

LET'S PULL TOGETHER FOR  
GREENER  
PAKISTAN



National Bank of Pakistan  
نیشنل بینک آف پاکستان

HALF YEARLY REPORT  
JUNE 2019



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## CORPORATE INFORMATION

### Board of Directors

Chairman	Zubyr Soomro
President / CEO	Arif Usmani
Directors	Muhammad Naeem Farid Malik, CFA Muhammad Sohail Rajput Sadaffe Abid Tawfiq A. Hussain Zafar Masud Imam Bakhsh Baloch

### Audit Committee

Chairman	Muhammad Naeem Muhammad Sohail Rajput Tawfiq A. Hussain
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### Auditors

Deloitte Yousuf Adil Chartered Accountants
Grant Thornton Anjum Rahman Chartered Accountants

### Legal Advisors

Mandviwalla & Zafar Advocates & Legal Consultants
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### Registered & Head Office

NBP Building I.I. Chundrigar Road, Karachi, Pakistan.
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### Registrar & Share Registration Office

CDC Share Registrar Services Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shara-e-Faisal Karachi-74400, Pakistan. 111-111-500
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### Website

<a href="http://www.nbp.com.pk">www.nbp.com.pk</a>
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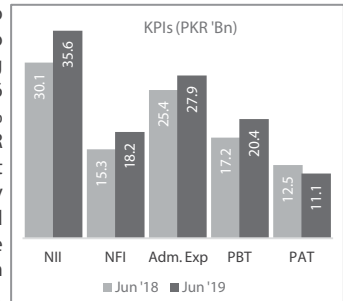
# Directors' Report to the Shareholders

## Standalone Financial Statements of the Bank

On behalf of the Board of Directors, we are pleased to present the financial statements of National Bank of Pakistan "the bank" for the half-year ended June 30, 2019.

### Key Highlights:

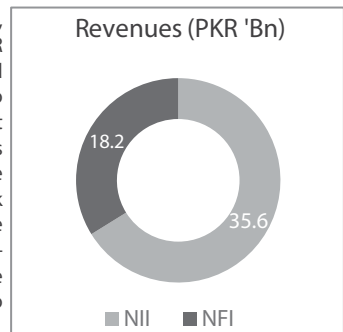
For the period under review, overall revenues of the bank amounted to PKR 53.77 billion which is highest in the banking industry and is also 18.4% higher than the bank's total revenues for the corresponding period last year. While net interest income (NII) closed at PKR 35.56 billion, non-fund income (NFI) closed at PKR 18.20 billion, up by 18.0% and 19.3% respectively. Total assets of the bank amounted to PKR 2,863.95 billion which is 2.3% higher than PKR 2,798.57 billion as at December 31, 2018. This represents 13.8% of the banking industry total assets. The bank's market share in deposits, advances and investment is around 14%, 12%, and 15% respectively. Strength of the bank's balance sheet is driven by the wide market outreach and branch banking network where the focus is on low-cost deposit mobilization.



For the half-year ended June 30, 2019, the bank's profit before provisions amounted to PKR 25.88 billion being 29.5% higher than PKR 19.98 billion for the corresponding period last year. The bank's profit before taxation amounted to PKR 20.39 billion as against PKR 17.16 billion for the corresponding period of 2018, registering an increase of 18.8%. After-tax profit for the six-months period under review amounted to PKR 11.10 billion being 11.1% lower than PKR 12.49 billion earned during the corresponding period of 2018. The drop in after-tax profit is mainly attributed to the higher taxation charge of 46% as compared to 27% for the corresponding period last year. This represents after-tax return on average assets (RoA) of 0.8% (Dec '18 : 0.8%), and translates into pre-tax and after-tax return on average equity of 26.6% (June '18 : 25.9%) and 14.5% (June '18 : 18.9%) respectively. Earnings per share amounted to PKR 5.22 as against PKR 5.87 for the corresponding half-year ended June 30, 2018.

### Profit & Loss Account:

Mark-up/interest income: During the six-months period under review, the bank earned total mark-up/ interest income amounting to PKR 97.69 billion which is 47.1% higher than PKR 66.41 billion earned during the corresponding period last year. This growth is attributed to the increase in discount rate as well as a volumetric growth in interest earning assets during the period. During the period gross advances averaged at PKR 1,047.47 billion, being 21.1% higher than the corresponding period. The bank's average corporate loan book expanded by 24.4%, averaging at PKR 550.18 billion in H1'19. While average Islamic finances increased by 28.3%, average commercial/retail loans registered an increase of 16.3% as compared to that of June 30, 2018. Interest income earned on loans and advances amounted to PKR 48.5 billion with a 57.7% growth over June 2018.



