

STROKE OF THE HUMAN ELEMENT

THIRD QUARTERLY
REPORT
SEPTEMBER 2019
(UN-AUDITED)





Soneri Bank Limited

Registered Office: Rupali House 241-242,
Upper Mall Scheme, Anand Road, Lahore - 54000, Pakistan
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Tel: (021) 111-567-890

24/7 Phone Banking: 021-111-SONERI (766374)
Over 290 branches & 300+ ATMs

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Soneri Bank
Roshan Har Qadam

**Third Quarterly
Report
September 2019
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CORPORATE INFORMATION

CHAIRMAN

MR. ALAUDDIN FEERASTA

CHIEF EXECUTIVE OFFICER

MR. MOHAMMAD AFTAB MANZOOR

DIRECTORS

MR. NOORUDDIN FEERASTA
MR. AMIN A. FEERASTA (EXECUTIVE DIRECTOR)
MR. MUHAMMAD RASHID ZAHIR
MR. MANZOOR AHMED (NIT NOMINEE)
MR. INAM ELAHI
MR. JAMIL HASSAN HAMDANI

CHIEF FINANCIAL OFFICER

MR. MIRZA ZAFAR BAIG

COMPANY SECRETARY

MR. MUHAMMAD ALTAF BUTT

AUDITORS

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

SHARI'AH BOARD

MUFTI EHSAN WAQUAR AHMAD (CHAIRMAN)
MUFTI MUHAMMAD ZAHID (RESIDENT MEMBER)
MUFTI BILAL AHMED QAZI (MEMBER)

LEGAL ADVISORS

MANAN ASSOCIATES, ADVOCATES

REGISTERED OFFICE

RUPALI HOUSE, 241-242,
UPPER MALL SCHEME,
ANAND ROAD, LAHORE - 54000

CENTRAL OFFICE

10TH FLOOR, PNSC BUILDING,
M.T. KHAN ROAD, KARACHI-74000

REGISTRAR AND SHARE TRANSFER AGENT

THK ASSOCIATES (PRIVATE) LTD.,
1ST FLOOR, 40-C,
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DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Soneri Bank Limited ("the Bank"), along with the unaudited condensed interim financial statements for the nine months' period ended 30 September 2019.

Economy

Recent macro developments, including stabilization of the USD-PKR parity, reserve accumulation, and narrowing current account deficit, all point to a gradual stabilization of the economy. The rebalancing of the economy driven by PKR devaluation, higher interest rates, cuts in subsidies and development spending, and increases in tax revenues resulted in a sharp slowdown in demand growth. A higher than expected primary deficit in FY19 will necessitate further fiscal contraction to meet the IMF target for FY19/20. This can be expected to lead to a weaker than budgeted public sector investment. Although further interest rate hikes and FX devaluation are unlikely, growth is likely to be slow going forward, as fiscal consolidation and FX reserve accumulation continues. Amidst this backdrop, a GDP growth of around 2-4 percent can be expected over the next two years.

Having narrowed 32 percent YoY to USD 13.5bn (4.7 percent of GDP) in FY19, the adjustment to the Current Account Deficit (CAD) has continued in FY20. In real terms, the CAD has narrowed to 2.8 percent of GDP in 2MFY20 vs. 5.5 percent a year ago, bringing the overall balance closer to more sustainable levels. The quality of the adjustment remains heavily skewed towards import contraction of 19 percent YoY— in reflection of demand compression, as opposed to nearly flat exports and 8 percent YoY contraction in remittances. Whilst remittances are likely driven by seasonality and can be expected to resume growth in the next few months, the continued weak performance of exports remains an element of serious concern.

Exports have been on a declining trend for the six years running up to FY17, as the country lost its competitiveness due to appreciation of the PKR and absence of policy support to exporters. Exports have yet to show any material gains from the USD/PKR depreciation. Poor pricing dynamics globally, amidst weak market conditions, are weighing on the country's dollar receipts. A gradual pick-up in exports over the next one to two years can be expected as the sector regains competitiveness and starts to re-invest in its productive capacity. The gradual recovery will be dictated by the intensifying competitive landscape, as well as challenging global macro conditions.

Despite revenue shortfalls, the fiscal trajectory is gradually being shifted towards a more sustainable position. The fiscal performance in the first three months of FY20 has been largely encouraging, with FBR collections up 14 percent YoY. The IMF sent a reassuring message in its first assessment of the programme, citing significant improvement in tax revenue collections, while downplaying the negative impact of the worse than expected FY19 numbers, saying that they should not jeopardize the ambitious fiscal targets for FY20. Citing an ambitious strategy to reduce fiscal imbalances, the government has embarked on a decisive strategy to offload public assets and privatization.

Inflation continued to accelerate in September, reaching 12.5 percent YoY from 11.6 percent in August, hitting a seven-year high as the impact of the macro adjustment measures continues to filter through consumer prices. It can be said that inflation has largely peaked, considering recent currency stability, largely stable oil prices and the fact that most fiscal measures have been already implemented.

The country's foreign relations have improved over the tenure of the current government. China remains committed to the BRI (Belt Road Initiative), of which CPEC is a major part, and the GCC continues to promise financial support. The relations with the US have also improved. However, tensions with neighboring India remain a source of market volatility, potentially hampering foreign flow, and the Persian Gulf tensions could drive unfavorable oil price spikes.

The KSE 100 is down 36 percent in PKR terms from its 2017 peak. However, the Stock Market came out of a 7 month long run of negative monthly closings, with benchmark KSE-100 index posting an 8 percent return in September 2019, reducing losses for the year, with the YTD return now standing at -13 percent for 2019.

Since the beginning of 2018, the SBP raised the benchmark interest rates by 750bps, setting the platform for a strong recovery in spreads and profitability metrics for the Banks. However, potential asset quality threats have remained, and losses on equity portfolios have had an impact on bottom line profitability. Quicker deposit re-pricing on short tenors has weighed on spread improvement over the past few quarters, but asset yields should outpace funding cost increases with interest rate stability. Secondary market yields underwent a major correction in the current quarter, most visible in the 10-year PIB yields, which corrected from a peak of 13.9 percent to 11.9 percent as the market entered an inverted yield curve phase, which continued to invert sharply as the quarter progressed.

The Bank shall continue to follow a risk-based and cautious approach towards its business and lending, taking into account factors that continue to shape the competitive landscape.

DIRECTORS' REVIEW

The Bank's Performance and Operating Results

The summarized financial position and operating results of the Bank for the nine months' period ended 30 September 2019 are as follows:

FINANCIAL POSITION

Advances – net
Investments – net
Total Assets
Total Deposits
Shareholders' Equity

As at 30 September 2019	As at 31 December 2018
----- (Rupees in '000) -----	
199,274,964	186,475,183
210,957,425	146,645,533
464,344,932	382,497,788
280,562,683	262,378,761
18,564,697	17,988,874

FINANCIAL PERFORMANCE

Net Interest Income
Non Mark-up Income
Total Income
Non Mark-up Expenses
Reversals
Profit before tax
Profit after tax
Earnings per share (Rupees)

Period ended 30 September 2019	Period ended 30 September 2018
----- (Rupees in '000) -----	
5,967,139	5,000,867
1,721,770	2,333,501
7,688,909	7,334,368
6,118,352	5,482,344
(495,094)	(315,245)
2,065,651	2,167,269
1,211,090	1,293,608
1.0985	1.1734

The Bank posted Profit before tax (PBT) of Rs. 2,065.651 million and Profit after tax (PAT) of Rs. 1,211.090 million for the nine months' period ended September 2019, as compared to Rs. 2,167.269 million and Rs. 1,293.608 million respectively in the comparative prior period. The adoption of IFRS 16 during the current period has impacted the profitability, with PBT appearing lower by Rs. 155.318 million. The Bank's EPS for the period amounted to Rs. 1.0985 as against Rs. 1.1734 for the same period last year. The EPS for the current period was Rs. 0.0916 per share lower, as a result of the adoption of IFRS 16.

Despite the negative impact of capital market losses (as against gains tapped in the prior comparative period) arising as a result of continuous weakening of the Stock Market over the course of the year, the Bank has been able to maintain and deliver sustainable earnings over the nine months' period ended 30 September 2019. It is important to note that the Bank's Net mark-up income increased by Rs. 966.272 million as compared to the same period last year, indicating an increase of 19.32 percent. Core Fee and Commission income also improved by 17.05 percent, rising to Rs. 1,366.984 million at 30 September 2019. Exchange earnings improved by 5.99 percent to Rs. 749.338 million, whereas, capital losses (net of dividends) of Rs. 421.883 million were booked in the current reporting period, as against net gains of Rs. 426.004 materialized in the corresponding period last year. This swing alone, negatively impacted year on year profitability by Rs. 847.887 million. As a result, non mark-up income of the Bank for the nine months ended 30 September 2019 stood lower by Rs. 611.731 million as against the corresponding period last year, ending at Rs. 1,721.770 million. Nonetheless, the positive growth recorded in net mark-up income outpaced the decline in non mark-up income, and resultantly, the overall revenue of the Bank increased to Rs. 7,688.909 million at 30 September 2019 from Rs. 7,334.368 million recorded in the corresponding period last year, improving by 4.83 percent.

Non mark-up expenses increased by 11.60 percent to Rs. 6,118.352 million for the nine months ended 30 September 2019. Key contributors to the increase include full impact of branches opened last year, staff related costs, technology driven costs, additional premium under SBP's Depositor Protection Scheme, and additional depreciation over and above rental costs resulting from the implementation of IFRS 16 during the current period.

On the balance sheet, net advances portfolio grew by 6.86 percent, or Rs. 12,799.781 million to Rs. 199,274.964 million as at 30 September 2019 when compared to Rs. 186,475.183 million at 31 December 2018. Non-performing loans stood at Rs. 10,662.893 million, showing an improvement of 6.11 percent from the year end 2018 position. With the reduction in NPLs and increase in provisioning charge considered in the current quarter, the Bank's specific provision coverage, which had reduced to 69.83 percent as at 30 June 2019, improved to 71.90 percent as at 30 September 2019. At the same time, the Bank's infection ratio improved to 5.15 percent (December 2018: 5.83 percent).

Net Investments witnessed a significant volumetric increase of Rs. 64,311.892 million or 43.86 percent from the year-end balance of Rs. 146,645.533 million ending at Rs. 210,957.425 million as at 30 September 2019. The Bank continued its gradual and cautious built up of its position in government securities, after taking a fair view on the interest rates. This enhanced deployment led to an improvement to the overall investment yields while the overall interest margins also improved. Additional liquidity requirement was met through enhanced Borrowings, which represent an increase of Rs. 60,829.171 million from the year end position.

As at 30 September 2019, total deposits were reported at Rs. 280,562.683 million, registering a growth of Rs. 18,183.922 million or 6.93 percent as against the year end 2018 position. Out of the total increase, current deposits increased by Rs. 5,578.497 million, or 8.43 percent as compared to the year-end position.

Overall net provision reversals reflect an improvement of Rs. 179.849 million year on year, positively impacting the bottom line. The retrospective imposition of super tax on 2017 earnings led to an increase in the Bank's effective tax rate in the current period.

At 30 September 2019, the Bank's CAR stood at 15.17 percent (December 2018: 14.70 percent), while the Bank's LCR and NSFR ratios figured at 108.79 percent and 114.36 percent respectively.

The Board remains confident that the Bank would continue to achieve its desired KPIs and meet the expectations of our shareholders. We continue to monitor progress regularly, with focus on sustainable revenue generation options and adherence to a stringent cost control discipline.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) maintained the Bank's credit rating of AA- for long term and A1+ for short term with a stable outlook. PACRA has maintained the credit rating of unsecured, subordinated and listed Term Finance Certificates (TFC – 2) issue of worth PKR 3,000 million at A+ (Single A plus) with a stable outlook, and the rating of the Bank's unsecured, subordinated, rated, listed, perpetual, non-cumulative and contingent convertible Term Finance Certificates (ADT – 1) issue of worth PKR 4,000 million at A (Single A) with Stable Outlook. The ratings were re-affirmed in June 2019.

Acknowledgment

We take this opportunity to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Ministry of Finance for their support throughout. We would also like to thank our valued customers for their continued patronage, and appreciate our employees for their dedication, hard work and commitment.

On behalf of the Board of Directors,

MOHAMMAD AFTAB MANZOOR
President & Chief Executive Officer

ALAUDDIN FEERASTA
Chairman

Karachi: 24 October 2019

ڈائریکٹرز کی جائزہ رپورٹ

ہم نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019 کو ختم ہونے والی ۹۹ہی مدت کیلئے ڈائریکٹرز کا جائزہ اور سویری بینک لمیٹڈ کے غیر پڑا تال شدہ دیوری مالیاتی گوشوارے پیش کرتے ہیں۔

معاشی جائزہ

مجموعی طور پر حالیہ معاشی ترقی بشمول روپے اور ڈالر کی قدر میں ٹھہراؤ، زرمبادلہ کے ذخائر اور کرنٹ اکاؤنٹ کے خسارے میں کمی کے باعث معاشی صورتحال میں بہتر رجحان دیکھنے میں آیا ہے۔ پاکستانی روپے کی قدر میں کمی، زائد کمرچ سود سہولتی میں کمی اور ترقیاتی اخراجات اور ٹیکس آمدن میں اضافے کے ذریعے معیشت کی بحالی کے باعث طلب کی شرح میں تیزی سے کمی واقع ہوئی۔ مالی سال 2019 میں متوقع ابتدائی خسارے کا زائد اضافہ سال 20-2019 کیلئے آئی ایم ایف کے ہدف کو پورا کرنے کے باعث حکومتی سرمائے میں مزید کمی واقع ہوگی۔ اس سے توقع کی جاسکتی ہے کہ بینک سیکٹر میں سرمایہ کاری کیلئے بجٹ کی رقم معاشی حوالے سے کم سود منڈیا برت ہوگی۔ اگرچہ شرح سود میں مزید اضافہ اور غیر ملکی زرمبادلہ کی قدر میں کمی واقع ہونا غیر متوقع ہیں اور معاشی ترقی میں کمی رہے گی جس کی وجہ آمدنی اور غیر ملکی زرمبادلہ میں استحکام جاری رکھنا ہے۔ اس تناظر میں اگلے دو سالوں کے دوران GDP میں تقریباً 24- فیصد کا اضافہ متوقع ہے۔

مالی سال 2019 میں 13.5 بلین امریکی ڈالر (GDP کا 4.7 فیصد) کی مدد میں 32 فیصد بسانل کی کم سطح کے ساتھ سال 2020 میں کرنٹ اکاؤنٹ خسارے کی ایڈجسٹمنٹ جاری رہی۔ درحقیقت کرنٹ اکاؤنٹ کا خسارہ 20MFY20 میں GDP کا 2.8 فیصد کم رہا جو ایک سال قبل 5.5 فیصد تھا جس سے مجموعی توازن زیادہ مستحکم سطح کے نزدیک آیا۔ ایڈجسٹمنٹ کیلئے درآمدات میں کمی پر توجہ مرکوز کی گئی جو سال 19 بسانل فیصد رہی۔ مجموعی برآمدات جو سال بسانل 8 فیصد سے طلب میں کمی کے باعث ہے جس کی وجہ سے تریلات زرمیں کمی واقع ہوئی۔ وقت کے لحاظ سے تریلات زرمیں اضافہ متوقع ہے اور آئندہ چند ماہ میں یہ توقع کی جارہی ہے جبکہ برآمدات کے حوالے سے مسلسل غیر متوازن کارکردگی انتہائی تشویش ناک ہے۔

برآمدات میں 6 سال سے مسلسل کمی واقع ہو رہی ہے، جو کہ سال 2017 تک رہی جس کی وجہ پاکستانی روپے کی قدر اور برآمد کنندگان کیلئے معاون حکمت عملی کی عدم موجودگی ہے۔ امریکی ڈالر / روپے کی قدر میں کمی سے برآمدات کے ذریعے آمدن کا حصول اہم ہے۔ مارکیٹ کی ناموافق صورت حال میں عالمی طور پر قیمتوں میں کمی سے کئی سطح پر ڈالر کی وصولی پر متنی اثرات مرتب ہو رہے ہیں۔ اس سیکٹور کی مسابقتی حیثیت اور اپنی پیداواری استعداد میں اضافے کے باعث اگلے ایک یا دو سال میں برآمدات میں بہتر رجحان اضافہ متوقع ہے۔ مارکیٹ میں انتہائی مسابقتی ماحول کے ذریعے اور سطح معاشی تناظر میں نئے چیلنجز کا سامنا کرتے ہوئے بہتر رجحان بحالی کی جائے گی۔

