

**TO THE MEMBERS OF ALBARAKA BANK (PAKISTAN) LIMITED**  
**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **AlBaraka Bank (Pakistan) Limited** (the Bank) as at **30 June 2019** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the financial statement for the six-months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2019 and 30 June 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2019.

***Scope of Review***

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

***Conclusion***

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

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Karachi**

**Date: 28 August 2019**



**Building a better  
working world**

**ALBARAKA BANK (PAKISTAN) LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED 30 JUNE 2019**

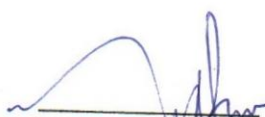
EY Ford Rhodes  
Chartered Accountants  
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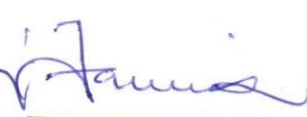
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**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	(Un-Audited) 30 June 2019	(Audited) 31 December 2018
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 18,388,268	14,934,799
Balances with other banks	7 1,414,502	854,171
Due from financial institutions	8 2,429,581	-
Investments	9 24,227,763	21,345,325
Islamic financing and related assets-net	10 76,299,551	75,011,976
Fixed assets	11 4,710,143	2,310,578
Intangible assets	12 1,566,417	1,572,861
Deferred tax assets	13 3,293,423	3,238,909
Other assets	14 10,560,967	9,544,420
	<b>142,890,615</b>	<b>128,813,039</b>
<b>LIABILITIES</b>		
Bills payable	15 4,564,708	3,697,477
Due to financial institutions	16 3,391,185	3,836,022
Deposits and other accounts	17 111,249,290	99,915,011
Subordinated debt	18 3,603,519	3,746,377
Deferred tax liabilities	-	-
Other liabilities	19 9,386,765	6,913,069
	<b>132,195,467</b>	<b>118,107,956</b>
	<b>10,695,148</b>	<b>10,705,083</b>
<b>NET ASSETS</b>		
<b>REPRESENTED BY</b>		
Share capital - net		
Reserves	13,106,862	13,106,862
Surplus on revaluation of assets	170,546	159,348
Accumulated loss	20 287,140	353,212
	<b>(2,869,400)</b>	<b>(2,914,339)</b>
	<b>10,695,148</b>	<b>10,705,083</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	21	21

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

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Chairman


  
 Director


  
 Director

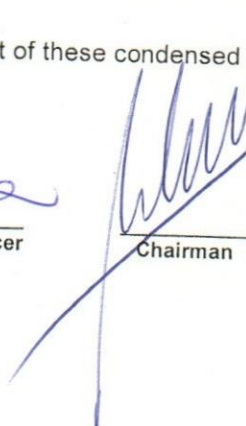
**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

Note	Half year ended		Quarter ended		
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	
	----- (Rupees in '000) -----				
Profit / return earned on Islamic financing and related assets, investments and placements	22	5,467,289	3,659,563	2,925,070	1,920,549
Return on deposits and other dues expensed	23	(3,007,341)	(1,704,740)	(1,690,790)	(895,194)
<b>Net spread earned</b>		<b>2,459,948</b>	<b>1,954,823</b>	<b>1,234,280</b>	<b>1,025,355</b>
<b>Other income</b>					
Fee and commission income	24	385,974	365,322	182,925	197,543
Dividend income		15,803	15,805	10,316	9,468
Foreign exchange income		235,466	186,600	149,435	100,707
Gain / (loss) on securities	25	10,666	20,070	(13,083)	2,690
Other income	26	3,807	9,256	2,150	8,973
<b>Total other income</b>		<b>651,716</b>	<b>597,053</b>	<b>331,743</b>	<b>319,381</b>
<b>Total income</b>		<b>3,111,664</b>	<b>2,551,876</b>	<b>1,566,023</b>	<b>1,344,736</b>
<b>Other expenses</b>					
Operating expenses	27	(2,548,751)	(2,375,258)	(1,302,390)	(1,190,386)
Workers' Welfare Fund		(2,316)	-	(2,316)	-
Other charges	28	(789)	(5,897)	(600)	(5,877)
<b>Total other expenses</b>		<b>(2,551,856)</b>	<b>(2,381,155)</b>	<b>(1,305,306)</b>	<b>(1,196,263)</b>
<b>Profit before provisions</b>		<b>559,808</b>	<b>170,721</b>	<b>260,717</b>	<b>148,473</b>
Provisions and write offs - net	29	(446,333)	(582,203)	(286,557)	(212,577)
Extra ordinary / unusual items		-	-	-	-
<b>Profit / (loss) before taxation</b>		<b>113,475</b>	<b>(411,482)</b>	<b>(25,840)</b>	<b>(64,104)</b>
Taxation	30	(57,486)	141,317	11,448	15,301
<b>Profit / (loss) after taxation</b>		<b>55,989</b>	<b>(270,165)</b>	<b>(14,392)</b>	<b>(48,803)</b>
<b>Profit / (loss) per share - basic / diluted</b>	31	<b>0.04</b>	<b>(0.20)</b>	<b>(0.01)</b>	<b>(0.04)</b>

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

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Chairman


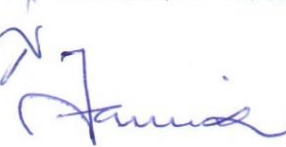
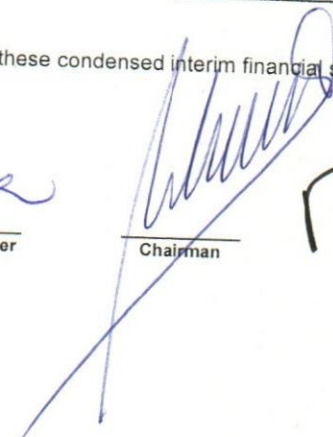


  
 Director

  
 Director

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Half year ended		Quarter ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	----- (Rupees in '000) -----			
Profit / (loss) after taxation for the period	55,989	(270,165)	49,979	(48,803)
Other comprehensive income	-	-	-	-
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(65,924)	85,825	9,770	114,032
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of non-banking assets - net of tax	(148)	(353)	(74)	(279)
<b>Total comprehensive (loss) / income</b>	<b>(10,083)</b>	<b>(184,693)</b>	<b>59,675</b>	<b>64,950</b>