The recent rise in return on government securities has made a considerable contribution towards higher interest income of the bank. Interest income on investments & placements amounted to PKR 44.44 billion

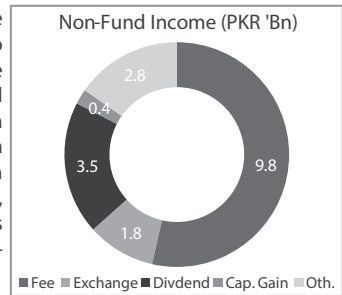


and PKR 3.88 billion respectively, showing an increase of PKR 9.63 billion (27.7%) and PKR 3.32 billion (584.7%) respectively against that of June 30, 2018.

On the back of increased deposits and higher profit rates thereon, the bank's mark-up/interest expense also increased during the period and amounted to PKR 62.13 billion being 71.3% higher than PKR 36.3 billion for half year ended June 30, 2018. This includes cost of deposit amounting to PKR 47.1 billion which is 81.9% higher than PKR 25.9 billion for the corresponding period last year. Despite a substantial increase of 575bps in discount rate over the last one year, cost of deposits was maintained at 5.6% (Jun '18: 3.38%) and total cost of funds stood 6.4% compared to 4.0% for the corresponding period last year. Average deposits grew by 6.4% from PKR 1,830.44 billion in H1'18 to PKR 1,947.44 billion in H1'19.

Net mark-up/interest income stood at PKR 35.56 billion, being 18.0% higher against PKR 30.14 billion earned during the corresponding period last year.

**Non mark-up/interest income:** For the half-year under review, the bank's non-mark-up / interest income (NFI) also increased by 19.3% to PKR 18.20 billion as against PKR 15.25 billion earned during the corresponding period last year. NFI constitutes 33.9% share of total operating income of the bank for the period under review. Despite a tough market competition, the bank has improved its earnings from fee & commission by 9.3% to PKR 9.84 billion. This is achieved through strong momentum across general banking services, debit card, bancassurance, home remittances and advisory fee. A slight drop is however observed in commission income on government transactions during the period.



Complementing objectives of the government and SBP, the bank is aggressively promoting home remittances through banking channels. This has considerably increased the bank's market share in home remittances business as transaction volumes and remittances grew by 29% and 19% respectively from June '18 reaching to an all-time high of USD 1,252 million in H1'19 translating into market share of 11.6%. Also, income from dealing in foreign exchange has increased by 104.6% to PKR 3.52 billion. This is attributed to an active buildup in FX volumes, sharp increase in the USD/PKR forward premium and proactive management of trading positions amidst volatility in the currency markets.

Dividend income for the period is also higher by 53.2% and amounted to PKR 1.73 billion as against PKR 1.13 billion for the half year ended June 30, 2018. The increase is mainly attributed to dividend on account of Bank AlJazira (KSA) in which NBP has 3.7% shareholding. Given the lacklustre performance of the stock market, the bank's gain from sales & redemption on securities for the period under review has dropped to PKR 342.0 million as compared to PKR 2.44 billion earned during the corresponding half-year of prior year.

**Provisions & Loan Losses:** Net provision expense for the period under review amounted to PKR 5.49 billion as against PKR 2.82 billion for the corresponding six-months period of 2018. Provision charge against advances stood at PKR 2,742.4 million, being PKR 574.5 million higher from corresponding period last year. Provision charge against investment stood at PKR 2,384.1 million compared to PKR 313.6 million for the corresponding period last year. This is mainly on account of impairment against equity portfolio due to lacklustre performance of PSX.

**Expense Management:** The bank continues to work on its operating costs and achieved an improved cost-to-income ratio. An increased focus on operational efficiencies and enhanced internal controls is expected to benefit the institution. Administrative expenses for the half-year under review amounted to PKR 27.80 billion, being 9.4% higher against PKR 25.41 billion for the corresponding half-year of 2018. Total compensation expenses increased by 5.5% to PKR 18.40 billion.

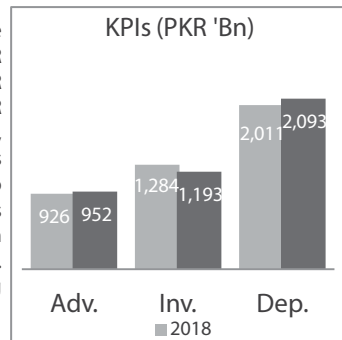


While Other operating expenses increased by 15.3% to PKR 4.51 billion, excluding the impact of PKR 620.0 million paid on account of deposit protection premium that was not in effect in H1'18, these expenses closed flat on a year on year basis. Expenses remained well controlled within the approved budget, and the periodic growth observed is in line with the industry norms. As the bank is taking effective measure for efficiently managing its administrative expenses, overall operating expenses to gross income as an efficiency indicator stands improved to 52% against 57% for 2018.

