

**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

		(Un-Audited) 30 September 2019	(Audited) 31 December 2018
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	21,878,981	14,934,799
Balances with other banks	7	565,501	854,171
Due from financial institutions	8	3,633,237	-
Investments	9	23,893,734	21,345,325
Islamic financing and related assets-net	10	74,582,030	75,011,976
Fixed assets	11	4,671,631	2,310,578
Intangible assets	12	1,515,584	1,572,861
Deferred tax assets	13	3,272,484	3,238,909
Other assets	14	7,942,762	9,544,420
		<b>141,955,944</b>	<b>128,813,039</b>
<b>LIABILITIES</b>			
Bills payable	15	3,519,028	3,697,477
Due to financial institutions	16	2,456,748	3,836,022
Deposits and other accounts	17	114,572,397	99,915,011
Subordinated debt	18	3,460,661	3,746,377
Deferred tax liabilities		-	-
Other liabilities	19	7,195,140	6,913,069
		<b>131,203,974</b>	<b>118,107,956</b>
<b>NET ASSETS</b>		<b>10,751,970</b>	<b>10,705,083</b>
<b>REPRESENTED BY</b>			
Share capital - net		13,106,862	13,106,862
Reserves		179,384	159,348
Surplus on revaluation of assets	20	299,695	353,212
Accumulated losses		<b>(2,833,971)</b>	<b>(2,914,339)</b>
		<b>10,751,970</b>	<b>10,705,083</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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

	Nine months ended		Quarter ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Note	(Rupees in '000)			
22	8,957,271	5,720,264	3,489,982	2,060,701
23	(5,274,989)	(2,713,617)	(2,267,648)	(1,008,876)
	3,682,282	3,006,647	1,222,334	1,051,825
24	556,487	505,687	170,513	140,364
	26,133	25,115	10,330	9,310
	435,740	328,415	200,274	141,815
25	1,637	19,303	(9,029)	(767)
26	6,697	22,581	2,890	13,325
	1,026,694	901,101	374,978	304,047
	4,708,976	3,907,748	1,597,312	1,355,872
27	(3,906,753)	(3,579,045)	(1,358,002)	(1,203,787)
	(4,692)	-	(2,376)	-
28	(819)	(5,897)	(30)	-
	(3,912,264)	(3,584,942)	(1,360,408)	(1,203,787)
	796,712	322,806	236,904	152,085
29	(566,795)	(738,213)	(120,462)	(156,010)
	-	-	-	-
	229,917	(415,407)	116,442	(3,925)
30	(129,735)	136,511	(72,249)	(4,806)
	100,182	(278,896)	44,193	(8,731)
	Rupee	Rupee	Rupee	Rupee
31	0.07	(0.20)	0.03	(0.01)

**Chief Executive Officer**

**Chief Financial Officer**

Chairman

Director


Director




**ALBARAKA BANK (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD AND QUARTER ENDED 30 SEPTEMBER 2019**

	Nine months ended		Quarter ended	
	30	30	30	30
	September	September	September	September
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Profit / (loss) after taxation for the period	100,182	(278,896)	44,193	(8,731)
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(53,295)	(26,350)	12,629	(112,175)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in deficit on revaluation of non-banking assets - net of tax	(222)	(427)	(74)	(74)
<b>Total comprehensive (loss) / income</b>	<u>46,665</u>	<u>(305,673)</u>	<u>56,748</u>	<u>(120,980)</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**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	(278,896)	(278,896)
Other comprehensive loss - net of tax	-	-	-	(26,350)	(205)	-	(26,555)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to accumulated loss - net of tax	-	-	-	-	(222)	222	-
<b>Balance as at 30 September 2018</b>	13,739,628	(632,766)	159,348	(187,943)	332,900	(2,954,397)	10,456,770
Profit after taxation for the period	-	-	-	-	-	25,168	25,168
Other comprehensive income - net of tax	-	-	-	208,328	-	14,817	223,145
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to accumulated loss - net of tax	-	-	-	-	(73)	73	-
<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	-	-	-	-	-	100,182	100,182
Other comprehensive loss - net of tax	-	-	-	(53,295)	-	-	(53,295)
Transfer to statutory reserve	-	-	20,036	-	-	(20,036)	-
Transfer from surplus on revaluation of assets to accumulated loss - net of tax	-	-	-	-	(222)	222	-
<b>Balance as at 30 September 2019</b>	<u>13,739,628</u>	<u>(632,766)</u>	<u>179,384</u>	<u>(32,910)</u>	<u>332,605</u>	<u>(2,833,971)</u>	<u>10,751,970</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**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