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 <u>Chief Executive Officer</u>	 <u>Chief Financial Officer</u>	 <u>Chairman</u>	 <u>Director</u>	 <u>Director</u>
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**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Share capital	Discount on issue of shares	Statutory reserve	Surplus / (deficit) on revaluation of		Accumulated loss	Total
				Investments	Non Banking Assets		
(Rupees in '000)							
<b>Balance as at 1 January 2018</b>	13,739,628	(632,766)	159,348	(161,593)	333,327	(2,675,723)	10,762,221
Loss after taxation for the period	-	-	-	-	-	(270,165)	(270,165)
Other comprehensive loss - net of tax	-	-	-	85,825	(205)	-	85,620
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to accumulated loss - net of tax	-	-	-	-	(148)	148	-
<b>Balance as at 30 June 2018</b>	13,739,628	(632,766)	159,348	(75,768)	332,974	(2,945,740)	10,577,676
Profit after taxation for the period	-	-	-	-	-	16,437	16,437
Other comprehensive income - net of tax	-	-	-	96,153	-	14,817	110,970
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to accumulated loss - net of tax	-	-	-	-	(147)	147	-
<b>Balance as at 31 December 2018</b>	13,739,628	(632,766)	159,348	20,385	332,827	(2,914,339)	10,705,083
Profit after taxation for the period	-	-	-	-	-	55,989	55,989
Other comprehensive loss - net of tax	-	-	-	(65,924)	-	-	(65,924)
Transfer to statutory reserve	-	-	11,198	-	-	(11,198)	-
Transfer from surplus on revaluation of assets to accumulated loss - net of tax	-	-	-	-	(148)	148	-
<b>Balance as at 30 June 2019</b>	<b>13,739,628</b>	<b>(632,766)</b>	<b>170,546</b>	<b>(45,539)</b>	<b>332,679</b>	<b>(2,869,400)</b>	<b>10,695,148</b>

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

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Chairman


  
 Director


  
 Director

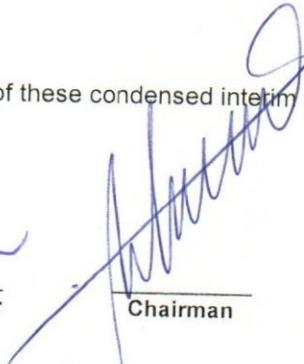
**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Half year ended	
	30 June 2019	30 June 2018
	---- (Rupees in '000) ----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	113,475	(411,482)
Less: Dividend income	(15,803)	(15,805)
	<u>97,672</u>	<u>(427,287)</u>
Adjustments:		
Depreciation	88,114	101,190
Depreciation on right-of-use assets	309,084	-
Amortization	96,332	93,111
Depreciation - non banking assets	12,834	12,834
Provision and write-offs	446,333	582,203
Gain on sale of fixed assets	(1,754)	(89)
Return on lease liability against right-of-use assets	105,735	-
Unrealized loss on revaluation of investments classified as held for trading	1,411	1,973
Workers' Welfare Fund	2,316	-
	<u>1,060,405</u>	<u>791,222</u>
	<u>1,158,077</u>	<u>363,935</u>
<b>(Increase) / Decrease in operating assets</b>		
Due from financial institutions	(2,429,581)	295,411
Held-for-trading securities - net	72,264	10,958
Islamic financing and related assets - net	(1,500,715)	(2,292,025)
Others assets (excluding advance taxation)	(1,351,790)	194,980
	<u>(5,209,822)</u>	<u>(1,790,676)</u>
<b>Increase / (Decrease) in operating liabilities</b>		
Bills payable	867,231	(236,161)
Due to financial institutions	(444,837)	(609,354)
Deposits	11,334,279	8,790,674
Other liabilities	291,403	(476,355)
	<u>12,048,076</u>	<u>7,468,804</u>
	<u>(27,805)</u>	<u>(31,689)</u>
	<u>7,968,526</u>	<u>6,010,374</u>
Income tax paid		
Net cash flow from operating activities		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(1,748,842)	(2,149,547)
Net investments in held-to-maturities securities	(1,540,891)	-
Dividends received	15,599	9,698
Investments in operating fixed assets	(304,308)	(116,063)
Proceeds from sale of fixed assets	4,784	12,238
Net cash used in investing activities	<u>(3,573,658)</u>	<u>(2,243,674)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Tier II mudaraba sukuk - first issue	(142,858)	(142,858)
Payment of lease liability against right-of-use assets	(238,210)	-
Net cash used in financing activities	<u>(381,068)</u>	<u>(142,858)</u>
<b>Increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the period	4,013,800	3,623,842
Cash and cash equivalents at end of the period	<u>15,788,970</u>	<u>11,847,750</u>
	<u>19,802,770</u>	<u>15,471,592</u>

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

  
Chief Executive Officer

  
Chief Financial Officer

  
Chairman

  
Director

  
Director

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

**1. STATUS AND NATURE OF BUSINESS**

1.1 AlBaraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010. The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) (parent bank) incorporated and domiciled in Bahrain and a member of AlBaraka Banking Group.

1.2 During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 have approved the merger of the Bank with Burj Bank Limited (Ex Burj Bank Limited) under a "Scheme of Amalgamation" (the Scheme). Further, SBP of Pakistan, through its letter no. BPRD (R&P-02)/2016/24373 dated 14 October 2016, has also approved the scheme of amalgamation and granted sanction order for the amalgamation of Ex Burj Bank Limited with and into the Bank. As of the effective date of amalgamation, the entire undertaking of Ex Burj Bank Limited including all the properties, assets and liabilities and all the rights and obligations shall, without any further act, action or deed and notwithstanding the terms of any contract or other document or any rule of law, stands amalgamated with and vest in the Bank and as a consequence, Ex Burj Bank Limited stands amalgamated with and into the Bank.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 191 branches including 8 sub-branches (31 December 2018: 191 branches including 11 sub-branches) in Pakistan.

1.3 Based on the financial statements of the Bank for the year ended 31 December 2018, JCR-VIS has maintained the long-term rating at 'A+' and short-term rating at 'A1'. Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating at 'A' and short term rating at 'A1'.

1.4 As at 30 June 2019, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs.10.24 billion and 11.49% respectively.

**2. BASIS OF PRESENTATION**

**2.1 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IAS) 34, interim Financial Reporting issued by the International Accounting Standards Board (IASB) as for interim Financial Reporting 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 Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The SECP vide its press release dated 15 February 2019 has deferred the applicability of IFRS 9 for reporting periods ending on or after 30 June 2019. However, the SBP vide its email dated 23 July 2019 has clarified that IFRS 9 is not applicable on financial information of the Bank for period ending 30 June 2019. Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non-performing financing, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

**2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year.**

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements except as disclosed in note 3.2.

**2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
The Conceptual Framework for Financial Reporting	January 01, 2020
- IAS 1/ IAS 8 - Definition of Material (Amendments)	January 01, 2020
- IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized



The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**Standards**

- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

IASB Effective date (annual periods  
beginning on or after)

January 01, 2016  
January 01, 2021

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended 31 December 2018, except as disclosed below:

**CHANGE IN ACCOUNTING POLICIES**

**3.1 Change in reporting formats**

During the period, the SBP, vide its BPRD Circular no. 05 dated 22 March 2019, issued the revised forms for the preparation of the condensed interim half yearly financial information of the banks which are applicable for quarterly / half yearly periods beginning on or after 01 January 2019. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial information.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been arranged / reclassified to correspond to current year's presentation. Such reclassifications / re-arrangements are disclosed in note 37 to these condensed interim financial statements.

**3.2 Adoption of IFRS 16 - 'Leases'**

During the period, the SBP, vide its BPRD Circular Letter No. 8 dated 30 April 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated 26 July 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee) and accordingly, the Bank has adopted the standard. The IFRS 2 - Ijarah would continue to be applicable on all the Ijarah contracts where the Bank acts as Mujir (lessor).