### Balance Sheet Review:

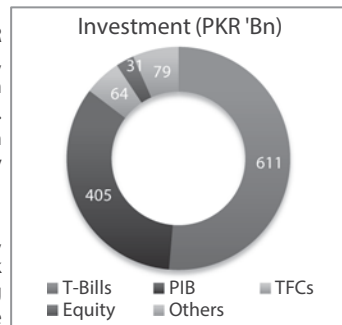
As of June 30, 2019 total assets of the bank amounted to PKR 2,863.95 billion which is 2.3% higher than PKR 2,798.57 billion as at December 31, 2018. These represent 13.8% of the banking industry total assets. Strength of the bank's balance sheet is driven by the wide market outreach and branch banking network where the focus is on low-cost deposit mobilization.

Representing 12.3% of the total industry loans, gross advances of the bank amounted to PKR 1,091.86 billion, marginally higher than PKR 1,059.48 billion as at December 31, 2018. However, compared to PKR 912.64 billion of June 2018, gross advances stand increased by PKR 179.21 billion or 19.6%. Net advances closed at PKR 952.2 billion, representing 33.2% of total assets of the bank. Domestic advances constitute 90.3% of the bank's total loan portfolio and amounted to PKR 985.7 billion (Dec '18: PKR 974.1 billion); whereas overseas loans amounted to PKR 106.1 billion (Dec '18: PKR 85.4 billion). Growth in domestic advances is mainly due to increase in Corporate lending (Rs. 9.0 bn, 1.7%), Advance Salary (Rs. 7.7 bn, 9.6%), Agriculture financing (Rs. 4.1 bn, 8.8%) and Islamic finance (Rs. 2.3 bn, 8.3%).



Given the challenging environment on account of higher interest rates and a sharp decline in exchange rate, non-performing loans stand increased by PKR 7.93 billion of which PKR 3.96 billion pertains to international loans due to exchange rate devaluation. Non-performing loans amounted to PKR 141.29 billion as against PKR 133.36 billion at the end of year 2018. This translates into infection ratio of 12.9% which is slightly higher than 12.6% as of December 31, 2018. NPLs are adequately covered through the provisions as per regulatory requirements. As of June 30, 2019 total provisions amounted to PKR 139.70 billion of which specific provisions amounted to PKR 132.37 billion. Gross NPLs, Net NPLs and provision coverage (on the basis of specific provision) stood at 12.9%, 0.9% and 93.7% respectively as compared to 12.6%, 0.8%, and 94.7% as of Dec '18.

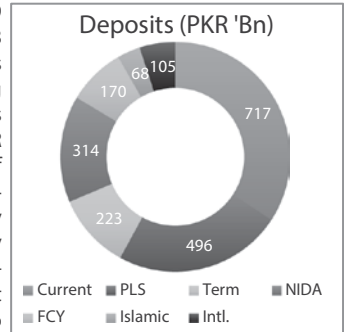
As of June 30, 2019, the bank's investments at cost amounted to PKR 1,190.36 billion as against PKR 1,276.28 billion as of December 31, 2018, registering a decline of PKR 85.9 billion or 6.7% mainly on account reduction in T. Bills that reduced to PKR 611.3 billion. Investments constitute 41.7% of the bank's total assets (45.9% as on December 31, 2018) and 14.75% of the total banking industry investments.



Pursuant to the bank's effective risk and capital management strategy, the bank's investment portfolio is efficiently diversified across zero risk weighted treasury instruments & bonds, high dividend yielding equities and other interest bearing financial instruments. During the period under review, investments averaged at PKR 1,020.0 billion being 5.1% lower than PKR 1,074.6 billion during the corresponding year last year. Given the rising interest rates, the bank is following a strategy of building a short-term portfolio. Annualised yield on investments & placements during the period stand improved to 9.6% as compared to 6.6% for the corresponding period last year.



As of June 30, 2019 deposits of the bank amounted to PKR 2,093.39 billion, higher by PKR 82.01 billion or 4.1% as against PKR 2,011.38 billion as of December 31, 2018. This represents 79.0% of the bank's total liabilities and translates into 13.7% share of total banking industry deposits. Customer deposits that form 84% of the bank's funding pool remained stable during the period and amounted to PKR 1,757.98 billion which is 5.0% higher than PKR 1,674.12 billion as of December, 2018. Average deposits grew by 6.4% from PKR 1,830.44 billion in H1'18 to PKR 1,947.44 billion in H1'19. This was driven by active mobilization of CASA accounts as the average portfolio grew by 12.3% over H1'18 to PKR 1,218.27 billion in H1'19. CASA Ratio (domestic) stands improved from 81.4% at December 31, 2018 to 84.0% at June 30, 2019. In the increasing discount rate environment, the 2.6% increase in the CASA deposits helped in minimising the overall mark-up expense.



