or after)
Standard, Interpretation or Amendment	
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 15 - Revenue from contracts with customers	July 01, 2018
IFRS 16 - Leases	January 01, 2019
Amendment to IAS 28 - Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures	January 01, 2019
Amendments to IAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement	January 01, 2019
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	
- IAS 12 Income Taxes	
- IAS 23 Borrowing Costs	

3.2.1 IFRS 16 Leases supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model.

The Bank has lease contracts for various properties. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as an operating lease.

In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other asset and other liabilities, respectively.



Upon adoption of IFRS 16, the Bank applied the recognition and measurement approach of IFRS 16 for all leases, except for short-term leases and leases of low-value assets. The Bank has adopted modified retrospective approach upon transition to IFRS 16. The standard also provides practical expedients, which has been applied by the Bank.

Accordingly, the Bank recognised right-of-use assets and lease liabilities for those leases where the Bank is the lessee and which were previously accounted for as operating leases. The right-of-use assets and lease liabilities were recognised on the present value of future cash flows, discounted using the incremental borrowing rate at the date of initial application.

	As at September 30, 2019	As at January 01, 2019
	(Rupees in '000)	
Impact on Statement of Financial Position		
Increase in fixed assets - right-of-use assets	7,748,190	8,139,524
Decrease in other assets - advances, deposits, advance rent and other prepayments	(475,595)	(672,886)
Increase in other assets - advance taxation	184,509	—
Increase in total assets	7,457,104	7,466,638
Increase in other liabilities - lease liability against right-of-use assets / other payable	(7,745,695)	(7,466,638)
Decrease in net assets	(288,591)	—
		Nine months period ended September 30, 2019 (Rupees in '000)
Impact on Profit and Loss account		
Increase in mark-up expense - lease liability against right-of-use assets		(536,283)
(Increase) / decrease in administrative expenses		(1,011,323)
- Depreciation on right-of-use assets		1,074,506
- Rent expense		63,183
Decrease in profit before tax		(473,100)
Decrease in tax		184,509
Decrease in profit after tax		(288,591)



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

The following new and amended standards, interpretations and amendments will become effective from the dates mentioned below against the respective standard, interpretation or amendment and do not have any significant impact except for IFRS 9 'Financial Instruments'.

Effective date (annual periods beginning on or after)	
Standard, Interpretation or Amendment	
IFRS 3 - Business Combinations	January 01, 2020
IAS 1 Presentation of Financial Statements	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	June 30, 2019

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, SBP has clarified that IFRS 9 is not applicable for banks for period ending September 30, 2019. Accordingly, the requirements of IFRS 9 have not been considered for domestic operations of the Bank in preparation of these consolidated condensed interim financial statements.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Under this standard, provision against financial assets is determined under expected credit loss model. Previously, this was determined under the incurred loss model. The Bank has already adopted IFRS 9 in respect of overseas branches.

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 Bank are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2018.



	(Un-audited) 30 September 2019	(Audited) 31 December 2018
	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	20,571,928	16,653,040
Foreign currencies	1,889,344	1,566,662
	22,461,272	18,219,702
In transit:		
Local currency	1,122,350	106,914
Foreign currencies	397,623	26,856
	1,519,973	133,770
With State Bank of Pakistan in:		
Local currency current account	27,961,386	31,352,756
Local currency current account - Islamic Banking	2,193,691	2,556,444
Foreign currency deposit account		
Cash reserve account	3,361,856	2,916,100
Cash reserve / special cash reserve account		
- Islamic Banking	231,343	148,166
Special cash reserve account	10,085,568	8,757,757
Local US Dollar collection account	33,073	84,470
	43,866,917	45,815,693
With National Bank of Pakistan in:		
Local currency current account	8,775,780	10,220,736
Prize bonds	507,028	42,284
	77,130,970	74,432,185
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current account	355,400	353,686
In deposit account	2,966,609	5,364,409
	3,322,009	5,718,095
Outside Pakistan:		
In current account	1,956,813	2,254,412
In deposit account	25,515	38,435
	1,982,328	2,292,847
	5,304,337	8,010,942
Less: impairment against IFRS 9 in overseas branches	(2)	(2)
	5,304,335	8,010,940
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Bai Muajjal receivable		
- with the State Bank of Pakistan	1,812,907	-



9. INVESTMENTS

	Note	30 September 2019 (Un-audited)				31 December 2018 (Audited)			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9.1 Investments by type:									
Held-for-trading securities									
Shares		-	-	-	-	285,368	-	(21,920)	263,448
Available-for-sale securities									
Federal Government Securities		481,813,468	(10,242)	(639,787)	481,163,439	354,754,071	(21,616)	(1,276,813)	353,455,642
Shares		4,806,481	(1,566,365)	(162,170)	3,077,946	4,781,741	(490,342)	(501,038)	3,790,361
Non Government Debt Securities		5,674,595	-	(134,255)	5,540,340	4,901,380	-	8,370	4,909,750
Foreign Securities		2,681,188	(11,638)	20,392	2,689,942	1,548,752	(8,041)	(45,710)	1,495,001
Units of mutual funds		2,025,000	(373,876)	(41,660)	1,609,464	2,175,000	(34,906)	(160,193)	1,979,901
		497,000,732	(1,962,121)	(957,480)	494,081,131	368,160,944	(554,905)	(1,975,384)	365,630,655
Held-to-maturity securities	9.3								
Federal Government Securities		127,577,499	(4,803)	-	127,572,696	48,049,798	(6,418)	-	48,043,380
Foreign Securities		472,512	(694)	-	471,818	-	-	-	-
Non Government Debt Securities		67,171	-	-	67,171	86,213	-	-	86,213
		128,117,182	(5,497)	-	128,111,685	48,136,011	(6,418)	-	48,129,593
Associates		959,586	-	-	959,586	957,449	-	-	957,449
Total Investments		626,077,500	(1,967,618)	(957,480)	623,152,402	417,539,772	(561,323)	(1,997,304)	414,981,145



	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
9.1.1 Investments given as collateral		
Market Treasury Bills		
Carrying value	220,927,216	56,804,498
Deficit	(1,932)	(31,410)
	<u>220,925,284</u>	<u>56,773,088</u>
9.2 Provision for diminution in the value of investments		
Available for sale investments:		
Opening balance	561,323	194,656
Exchange adjustments against IFRS 9 in overseas branches	3,182	13,721
Charge / reversals		
Charge for the period / year	1,420,128	384,007
Reversal of impairment as per IFRS 9 in overseas branches for the period / year	(17,017)	(31,061)
	<u>1,403,111</u>	<u>352,946</u>
Closing Balance	<u>1,967,616</u>	<u>561,323</u>
9.3 The market value of securities classified as held to maturity at 30 September 2019 amounted to Rs. 129,111 million (31 December 2018: Rs. 47,754 million).		