The Bank has lease contracts in the capacity of lessee for various properties used by the Bank's branches. The Bank has adopted modified retrospective approach for transition to IFRS 16. The standard also provides practical expedients, which has been applied by the Bank. The Bank has recognised right-of-use assets and lease liabilities for those leases which were previously accounted for under IFRS-2 Ijarah and recognised/ classified as rent expense. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Right of use asset is depreciated over lease term and classified as depreciation expense.

The remeasurements of the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

- Right of Use (RoU) assets recognised as Fixed assets - Rs 2,340 million.
- Lease liability recognised as Other liabilities - Rs 2,161 million.
- Profit after tax for the half year ended June 30, 2019 decreased by Rs 65.085 million.

New accounting policies of the Bank upon adoption of IFRS 16 are:

**Right-of-use (RoU) assets**

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

**Lease liability**

At the commencement date of the lease, the Bank recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

**5. FINANCIAL RISK MANAGEMENT**

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

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	(Un-Audited) 30 June 2019	(Audited) 31 December 2018
	----- (Rupees in '000) -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	2,789,297	2,590,755
Foreign currencies	876,631	533,505
	<b>3,665,928</b>	<b>3,124,260</b>
With State Bank of Pakistan in		
Local currency current account	12,095,811	9,630,719
Foreign currency current account	68,826	7,442
Foreign currency deposit account	1,192,446	972,084
	<b>13,357,083</b>	<b>10,610,245</b>
With National Bank of Pakistan in		
Local currency current account	1,365,250	1,200,287
Local currency deposit account	7	7
	<b>1,365,257</b>	<b>1,200,294</b>
	<b>18,388,268</b>	<b>14,934,799</b>
<b>7. BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current account	29,764	2,566
In deposit account	24,874	19,048
	<b>54,638</b>	<b>21,614</b>
Outside Pakistan		
In current account	620,465	721,699
In deposit account	739,399	110,858
	<b>1,359,864</b>	<b>832,557</b>
	<b>1,414,502</b>	<b>854,171</b>
<b>8. DUE FROM FINANCIAL INSTITUTIONS</b>		
In local currency		
Bai Muajjal receivable		
- from State Bank of Pakistan	1,029,581	-
Wakalah Placement	1,400,000	-
	<b>2,429,581</b>	<b>-</b>

9. INVESTMENTS

	30 June 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
9.1 Investments by type	----- (Rupees in '000) -----							
Held-for-trading securities								
Shares	60,041	-	(24,585)	35,456	132,305	-	(23,174)	109,131
Available-for-sale securities								
Federal Government securities	16,026,912	-	2,698	16,029,610	14,154,625	-	249,944	14,404,569
Shares	1,472,925	(694,593)	(49,711)	728,621	1,453,504	(462,395)	(129,794)	861,315
Non Government debt securities	727,155	(111,455)	-	615,700	1,227,505	(111,455)	2,321	1,118,371
Foreign securities	2,722,898	-	(23,048)	2,699,850	2,365,414	-	(91,110)	2,274,304
	20,949,890	(806,048)	(70,061)	20,073,781	19,201,048	(573,850)	31,361	18,658,559
Held-to-maturity securities								
Federal Government securities	4,118,526	-	-	4,118,526	2,577,635	-	-	2,577,635
<b>Total investments</b>	<b>25,128,457</b>	<b>(806,048)</b>	<b>(94,646)</b>	<b>24,227,763</b>	<b>21,910,988</b>	<b>(573,850)</b>	<b>8,187</b>	<b>21,345,325</b>

	30 June 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
9.2 Investments by segments	----- (Rupees in '000) -----							
Federal Government Securities:								
Ijarah Sukuk	2,152,474	-	(82,662)	2,069,812	8,114,508	-	(62,129)	8,052,379
Bai Muajjal	4,118,526	-	-	4,118,526	2,577,635	-	-	2,577,635
Other Sukuk	13,874,438	-	85,360	13,959,798	6,040,117	-	312,073	6,352,190
	20,145,438	-	2,698	20,148,136	16,732,260	-	249,944	16,982,204
Shares:								
Listed companies	1,476,130	(669,060)	(74,296)	732,774	1,529,587	(439,782)	(152,968)	936,837
Unlisted companies	56,836	(25,533)	-	31,303	56,222	(22,613)	-	33,609
	1,532,966	(694,593)	(74,296)	764,077	1,585,809	(462,395)	(152,968)	970,446
Non Government Debt Securities								
Unlisted Sukuk	727,155	(111,455)	-	615,700	1,227,505	(111,455)	2,321	1,118,371
Foreign Securities								
Government Sukuk	480,993	-	(15,915)	465,078	417,385	-	(42,039)	375,346
Non Government Debt securities	2,241,905	-	(7,133)	2,234,772	1,948,029	-	(49,071)	1,898,958
	2,722,898	-	(23,048)	2,699,850	2,365,414	-	(91,110)	2,274,304
<b>Total investments</b>	<b>25,128,457</b>	<b>(806,048)</b>	<b>(94,646)</b>	<b>24,227,763</b>	<b>21,910,988</b>	<b>(573,850)</b>	<b>8,187</b>	<b>21,345,325</b>

9.3 Provision for diminution in value of investments

9.3.1 Opening balance

Charge / reversals

Charge for the period / year  
Reversals for the period / year  
Reversal on disposals

Closing balance

	(Un-Audited) 30 June 2019	(Audited) 31 December 2018
	573,850	278,770
	232,198	308,383
	-	(5,632)
	-	(7,671)
	232,198	295,080
	806,048	573,850

	(Un-Audited) 30 June 2019		(Audited) 31 December 2018	
	Non-performing Investment ---- (Rupees in '000) ----	Provision	Non-performing Investment ---- (Rupees in '000) ----	Provision
<b>9.3.2 Particulars of provision against debt securities</b>				
<b>Category of classification</b>				
Domestic				
Other assets especially mentioned				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	<b>111,455</b>	<b>111,455</b>	111,455	111,455
	<b>111,455</b>	<b>111,455</b>	111,455	111,455

9.4 The market value of securities classified as held to maturity as at June 30, 2019 amounted to Rs 4,118,526 (December 31, 2018: Rs 2,577,635) million.