		Nine months ended	
		30	30
		September	September
		2019	2018
Note		---- (Rupees in '000) ----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	Profit / (loss) before taxation	229,917	(415,407)
	Less: Dividend income	(26,133)	(25,115)
		203,784	(440,522)
	Adjustments:		
	Depreciation on fixed assets	134,677	146,906
	Depreciation on right-of-use assets under IFRS 16	462,354	-
	Amortization	147,164	139,865
	Depreciation - non banking assets	19,251	19,251
29	Provision and write-offs	566,795	738,213
	Gain on sale of fixed assets	(3,828)	(37)
	Finance charge on lease liability under IFRS 16	158,934	-
	Unrealized loss on revaluation of investments classified as held for trading	7,700	4,710
	Workers' Welfare Fund	4,692	-
		1,497,739	1,048,908
		1,701,523	608,386
<b>(Increase) / Decrease in operating assets</b>			
	Due from financial institutions	(3,633,237)	3,095,411
	Held-for-trading securities - net	70,769	(36,128)
	Islamic financing and related assets - net	124,713	(2,134,103)
	Others assets (excluding advance taxation)	1,257,978	22,228
		(2,179,777)	947,408
<b>Increase / (Decrease) in operating liabilities</b>			
	Bills payable	(178,449)	(269,715)
	Due to financial institutions	(1,379,274)	(1,215,037)
	Deposits	14,657,386	5,158,018
	Other liabilities	(1,924,392)	(589,084)
		11,175,271	3,084,182
	Income tax paid	(76,176)	(63,957)
	Net cash flow from operating activities	10,620,841	4,576,019
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Net investments in available-for-sale securities	(1,428,118)	(2,094,243)
	Net investments in held-to-maturity securities	(1,540,891)	-
	Dividends received	17,780	16,191
	Investments in operating fixed assets	(466,554)	(167,925)
	Proceeds from sale of fixed assets	7,782	12,609
	Net cash used in investing activities	(3,410,001)	(2,233,368)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Repayment of Tier II mudaraba sukuk - first issue	(285,716)	(285,716)
	Payment of lease liability against right-of-use assets	(269,612)	-
	Net cash used in financing activities	(555,328)	(285,716)
<b>Increase in cash and cash equivalents</b>			
		6,655,512	2,056,935
	Cash and cash equivalents at beginning of the period	15,788,970	11,847,750
	Cash and cash equivalents at end of the period	22,444,482	13,904,685

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 PERIOD ENDED 30 SEPTEMBER 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 192 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 September 2019, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs.10.27 billion and 11.93% 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)	01 January 2020
The Conceptual Framework for Financial Reporting	01 January 2020
- IAS 1/ IAS 8 - Definition of Material (Amendments)	01 January 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	IASB Effective date (annual periods beginning on or after)
- IFRS 14 – Regulatory Deferral Accounts	01 January 2016
- IFRS 17 – Insurance Contracts	01 January 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 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 quarterly 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 IFAS 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 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 as below:

- Right of Use (RoU) assets resulting in increase in Fixed assets of - Rs 2,327 million.
- Lease liability resulting in increase in Other liabilities of - Rs 2,183 million.
- Profit after tax for the nine months period ended 30 September 2019 decreased by Rs 97.7 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.

### 4. 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.

		(Un-Audited)	(Audited)
		30 September 2019	31 December 2018
Note		----- (Rupees in '000) -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		2,428,006	2,590,755
Foreign currencies		640,515	533,505
		3,068,521	3,124,260
With State Bank of Pakistan in			
Local currency current account	6.1	16,603,816	9,630,719
Foreign currency current account	6.1	23,226	7,442
Foreign currency deposit account	6.1	1,258,798	972,084
		17,885,840	10,610,245
With National Bank of Pakistan in			
Local currency current account		924,612	1,200,287
Local currency deposit account		8	7
		924,620	1,200,294
		21,878,981	14,934,799
<b>6.1</b>	These include local and foreign currency amounts required to be maintained by the Bank with State Bank of Pakistan. These amounts are non-remunerative in nature.		
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current account		37,197	2,566
In deposit account		35,802	19,048
		72,999	21,614
<b>Outside Pakistan</b>			
In current account		404,929	721,699
In deposit account		87,573	110,858
		492,502	832,557
		565,501	854,171
<b>8. DUE FROM FINANCIAL INSTITUTIONS</b>			
<b>In local currency</b>			
Bai Muajjal - with Scheduled banks		3,633,237	-
		3,633,237	-



## 9. INVESTMENTS

		30 September 2019 (Un-Audited)				31 December 2018 (Audited)			
	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----									
<b>9.1 Investments by type</b>									
<b>Held-for-trading securities</b>									
Shares		61,536	-	(30,874)	30,662	132,305	-	(23,174)	109,131
<b>Available-for-sale securities</b>									
Federal Government securities		15,804,916	-	24,508	15,829,424	14,154,625	-	249,944	14,404,569
Shares		1,472,819	(722,533)	(89,254)	661,032	1,453,504	(462,395)	(129,794)	861,315
Non Government debt securities	9.2	692,980	(111,455)	-	581,525	1,227,505	(111,455)	2,321	1,118,371
Foreign securities	9.2	2,658,451	-	14,114	2,672,565	2,365,414	-	(91,110)	2,274,304
		20,629,166	(833,988)	(50,632)	19,744,546	19,201,048	(573,850)	31,361	18,658,559
<b>Held-to-maturity securities</b>									
Federal Government securities	9.2 & 9.4	4,118,526	-	-	4,118,526	2,577,635	-	-	2,577,635
<b>Total investments</b>		<b>24,809,228</b>	<b>(833,988)</b>	<b>(81,506)</b>	<b>23,893,734</b>	<b>21,910,988</b>	<b>(573,850)</b>	<b>8,187</b>	<b>21,345,325</b>