آمدن میں کمی کے باوجود مالی معاملات اب استحکام کی جانب گامزن ہیں۔ FY20 کے پہلے 3 ماہ میں مالی سال کی کارکردگی خوش آئند ہے جس کی وجہ FBR کا سال بسانل 14 فیصد اضافی ٹیکس جمع کرنا ہے۔ آئی ایم ایف نے اپنے پروگرام کے پہلے تفتیش کے مرحلے میں دوبارہ یقینی بنانے کا بیانیہ دیا ہے اور ٹیکس کی مدد میں وصولی کے حوالے سے اقدام عمل کو سراہا ہے جبکہ اس سطح میں متنی اثر کو تخفیف کیا کہ FY20 کیلئے خوش آئند ہدف کو خطرے میں نہیں ڈالنا چاہئے۔ خوش آئند حکمت عملی ترتیب دینے کے حوالے سے آمدن کے فرق کو کم کرنے کیلئے حکومت نے بینک اثاثوں اور سطح معاشی تناظر میں نئے فیصلے کن حکمت عملی کا آغاز کیا ہے۔

ماہیت میں افراط زر مسلسل جاری رہا جو کہ سال بسانل 12.5 فیصد کی سطح پر آگیا جو اسٹ میں 11.6 فیصد تھا، گزشتہ 7 سالوں میں سب سے زیادہ ہے کیونکہ معاشی حوالے سے وسیع پیمانے پر اقدامات کا براہ راست اثر صارفین کیلئے کمزور قیمتوں پر پڑتا ہے۔ حالیہ کرنسی اور تیل کی قیمتوں میں وسیع استحکام کو مد نظر رکھتے ہوئے اور مالی معاملات جن پر پہلے ہی مقلد رآمد ہو چکا ہے، کے مطابق افراط زر میں بہت زیادہ اضافہ ہوا ہے۔

موجودہ در حکومت میں بین الاقوامی تعلقات میں بہتری آئی ہے، چین، راجداری منصوبے (Belt Road Initiative) کیلئے پروگرام ہے۔ جس میں ICPEC انتہائی اہمیت کا حامل ہے اور GCC نے مالی معاونت کو مسلسل جاری رکھا ہے۔ امریکہ کے ساتھ بھی تعلقات میں بہتری آئی ہے، تاہم پڑوسی ملک بھارت سے تعلقات مسلسل تناؤ کا شکار ہیں اور مارکیٹ میں عدم استحکام، غیر ملکی تریلات زرمیں کا دباؤ اور چین (Persian) گفت تاذ کے باعث تیل کی قیمتوں میں اضافے کے واضح امکانات موجود ہیں۔

2017 میں اپنے عروج سے اب تک KSE-100 انڈیکس کی مدد میں 36 فیصد کمی آئی ہے۔ KSE-100 انڈیکس نے اپنی ۱۷ہی مسلسل متنی سطح پر بند ہونے کی روایت کو ستمبر 2019 میں توڑتے ہوئے ۱۰ فیصد منافع ریکارڈ کر لیا اور YTD ریزن کی مدد میں سال کا ہونے والا نقصان کم ہوا جو اب 2019 کیلئے 13 فیصد ہے۔

سال 2018 کے آغاز سے SBP نے بیج مارک انٹرسٹ کی شرح میں 750 پی پی ایس تک کا اضافہ کیا جس سے بینک کیلئے اسپرڈ اور منافع کے حصول کیلئے ایک بہتر راہ ہموار ہوئی۔ تاہم متوقع سرمائے کے معیار سے مختلف خطرات بدستور قائم رہے اور سرمائے کی پورٹ فولیو کے حوالے سے نقصانات منافع پر متنی اثرات مرتب کر رہے ہیں۔ قبیل مدت کے فوری ڈپازٹ کی دوبارہ متعین قیمتیں گزشتہ چند سرمائی سے اسپرڈ بہتری پر متنی اثرات مرتب کر رہی ہیں لیکن ایبٹ ایملڈ (Yield) خدنگ قیمت سے آگے بڑھ گئی ہے جو انٹرسٹ کی مستحکم شرح کے ساتھ بڑھتی ہے۔ اس کے علاوہ مارکیٹ ایملڈز (Yields) کے حوالے سے موجودہ سرمائی میں ایک اہم ٹھج ہوئی ہے جو کہ 10 سال- PIB ایملڈز (Yields) میں واضح نظر آ رہا ہے جو انتہائی زائد 13.9 فیصد سے 11.9 فیصد تک کم ہوئی جیہا کہ مارکیٹ متنازعہ پبلی کے مرحلے میں داخل ہوگئی ہے اور جیسے جیسے سرمایہ عمل ہوئی، اس میں تیزی سے تبدیلی آ رہی ہے۔

بینک اپنے کاروبار میں ایک مختار طائیفہ عملی جاری رکھے گا اور ان خاص کو مد نظر رکھے گا جو کاروبار کی روزمرہ ضروریات کے تحت قابل استعداد ہونگے۔

بینک کی کارکردگی اور کاروباری جائزہ

30 ستمبر 2019 کو ختم ہونے والی مدت کیلئے بینک کی مالی صورت حال کا اور آپریٹنگ نتائج کا خلاصہ درج ذیل ہے۔

مالی پوزیشن	برمطابق 30 ستمبر 2019	برمطابق 31 دسمبر 2018
روپے 000 میں-----		
خالص پیٹنگی ادائیگیاں	199,274,964	186,475,183
خالص سرمایہ کاری	210,957,425	146,645,533
کل اثاثے	464,344,932	382,497,788
کل ڈپازٹس	280,562,683	262,378,761
حصص یافتگان کا سرمایہ	18,564,697	17,988,874

مالی کارکردگی

خالص انٹرسٹ کی آمدنی	5,967,139	5,000,867
ٹان مارک اپ آمدنی	1,721,770	2,333,501
کل آمدنی	7,688,909	7,334,368
ٹان۔ مارک اپ اخراجات (تختیج)	6,118,352	5,482,344
منافع (قبل از ٹیکس)	(495,094)	(315,245)
منافع (بعد از ٹیکس)	2,065,651	2,167,269
منافع فی حصص (روپے)	1,211,090	1,293,608
	1.0985	1.1734

30 ستمبر کو ختم ہونے والی نو ماہ کی مدت کیلئے بینک کا منافع قبل از ٹیکس (PBT) 2,065,651 ملین روپے اور منافع بعد از ٹیکس (PAT) 1,211,090 ملین روپے رہا۔ جوابی گزشتہ مدت میں با ترتیب 2,167,269 ملین روپے اور 1,293,608 ملین روپے تھا۔ اس مدت میں 16 IFRS کے اختیار کرنے کے باعث منافع پر اثر پڑا ہے اور منافع قبل از ٹیکس 155,318 ملین روپے تک کم ہو گیا ہے۔ گزشتہ سال اسی مدت کے 1.1734 روپے کے مقابلے میں بینک کا فی حصص منافع (EPS) 1.0985 روپے تھا۔ IFRS 16 اختیار کرنے کی وجہ سے حالیہ مدت کا فی حصص منافع 0.0916 روپے یعنی نصف کم ہوا۔

سال کے دوران اشک مارکیٹ مسلسل کمزور ہونے کی وجہ سے ہونے والے کچھلے مارکیٹ کے نقصان (گزشتہ سال کے نفع کے مقابلے میں) سے متنی اثرات میں اضافہ ہوا، اس کے باوجود 30 ستمبر 2019 کو ختم ہونے والی مدت میں بینک اپنی آمدنی برقرار اور مستحکم رکھنے میں کامیاب رہا۔ یہ اہم امر ہے کہ بینک کا خالص مارک اپ 966.272 ملین روپے سے بڑھ گیا جو گزشتہ سال اسی مدت کے مقابلے میں 19.32 فیصد اضافہ ظاہر کرتا ہے۔ 30 ستمبر 2019 کو بنیادی ٹیکس اور ٹیکس بھی 17.05 فیصد تک اضافہ کے ساتھ 1,366.984 ملین روپے ہیں۔ آنکھچ آمدنی 5.99 فیصد تک اضافے کے ساتھ 749.388 ملین روپے تھی، جبکہ گزشتہ سال اسی مدت کے 426.004 ملین روپے کے خالص نفع کے مقابلے میں حالیہ مدت میں سرمائے کا نقصان (ڈیپوٹنڈز بشمول) 421.883 ملین روپے تھا۔ صرف اس تبدیلی نے نفع ادوی پر 847.887 ملین روپے تک سال بسانل متنی اثر ڈالا۔ نتیجتاً 30 ستمبر 2019 کو ختم ہونے والی مدت کیلئے بینک کی ٹان مارک اپ آمدنی گزشتہ سال اسی مدت کے 1,721.770 ملین روپے کے مقابلے میں 611.731 ملین روپے تک کم ہوگئی تاہم خالص مارک اپ آمدنی میں شون ٹان مارک اپ آمدنی میں کمی سے نتیجے میں 30 ستمبر 2019 کو بینک کے مجموعی ممولات گزشتہ سال اسی مدت کے 7,334.368 ملین روپے سے بڑھ کر 7,688.909 ملین روپے ریکارڈ ہوئے جو 4.83 فیصد اضافہ بنتا ہے۔

30 ستمبر 2019 کو ختم ہونے والی نو ماہ کی مدت میں ٹان مارک اپ اخراجات 11.60 فیصد تک اضافے سے 6,118.352 ملین روپے ریکارڈ ہوئے اس اضافے کی بنیادی وجوہات میں گزشتہ سال کھلنے والی برانچز، عملے سے متعلق لائیکنا لوگی سے متعلقہ لائیکٹس، اسٹ بینک آف پاکستان کی ڈپازطر پر ٹیکس اکتیم کے تحت اضافی پر ٹیکم، اس مدت میں 16 IFRS کے اطلاق کے نتیجے میں کرائے کی لائیکٹوں کے علاوہ اضافی فرسودگی شامل ہے۔

ٹیلیس شیٹ میں خالص ایڈوائسز پورٹ فولیو میں 31 دسمبر 2018 کے 186,475.183 ملین روپے کے مقابلے، 30 ستمبر 2019 کو 6.86 فیصد تک 12,799,781 ملین روپے سے 199,274.964 ملین روپے اضافہ ہوا۔ غیر فعال قرضے 10,662.893 ملین روپے ہیں جو 2018 کے اختتام کی پوزیشن سے 6.11 فیصد بہتری ہے۔ بینک کی مخصوص پروویژن کو سطح جو 30 جون 2019 کو 69.83 فیصد کم ہوگئی تھی حالیہ سرمائی میں غیر فعال قرضوں میں تخفیف اور فراہمی کے چارٹر میں اضافے سے 30 ستمبر 2019 کو اس 71.90 فیصد بہتری آئی، ساتھ ہی بینک کے ٹیکشن ریشو میں 5.15 فیصد (دسمبر 2018: 5.83 فیصد) بہتری آئی۔

خالص سرمایہ کاری میں 64,311.892 ملین روپے 43.86 فیصد کا شماردار اضافہ ہوا جو سال کے آخر کے ٹیلیس 146,645.533 ملین روپے سے 30 ستمبر 2019 کو 210,957.425 ملین روپے تھا۔ بینک نے سودی شرح کا درست جائزہ لے کر حکومتی سکیورٹیز میں بہترین مقام اضافہ جاری رکھا۔ اس اضافی پھیلاؤ سے مجموعی سرمایہ کاری کے منافع میں بھی اضافہ ہوا جبکہ مجموعی سودی مارجن میں بھی واضح بہتری آئی۔ درکار اضافی لیکویڈیٹی کا حصول زائد قرضوں سے پورا کیا گیا جو سال کے اختتامی پوزیشن سے 60,829.171 ملین اضافہ ظاہر کرتا ہے۔

30 ستمبر 2019 کو کل ڈپازٹس 280,562.683 ملین روپے تھے، جو سال 2018 کے اختتام کی پوزیشن کے مقابلے میں 18,183.922 ملین روپے 6.93 فیصد اضافہ ہے۔ سال کی اختتامی پوزیشن کے مقابلے میں مجموعی اضافے میں سے موجودہ ڈپازٹس میں 5,578.497 ملین روپے 8.43 فیصد تک اضافہ ہوا۔

مجموعی خالص جوین کی واپسی سے 179.849 ملین روپے سال بسانل بہتری ہوئی جس سے منافع کی سطح پر مثبت اثر پڑا ہے۔ 2017 کی آمدنی پر پور ٹیکس کے نفاذ سے حالیہ مدت میں بینک کی مؤثر ٹیکس کی شرح میں اضافہ ہوا۔

30 ستمبر 2019 کو بینک کا سی آر (CAR) 15.17 فیصد (دسمبر 2018: 14.70 فیصد) تھا جبکہ بینک کے LCR اور NSFR کی شرح با ترتیب 108.79 فیصد اور 114.36 فیصد ہیں۔

بورڈ نے اہتمام سے بینک اپنی مطلوبہ KPIs کا حصول جاری رکھے گا اور شیئر ہولڈرز کی توقعات پر پورا اترے گا۔ ہم منافع میں مستحکم اضافے اور لائیکٹوں پر کنٹرول پر خاص توجہ مرکوز رکھتے ہوئے مسلسل بہتری پر نگاہ رکھے ہوئے ہیں۔

کرڈینٹ ریسٹنگ

پاکستان کرڈینٹ ریسٹنگ ایجنسی (PACRA) نے مستحکم اندازے کے ساتھ بینک کی طویل المدت ریسٹنگ -AA اور قلیل المدت ریسٹنگ +A1 برقرار رکھی۔ PACRA نے غیر محفوظ، ذیلی اور سبڈ ٹرم ٹرانس مرٹیفیکیشن (2-TFC) 3,000 ملین روپے مالیت پر A+ (منگل اسے ٹیکس) مستحکم اندازے کے ساتھ برقرار رکھی اور بینک کے غیر محفوظ، ذیلی، دوہہ بند سبڈ، ذیلی، غیر مجموع اور حسب ضرورت قابل منتقلی ٹرم ٹرانس مرٹیفیکیشن (1-ADT) 4,000 روپے مالیت پر A (منگل) مستحکم اندازے کے ساتھ ہیں۔ دیکس کی توثیق جون 2019 میں کی گئی تھی۔

اعمالیہ ریسکر

ہم ائلیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور منسٹری آف ٹرانس کے مسلسل تعاون پران کے شرکزار ہیں اور اپنے معزز صارفین کی سرپرستی پران کا بھی دلی شکر یہ ادا کرنے کے ساتھ اپنے مائنز میں کی انٹلکٹ محنت اور دانگی کے معترف ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

محمد تاب سہور

پریزیڈنٹ اینڈ چیف ایگزیکٹو آفیسر

کراچی، 24 اکتوبر 2019

ملاؤ اللہ کی فرست

جنیئر مین

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
	Note	------(Rupees in '000)-----	
ASSETS			
Cash and balances with treasury banks	6	24,527,882	26,019,679
Balances with other banks	7	1,693,211	1,179,612
Lendings to financial and other institutions	8	4,503,031	3,921,270
Investments	9	210,957,425	146,645,533
Advances	10	199,274,964	186,475,183
Fixed assets	11	8,258,656	6,238,673
Intangible assets	12	377,118	454,536
Deferred tax assets		-	-
Other assets	13	14,752,645	11,563,302
		464,344,932	382,497,788
LIABILITIES			
Bills payable	15	3,520,817	3,993,525
Borrowings	16	142,792,088	81,962,917
Deposits and other accounts	17	280,562,683	262,378,761
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	6,995,200	6,996,400
Deferred tax liabilities	19	347,599	120,054
Other liabilities	20	11,561,848	9,057,257
		445,780,235	364,508,914
NET ASSETS		18,564,697	17,988,874
REPRESENTED BY			
Share capital		11,024,636	11,024,636
Reserves		2,351,445	2,109,227
Surplus on revaluation of assets	21	954,323	542,637
Unappropriated profit		4,234,293	4,312,374
		18,564,697	17,988,874
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Jamil Hassan Hamdani
Director

Manzoor Ahmed
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

		For the quarter ended		For the nine months ended	
	Note	30 September 2019	30 September 2018 (Restated)	30 September 2019	30 September 2018 (Restated)
		------(Rupees in '000)-----			
Mark-up / return / interest earned	23	11,531,366	5,642,045	26,985,559	15,114,013
Mark-up / return / interest expensed	24	9,459,771	3,939,837	21,018,420	10,113,146
Net mark-up / interest income		2,071,595	1,702,208	5,967,139	5,000,867
Non mark-up / interest income					
Fee and commission income	25	461,560	389,277	1,366,984	1,167,838
Dividend income		67,261	61,913	206,628	152,973
Foreign exchange income		223,400	238,037	749,338	706,993
(Loss) / gain on securities - net	26	(133,904)	(24,079)	(628,511)	273,031
Other income	27	10,963	17,412	27,331	32,666
Total non-markup / interest income		629,280	682,560	1,721,770	2,333,501
Total income		2,700,875	2,384,768	7,688,909	7,334,368
Non mark-up / interest expenses					
Operating expenses	28	2,084,811	1,911,391	6,172,658	5,416,289
Workers' welfare fund	28.3	9,310	11,999	(113,694)	49,508
Other charges	29	37	3	59,388	16,547
Total non mark-up / interest expenses		2,094,158	1,923,393	6,118,352	5,482,344
Profit before provisions		606,717	461,375	1,570,557	1,852,024
Provision /(reversals) and write offs - net	30	173,762	(81,629)	(495,094)	(315,245)
Extraordinary / unusual items		-	-	-	-
Profit before taxation		432,955	543,004	2,065,651	2,167,269
Taxation	31	196,864	225,378	854,561	873,661
Profit after taxation		236,091	317,626	1,211,090	1,293,608
		------(Rupees)-----			
Basic earnings per share	32	0.2141	0.2881	1.0985	1.1734
Diluted earnings per share	33	0.2141	0.2881	1.0985	1.1734