	(Un-Audited)		(Audited)		(Un-Audited)		(Audited)	
	Performing		Non Performing		Total			
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>10. ISLAMIC FINANCING AND RELATED ASSETS</b>								
			----- (Rupees in '000) -----					
Note								
- Murabaha financing	5,279,861	7,287,788	2,813,888	2,604,584	8,093,749	9,892,372		
- Advance against murabaha financing	1,430,508	1,021,163	204,194	204,339	1,634,702	1,225,502		
- Export refinance under Islamic scheme	1,125,100	1,225,930	87,505	87,505	1,212,605	1,313,435		
- Advance against export refinance under Islamic scheme	2,906,099	2,595,099	-	-	2,906,099	2,595,099		
- Ijarah assets	571,548	1,006,762	659,654	656,162	1,231,202	1,662,924		
- Diminishing musharaka financing	35,789,854	36,497,979	1,178,087	972,148	36,967,941	37,470,127		
- Advance against diminishing musharaka finance	837,609	966,020	-	-	837,609	966,020		
- Running musharaka	139,246	650,000	-	-	139,246	650,000		
- Tijarah finance	2,628,529	2,212,594	-	-	2,628,529	2,212,594		
- Over due acceptances	527,951	391,189	475,295	482,763	1,003,246	873,952		
- Payment against guarantee	15,081	15,081	47,715	47,715	62,796	62,796		
- Payment against documents	91,340	37,210	-	-	91,340	37,210		
- Advance against salam	10,028,125	9,258,028	1,369,776	1,194,456	11,397,901	10,452,484		
- Salam inventory	30	25	-	-	30	25		
- Financing against bills	163,805	599,487	13,735	13,735	177,540	613,222		
- Istasna finance	369,707	495,331	448,303	408,691	818,010	904,022		
- Advance against istasna	10,699,442	7,808,331	355,253	348,460	11,054,695	8,156,791		
- Istasna inventory	908,044	616,004	-	-	908,044	616,004		
- Qarz-e-Hasna	107,290	67,371	-	-	107,290	67,371		
- Rahnuma travel services	-	-	48	48	48	48		
Islamic financing and related assets - gross	<b>73,619,169</b>	<b>72,751,392</b>	<b>7,653,453</b>	<b>7,020,606</b>	<b>81,272,622</b>	<b>79,771,998</b>		
Provisions for non-performing financing								
- Specific	-	-	(4,806,224)	(4,614,044)	(4,806,224)	(4,614,044)		
- General	(166,847)	(145,978)	-	-	(166,847)	(145,978)		
Islamic financing and related assets - net of provisions	<b>73,452,322</b>	<b>72,605,414</b>	<b>2,847,229</b>	<b>2,406,562</b>	<b>76,299,551</b>	<b>75,011,976</b>		

10.1 Particulars of Islamic financing and related assets (Gross)  
In local currency  
In foreign currencies

(Un-Audited) 30 June 2019	(Audited) 31 December 2018
81,092,012	79,123,864
180,610	648,134
<b>81,272,622</b>	<b>79,771,998</b>

- 10.2 Islamic financing and related assets include Rs.7,653.453 (31 December 2018: Rs.7,020.606) million which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2019 (Un-Audited)		31 December 2018 (Audited)	
	Classified Islamic financing and related assets	Provision	Classified Islamic financing and related assets	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	48,753	-	70,337	-
Substandard	964,639	102,945	895,155	77,599
Doubtful	1,044,112	241,387	546,398	178,639
Loss	5,595,949	4,461,892	5,508,716	4,357,806
	<b>7,653,453</b>	<b>4,806,224</b>	<b>7,020,606</b>	<b>4,614,044</b>

- 10.3 Particulars of provisions against non-performing Islamic financing and related assets

	30 June 2019 (Un-Audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	4,614,044	145,978	4,760,022	4,202,127	87,086	4,289,213
Charge for the period / year	346,513	20,869	367,382	813,543	58,892	872,435
Reversals for the period / year	(154,395)	-	(154,395)	(401,540)	-	(401,540)
	192,118	20,869	212,987	412,003	58,892	470,895
Amounts charged off / reversed - agriculture financing	153	-	153	(58)	-	(58)
	192,271	20,869	213,140	411,945	58,892	470,837
Amounts written off against provision	(91)	-	(91)	(28)	-	(28)
Closing balance	<b>4,806,224</b>	<b>166,847</b>	<b>4,973,071</b>	<b>4,614,044</b>	<b>145,978</b>	<b>4,760,022</b>

- 10.3.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,207.677 (31 December 2018: Rs. 1,886.235) million. The FSV benefit recognized is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.
- 10.3.2 The Bank maintains general reserve (provisions) in accordance with the applicable requirements of Prudential Regulations for consumer financing.
- 10.3.3 SBP vide its letter BPRD/BLRD-3/DMG/2011-1035 has allowed relaxation from further provisioning requirement against a financing exposure having a provisioning impact of Rs. 40.581 (31 December 2018: Rs. 40.581) million.

	Note	(Un-Audited)	(Audited)
		30 June 2019	31 December 2018
----- (Rupees in '000) -----			
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	528,498	560,353
Property and equipment		1,841,626	1,750,225
Right-of-use assets	3.2	2,340,019	-
		<b>4,710,143</b>	<b>2,310,578</b>
<b>11.1 Capital work-in-progress</b>			
Land and building including advances to contractors		511,421	532,406
Advances to suppliers		17,077	27,947
Advance for purchase of property - related party		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
Total capital work-in-progress		<b>528,498</b>	<b>560,353</b>

### 11.2 Additions to fixed assets

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

Capital work-in-progress

#### Property and equipment

Building on leasehold land

Furniture and fixture

Electrical office and computer equipment

Vehicles

Total

(Un-Audited) (Un-Audited)	
Half year ended	
30 June 2019	30 June 2018
---- (Rupees in '000) ----	
33,757	33,298
50,970	776
5,359	289
122,408	55,012
3,729	-
182,466	56,077
<b>216,223</b>	<b>89,375</b>

### 11.3 Disposal of fixed assets

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

Building on leasehold land

Furniture and fixture

Electrical office and computer equipment

Vehicles

Total

2,233	-
157	-
161	70
477	12,079
<b>3,028</b>	<b>12,149</b>

## 12 INTANGIBLE ASSETS

Computer software

Core deposits

Brand

Goodwill

30 June 2019	31 December 2018
---- (Rupees in '000) ----	
(Un-Audited)	(Audited)
132,641	73,146
654,514	720,453
383,145	383,145
396,117	396,117
<b>1,566,417</b>	<b>1,572,861</b>

### 12.1 Additions to intangible assets

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

Directly purchased

(Un-Audited) (Un-Audited)	
Half year ended	
30 June 2019	30 June 2018
---- (Rupees in '000) ----	
89,888	36,939