10. ADVANCES

	Performing		Non-Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	419,808,316	408,233,955	6,784,917	5,059,552	426,593,233	413,293,507
Islamic financing and related assets	47,613,228	49,708,261	83,777	8,724	47,697,005	49,716,985
Bills discounted and purchased	27,333,446	22,767,224	188,181	167,116	27,521,627	22,934,340
Advances - gross	494,754,990	480,709,440	7,056,875	5,235,392	501,811,865	485,944,832
Provision against advances						
– Specific	–	–	5,799,803	4,351,895	5,799,803	4,351,895
– General as per regulations	263,293	238,099	–	–	263,293	238,099
– General	3,000,000	3,000,000	–	–	3,000,000	3,000,000
– As per IFRS 9 in overseas branches	224,493	140,185	–	–	224,493	140,185
	3,487,786	3,378,284	5,799,803	4,351,895	9,287,589	7,730,179
Advances - net of provision	491,267,204	477,331,156	1,257,072	883,497	492,524,276	478,214,653
			(Un-audited)		(Audited)	
			30 September		31 December	
			2019		2018	
	(Rupees in '000)					

10.1 Particulars of advances (Gross)

In local currency	434,189,202	428,995,587
In foreign currencies	67,622,663	56,949,245
	501,811,865	485,944,832

10.2 Advances include Rs. 7,056.875 million (31 December 2018: Rs. 5,235.392 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2019 (Un-audited)		31 December 2018 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	Loans			
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	90,461	480	10,715	998
Substandard	702,401	175,564	44,963	10,869
Doubtful	706,077	334,714	1,621,874	796,947
Loss	3,685,167	3,674,308	2,496,394	2,481,635
	5,184,106	4,185,066	4,173,946	3,290,449
Overseas				
Overdue by:				
91 to 180 days	688,085	430,053	-	-
> 365 days	1,184,684	1,184,684	1,061,446	1,061,446
	1,872,769	1,614,737	1,061,446	1,061,446
Total	7,056,875	5,799,803	5,235,392	4,351,895



10.3 Particulars of provision against advances

	Note	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
		Specific	General	Total	Specific	General	Total
(Rupees in '000)							
Opening balance		4,351,895	3,378,284	7,730,179	4,399,564	3,337,610	7,737,174
Exchange adjustments		122,277	18,693	140,970	218,348	26,933	245,281
Charge for the period / year							
- Specific provision		1,586,399	–	1,586,399	354,961	–	354,961
- General provision as per regulations	10.3.1	–	25,193	25,193	–	5,003	5,003
- As per IFRS 9 in overseas branches	10.3.2	–	66,676	66,676	–	8,738	8,738
Reversals							
- Specific provision		(259,618)	–	(259,618)	(445,270)	–	(445,270)
- As per IFRS 9 in overseas branches		–	(1,060)	(1,060)	–	–	–
		1,326,781	90,809	1,417,590	(90,309)	13,741	(76,568)
Amounts written off		(1,150)	–	(1,150)	(175,708)	–	(175,708)
Closing balance		5,799,803	3,487,786	9,287,589	4,351,895	3,378,284	7,730,179

10.3.1 General provision represents provision amounting to Rs. 263.293 million (31 December 2018: Rs. 238.099 million) against consumer finance portfolio as required by the Prudential Regulations issued by SBP.

10.3.2 The provision in respect of IFRS 9 in overseas branches amounts to Rs. 224.493 million (31 December 2018: Rs. 140.185 million).

10.3.3 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 September 2019 amounts to Rs. 3,000 million (31 December 2018: Rs. 3,000 million).

10.3.4 For the purposes of determining provision against non - performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against non - performing advances.



	Note	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
11. FIXED ASSETS			
Capital work-in-progress	11.1	2,857,488	1,433,875
Property and equipment	11.2	32,921,343	24,759,122
		<u>35,778,831</u>	<u>26,192,997</u>
11.1 Capital work-in-progress			
Civil works		861,486	498,060
Advance payment towards suppliers, contractors and property		1,979,087	914,905
Consultants' fee and other charges		16,915	20,910
		<u>2,857,488</u>	<u>1,433,875</u>
11.2	This includes right-of-use assets amounting to Rs 7,748.190 million (31 December 2018: NIL) due to adoption of IFRS 16 as detailed in note 3.2.1.		
11.3 Additions to fixed assets			
The following additions have been made to operating fixed assets during the period:			
		(Un-audited) Nine months period ended	
		30 September 2019	30 September 2018
		(Rupees in '000)	
Capital work-in-progress		1,423,613	760,001
Property and equipment			
Leasehold land		597,059	887,133
Buildings on leasehold land		216,978	828,927
Furniture and fixture		169,064	179,233
Electrical, office and computer equipment		650,993	1,162,998
Vehicles		457,615	493,990
Improvement to leasehold building		208,721	172,274
		<u>2,300,430</u>	<u>3,724,555</u>
Total		<u>3,724,043</u>	<u>4,484,556</u>
11.4 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		2,548	2,606
Electrical, office and computer equipment		9,030	4,231
Vehicles		39,690	5,273
Improvement to leasehold buildings		2,309	6,053
Total		<u>53,577</u>	<u>18,163</u>