	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) -----							
<b>9.2 Investments by segments</b>								
<b>Federal Government Securities</b>								
Ijarah Sukuk	2,055,814	-	(59,704)	1,996,110	8,114,508	-	(62,129)	8,052,379
Bai Muajjal	4,118,526	-	-	4,118,526	2,577,635	-	-	2,577,635
Other Sukuk	13,749,102	-	84,212	13,833,314	6,040,117	-	312,073	6,352,190
	19,923,442	-	24,508	19,947,950	16,732,260	-	249,944	16,982,204
<b>Shares:</b>								
Listed companies	1,477,626	(697,000)	(120,128)	660,498	1,529,587	(439,782)	(152,968)	936,837
Unlisted companies	56,729	(25,533)	-	31,196	56,222	(22,613)	-	33,609
	1,534,355	(722,533)	(120,128)	691,694	1,585,809	(462,395)	(152,968)	970,446
<b>Non Government Debt Securities</b>								
Unlisted Sukuk	692,980	(111,455)	-	581,525	1,227,505	(111,455)	2,321	1,118,371
<b>Foreign Securities</b>								
Government Sukuk	469,871	-	2,025	471,896	417,385	-	(42,039)	375,346
Non Government Debt securities	2,188,580	-	12,089	2,200,669	1,948,029	-	(49,071)	1,898,958
	2,658,451	-	14,114	2,672,565	2,365,414	-	(91,110)	2,274,304
<b>Total investments</b>	<b>24,809,228</b>	<b>(833,988)</b>	<b>(81,506)</b>	<b>23,893,734</b>	<b>21,910,988</b>	<b>(573,850)</b>	<b>8,187</b>	<b>21,345,325</b>

	(Un-Audited)	(Audited)
<b>9.3 Provision for diminution in value of investments</b>		
<b>9.3.1 Opening balance</b>	573,850	278,770
Charge / reversals		
Charge for the period / year	260,138	308,383
Reversals for the period / year	-	(5,632)
Reversal on disposals	-	(7,671)
	260,138	295,080
<b>Closing balance</b>	<b>833,988</b>	<b>573,850</b>

(Un-Audited)		(Audited)	
30 September 2019		31 December 2018	
Non-performing Investment	Provision	Non-performing Investment	Provision
----- (Rupees in '000) -----		----- (Rupees in '000) -----	
-	-	-	-
-	-	-	-
-	-	-	-
111,455	111,455	111,455	111,455
111,455	111,455	111,455	111,455

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

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

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

## 10. ISLAMIC FINANCING AND RELATED ASSETS

(Un-Audited) Performing		(Audited) Non Performing		(Un-Audited) Total		(Audited) Total	
September 2019	31 December 2018	September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
----- (Rupees in '000) -----							
4,344,081	7,287,788	2,877,422	2,604,584	7,221,503	9,892,372		
589,505	1,021,163	203,337	204,339	792,842	1,225,502		
377,100	1,225,930	87,505	87,505	464,605	1,313,435		
3,463,300	2,595,099	-	-	3,463,300	2,595,099		
438,736	1,006,762	644,219	656,162	1,082,955	1,662,924		
35,418,838	36,497,979	1,734,005	972,148	37,152,843	37,470,127		
734,780	966,020	-	-	734,780	966,020		
1,028,389	650,000	-	-	1,028,389	650,000		
1,681,180	2,212,594	-	-	1,681,180	2,212,594		
240,100	391,189	467,826	482,763	707,926	873,952		
15,081	15,081	47,715	47,715	62,796	62,796		
92,986	37,210	-	-	92,986	37,210		
10,442,536	9,258,028	1,509,168	1,194,456	11,951,704	10,452,484		
15,347	25	-	-	15,347	25		
67,576	599,487	13,735	13,735	81,311	613,222		
552,758	495,331	448,303	408,691	1,001,061	904,022		
10,235,318	7,808,331	520,721	348,460	10,756,039	8,156,791		
1,242,369	616,004	-	-	1,242,369	616,004		
113,210	67,371	-	-	113,210	67,371		
-	-	48	48	48	48		
71,093,190	72,751,392	8,554,004	7,020,606	79,647,194	79,771,998		
-	-	(4,898,722)	(4,614,044)	(4,898,722)	(4,614,044)		
(166,442)	(145,978)	-	-	(166,442)	(145,978)		
(166,442)	(145,978)	(4,898,722)	(4,614,044)	(5,065,164)	(4,760,022)		
70,926,748	72,605,414	3,655,282	2,406,562	74,582,030	75,011,976		

Provisions for non-performing financing

- Specific

- General

Islamic financing and related assets - net of provisions

(Un-Audited)	(Audited)
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	30 September 2019	31 December 2018
Revenue	1,000	1,000
Cost of sales	(400)	(400)
Gross profit	600	600
Operating expenses	(200)	(200)
Operating profit	400	400
Finance income	100	100
Finance costs	(50)	(50)
Profit before tax	450	450
Income tax expense	(100)	(100)
Profit for the period	350	350
Dividends	(100)	(100)
Retained profit	250	250
Carrying amount of retained profit	250	250

