

Condensed Interim
FINANCIAL INFORMATION
for the period ended March 31, 2019





CONDENSED INTERIM
FINANCIAL STATEMENTS
for the Period Ended March 31, 2019

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The Bank of Khyber
for the Period Ended March 31, 2019

CORPORATE INFORMATION

Board of Directors

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

Managing Director / CEO

Saif-ul-Islam

Board Audit Committee

Asad Muhammad Iqbal	Chairman
Shakeel Qadir Khan	
Javed Akhtar	
Shaharyar Ahmad	

Board Human Resource & Remuneration Committee

Shaharyar Ahmad	Chairman
Maqsood Ismail Ahmad	
Asad Muhammad Iqbal	
The Managing Director	

Board Risk Management Committee

Maqsood Ismail Ahmad	Chairman
Javed Akhtar	
Shakeel Qadir Khan	
The Managing Director	

Board I.T Steering Committee

Shakeel Qadir Khan	Chairman
Shaharyar Ahmad	
Mr. Asad Muhammad Iqbal	
The Managing Director	

Chief Financial Officer

Mahmood Ahmed Qureshi

Company Secretary

Zahid Sahibzada

Registered Office / Head Office

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

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

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

Mr. Nisar Ahmed Khan,
Advocate, Peshawar

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

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

Directors' Review

On behalf of the Board of Directors of the Bank of Khyber, I am pleased to present the condensed interim financial information of the Bank for the 1st quarter ended March 31, 2019. The results are inclusive of Islamic Banking Operations.

Financial Highlights

The financial results of the Bank of Khyber for the 1st quarter ended March 31, 2019 are as under:

	(Rs. in Million)	
	March 31 <u>2019</u>	December 31 <u>2018</u>
Total Assets	223,780	223,095
Deposits	171,632	171,168
Advances (Gross)	110,112	99,167
Investments (Net)	90,205	94,233

	(Rs. in Million) for the period ended March 31,	
	<u>2019</u>	<u>2018</u>
Operating Profit	399	588
Provision against non-performing advances/others	(54)	101
Profit before taxation	345	689
Taxation	(158)	(241)
Profit after tax	187	448

Performance Review

The prevailing uncertainty in the current economic scenario of the country has its effects on all the sectors of the economy. In this tough situation, the banking sector is struggling to maintain its profitability. Due to increase in Policy Rate, the cost of deposits increased however, return on assets did not increase in the same period, this lag affected the Bank's profitability. In the backdrop of this situation, the Bank managed to post Rs.187 million profit after tax for the first quarter of the year 2019.

The deposits with a slight increase stood at Rs.171,632 million whereas advances increased by 11% and stood at Rs.110,112 million. Investments with a slight decrease were at Rs.90,205 million.

Future Outlook

Pakistan faces a challenging economic outlook in which a host of factors needed to be addressed. In the current discount rate environment, pressure will likely remain on the Bank's operating performance. The Bank is taking necessary steps to mitigate impact of discount rate volatility and ensure smooth operations.

At the end of the quarter under review, the Bank was operating with 169 branches and 3 sub-branches throughout the country out of which 84 branches were functioning as dedicated Islamic Banking Branches.

While demand for advances remains low due to slow economic growth, all efforts will be made to increase the Advances to Deposit (ADR) ratio. The Bank's strategy is to develop its deposit base on low cost non-government funds through attractive deposit schemes. These funds will help us to offer more and better asset based products to our customers.

Credit Rating

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

The Pakistan Credit Rating Agency Limited (PACRA) has also maintained the long term and short term entity ratings of the Bank at "A" (Single A) and "A1" (A One). Rating outlook is "Stable".

The ratings denote low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

Acknowledgment

The Board would like to thank the Bank's valued customers for their patronage and continued confidence in the Bank. We are also grateful to the State Bank of Pakistan and other regulatory authorities for their support and guidance.

For and on behalf of the Board of Directors

Saif-ul-Islam
Managing Director

Peshawar: May 24, 2019


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

		Un-Audited	Audited
		2019	2018
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	8,452,122	12,351,453
Balances with other banks	7	2,943,617	3,705,360
Lendings to financial institutions	8	3,897,151	7,695,642
Investments	9	90,205,280	94,233,239
Advances	10	105,902,368	95,011,903
Fixed assets	11	2,200,559	2,216,422
Intangible assets	12	65,392	78,850
Deferred tax assets	13	1,605,905	1,757,451
Other assets	14	8,507,605	6,044,663
		223,779,999	223,094,983
LIABILITIES			
Bills payable	15	704,840	895,126
Borrowings	16	32,307,488	34,842,114
Deposits and other accounts	17	171,631,942	171,167,556
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	7,006,612	4,485,603
		211,650,882	211,390,399
NET ASSETS		12,129,117	11,704,584
REPRESENTED BY			
Share capital		10,002,524	10,002,524
Reserves		2,680,829	2,643,483
(Deficit)/surplus on revaluation of assets	19	(1,866,890)	(2,104,692)
Unappropriated profit		1,312,654	1,163,270
		12,129,117	11,704,584

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 43 form an integral part of these financial information.