### Capital Strength & Adequacy:

The bank seeks to maintain strong capitalization levels to build a solid platform for future business growth. The bank has been designated as "Category-C" Domestic Systemically Important Bank by the State Bank of Pakistan "SBP". Therefore, the bank is required to hold an additional 1.5% loss absorbency surcharge over & above the minimum capital adequacy requirement. Hence, the bank's minimum capital adequacy requirement stands increased from 11.90% in December 2018 to 13.4% effective March 31, 2019. Further, effective March 31, 2020, the bank will be subject to enhanced loss absorbency surcharge of 2.0% in the form of additional common equity tier-1 capital (CET-1). With Common Equity Tier 1 (CET-1) ratio at 12.12% (Dec'18: 12.10%) and overall Capital Adequacy Ratio (CAR) at 15.75% as of June 30, 2019, the bank is compliant with the enhanced regulatory requirement with a buffer of 2.35%.

First priority of the Board is to maintain continuity of the bank's business which is much dependent upon strong capital base of the bank. Given the increasing minimum capital requirements, the bank aims at efficient capital allocation through conservative portfolio growth, quality lending to low-risk customers / sectors, enhanced credit monitoring and de-risking from higher capital allocation avenues.

### Contingency Regarding Pension Case:

Status of the case is same as disclosed in Note # 24.3.4.1 to the Annual Financial Statements for the year ended December 31, 2018. Hearing of the Bank's review petitions against the judgment of the Honourable Supreme Court of Pakistan in said case was last fixed for April 17, 2019; however, it was adjourned.

### Compliance with regulatory matters in USA operations:

In 2016 the bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, Inter-alia, requires the bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and allocation of adequate resources to ensure full compliance with such requirements. The bank's management continues to address the matters highlighted in the written agreement and in the subsequent inspections, and get them independently validated. The bank seeks to comply with all laws and regulations.

This heightened attention to compliance is expected across its international franchise which will also gain from the development and implementation of an integrated strategy.



### Appropriation of Profit:

Profit for the half-year ended June 30, 2019 after carry forward of accumulated profit of 2018 is proposed to be appropriated as follows:

	(PKR Million)
Profit before tax for the half-year ended June 30, 2019	20,385
Taxation:	
- Current	8,857
- Prior Year	1,057
- Deferred	(630)
	<u>9,284</u>
Profit after tax for the half-year ended June 30, 2019	11,101
Un-appropriated profit brought forward	72,333
Other comprehensive income - net of tax	(172)
Transfer from surplus on revaluation of fixed assets	120
Profit available for appropriations	<u>83,382</u>
Transfer to Statutory Reserve (10% of after-tax profit)	1,110
Un-appropriated profit carried forward	<u>82,271</u>

### Economic Environment:

Overall, 2019 has been a challenging year for the country's economy as the trade imbalance and fiscal deficit subdued the growth momentum. PKR-USD parity eroded from Rs. 138.9 / USD at Dec '18 to Rs. 160.1 / USD at the end of Jun '19, a depreciation of 15% year to date, 53% over the last two years. To address the inflationary pressures, the SBP in May '19 raised the discount rate by 1.5%, followed by another 1.0% rate hike in Jul '19 to reach at 13.25%.

However, recent macroeconomic fundamentals indicate improvement as the outlook for external financing has strengthened with disbursement of the first tranche associated with the IMF extended fund facility, and other commitments of support from multilateral and bilateral partners. The program is also expected to pave the way for financing from other multi-lateral agencies and facilitating Pakistan's access to international bond markets. External conditions have also shown improvement with a sizeable reduction in the current account deficit which fell by 29.3% to US\$ 12.7 billion in Jul-May FY19 as compared to US\$ 17.9 billion during the same period last year. The Government of Pakistan has passed a FY20 budget that seeks to improve fiscal sustainability by focusing on revenue measures to widen the tax base, re-build reserves, reform the energy sector and improve the efficiency of state owned enterprises.

In the prevailing economic environment, the country's banking sector is expected to benefit from higher interest rates. However, the high discount rate environment and inevitable inflationary pressures are likely to have an adverse impact on both credit demand and asset quality.

### Credit Rating:

The bank's credit rating is carried out by both, the JCR-VIS and PACRA credit rating agencies. In June 2019, they both reaffirmed the bank's credit rating at 'AAA/A-1+' (Triple A/A-One Plus) with a 'Stable' Outlook.





### **Outlook:**

In its 70th year of service to the Nation, the bank is committed to delivering strong results. Its business strategy is evolving to ensure a focus on its "National Role" through reaching and supporting underserved sectors including SME, Microfinance, Agriculture Finance, and finance for Micro-Housing, all being developed with the highest standards. This is in addition to its dominant role in dealing with the public sector and its employees. Building a digital banking capability and a technology platform will be a central part of this strategy as will the development of a performance driven culture within the institution.