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

10.1 Particulars of Islamic financing and related assets (Gross)

In local currency

In foreign currencies

79,579,618	79,123,864
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67,576 648,134

79,647,194	79,771,998
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- 10.2** Islamic financing and related assets include Rs.8,554.004 (31 December 2018: Rs.7,020.606) million which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2019 (Un-Audited)		31 December 2018 (Audited)	
	Classified Islamic financing and related assets	Provision	Classified Islamic financing and related assets	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other assets especially mentioned	367,091	-	70,337	-
Substandard	1,351,782	79,867	895,155	77,599
Doubtful	1,059,046	283,247	546,398	178,639
Loss	5,776,085	4,535,608	5,508,716	4,357,806
	<b>8,554,004</b>	<b>4,898,722</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 September 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	473,395	20,464	493,859	813,543	58,892	872,435
Reversals for the period / year	(188,989)	-	(188,989)	(401,540)	-	(401,540)
	284,406	20,464	304,870	412,003	58,892	470,895
Amounts charged off / reversed - agriculture financing	363	-	363	(58)	-	(58)
	284,769	20,464	305,233	411,945	58,892	470,837
Amounts written off against provision	(91)	-	(91)	(28)	-	(28)
Closing balance	<b>4,898,722</b>	<b>166,442</b>	<b>5,065,164</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. 2,725.083 (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) 30 September 2019	(Audited) 31 December 2018
		(Rupees in '000)	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	536,069	560,353
Property and equipment		1,808,861	1,750,225
Right-of-use assets	3.2	2,326,701	-
		<b>4,671,631</b>	<b>2,310,578</b>
<b>11.1 Capital work-in-progress</b>			
Land and building including advances to contractors		516,834	532,406
Advances to suppliers		19,235	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>536,069</b>	<b>560,353</b>

(Un-Audited) (Un-Audited)  
Nine months ended

30 September 30 September  
2019 2018

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

## 11.2 Additions to fixed assets

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

Capital work-in-progress	45,289	46,931
<b>Property and equipment</b>		
Building on leasehold land	52,884	4,532
Furniture and fixture	8,349	746
Electrical, office and computer equipment	132,226	87,535
Vehicles	3,729	-
	197,188	92,813
<b>Total</b>	<b>242,477</b>	<b>139,744</b>

## 11.3 Disposal of fixed assets

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

Building on leasehold land	2,233	3,783
Furniture and fixture	189	192
Electrical, office and computer equipment	1,055	630
Vehicles	477	12,079
<b>Total</b>	<b>3,954</b>	<b>16,684</b>

(Un-Audited) (Audited)

30 September 31 December  
2019 2018

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

## 12. INTANGIBLE ASSETS

Computer software	115,325	73,146
Core deposits	620,997	720,453
Brand	383,145	383,145
Goodwill	396,117	396,117
	1,515,584	1,572,861

(Un-Audited) (Un-Audited)  
Nine months ended

30 September 30 September  
2019 2018

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

### 12.1 Additions to intangible assets

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

Directly purchased	89,888	38,514
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	Note	(Un-Audited) 30 September 2019	(Audited) 31 December 2018 ----- (Rupees in '000) -----
<b>13. DEFERRED TAX ASSETS</b>			
Deductible Temporary Differences on:			
- Tax losses carried forward		1,879,642	1,971,051
- Minimum tax		639,038	504,423
- Post retirement employee benefits		9,542	9,542
- Deficit on revaluation of investments		28,527	-
- Provision against assets		1,043,630	1,067,614
		3,600,379	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		(148,326)	(131,286)
		(327,895)	(313,721)
		<u>3,272,484</u>	<u>3,238,909</u>
<b>14. OTHER ASSETS</b>			
Profit / return accrued in local currency		3,178,832	2,222,222
Profit / return accrued in foreign currency		29,050	15,330
Advances, deposits, advance rent and other prepayments		445,366	676,239
Advance taxation (payments less provisions)		256,126	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		1,642,270	1,661,178
Branch adjustment account		5,917	64,890
Unrealised gain on re-measurement of forward exchange contracts		-	204,872
Stamps and stationery		5,409	4,925
Acceptances		1,714,663	3,737,369
Others		277,672	248,218
		7,577,202	9,180,685
Less: Provision held against other assets		(146,140)	(148,305)
Other assets (net of provision)	14.1	7,431,062	9,032,380
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		511,700	512,040
Other assets - total		<u>7,942,762</u>	<u>9,544,420</u>
<b>14.1 Provision held against other assets</b>			
Non-performing receivables		145,894	148,059
Others		246	246
		<u>146,140</u>	<u>148,305</u>
<b>15. BILLS PAYABLE</b>			
In Pakistan		3,519,028	3,697,477
Outside Pakistan		-	-
		<u>3,519,028</u>	<u>3,697,477</u>
<b>16. DUE TO FINANCIAL INSTITUTIONS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Under export refinance scheme	16.1	2,448,000	3,703,399
<b>Unsecured</b>			
Overdrawn nostro accounts		8,748	132,623
		<u>8,748</u>	<u>132,623</u>
		<u>2,456,748</u>	<u>3,836,022</u>
<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 16 November 2019 to 28 March 2020.		