 Chief Financial Officer


 Managing Director


 Director


 Director


 Director


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	Three months ended March 31, 2019	Three months ended March 31, 2019	Three months ended March 31, 2018	Three months ended March 31, 2018
			Rupees in '000		
Mark-up/return/interest earned	21	4,864,091	4,864,091	3,625,560	3,625,560
Mark-up/return/interest expensed	22	3,582,308	3,582,308	2,228,601	2,228,601
Net mark-up/ interest income		1,281,783	1,281,783	1,396,959	1,396,959
NON MARK-UP/INTEREST INCOME					
Fee and commission income	23	89,141	89,141	94,231	94,231
Dividend income		-	-	6,631	6,631
Foreign exchange income		22,183	22,183	23,357	23,357
(Loss)/gain on securities	24	5,554	5,554	12,054	12,054
Other income	25	33,946	33,946	32,271	32,271
Total non-markup/interest income		150,824	150,824	168,544	168,544
Total income		1,432,607	1,432,607	1,565,503	1,565,503
NON MARK-UP/INTEREST EXPENSE					
Operating expenses	26	1,033,751	1,033,751	977,854	977,854
Other charges	27	90	90	-	-
Total non-markup/interest expenses		1,033,841	1,033,841	977,854	977,854
PROFIT BEFORE PROVISIONS		398,766	398,766	587,649	587,649
Provisions and (reversals) - net	28	54,128	54,128	(101,287)	(101,287)
PROFIT BEFORE TAXATION		344,638	344,638	688,936	688,936
Taxation	29	157,907	157,907	241,225	241,225
PROFIT AFTER TAXATION		186,731	186,731	447,711	447,711
Basic & diluted earnings per share	30	0.19	0.19	0.45	0.45

The annexed notes 1 to 43 form an integral part of these financial information.



Chief Financial Officer



Managing Director



Director



Director



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019

	Three months ended March 31, 2019	Three months ended March 31, 2019	Three months ended March 31, 2018	Three months ended March 31, 2018
Profit after taxation	186,731	186,731	447,711	447,711
Other comprehensive income	-	-	-	-
Items that may be reclassified to profit and loss account in subsequent periods:				
Net change in fair value of available for sale securities	365,849	365,849	-	-
Related deferred tax	(128,047)	(128,047)	-	-
	237,802	237,802	-	-
Total other comprehensive income/(loss)	237,802	237,802	-	-
Total comprehensive income/(loss)	424,533	424,533	447,711	447,711

The annexed notes 1 to 43 form an integral part of these financial information.



Chief Financial Officer



Managing Director



Director



Director



Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019

	Rupees in '000					
Balance as at January 1, 2018	10,002,524	2,550,263	(896,261)	774,183	2,390,464	14,821,173
Total Comprehensive Income						
Profit after taxation for the three months ended March 31, 2018	-	-	-	-	447,711	447,711
Other comprehensive income - net of tax	-	-	313,691	-	-	313,691
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended December 31, 2017 (Rs. 1.50 per share)	-	-	313,691	-	447,711	761,402
Transfer to statutory reserves	-	89,542	-	-	(1,500,557)	(1,500,557)
Balance as at March 31, 2018 (un-audited)	10,002,524	2,639,805	(582,570)	774,183	1,248,076	14,082,019
Total Comprehensive Income						
Profit after taxation for the nine months ended December 31, 2018	-	-	(3,532,778)	-	18,388	(3,514,390)
Other comprehensive income - net of tax	-	-	1,236,472	-	(99,517)	1,136,955
Transfer to statutory reserves	-	-	(2,296,306)	-	(81,129)	(2,377,435)
Balance as at December 31, 2018 (audited)	10,002,524	2,643,483	(2,878,876)	774,183	1,163,269	11,704,584
Total Comprehensive Income						
Profit after taxation for the three months ended March 31, 2019	-	-	-	-	186,731	186,731
Other comprehensive income - net of tax	-	-	237,802	-	-	237,802
Transfer to statutory reserves	-	-	237,802	-	186,731	424,533
Balance as at March 31, 2019 (un-audited)	10,002,524	2,680,829	(2,641,074)	774,183	(37,346)	12,129,117

The annexed notes 1 to 43 form an integral part of these financial information.


Chief Financial Officer


Managing Director


Director


Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**


	Three months ended March 31, 2019	Three months ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	344,638	688,936
Less: Dividend income	-	6,631
	344,638	682,305
Adjustments:		
Depreciation	78,929	74,675
Amortization	13,456	10,226
Provision against loans and advances	54,128	(99,279)
Provision for/(reversal) against diminution in value of investments-net	-	(1,510)
(Gain) / Loss on sale of fixed assets	(203)	(130)
	146,310	(16,018)
	490,948	666,287
(Increase)/ decrease in operating assets		
Lendings to financial institutions-Gross	3,798,491	(350,000)
Held-for-trading securities	-	(2,483,510)
Gross advances	(10,944,593)	(14,110,153)
Others assets	(2,566,063)	137,508
	(9,712,165)	(16,806,155)
Increase/ (decrease) in operating liabilities		
Bills payable	(190,286)	(231,173)
Borrowings from financial institutions	(2,534,626)	(10,131,586)
Deposits	464,386	(13,077,840)
Other liabilities	2,521,001	(284,606)
	260,475	(23,725,205)
Income tax paid	(31,288)	(184,199)
Net cash flow used in operating activities	(8,992,030)	(40,049,272)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	4,330,249	31,946,027
Net investments in held-to-maturity securities	63,560	5,487,477
Dividends received	-	6,631
Investments in operating fixed assets	(63,063)	(90,304)
Proceeds from sale of fixed assets	238	130
Net cash flow from investing activities	4,330,983	37,349,961
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(27)	(155)
Net cash flow used in financing activities	(27)	(155)
Increase/(decrease) in cash and cash equivalents	(4,661,074)	(2,699,466)
Cash and cash equivalents at beginning of the year	16,056,813	12,173,369
Cash and cash equivalents at end of the year	11,395,739	9,473,903

The annexed notes 1 to 43 form an integral part of these financial information.


 Chief Financial Officer


 Managing Director


 Director


 Director


 Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019****1. STATUS AND NATURE OF BUSINESS**

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

2 BASIS OF PRESENTATION

- 2.1** The disclosures made in these condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan (SB) vide BPRD Circular No. 05 dated March 22, 2019, International Accounting Standard 34, Interim Financial Reporting, provisions of and directives issued under the Companies Act 2017, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, Banking Companies Ordinance, 1962 have been followed.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up in price thereon. However, the Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking Group have been included in these financial statements for reporting purpose, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Group are disclosed in note 35 to these financial information.
- 2.4** These financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 2.5** The disclosures made in these condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan (SB) vide BPRD Circular No. 05 dated March 22, 2019, International Accounting Standard 34, Interim Financial Reporting. They do not include all disclosures required for annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2018.