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Jamil Hassan Hamdani
Director

Manzoor Ahmed
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	For the quarter ended		For the nine months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	-----Rupees in '000-----			
Profit after taxation for the period	236,091	317,626	1,211,090	1,293,608
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	517,786	(349,573)	467,196	(803,815)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	1,631	-	4,892
Total comprehensive income / (loss)	<u>753,877</u>	<u>(30,316)</u>	<u>1,678,286</u>	<u>494,685</u>

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Share capital	Statutory reserve (a)	Surplus / (deficit) on revaluation of		Unappropri- ated profit (b)	Total
			Investments	Fixed assets		
	-----Rupees in '000-----					
Balance as at 01 January 2018	11,024,636	1,752,494	142,972	1,952,127	3,632,370	18,504,599
Comprehensive income for the period						
Profit after taxation for the nine months ended 30 September 2018	-	-	-	-	1,293,608	1,293,608
Other comprehensive income / (loss)						
Movement in deficit on revaluation of investments - net of tax	-	-	(803,815)	-	-	(803,815)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	4,892	4,892
	-	-	(803,815)	-	1,298,500	494,685
Transfer to statutory reserve	-	258,722	-	-	(258,722)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(47,567)	47,567	-
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended 31 December 2017 at Re. 0.75 per share	-	-	-	-	(826,848)	(826,848)
Balance as at 30 September 2018	11,024,636	2,011,216	(660,843)	1,904,560	3,892,867	18,172,436
Comprehensive income for the period						
Profit after taxation for the quarter ended 31 December 2018	-	-	-	-	490,056	490,056
Other comprehensive income / (loss)						
Movement in deficit on revaluation of investments - net of tax	-	-	(685,893)	-	-	(685,893)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	12,275	12,275
	-	-	(685,893)	-	502,331	(183,562)
Transfer to statutory reserve	-	98,011	-	-	(98,011)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(15,187)	15,187	-
Balance as at 01 January 2019	11,024,636	2,109,227	(1,346,736)	1,889,373	4,312,374	17,988,874
Comprehensive income for the period						
Profit after taxation for the nine months ended 30 September 2019	-	-	-	-	1,211,090	1,211,090
Other comprehensive income / (loss)						
Movement in deficit on revaluation of investments - net of tax	-	-	467,196	-	-	467,196
	-	-	467,196	-	1,211,090	1,678,286
Transfer to statutory reserve	-	242,218	-	-	(242,218)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(55,510)	55,510	-
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended 31 December 2018 at Rs. 1.00 per share	-	-	-	-	(1,102,463)	(1,102,463)
Balance as at 30 September 2019	<u>11,024,636</u>	<u>2,351,445</u>	<u>(879,540)</u>	<u>1,833,863</u>	<u>4,234,293</u>	<u>18,564,697</u>

(a) This represents reserve created under section 21(i)(a) of the Banking Companies Ordinance, 1962.

(b) As explained in note 10.3.3 to these condensed financial statements, unappropriated profit includes an amount of Rs. 1,664.109 million net of tax as at 30 September 2019 (31 December 2018: Rs. 1,107.124 million) representing additional profit arising from availing forced sales value benefit for determining provisioning requirement which is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

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Chairman

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President & Chief Executive Officer

Jamil Hassan Hamdani
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Manzoor Ahmed
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Jamil Hassan Hamdani
Director

Manzoor Ahmed
Director

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

	Note	30 September 2019	30 September 2018
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,065,651	2,167,269
Less: dividend income		206,628	152,973
		1,859,023	2,014,296
Adjustments:			
Depreciation on fixed assets		394,406	360,560
Depreciation on ijarah assets		84,888	82,282
Depreciation on right-of-use assets		213,173	-
Amortisation		104,879	86,732
Interest expense on lease liability against right-of-use assets		197,219	-
(Reversals) / provisions and write offs - net	30	(495,094)	(315,245)
Gain on sale of fixed assets - net	27	(10,309)	(18,862)
Workers' welfare fund		(113,694)	49,508
Unrealised loss on revaluation of investments classified as held-for-trading	26	5,023	2,035
		380,491	247,010
		2,239,514	2,261,306
(Increase) / decrease in operating assets			
Lendings to financial and other institutions		(581,761)	1,187,219
Held-for-trading securities		(1,631,243)	2,956,570
Advances		(12,306,046)	(9,137,543)
Others assets (excluding advance taxation)		(3,474,206)	180,733
		(17,993,256)	(4,813,021)
Increase / (decrease) in operating liabilities			
Bills payable		(472,708)	(969,875)
Borrowings from financial institutions		61,084,695	(15,552,834)
Deposits		18,183,922	13,880,638
Other liabilities		377,368	4,786,171
		79,173,277	2,144,100
		(743,351)	(777,859)
Income tax paid		62,676,184	(1,185,474)
Net cash flow generated from / (used in) operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(55,474,788)	5,660,838
Net investments in held-to-maturity securities		(6,494,155)	433,954
Dividends received		174,328	135,284
Investments in operating fixed assets		(518,865)	(583,639)
Proceeds from sale of fixed assets		18,285	23,938
Net cash flow (used in) / generated from investing activities		(62,295,195)	5,670,375
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of subordinated debt		(1,200)	(1,200)
Dividend paid		(1,102,463)	(826,848)
Net cash flow used in financing activities		(1,103,663)	(828,048)
Increase in cash and cash equivalents		(722,674)	3,656,853
Cash and cash equivalents at beginning of the period		26,911,493	20,305,022
Cash and cash equivalents at end of the period		26,188,819	23,961,875
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
Cash and balances with treasury banks	6	24,527,882	22,306,862
Balances with other banks	7	1,693,211	1,715,964
Overdrawn nostro accounts	16	(32,274)	(60,951)
		26,188,819	23,961,875

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Jamil Hassan Hamdani
Director

Manzoor Ahmed
Director

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

1 STATUS AND NATURE OF BUSINESS

Sonari Bank Limited ("the Bank") was incorporated in Pakistan on 28 September 1991 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its registered office is situated at Rupali House 241-242, Upper Mall Scheme, Anand Road, Lahore, Punjab and its shares are quoted on Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and operates with 296 branches including 21 Islamic banking branches (31 December 2018: 295 branches including 21 Islamic banking branches) in Pakistan. The credit rating of the Bank is disclosed in note 34 of these condensed interim financial statements.

2 BASIS OF PRESENTATION

2.1 These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 5 dated 22 March 2019.

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 condensed interim financial statements as such, but are restricted to the amount of facility actually utilized 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 all Islamic banking branches of the Bank have been consolidated in these condensed interim financial statements for reporting purposes, after eliminating material intra branch transactions / balances. The financial results of all Islamic banking branches are disclosed in note 39 to these condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

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

3.4 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period:

IFRS 16, the accounting standard for leases, became effective for annual reporting periods commencing on or after 1 January 2019. The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 4.1.2 of these financial statements.

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

3.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective in the current period

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

	Effective date (annual periods beginning on or after)
- IFRS 3, Business Combinations (Amendments)	1 January 2020
- IAS 1, Presentation of Financial Statements (Amendments)	1 January 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	1 January 2020
	Effective date (periods ending on or after)
- IFRS 9, Financial Instruments	1 January 2021

IFRS 9 'Financial Instruments' and amendment — Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively)- IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. 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. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Securities and Exchange Commission of Pakistan vide its notification dated 14 February 2019 modified the effective date for implementation of IFRS 9 as 'reporting period / year ending on or after 30 June 2019 (earlier application is permitted)'. SBP had earlier informed the Bank that keeping in view the implementation challenges of IFRS 9 and representations by the banking industry, IFRS 9 would not be applicable on financials of period ending 30 June 2019 for banks / DFIs / MFBs. Thereafter, the SBP vide BPRD Circular No 4 of 2019, dated 23 October 2019 has issued fresh timelines for implementation of the said standard, and has issued detailed instructions over the steps required to be undertaken, setting 01 January, 2021 as the effective date of implementation

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2018 except for the following:

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

- Condensed Interim Profit and Loss Account

As a result of adoption of the revised format, the figures for the quarter and nine month period ended 30 September 2018 in the condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

- Condensed Interim Statement of Comprehensive Income

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

4.1.2 In the period, 'IFRS 16 - Leases' became applicable to the Banks. IFRS 16 replaces existing guidance on accounting for leases, including 'IAS 17, Leases', 'IFRIC 4, Determining whether an Arrangement contains a Lease', 'SIC-15, Operating Leases - Incentive', and 'SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces single lease accounting model and requires a lessee to recognise assets and liabilities of all leases with a term of more than twelve months unless the underlying assets are of low value. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank adopted IFRS 16 using the modified retrospective approach with the date of initial application of 01 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard being recognised at the date of initial application. The Bank has elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Bank also elected to use the recognition exemptions for lease contracts that, at the commencement date, having a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). The Bank has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the initial application of the standard are therefore recognized in the Statement of Financial Position as on 01 January 2019.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental weighted average borrowing rate of 15.03% per annum at 1 January 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	As at 30 September 2019	As at 01 January 2019
	(Un-audited)	(Un-audited)
	(Rupees in '000)	(Rupees in '000)
Lease liability recognised	1,985,843	1,834,549

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

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

	As at 30 September 2019	As at 01 January 2019
	(Un-audited)	(Un-audited)
	(Rupees in '000)	(Rupees in '000)
The recognised right-of-use assets relate to the following types of assets:		
Right of Use Asset - Property	1,931,372	1,944,125
The effect of the change in accounting policy is as follows:		
Impact on Statement of Financial Position		
Increase in fixed assets - RoU assets	1,931,372	1,944,125
Decrease in other assets - advances, deposits and prepayments	(100,847)	(109,576)
Increase in other assets - advance taxation	54,361	-
	1,884,886	1,834,549
Increase in other liabilities - lease liability in respect of RoU assets	(1,985,843)	(1,834,549)
(Decrease) / increase in net assets	(100,957)	-

	For the nine months ended 30 September 2019
	(Un-audited)
	(Rupees in '000)
Impact on Profit and Loss Account	
Increase in mark-up expense - lease liability against RoU asset	(197,219)
(Increase) / decrease in administrative expenses:	
- Depreciation of RoU assets	(213,173)
- Rent expense	255,074
Decrease in profit before tax	(155,318)
Decrease in taxation	54,361
Decrease in profit after tax	(100,957)

Earnings per share for the nine months period ended 30 September 2019 are Rs. 0.0916 per share lower as a result of the adoption of IFRS 16.

While implementing IFRS 16, the Bank has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Bank has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

5 BASIS OF MEASUREMENT AND FINANCIAL RISK MANAGEMENT

5.1 These condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets / non-banking assets acquired in satisfaction of claims have been stated at revalued amounts, certain investments and derivative financial instruments have been stated at fair value and net obligations in respect of defined benefit schemes and lease liability under IFRS 16 are carried at their present values.

5.2 Judgments and estimates

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements of the Bank for the year ended 31 December 2018.

5.3 Financial risk management

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

6 CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
------(Rupees in '000)-----		
In hand		
Local currency	5,645,862	4,801,197
Foreign currencies	1,329,039	3,897,197
	6,974,901	8,698,394
With State Bank of Pakistan in		
Local currency current accounts	12,875,611	11,253,545
Foreign currency current accounts	868,612	990,087
Foreign currency deposit accounts against foreign currency deposits mobilised	2,370,021	2,877,854
	16,114,244	15,121,486
With National Bank of Pakistan in		
Local currency current accounts	1,217,946	2,185,378
Prize bonds	220,791	14,421
	24,527,882	26,019,679

7 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	12,029	12,022
In deposit accounts	50,957	184,908
	62,986	196,930
Outside Pakistan		
In current account	1,630,225	982,682
	1,693,211	1,179,612

8 LENDINGS TO FINANCIAL AND OTHER INSTITUTIONS

Call / clean money lendings	800,000	-
Repurchase agreement lendings (reverse repo)	2,977,186	3,921,270
Margin trading system	25,845	-
Letters of placements	700,000	-
	4,503,031	3,921,270

9 INVESTMENTS

9.1 Investments by type:

Held-for-trading securities

Federal Government securities
Shares

Available-for-sale securities

Federal Government securities
Shares
Non-Government debt securities
Units of mutual funds

Held-to-maturity securities

Federal Government securities
Non Government debt securities

Total investments

9.2 Investments by segments:

Federal Government Securities

Market Treasury Bills
Pakistan Investment Bonds
Bai Muajjal from Government
of Pakistan (GoP)
Ijarah sukuks

Units of mutual funds

Shares:

Listed companies
Un-listed companies

Non-Government debt securities

Listed
Unlisted

Total investments

(Un-audited)				(Audited)			
30 September 2019				31 December 2018			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
------(Rupees in '000)-----							
8,856,928	-	(5,023)	8,851,905	7,225,664	-	21	7,225,685
8,856,928	-	(5,023)	8,851,905	7,225,664	-	21	7,225,685
185,635,659	-	(574,638)	185,061,021	130,337,353	-	(1,574,373)	128,762,980
4,244,315	33,537	(753,835)	3,456,943	4,471,440	31,503	(565,970)	3,873,967
3,459,120	-	32,393	3,491,513	3,011,459	-	117,559	3,129,018
215,213	-	(57,059)	158,154	259,267	-	(49,118)	210,149
193,554,307	33,537	(1,353,139)	192,167,631	138,079,519	31,503	(2,071,902)	135,976,114
9,879,778	-	-	9,879,778	3,306,438	-	-	3,306,438
144,205	86,094	-	58,111	223,390	86,094	-	137,296
10,023,983	86,094	-	9,937,889	3,529,828	86,094	-	3,443,734
212,435,218	119,631	(1,358,162)	210,957,425	148,835,011	117,597	(2,071,881)	146,645,533

(Un-audited)				(Audited)			
30 September 2019				31 December 2018			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
------(Rupees in '000)-----							
136,685,619	-	13,739	136,699,358	96,248,954	-	(5,889)	96,243,065
65,029,372	-	(582,158)	64,447,214	42,145,713	-	(1,561,303)	40,584,410
2,272,374	-	-	2,272,374	2,074,788	-	-	2,074,788
385,000	-	(11,242)	373,758	400,000	-	(7,160)	392,840
204,372,365	-	(579,661)	203,792,704	140,869,455	-	(1,574,352)	139,295,103
215,213	-	(57,059)	158,154	259,267	-	(49,118)	210,149
4,227,515	27,837	(753,835)	3,445,843	4,454,640	25,803	(565,970)	3,862,867
16,800	5,700	-	11,100	16,800	5,700	-	11,100
4,244,315	33,537	(753,835)	3,456,943	4,471,440	31,503	(565,970)	3,873,967
696,499	16,269	2,854	683,084	422,794	16,269	4,096	410,621
2,906,826	69,825	29,539	2,866,540	2,812,055	69,825	113,463	2,855,693
3,603,325	86,094	32,393	3,549,624	3,234,849	86,094	117,559	3,266,314
212,435,218	119,631	(1,358,162)	210,957,425	148,835,011	117,597	(2,071,881)	146,645,533

9.2.1 Investments given as collateral - market value

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
Market Treasury Bills	67,724,920	48,850,834
Pakistan Investment Bonds	48,209,675	11,518,661
	115,934,595	60,369,495

9.3 Bai Muajjal with Government of Pakistan

Bai Muajjal investment	2,855,000	2,855,000
less: deferred income	(582,626)	(780,212)
Bai Muajjal investment - net	2,272,374	2,074,788

9.4 Provision for diminution in the value of investments

Opening balance	117,597	117,452
Charge for the period/year	2,034	145
Closing balance	119,631	117,597

9.5 Particulars of provision against debt securities

Category of classification	(Un-audited) 30 September 2019		(Audited) 31 December 2018	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	------(Rupees in '000)-----			
Loss	86,094	86,094	86,094	86,094
Total	86,094	86,094	86,094	86,094

9.6 The market value of securities classified as held-to-maturity as at 30 September 2019 amounted to Rs. 9,677.800 million (31 December 2018 : Rs. 3,189.450 million).

9.7 Federal Government Securities include Pakistan Investment Bonds having book value of Rs. 30.700 million (31 December 2018: Rs. 30.700 million) pledged with the State Bank of Pakistan and National Bank of Pakistan to facilitate T. T. discounting facility for the branches of the Bank. Market Treasury Bills and Pakistan Investment Bonds under Federal Government Securities, are eligible for discounting with the State Bank of Pakistan.