## 17. DEPOSITS AND OTHER ACCOUNTS

	30 September 2019 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits	19,328,790	5,520,406	24,849,196	20,537,128	3,462,711	23,999,839
Savings deposits	39,805,331	3,485,494	43,290,825	40,960,738	4,852,170	45,812,908
Term deposits	39,557,257	2,963,630	42,520,887	19,551,887	927,952	20,479,839
Others	1,265,276	-	1,265,276	2,035,387	-	2,035,387
	99,956,654	11,969,530	111,926,184	83,085,140	9,242,833	92,327,973
<b>Financial Institutions</b>						
Current deposits	22,755	19,244	41,999	30,254	19,405	49,659
Savings deposits	1,595,451	713	1,596,164	6,042,698	631	6,043,329
Term deposits	1,008,050	-	1,008,050	1,494,050	-	1,494,050
	2,626,256	19,957	2,646,213	7,567,002	20,036	7,587,038
	102,582,910	11,989,487	114,572,397	90,652,142	9,262,869	99,915,011

## 18. SUBORDINATED DEBT

		(Un-Audited) 30 September 2019	(Audited) 31 December 2018
		----- (Rupees in '000) -----	
Tier II mudaraba sukuk - first issue	18.1	571,420	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
		3,460,661	3,746,377

- 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 ADT-I 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 amount can be held back in respect of the ADT-I Capital, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

19. OTHER LIABILITIES

Return on deposits and borrowings:

	(Un-Audited) 30 September 2019	(Audited) 31 December 2018
	----- (Rupees in '000) -----	
- payable in local currency	971,196	614,569
- payable in foreign currencies	11,780	4,334
Accrued expenses	368,901	325,160
Advance payments	452,483	636,790
Charity fund balance	46,228	46,736
Security deposits against ijarah	602,743	822,737
Payable against purchase of listed shares	2,433	66,273
Takaful payable against ijarah and diminishing musharakah assets	291,967	254,756
Unrealised loss on re-measurement of forward exchange contracts	73,730	-
Acceptances	1,714,663	3,737,369
Lease liability under IFRS 16	2,183,038	-
Others	475,978	404,345
	<u>7,195,140</u>	<u>6,913,069</u>

3.2

		(Un-Audited) 30 September 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	9.1	(50,631)	31,361
- Non-banking assets acquired in satisfaction of claims		511,700	512,040
		461,069	543,401
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		17,721	(10,976)
- Non-banking assets acquired in satisfaction of claims		(179,095)	(179,213)
		(161,374)	(190,189)
		299,695	353,212
<b>21. CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	21.1	7,145,271	6,102,780
- Commitments	21.2	20,295,096	24,431,754
		27,440,367	30,534,534
<b>21.1 Guarantees:</b>			
Financial guarantees		4,279	243,587
Performance guarantees		4,992,283	4,203,683
Other guarantees		2,148,709	1,655,510
		7,145,271	6,102,780
<b>21.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		4,460,931	6,681,946
Commitments in respect of forward foreign exchange contracts	21.2.1	15,821,679	17,738,138
Commitments for acquisition of fixed assets		12,486	11,670
		20,295,096	24,431,754



		(Un-Audited) 30 September 2019	(Audited) 31 December 2018
		----- (Rupees in '000) -----	
<b>21.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	11,368,064	10,892,346
	Sale	4,453,615	6,845,792
		<u>15,821,679</u>	<u>17,738,138</u>
<b>21.3</b>	<b>Other Contingencies</b>		
<b>21.3.1</b>	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) Nine months ended 30 September 2019	(Un-Audited) Nine months ended 30 September 2018
		----- (Rupees in '000) -----	
<b>22.</b>	<b>PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS</b>		
	On:		
	- Islamic financing and related assets	6,674,289	4,559,992
	- Investments	1,754,735	838,608
	- Due from financial institutions	526,760	312,516
	- Balances with banks	1,487	9,148
		<u>8,957,271</u>	<u>5,720,264</u>
<b>23.</b>	<b>RETURN ON DEPOSITS AND OTHER DUES EXPENSED</b>		
	On:		
	- Deposits	4,477,968	2,452,050
	- Borrowings	68,646	29,297
	- Conversion cost against foreign currency deposits / borrowings	227,008	46,265
	- Subordinated debt	288,914	142,724
	- Finance charge on lease liability under IFRS 16	158,934	-
	- Export refinance under Islamic scheme	53,519	43,281
		<u>5,274,989</u>	<u>2,713,617</u>
<b>24.</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	85,914	64,895
	Consumer finance related fees	71,688	61,008
	Debit card related fees and income	52,375	45,904
	Investment banking fees	54,663	100,554
	Commission on trade	187,124	167,212
	Commission on guarantees	47,937	30,128
	Commission on cash management	1,165	1,625
	Commission on remittances including home remittances	9,583	5,931
	Commission on bancatakaful	22,106	21,924
	Export rebates	7,548	364
	Others	16,384	6,142
		<u>556,487</u>	<u>505,687</u>
<b>25.</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised	9,337	24,013
	Unrealised - held for trading	(7,700)	(4,710)
		<u>1,637</u>	<u>19,303</u>
<b>25.1</b>	Realised gain / (loss) on:		
	Federal Government securities	10,009	913
	Shares	(672)	23,100
		<u>9,337</u>	<u>24,013</u>