	Note	(Un-Audited)	(Audited)
		30 June 2019	31 December 2018
		----- (Rupees in '000) -----	
<b>13. DEFERRED TAX ASSETS</b>			
Deductible Temporary Differences on:			
- Tax losses carried forward		1,980,166	1,971,051
- Minimum tax		580,928	504,423
- Post retirement employee benefits		9,542	9,542
- Deficit on revaluation of investments		33,126	-
- Provision against assets		1,020,077	1,067,614
		3,623,839	3,552,630
Taxable Temporary Differences on:			
- Surplus on revaluation of investments		-	(2,866)
- Surplus on revaluation of non-banking assets - net of tax effect of incremental depreciation transferred to retained earning		(179,569)	(179,569)
- Accelerated tax depreciation		(150,847)	(131,286)
		(330,416)	(313,721)
		3,293,423	3,238,909
<b>14. OTHER ASSETS</b>			
Profit / return accrued in local currency		3,057,567	2,222,222
Profit / return accrued in foreign currency		17,670	15,330
Advances, deposits, advance rent and other prepayments		479,715	676,239
Advance taxation (payments less provisions)		265,866	314,565
Receivable in respect of defined benefit plan		21,897	21,897
Receivable against sale of shares		-	8,980
Non-banking assets acquired in satisfaction of claims		1,648,920	1,661,527
Branch adjustment account		79,534	64,890
Unrealised gain on re-measurement of forward exchange contracts		401,142	204,872
Stamps and stationery		4,561	4,925
Acceptances		3,943,412	3,737,369
Others		275,358	248,218
		10,195,642	9,181,034
Less: Provision held against other assets	14.2	(146,140)	(148,305)
Other assets (net of provision)		10,049,502	9,032,729
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		511,465	511,691
Other assets - total		10,560,967	9,544,420
<b>14.2 Provision held against other assets</b>			
Non-performing receivables		145,894	148,059
Others		246	246
		146,140	148,305
<b>15. BILLS PAYABLE</b>			
In Pakistan		4,564,708	3,697,477
Outside Pakistan		-	-
		4,564,708	3,697,477
<b>16. DUE TO FINANCIAL INSTITUTIONS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan Under export refinance scheme	16.1	3,390,699	3,703,399
<b>Unsecured</b>			
Overdrawn nostro accounts		486	132,623
		486	132,623
		3,391,185	3,836,022
<b>16.1</b>			
The range of profit rates on these borrowings is 1.0% to 2.0% (31 December 2018: 1.0% to 2.0%) per annum. The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs.4.65 (31 December 2018: Rs.4.65) billion. The above contracts will mature starting from 02 July 2019 to 24 December 2019.			

17. DEPOSITS AND OTHER ACCOUNTS

	30 June 2018 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	21,160,806	4,645,776	25,806,582	20,537,128	3,462,711	23,999,839
Savings deposits	39,636,256	3,888,947	43,525,203	40,960,738	4,852,170	45,812,908
Term deposits	31,594,478	3,126,200	34,720,678	19,551,887	927,952	20,479,839
Others	1,522,624	-	1,522,624	2,035,387	-	2,035,387
	93,914,164	11,660,923	105,575,087	83,085,140	9,242,833	-
<b>Financial Institutions</b>						
Current deposits	14,113	1,233	15,346	30,254	19,405	49,659
Savings deposits	4,367,407	729	4,368,136	6,042,698	631	6,043,329
Term deposits	1,290,721	-	1,290,721	1,494,050	-	1,494,050
	5,672,241	1,962	5,674,203	7,567,002	20,036	-
	99,586,405	11,662,885	111,249,290	90,652,142	9,262,869	-

18. SUBORDINATED DEBT

		(Un-Audited) 30 June 2019	(Audited) 31 December 2018
		----- (Rupees in '000) -----	
Tier II mudaraba sukuk - first issue	18.1	714,278	857,136
Tier II mudaraba sukuk - second issue	18.2	1,500,000	1,500,000
Additional Tier I capital	18.3	1,389,241	1,389,241
		<u>3,603,519</u>	<u>3,746,377</u>

18.1 During September 2014, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier-II Sukuk (First Issue) based on Mudaraba of Rs.2 Billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II Sukuk (First Issue) is as follows:

Credit Rating	A- by PACRA (The Pakistan Credit Rating Agency Limited)
Issue Date	26 September 2014
Tenor	7 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Semi-annually
Expected Periodic Profit Amount (Mudaraba Profit Amount)	Mudaraba Profit is computed under the General Depositors' Pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 Month KIBOR + 1.25% per annum.
Call Option	The Bank may call Tier-II Sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss Absorbency	The Tier-II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier-II Sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

18.2 During August 2017; the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier-II Sukuk (Second Issue) based on Mudaraba of Rs.1.5 Billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II Sukuk (Second Issue) is as follows:

Credit Rating	A by JCR-VIS Credit Rating Company Limited.
Issue Date	August 22, 2017
Tenor	7 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the seventh year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	Mudaraba Profit is computed under the General Depositors' Pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 Months KIBOR + 0.75% per annum.
Call Option	The Bank may call Tier-II Sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss Absorbency	The Tier-II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit amount can be held back in respect of the Tier-II Sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.



18.3 During December 2018, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier-I (ADT-1) Capital based on Mudaraba of Rs.1.4 Billion as instrument of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Additional Tier-I (ADT-1) Capital is as follows:

Credit Rating	Not rated
Issue Date	26 December 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears.
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	Mudaraba Profit is computed under the General Depositors' Pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 1 Year KIBOR + 2.50% per annum.
Call Option	The Bank may call Tier-II Sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss Absorbency	The ADT-1 Capital, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the ADT-1 Capital, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

		(Un-Audited) 30 June 2019	(Audited) 31 December 2018
	Note	---- (Rupees in '000) ----	
<b>19. OTHER LIABILITIES</b>			
Return on deposits and borrowings:			
- payable in local currency		955,724	614,569
- payable in foreign currencies		14,614	4,334
Accrued expenses		346,077	325,160
Advance payments		529,533	636,790
Charity fund balance		47,672	46,736
Security deposits against ijarah		656,770	822,737
Payable against purchase of listed shares		716	66,273
Takaful payable against ijarah and diminishing musharakah assets		281,596	254,756
Acceptances		3,943,412	3,737,369
Lease liability	3.2	2,161,241	-
Others		449,410	404,345
		<u>9,386,765</u>	<u>6,913,069</u>

	(Un-Audited) 30 June 2019	(Audited) 31 December 2018
Note	----- (Rupees in '000) -----	
<b>20. SURPLUS ON REVALUATION OF ASSETS</b>		
(Deficit) / surplus on revaluation of:		
- Available for sale securities	(70,061)	31,361
- Non-banking assets acquired in satisfaction of claims	511,812	512,040
	<b>441,751</b>	<b>543,401</b>
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	24,521	(10,976)
- Non-banking assets acquired in satisfaction of claims	(179,132)	(179,213)
	<b>(154,611)</b>	<b>(190,189)</b>
	<b>287,140</b>	<b>353,212</b>
<b>21. CONTINGENCIES AND COMMITMENTS</b>		
- Guarantees	8,190,946	6,102,780
- Commitments	15,691,430	24,431,754
	<b>23,882,376</b>	<b>30,534,534</b>
<b>21 Guarantees:</b>		
Financial guarantees	242,298	243,587
Performance guarantees	5,549,417	4,203,683
Other guarantees	2,399,231	1,655,510
	<b>8,190,946</b>	<b>6,102,780</b>
<b>21 Commitments:</b>		
Documentary credits and short-term trade-related transactions - letters of credit	4,859,015	6,681,946
Commitments in respect of forward foreign exchange contracts	10,826,335	17,738,138
Commitments for acquisition of fixed assets	6,080	11,670
	<b>15,691,430</b>	<b>24,431,754</b>