10 ADVANCES

	Performing		Non-performing		Total	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	181,399,612	170,877,658	10,465,168	11,278,991	191,864,780	182,156,649
Islamic financing and related assets	8,778,893	8,008,498	96,825	69,059	8,875,718	8,077,557
Bills discounted and purchased	6,142,038	4,587,917	100,900	9,082	6,242,938	4,596,999
Advances gross	196,320,543	183,474,073	10,662,893	11,357,132	206,983,436	194,831,205
Provision against advances - Specific	-	-	(7,666,934)	(8,314,484)	(7,666,934)	(8,314,484)
- General	(41,538)	(41,538)	-	-	(41,538)	(41,538)
	(41,538)	(41,538)	(7,666,934)	(8,314,484)	(7,708,472)	(8,356,022)
Advances - net of provision	196,279,005	183,432,535	2,995,959	3,042,648	199,274,964	186,475,183

Particulars of advances (Gross)

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
In local currency	200,575,115	191,180,048
In foreign currencies	6,408,321	3,651,157
	206,983,436	194,831,205

10.2 Advances include Rs.10,662.893 million (31 December 2018 Rs. 11,357.132 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) 30 September 2019		(Audited) 31 December 2018	
	Non-performing loans	Provision	Non-performing loans	Provision
	------(Rupees in '000)-----			
Other Assets Especially Mentioned	31,459	-	45,674	1,418
Substandard	190,427	18,625	550,195	27,568
Doubtful	432,781	66,937	1,672,610	436,068
Loss	10,008,226	7,581,372	9,088,653	7,849,430
	10,662,893	7,666,934	11,357,132	8,314,484

10.3 Particulars of provision against advances

	(Un-audited) 30 September 2019			(Audited) 31 December 2018		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	8,314,484	41,538	8,356,022	8,440,840	38,675	8,479,515
Charge for the period / year	972,602	-	972,602	899,550	2,863	902,413
Reversals	(1,551,424)	-	(1,551,424)	(988,162)	-	(988,162)
	(578,822)	-	(578,822)	(88,612)	2,863	(85,749)
Amounts written off	(68,728)	-	(68,728)	(37,744)	-	(37,744)
Transfers	-	-	-	-	-	-
Closing balance	7,666,934	41,538	7,708,472	8,314,484	41,538	8,356,022

10.3.1 The general provision against consumer financing is required to be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

10.3.2 The Bank has maintained general provision against housing finance portfolio at the rate of 0.50% of the performing portfolio. The State Bank of Pakistan vide its circular no. 9 of 2017 dated 22 December 2017 abolished the requirement of maintaining general reserve of 1% against secured Small Enterprise (SE) portfolio, while general reserve to be maintained against unsecured SE portfolio has been reduced from 2% to 1%. Currently, the Bank does not have any unsecured SE portfolio.

10.3.3 The Bank has availed the benefit of forced sales value of pledged stocks, mortgaged residential and commercial properties held as collateral against non-performing advances as allowed under the Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 2,560.168 million (31 December 2018: Rs. 1,703.268 million). The additional profit arising from availing this benefit - net of the tax amounts to Rs. 1,664.109 million (31 December 2018: Rs. 1,107.124 million). The FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

10.3.4 The SBP has granted relaxation in provisioning requirements in respect of exposures in Dewan Mushtaq Group (DMG). Had this relaxation not been available, provision against loans and advances would have been higher by Rs 44.930 million (31 December 2018: Rs 44.930 million).

11 FIXED ASSETS

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
		------(Rupees in '000)-----	
Capital work-in-progress	11.1	167,575	155,841
Property and equipment		6,159,709	6,082,832
Right-of-use assets	4.1.2	1,931,372	-
		8,258,656	6,238,673
11.1 Capital work-in-progress			
Civil works		75,363	87,397
Advances to suppliers and contractors		90,037	63,782
Consultant's fee and other charges		2,175	4,662
		167,575	155,841

11.2 Additions to Fixed Assets

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

	(Un-audited) 30 September 2019 ------(Rupees in '000)-----	(Un-audited) 30 September 2018
Capital work-in-progress	11,734	-
Building on freehold land	1,720	37,190
Building on leasehold land	40,621	2,946
Leasehold improvements	88,766	48,067
Furniture and fixture	36,142	12,302
Electrical office and computer equipment	291,607	264,015
Right-of-use assets	200,420	-
Vehicles	20,814	25,958
	680,090	390,478
Total	691,824	390,478

11.3 Disposal of fixed assets

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

Leasehold land Improvement	4,771	2,701
Furniture and fixture	606	199
Electrical office and computer equipment	2,503	2,176
Vehicles	96	-
Total	7,976	5,076

12 INTANGIBLE ASSETS

Computer Software
Trademark

	(Un-audited) 30 September 2019 ------(Rupees in '000)-----	(Audited) 31 December 2018
Computer Software	376,844	454,129
Trademark	274	407
	377,118	454,536

12.1 Additions to intangible assets

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

Directly purchased	27,461	346,788
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There were no disposals in intangible assets during the current and prior period.

13 OTHER ASSETS

	Note	(Un-audited) 30 September 2019 ------(Rupees in '000)-----	(Audited) 31 December 2018
Income / mark-up accrued in local currency		7,226,914	4,239,379
Income / mark-up accrued in foreign currencies		8,512	1,629
Dividend receivable		40,000	7,700
Advances, deposits, advance rent and other prepayments		361,493	369,791
Advance taxation (payments less provisions)		1,275,202	1,410,432
Non-banking assets acquired in satisfaction of claims	13.1	780,623	76,027
Branch adjustment account		-	9,548
Mark to market gain on forward foreign exchange contracts		377,478	335,045
Stationery and stamps in hand		41,932	38,945
Due from the State Bank of Pakistan		482,576	194,330
Advance against subscription of shares		50,000	50,000
Advance against subscription of term finance certificates		25,000	125,000
Acceptances		3,816,860	4,489,160
Others	13.2	503,215	372,393
		14,989,805	11,719,379
Less: provision held against other assets	13.2 & 13.4	(237,160)	(156,077)
Other assets - total		14,752,645	11,563,302

13.1 Market value of non-banking assets acquired in satisfaction of claims 13.1.1 783,131 76,989

13.1.1 The non-banking assets acquired in satisfaction of claims by the Bank have been valued by independent professional valuers in May 2018 & October 2018. The valuation was carried out by F.K.S Building Services, Harvester Services (Pvt) Limited, Arch-e-Decon, Danish Enterprises, Oceanic Surveyors (Pvt) Limited and K. G. Traders on the basis of professional assessment of present market values.

13.1.2 Non-banking assets acquired in satisfaction of claims

	Note	(Un-audited) 30 September 2019 ------(Rupees in '000)-----	(Audited) 31 December 2018
Opening balance	13.3	76,027	-
Acquired during the period / year		707,104	76,989
Depreciation		(2,508)	(962)
Closing balance		780,623	76,027

13.2 This includes an amount of Rs. 143.443 million (31 December 2018 : Rs.143.443 million) in respect of fraud and forgery claims relating to cash embezzlement made in the Bank. The Bank has initiated legal proceedings against the alleged and has also taken necessary steps to further strengthen its internal control system.

13.3 This includes a property of Rs. 700 million acquired in the current period, under a debt swap arrangement entered with a delinquent borrower. The benefit of the forced sales value of the property has also been utilized while calculating provision for non performing exposure of the said borrower in prior years.

13.4 Provision held against other assets

Provision held against receivable against fraud & forgeries	143,443	143,443
Others	93,717	12,634
	237,160	156,077

13.4.1 Movement in provision held against other assets

Opening balance	156,077	156,077
Charge for the period / year	81,083	-
Closing balance	237,160	156,077

14 CONTINGENT ASSETS

There were no contingent assets as at the balance sheet date.

15 BILLS PAYABLE

In Pakistan	3,520,817	3,993,525
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16 BORROWINGS

Secured

Borrowings from State Bank of Pakistan
Under export refinance scheme
Long term financing facility for plant and machinery
Modernisation of SME-Rice Husking
Financing facility for storage of agriculture produce
Repurchase agreement borrowings

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

11,342,828	11,322,048
1,499,364	1,139,389
10,139	15,810
139,543	-
98,707,437	44,865,048
111,699,311	57,342,295
2,985,264	3,931,220
7,708,748	11,860,880
6,254,616	7,519,499
128,647,939	80,653,894
14,111,875	1,021,225
32,274	287,798
14,144,149	1,309,023
142,792,088	81,962,917

Repurchase agreement borrowings - other banks
Borrowings from other financial institutions - local
Borrowings from other financial institutions - foreign

Total secured

Unsecured

Call borrowings
Overdrawn nostro accounts

Total unsecured

16.1 Particulars of borrowings with respect to currencies

In local currency
In foreign currencies

136,505,198	74,155,620
6,286,890	7,807,297
142,792,088	81,962,917

17 DEPOSITS AND OTHER ACCOUNTS

(Un-audited)
30 September
2019

(Audited)
31 December
2018

In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
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------(Rupees in '000)-----

Customers

Current deposits
Savings deposits
Term deposits
Others

58,583,962	7,228,474	65,812,436	54,008,141	5,908,167	59,916,308
77,246,887	6,224,514	83,471,401	73,435,215	6,325,280	79,760,495
99,569,158	2,006,491	101,575,649	89,046,247	1,183,916	90,230,163
3,568,773	-	3,568,773	5,158,255	-	5,158,255
238,968,780	15,459,479	254,428,259	221,647,858	13,417,363	235,065,221

Financial Institutions

Current deposits
Savings deposits
Term deposits

1,776,518	623,777	2,400,295	854,351	274,092	1,128,443
13,856,051	54,102	13,910,153	13,440,369	-	13,440,369
9,823,976	-	9,823,976	12,744,728	-	12,744,728
25,456,545	677,879	26,134,424	27,039,448	274,092	27,313,540
264,425,325	16,137,358	280,562,683	248,687,306	13,691,455	262,378,761

17.1 Deposits eligible under Insurance arrangements

This includes deposits eligible to be covered under the State Bank of Pakistan's Depositor Protection Scheme. The amount of eligible deposits worked out based on the Audited Financial position of the Bank as at 31 December 2018 amounts to Rs. 106,280 million.

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

18 SUBORDINATED DEBT - UNSECURED

Listed Term Finance Certificates - Additional Tier I
Listed Term Finance Certificates - Tier II

Note
18.1
18.2

4,000,000	4,000,000
2,995,200	2,996,400
6,995,200	6,996,400

18.1 Listed Term Finance Certificates - Additional Tier I

This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital of Rs. 4,000 Million issued under Section 66 of the Companies Act, 2017. The funds raised by the Bank through the issuance of these TFCs have contributed towards the Bank's Additional Tier 1 Capital for meeting capital adequacy requirements as per Basel III Guidelines set by SBP under BPRD Circular Number 6 dated 15 August 2013. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank (including the listed term finance certificates - Tier II previously issued by the Bank) and is not redeemable before maturity without prior approval of SBP. Furthermore, these funds are intended to be utilized for the Bank's ongoing business operations in accordance with the Bank's Memorandum and Articles of Association. The key features of the issue are as follows:

Issue amount Rs. 4,000 million

Issue date 06 December 2018

Maturity date Perpetual

Rating (Note 34) "A" by PACRA on 19 June 2019

Security Unsecured

Profit payment frequency Semi-annually

Redemption No fixed or final redemption date

Mark-up 6 Months KIBOR + 2.00% per annum

Call option (if any) The Bank may call the TFCs (either partially or in full), after five (5) years from the date of issuance with the prior approval of SBP. Moreover, and as per Clause iv(b) of Annexure 2 of the Basel III Circular, the Issuer shall not exercise a call option unless the called instrument is replaced with capital of same or better quality. The Call must be subject to a prior notice of not less than 60 days given by SNBL to the investors. The Call Option once announced will not be revocable.

Lock-in-clause (if any) The TFCs contain a lock-in clause which stipulates that no profit payments would be made if such payments result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Requirement (CAR) or increase any existing shortfalls in MCR and / or CAR.

Loss absorbency clause The TFCs are also subject to loss absorbency 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). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to a cap of 360,000,000 shares.

18.2 Listed Term Finance Certificates - Tier II

This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital with a tenor of 8 years. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank, except Listed Term Finance Certificates - Additional Tier I as recently issued; and is not redeemable before maturity without prior approval of SBP. The key features of the issue are as follows:

Issue amount Rs. 3,000 million

Issue date 07 July 2015

Maturity date 07 July 2023

Rating (Note 34) "A+" by PACRA on 19 June 2019

Security Unsecured

Profit payment frequency Semi-annually

Redemption Principal is redeemable semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and the remaining principal of 99.70% at maturity at the end of the 96th month in July 2023.

Mark-up 6 Months KIBOR + 1.35% per annum

Call option (if any) The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from last day of public subscription and on all subsequent profit payment dates, subject to SBP's approval and not less than 45 days prior notice being given to the Trustee.

Lock-in-clause (if any) The TFCs contains a lock-in clause which stipulates that neither interest nor principal may be paid (even at maturity) if such payments will result in shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Requirement (CAR) or increase any existing shortfall in MCR and CAR.

Loss absorbency clause

The instrument will be subject to loss absorbency 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). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to the cap of 225,000,000 shares.

19 DEFERRED TAX LIABILITIES

(Un-audited) 30 September 2019

At 1 January 2019	Recognised in the profit and loss account	Recognised in Other Comprehensive Income	At 30 September 2019
------(Rupees in '000)-----			
Deductible temporary differences on			
- Post retirement employee benefits	(13,941)	-	(13,941)
- Deficit on revaluation of investments	(725,166)	-	(473,599)
- Provision against advances, off balance sheet etc.	(193,973)	3,626	(190,347)
	(933,080)	3,626	(677,887)
Taxable temporary differences on			
- Surplus on revaluation of fixed assets	683,807	(29,889)	653,918
- Accelerated tax depreciation	369,327	2,241	371,568
	1,053,134	(27,648)	1,025,486
	120,054	(24,022)	347,599

(Audited) 31 December 2018

At 1 January 2018	Recognised in the profit and loss account	Recognised in Other Comprehensive Income	At 31 December 2018
------(Rupees in '000)-----			
Deductible temporary differences on			
- Post retirement employee benefits	(23,185)	-	(13,941)
- Deficit on revaluation of investments	76,984	-	(725,166)
- Provision against advances, off balance sheet etc.	(192,567)	(1,406)	(193,973)
	(138,768)	(1,406)	(933,080)
Taxable temporary differences on			
- Surplus on revaluation of fixed assets	717,598	(33,791)	683,807
- Accelerated tax depreciation	356,881	12,446	369,327
	1,074,479	(21,345)	1,053,134
	935,711	(22,751)	120,054

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

20 OTHER LIABILITIES

Mark-up / return / interest payable in local currency
Mark-up / return / interest payable in foreign currencies
Unearned commission and income on bills discounted
Accrued expenses
Acceptances
Unclaimed dividends
Branch adjustment account
Charity fund balance
Payable to workers' welfare fund
Lease liability against right-of-use assets
Sundry deposits
Others

3,434,822	2,528,112
101,548	83,810
82,517	64,409
537,445	476,078
3,816,860	4,489,160
67,331	55,079
37,464	-
228	-
267,084	380,778
1,985,843	-
584,021	511,533
646,685	468,298
11,561,848	9,057,257

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

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of
- Available-for-sale securities
- Fixed assets

Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
9.1	(1,353,139)	(2,071,902)
21.1	2,487,780	2,573,180
	1,134,641	501,278
21.1	473,599	725,166
	(653,917)	(683,807)
	(180,318)	41,359
	954,323	542,637

Deferred tax on surplus / (deficit) on revaluation of:
- Available-for-sale securities
- Fixed assets

21.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at 01 January
Transferred to unappropriated profit in respect of incremental depreciation charged during the period/year - net of deferred tax
Related deferred tax liability on incremental depreciation charged during the period/year
Surplus on revaluation of fixed assets as at 30 September

2,573,180	2,669,725
(55,510)	(62,754)
(29,890)	(33,791)
2,487,780	2,573,180
(683,807)	(717,598)
29,890	33,791
(653,917)	(683,807)
1,833,863	1,889,373

Less: related deferred tax liability on:
- revaluation as at 01 January
- incremental depreciation charged during the period

22 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

22.1	16,508,375	17,619,705
22.2	145,770,290	180,624,314
22.3	2,990,257	2,278,386
	165,268,922	200,522,405

22.1 Guarantees:

Financial guarantees
Performance guarantees
Other guarantees

2,384,438	2,413,133
13,533,162	13,536,585
590,775	1,669,987
16,508,375	17,619,705

22.2 Commitments:

Documentary credits and short-term trade-related transactions
- letters of credit
Commitments in respect of:
- forward foreign exchange contracts
- forward lending
Commitments for acquisition of:
- operating fixed assets
- intangible assets

21,524,762	23,117,645
119,801,013	152,359,696
4,348,350	3,056,954
66,472	81,102
16,418	39,971
13,275	1,968,946
145,770,290	180,624,314

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase
Sale

64,683,149	80,729,599
55,117,864	71,630,097
119,801,013	152,359,696

The maturities of the above contracts are spread over a period of one year.