3 STATEMENT OF COMPLIANCE

- 3.1** The condensed interim financial information of the Bank has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of Companies Act, 2017, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives have been followed.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

3.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of SECP issued vide SRO 411 (I)/2008 dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through its various circulars. Further, segment information is being disclosed in accordance with the SBP's prescribed format as per BPRD Circular No. 02 dated January 25, 2018 which prevails over the requirements specified in IFRS-8.

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

4 BASIS OF MEASUREMENT

Accounting convention

These financial statements have been prepared under the historical cost convention except that certain operating fixed assets are stated at revalued amounts, certain investments and derivative financial instruments are stated at fair value and the recognition of certain employees benefits at present value, as disclosed in their respective notes.

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

5.1 The accounting policies, underlying estimates and judgements and method of computation followed in the preparation of these condensed interim financial statements are same as those applied in preparing the most recent annual financial statements of the Bank for the year ended December 31, 2018.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	2019	2018
	Rupees in '000	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	1,494,135	2,110,143
Foreign currency	115,259	247,451
	1,609,394	2,357,594
With State Bank of Pakistan in		
Local currency current account	6,210,419	9,051,401
Foreign currency current account	40,798	82,680
Foreign currency deposit account	68,012	73,760
	6,319,229	9,207,841
With National Bank of Pakistan in		
Local currency current account	504,331	767,556
Local currency deposit account	7,492	6,658
Foreign currency deposit account	9,385	9,517
	521,208	783,731
Prize bonds	2,291	2,287
	8,452,122	12,351,453
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current account	2,436,283	3,008,582
In deposit account	53,212	577,196
	2,489,495	3,585,778
Outside Pakistan		
In current account	189,425	18,785
In deposit account	274,725	110,825
	464,150	129,610
Provision for doubtful placement with the bank	10,028	10,028
	2,943,617	3,705,360
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	145,000	2,500,000
Repurchase agreement lendings (Reverse Repo)	920,804	5,195,642
Bai Muajjal receivable with State Bank of Pakistan	2,831,347	-
Placements with financial institutions	238,944	238,944
	4,136,095	7,934,586
Less: provision held against lending to financial institutions	238,944	238,944
Lending to financial institutions - net of provision	3,897,151	7,695,642

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

		2019		2018	
		Classified lending	Provision held	Classified lending	Provision held
		Rupees in '000			
Domestic					
Other assets especially mentioned		-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		238,944	238,944	238,944	238,944
		238,944	238,944	238,944	238,944
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		-	-	-	-
91 to 180 days		-	-	-	-
181 to 365 days		-	-	-	-
365 days		-	-	-	-
		-	-	-	-
Total		238,944	238,944	238,944	238,944

9	INVESTMENTS	2019			2018				
9.1	Investments by type:	Cost/ amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost/ amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000									
Available-for-sale securities									
Federal Government Securities									
Shares									
Non Government Debt Securities									
Held-to-maturity securities									
Federal Government Securities									
Associate									
Total									

9.2	Investments given as collateral	2019		2018	
		Rupees in '000			
Market Treasury Bills		4,745,582		7,406,373	
Pakistan Investment Bonds		17,129,876		21,965,384	
		21,875,458		29,371,757	
These represent the market values of securities at year end.					
9.3	Provision for diminution in value of investments	842,005		865,176	
Opening balance					
Charge / reversals					
Charge for the year					
Reversals for the year				(3,755)	
Reversal on disposals				(19,416)	
				(23,171)	
Closing balance		842,005		842,005	
9.4	Particulars of provision against debt securities				
Category of classification		2019		2018	
		NPI	Provision	NPI	Provision
Rupees in '000					
Domestic					
Other assets especially mentioned					
Substandard					
Doubtful					
Loss					
Overseas					
Not past due but impaired					
Overdue by:					
Upto 90 days					
91 to 180 days					
181 to 365 days					
365 days					
Total					

9.5	The market value of securities classified as held-to-maturity amounted to Rs. 21,149.445 million as at March 31, 2019 (December 31, 2018: Rs. 21,062 million).
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019

10 ADVANCES	Performing		Non performing		Total	
	2019	2018	2019	2018	2019	2018
	Rupees in '000					
Loans, cash credits, running finances, etc.	65,643,030	59,077,654	4,428,591	4,121,876	70,071,621	63,199,530
Islamic financing and related assets	39,049,630	35,294,489	311,107	313,506	39,360,737	35,607,995
Bills discounted and purchased	456,240	136,480	222,970	222,970	679,210	359,450
Advances - gross	105,148,900	94,508,623	4,962,668	4,658,352	110,111,568	99,166,975
Provision against advances						
- Specific	-	-	4,171,195	4,119,221	4,171,195	4,119,221
- General	38,005	35,851	-	-	38,005	35,851
Advances - net of provision	105,110,895	94,472,772	791,473	539,131	105,902,368	95,011,903
	2019					
	Rupees in '000					
10.1 Particulars of advances (gross)						
In local currency	110,111,568					
In foreign currency	99,166,975					
	110,111,568					
10.2 Advances include Rs.4,962.669 million (2018: Rs. 4,658.352 million) which have been placed under non-performing status as detailed below:-						
	2019					
	Rupees in '000					
Category of classification	Non performing loans	Provision	Non performing loans	Provision		
	2018					
	Rupees in '000					
Domestic	17,393	-	10,308	-		
Other assets especially mentioned	380,194	64,965	129,817	4,361		
Substandard	219,310	27,327	239,992	45,855		
Doubtful	4,345,771	4,078,902	4,278,235	4,069,005		
Loss	4,962,669	4,171,194	4,658,352	4,119,221		
Overseas	-	-	-	-		
Not past due but impaired	-	-	-	-		
Overdue by:	-	-	-	-		
Upto 90 days	-	-	-	-		
91 to 180 days	-	-	-	-		
181 to 365 days	-	-	-	-		
365 days	-	-	-	-		
Total	4,962,669	4,171,194	4,658,352	4,119,221		