	(Un-Audited) 30 June 2019	(Audited) 31 December 2018
	----- (Rupees in '000) -----	
<b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	8,051,902	10,892,346
Sale	2,774,433	6,845,792
	<u>10,826,335</u>	<u>17,738,138</u>
<b>21.3 Other Contingencies</b>		
21.3.1 There is no change in the status of contingencies disclosed in note 21.3.1 and 21.3.2 to the financial statements for the year ended 31 December 2018.		
	(Un-Audited) Half year ended 30 June 2019	(Un-Audited) Half year ended 30 June 2018
	----- (Rupees in '000) -----	
<b>22 PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS</b>		
On:		
- Islamic financing and related assets	4,219,212	2,945,540
- Investments	1,094,382	525,875
- Due from financial institutions	151,943	180,168
- Balances with banks	1,752	7,980
	<u>5,467,289</u>	<u>3,659,563</u>
<b>23 RETURN ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits	2,490,245	1,532,201
Borrowings	52,544	27,089
Cost of foreign currency swaps against foreign currency deposits / borrowings	103,631	20,903
Subordinated debt	217,652	93,133
Finance charge on lease liability	105,735	-
On export refinance under Islamic scheme	37,534	31,414
	<u>3,007,341</u>	<u>1,704,740</u>
<b>24 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	58,354	41,600
Consumer finance related fees	48,340	38,029
Debit card related fees and income	35,594	29,017
Investment banking fees	43,323	94,835
Commission on trade	120,061	110,788
Commission on guarantees	37,812	22,165
Commission on cash management	816	1,143
Commission on remittances including home remittances	6,487	4,090
Commission on bancatakaful	15,471	18,223
Export rebates	7,346	336
Others	12,370	5,096
	<u>385,974</u>	<u>365,322</u>
<b>25 GAIN / (LOSS) ON SECURITIES</b>		
Realised	12,077	22,043
Unrealised - held for trading	(1,411)	(1,973)
	<u>10,666</u>	<u>20,070</u>
25.1 Realised gain / (loss) on:		
Federal Government securities	(672)	279
Shares	12,749	21,764
	<u>12,077</u>	<u>22,043</u>

	Note	Half year ended	
		(Un-Audited)	(Un-Audited)
		30 June 2019	30 June 2018
----- (Rupees in '000) -----			
<b>26 OTHER INCOME</b>			
Rent on property		2,053	971
Gain on sale of fixed assets-net		1,754	89
Gain on sale of non banking assets		-	8,196
		<u>3,807</u>	<u>9,256</u>
<b>27 OPERATING EXPENSES</b>			
<b>Compensation expense</b>			
Salaries, allowances, etc.		981,401	895,861
Charge for defined benefit / contribution plan and other benefits		72,100	62,593
		1,053,501	958,454
<b>Property expense</b>			
Rent and taxes		41,566	361,061
Insurance		24,671	16,083
Utilities		85,610	80,889
Security (including guards)	27.1	102,892	103,541
Repair and maintenance (including janitorial charges)	27.1	46,619	41,286
Depreciation		33,163	37,192
Depreciation - Right-of-use assets	3,2	309,084	-
Depreciation - non banking assets		12,834	12,834
Others		3,950	3,825
		660,389	656,711
<b>Information technology expenses</b>			
Software maintenance		73,662	89,933
Hardware maintenance		28,691	32,081
Depreciation and amortisation		38,606	31,077
Network charges		33,191	38,727
Others		18,983	14,655
		193,133	206,473
<b>Other operating expenses</b>			
Directors' fees and allowances		28,933	26,675
Fees and allowances to Shariah Board		2,428	1,623
Legal and professional charges		42,145	35,399
Outsourced services costs	27.1	74,896	79,947
Travelling and conveyance		14,965	15,004
NIFT clearing charges		7,374	7,495
Depreciation		46,737	60,088
Amortization		65,940	65,945
Takaful and registration expenses		30,451	51,566
Training and development		8,094	6,346
Postage and courier charges		9,150	8,717
Communication		23,321	25,429
Stationery and printing	27.1	39,569	38,465
Marketing, advertisement and publicity		31,680	14,035
Repair and maintenance		26,549	17,677
Auditors' remuneration		6,255	7,245
Depositor's protection		52,877	-
Brokerage, commission and bank charges		99,172	68,305
Others		31,192	23,659
		641,728	553,620
		<u>2,548,751</u>	<u>2,375,258</u>

27.1 These amounts include outsourcing services with regards to janitorial services, security services, contractual employees over third party contracts and printing activities.

		(Un-Audited) Half year ended	(Un-Audited) Half year ended
		30 June 2019	30 June 2018
		----- (Rupees in '000) -----	
28	<b>OTHER CHARGES</b>	Note	
	Penalties imposed by State Bank of Pakistan	789	5,897
29	<b>PROVISIONS AND WRITE OFFS - NET</b>		
	Provisions for diminution in value of investments	9.3.1 232,198	108,983
	Provision against non-performing Islamic financing and related assets	10.3 213,140	469,088
	Other provisions / write off	995	4,132
		<u>446,333</u>	<u>582,203</u>
30	<b>TAXATION</b>		
	Current	(76,504)	(52,971)
	Deferred	19,018	194,288
		<u>(57,486)</u>	<u>141,317</u>
31	<b>BASIC AND DILUTED PROFIT (LOSS) PER SHARE</b>		
	Profit / (loss) after taxation for the period	<u>55,989</u>	<u>(270,165)</u>
		--- Number of shares ---	
	Weighted average number of ordinary shares	<u>1,373,962,760</u>	<u>1,373,962,760</u>
	Basic / diluted profit / (loss) per share - Rupee	<u>0.04</u>	<u>(0.20)</u>
32	<b>FAIR VALUE MEASUREMENTS</b>		

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

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. These securities are carried at amortized cost in order to comply with the requirements of BSD Circular No. 14 dated 24 September 2004.

Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available financial statements.

Fair value of Islamic financing and related assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing has been calculated in accordance with the Bank's accounting policy.

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

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).

32.1 Fair value of financial assets

The following table provides the fair value measurement hierarchy of the Bank's assets:

	30 June 2019 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	16,029,610	-	16,029,610
Shares	732,774	31,303	-	764,077
Non Government debt securities	615,700	-	-	615,700
Foreign Securities	2,699,850	-	-	2,699,850
	4,048,324	16,060,913	-	20,109,237
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	-	4,118,526	4,118,526
	-	-	-	4,118,526
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	8,051,902	-	8,051,902
Forward sale of foreign exchange	-	2,774,433	-	2,774,433
	31 December 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	14,404,569	-	14,404,569
Shares	936,837	33,609	-	970,446
Non Government debt securities	1,118,371	-	-	1,118,371
Foreign Securities	2,274,304	-	-	2,274,304
	4,329,512	14,438,178	-	18,767,690
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	-	2,577,635	2,577,635
	-	-	2,577,635	2,577,635
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	10,892,346	-	10,892,346
Forward sale of foreign exchange	-	6,845,792	-	6,845,792

There were no transfer between level 2 and level 3 during the period.