22.2.2 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines
and other commitments to lend

4,348,350	3,056,954
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22.2.2.1 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. The Bank has certain other commitments to extend credit that represent revocable commitments and do not attract any significant penalty or expense in case the facility is withdrawn unilaterally.

22.2.3 Commitment in respect of equity / government securities

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
	----- (Rupees in '000) -----	
Sale	13,275	1,968,946

22.3 Other contingent liabilities

- 22.3.1 (a)** The Income tax returns of the Bank have been filed up to Tax Year 2018 (accounting year ended 31 December 2017). The Income tax authorities have issued amended assessment orders for tax years 2011, 2015 & 2016 thereby creating additional tax demands of Rs. 210.718 million which have been paid as required under the law. The Bank has filed appeals before various appellate forums against these amendments. Assessments from Tax Year 2001 up to Tax Year 2010 have been decided at the level of Appellate Tribunal Inland Revenue. The department has filed tax references in respect of certain matters with the Honourable Lahore High Court which are currently pending. In case of any adverse decision, an additional tax liability of Rs. 617.120 million (which includes impact of certain timing differences as well) may arise. Further, assessments for tax years 2012, 2013, 2014 and 2017 have been decided at the level of Commissioner Inland Revenue (Appeals). The department has filed appeals for tax years 2012 and 2013 with Appellate Tribunal Inland Revenue which are currently pending and in case of any adverse decision, an additional tax liability of Rs. 866.384 million (which include impact of certain timing differences as well) may arise. The Bank has decided to file appeal for Tax Year 2014 and 2017 with Appellate Tribunal Inland Revenue which, in case of any adverse decision, may create an additional tax liability of Rs. 60.67 million. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on these accounts.
- (b)** Tax Authorities have passed orders for Tax Years 2008 to 2012 levying Federal Excise Duty on certain items. The Bank has filed appeals against these assessments which are pending before various appellate forums. The aggregate net amount involved is Rs. 81.083 million. The management of the Bank is confident that the appeals will be decided in the favor of the Bank based on the advice of Bank's consultant. However, on the recommendation of the State Bank of Pakistan the same has also been provided for in the current period.
- (c)** Tax Authorities have passed order for Tax Years 2014, 2015, 2016 and 2017 under section 161/205 of the Income Tax Ordinance 2001, creating a demand of Rs. 106.685 million, Rs. 67.672 million, Rs. 43.52 million and Rs. 43.12 million respectively for non-deduction of tax at source. Against the said demands, the Bank has already filed appeals before the Commissioner Inland Revenue (Appeals), which are currently pending. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on these accounts.
- (d)** Punjab Revenue Authority has passed order for year 2015 under section 14 and 19 of the Punjab Sales Tax on Services Act, 2012, creating demand of Rs. 144.688 million, on non-deduction of withholding tax. The Bank has filed appeal before Commissioner Inland Revenue (Appeals) against this order, which is currently pending. However, the management is confident that this matter will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on this account.
- (e)** Sindh Revenue Board has passed order for year 2012 under section 23 of the Sindh Sales Tax on Services Act, 2011, creating demand of Rs. 213.43 million on non-deduction of Sindh Sales Tax. The Bank has filed appeal before Commissioner Inland Revenue (Appeals) against this order, which is currently pending. However, the management is confident that this matter will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on this account.
- (f)** The Income tax authorities in Azad Jammu & Kashmir region have issued amended assessment orders for Tax Year 2013 to Tax Year 2018, thereby creating additional tax demands which have been paid by the Bank as required under the law. The Bank has filed appeals before Commissioner Inland Revenue (Appeals) against the same. In case of any adverse decision, an additional tax liability of Rs. 268.2 million may arise. However, the management is confident that these matters will ultimately be decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on these accounts.

22.3.2 Claims against the Bank which are not acknowledged as debts amounted to Rs. 10.458 million (31 December 2018: Rs. 9.760 million).

22.3.3 The Assistant Commissioner, Inland Revenue vide orders under section 182/140 of the Income Tax Ordinance, 2001 has levied penalties against staff of the Bank amounting to Rs. 30 million. The action taken by the Bank in this case was backed by legal opinion of the customer's lawyer / stay order of the Islamabad High Court. Currently, the matter is pending before Commissioner Inland Revenue (Appeals) subsequent to appeal filed by the staff. In case of any adverse decision in appeals, the Bank reserves the right of recourse on customers for re-imbursement. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on these accounts.

22.3.4 A penalty of Rs. 50 million has been imposed by the Competition Commission of Pakistan ("the Commission") on the Bank on account of uncompetitive behaviour and imposing uniform cost on cash withdrawal from ATM transactions. The Bank along with other Banks had filed a constitutional petition before the Competition Appellate Tribunal which has set aside the order of the Commission. Against the said order of the Competition Appellate Tribunal, the Commission has filed an appeal before the Supreme Court of Pakistan, the hearing of which is currently pending. The management of the Bank is confident that the appeal will be decided in the favor of the Bank.

22.3.5 Through the Finance Act, 2008 an amendment was made in the Employees Old Age Benefits Act, 1976 whereby the exemption available to banks and their employees was withdrawn by omission of clause (e) of Section 47 of the said Act and banks and their employees were made liable for contribution to Employee Old Age Benefit Institution. The Lahore High Court, subsequently, nullified the amendments made through the Finance Act, 2008.

Subsequently, several other banks also filed the Constitutional Petition before the Sindh High Court which decided the matter in favor of the banks. As a result of the decision of the Lahore High Court and Sindh High Court, the Bank stopped EOBI contribution w.e.f. February 2012. An appeal was filed by the EOBI in the Supreme Court of Pakistan which has been disposed of by the Honorable Court vide its order dated 10 November 2016 in favor of the Banks. However, EOBI has filed review Petition on 07 March 2019 before the Supreme Court of Pakistan which is currently pending.

In case of any adverse decision by the Supreme Court of Pakistan, a contribution of Rs.176.509 million (upto 31 December 2018: Rs. 155.426 million) will become payable by the Bank to the EOBI. The said amount of Rs. 176.509 million has not been provided in these financial statements as the Bank is confident that the case may be decided in the Bank's favour.

23 MARK-UP / RETURN / INTEREST EARNED

Loans and advances
Investments
Lendings to financial institutions
Balances with banks
On placement and call lendings
Income on bai muajjal placements

	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
	----- (Rupees in '000) -----	
Loans and advances	17,022,834	8,617,162
Investments	9,465,324	6,072,780
Lendings to financial institutions	379,745	78,687
Balances with banks	50,749	20,673
On placement and call lendings	66,907	275,487
Income on bai muajjal placements	-	49,224
	26,985,559	15,114,013

24 MARK-UP / RETURN / INTEREST EXPENSED

Deposits
Borrowings
Subordinated debt
Cost of foreign currency swaps against
foreign currency deposits / borrowings
Finance cost of lease liability

	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018 (Restated)
	----- (Rupees in '000) -----	
Deposits	15,539,806	6,801,861
Borrowings	4,125,698	2,966,463
Subordinated debt	692,982	203,244
Cost of foreign currency swaps against foreign currency deposits / borrowings	462,715	141,578
Finance cost of lease liability	197,219	-
	21,018,420	10,113,146

25 FEE AND COMMISSION INCOME

Branch banking customer fees
Consumer finance related fees
Debit card related fees
Investment banking / arrangement fees
Commission on trade
Commission on guarantees
Commission on cash management
Commission on remittances including home remittances
Commission on bancassurance
Rebate income
Others

	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
	----- (Rupees in '000) -----	
Branch banking customer fees	342,883	264,427
Consumer finance related fees	33,775	25,732
Debit card related fees	70,885	85,519
Investment banking / arrangement fees	41,224	70,682
Commission on trade	480,403	377,351
Commission on guarantees	56,376	59,148
Commission on cash management	5,468	6,484
Commission on remittances including home remittances	11,896	12,740
Commission on bancassurance	104,612	121,964
Rebate income	168,635	107,127
Others	50,827	36,664
	1,366,984	1,167,838

	Note	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018 (Restated)
26 (LOSS) / GAIN ON SECURITIES		----- (Rupees in '000) -----	
Realised	26.1	(623,226)	275,066
Unrealised - held for trading	9.1	(5,023)	(2,035)
Unrealised - forward sale of equity		(262)	-
		<u>(628,511)</u>	<u>273,031</u>
26.1 Realised (loss) / gain on:		----- (Rupees in '000) -----	
Federal Government securities		31,940	195,073
Shares		(655,166)	79,993
		<u>(623,226)</u>	<u>275,066</u>
27 OTHER INCOME			
Gain on sale of fixed assets-net		10,309	18,862
Staff notice period and other recoveries		9,245	10,227
Insurance claim		7,777	3,577
		<u>27,331</u>	<u>32,666</u>
28 OPERATING EXPENSES		----- (Rupees in '000) -----	
Total compensation expense		2,474,849	2,247,053
Property expense			
Rent & taxes		363,554	525,382
Insurance		14,890	16,446
Utilities cost		265,289	233,571
Security (including guards)	28.1	235,025	220,536
Repair & maintenance (including janitorial charges)	28.1	163,101	149,214
Depreciation on right-of-use assets		213,173	-
Depreciation on owned fixed assets		141,654	139,270
		<u>1,396,686</u>	<u>1,284,419</u>
Information technology expenses			
Software maintenance		170,417	167,034
Hardware maintenance		59,737	29,847
Depreciation		123,382	88,130
Amortisation		104,879	86,732
Network charges		161,402	131,264
Others		119,856	85,363
		<u>739,673</u>	<u>588,370</u>

	Note	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018 (Restated)
Other operating expenses		----- (Rupees in '000) -----	
Directors' fees and allowances		10,781	9,344
Fees and allowances to Shariah Board		3,825	2,700
Legal & professional charges		48,309	65,261
Outsourced services costs	28.1	102,776	114,259
Travelling & conveyance		29,354	30,661
NIFT clearing charges		28,578	29,977
Depreciation		129,370	133,160
Training & development		7,537	8,825
Postage & courier charges		56,865	45,267
Communication		45,684	42,227
Stationery & printing		144,871	122,903
Marketing, advertisement & publicity		49,347	63,483
Donations		10,500	15,000
Auditors' Remuneration		6,479	12,475
Brokerage and commission		17,736	12,893
Entertainment		145,068	127,504
Fees and subscription		50,685	34,174
Motor vehicles running expenses		155,814	127,727
Service charges		93,759	56,986
Insurance		66,795	43,247
Repair & maintenance		121,532	82,625
Deposit protection insurance premium	28.2	127,536	40,003
Others		108,249	75,746
		<u>1,561,450</u>	<u>1,296,447</u>
		<u>6,172,658</u>	<u>5,416,289</u>
28.1	Total Cost for the period relating to outsourcing activities included in other operating activities and property expenses is Rs. 467.793 million (2018: Rs. 450.374 million) being paid to companies incorporated in Pakistan.		
Name of company	Nature of Service	----- (Rupees in '000) -----	
Prime HR services	Business Development Services	102,776	114,259
28.2	This represents the insurance premium paid to the State Bank of Pakistan's Depositors Protection Corporation (DPC) during the quarter. The premium amount was worked out in accordance with the mechanism specified by DPC, based on eligible deposits position of the Bank as at 31 December 2018.		
28.3	This includes reversal of provision for worker's welfare fund (WWF) aggregating to Rs. 154.9 million. This provision is attributable to the branches located in provinces of Pakistan other than Sindh, and has been accumulated in the years 2013 to 2018. Accordingly, in the current period, provision for Sindh worker's welfare fund (SWWF) is computed and recognized, on estimated profits earned in the province of Sindh.		
29 OTHER CHARGES		----- (Rupees in '000) -----	
Penalties imposed by State Bank of Pakistan		59,388	16,522
Others		-	25
		<u>59,388</u>	<u>16,547</u>
30 PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provisions for diminution in the value of investments		2,035	-
Reversal against loans & advances	10.3	(578,822)	(317,432)
Provision against other assets	22.3.1(b)	81,083	-
Fixed assets written off		411	2,187
Bad debts written off directly		199	-
		<u>(495,094)</u>	<u>(315,245)</u>

31 TAXATION

Current
Prior years
Deferred

Note

(Un-audited) (Un-audited)
30 September 2019 30 September 2018

----- (Rupees in '000) -----

759,081	940,959
119,500	-
(24,020)	(67,298)
854,561	873,661

31.1

31.1 This represents the super tax charge for the Tax Year 2018 as imposed by the Finance Supplementary (Second Amendment) Bill, 2019 at the rate of 4% of taxable income for the accounting year ended December 31, 2017. Tax related contingencies are disclosed in note 22.3 to these financial statements.

32 BASIC EARNINGS PER SHARE

Profit for the period

For the quarter ended		For the nine months ended	
(Un-audited) 30 September 2019	(Un-audited) 30 September 2018	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
236,091	317,626	1,211,090	1,293,608

----- (Number of shares) -----

Weighted average number of ordinary shares

1,102,463,483	1,102,463,483	1,102,463,483	1,102,463,483
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----- (Rupees) -----

Basic earnings per share

0.2141	0.2881	1.0985	1.1734
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33 DILUTED EARNINGS PER SHARE

Profit for the period

For the quarter ended		For the nine months ended	
(Un-audited) 30 September 2019	(Un-audited) 30 September 2018	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
236,091	317,626	1,211,090	1,293,608

----- (Number of shares) -----

Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)

1,102,463,483	1,102,463,483	1,102,463,483	1,102,463,483
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----- (Rupees) -----

Diluted earnings per share

0.2141	0.2881	1.0985	1.1734
--------	--------	--------	--------

34 CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the long term credit rating of 'AA-' (Double A Minus) and short term rating of 'A1+' (A One Plus) with Stable Outlook of the Bank through its notification dated 19 June 2019 [2018: long term 'AA-' (Double A Minus); short term 'A1+' (A One Plus)]

PACRA has also maintained the credit rating of the Bank's unsecured, subordinated and listed Term Finance Certificates (TFC - 2) issue of Rs 3,000 million at 'A+' (Single A plus) with Stable Outlook through its notification dated 19 June 2019.

Furthermore the Bank's unsecured, subordinated, rated, listed perpetual and non-cumulative Term Finance Certificates of Rs 4,000 million issue last year were assigned a rating of 'A' with Stable Outlook by PACRA through its notification dated 19 June 2019.

35 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

35.1 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	-	193,912,926	-	-	193,912,926
Shares	3,445,843	-	-	-	3,445,843
Non-Government debt securities	-	3,491,513	-	-	3,491,513
Units of mutual fund	158,154	-	-	-	158,154
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government securities	-	9,618,453	-	-	9,618,453
Non-Government debt securities	-	59,347	-	-	59,347
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	-	64,551,410	-	-	64,551,410
Forward sale of foreign exchange	-	54,608,647	-	-	54,608,647
Non - Financial Assets					
Operating fixed assets (land and buildings)	-	-	4,100,573	-	4,100,573
	3,603,997	326,242,296	4,100,573	-	333,946,866
		31 December 2018 (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	-	135,988,665	-	-	135,988,665
Shares	3,873,967	-	-	-	3,873,967
Non-Government debt securities	-	3,129,018	-	-	3,129,018
Units of mutual fund	210,149	-	-	-	210,149
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government securities	-	3,050,630	-	-	3,050,630
Non-Government debt securities	-	138,820	-	-	138,820
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	-	83,572,972	-	-	83,572,972
Forward sale of foreign exchange	-	74,138,425	-	-	74,138,425
Non - financial Assets					
Operating fixed assets (land and buildings)	-	-	4,148,354	-	4,148,354
	4,084,116	300,018,530	4,148,354	-	308,251,000

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

(a) **Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) **Financial instruments in level 2**

Financial instruments included in level 2 comprise of GoP Ijarah Sukuks, Pakistan Investment bonds, Market Treasury bills, Corporate bonds, Term Finance and Sukuk certificates.

(c) **Financial instruments in level 3**

Financial instruments included in level 3 comprise of operating fixed assets (land and building).

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Government of Pakistan - Ijarah Sukuks	Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from nine different pre-defined / approved dealers / brokers.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the business day.
Operating fixed assets (land and building)	Land and buildings are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with reasonable certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim financial statements.