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

10.3	Particulars of provision against advances	2019			2018		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
	Opening balance	4,119,221	35,851	4,155,072	4,278,567	24,954	4,303,521
	Charge for the year	99,644	2,154	101,798	309,531	10,897	320,428
	Reversals	(47,670)	-	(47,670)	(468,877)	-	(468,877)
		51,974	2,154	54,128	(159,346)	10,897	(148,449)
	Amounts written off	-	-	-	-	-	-
	Closing balance	4,171,195	38,005	4,209,200	4,119,221	35,851	4,155,072

10.4 State Bank of Pakistan through various circulars has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2019 the Bank has availed cumulative benefit of forced sale values of Rs. 349.76 million (2018: Rs. 285.790 million). Increase in unappropriated profit net of tax amounting to Rs. 227.34 million (2018: Rs. 185.764 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

11	FIXED ASSETS	Note	2019	2018
			Rupees in '000	
	Capital work-in-progress	11.1	291,880	291,647
	Property and equipment	12.3	1,908,679	1,924,775
			<u>2,200,559</u>	<u>2,216,422</u>
11.1	Capital work-in-progress			
	Civil works		283,375	284,396
	Equipment		8,505	7,251
	Advances to suppliers		-	-
			<u>291,880</u>	<u>291,647</u>

11.2 ADDITIONS TO FIXED ASSETS

Following additions have been made to fixed assets during the period ended March 31, 2019.

	2019	2018
	Rupees in '000	
Capital work-in-progress	233	31,404
Renovation	8,279	111,168
Furniture and fixture	3,145	16,413
Electrical office and computer equipment	51,338	110,643
Vehicles	65	3,393
Books	-	80
	<u>63,060</u>	<u>273,101</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
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11.3 DISPOSALS OF FIXED ASSETS

The net book value of fixed assets disposed off during the period ended March 31, 2019 is as follows:

	2019	2018
	Rupees in '000	
Freehold land		
Furniture and fixture	36	309
Electrical office and computer equipment	-	10
Renovation	-	973
	36	1,292

12 INTANGIBLE ASSETS

Capital work in progress	-	8,300
Intangibles	65,392	70,550
	65,392	78,850

12.1 Additions to intangible assets

Following additions have been made to intangible assets during the period ended March 31, 2019.

	2019	2018
	Rupees in '000	
Developed internally	-	-
Directly purchased	65,392	70,550
Through business combination	-	-
	65,392	70,550

13 DEFERRED TAX ASSET / (LIABILITY) - NET

Deferred tax asset arising in respect of:

Provision for balances with other banks	3,510	3,510
Provision for diminution in value of investments	77,982	78,157
(Reversal) / provision against loans and advances - net	-	-
Provision for other assets	3,448	3,448
Re-measurement of defined benefit plan	27,586	27,586
Accelerated tax depreciation	50,331	50,978
Islamic Pool Management reserve	34,539	49,899
Deficit / (surplus) on revaluation of investments	1,422,117	1,550,164
	1,619,513	1,763,742

Deferred tax liability arising in respect of:

(Reversal) / provision against loans and advances - net	(13,608)	(6,291)
	1,605,905	1,757,451

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
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	2019	2018
	Rupees in '000	
14 OTHER ASSETS		
Income/ mark-up accrued in local currency	7,289,217	4,386,767
Advances, deposits, advance rent and other prepayments	290,402	760,898
Advance taxation (payments less provisions)	567,707	670,828
Receivable on account of sale of securities	62,443	-
Stationary and stamps on hand	21,097	18,863
Others	421,165	351,733
	<u>8,652,031</u>	<u>6,189,089</u>
Less: Provision held against other assets	144,426	144,426
Total	<u><u>8,507,605</u></u>	<u><u>6,044,663</u></u>
14.1 Provision held against other assets		
Advances for Pre-IPO	100,000	100,000
Others	44,426	44,426
	<u>144,426</u>	<u>144,426</u>
14.2 Movement in provision held against other assets		
Opening balance	144,426	143,833
Charge for the year	-	593
Reversals	-	-
Closing balance	<u>144,426</u>	<u>144,426</u>
15 BILLS PAYABLE		
In Pakistan	704,840	895,126
Outside Pakistan	-	-
	<u>704,840</u>	<u>895,126</u>
16 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan (SBP)		
Under export refinance scheme	3,169,900	3,299,000
Long term financing (EOP) scheme	226,278	-
Due to SBP LTFF	1,326,870	1,209,271
Due to SBP-Livestock Dairy	42,900	40,000
	<u>4,765,948</u>	4,548,271
Bai Muajjal Borrowing	-	10,478,171
Repurchase agreement borrowings	-	18,815,672
	<u>4,765,948</u>	29,293,843
Unsecured		
Call borrowings	27,541,540	1,000,000
Total	<u><u>32,307,488</u></u>	<u><u>34,842,114</u></u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

17 DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	Rupees in '000					
Customers						
Current deposits	35,600,427	425,610	36,026,037	33,724,537	658,829	34,383,366
Saving deposits	59,805,537	-	59,805,537	56,316,293	134,854	56,451,147
Term deposits	72,021,184	-	72,021,184	74,575,968	-	74,575,968
Others	3,518,466	-	3,518,466	5,595,363	-	5,595,363
	170,945,614	425,610	171,371,224	170,212,161	793,683	171,005,844
Financial Institutions						
Current deposits	2,292	-	2,292	2,689	-	2,689
Saving deposits	258,426	-	258,426	159,023	-	159,023
	260,718	-	260,718	161,712	-	161,712
	171,206,332	425,610	171,631,942	170,373,873	793,683	171,167,556