### **Acknowledgement & Appreciation:**

We would like to take this opportunity to acknowledge & appreciate the contributions of the Directors for their leadership & guidance in building a sustainable platform for growth. We also appreciate the role played by the Bank's employees who performed resolutely throughout the year under challenging conditions.

For and on behalf of the Board of Directors

**Arif Usmani**  
President & CEO  
Karachi  
Date: August 28, 2019

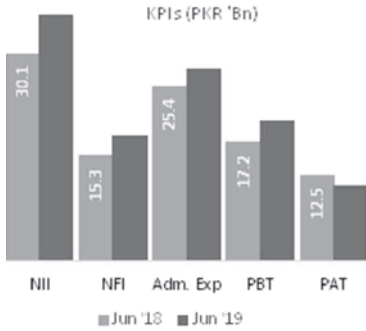
**Zubyr Soomro**  
Chairman



## ڈائریکٹرز رپورٹ برائے حصص یافتگان بینک کے مالیاتی گوشوارے کا خلاصہ

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2019 کو ختم ہونے والی ششماہی کے لیے نیشنل بینک آف پاکستان "دی بینک" کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### اہم جھلکیاں:



زیر جائزہ عرصہ میں بینک کی مجموعی آمدنی 53.77 ارب روپے رہی جو کہ ملک کی بینکنگ انڈسٹری میں سب سے زیادہ ہے اور یہ آمدنی پچھلے سال کے اسی عرصے میں ہونے والی بینک کی آمدنی سے 18.4 فیصد زیادہ ہے۔ جبکہ خالص سودی آمدنی (NII) 35.56 ارب روپے پر بند ہوئی، نان فنڈز انکم (NFI) 18.20 ارب روپے پر بند ہوئی۔ ان میں بالترتیب 18.0 فیصد اور 19.3 فیصد اضافہ ہوا۔ بینک کے مجموعی اثاثوں کی کل مالیت 2,863.95 ارب ہے جبکہ 31 دسمبر 2018 کو اثاثوں کی مالیت 2,798.57 ارب روپے تھی اس طرح اثاثوں کی مالیت میں 2.3 فیصد اضافہ ہوا۔ یہ بینکنگ انڈسٹری کے اثاثوں کی مالیت کے 13.8 فیصد کی نمائندگی کرتی ہے۔ ڈیپازٹس دیئے گئے قرضوں اور سرمایہ کاری میں بینک کا مارکیٹ شیئر بالترتیب 14 فیصد، 12 فیصد اور 15 فیصد کے قریب ہے۔ بینک کی بیلینس شیٹ کو طاقت اس کی وسیع پہنچ اور برانچ نیٹ ورک سے ملتی ہے جہاں توجہ کم لاگت کے ڈیپازٹس جمع کرنے پر مرکوز ہے۔

30 جون 2019 کو ختم ہونے والی ششماہی کے لیے پرویزن سے پہلے کا منافع 25.88 ارب روپے رہا جو کہ پچھلے سال کے اسی عرصے کے منافع 19.98 ارب روپے سے 29.5 فیصد زیادہ ہے۔ بینک کا قبل از ٹیکس منافع 20.39 ارب جو کہ 2018 کے اسی عرصے میں ہونے والے 17.16 ارب روپے کے منافع کے مقابلے میں 18.8 فیصد زیادہ ہے۔ زیر جائزہ ششماہی میں بعد از ٹیکس منافع 11.10 ارب روپے رہا جو کہ 2018 کے اسی عرصے کے دوران ہونے والے 12.49 ارب روپے کے منافع سے 11.1 فیصد کم ہے۔ بعد از ٹیکس منافع میں یہ کمی ٹیکس کی شرح میں اضافے کی وجہ سے ہے جو کہ پچھلے سال کے اسی عرصے میں 27 فیصد تھا اور اب بڑھ کر 46 فیصد ہو گیا ہے۔ اس کے نتیجے میں اوسط اثاثے پر بعد از ٹیکس آمدنی (ROA) 0.8 فیصد ہو گئی (دسمبر 2018: 0.8 فیصد)، اور اسی طرح قبل از ٹیکس اور بعد از ٹیکس ریٹرن آن ایکٹیوٹی بالترتیب 26.6 فیصد (جون 2018: 25.9 فیصد) اور 14.5 فیصد (جون 2018: 18.9 فیصد) ہو گئی۔ فی شخص آمدنی 5.22 روپے ہو گئی جو کہ 30 جون 2018 کو ختم ہونے والے اسی عرصے کے لیے 5.87 روپے تھی۔