		(Un-audited) 30 September 2019	(Audited) 31 December 2018
		(Rupees in '000)	
12. INTANGIBLE ASSETS			
Computer software		384,652	168,363
TRE certificates		2,500	2,500
		<u>387,152</u>	<u>170,863</u>
		(Un-audited) Nine months period ended	
		30 September 2019	30 September 2018
		(Rupees in '000)	
12.1 Additions to intangible assets			
Directly purchased		<u>358,460</u>	<u>214,928</u>
		(Un-audited) 30 September 2019	(Audited) 31 December 2018
	Note	(Rupees in '000)	
13. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		14,675,423	10,391,416
Income / mark-up accrued in foreign currencies - net of provision		1,040,925	390,718
Advances, deposits, advance rent and other prepayments		589,557	1,213,235
Advance taxation (payments less provisions)		953,455	1,484,911
Non-banking assets acquired in satisfaction of claims		876,395	800,040
Mark to market gain on forward foreign exchange contracts		1,250,945	1,133,980
Acceptances		33,700,439	28,771,029
Stationery and stamps on hand		225,635	218,772
Receivable from SBP		614,732	325,478
Non - refundable deposits		37,748	43,455
ATM settlement account		1,239,241	965,926
Receivable against securities		10,734	34,359
Others		960,563	921,129
		<u>56,175,792</u>	<u>46,694,448</u>
Less: Provision held against other assets	13.1	<u>(7,294)</u>	<u>(7,279)</u>
Other Assets (Net of Provision)		<u>56,168,498</u>	<u>46,687,169</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>34,963</u>	<u>36,408</u>
Other Assets - total		<u>56,203,461</u>	<u>46,723,577</u>



	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
		(Rupees in '000)	
13.1 Provision held against other assets			
Receivable against consumer loans	13.1.1	<u>7,294</u>	<u>7,279</u>
13.1.1 Movement in provision held against other assets			
Opening balance		7,279	6,486
Charge for the period / year		1,582	1,485
Reversals for the period / year		(1,221)	(605)
		361	880
Amount written off		(346)	(87)
Closing balance		<u>7,294</u>	<u>7,279</u>
14. BILLS PAYABLE			
In Pakistan		<u>14,619,405</u>	<u>20,603,682</u>
15. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		35,366,031	33,445,797
Under renewable energy		3,906,898	3,885,244
Under long term financing for imported and locally manufactured plant and machinery		18,303,290	13,444,746
Under modernisation of small and medium enterprises		218,025	116,354
Under women entrepreneurship		15,526	8,476
Under financing facility for storage of agricultural produce		5,731	26,967
		57,815,501	50,927,584
Repurchase agreement borrowings		<u>220,672,055</u>	<u>56,714,334</u>
Total secured		<u>278,487,556</u>	<u>107,641,918</u>
Unsecured			
Call borrowings		–	1,500,000
Borrowings from financial institutions		1,000,000	9,550,019
Overdrawn nostro accounts		<u>2,187,510</u>	<u>346,421</u>
Total unsecured		<u>3,187,510</u>	<u>11,396,440</u>
		<u>281,675,066</u>	<u>119,038,358</u>



16. DEPOSITS AND OTHER ACCOUNTS

	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	273,581,954	33,235,265	306,817,219	259,924,538	27,655,719	287,580,257
Savings deposits	211,872,987	39,795,882	251,668,869	190,726,381	35,939,386	226,665,767
Term deposits	139,099,341	34,883,816	173,983,157	128,918,633	27,556,178	156,474,811
Current deposits - remunerative	97,500,143	729,624	98,229,767	82,817,947	550,054	83,368,001
Others	10,376,373	9,663,765	20,040,138	10,802,035	8,189,454	18,991,489
	732,430,798	118,308,352	850,739,150	673,189,534	99,890,791	773,080,325
Financial institutions						
Current deposits	1,283,721	1,361,047	2,644,768	1,284,400	358,311	1,642,711
Savings deposits	2,133,737	16	2,133,753	11,834,313	15	11,834,328
Term deposits	665,000	113,052	778,052	289,001	454,768	743,769
Current deposits - remunerative	3,388,523	2,563,722	5,952,245	7,179,534	2,285,052	9,464,586
Others	100	-	100	86,148	-	86,148
	7,471,081	4,037,837	11,508,918	20,673,396	3,098,146	23,771,542
	739,901,879	122,346,189	862,248,068	693,862,930	102,988,937	796,851,867

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
		(Rupees in '000)	
17. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - V - (Unquoted)	17.1	3,994,400	3,996,000
Term Finance Certificates (TFCs) - VI - (Unquoted)	17.2	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII - (Unquoted)	17.3	3,999,200	4,000,000
		14,993,600	14,996,000



17.1 Term Finance Certificates - V (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	March 2016
Maturity date	March 2026
Rating	AA
Profit payment frequency	six monthly
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each
Mark-up	Payable six monthly at six months' KIBOR plus 0.75% without any floor and cap
Call option	On or after five years with prior SBP approval
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and /or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full).

17.2 Term Finance Certificates - VI (Unquoted)

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA-
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date
Mark-up	Payable six monthly at six months' KIBOR plus 1.5% without any floor and cap The issuer will have full discretion over the amount and timing of profit distribution, and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and /or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full).



17.3 Term Finance Certificates - VII (Unquoted)

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	AA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% each; 114th and 120th month: 49.82% each
Mark-up	6-Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and /or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full).

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

18. DEFERRED TAX LIABILITIES

Taxable Temporary Differences on:

Accelerated tax depreciation	930,745	1,042,970
Surplus on revaluation of fixed assets / non - banking assets	994,257	1,023,644
Remeasurement of defined benefit plan	246,397	246,397
	2,171,399	2,313,011

Deductible Temporary Differences on:

Provision against diminution in the value of investments	(673,137)	(181,518)
Provision against loans and advances, off balance sheet, etc.	(337,934)	(5,555)
Impairment as per IFRS 9 in overseas branches	(94,012)	(78,217)
Provision for compensated absences	(234)	(278)
Recognised tax losses	(2,803)	(4,035)
Intangible assets	(476)	(440)
Surplus on revaluation of held for trading investments	—	(7,671)
Surplus on revaluation of available for sale investments	(332,883)	(690,676)
	(1,441,479)	(968,390)
	729,920	1,344,621