18 OTHER LIABILITIES

	2019	2018
	Rupees in '000	
Mark-up/ return/ interest payable in local currency	2,228,283	2,331,098
Mark-up/ return/ interest payable in foreign currency	-	69
Unearned commission and income on bills discounted	102,523	119,605
Accrued expenses	415,027	180,357
Unclaimed dividends	29,033	29,060
Branch adjustment account	526,277	754,017
Employees benefits payable	216,513	276,373
Deferred income murabaha	108,666	117,499
Islamic pool management reserve	102,569	142,569
Share subscription money refund	1,091	1,091
Retention money	-	24,903
Mark up in suspense	41,677	22,382
Charity fund	-	9,156
Un-earned Bai Maujjal sukuk	2,727,402	-
Security deposits against ijarah	345,582	340,901
Others	161,969	136,523
	7,006,612	4,485,603

19 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

(Deficit) / surplus on revaluation of		
- Available for sale (AFS) securities	(4,063,191)	(4,429,039)
- Deferred tax on AFS securities	1,422,117	1,550,164
	(2,641,074)	(2,878,875)
- Fixed assets	774,183	774,183
	(1,866,890)	(2,104,692)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

20	CONTINGENCIES AND COMMITMENTS	Note	2019	2018
			Rupees in '000	
	-Guarantees	20.1	15,450,662	15,959,908
	-Commitments	20.2	14,772,400	13,545,311
			<u>30,223,062</u>	<u>29,505,219</u>
20.1	Guarantees:			
	Financial guarantees		2,624,387	3,719,981
	Performance guarantees		12,290,451	11,689,103
	Other guarantees		535,824	550,824
			<u>15,450,662</u>	<u>15,959,908</u>
20.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		7,983,345	10,334,256
	Commitments in respect of:			
	- forward foreign exchange contracts	20.3	6,770,514	3,206,101
	Commitments for acquisition of:			
	- operating fixed assets		18,541	4,954
	- intangible assets			-
			<u>14,772,400</u>	<u>13,545,311</u>
20.3	Commitments in respect of forward foreign exchange contracts			
	Purchase		3,343,900	1,705,102
	Sale		3,426,614	1,500,999
			<u>6,770,514</u>	<u>3,206,101</u>
20.4	The income tax assessments of the Bank have been finalized up to tax year 2018.			
20.5	During financial year 2011, the tax authorities issued an amended order for the tax year 2009 disallowing certain expenditure on account of lack of evidence for such expenditure resulting in an additional tax demand of Rs. 308.900 million. The Bank filed an appeal as well as rectification application against the said order. Based on rectification application, the order was amended and accordingly the additional demand was reduced to Rs. 256.349 million. During 2012, the Commissioner Inland Revenue (Appeals) [CIR (A)] through an order dated June 01, 2012 has deleted certain additions on account of disallowances except for the additions under certain heads of expenses having tax impact of approximately Rs. 23 million. The Bank had filed an appeal against the order of the Appellate Tribunal Inland Revenue (ATIR) in respect of remaining additions which also decided in favor of the Bank. Subsequently, CIR went in to appeal in Peshawar High Court. The management is confident that matter will be decided in Bank's favor.			

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	2019	2018
		Rupees in '000	
21 MARK-UP/RETURN/INTEREST EARNED			
On:			
a) Loans and advances		2,604,539	1,460,771
b) Investments		2,004,912	2,142,130
c) Balances with banks		8,962	8,218
d) Lendings to Financial Institutions		245,678	14,441
		<u>4,864,091</u>	<u>3,625,560</u>
22 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		3,076,616	1,516,605
Borrowings		505,692	711,996
		<u>3,582,308</u>	<u>2,228,601</u>
23 FEE & COMMISSION INCOME			
Branch banking customer fees		9,289	15,483
Consumer finance related fees		1,769	1,130
Debit card related fees		8,781	7,488
Credit related fees		15,573	16,961
Investment banking fees		3,262	7,960
Commission on trade		1,718	1,259
Commission on guarantees		41,074	36,957
Commission on remittances including home remittances		4,174	5,623
Others		3,501	1,370
		<u>89,141</u>	<u>94,231</u>
24 (LOSS)/GAIN ON SECURITIES			
Realised	24.1	5,554	12,552
Unrealised		-	(498)
		<u>5,554</u>	<u>12,054</u>
24.1 Realised (loss) / gain on:			
Federal Government Securities		5,554	12,388
Shares		-	164
		<u>5,554</u>	<u>12,552</u>
25 OTHER INCOME			
Postal, Swift and other services		20,151	24,890
Rent on property		6,651	2,596
Gain on sale fixed assets		204	22
Service income on Government schemes		1,579	675
Rebate from financial institutions		5,361	4,088
		<u>33,946</u>	<u>32,271</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	2019	2018
	Rupees in '000	
26 OPERATING EXPENSES		
Total compensation expense	590,775	608,468
Property expense		
Rent & taxes	95,361	84,595
Utilities cost	29,376	21,182
Security (including guards)	33,027	31,242
Repair & Maintenance	830	710
Depreciation	36,525	34,132
	195,119	171,861
Information technology expenses		
Software maintenance	4,839	1,371
Hardware maintenance	4,290	5,888
Depreciation	35,125	33,676
Amortization	13,456	10,226
Network charges	1,875	2,496
ATM charges	22,861	21,113
	82,446	74,770
Other operating expenses		
Directors' fees and allowances	4,033	3,307
Fees and allowances to Shariah Board	226	383
Legal and professional charges	8,439	4,381
Travelling & conveyance	19,599	13,439
Cash Carriage Charges	9,879	7,659
NIFT clearing charges	2,986	1,870
Depreciation	7,279	6,868
Communication	17,343	15,823
Postage & courier charges	4,636	4,939
Stationery and printing	15,296	14,664
Advertisement and publicity	12,827	10,059
Repair and maintenance	3,878	1,380
Insurance Expense	9,724	8,818
Auditors remunerations	2,890	2,224
Brokerage & Commission	5,500	5,820
Rent & Taxes	385	393
Entertainment	7,560	7,146
News papers and periodicals	503	365
Training & Development	3,975	2,133
Fees & Subscription	1,000	1,000
Deposit Protection Premium	20,418	-
Others	7,035	10,084
	165,411	122,755
	1,033,751	977,854