### نفع اور نقصان اکاؤنٹ:

#### Revenues (PKR 'Bn)



مارک اپ/سود سے آمدنی: زیر جائزہ ششماہی میں مارک اپ/سود سے ہونے والی کل آمدنی 97.69 ارب روپے رہی جو کہ پچھلے سال کے اسی عرصے کے دوران ہونے والی 66.41 ارب روپے کی آمدنی سے 47.1 فیصد زیادہ ہے۔ اس اضافے کی بنیادی وجہ ڈیپازٹس اور سود سے کمائی حاصل کرنے والے اثاثوں کے حجم میں اضافہ ہے۔ اس عرصہ میں مجموعی قرضے اوسطاً 1,047.47 ارب روپے رہے جو کہ پچھلے سال کے اسی عرصے کے مقابلے میں 21.1 فیصد زیادہ ہیں۔ بینک کے اوسط کارپوریٹ قرضے کے کھاتے میں 24.4 فیصد کا اضافہ ہو کر 2019 کی پہلی ششماہی میں وہ اوسطاً 550.18 ارب روپے ہو گیا۔ جبکہ اسلاک فنانس میں اضافہ 28.3 فیصد رہا۔ کمرشل/ریٹیل قرضوں میں 30 جون 2018 کے مقابلے میں 16.3 فیصد کا اضافہ نوٹ کیا گیا۔ قرضوں پر سود سے آمدنی جون 2018 کی قرضوں پر سود سے آمدنی میں 57.7 فیصد اضافہ ہو کر 48.5 ارب روپے ہو گئی۔





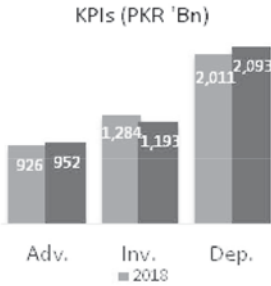
## اخراجات کا انتظام:

بینک مسلسل اپنی بہتر استعداد کار، کاموں میں مطابقت اور بہتر کنٹرول کے ذریعے اپنی آپریٹنگ لاگت پر قابو رکھے ہوئے ہے۔ زیر جائزہ ششماہی میں انتظامی اخراجات 27.80 ارب روپے رہے جو کہ 2018 کے اسی عرصہ کے 25.41 ارب روپے کے اخراجات سے 9.4% فیصد زیادہ ہیں۔ معاوضے پر کل اخراجات 5.5 فیصد اضافے کے بعد بڑھ کر 18.4 ارب روپے ہو گئے۔ جبکہ دیگر آپریٹنگ اخراجات 15.3 فیصد بڑھ کر 4.51 ارب روپے ہو گئے۔ ان میں 620.0 ملین روپے شامل نہیں ہیں جو کہ ڈیپازٹ پروفیکشن پر بینکنگ کی مدد میں ادا کیے گئے، اخراجات کی یہ مدد 2018 کی پہلی ششماہی میں موجود نہیں تھی۔ یہ اخراجات سال بہ سال کی بنیاد پر برابری پر بند ہوئے۔ اخراجات کو بجٹ کے اندر قابو رکھا گیا ہے اور اس عرصہ میں جو اضافہ ہوا ہے وہ انڈسٹری کے معیار کے مطابق ہے۔

جیسا کہ بینک انتظامی اخراجات کو قابو میں رکھنے کے لیے مؤثر اقدامات کر رہا ہے۔ مجموعی آپریٹنگ اخراجات بمقابلہ مجموعی آمدنی کارکردگی کے ایک اشاریہ کے طور پر بہتر ہو کر 52 فیصد ہو گیا ہے جبکہ 2018 میں یہ تناسب 57 فیصد تھا۔

## بیلنس شیٹ کا جائزہ:

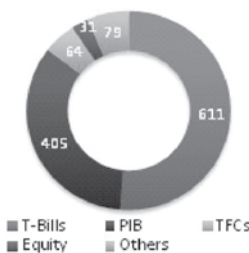
30 جون 2019 کو بینک کے کل اثاثوں کی مالیت 2,863.95 ارب روپے تھی جو کہ 31 دسمبر 2018 کو 2,798.57 ارب روپے سے 2.3 فیصد زیادہ ہے۔ یہ بینکنگ انڈسٹری کے کل اثاثوں کا 13.8 فیصد ہے۔ بینک کی بیلنس شیٹ کو طاقت اس کی وسیع پیمانے پر اور براؤنچ نیٹ ورک سے ملتی ہے جہاں توجہ کم لاگت کے ڈیپازٹس جمع کرنے پر مرکوز ہے۔