		(Un-audited) 30 September 2019	(Audited) 31 December 2018
	Note		
(Rupees in '000)			
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,471,785	2,973,237
Mark-up / return / interest payable in foreign currencies		270,489	231,537
Unearned commission income		223,456	204,609
Accrued expenses		1,745,284	1,031,360
Acceptances		33,700,439	28,771,029
Unclaimed dividends		432,433	415,647
Mark to market loss on forward foreign exchange contracts		1,270,166	614,896
Branch adjustment account		913,091	717,339
Payable to defined benefit plan		1,009,992	703,992
Charity payable		37,138	14,218
Provision against off - balance sheet items	19.1	114,930	116,600
Security deposits against leases / ijarah		6,340,497	5,940,336
Provision for compensated absences		660,479	585,739
Special exporters' accounts in foreign currencies		104,562	41,936
Other security deposits		578,765	506,331
Workers' welfare fund		1,624,725	1,303,671
Payable to SBP / NBP		425,389	223,763
Payable to supplier against murabaha		339,963	44,886
Payable against purchase of securities		—	22,083
Insurance payable		490,530	490,757
Payable against trading of marketable securities on behalf of customer		95,577	92,035
Lease liability against right-of-use assets		7,699,824	—
Others		973,278	850,781
		62,522,792	45,896,782
19.1 Provision against off-balance sheet obligations			
Opening balance		116,600	160,838
Exchange adjustment against IFRS 9 in overseas branches		10,029	12,263
Charge for the period / year		29,449	13,827
Reversals for the period / year		(41,148)	(70,328)
		(11,699)	(56,501)
Closing balance		114,930	116,600



		(Un-audited) 30 September Note 2019	(Audited) 31 December 2018
		(Rupees in '000)	
20. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	20.1	(852,945)	(1,862,121)
- Fixed Assets		5,522,775	5,605,295
- Non-banking assets acquired in satisfaction of claims		34,963	36,408
		4,704,793	3,779,582
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(332,883)	(689,778)
- Fixed Assets		1,058,896	1,087,778
- Non-banking assets acquired in satisfaction of claims		5,708	6,214
		731,721	404,214
		3,973,072	3,375,368
20.1 Investments			
Available for sale securities		(958,438)	(1,975,384)
Unrealised surplus on equity accounting		97,277	111,230
Non-controlling interest		8,216	2,033
		(852,945)	(1,862,121)
Less: related deferred tax		(332,883)	(689,778)
		(520,062)	(1,172,343)
21. NON - CONTROLLING INTEREST			
Opening balance		106,678	120,479
Loss attributable to non - controlling interest		(9,397)	(5,186)
Loss on equity attributable to non - controlling interest		(6,184)	(8,615)
Closing balance		91,097	106,678
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	74,040,874	66,873,212
Commitments	22.2	225,052,360	217,907,411
Other contingent liabilities	22.3	4,669,685	4,716,420
		303,762,919	289,497,043
22.1 Guarantees:			
Financial guarantees		12,048,867	9,633,948
Performance guarantees		61,992,007	57,239,264
		74,040,874	66,873,212



	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
	Note	
22.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	121,192,726	109,275,067
Commitments in respect of:		
- forward foreign exchange contracts	22.2.1 99,165,910	103,620,742
- forward lending	22.2.2 3,716,226	3,916,624
Commitments for acquisition of:		
- Fixed assets	977,498	1,094,978
	225,052,360	217,907,411
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	67,947,744	70,584,095
Sale	31,218,166	33,036,647
	99,165,910	103,620,742
The maturities of above contracts are spread over the periods upto one year.		
22.2.2 Commitments in respect of forward lending	3,716,226	3,916,624
22.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
22.3 Claims against the Bank not acknowledged as debts	4,669,685	4,716,420
22.4 Other contingent liabilities		
Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2017 (Tax Year 2018). The income tax assessments of the Bank are completed upto tax year 2016.		
For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) has passed order u/s. 122(5A) of the Income Tax Ordinance, 2001 disallowing certain expenses. Subsequently, amended order was received from ACIR based on a rectification application filed by the Bank resulting an impact of Rs. 797.233 million. After filing of appeal with Commissioner Inland Revenue (Appeals) by the Bank, orders have been passed by CIR (Appeals) allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 662.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.		
Deputy Commissioner Inland Revenue has finalized order u/s. 122(5A) of Tax Year 2014 (Accounting Year 2013) by disallowing certain expenses resulting in an impact of Rs. 150.769 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.		
Additional Commissioner Inland Revenue has finalized order u/s. 122(5A) of Tax Year 2015 (Accounting Year 2014) by disallowing certain expenses resulting in an impact of Rs. 301.855 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.		
Additional Commissioner Inland Revenue has finalized order u/s. 122(5A) of Tax Year 2016 (Accounting Year 2015) by disallowing certain expenses resulting in an impact of Rs. 305.179 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the order.		



Deputy Commissioner Inland Revenue has passed order for the period January 2013 to December 2015 levying Federal Excise Duty on certain items resulting in an impact of Rs. 80.766 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals).

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. The Bank has filed an appeal before Appellate Tribunal (Punjab Revenue Authority).

Commissioner Inland Revenue (Appeals) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before ITAT against the above referred orders.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Years 2014 to 2018 by disallowing certain expenses resulting in an impact of Rs. 93.443 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

	(Un-audited)	
	<u>Nine months period ended</u>	
	<u>30 September</u>	<u>30 September</u>
	<u>2019</u>	<u>2018</u>
	(Rupees in '000)	
23. MARK - UP / RETURN / INTEREST EARNED		
On loans and advances	36,335,030	19,247,027
On investments	35,489,971	23,280,161
On deposits with financial institutions	471,587	199,252
On securities purchased under resale agreements	1,221,894	104,576
On call money lendings	225,817	295
	73,744,299	42,831,311
24. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	34,582,094	16,801,368
Borrowings from SBP	837,757	670,288
Subordinated debt	1,388,377	635,588
Cost of foreign currency swaps	1,207,067	354,341
Repurchase agreement borrowings	4,969,090	1,628,956
Mark-up expense on lease liability against right-of-use assets	536,283	—
Other borrowings	195,892	236,027
	43,716,560	20,326,568
25. FEE AND COMMISSION INCOME		
Branch banking customer fees	813,390	454,928
Consumer finance related fees	31,832	33,334
Card related fees (debit and credit cards)	238,213	392,047
Credit related fees	113,470	143,604
Commission on trade	2,543,605	1,911,762
Commission on guarantees	292,172	274,235
Commission on cash management	146,190	127,867
Commission on home remittances	39,789	23,330
Others	9,808	5,922
	4,228,469	3,367,029