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	2019	2018
	Rupees in '000	
27 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	90	-
28 PROVISIONS & WRITE OFFS - NET		
Provisions / (reversal) for diminution in value of investments	-	(2,008)
Provisions / (reversal) against loans & advances	54,128	(99,279)
	54,128	(101,287)
29 TAXATION		
Current	134,409	253,654
Deferred	23,498	(12,429)
	157,907	241,225
29.1	Includes super tax, levied through Finance Act, 2018, at the rate of 4% on the taxable income for the period ended March 31, 2019.	
30 BASIC & DILUTED EARNING PER SHARE	2019	2018
Profit for the year - Rupees	186,730,590	447,711,111
Weighted average number of ordinary shares	1,000,252,485	1,000,252,485
Basic earnings per share - rupee/share	0.19	0.45



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019

31 FAIR VALUE MEASUREMENTS

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

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

31.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	2019			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	59,577,850	-	59,577,850
Shares	163,886	-	-	163,886
Term Finance Certificates	-	2,100,000	-	2,100,000
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities		23,031,335	-	23,031,335
Shares		56,258	-	56,258
Non-Government Debt Securities		5,235,447	-	5,235,447
Associates		40,504	-	40,504
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange		3,343,900	-	3,343,900
Forward sale of foreign exchange		3,426,614	-	3,426,614
	2018			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
- Federal Government Securities	-	63,926,594	-	63,926,594
- Shares in listed companies	156,958	-	-	156,958
- Term Finance Certificates (TFCs)	-	1,600,000	-	1,600,000
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	23,094,895	-	23,094,895
Shares	-	56,258	-	56,258
Non-Government Debt Securities	-	5,358,030	-	5,358,030
Associates	-	40,504	-	40,504
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	1,705,102	-	1,705,102
Forward sale of foreign exchange	-	1,500,999	-	1,500,999

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

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019****(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

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

Fully paid-up ordinary shares

Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

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

Pakistan Investment Bonds / Market Treasury Bills

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

Government of Pakistan (GoP) - Ijarah Sukuks

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

Term Finance, Bonds and Sukuk certificates

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

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

Operating fixed assets (Leasehold land)

Leasehold land are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

32 SEGMENT INFORMATION

32.1 Segment details with respect to business activities

	2019				Total
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	
	Rupees in 000				
Profit & loss					
Net mark-up/return/profit	618,562	(115,839)	73,470	705,590	1,281,783
Non mark-up / return / interest income	77,800	33,238	5,063	34,723	150,824
Total income	696,362	(82,601)	78,533	740,313	1,432,607
Segment direct expenses	654,383	169,420	12,168	197,870	1,033,841
Total expenses	41,979	(252,021)	66,365	542,443	398,766
Provisions	-	821	7,849	45,458	54,128
Profit before tax	41,979	(252,842)	58,516	496,985	344,638
Balance sheet					
Cash & bank balances	6,210,419	327,937	4,667,958	189,425	11,395,739
Lendings to financial institutions	-	3,897,151	-	-	3,897,151
Investments	74,737,724	(117,850)	-	15,585,406	90,205,280
Advances - performing	61,265,325	3,438,075	4,330,569	36,868,399	105,902,368
Operating fixed assets/intangible assets	-	-	-	2,265,951	2,265,951
Deferred tax assets	36,723	1,503,609	3,448	62,126	1,605,905
Others	4,747,171	248,284	340,373	3,171,777	8,507,605
Total assets	146,997,362	9,297,206	9,342,348	58,143,084	223,779,999
Bills payable	-	-	704,840	-	704,840
Borrowings	-	27,541,540	-	4,765,948	32,307,488
Deposits & other accounts	128,723,957	6,865,278	1,716,319	34,326,388	171,631,942
Others	5,254,959	280,264	70,066	1,401,322	7,006,612
Total liabilities	133,978,916	34,687,082	2,491,226	40,493,659	211,650,882
Equity	13,018,446	(25,389,876)	6,851,122	17,649,425	12,129,117
Total equity & liabilities	146,997,362	9,297,206	9,342,348	58,143,084	223,779,999
Contingencies & commitments	19,853,027	6,770,514	1,265,458	2,334,063	30,223,063