32.2 Fair value of non-financial assets

	30 June 2019 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Non banking assets acquired in satisfaction of claims	-	-	2,160,385	2,160,385
	31 December 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Non banking assets acquired in satisfaction of claims	-	-	2,173,218	2,173,218

32.3 Valuation techniques used in determination of fair values within level 2 and level 3

Particulars	Valuation approach and input used
Government of Pakistan - Ijarah sukuk	The fair value of GOP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by Financial Market Association (FMA) through Reuters. The rates announced are simple average of quotes received from approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Non banking assets acquired in satisfaction of claims - Gross	Non banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	30 June 2019 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Profit and loss</b>						
Net return earned / expensed	2,223,239	1,540,107	(1,745,944)	711,613	(269,067)	2,459,948
Inter segment revenue - net	-	-	3,669,697	-	357,168	4,026,865
Other income	126,897	105,529	132,174	254,095	33,021	651,716
<b>Total income</b>	<b>2,350,136</b>	<b>1,645,636</b>	<b>2,055,927</b>	<b>965,708</b>	<b>121,122</b>	<b>7,138,529</b>
Segment direct expenses	(92,410)	(425,343)	(1,200,315)	(31,464)	(802,324)	(2,551,856)
Inter segment expense allocation	(2,374,795)	(515,545)	-	(1,136,525)	-	(4,026,865)
<b>Total expenses</b>	<b>(2,467,205)</b>	<b>(940,888)</b>	<b>(1,200,315)</b>	<b>(1,167,989)</b>	<b>(802,324)</b>	<b>(6,578,721)</b>
Provisions	3,046	(208,543)	-	(232,198)	(8,638)	(446,333)
<b>Profit / (loss) before tax</b>	<b>(114,023)</b>	<b>496,205</b>	<b>855,612</b>	<b>(434,479)</b>	<b>(689,840)</b>	<b>113,475</b>
	30 June 2019 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Statement of financial position</b>						
Cash and balances with treasury banks	-	-	18,388,268	-	-	18,388,268
Balances with other banks	-	-	-	1,414,502	-	1,414,502
Due from financial institutions	-	-	-	2,429,581	-	2,429,581
Investments	5,836,954	-	-	18,390,809	-	24,227,763
Net inter segment lending	-	14,279,376	66,902,393	-	6,444,682	87,626,451
Islamic financing and related assets - performing	40,480,947	31,358,756	-	133,803	1,478,816	73,452,322
- non-performing	1,058,600	1,751,652	-	-	36,977	2,847,229
Others	4,309,667	871,243	1,363,476	1,280,865	12,305,699	20,130,950
<b>Total assets</b>	<b>51,686,168</b>	<b>48,261,027</b>	<b>86,654,137</b>	<b>23,649,560</b>	<b>20,266,174</b>	<b>230,517,066</b>
Bills payable	-	-	4,564,708	-	-	4,564,708
Due to financial institutions	2,992,299	382,400	16,000	486	-	3,391,185
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	5,837,306	25,725,312	79,686,672	-	3,603,519	3,603,519
Net inter segment borrowing	42,828,384	20,714,514	-	24,083,553	-	111,249,290
Others	142,204	942,596	1,531,146	-	6,770,819	87,626,451
<b>Total liabilities</b>	<b>51,800,193</b>	<b>47,764,822</b>	<b>85,798,526</b>	<b>24,084,039</b>	<b>10,374,338</b>	<b>9,386,765</b>
Equity	(114,023)	496,205	855,612	(434,479)	9,891,833	219,821,918
<b>Total equity and liabilities</b>	<b>51,686,170</b>	<b>48,261,027</b>	<b>86,654,138</b>	<b>23,649,560</b>	<b>20,266,171</b>	<b>230,517,066</b>
<b>Contingencies and commitments</b>	<b>5,806,524</b>	<b>7,243,437</b>	<b>6,080</b>	<b>10,826,335</b>	<b>230,581</b>	<b>24,112,957</b>
	30 June 2018 (Un-Audited)					
	Corporate Banking	Commercial & SME Banking	Retail Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Profit and loss</b>						
Net return earned / expensed	1,726,304	1,900,197	(1,356,530)	329,622	(644,770)	1,954,823
Inter segment revenue - net	-	-	2,679,416	-	739,899	3,419,315
Other income	200,509	114,438	71,794	204,881	5,431	597,053
<b>Total income</b>	<b>1,926,813</b>	<b>2,014,635</b>	<b>1,394,680</b>	<b>534,503</b>	<b>100,560</b>	<b>5,971,191</b>
Segment direct expenses	(86,639)	(311,474)	(1,130,646)	(30,307)	(822,089)	(2,381,155)
Inter segment expense allocation	(1,624,319)	(1,476,324)	-	(318,672)	-	(3,419,315)
<b>Total expenses</b>	<b>(1,710,958)</b>	<b>(1,787,798)</b>	<b>(1,130,646)</b>	<b>(348,979)</b>	<b>(822,089)</b>	<b>(5,800,470)</b>
Provisions	(319,692)	(249,227)	-	(104,082)	90,798	(582,203)
<b>Profit / (loss) before tax</b>	<b>(103,837)</b>	<b>(22,390)</b>	<b>264,034</b>	<b>81,442</b>	<b>(630,731)</b>	<b>(411,482)</b>
	31 December 2018 (Audited)					
	Corporate Banking	Commercial & SME Banking	Retail Banking	Trading & Sales	Others	Total
	(Rupees in '000)					
<b>Statement of financial position</b>						
Cash and balances with treasury banks	-	-	14,934,799	-	-	14,934,799
Balances with other banks	-	-	-	854,171	-	854,171
Due from financial institutions	-	-	-	-	-	-
Investments	6,377,963	-	-	14,967,362	-	21,345,325
Net inter segment lending	-	-	63,473,277	-	4,107,365	67,580,642
Islamic financing and related assets - performing	38,634,445	17,474,001	14,810,307	505,378	1,181,283	72,605,414
- non-performing	971,789	1,156,508	93,431	-	184,834	2,406,562
Others	5,503,025	1,018,787	1,096,898	210,798	8,837,260	16,666,768
<b>Total assets</b>	<b>51,487,222</b>	<b>19,649,296</b>	<b>94,408,712</b>	<b>16,537,709</b>	<b>14,310,742</b>	<b>196,393,681</b>
Bills payable	-	-	3,697,477	-	-	3,697,477
Due to financial institutions	3,432,199	271,200	-	132,623	-	3,836,022
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	3,840,499	3,368,473	87,560,819	5,145,220	3,746,377	3,746,377
Net inter segment borrowing	40,878,365	15,559,117	-	11,143,160	-	99,915,011
Others	3,504,815	566,775	1,702,610	4,820	1,134,049	67,580,642
<b>Total liabilities</b>	<b>51,655,878</b>	<b>19,765,565</b>	<b>92,960,906</b>	<b>16,425,823</b>	<b>4,880,426</b>	<b>185,688,598</b>
Equity	(168,656)	(116,269)	1,447,806	111,886	9,430,316	10,705,083
<b>Total equity and liabilities</b>	<b>51,487,222</b>	<b>19,649,296</b>	<b>94,408,712</b>	<b>16,537,709</b>	<b>14,310,742</b>	<b>196,393,681</b>
<b>Contingencies and commitments</b>	<b>7,171,694</b>	<b>5,613,032</b>	<b>11,670</b>	<b>17,738,138</b>	<b>230,581</b>	<b>30,765,115</b>