36 **SEGMENT INFORMATION**

36.1 **Segment details with respect to business activities**

-----30 September 2019 (Un-audited)-----						
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
------(Rupees in '000)-----						
Profit and loss						
Net mark-up / return / profit	(8,629,810)	9,797,981	387,336	5,130,635	(719,003)	5,967,139
Inter segment revenue - net	13,388,926	(8,428,983)	-	(6,198,316)	1,238,373	-
Non mark-up / return / interest income	1,250,266	250,199	73,297	502,086	(354,078)	1,721,770
Total income	6,009,382	1,619,197	460,633	(565,595)	165,292	7,688,909
Segment direct expenses	3,882,141	146,250	275,527	102,530	1,711,904	6,118,352
Inter segment expense allocation	148,668	2,209	8,715	400	(159,992)	-
Total expenses	4,030,809	148,459	284,242	102,930	1,551,912	6,118,352
(Reversal) / Provisions	(655,678)	75,722	2,657	-	82,205	(495,094)
Profit before tax	2,634,251	1,395,016	173,734	(668,525)	(1,468,825)	2,065,651

Balance sheet

-----30 September 2019 (Un-audited)-----						
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
------(Rupees in '000)-----						
Cash & bank balances	20,972,078	2,463,587	1,537,516	1,247,912	-	26,221,093
Investments	-	29,703	5,213,870	205,713,852	-	210,957,425
Net inter segment lending	173,107,633	-	-	(194,255,071)	21,147,438	-
Lendings to financial and other institutions	-	-	700,000	3,803,031	-	4,503,031
Advances - performing	48,852,244	134,768,055	8,778,894	-	3,879,812	196,279,005
- non-performing	1,942,382	940,053	65,947	-	47,577	2,995,959
Others	5,367,383	5,659,001	2,912,206	1,810,455	7,639,374	23,388,419
Total assets	250,241,720	143,860,399	19,208,433	18,320,179	32,714,201	464,344,932
Borrowings	7,587,545	5,196,705	208,000	129,799,838	-	142,792,088
Subordinated debt	-	-	-	-	6,995,200	6,995,200
Deposits & other accounts	237,583,951	26,207,972	16,770,760	-	-	280,562,683
Net inter segment borrowing	-	110,441,211	1,736,004	(112,177,215)	-	-
Others	5,070,224	2,014,511	493,669	697,556	7,154,304	15,430,264
Total liabilities	250,241,720	143,860,399	19,208,433	18,320,179	14,149,504	445,780,235
Equity	-	-	-	-	18,564,697	18,564,697
Total equity & liabilities	250,241,720	143,860,399	19,208,433	18,320,179	32,714,201	464,344,932

Contingencies & commitments

-----30 September 2019 (Un-audited)-----						
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
------(Rupees in '000)-----						
In respect of letter of credit / guarantees	22,563,099	14,532,064	937,974	-	-	38,033,137
In respect of forward foreign exchange contracts	-	-	-	119,801,013	-	119,801,013
In respect of forward lendings	-	4,348,350	-	-	-	4,348,350
In respect of fixed assets	-	-	-	-	82,890	82,890
In respect of equity / government securities	-	-	-	13,275	-	13,275
In respect of other contingencies	-	-	-	-	2,990,257	2,990,257
Total	22,563,099	18,880,414	937,974	119,814,288	3,073,147	165,268,922

Profit and loss

-----30 September 2018 (Un-audited)-----						
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
------(Rupees in '000)-----						
Net mark-up / return / profit	(2,751,669)	4,551,034	233,144	3,060,767	(92,409)	5,000,867
Inter segment revenue - net	6,432,527	(3,825,790)	-	(3,028,685)	421,948	-
Non mark-up / return / interest income	1,070,009	287,533	47,635	916,539	11,785	2,333,501
Total income	4,750,867	1,012,777	280,779	948,621	341,324	7,334,368
Segment direct expenses	3,498,127	159,042	220,350	92,692	1,512,133	5,482,344
Inter segment expense allocation	132,904	2,378	8,316	408	(144,006)	-
Total expenses	3,631,031	161,420	228,666	93,100	1,368,127	5,482,344
(Reversal) / Provisions	(361,339)	43,851	56	-	2,187	(315,245)
Profit before tax	1,481,175	807,506	52,057	855,521	(1,028,990)	2,167,269

Balance Sheet

-----31 December 2018 (Audited)-----						
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
------(Rupees in '000)-----						
Cash & bank balances	22,442,200	2,875,362	1,218,456	663,273	-	27,199,291
Investments	-	67,917	5,147,722	141,429,894	-	146,645,533
Net inter segment lending	153,247,434	-	-	(169,745,870)	16,498,436	-
Lendings to financial and other institutions	-	-	-	3,921,270	-	3,921,270
Advances - performing	56,246,103	115,614,636	7,964,587	-	3,607,209	183,432,535
- non-performing	2,277,440	663,082	40,777	-	61,349	3,042,648
Others	5,002,428	4,558,699	398,221	2,200,309	6,096,854	18,256,511
Total assets	239,215,605	123,779,696	14,769,763	(21,531,124)	26,263,848	382,497,788
Borrowings	7,555,688	4,593,322	328,236	69,485,671	-	81,962,917
Subordinated debt	-	-	-	-	6,996,400	6,996,400
Deposits & other accounts	224,726,717	25,414,862	12,237,182	-	-	262,378,761
Net inter segment borrowing	-	89,921,291	1,779,538	(91,700,829)	-	-
Others	6,933,200	3,850,221	424,807	684,034	1,278,574	13,170,836
Total liabilities	239,215,605	123,779,696	14,769,763	(21,531,124)	8,274,974	364,508,914
Equity	-	-	-	-	17,988,874	17,988,874
Total equity & liabilities	239,215,605	123,779,696	14,769,763	(21,531,124)	26,263,848	382,497,788

Contingencies & Commitments

-----31 December 2018 (Audited)-----						
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
------(Rupees in '000)-----						
In respect of letter of credit / guarantees	24,119,784	14,961,863	1,655,703	-	-	40,737,350
In respect of forward foreign exchange contracts	-	-	-	152,359,696	-	152,359,696
In respect of forward lendings	-	3,056,954	-	-	-	3,056,954
In respect of fixed assets	-	-	-	-	121,073	121,073
In respect of government securities	-	-	-	1,968,946	-	1,968,946
In respect of other contingencies	-	-	-	-	2,278,386	2,278,386
Total	24,119,784	18,018,817	1,655,703	154,328,642	2,399,459	200,522,405

36.1.1 The operations of the Bank are currently based only in Pakistan, therefore, geographical segment is not relevant.

37 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its related group companies, major shareholders, staff retirement funds, directors and their close family members (including their associates) and key management personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
Particulars	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
------(Rupees in '000)-----						
Statement of financial position						
Investments						
Opening balance	-	-	259,268	-	-	240,000
Investment made during the period / year	-	-	69,263	-	-	50,005
Investment redeemed / disposed during the period / year	-	-	(113,318)	-	-	(30,737)
Closing balance	-	-	215,213	-	-	259,268
Advances						
Opening balance	3,000	169,576	-	3,500	111,729	-
Addition during the period/year	5,000	72,627	-	500	85,361	-
Repaid during the period/year	(3,000)	(47,659)	-	(1,000)	(33,235)	-
Transfer in / (out) - net	-	(4,327)	-	-	5,721	-
Closing balance	5,000	190,217	-	3,000	169,576	-
Other assets						
Interest / mark-up accrued	324	43	-	167	33	-
Other receivables	-	-	-	-	-	-
against E-banking settlement	-	-	113,819	-	-	115,100
against investment	-	-	50,000	-	-	50,000
	324	43	163,819	167	33	165,100
Deposits and other accounts						
Opening balance	247,127	25,704	4,993,206	235,344	46,327	4,323,175
Received during the period / year	2,092,961	457,656	93,552,759	1,196,771	380,449	76,961,727
Withdrawn during the period / year	(1,738,714)	(473,258)	(93,778,732)	(1,184,988)	(375,081)	(76,291,696)
Transfer in / (out) - net	-	5,125	-	-	(25,991)	-
Closing balance	601,374	15,227	4,767,233	247,127	25,704	4,993,206
Other liabilities						
Payable to staff retirement fund	-	-	72,661	-	-	-
Interest / mark-up payable	3,323	93	49,793	2,204	98	41,278
Contingencies and Commitments						
Guarantees	-	-	-	-	-	2,287
30 September 2019 (Un-audited)						
30 September 2018 (Un-audited)						
Particulars	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
------(Rupees in '000)-----						
Profit and loss account						
Income						
Mark-up / return / interest earned	370	8,938	-	190	7,064	-
Fee and commission income	37	12	179	40	98	185
Expense						
Mark-up / return / interest paid	19,268	464	425,165	10,084	576	99,688
Rent expense	-	-	8,829	-	-	7,976
ATM and ADC charges	-	-	7,810	-	-	8,624

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
Paid-up capital (net of losses)	11,024,636	11,024,636

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	16,015,534	15,359,095
Eligible Additional Tier 1 (ADT 1) Capital	3,256,478	3,082,678
Total Eligible Tier 1 Capital	19,272,012	18,441,773
Eligible Tier 2 Capital	4,599,853	4,995,354
Total Eligible Capital (Tier 1 + Tier 2)	23,871,865	23,437,127

Risk Weighted Assets (RWAs):

Credit Risk	132,715,714	133,719,523
Market Risk	7,527,556	8,246,679
Operational Risk	17,105,251	17,422,308
Total	157,348,521	159,388,510

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio	10.18%	9.64%
Total Capital Adequacy Ratio	12.25%	11.57%
	15.17%	14.70%

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
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National minimum capital requirements prescribed by SBP

CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	11.90%	11.90%

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
--	--------------------------------------	----------------------------------

Leverage Ratio (LR):

Eligible Tier-1 Capital	19,272,012	18,441,773
Total Exposures	525,749,220	515,189,170
Leverage Ratio - percentage	3.67%	3.58%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	106,681,288	107,190,086
Total Net Cash Outflow	98,057,854	92,037,670
Liquidity Coverage Ratio - percentage	108.79%	116.46%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	214,594,171	204,605,129
Total Required Stable Funding	187,647,634	164,874,965
Net Stable Funding Ratio - percentage	114.36%	124.10%

38.1 The Bank follows the below mentioned approach for determining credit risk, market risk and operational risk exposures in the capital adequacy calculation:

Risk Type	Approach adopted by Bank
Credit Risk	Standardized Approach
Market Risk	Standardized Approach
Operational Risk	Basic Indicator Approach

39

ISLAMIC BANKING BUSINES

The Bank is operating 21 Islamic Banking branches (31 December 2018: 21). The statement of financial position and profit and loss account of these branches (including Islamic Banking Division) are as follows:

BSD circular letter No. 03 dated 22 January 2013 requires all Islamic Banks and Banks with Islamic Banking Branches to present all financing, advances for assets under Islamic modes of financing and any other related items pertaining to Islamic mode of financing under the caption Islamic Financing and Related Assets in the Statement of Financial Position.

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		1,142,981	887,183
Balances with other banks		394,535	331,273
Due from financial institutions	39.1	700,000	-
Investments	39.2	5,213,870	5,147,722
Islamic financing and related assets- net	39.3	8,844,841	8,005,364
Fixed assets		350,450	208,419
Intangible assets		-	-
Due from head office		2,108,164	-
Other assets		453,592	189,802
Total assets		19,208,433	14,769,763
LIABILITIES			
Bills payable		115,623	161,871
Due to financial institutions		208,000	328,236
Deposits and other accounts	39.4	16,770,760	12,237,182
Due to head office		-	165,587
Other liabilities		378,046	97,349
Total liabilities		17,472,429	12,990,225
NET ASSETS		1,736,004	1,779,538
REPRESENTED BY:			
Islamic banking fund		1,500,000	1,500,000
Accumulated profit	39.6	173,734	129,190
Surplus on revaluation of assets - net of tax		62,270	150,348
		1,736,004	1,779,538
CONTINGENCIES AND COMMITMENTS	39.7		

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

	Note	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
----- (Rupees in '000) -----			
Profit / return earned	39.8	1,307,300	699,329
Profit / return expensed	39.9	919,964	466,185
Net profit / return		387,336	233,144
Other income			
Fee and commission Income		44,239	35,872
Foreign exchange income		27,986	10,924
Loss on securities		-	(49)
Other income		1,072	888
Total other income		73,297	47,635
Other expenses			
Operating expenses		283,862	228,666
Other charges		380	-
Total other expenses		284,242	228,666
Profit before provisions		176,391	52,113
Provisions and write offs - net		(2,657)	(56)
Profit before taxation		173,734	52,057

39.1 Due from Financial Institutions

30 September 19 (Un-audited) 31 December 2018 (Audited)

In local In foreign Total In local In foreign Total
currency currency currency currency currency

------(Rupees in '000)-----

Musharaka placement	700,000	-	700,000	-	-	-
	700,000	-	700,000	-	-	-

39.2 Investments by segments:

30 September 2019 (Un -audited)				31 December 2018 (Audited)			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value

------(Rupees in '000)-----

Federal Government securities

-Ijarah sukuk	385,000	-	(11,243)	373,757	400,000	-	(7,160)	392,840
-Bai muajjal from Government of Pakistan (GoP)	2,272,374	-	-	2,272,374	2,074,788	-	-	2,074,788
	2,657,374	-	(11,243)	2,646,131	2,474,788	-	(7,160)	2,467,628

Non-Government debt securities

-Listed	275,000	-	2,854	277,854	406,525	-	4,096	410,621
-Unlisted	2,277,360	(19,860)	32,385	2,289,885	2,174,194	(19,860)	115,139	2,269,473
	2,552,360	(19,860)	35,239	2,567,739	2,580,719	(19,860)	119,235	2,680,094

Total Investments

	5,209,734	(19,860)	23,996	5,213,870	5,055,507	(19,860)	112,075	5,147,722
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39.3 Islamic financing and related assets

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

Ijarah	398,206	423,793
Murabaha	1,169,026	880,480
Musharaka	1,002,127	735,531
Diminishing Musharaka	4,025,097	3,540,549
Salam	580,324	72,015
Istisna	400,000	-
Other Islamic modes	-	-
Advances against Islamic assets		
Murabaha	359,944	754,348
Ijarah	24,220	58,193
Diminishing musharaka	-	13,471
Salam	187,804	1,405,323
Istisna	728,971	150,000
Gross Islamic financing and related assets	8,875,719	8,033,703
Less: Provision against Islamic financing		
- Specific	30,878	28,339
- General	-	-
	30,878	28,339
Islamic financing and related assets - net of provision	8,844,841	8,005,364

39.4 Deposits and other accounts
Customers

Current deposits	2,194,175	2,160,426
Savings deposits	4,937,840	3,817,937
Term deposits	1,228,097	641,477
Other	333,621	676,152
	8,693,733	7,295,992

Financial Institutions

Current deposits	153,260	22,299
Savings deposits	6,685,767	4,718,891
Term deposits	1,238,000	200,000
	8,077,027	4,941,190
	16,770,760	12,237,182

39.4.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 5,725 million as at 31 December 2018.

39.5 Charity Fund

Opening balance	-	-
Additions during the period/year	-	-
Received from customers on account of delayed payment	228	-
	228	-
Payments / utilization during the period/year	-	-
Health	-	-
	-	-
Closing balance	228	-

39.6 Islamic Banking Business - Unappropriated Profit

Opening balance	129,190	160,665
Add: Islamic Banking profit for the period/year	173,734	129,190
Less: Transferred / remitted to Head Office	(129,190)	(160,665)
Closing balance	173,734	129,190

39.7 CONTINGENCIES AND COMMITMENTS

-Guarantees	408,744	435,565
-Other contingent liabilities	529,230	1,220,138
	937,974	1,655,703

39.8 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:		
Financing	847,866	218,903
Investments	455,569	226,954
Placements	3,865	250,398
Others	-	3,074
	1,307,300	699,329

39.9 Profit on Deposits and Other Dues Expensed

Deposits and other accounts	833,846	466,343
Due to financial institutions	2,421	975
Others	83,697	(1,133)
	919,964	466,185

39.10 Pool Management

	30 September 19 (Un-audited)			31 December 2018 (Audited)		
	Normal Pool	Special Pool	Total	Normal Pool	Special Pool	Total
------(Rupees in '000)-----						
Chemical and Pharmaceuticals	915,685	531,457	1,447,142	924,782	56,526	981,308
Textile	191,269	304,021	495,290	632,739	62,654	695,393
Cement	-	180,453	180,453	-	232,842	232,842
Sugar	611,000	-	611,000	497,336	270,000	767,336
GOP Bai Muajjal / Ijarah Sukuk	373,758	2,272,374	2,646,132	-	2,467,628	2,467,628
Automobile and transportation equipment	1,049	10,999	12,048	23,096	-	23,096
Financial	-	525,094	525,094	424,840	501,184	926,024
Electronics and electrical appliances	10,318	248,909	259,227	201,024	-	201,024
Production and transmission of energy	431,412	3,922,156	4,353,568	37,331	4,146,182	4,183,513
Exports Imports	4,297	104,201	108,498	120,148	-	120,148
Wholesale & Retail Trade	53,708	-	53,708	52,296	-	52,296
Construction	206,275	82,670	288,945	181,905	-	181,905
Food and allied	708,968	69,347	778,315	600,702	-	600,702
Services	4,193	1,681,857	1,686,050	281,161	948,084	1,229,245
Iron & Steel	400,000	-	400,000	400,000	-	400,000
Individual	-	-	-	-	-	-
Others	188,085	25,155	213,240	421,899	-	421,899
	<u>4,100,017</u>	<u>9,958,693</u>	<u>14,058,710</u>	<u>4,799,259</u>	<u>8,685,100</u>	<u>13,484,359</u>

Musharaka investments from the SBP under Islamic Export Refinance Scheme (IERS) are channelled towards the export sector of the economy and other financings as per SBP guidelines.