		(Un-Audited)	(Un-Audited)
		Nine months ended	
		30 September 2019	30 September 2018
	Note	----- (Rupees in '000) -----	
<b>26. OTHER INCOME</b>			
Rent on property		2,869	14,348
Gain on sale of fixed assets-net		3,828	37
Gain on sale of non banking assets		-	8,196
		<u>6,697</u>	<u>22,581</u>
<b>27. OPERATING EXPENSES</b>			
<b>Compensation expense</b>			
Salaries, allowances, etc.		1,489,455	1,341,220
Charge for defined benefit / contribution plan and other benefits		109,422	93,969
		<u>1,598,877</u>	<u>1,435,189</u>
<b>Property expense</b>			
Rent and taxes		67,047	540,390
Insurance		39,071	23,667
Utilities		149,833	140,874
Security (including guards)	27.1	158,172	152,094
Repair and maintenance (including janitorial charges)	27.1	70,695	61,135
Depreciation		49,650	54,181
Depreciation - Right-of-use assets under IFRS 16	3.2	462,354	-
Depreciation - non banking assets		19,251	19,251
Others		5,812	6,013
		<u>1,021,885</u>	<u>997,605</u>
<b>Information technology expenses</b>			
Software maintenance		116,544	136,777
Hardware maintenance		43,268	47,684
Depreciation and amortisation		62,393	47,889
Network charges		54,496	56,907
Others		30,115	22,908
		<u>306,816</u>	<u>312,165</u>
<b>Other operating expenses</b>			
Directors' fees and allowances		45,661	35,566
Fees and allowances to Shariah Board		4,749	3,594
Legal and professional charges		60,715	45,036
Outsourced services costs	27.1	115,539	117,431
Travelling and conveyance		21,660	22,409
NIFT clearing charges		11,337	10,499
Depreciation		70,342	85,237
Amortization		99,456	99,464
Takaful and registration expenses		42,104	72,925
Training and development		10,982	8,438
Postage and courier charges		14,569	13,027
Communication		36,700	37,326
Stationery and printing	27.1	61,106	52,389
Marketing, advertisement and publicity		58,837	21,988
Repair and maintenance		42,510	30,310
Auditors' remuneration		9,255	14,118
Depositor's protection		79,315	22,589
Brokerage and commission		133,688	101,333
Bank charges		14,777	7,371
Others		45,873	33,036
		<u>979,175</u>	<u>834,086</u>
		<u>3,906,753</u>	<u>3,579,045</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) Nine months ended 30 September 2019	(Un-Audited) Nine months ended 30 September 2018
		----- (Rupees in '000) -----	
28.	<b>OTHER CHARGES</b>		
	Penalties imposed by State Bank of Pakistan	<u>819</u>	<u>5,897</u>
29.	<b>PROVISIONS AND WRITE OFFS - NET</b>		
	Provisions for diminution in value of investments	260,138	132,740
	Provision against non-performing Islamic financing and related assets	305,233	601,361
	Other provisions / write off	<u>1,424</u>	<u>4,112</u>
		<u>566,795</u>	<u>738,213</u>
30.	<b>TAXATION</b>		
	Current	(134,615)	(82,248)
	Deferred	<u>4,880</u>	<u>218,759</u>
		<u>(129,735)</u>	<u>136,511</u>
31.	<b>BASIC AND DILUTED PROFIT (LOSS) PER SHARE</b>		
	Profit / (loss) after taxation for the period	<u>100,182</u>	<u>(278,896)</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>0.07</u>	<u>(0.20)</u>