34 RELATED PARTY TRANSACTIONS

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

The Banks 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 employee 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 condensed interim financial statements are as follows:

Note	30 June 2019 (Un-Audited)					31 December 2018 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	(Rupees in '000)									
<b>Investments</b>										
Investments	-	-	-	52,200	52,200	-	-	-	52,200	52,200
Provision for diminution in value of investments	-	-	-	25,533	25,533	-	-	-	22,613	22,613
<b>Islamic financing and related assets</b>										
Opening balance	-	-	266,572	30,122	296,694	-	-	238,894	90,366	329,260
Addition during the period	-	-	39,741	-	39,741	-	-	60,600	-	60,600
Repaid during the period	-	-	(20,382)	(30,122)	(50,504)	-	-	(37,697)	(60,244)	(97,941)
Transfer in/(out)	-	-	(15,988)	-	(15,988)	-	-	4,775	-	4,775
Closing balance	-	-	269,943	-	269,943	-	-	266,572	30,122	296,694
<b>Fixed assets</b>										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
<b>Other assets</b>										
Profit receivable on Islamic financing and related assets	-	-	185	-	185	-	-	240	87	327
Receivable in respect of defined benefit plan	-	-	-	21,897	21,897	-	-	-	21,897	21,897
	30 June 2019 (Un-Audited)					31 December 2018 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	(Rupees in '000)									
<b>Subordinated debt</b>										
Opening balance	1,389,241	-	-	-	1,389,241	-	-	-	5,714	5,714
Issued during the period	-	-	-	-	-	1,389,241	-	-	-	1,389,241
Redemption during the period	-	-	-	-	-	-	-	-	(5,714)	(5,714)
Closing balance	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
<b>Deposits and other accounts</b>										
Opening balance	5,937	211,722	27,874	784,718	1,030,251	6,973	47,405	197,466	764,824	1,016,668
Received during the period	1	309,581	175,248	1,523,938	2,008,768	4	23,193	346,575	606,922	976,694
Withdrawn during the period	(1,500)	(297,703)	(169,784)	(1,329,119)	(1,798,106)	(1,040)	(409,051)	(372,372)	(581,076)	(1,363,539)
Transfer in/(out)	-	-	(200)	-	(200)	-	550,175	(143,795)	(5,952)	400,428
Closing balance	4,438	223,600	33,138	979,537	1,240,713	5,937	211,722	27,874	784,718	1,030,251
<b>Other Liabilities</b>										
Return payable on deposits	-	1,774	150	5,767	7,691	-	1,132	100	8,834	10,066
Return payable on Sub-ordinated debt	97,937	-	-	-	97,937	3,144	-	-	-	3,144
Other liabilities	-	-	-	657	657	-	-	-	657	657
<b>Non-funded exposure</b>										
	-	-	-	51,163	51,163	-	-	-	18,051	18,051
	Half year ended 30 June 2019 (Un-Audited)					Half year ended 30 June 2018 (Un-Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	(Rupees in '000)									
<b>Related party transactions</b>										
<b>Income</b>										
Profit earned on Islamic financing and related assets	-	-	4,842	1,689	6,531	-	-	3,641	3,188	6,829
Revenue earned from non funded exposure	-	-	-	42	42	-	-	-	-	-
<b>Expense</b>										
Return on deposits expenses	-	4,501	448	31,332	36,281	-	7,453	1,058	17,571	26,082
Salaries, allowances and benefits	-	-	127,130	-	127,130	-	-	110,150	-	110,150
Director fee and other allowances	-	28,933	-	-	28,933	-	26,675	-	-	26,675
Shariah Board fee	-	-	-	2,428	2,428	-	-	-	1,623	1,623
Contribution to defined contribution plan	-	-	-	40,116	40,116	-	-	-	36,269	36,269
Contribution to defined benefit plan	-	-	-	31,984	31,984	-	-	-	26,325	26,325
Return on Sub-ordinated loan	94,792	-	-	-	94,792	-	-	-	42	42
Rent expense	-	-	-	18,323	18,323	-	-	-	18,471	18,471



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

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

10,237,462 10,192,523

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

6,161,654 6,182,404

Eligible Additional Tier 1 (ADT 1) Capital

1,218,351 1,192,947

Total Eligible Tier 1 Capital

7,380,005 7,375,351

Eligible Tier 2 Capital

1,952,023 1,988,245

Total Eligible Capital (Tier 1 + Tier 2)

9,332,028 9,363,596

Risk Weighted Assets (RWAs):

Credit Risk

70,927,432 68,803,363

Market Risk

1,638,769 2,069,243

Operational Risk

8,657,185 8,657,185

Total

81,223,386 79,529,791

Common Equity Tier 1 Capital Adequacy ratio

7.59% 7.77%

Tier 1 Capital Adequacy Ratio

9.09% 9.27%

Total Capital Adequacy Ratio

11.49% 11.77%

Leverage Ratio (LR):

Eligible Tier-1 Capital

7,379,953 7,375,351

Total Exposures

158,204,136 137,949,522

Leverage Ratio

4.66% 5.35%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

35,437,431 30,686,016

Total Net Cash Outflow

33,761,149 27,670,494

Liquidity Coverage Ratio

104.97% 110.90%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

89,706,666 87,255,154

Total Required Stable Funding

80,214,420 71,457,322

Net Stable Funding Ratio

111.83% 122.11%

36. GENERAL

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate the comparison. No significant reclassification were made during the current period.

Figures have been rounded off to the nearest thousand rupees.


37. RECLASSIFICATION

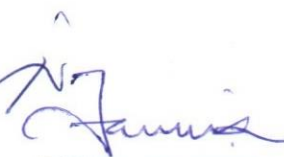
As a result of changes in forms for the preparation of condensed interim financial information issued by SBP as referred in note 3.1 and for better presentation, corresponding figures have been rearranged as follows. There are no other material reclassifications.

Transfer from	Transfer to	(Rupees in ('000)')
Foreign exchange income	Return on deposits and other dues expensed	20,903
Unrealized loss on revaluation of investments classified as held-for-trading	Gain on sale of securities	(1,973)

38. DATE OF AUTHORISATION

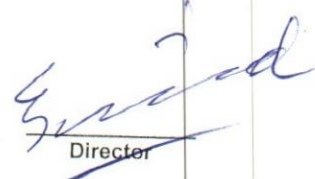
These financial statements were authorized for issue on 28 AUG 2019 by the Board of Directors of the Bank.

  
Chief Executive Officer

  
Chief Financial Officer

  
Chairman

  
Director

  
Director