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	2018				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
Profit & loss					
Net mark-up/return/profit	3,287,594	327,439	216,370	1,307,978	5,139,381
Non mark-up / return / interest income	353,550	(1,012,370)	24,283	108,192	(526,345)
Total Income	3,641,144	(684,931)	240,654	1,416,170	4,613,036
Segment direct expenses	2,525,386	715,405	75,981	760,625	4,077,397
Total expenses	2,525,386	715,405	75,981	760,625	4,077,397
Provisions	(14,936)	(98,715)	43,149	(100,460)	(170,962)
Profit before tax	1,130,693	(1,301,621)	121,524	756,005	706,602
Balance sheet					
Cash & bank balances	9,051,401	688,021	6,298,606	18,785	16,056,813
Lendings to financial institutions	-	7,695,642	-	-	7,695,642
Investments	90,491,491	1,518,261	-	2,223,487	94,233,239
Net advances	54,109,118	1,977,368	4,253,967	34,671,450	95,011,903
Operating fixed assets/intangible assets	-	-	-	2,295,272	2,295,272
Deferred tax assets	1,640,876	(3,184)	3,448	116,311	1,757,451
Others	3,168,513	89,272	220,290	2,566,587	6,044,663
Total assets	158,461,399	11,965,380	10,776,311	41,891,892	223,094,983
Bills payable	-	-	895,126	-	895,126
Borrowings	-	30,293,843	-	4,548,271	34,842,114
Deposits & other accounts	128,375,667	6,846,702	1,711,676	34,233,511	171,167,556
Others	3,364,202	179,424	44,856	897,120	4,485,603
Total liabilities	131,739,869	37,319,969	2,651,658	39,678,902	211,390,399
Equity	26,721,530	(25,354,590)	8,124,654	2,212,990	11,704,584
Total equity & liabilities	158,461,399	11,965,379	10,776,312	41,891,892	223,094,983
Contingencies & commitments	18,769,612	3,206,101	2,646,165	4,883,341	29,505,219

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

32.2 Segment details with respect to geographical locations

Geographical segment analysis

	2019				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
Profit before tax					
In Pakistan	41,979	(252,842)	58,516	496,985	344,638
Outside Pakistan	-	-	-	-	-
	<u>41,979</u>	<u>(252,842)</u>	<u>58,516</u>	<u>496,985</u>	<u>344,638</u>
Total assets					
In Pakistan	146,997,362	9,297,206	9,342,348	58,143,084	223,779,999
Outside Pakistan	-	-	-	-	-
	<u>146,997,362</u>	<u>9,297,206</u>	<u>9,342,348</u>	<u>58,143,084</u>	<u>223,779,999</u>
Net assets employed					
In Pakistan	13,018,446	(25,389,876)	6,851,122	17,649,425	12,129,117
Outside Pakistan	-	-	-	-	-
Total equity & liabilities	<u>13,018,446</u>	<u>(25,389,876)</u>	<u>6,851,122</u>	<u>17,649,425</u>	<u>12,129,117</u>
Contingencies & commitments	<u>19,853,027</u>	<u>6,770,514</u>	<u>1,265,458</u>	<u>2,334,063</u>	<u>30,223,063</u>
	2018				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
Profit before tax					
In Pakistan	1,130,694	(1,301,621)	121,524	756,005	706,601
Outside Pakistan	-	-	-	-	-
	<u>1,130,694</u>	<u>(1,301,621)</u>	<u>121,524</u>	<u>756,005</u>	<u>706,601</u>
Total assets					
In Pakistan	158,461,399	11,965,380	10,776,311	41,891,892	223,094,983
Outside Pakistan	-	-	-	-	-
	<u>158,461,399</u>	<u>11,965,380</u>	<u>10,776,311</u>	<u>41,891,892</u>	<u>223,094,983</u>
Net assets employed					
In Pakistan	26,721,530	(25,354,590)	8,124,654	2,212,990	11,704,584
Outside Pakistan	-	-	-	-	-
	<u>26,721,530</u>	<u>(25,354,590)</u>	<u>8,124,654</u>	<u>2,212,990</u>	<u>11,704,584</u>
Contingencies & commitments	<u>18,769,612</u>	<u>3,206,101</u>	<u>2,646,165</u>	<u>4,883,341</u>	<u>29,505,219</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2019

33 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its majority shareholders (Government of Khyber Pakhtunkhwa and Ismail Industries Limited), associates, directors, key management personnel, staff retirement benefit plan and other related parties.

Banking transactions with related parties are carried out in the normal course of business at agreed terms. Contribution to and accruals in respect of staff retirement benefit plan are made in accordance with actuarial valuations. Remuneration to the executives are determined in accordance with terms of their appointments.

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

	2019					2018				
	Directors	Key management personnel	Associate	Employee Funds		Directors	Key management personnel	Associate	Employee Funds	
	Rupees in '000									
Advances										
Opening balance	-	276,454	-	-	-	-	260,785	-	-	-
Addition during the year	-	37,803	-	-	-	-	73,501	-	-	-
Repaid during the year	-	34,626	-	-	-	-	57,832	-	-	-
Closing balance	-	279,631	-	-	-	-	276,454	-	-	-
Provision held	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	43,817	29,951	23,878	-	-	26,773	21,546	1,960,438	-
Received during the year	-	86,864	2,055	107,160	-	-	330,924	38,136	1,079,463	-
Withdrawn during the year	-	103,412	2,878	103,099	-	-	313,882	29,731	860,523	-
Closing balance	-	27,269	29,128	27,939	-	-	43,815	29,951	2,179,378	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Accrued markup	-	-	-	-	-	-	1,119,447	842,314	1,524,050	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)FOR THE THREE MONTHS
ENDED MARCH 31, 2019

	2019				2018			
	Directors	Key management personnel	Associate	Employee Funds	Directors	Key management personnel	Associate	Employee Funds
	Rupees in '000							
Income								
Mark-up / return / interest earned	-	4,392	-	-	-	7,244	-	-
Expense								
Mark-up / return / interest paid	-	1,258	842	59,798	-	1,598	1,281	134,641
Operating expenses	6,237	238,017	-	-	35,096	410,279	-	-