39.11 Key features and risk and reward characteristics of all pools

The 'Mudaraba Pool' for Local Currency caters to all Soneri Bank Limited - Islamic Banking depositors and provides profit / loss based on Mudaraba.

The IERS Pool caters to the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool.

Jointly financed by the Bank and unrestricted investments / PLS deposit account holders

This represents all earning assets of the Bank except those tagged to the Islamic Export Refinance Scheme. Major categories include:

	Funded Income	Expenses	Gains / (loss) on sale of securities	Total
------(Rupees in '000)-----				
Islamic financing and related assets	844,196	-	-	844,196
Investments	455,569	-	-	455,569
Due from financial institutions	3,865	-	-	3,865
Others	-	-	-	-
	<u>1,303,630</u>	<u>-</u>	<u>-</u>	<u>1,303,630</u>

39.12 Incentive profits (Hiba)

The Bank paid an aggregate amount of Rs. 113.387 million as incentive profits (Hiba), which includes Rs. 9.972 million for normal pool and Rs. 103.415 million for special pool during the nine months ended 30 September 2019. The following guidelines are approved by the Bank's Shariah Advisor for determination of incentive profits (Hiba):

- Special weightage deposits in designated tiers / slabs in Mudaraba Pool shall be offered extra weightages outside the Mudaraba Pool, provided the specified parameters are met ;
- The deposit deal shall be at least of Rs 100 thousands ;
- In case a Term Deposit is pre-maturely encased, profit shall be paid at the expected rate of completed tenor;
- The payment of Hiba on deposits will be at the sole discretion of the Bank and could be decreased or / and removed any time during the tenure of the deposit, under intimation to the customer, if the customer fails to meet the prerequisites at any time during the tenure of the deposit and / or the profit rate no longer remains sustainable from Bank's share; and
- The Bank shall ensure that all the operational procedures and controls to the satisfaction of Shariah are in place.

39.13 Contractual maturities of mudaraba based deposit accounts

Particulars	30 September 2019							
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years
------(Rupees in '000)-----								
Fixed Deposits	2,466,097	189,113	1,556,400	178,554	521,330	4,600	16,100	-
Savings Deposits	10,265,376	10,265,376	-	-	-	-	-	-
Current Account	-	-	-	-	-	-	-	-
- Remunerative	<u>1,358,231</u>	<u>1,358,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,089,704</u>	<u>11,812,720</u>	<u>1,556,400</u>	<u>178,554</u>	<u>521,330</u>	<u>4,600</u>	<u>16,100</u>	<u>-</u>

Profit / (loss) distribution to depositor's pool

General Remunerative Depositor's Pools	Profit Sharing Ratio (Depositor: Mudarib)	Profit rate return earned	Mudarib Share transferred to the Depositors through Hiba (Rs in '000)	Mudarib Share transferred to the Depositors through Hiba (Percentage)	Mudarib share Net of Hiba (Rs in '000)	Mudarib share Net of Hiba Percent	Profit rate and weightage announcement period	Profit rate return distributed
Mudaraba Pool								
Normal Pool	75.00%	5.28%	9,972	33.10%	20,154	16.72%	Monthly	4.27%
Special Pool	75.00%	12.56%	103,415	51.81%	96,201	12.05%	Monthly	10.91%
Total	75.00%	6.50%	113,387	49.35%	116,355	22.73%	Monthly	9.14%

IERS Musharaka Pool		Ratio of weightage of Bank to SBP	"Share of profit to SBP (Rupees in '000)"	"HIBA (Rupees in '000)"	Profit rate and weightage announcement period	Profit rate return earned by SBP
Musharaka Pool SBP's Islamic Export Refinance Scheme		0.1114	2,289	-	Quarterly	1.44%

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

Income generated from relevant assets, calculated at the end of each month is first set aside for the Musharaka pool arrangement between the Bank and the State Bank of Pakistan. It is then allocated between the participants of the pool as per the agreed weightages and rates.

The Mudaraba Pool profit is divided between the Bank and depositors in the ratio of Bank's average equity (pertaining to Islamic banking branches) and average depositors balances commingled in each pool on a pro-rata basis. The depositors' share of profit is allocated amongst them on the basis of weightages declared before start of each month, after deduction of a mudarib fee. During the period ended 30 September 2019, the Bank charged 25% (2019: 25%) of the profit as Mudarib fee. These weightages are declared by the Bank in compliance with the requirements of the SBP and Shariah.

The allocation (of income and expenses to different pools) is made on a pre-defined basis and accounting principles / standards. Provisions against any non-performing assets of the pool are not passed on to the pool.

39.14 Allocation of Income and Expenses to Depositors' Pools

a) Following are material items of revenues, expenses, gains and losses

	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
	------(Rupees in '000)-----	
Profit / return earned on financings, investments and placements	1,303,630	698,171
Other income (including other charges)	73,297	47,635
Directly related costs attributable to pool	-	(3,281)
	<u>1,376,927</u>	<u>742,525</u>

b) Following weightages have been assigned to different products under the Mudaraba Pool during the period:

	Percent -age of total Mudaraba based deposits	Minimum weightage	Maximum weightage
Savings - Soneri Munafa Account	71%	0.4211	1.0146
Savings - Soneri Bachat Account	0.8%	0.4211	0.4211
Savings - Assan Account	0.2%	0.4211	0.4211
Current Account - Remunerative	10%	0.0038	0.0038
Time Deposits - Soneri Meadi	18%	0.4977	1.0237

The Bank shares all its revenue generated through banking operations with the deposit account (pertaining to Islamic Operation) holders.

40 COMPARATIVES

Comparative information has been re-classified and re-arranged in this condensed interim financial statements, wherever Comparative information has been reclassified, rearranged or additionally incorporated in these condensed interim financial statements for the purposes of better presentation. The Comparative information has been reclassified and / or restated as a result of revised format of interim financial statement as more fully explained in note 4.1.1 to these condensed interim financial statements.

41 GENERAL

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

42 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 24 October 2019 by the Board of Directors of the Bank.

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Jamil Hassan Hamdani
Director

Manzoor Ahmed
Director

LIST OF BRANCHES

AS AT 30 SEPTEMBER 2019

REGISTERED OFFICE

Rupali House, 241-242 Upper Mall Scheme,
Anand Road Lahore-54000 - Pakistan
Tel. No: (+92-42) 35713101-2 & 35792180

CENTRAL OFFICE

10th Floor, PNSC Building, M. T. Khan Road
Karachi Tel. No: (+92-21) 32444401-5 & 111-567-890
Swift: SONEPKAXXX

CENTRAL REGION

Main Branch, Lahore

Tel: (042) 36368141-8 & 111-567-890

Defence Branch, Lahore

Tel. No: (042) 35730760-1, 3574616 &
(042) 35691037-9

Guilberg Branch, Lahore

Tel. No: (042) 35713445-8, 35759273 &
(042) 35772294-5

Circular Road Branch, Lahore

Tel. No: (042) 37670483, 86, 89 &
(042) 37379319

Model Town Branch, Lahore

Tel. No: (042) 35889311-2 & 35915666

Peco Road Branch, Lahore

Tel. No: (042) 35222306-7, 35203050-1,
(042) 35177804 & 35173392

Cavalry Ground Branch, Lahore

Tel. No: (042) 36653728-30 & 36619702

Islamic Banking Temple Road Branch, Lahore

Tel. No: (042) 36376341, 2 & 6

Allama Iqbal Town Branch, Lahore

Tel. No: (042) 37812395-7

Baghbanpura Branch, Lahore

Tel. No: (042) 36832811-3

Thokar Niaz Baig Branch, Lahore

Tel. No: (042) 35313651, 3 & 4
0317-4484542-3

Ghazi Chowk Branch, Lahore

Tel. No: (042) 35188505-7 & 35185661-3

Islamic Banking New Garden Town Branch, Lahore

Tel. No: (042) 35940611-616

DHA Phase-III Branch, Lahore

Tel. No: (042) 35734081, 2, 3 & 5

Chungi Amer Sadhu Branch, Lahore

Tel. No: (042) 35922182, 184 & 186

Johar Town Branch, Lahore

Tel. No: (042) 35204191-3

Wahdat Road Branch, Lahore

Tel. No: (042) 37424821-7 & 37420591

Gunpat Road Branch, Lahore

Tel. No: (042) 37361607-9

Airport Road Branch, Lahore

Tel. No: (042) 35700115-8

Timber Market Branch, Lahore

Tel. No: (042) 37725353-8

Shahdara Branch, Lahore

Tel. No: (042) 37920085, 37941741-3 &
(042) 37921743-8

Manga Mandi Branch, Lahore

Tel. No: (042) 35383516-9

Badian Road Branch, Lahore

Tel. No: (042) 37165390-2

Mughalpura Branch, Lahore

Tel. No: (042) 36880892-4

Upper Mall Branch, Lahore

Tel. No: (042) 35789346, 49, 51 & 55

Islampura Branch, Lahore

Tel. No: (042) 37214394-7

Garhi Shahu Branch, Lahore

Tel. No: (042) 36294201-3 & 36376096

Zarrar Shaheed Road Br., Lahore

Tel. No: (042) 36635167-8

Hamdard Chowk Kot Lakhpat Br., Lahore

Tel. No: (042) 35140261-3

Kana Kacha Branch, Lahore

Tel. No: (042) 35472222 & 0316-8226316-8

Sabzazar Branch, Lahore

Tel. No: (042) 37830881-6

DHA Phase-IV Br., Lahore

Tel. No: (042) 35694156-7

Azam Cloth Market Branch, Lahore

Tel. No: (042) 37662203-7

Jail Road Branch, Lahore

Tel. No: (042) 35408936-8

Badami Bagh Branch, Lahore

Tel. No: (042) 37731601, 2 & 4

Montgomery Road Branch, Lahore

Tel. No: (042) 36291013-4

Islamic Banking

DHA Phase: VI Branch, Lahore

Tel. No: (042) 37180535-7

Bahria Town Branch, Lahore

Tel. No: (042) 35976354 & 0316-8226346-9

Expo Centre Branch, Lahore

Tel. No: (042) 35314087, 88, 90 & 91

Wapda Town Branch, Lahore

Tel. No: (042) 35187611-2

Shah Alam Market Branch, Lahore

Tel. No: (042) 37376213-4 & 0316-8226277-8

DHA Phase-V Branch, Lahore

Tel. No: (042) 35695678 & 0316-8226322-3

Chauburji Branch, Lahore

Tel. No: (042) 37112228 & 0316-8226325-7

Walton Road Branch, Lahore

Tel. No: (042) 36672305 & 0316-8226339, 40 & 41

Faisal Town Branch, Lahore

Tel. No: (042) 35170540 & 0316-8226335, 7 & 8

Karim Block Branch, Lahore
Tel. No: (042) 35417757 & 0316-8226412, 3 & 4

Defence Road Branch, Lahore
Tel. No: 0316-8226415-8

Safari Garden Branch, Lahore
Tel. No: 0317-4484537-9

Raiwind Branch, Lahore
Tel. No: (042) 35398661-2 & 0317-4484562-4

Main Boulevard Branch, Gulberg, Lahore
Tel. No: (042) 35759924-5 & 0316-8226086-9

Muridke Branch
Tel. No: (042) 37166511-4 & 37981100

Main Branch, Gujranwala
Tel. No: (055) 3843560-2 & 111-567-890

**Islamic Banking
Gujranwala Cantt. Branch, Gujranwala**
Tel. No: (055) 3861931-3 & 5

Wapda Town Branch, Gujranwala
Tel. No: (055) 4291136-7

Kamokee Branch, Distt. Gujranwala
Tel. No: (055) 6813501-6

Main Branch, Faisalabad
Tel. No: (041) 2639873, 7-8 &
(041) 111-567-890

Peoples Colony Branch, Faisalabad
Tel. No: (041) 8555714 & 8555720

**Ghulam Muhammadabad
Branch, Faisalabad**
Tel. No: (041) 2680114, 110 & 117

**Islamic Banking
East Canal Road Branch, Faisalabad**
Tel. No: (041) 2421381-2

Civil Lines Branch, Faisalabad
Tel. No: (041) 2648105, 8 & 11

Madina Town Branch, Faisalabad
Tel. No: (041) 8735551-2 &
0316-8226451-3

Jaranwala Branch, Distt. Faisalabad
Tel. No: (041) 4312201-6

Samundri Branch, Distt. Faisalabad
Tel. No: (041) 3423983-4

Painsera Branch, Distt. Faisalabad
Tel. No: (041) 2557100-11 & 2574300

Khurrianwala Branch
Tel. No: (041) 4360701-2

Chiniot Branch
Tel. No: (047) 6333840-4

Jhang Branch
Tel. No: (047) 7651601-2

Small Industrial Estate Branch, Sialkot
Tel. No: (052) 3242607-9

Pasrur Road Branch, Sialkot
Tel. No: (052) 3521655, 755 & 855 &
(052) 3611655 & 755

**Islamic Banking
Sialkot Cantt Branch, Sialkot**
Tel. No: (052) 4560023-7

Godhpur Branch, Sialkot
Tel. No: (052) 4563932-3

Daska Branch, Distt. Sialkot
Tel. No: (052) 6617847-8

Sheikhupura Branch
Tel. No: (056) 3810933 & 3813133

Nankana Sahib Branch
Tel. No: (056) 2876342-3

Wazirabad Branch
Tel. No: (055) 6603703-4 & 6608555

Ghakkar Mandi Branch
Tel. No: (055) 3832611-2

Main Branch, Multan
Tel. No: (061) 4504018, 4504118,
(061) 4519927 & 4512884

**Islamic Banking
Shah Rukn-e-Alam Branch, Multan**
Tel. No: (061) 6784051-4 & 6782081

Bosan Road Branch, Multan
Tel. No: (061) 6210690-2

Mumtazabad Branch, Multan
Tel. No: (061) 6760212-4

Gulgasht Colony Branch, Multan
Tel. No: (061)-6222701 & 0316-8226393-5

Wapda Town Branch, Multan
Tel. No: (061) 6213011 & 0316-8226441-2

Azmat Road Br., Dera Ghazi Khan
Tel. No: (064) 2471630-6

Lodhran Branch
Tel. No: (0608) 364766-7

Rahim Yar Khan Branch
Tel. No: (068) 5886042-4

Liaquatpur Br., Distt. Rahim Yar Khan
Tel. No: (068) 5792041-4

Sadiqabad Branch
Tel. No: (068) 5702162, 5800161,
(068) 5800661 & 5801161

Bahawalpur Branch
Tel. No: (062) 2731703-1

**Ahmedpur Sharqia Branch
District Bahawalpur**
Tel. No: (062) 2271345 & 0316-8226404, 6 & 8

Hasilpur Branch
Tel. No: (062) 2441481-7 & 2441478

Club Road Branch, Sargodha
Tel. No: (048) 3726021-3

Pull-111 Branch, Distt. Sargodha
Tel. No: (048) 3791403-4 & 0316-8226449 & 50

Jauharabad Branch, District Khushab
Tel. No: (0454) 723011-2

Bhalwal Branch
Tel. No: (048) 6642224 & 0316-8226331-2

Khanewal Branch
Tel. No: (065) 2551560-3

Kabirwala Br., Distt. Khanewal
Tel. No: (065) 2400910-3

Abdul Hakeem Br., Distt. Khanewal
Tel. No: (065) 2441888 & 0316-8226310-2

Mian Channu Branch
Tel. No: (065) 2662201-2

Depalpur Branch
Tel. No: (044) 4541341-2

Okara Branch
Tel. No: (044) 2553012-4 & 2552200

**Hujra Shah Muqeem Branch
District Okara**
Tel. No: (044) 4860401-3 & 0316-8226419-21

Haveli Lakha Branch
Tel. No: (044) 4775412-3

Sahiwal Branch
Tel. No: (040) 4467742-3

Chichawatni Br., Distt. Sahiwal
Tel. No: (040) 5484852-3

Layyah Branch
Tel. No: (060) 6414205-7

Kharoor Pacca Branch
Tel. No: (0608) 341041-2

Muzafargarh Branch
Tel. No: (066) 2422901, 3 & 5

**Fazal Garh Sanawan Branch,
Distt. Muzafargarh**
Tel. No: (066) 2250214-5

**Sheikho Sugar Mills Branch
Distt. Muzafargarh**
Tel. No: 0345-8530242-4

Shahbaz Khan Road Branch, Kasur
Tel. No: (0492) 764890-3

Jalalpur Bhattian Br., Distt. Hafizabad
Tel. No: (0547) 500848-50

Hafizabad Branch
Tel. No: (0547) 541641-4

Pattoki Branch
Tel. No: (049) 4422435-6

Ellahabad Branch
Tel. No: (049) 4751130

Khudian Branch
Tel. No: (049) 2791595-6

Sambrial Branch
Tel. No: (052) 6523451-3

Gagoo Mandi Branch, Distt. Vehari
Tel. No: (067) 3500311-2

Mailsi Branch, Distt. Vehari
Tel. No: (067) 3750140-5

Burewala Branch, Distt. Vehari
Tel. No: (067) 3773110 & 20 & 3355779

Mandi Bahauddin Branch
Tel. No: (0546) 507602, 3 & 8

Bahawalnagar Branch
Tel. No: (063) 2274795-6

Haroonabad Br., Distt. Bahawalnagar
Tel. No: (063) 2251664-5

Toba Tek Singh Branch
Tel. No: (046) 2513203-4

Gojra Branch, Distt. Toba Tek Singh
Tel. No: (046) 3516392 & 3515577

Kamalia Branch, Distt. Toba Tek Singh
Tel. No: (046) 3411405-6

Pir Mahal Branch
Tel. No: (046) 3361690 & 5

Gujrat Branch
Tel. No: (053) 3520591, 2 & 4

Kharian Branch
Tel. No: (053) 7602904, 5 & 7

Pak Pattan Br., Distt. Pak Pattan
Tel.: (0457) 371781-5

Arif wala Br., Distt. Pak Pattan
Tel.: (0457) 834013, 5 & 6

Chishtian Branch
Tel. No: (063) 2501141-2 & 0316-8226304-6

Khanpur Branch
Tel. No: (068) 5577719-20 & 0316-8226307-9

Narowal Branch
Tel. No: (0542) 411405 & 0316-8226328-30

Rajanpur Branch
Tel. No: (0604) 688108 & 0316-8226396

SOUTH REGION

Main Branch, Karachi
Tel. No: (021) 32436990 & 32444401-5 &
(021) 111-567-890

Clifton Branch, Karachi
Tel. No: (021) 35877773-4, 35861286 &
(021) 35375448

Garden Branch, Karachi
Tel. No: (021) 32232877-8

F. B. Area Branch, Karachi
Tel. No: (021) 36373782-3 & 36811646

Korangi Industrial Area Br., Karachi
Tel. No: (021) 35113898-9, 35113900-1 &
0316-8226189-92