(Un-audited)			
Nine months period ended			
		30 September	30 September
		2019	2018
		(Rupees in '000)	
		Note	
26. (LOSS) / GAIN ON SECURITIES - NET			
Realised	26.1	(65,030)	23,454
26.1 Realised gain on:			
Federal Government securities		100	(1,897)
Shares		(65,886)	25,201
Non Government Debt Securities		—	150
Mutual funds		756	—
		(65,030)	23,454
27. OTHER INCOME			
Gain on sale of fixed assets - net		232,245	83,516
Recovery of expenses from customers		199,720	206,027
Lockers rent		7,498	5,530
Others		2,852	4,083
		442,315	299,156
28. OPERATING EXPENSES			
Total compensation expenses		9,355,826	7,836,771
Property expenses			
Rent & taxes		317,728	1,147,287
Insurance		12,846	16,609
Utilities cost		762,864	639,930
Security (including guards)		637,624	631,082
Repair & maintenance (including janitorial charges)		173,049	146,208
Depreciation		1,610,076	514,375
Amortisation		5,707	5,707
		3,519,894	3,101,198
Information technology expenses			
Software maintenance		3,909	1,192
Hardware maintenance		311,136	282,092
Depreciation		218,853	192,865
Amortisation		142,170	94,755
Network charges		294,236	230,613
		970,304	801,517



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
Note		2019	2018
		(Rupees in '000)	
Other operating expenses			
Directors' fees and allowances		34,600	29,825
Fees and allowances to Shariah Board		7,333	4,914
Insurance		246,191	188,936
Legal & professional charges		127,502	105,971
Outsourced services costs		1,156,163	928,121
Traveling & conveyance		175,124	154,574
NIFT & other clearing charges		100,209	86,131
Depreciation		1,020,305	881,571
Repair and maintenance		840,436	852,296
Training & development		35,320	39,253
Postage & courier charges		155,614	138,241
Communication		204,318	185,748
Stationery & printing		576,016	371,552
Marketing, advertisement & publicity		220,402	224,025
Donations		58,700	86,128
Auditors Remuneration		3,372	2,804
Commission and brokerage		165,691	123,656
Entertainment and staff refreshment		207,911	193,039
Vehicle running expenses		628,945	451,113
Subscriptions and publications		108,641	76,316
CNIC verification charges		107,718	45,286
Security charges		192,662	173,382
Others		167,486	176,203
		6,540,659	5,519,085
		20,386,683	17,258,571
29. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		86,495	2,561
30. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision for diminution in value of investments		1,405,667	395,949
Provision / (reversal) against loans and advances - net	10.3	1,417,590	(197,182)
Reversal against off - balance sheet items	19.1	(11,699)	(43,850)
Provision against other assets	13.1.1	361	1,530
		2,811,919	156,447
31. TAXATION			
Current		6,274,043	4,070,227
Prior years		571,907	(178)
Deferred		(972,495)	(45,633)
		5,873,455	4,024,416



- 31.1** The Finance Supplementary (Second Amendment) Act 2019 has reversed the phase-wise reduction in rate of Super Tax for banking companies from 4% to 3% and further levied an additional Super Tax charge at 4% for Tax Year 2018 (Accounting Year 2017), which was previously not chargeable resulting in additional Super Tax charge of Rs. 571.907 million in the current period. The aggregate Super Tax charge for the nine months period ended September 30, 2019 is Rs. 1,215.136 million.

(Un-audited) Nine months period ended	
30 September 2019	30 September 2018
(Rupees in '000)	

32. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY

Profit for the period - attributable to equity holders of the Holding company

7,003,015	5,940,806
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(Number)

Weighted average number of ordinary shares

1,111,425,416	1,111,425,416
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(Rupees)

Basic and diluted earnings per share

6.30	5.35
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33. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV rates (Reuters page)
Non Government Debt Securities	Market prices
Foreign Securities	Market prices / Mashreqbank PSC
Listed securities	Market prices
Mutual funds	Net asset values
Unlisted equity investments	Break - up value as per latest available audited financial statements.

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Group's accounting policies, as disclosed in the consolidated financial statements for the year ended December 31, 2018.

33.1 Fair value of financial assets

The Group 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 categorised:

	30 September 2019 (Un-audited)			
	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	–	481,173,681	–	481,173,681
Shares	4,540,075	–	–	4,540,075
Non-Government Debt Securities	3,313,303	2,027,076	–	5,340,379
Foreign Securities	–	2,701,580	–	2,701,580
Mutual funds	1,983,340	–	–	1,983,340
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	128,562,860	–	128,562,860
Non-Government Debt Securities	–	67,171	–	67,171
Foreign Securities	–	481,128	–	481,128
Associates				
Listed shares	525,001	–	–	525,001
Mutual funds	338,376	–	–	338,376
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts	–	99,146,689	–	99,146,689

	31 December 2018 (Audited)			
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	—	353,477,258	—	353,477,258
Shares	4,439,914	—	—	4,439,914
Non-Government Debt Securities	2,597,060	2,112,711	—	4,709,771
Foreign Securities	—	1,503,042	—	1,503,042
Mutual funds	2,014,807	—	—	2,014,807
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	—	47,667,386	—	47,667,386
Non-Government Debt Securities	—	86,213	—	86,213
Foreign Securities	—	—	—	—
Associates				
Listed shares	537,504	—	—	537,504
Mutual funds	342,581	—	—	342,581
Off-balance sheet financial instruments - measured at fair value				
Forward purchase and sale of foreign exchange contracts				
	—	104,139,826	—	104,139,826

33.2 Fixed assets have been carried at revalued amounts determined by professional valuer (level 2 measurement) based on their assessment of the market value.