بینکنگ انڈسٹری کے کل قرضوں میں 12.3 فیصد حصہ نیشنل بینک کا ہے، بینک کے دینے گئے مجموعی قرضوں کی مالیت 1,091.86 ارب روپے ہے جو کہ 31 دسمبر 2018 کو دینے گئے قرضوں 1,059.48 ارب روپے سے معمولی زیادہ ہے۔ البتہ جون 2018 تک دینے گئے کل قرضوں 912.64 ارب روپے کے مقابلے میں قرضوں میں 179.21 ارب روپے یا 19.6 فیصد اضافہ ہوا ہے۔ دینے گئے خالص قرضوں کی مالیت 952.2 ارب روپے ہے جو بینک کے کل اثاثوں کا 33.2 فیصد ہے۔ بینک کے اندرون ملک دینے گئے قرضے، بینک کے کل قرضوں کا 90.3 فیصد ہیں جو کہ 985.7 ارب روپے ہیں۔ (دسمبر 2018 میں 974.1 ارب روپے) جبکہ بینک کے بیرون ملک دینے گئے قرضوں کی مالیت 106.1 ارب روپے ہے (دسمبر 2018 میں 85.4 ارب روپے) اندرون ملک دینے گئے قرضوں میں اضافہ کارپوریٹ لینڈنگ میں اضافے کی وجہ سے ہے (9.0 ارب روپے، 1.7 فیصد)، ایڈوانس تنخواہ (7.7 ارب روپے، 9.6 فیصد)، زرعی قرضے (4.1 ارب روپے، 8.8 فیصد) اور اسلامک فنانس (2.3 ارب روپے، 8.3 فیصد) بڑھی ہوئی شرح سود اور زرمبادلہ کی شرح تبادلہ میں تیزی سے کمی سے پیدا ہونے والی مشکل صورتحال کی وجہ ڈوبے ہوئے

قرضے 7.93 ارب روپے بڑھ گئے ہیں جن میں 3.96 ارب روپے بیرون ملک قرضے ہیں۔ ڈوبے ہوئے قرضوں کی مالیت 141.29 ارب روپے ہے جبکہ 2018 کے آخر میں یہ مالیت 133.36 ارب روپے تھی۔ اس سے آفیکشن کی شرح 12.9 فیصد ہو گئی ہے جو کہ 31 دسمبر 2018 کو آفیکشن کی شرح 12.6 فیصد سے معمولی زیادہ ہے۔ NPL یا ڈوبے ہوئے قرضوں سے قانونی تقاضوں کے مطابق نمٹا جا رہا ہے اور ان کے لیے کافی گنجائش موجود ہے۔ 30 جون 2019 کو قرضوں کے نقصان سے نمٹنے کے لیے مختص رقم 139.70 ارب روپے تھی جس میں سے 132.37 ارب روپے خصوصی مدت میں رکھے گئے تھے۔ مجموعی ڈوبے ہوئے قرضوں (NPLs)، نیٹ NPLs اور نقصان کے ازالے کے لیے مختص رقم (مختص صورتحال میں) بالترتیب 12.9 فیصد، 0.9 فیصد اور 93.7 فیصد ہے جبکہ دسمبر 2018 میں بالترتیب 12.6 فیصد، 0.8 فیصد اور 94.7 فیصد تھی۔

## Investment (PKR 'Bn)



30 جون 2019 کو بینک کی سرمایہ کاری کی مالیت 1,190.36 ارب روپے تھی جبکہ 31 دسمبر 2018 کو سرمایہ کاری کی مالیت 1,276.28 ارب روپے تھی اس طرح سرمایہ کاری میں 6.7 فیصد کمی کی ہوئی جو کہ بنیادی طور پر ٹریڈری بلز میں کمی کی وجہ سے ہے جو کہ 611.3 ارب روپے رہ گئی ہے۔ سرمایہ کاری بینک کے کل اثاثوں کا 41.7 فیصد ہے (دسمبر 2018 میں یہ اثاثوں کا 45.9 فیصد تھی) اور یہ سرمایہ کاری مجموعی بینکنگ انڈسٹری کی سرمایہ کاری کا 14.75 فیصد ہے۔

بینک کی مؤثر Risk اور سرمائے کے بہتر انتظام کی حکمت عملی پر عمل کرتے ہوئے بینک کا سرمایہ کاری فورٹ فولیو مؤثر انداز میں متنوع رکھا گیا ہے جن میں زیورسک ٹریڈری اسٹرومنٹس اور ہانڈز، زیادہ منافع بخش ایکویٹیز اور دیگر سود دینے والے مالیاتی اسٹرومنٹس شامل ہیں۔ زیر جائزہ عرصہ میں سرمایہ کاری کی اوسط مالیت 1,020.0 ارب روپے رہی جو کہ پچھلے سال کے اسی عرصہ کے دوران 1,074.6 ارب روپے سے 5.1 فیصد کم ہے۔ بڑھتی ہوئی شرح سود کے پیش نظر بینک شارٹ ٹرم Portfolio بنانے کی حکمت عملی پر عمل کر رہا ہے۔ سالانہ بنیاد پر سرمایہ کاری پر منافع بہتر ہو کر 9.6 فیصد ہو گیا ہے جبکہ پچھلے سال کے اسی عرصہ میں یہ 6.6 فیصد تھا۔



Deposits (PKR 'Bn)