32. **FAIR VALUE MEASUREMENTS**

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

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 September 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	-	15,829,424	-	15,829,424
Shares	660,498	31,196	-	691,694
Non Government debt securities	581,525	-	-	581,525
Foreign Securities	2,672,565	-	-	2,672,565
	3,914,588	15,860,620	-	19,775,208
<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	-	11,368,064	-	11,368,064
Forward sale of foreign exchange	-	4,453,615	-	4,453,615
<b>31 December 2018 (Audited)</b>				
	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 September 2019 (Un-Audited)			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
-	-	2,153,970	2,153,970
31 December 2018 (Audited)			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
-	-	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 September 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	3,539,015	2,284,325	(3,162,418)	1,415,588	(394,228)	3,682,282
Inter segment revenue - net	-	-	6,245,193	-	536,892	6,782,085
Other income	175,322	156,359	188,717	463,359	42,937	1,026,694
Total income	3,714,337	2,440,684	3,271,492	1,878,947	185,601	11,491,061
Segment direct expenses	(146,255)	(755,680)	(1,948,464)	(53,016)	(1,008,849)	(3,912,264)
Inter segment expense allocation	(3,866,397)	(677,674)	-	(2,238,014)	-	(6,782,085)
Total expenses	(4,012,652)	(1,433,354)	(1,948,464)	(2,291,030)	(1,008,849)	(10,694,349)
Provisions	10,397	(313,149)	-	(287,760)	23,717	(566,795)
Profit / (loss) before tax	(287,918)	694,181	1,323,028	(699,843)	(799,531)	229,917
30 September 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	-	-	21,878,981	-	-	21,878,981
Balances with other banks	-	-	-	565,501	-	565,501
Due from financial institutions	-	-	-	3,633,237	-	3,633,237
Investments	5,676,294	-	-	18,217,440	-	23,893,734
Net inter segment lending	-	15,914,340	66,416,153	-	8,020,391	90,350,884
Islamic financing and related assets - performing	40,499,380	28,995,205	-	9,632	(3,254,391)	66,249,826
- non-performing	1,521,804	1,970,486	-	-	4,839,914	8,332,204
Others	3,897,763	1,081,444	3,087,903	839,283	8,496,068	17,402,461
Total assets	51,595,241	47,961,475	91,383,037	23,265,093	18,101,982	232,306,828
Bills payable	-	-	3,519,028	-	-	3,519,028
Due to financial institutions	2,254,000	194,000	-	8,748	-	2,456,748
Subordinated debt	-	-	-	-	3,460,661	3,460,661
Deposits and other accounts	2,834,379	26,168,252	85,569,766	-	-	114,572,397
Net inter segment borrowing	46,656,747	20,056,465	-	23,637,672	-	90,350,884
Others	138,033	848,577	971,215	318,516	4,918,799	7,195,140
Total liabilities	51,883,159	47,267,294	90,060,009	23,964,936	8,379,460	221,554,858
Equity	(287,918)	694,181	1,323,028	(699,843)	9,722,522	10,751,970
Total equity and liabilities	51,595,241	47,961,475	91,383,037	23,265,093	18,101,982	232,306,828
Contingencies and commitments	5,336,920	6,269,282	12,486	15,821,679	230,581	27,670,948
30 September 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	2,654,868	2,122,007	(2,177,315)	548,283	(141,196)	3,006,647
Inter segment revenue - net	-	-	4,403,892	-	354,638	4,758,530
Other income	251,012	118,942	125,205	333,332	72,610	901,101
Total Income	2,905,880	2,240,949	2,351,782	881,615	286,052	8,666,278
Segment direct expenses	(120,691)	(351,404)	(1,664,914)	(45,390)	(1,402,543)	(3,584,942)
Inter segment expense allocation	(2,650,543)	(1,653,723)	-	(454,264)	-	(4,758,530)
Total expenses	(2,771,234)	(2,005,127)	(1,664,914)	(499,654)	(1,402,543)	(8,343,472)
Provisions	(430,695)	(175,011)	-	(127,839)	(4,668)	(738,213)
Profit / (loss) before tax	(296,049)	60,811	686,868	254,122	(1,121,159)	(415,407)
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
Total assets	51,487,222	19,649,296	94,408,712	16,537,709	14,310,742	196,393,681
Bills payable	-	-	3,697,477	-	-	3,697,477
Due to financial institutions	3,432,199	271,200	-	132,623	-	3,836,022
Subordinated debt	-	-	-	-	3,746,377	3,746,377
Deposits and other accounts	3,840,499	3,368,473	87,560,819	5,145,220	-	99,915,011
Net inter segment borrowing	40,878,365	15,559,117	-	11,143,160	-	67,580,642
Others	3,504,815	566,775	1,702,610	4,820	1,134,049	6,913,069
Total liabilities	51,655,878	19,765,565	92,960,906	16,425,823	4,880,426	185,688,598
Equity	(168,656)	(116,269)	1,447,806	111,886	9,430,316	10,705,083
Total equity and liabilities	51,487,222	19,649,296	94,408,712	16,537,709	14,310,742	196,393,681
Contingencies and commitments	7,171,694	5,613,032	11,670	17,738,138	230,581	30,765,115