34. SEGMENT INFORMATION

Segment Details with respect to Business Activities

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

Nine months period ended 30 September 2019 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	67,385,658	6,346,104	12,537	73,744,299
Inter segment revenue - net	9,164	22,872,604	–	22,881,768
Non mark-up / return / interest income	2,478,215	3,940,245	27,025	6,445,485
Total Income	69,873,037	33,158,953	39,562	103,071,552
Segment direct expenses	(37,394,138)	(27,065,513)	(51,141)	(64,510,792)
Inter segment expense allocation	(22,872,604)	–	(9,164)	(22,881,768)
Total expenses	(60,266,742)	(27,065,513)	(60,305)	(87,392,560)
Provisions	(2,798,996)	–	(12,923)	(2,811,919)
Profit before tax	6,807,299	6,093,440	(33,666)	12,867,073
As at 30 September 2019 (Un-audited)				
(Rupees in '000)				
Balance Sheet				
Cash & Bank balances	70,564,978	11,808,557	61,770	82,435,305
Lendings to financial institutions	1,812,907	–	–	1,812,907
Investments	622,923,716	–	228,686	623,152,402
Net inter segment lending	208,903	521,393,934	–	521,602,837
Advances - performing	420,817,755	70,449,425	24	491,267,204
- non-performing	1,152,901	104,171	–	1,257,072
Others	79,053,232	13,217,565	98,647	92,369,444
Total Assets	1,196,534,392	616,973,652	389,127	1,813,897,171
Borrowings	281,669,489	–	5,577	281,675,066
Subordinated debt	14,993,600	–	–	14,993,600
Deposits & other accounts	304,497,329	557,750,739	–	862,248,068
Net inter segment borrowing	521,393,934	–	208,903	521,602,837
Others	27,695,072	50,082,212	94,833	77,872,117
Total liabilities	1,150,249,424	607,832,951	309,313	1,758,391,688
Equity	46,284,968	9,140,701	79,814	55,505,483
Total Equity & liabilities	1,196,534,392	616,973,652	389,127	1,813,897,171
Contingencies & Commitments	195,174,770	58,830	–	195,233,600



Nine months ended 30 September 2018 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	38,773,515	4,049,925	7,871	42,831,311
Inter segment revenue - net	4,500	17,720,621	–	17,725,121
Non mark-up / return / interest income	3,007,556	2,039,231	34,278	5,081,065
Total Income	41,785,571	23,809,777	42,149	65,637,497
Segment direct expenses	(17,959,825)	(19,787,155)	(46,152)	(37,793,132)
Inter segment expense allocation	(17,720,621)	–	(4,500)	(17,725,121)
Total expenses	(35,680,446)	(19,787,155)	(50,652)	(55,518,253)
Provisions	(175,867)	17,560	1,860	(156,447)
Profit before tax	5,929,258	4,040,182	(6,643)	9,962,797

As at 30 September 2018 (Un-audited)

(Rupees in '000)

Balance Sheet

Cash & Bank balances	63,191,013	10,638,231	62,891	73,892,135
Lendings to financial institutions	6,473,738	–	–	6,473,738
Investments	358,923,393	–	269,462	359,192,855
Net inter segment lending	188,527	742,472,918	–	742,661,445
Advances - performing	384,259,385	64,755,795	37	449,015,217
- non-performing	883,203	33,237	–	916,440
Others	61,956,114	10,422,318	79,472	72,457,904
Total Assets	875,875,373	828,322,499	411,862	1,704,609,734
Borrowings	64,847,017	–	–	64,847,017
Subordinated debt	10,996,000	–	–	10,996,000
Deposits & other accounts	14,112,172	754,644,398	–	768,756,570
Net inter segment borrowing	742,472,918	–	188,527	742,661,445
Others	2,766,403	66,381,603	71,561	69,219,567
Total liabilities	835,194,510	821,026,001	260,088	1,656,480,599
Equity	40,680,863	7,296,498	151,774	48,129,135
Total Equity & liabilities	875,875,373	828,322,499	411,862	1,704,609,734
Contingencies & Commitments	188,375,485	21,825	–	188,397,310



35. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates (including entities having directors in common with the Group), employee benefit plans, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties of the Group are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.

Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	30 September 2019 (Un-audited)				31 December 2018 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	957,449	-	-	-	964,259	-
Investment made during the period / year	-	-	-	-	-	-	21,000	-
Investment adjusted / redeemed / disposed off during the period / year	-	-	(6,113)	-	-	-	(27,810)	-
Closing balance	-	-	951,336	-	-	-	957,449	-
Advances								
Opening balance	1,313	53,257	1,359,059	-	977	51,929	1,775,142	-
Addition during the period / year	39,390	284,408	26,584,955	-	34,176	51,761	32,726,863	-
Repaid during the period / year	(39,108)	(254,852)	(25,401,599)	-	(33,840)	(50,433)	(33,142,946)	-
Closing balance	1,595	83,083	2,542,415	-	1,313	53,257	1,359,059	-
Operating Fixed Assets								
Right of Use	-	-	7,862	-	-	-	-	-
Other Assets								
Interest / mark-up accrued	-	47	24,120	-	-	32	4,216	-
L/C acceptances	-	-	536,051	-	-	-	532,718	-
Unrealised gain on forward exchange contracts	-	-	679	-	-	-	-	-
Other assets	-	-	23	-	-	-	28	-
Subordinated debt								
Opening balance	-	-	-	-	-	-	-	-
Issued / purchased during the period / year	-	-	40,000	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	40,000	-	-	-	-	-
Deposit and other accounts								
Opening balance	587,452	816,406	4,876,833	536,801	821,526	580,986	4,021,911	1,412,440
Received during the period / year	6,939,748	2,194,437	96,497,125	23,148,651	3,185,597	2,384,155	101,140,451	33,145,306
Withdrawn during the period / year	(6,558,196)	(2,504,240)	(96,975,436)	(23,188,039)	(3,419,671)	(2,148,735)	(100,285,529)	(34,020,945)
Closing balance	969,004	506,603	4,398,522	497,413	587,452	816,406	4,876,833	536,801
Other Liabilities								
Interest / mark-up payable	5,406	2,253	13,540	3,040	652	2,240	20,861	6,897
Payable to staff retirement fund	-	-	-	1,009,992	-	-	-	703,992
L/C acceptances	-	-	536,051	-	-	-	532,718	-
Other liabilities	-	378	2	-	-	-	-	-
Contingencies and Commitments								
-	-	-	1,216,209	-	-	-	729,458	-
Other Transactions - Investor Portfolio Securities								
Opening balance	-	-	201,000	8,132,000	-	-	21,000	3,827,000
Increased during the period / year	30,000	-	1,487,440	6,987,000	-	-	416,000	15,445,000
Decreased during the period / year	(30,000)	-	(946,100)	(9,687,000)	-	-	(236,000)	(11,140,000)
Closing balance	-	-	742,340	5,432,000	-	-	201,000	8,132,000