AKU Branch, Karachi
Tel. No: (021) 34852251-3 & 33102498-9

Haidery Branch, Karachi
Tel. No: (021) 36638617, 36630409-410 &
0316-8226231-8

Jodia Bazar Branch, Karachi
Tel. No: (021) 32441786, 32442208 & 32463894 &
0316-8226202-10

Shahrah-e-Faisal Branch, Karachi
Tel. No: (021) 34316128, 34316395, 34322150,
(021) 34398430 & 34535545-46, 53-54

DHA Branch, Karachi
Tel. No: (021) 35852209, 35845211 & 35340825

Gulshan-e-Iqbal Branch, Karachi
Tel. No: (021) 34811830-33 & 0316-8226239-45

SITE Branch, Karachi
Tel. No: (021) 32568330, 32550997 & 32550903-4

Zamzama Branch, Karachi

Tel. No: (021) 35375835 & 35293435

Gole Market Branch, KarachiTel. No: (021) 36618932, 36618925 &
0316-8226154-62**Gulistan-e-Jauhar Branch, Karachi**

Tel. No: (021) 34020943-5

M. A. Jinnah Road Branch, Karachi

Tel. No: (021) 32213972 & 32213498

Gulbahar Branch, Karachi

Tel. No: (021) 36607744 & 0316-8226434-5

North Karachi Branch, Karachi

Tel. No: (021) 36920140-5 & 0316-8226171-2

Block-7 Gulshan-e-Iqbal Branch, Karachi

Tel. No: (021) 34815811-2, 34833728 & 777

**Islamic Banking
Cloth Market Branch, Karachi**

Tel. No: (021) 32442961 & 32442977

Paria Street Kharadar Branch, Karachi

Tel. No: (021) 32201059, 60 & 61

Suparco Branch, KarachiTel. No: (021) 34970560, 34158325-6,
(021) 37080810 & 0316-8226457**Chandni Chowk Branch, Karachi**

Tel. No: (021) 34937933 & 34141296

Allama Iqbal Road Branch, Karachi

Tel. No: (021) 34387673-4

Nishtar Road Branch, Karachi

Tel. No: (021) 32239711-3 & 32239678

**Islamic Banking
Waterpump Branch, Karachi**Tel. No: (021) 36312113 & 36312108,
(021) 36312349 & 36311908**Apwa Complex Branch, Karachi**

Tel. No: (021) 32253143 & 32253216

Clifton Block-2 Branch, Karachi

Tel. No: (021) 35361115-7

Malir Branch, Karachi

Tel. No: (021) 34517982-3

Bahadurabad Branch, Karachi

Tel. No: (021) 34135842-3

New Challi Branch, Karachi

Tel. No: (021) 32625246 & 32625279

Shah Faisal Colony Branch, Karachi

Tel. No: (021) 34602446-7

Zaibunissa Street Saddar Br., Karachi

Tel. No: (021) 35220025-7

Liaquatabad Branch, Karachi

Tel. No: (021) 34860723-25

Lea Market Branch, Karachi

Tel. No: (021) 32526193-4

Korangi Township No: 2 Branch, Karachi

Tel. No: (021) 35058041 & 35071181

North Karachi Ind. Area Branch, Karachi

Tel. No: (021) 36962851, 52 & 55

F. B. Industrial Area Branch, Karachi

Tel. No: (021) 36829961-4

Napier Road Branch, Karachi

Tel. No: (021) 32713539-40

Gulshan-e-Hadeed Branch, Karachi

Tel. No: (021) 34710252 & 256

Metroville Branch, Karachi

Tel. No: (021) 36752206-7

Defence Phase-II Extension Br., Karachi

Tel. No: (021) 35386910-12

North Karachi Township Branch, Karachi

Tel. No: (021) 36968604-7

Stock Exchange Branch, Karachi

Tel. No: (021) 32414003-4 & 32415927-8

Gulshan-e-Jamal Branch, Karachi

Tel. No: (021) 34682682-4

Alyabad Branch, Karachi

Tel. No: (021) 36826727 & 36332517

Saudabad Branch, Malir, Karachi

Tel. No: (021) 34111901-5

Shireen Jinnah Colony Branch, Karachi

Tel. No: (021) 34166262-4

**Islamic Banking
Al-Tijarah Centre Branch, Karachi**

Tel. No: (021) 34169251-3

Barkat-e-Haidery Branch, Karachi

Tel. No: (021) 36645688-9

Shadman Town Branch, Karachi

Tel. No: (021) 36903038-9

**Enquiry Office Nazimabad
No: 2 Branch, Karachi**

Tel. No: (021) 36601502-5

**Islamic Banking
Rashid Minhas Road Br., Karachi**

Tel. No: (021) 34983878 & 34837443-4

Timber Market Branch, Karachi

Tel. No: (021) 32742491-2

Khayaban-e-Ittehad Branch, Karachi

Tel. No: (021) 35347413-6

Bahria Complex-III Branch, Karachi

Tel. No: (021) 35640731-6 35640235-7

New M. A. Jinnah Road Branch, Karachi

Tel. No: (021) 34894941-3

DHA Phase-IV Branch, Karachi

Tel. No: (021) 35311491-2 & 0316-8226285-7

Gulberg Branch, Karachi

Tel. No: (021) 36340553, 549 & 0316-8226291-2

New Sabzi Mandi Branch, Karachi

Tel. No: (021) 36870506-7 & 0316-8226409-11

Clifton Block-08 Branch, Karachi

Tel. No: (021) 35867435-6 & 0316-8226425-7

Block-02 Gulshan-e-Iqbal Br., Karachi

Tel. No: (021) 34988781-2

Garden Market Branch, Karachi

Tel. No: (021) 32244195-6 & 0316-8226431-3

Block-N North Nazimabad Branch, Karachi

Tel. No: (021) 36641623-4 & 0316-8226436-38

Marriot Road Branch, Karachi

Tel. No: (021) 32461840-42 & 0316-8226428-30

Gulshan-e-Maymar Branch, Karachi

Tel. No: (021) 36881235-6 & 0316-8226445-47

Shersha Branch, Karachi

Tel. No: (021) 32583001-3 & 0317-4484534-6

Main Branch, HyderabadTel. No: (022) 2781528-9, 2782347 &
(022) 111-567-890**F. J. Road Branch, Hyderabad**Tel. No: (022) 2728131 & 2785997
(022) 2780205**Latifabad Branch, Hyderabad**

Tel. No: (022) 3816309 & 3816625

Qasimabad Branch, Hyderabad

Tel. No: (022) 2651968 & 70

**Islamic Banking
Isra University Br., Distt. Hyderabad**

Tel. No: (022) 2032322 & 2030161-4

Prince Ali Road Branch, Hyderabad

Tel. No: (022) 2638514 & 2622122

S.I.T.E. Branch, Hyderabad

Tel. No: (022) 3886861-2

Faqir Jo Pir Branch, Hyderabad

Tel. No: (022) 2612685-6

Auto Bhan Road Branch, Hyderabad

Tel. No: (022) 2100062-3 & 0316-8226313-4

Matyari Branch, Distt. Matyari

Tel. No: (022) 2760125-6

Tando Allah Yar Branch

Tel. No: (022) 3890260-4

**Sultanabad Branch,
Distt. Tando Allah Yar**

Tel. No: (022) 3404101-2

Tando Muhammad Khan Branch

Tel. No: (022) 3340371-2 & 0316-8226267-8

Sukkur BranchTel. No: (071) 5622382, 5622925 &
0316-8226055-63**Sanghar Branch, Distt. Sanghar**

Tel. No: (0235) 543376-7 & 0316-8226246-7

Tando Adam Branch, Distt. Sanghar

Tel. No: (0235) 571640-44

Shahdadpur Br., Distt. Sanghar

Tel. No: (0235) 841982-4

Shahpur Chakar Br., Distt. Sanghar

Tel. No: (0235) 846010-12

Golarchi Branch, Distt. Badin

Tel. No: (0297) 853192-4

Talhar Branch, Distt. Badin

Tel. No: (0297) 830387-9

Deh. Sonhar Branch, Distt. Badin

Tel. No: (0297) 870729 & 870781-3

Matli Branch

Tel. No: (0297) 840171-2

Tando Bago Branch, Distt. Badin

Tel. No: (0297) 854554-6

Buhara Branch, Distt. Thatta

Tel. No: 0316-8226439-40

Dhabeji Branch, Distt. Thatta

Tel. No: (021) 34420030, 31 & 39

Hub Branch, Distt. Lasbela

Tel. No: (0853) 310225-7

Umerkot Branch

Tel. No: (0238) 571350 & 356

Nawabshah Branch

Tel. No: (0244) 363918-9

Mirpurkhas Branch

Tel. No: (0233) 821221 & 821317-8

Larkana Branch

Tel. No: (074) 4058211-13

Panjhatti Branch

Tel. No: (0243) 552183-6

Ghotki Branch

Tel. No: (0723) 680305-6

Deharki Branch

Tel. No: (0723) 644156, 158 & 160

Thull Branch

Tel. No: (0722) 610153-4

Kandkhot Branch

Tel. No: (0722) 572883-6

Jacobabad Branch

Tel. No: (0722) 654041-5

Shahdadkot Br., Distt. Qamber Shahdadkot

Tel. No: (074) 4012401-2

Dadu Branch

Tel. No: (025) 4711417-8 & 0316-8226294-6

Shikarpur BranchTel. No: (0726) 540381-3 &
0316-8226319-21**Main Branch, Quetta**

Tel. No: (081) 2821610 & 2821641

**Islamic Banking
Shahrah-e-Iqbal Branch, Quetta**

Tel. No: (081) 2820227-30 & 37

Chamman Branch

Tel. No: (0826) 613685 & 0316-8226342-4

Khuzdar Branch

Tel. No: (0848) 412861-3 & 0316-8226466-68

Gawadar Branch

Tel. No: (0864) 211103-5 & 0316-8226454, 5 & 6

NORTH REGION**Main Branch, Peshawar**

Tel. No: (091) 5277914-8 & 5277394

Chowk Yadgar Branch, Peshawar

Tel. No: (091) 2573335-7 & 2220006

**Islamic Banking
Khyber Bazar Branch, Peshawar**

Tel. No: (091) 2566811-3

Main Branch, RawalpindiTel. No: (051) 5123123, 4, 5 & 8 &
(051) 5123136-7

Chandni Chowk Branch, Rawalpindi
Tel. No: (051) 4571160, 63, 86 & 87 &
(051) 4571301

22 Number Chungi Branch, Rawalpindi
Tel. No: (051) 5563576-7

Muslim Town Branch, Rawalpindi
Tel. No: (051) 5405506 & 4931112-3

Pindora Branch, Rawalpindi
Tel. No: (051) 4419020-22

Gulraiz Branch, Rawalpindi
Tel. No: (051) 5595148-9 & 5974073

**Islamic Banking
Peshawar Road Br., Rawalpindi**
Tel. No: (051) 5460113-7

Bahria Town Branch, Rawalpindi
Tel. No: (051) 5733772-3 & 5733768-9

Bewal Br., Distt. Rawalpindi
Tel. No: (051) 3360274-5

Wah Cantt. Branch, Distt. Rawalpindi
Tel. No: (051) 4511140-1 & 0317-4484551-3

Kallar Syedan Branch, Distt. Rawalpindi
Tel. No: (051) 3570903 & 0316-8226106

Main Branch, Islamabad
Tel. No: (051) 2348174 & 78 &
(051) 111-567-890

G-9 Markaz Branch, Islamabad
Tel. No: (051) 2850171-3

**Islamic Banking
I-10 Markaz Branch, Islamabad**
Tel. No: (051) 4101733-5

I-9 Markaz Branch, Islamabad
Tel. No: (051) 4858101-3

E-11 Branch, Islamabad
Tel. No: (051) 2228757-8

DHA Phase-II Br., Islamabad
Tel. No: (051) 5161967-9 & 5161970-72

**Islamic Banking
F-8 Markaz Branch, Islamabad**
Tel. No: (051) 2818019-21

G-11 Markaz Branch, Islamabad
Tel. No: (051) 2363366-68

F-11 Markaz Branch, Islamabad
Tel No: (051) 2101076-7 & 0316-8226282-4

F-6 Branch, Islamabad
Tel. No: (051) 2826573-4 & 0316-8226303

PWD Branch, Islamabad
Tel. No: (051) 5708789, 90 & 91

**Lathrar Road Branch, Tarlai,
Distt. Islamabad**
Tel. No: (051) 2241661-5

Soan Garden Br., Distt. Islamabad
Tel. No: (051) 5738940-2

Gujar Khan Branch
Tel. No: (051) 3516328, 29 & 30

Waisa Branch, Distt. Attock
Tel. No: (057) 2651068-9

**Islamic Banking
Swabi Branch, Distt. Swabi**
Tel. No: (0938) 221741-45

Mirpur Branch, (AJK)
Tel. No: (05827) 444488 & 448044

Islamgarh Branch, (AJK)
Tel. No: (05827) 423981-2

Jattlan Branch, Distt. Mirpur (AJK)
Tel. No: (05827) 403591-4

Gilgit Branch
Tel. No: (05811) 453749, 450504, 450498 &
(05811) 451838

Denyore Branch, Distt. Gilgit
Tel. No: (05811) 459986-7

Jutial Branch, Distt. Gilgit
Tel. No: (05811) 457233-5

Aliabad Branch, Hunza
Tel. No: (05813) 455000, 455001 & 455022

Gahkuch Branch
Tel. No: (05814) 450409-10

Skardu Branch
Tel. No: (05815) 450327 & 450188-9

Abbottabad Branch
Tel. No: (0992) 385231-3 & 383073-75

Jhelum Branch
Tel. No: (0544) 625794-5

Chitral Branch, Distt. Chitral
Tel. No: (0943) 412078-9

Chakwal Branch
Tel. No: (0543) 543128-30 & 0316-8226045

Mardan Branch
Tel. No: (0937) 864753-7

Muzaffarabad Branch
Tel. No: (0582) 2920025-6

**Islamic Banking
Chillas Branch, Distt. Diamer**
Tel. No: (05812) 450631-2

Islamic Banking Mingora Branch, Swat
Tel. No: (0946) 714355, 714400 &
0316-8226273-75

Battagram Branch
Tel. No: (0997) 311044-6

Mansehra Branch
Tel. No: (0997) 301931-6

Kohat Branch, Distt. Kohat
Tel. No: (0922) 511011 & 511033

IB - Nowshera Branch, Distt. Nowshera
Tel. No: (0923) 611545-8