33.1 Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the GoKP and its related entities however, it is impracticable to disclose these transactions. Such transactions include deposits from and provision of other banking services to such departments and entities.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	2019	2018
	Rupees in '000	
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,002,524	10,002,524
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	9,872,533	9,587,071
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	9,872,533	9,587,071
Eligible tier 2 capital	38,005	35,851
Total eligible capital (Tier 1 + Tier 2)	9,910,538	9,622,922
Risk weighted assets (RWAs):		
Credit risk	59,095,751	55,368,559
Market risk	12,626,521	12,766,137
Operational risk	10,259,721	10,259,721
Total	81,981,993	78,394,417
Common equity tier 1 capital adequacy ratio	12.04%	12.23%
Tier 1 capital adequacy ratio	12.04%	12.23%
Total capital adequacy ratio	12.09%	12.28%
National minimum capital requirements prescribed by SBP.		
CET1 minimum ratio	6.00%	6.00%
ADT-1 minimum ratio	1.50%	1.50%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital conservaton buffer (CCB- consisting of CET1 only)	1.90%	1.90%
Total capital plus CCB	11.90%	11.90%
Leverage Ratio (LR):		
Eligible tier-1 capital	9,872,533	9,587,071
Total exposures	255,994,226	263,853,741
Leverage ratio	3.86%	3.63%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	58,836,101	60,817,347
Total net cash outflow	53,618,757	55,418,370
Liquidity coverage ratio	109.75%	109.74%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	113,178,209	116,343,436
Total required stable funding	104,616,333	97,573,326
Net stable funding ratio	108.18%	119.24%

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

35

ISLAMIC BANKING BUSINESS

The Bank is operating 84 (2018: 84) Islamic banking branches and 39 (2018: 39) Islamic banking windows as at March 31, 2019.

		Un-Audited	Audited
	Note	2019	2018
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		3,040,418	4,222,345
Balances with other banks		1,199,846	1,629,801
Due from financial institutions	35.1	2,831,347	2,000,000
Investments	36	12,606,908	10,573,630
Islamic financing and related assets - net	37	39,219,473	35,466,569
Fixed assets		259,205	280,407
Intangible assets		5,845	5,845
Other assets		4,028,017	867,932
Total Assets		63,191,059	55,046,528
LIABILITIES			
Bills payable		229,112	336,698
Due to financial institutions		6,200,000	1,500,000
Deposits and other accounts	38	43,926,438	45,894,040
Due to head office		3,286,839	1,078,829
Other liabilities		4,178,290	1,168,152
		57,820,679	49,977,718
NET ASSETS		5,370,379	5,068,810
REPRESENTED BY			
Islamic banking fund		460,000	460,000
Reserves		24,855	44,855
(Deficit) / surplus on revaluation of assets		(17,250)	(34,432)
Unappropriated profit		4,902,774	4,598,387
		5,370,379	5,068,810
CONTINGENCIES AND COMMITMENTS	39		

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

The profit and loss account of the Bank's Islamic banking branches for the three months ended March 31, 2019 is as follows:

		Un-Audited	Un-Audited
		2019	2018
	Note	Rupees in '000	
Profit / return earned	40	1,318,371	790,897
Profit / return expensed	41	484,387	336,252
Net profit / return		833,984	454,645
OTHER INCOME			
Fee and commission income		20,726	20,945
Foreign exchange income		9,277	13,075
Gain/(loss) on securities		4,928	-
Other income		13,634	12,127
		48,565	46,147
		882,549	500,792
OTHER CHARGES			
Operating expenses		374,651	359,002
Other charges		9,064	-
		383,715	359,002
Profit before provisions		498,834	141,790
Provisions and write offs		(161)	(20,089)
Profit before taxation		498,995	161,879
Taxation		194,608	56,658
Profit after taxation		304,387	105,221

34

Call lendings
Bai muajjal receivable from State Bank of Pakistan

2019

Federal Government Securities:

Rupees in '000

Federal Government Securities:

2019

jarah

Gross Islamic financing and related assets

Less: provision against Islamic financings

Islamic financing and related assets - net of provision

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2019

38	Deposits						
		2019		2018			
		In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
		Rupees in '000					
	Customers						
	Current deposits	21,626,438	114,738	21,741,176	21,410,380	322,813	21,733,193
	Savings deposits	19,778,633	-	19,778,633	21,850,673	-	21,850,673
	Term deposits	2,406,397	-	2,406,397	2,309,946	-	2,309,946
		43,811,468	114,738	43,926,206	45,570,999	322,813	45,893,812
	Financial Institutions						
	Savings deposits	232	-	232	228	-	228
		43,811,700	114,738	43,926,438	45,571,227	322,813	45,894,040
				2019			
				Rs in '000			
	Contingencies and commitments						
	-Guarantees			4,011,457		4,608,139	
	-Commitments			1,405,411		1,500,966	
				5,416,868		6,109,105	
	Profit/return earned offinancing, investments and placement						
	Profit earned on:						
	Financing			995,402		619,160	
	Investments			322,634		170,252	
	Placements			335		1,485	
				1,318,371		790,897	

39	Contingencies and commitments				
	-Guarantees		4,011,457		4,608,139
	-Commitments		1,405,411		1,500,966
			5,416,868		6,109,105
40	Profit/return earned offinancing, investments and placement				
	Profit earned on:				
	Financing		995,402		619,160
	Investments		322,634		170,252
	Placements		335		1,485
			1,318,371		790,897

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2019

	2019	2018
	Rupees in '000	
41 Profit on deposits and other dues expensed		
Deposits and other accounts	362,331	133,191
Due to Financial Institutions	122,056	203,061
	484,387	336,252
42 Islamic banking business unappropriated profit		
Opening balance	4,598,387	4,094,931
Add: Islamic banking profit for the year	498,995	825,338
Less: Taxation	194,608	321,882
Less: Reserves	-	-
Closing balance	4,902,774	4,598,387
43 GENERAL		

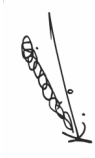
43.1 Date of authorization for issue

This condensed interim financial information was authorised for issue on May 24, 2019 by the Board of Directors of the Bank.

43.2 Profit equalization reserve

The profit equalization reserves amounting to Rs. 24.855 million (2018: Rs. 44.855 million) classified in other liabilities, which has been presented as reserves in note 35.


Chief Financial Officer


Managing Director


Director


Director


Director



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