35.1 RELATED PARTY TRANSACTIONS

	30 September 2019 (Un-audited)				30 September 2018 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	–	3,875	191,850	–	3	2,156	60,429	–
Fee and commission income	18	85	12,818	–	15	31	5,088	–
Dividend income	–	–	49,072	–	–	–	35,101	–
Net gain / (loss) on sale / redemption of securities / mutual funds	–	–	–	–	–	–	–	(16)
Other income	1	–	222	140	–	–	135	119
Expense								
Mark-up / return / interest expensed	56,897	30,474	258,836	61,145	24,858	22,064	119,485	39,598
Operating expenses	–	–	4,011	–	–	–	545	–
Salaries and allowances	–	386,052	–	–	–	308,034	–	–
Bonus	–	50,431	–	–	–	36,174	–	–
Contribution to defined contribution plan	–	19,407	–	–	–	14,090	–	–
Contribution to defined benefit plan	–	49,861	–	–	–	35,534	–	–
Staff provident fund	–	–	–	396,538	–	–	–	333,817
Staff gratuity fund	–	–	–	306,000	–	–	–	234,000
Directors' fees	33,850	–	–	–	29,075	–	–	–
Donation	–	–	4,500	–	–	–	2,250	–
Insurance premium paid	–	–	127,510	–	–	–	129,732	–
Insurance claims settled	–	–	22,177	–	–	–	17,560	–



36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	48,903,631	43,614,511
Eligible Additional Tier 1 (ADT 1) Capital	6,750,000	6,750,000
Total Eligible Tier 1 Capital	55,653,631	50,364,511
Eligible Tier 2 Capital	16,509,995	14,381,722
Total Eligible Capital (Tier 1 + Tier 2)	72,163,626	64,746,233
Risk Weighted Assets (RWAs):		
Credit Risk	416,309,847	408,712,722
Market Risk	10,533,902	8,590,756
Operational Risk	61,558,534	61,558,534
Total	488,402,283	478,862,012
Common Equity Tier 1 Capital Adequacy ratio	10.013%	9.108%
Tier 1 Capital Adequacy Ratio	11.395%	10.518%
Total Capital Adequacy Ratio	14.775%	13.521%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	55,653,631	50,364,511
Total Exposures	1,422,288,947	1,231,115,634
Leverage Ratio	3.913%	4.091%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	326,047,635	360,946,772
Total Net Cash Outflow	128,643,409	111,556,296
Liquidity Coverage Ratio	253.451%	323.556%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	777,735,701	707,901,854
Total Required Stable Funding	584,178,280	482,005,370
Net Stable Funding Ratio	133.133%	146.866%



37. ISLAMIC BANKING BUSINESS

The Bank is operating 78 (31 December 2018: 71) Islamic banking branches and 141 (31 December 2018: 132) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		3,729,911	3,814,608
Balances with other banks		2,695,284	5,164,063
Due from financial institutions	37.1	1,812,907	–
Investments	37.2	19,801,045	15,158,233
Islamic financing and related assets - net	37.3	47,623,349	49,690,533
Fixed assets		342,194	326,841
Intangible assets		–	–
Due from Head Office		–	–
Other assets		1,447,139	4,124,660
Total Assets		77,451,829	78,278,938
LIABILITIES			
Bills payable		59,373	21,052
Due to financial institutions		8,202,514	6,438,783
Deposits and other accounts	37.4	55,029,132	57,230,315
Due to Head Office		3,371,699	2,199,047
Subordinated debt		–	–
Other liabilities		2,372,637	5,289,933
		(69,035,355)	(71,179,130)
NET ASSETS		8,416,474	7,099,808
REPRESENTED BY			
Islamic Banking Fund		6,800,000	6,200,000
Reserves		–	–
Deficit on revaluation of assets		(152,654)	(28,940)
Unremitted profit	37.8	1,769,128	928,748
		8,416,474	7,099,808
CONTINGENCIES AND COMMITMENTS			
	37.5		



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

		(Un-audited)	
		Nine months period ended	
	Note	30 September 2019	30 September 2018
		(Rupees in '000)	
Profit / return earned	37.6	5,779,346	2,557,108
Profit / return expensed	37.7	(2,953,534)	(1,151,360)
Net Profit / return		2,825,812	1,405,748
Other income			
Fee and commission income		166,862	128,846
Dividend income		3,356	4,366
Foreign exchange income		49,515	38,229
Income / (loss) from derivatives		—	—
Gain / (loss) on securities		—	—
Other income		70,918	28,183
Total other income		290,651	199,624
Total income		3,116,463	1,605,372
Other expenses			
Operating expenses		(1,296,125)	(985,850)
Other charges		—	—
Total other expenses		(1,296,125)	(985,850)
Profit before provisions		1,820,338	619,522
Provisions and write offs - net		(51,210)	(27,494)
Profit for the period		1,769,128	592,028
		(Un-audited)	(Audited)
		30 September 2019	31 December 2018
		(Rupees in '000)	

37.1 Due from Financial Institutions

In local currency

Bai Muajjal Receivable from State Bank of Pakistan

1,812,907

—

37.1.1 Securities held as collateral against amounts due from financial institutions

	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
(Rupees in '000)						
GoP Ijarah Sukuks	1,812,907	—	1,812,907	—	—	—