### 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:

	30 September 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	-	-	43,199	-	43,199	-	-	60,600	-	60,600
Repaid during the period	-	-	(27,894)	(30,122)	(58,016)	-	-	(37,697)	(60,244)	(97,941)
Transfer in/(out)	-	-	(15,326)	-	(15,326)	-	-	4,775	-	4,775
Closing balance	-	-	266,551	-	266,551	-	-	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	-	-	188	-	188	-	-	240	87	327
Receivable in respect of defined benefit plan	-	-	-	21,897	21,897	-	-	-	21,897	21,897
	(Rupees in '000)									
	30 September 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
<b>Subordinated debt</b>										
Opening balance	1,389,241	-	-	-	1,389,241	-	-	-	5,714	5,714
Issued during the period / year	-	-	-	-	-	1,389,241	-	-	-	1,389,241
Redemption during the period / year	-	-	-	-	-	-	-	-	(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 / year	1	327,846	244,686	1,984,397	2,556,930	4	23,193	346,575	606,922	976,694
Withdrawn during the period / year	(1,525)	(309,945)	(231,015)	(1,823,584)	(2,366,069)	(1,040)	(409,051)	(372,372)	(581,076)	(1,363,539)
Transfer in/(out)	-	-	(305)	-	(305)	-	550,175	(143,795)	(5,952)	400,428
Closing balance	4,413	229,623	41,240	945,531	1,220,807	5,937	211,722	27,874	784,718	1,030,251
<b>Other Liabilities</b>										
Return payable on deposits	-	679	56	1,074	1,809	-	1,132	100	8,834	10,066
Return payable on Sub-ordinated debt	97,954	-	-	-	97,954	3,144	-	-	-	3,144
Other liabilities	-	-	-	657	657	-	-	-	657	657
<b>Non-funded exposure</b>	-	-	-	39,881	39,881	-	-	-	18,051	18,051
	(Rupees in '000)									
	Nine months ended 30 September 2019 (Un-Audited)					Nine months ended 30 September 2018 (Un-Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
<b>Related party transactions</b>										
<b>Income</b>										
Profit earned on Islamic financing and related assets	-	-	7,047	1,689	8,736	-	-	6,014	4,392	10,406
Revenue earned from non funded exposure	-	-	-	104	104	-	-	-	35	35
<b>Expense</b>										
Return on deposits expenses	-	9,702	923	53,069	63,694	-	10,421	1,716	27,531	39,668
Salaries, allowances and benefits	-	-	179,002	-	179,002	-	-	163,917	-	163,917
Director fee and other allowances	-	45,661	-	-	45,661	-	39,130	-	-	39,130
Shariah Board fee	-	-	-	4,749	4,749	-	-	-	3,594	3,594
Contribution to defined contribution plan	-	-	-	60,776	60,776	-	-	-	53,894	53,894
Contribution to defined benefit plan	-	-	-	31,984	31,984	-	-	-	40,075	40,075
Return on Sub-ordinated loan	94,810	-	-	-	94,810	-	-	-	81	81
Rent expense	-	-	-	22,613	22,613	-	-	-	21,171	21,171



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

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

#### Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

10,272,891 10,192,523

#### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

6,303,071 6,182,404

Eligible Additional Tier 1 (ADT 1) Capital

1,212,901 1,192,947

Total Eligible Tier 1 Capital

7,515,972 7,375,351

Eligible Tier 2 Capital

1,599,925 1,988,245

Total Eligible Capital (Tier 1 + Tier 2)

9,115,897 9,363,596

Risk Weighted Assets (RWAs):

Credit Risk

66,121,616 68,803,363

Market Risk

1,614,090 2,069,243

Operational Risk

8,657,185 8,657,185

Total

76,392,891 79,529,791

Common Equity Tier 1 Capital Adequacy ratio

8.25% 7.77%

Tier 1 Capital Adequacy Ratio

9.84% 9.27%

Total Capital Adequacy Ratio

11.93% 11.77%

#### Leverage Ratio (LR):

Eligible Tier-1 Capital

7,515,972 7,375,351

Total Exposures

166,727,103 137,949,522

Leverage Ratio

4.51% 5.35%

#### Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

38,680,529 30,686,016

Total Net Cash Outflow

26,400,522 27,670,494

Liquidity Coverage Ratio

146.51% 110.90%

#### Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

100,640,621 87,255,154

Total Required Stable Funding

66,812,756 71,457,322

Net Stable Funding Ratio

150.63% 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.

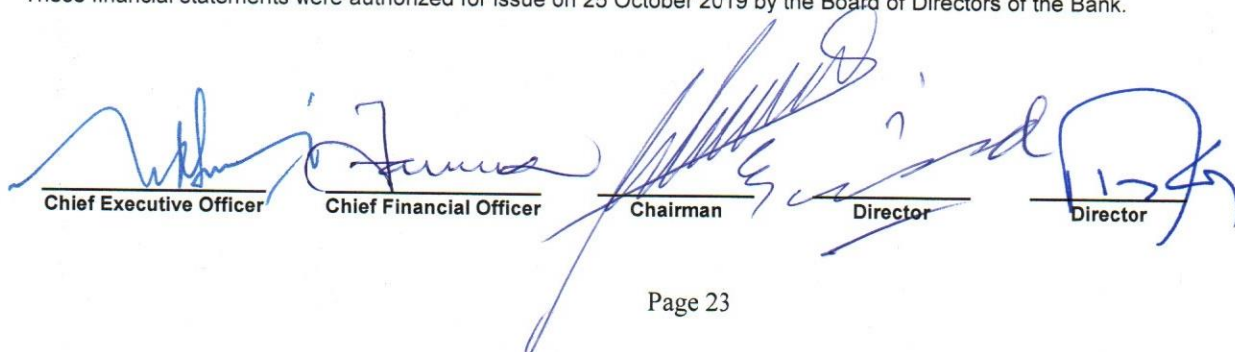
### 37. RECLASSIFICATION

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	46,265
Unrealized loss on revaluation of investments classified as held-for-trading	Gain on sale of securities	4,710

### 38. DATE OF AUTHORISATION

These financial statements were authorized for issue on 25 October 2019 by the Board of Directors of the Bank.

  
Chief Executive Officer Chief Financial Officer Chairman Director Director