37.1.2 The GoP Ijarah Sukuks carry rates ranging from 10.39% to 10.49% (31 December 2018: Nil).



	30 September 2019 (Un-audited)				31 December 2018 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
	(Rupees in '000)							
37.2 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	2,000,000	-	(58,400)	1,941,600	4,152,910	-	(39,979)	4,112,931
- Neelum Jhelum Hydropower Co Ltd. Sukuk	4,812,500	-	-	4,812,500	5,156,250	-	-	5,156,250
- Bai Muajjal with Government of Pakistan	9,832,865	-	-	9,832,865	2,386,820	-	-	2,386,820
	16,645,365	-	(58,400)	16,586,965	11,695,980	-	(39,979)	11,656,001
Shares								
- Listed Companies	97,442	(56,869)	-	40,573	97,442	(41,345)	3,596	59,693
Non Government Debt Securities								
- Listed	1,499,636	-	(94,254)	1,405,382	1,635,901	-	7,444	1,643,345
- Unlisted	1,715,526	-	-	1,715,526	1,734,101	-	-	1,734,101
	3,215,162	-	(94,254)	3,120,908	3,370,002	-	7,444	3,377,446
Units of mutual funds	100,000	(47,401)	-	52,599	100,000	(34,907)	-	65,093
Total Investments	<u>20,057,969</u>	<u>(104,270)</u>	<u>(152,654)</u>	<u>19,801,045</u>	<u>15,263,424</u>	<u>(76,252)</u>	<u>(28,939)</u>	<u>15,158,233</u>

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
	(Rupees in '000)	
37.3 Islamic financing and related assets		
Ijarah	2,541,970	2,854,541
Murabaha	8,589,320	10,034,698
Diminishing Musharaka	13,951,320	15,868,804
Islamic Long Term Financing Facility (ILTFF)	101,498	-
Istisna	2,356,320	1,471,282
Islamic Export Refinance - Istisna	-	1,523,700
Musawamah	2,905,027	3,166,895
Running Musharaka	3,473,327	4,271,620
Islamic Export Refinance - Running Musharaka	1,518,000	1,000,000
Staff Financing	388,166	210,540
Advance against Musawamah	1,222,341	1,079,782
Advance against Istisna	2,818,816	4,127,286
Advance against Istisna - IERF	4,875,000	2,600,100
Advance against Ijarah	45,122	305,071
Advance against Diminishing Musharaka	1,183,510	884,300
Advance against ILTFF	1,348,616	318,366
Financing against Bills Musawamah	354,640	-
Gross Islamic financing and related assets	47,672,993	49,716,985
Less: provision against Islamic financings		
- Specific	27,185	4,187
- General	22,459	22,265
	(49,644)	(26,452)
Islamic financing and related assets - net of provision	<u>47,623,349</u>	<u>49,690,533</u>



	(Un-audited) 30 September 2019 (Rupees in '000)	(Audited) 31 December 2018
37.4 Deposits and other accounts		
Customers		
Current deposits	20,870,992	20,283,223
Savings deposits	18,851,571	17,878,029
Term deposits	12,949,672	7,299,391
	<u>52,672,235</u>	<u>45,460,643</u>
Financial institutions		
Current deposits	14,814	25,342
Savings deposits	2,342,083	11,744,330
	<u>2,356,897</u>	<u>11,769,672</u>
	<u>55,029,132</u>	<u>57,230,315</u>
37.5 CONTINGENCIES AND COMMITMENTS		
Guarantees	3,259,938	2,573,724
Commitments	5,316,325	5,766,253
	<u>8,576,263</u>	<u>8,339,977</u>
	(Un-audited) Nine months period ended	
	30 September 2019	30 September 2018
	(Rupees in '000)	
37.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	3,736,806	1,911,951
Investments	1,623,700	608,765
Placements	418,840	36,392
	<u>5,779,346</u>	<u>2,557,108</u>
37.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	2,792,156	1,017,664
Due to Financial Institutions	107,691	68,886
Due to Head Office	53,687	64,810
	<u>2,953,534</u>	<u>1,151,360</u>



	(Un-audited) 30 September 2019	(Audited) 31 December 2018
	(Rupees in '000)	
37.8 Islamic Banking Business Unappropriated Profit		
Opening Balance	928,748	422,821
Add: Islamic Banking profit for the period / year	1,769,128	928,748
Less: Remitted to Head Office	(928,748)	(422,821)
Closing Balance	<u>1,769,128</u>	<u>928,748</u>

37.9 PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

37.9.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk & reward characteristics:

General Pool PKR (Mudaraba)

The deposits parked in general pool are based on normal weightages. The risk of loss is minimal due to a long range of diversified assets parked in the general pool.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the special class of assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. The weightages are also declared separately.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Separate Pool for Ministry of Religious Affairs (MORA) for Hajj Purpose

Separate Pool for Ministry of Religious Affairs is created in order to share return with the ministry on Deposit of Hajj dues as per the contract with Government.

Musharakah Pool for Islamic Financial Institutions

Separate Musharakah pools are created in order to meet short term liquidity requirements. The said pool comprises of Islamic Financial Institutions only.



Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & Shariah clearance.

37.9.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

The Mudaraba based funds have been deployed in the following avenues / sectors / business:

- Chemical & Pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes & leather garments
- Investment in Sukuk, shares and mutual funds
- Production and transmission of energy
- Food and Allied except Sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (Domestic Whole Sale, Engineering Goods, Plastic Product, etc.)

37.9.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

The Bank's Islamic Banking Division (IBD) is currently accepting Pak Rupees Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-ul-Maal. The Bank also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool after every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, amortization of premium on sukuks and loss of investments directly incurred in deriving that income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the period was 50% (31 December 2018: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2018: 50%) of net income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.



In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

37.9.4 Mudarib share & HIBA distributed to depositor's pool and specific pool

30 September 2019 (Un-audited)					
	Distributable Income (Rupees in '000)	Mudarib Share (Rupees in '000)	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	3,825,265	1,436,000	37.54%	409,258	28.50%
FCY Pool	18,040	17,145	95.04%	1,731	10.10%
30 September 2018 (Un-audited)					
LCY Pool	1,658,079	723,525	43.64%	137,329	18.98%
FCY Pool	10,094	9,588	94.99%	506	5.28%

37.9.5 Profit rate earned vs. profit rate distributed to the depositors during the period

(Un-audited)		
Nine months period ended		
	30 September 2019	30 September 2018
	(Percentage)	
Profit rate earned	10.43%	6.41%
Profit rate distributed	6.52%	3.45%

38. GENERAL

38.1 Captions in respect of which there are no amounts, have not been reproduced in these consolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.

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

38.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by SBP vide BPRD Circular Letter No. 05 of 2019.

39. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 24 October 2019.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director

ABBAS D. HABIB
Chairman