30 جون 2019 کو بینک میں ڈیپازٹس کی مالیت 2,093.39 ارب روپے تھی جو کہ 31 دسمبر 2018 کو ڈیپازٹس کی مالیت 2,011.38 ارب روپے سے 82.1 ارب روپے یا 4.1 فیصد زیادہ ہے۔ یہ بینک کے کل واجبات کا 79.0 فیصد ہیں اور بینکنگ انڈسٹری کے کل ڈیپازٹس کا 13.7 فیصد ہیں۔ کسٹمر ڈیپازٹس جو کہ بینک کے کل فنڈنگ پل کا 84 فیصد ہیں، اس عرصے میں مستحکم رہے ہیں اور ان کی مالیت میں 5 فیصد اضافہ ہو کر 1,757.98 ارب روپے ہو گئی ہے جبکہ دسمبر 2018 میں یہ مالیت 1,674.12 ارب روپے تھی۔ اوسط ڈیپازٹس میں 6.4 فیصد اضافہ ہو کر 2019 کی پہلی ششماہی میں یہ 1,947.44 ارب روپے ہو گئے جبکہ 2018 کی پہلی ششماہی میں اوسط ڈیپازٹس 1,830.44 ارب روپے تھے۔ یہ اضافہ CASA کاؤنٹس کو مستعدی سے متحرک کرنے سے ممکن ہوا کیونکہ 2018 کی پہلی ششماہی کے مقابلے میں 2019 کی پہلی ششماہی میں اوسط فورٹ فولیو میں 12.3 فیصد اضافہ ہوا۔ اندرون ملک CASA کے تناسب میں اضافہ ہو کر 30 جون 2019 کو یہ 84.0 فیصد ہو گیا جبکہ 31 دسمبر 2018 کو یہ تناسب 81.4 فیصد تھا۔ بڑھتے ہوئے ڈسکاؤنٹ ریٹ کے ماحول میں CASA ڈیپازٹس میں 2.6 فیصد اضافے سے مجموعی مارک اپ کے اخراجات کو کم رکھنے میں مدد ملی ہے۔

### سرمائے کی مضبوطی اور اس کی وافر مقدار کی دستیابی:

بینک کی کوشش ہوتی ہے کہ وہ ایک مضبوط سرمائے کی سطح برقرار رکھے تاکہ مستقبل میں کاروباری ترقی کے لیے ٹھوس بنیاد فراہم ہو سکے۔ اسٹیٹ بینک آف پاکستان نے نیشنل بینک آف پاکستان کو Domestic Systematically Important Bank کی ”کیٹیگری سی“ قرار دیا ہے اس لیے بینک کی ذمہ داری ہے کہ وہ کم از کم Capital Adequacy Requirement Act کے علاوہ اضافی 1.5 فیصد سرمایہ Loss Absorbency Surcharge کے طور پر محفوظ رکھتا ہے۔ اس کے نتیجے میں 31 مارچ 2019 سے بینک کی کم از کم Adequacy Requirement بڑھ کر 13.4 فیصد ہو گئی ہے۔ جبکہ دسمبر 2018 میں یہ شرح 11.90 فیصد تھی۔ اس کے علاوہ 31 مارچ 2020 سے بینک کو 2.0 فیصد Loss Absorbency Surcharge دینا ہے جو کہ اضافی کاسن ایکویٹی (Tier-1 Capital (CET-1) کی صورت میں ہوگا۔ 30 جون 2019 کو بینک کا (CET-1) Common Equity Tier-1 تناسب 12.12 فیصد ہے (دسمبر 2018: % 12.10 فیصد) اور مجموعی Capital Adequacy Ratio (CAR) کی شرح 15.75 فیصد ہے۔ اس طرح بینک 2.35 فیصد بغیر کے ساتھ تمام قانونی تقاضوں کو پورا کر رہا ہے۔

بورڈ کی پہلی ترجیح بینک کے کاروبار کے تسلسل کو برقرار رکھتا ہے جو کہ بینک کے سرمائے کی مضبوط بنیاد ہے۔ سرمائے کی کم از کم سطح کی برآہمی ہوئی قانونی شرائط کے تناظر میں بینک کی کوشش ہے وہ سرمائے کی موثر انداز میں مختص کرے جن میں پورٹ فولیو میں محتاط اضافہ، کم خطرے (Risk) والے سکیڈز اور کسٹمرز کو معیاری قرض دینا، قرض کی اضافی نگرانی اور بے سرمائے کے راستوں کو مختص کرتے وقت کم خطرہ مول لینا شامل ہیں۔

### چیلن کس میں غیر متوقع صورتحال کی تیاری:

کیس کا آئینس وہی ہے جو 31 دسمبر 2018 کے سالانہ مالیاتی گوشوارے کے نوٹ نمبر 4.1، 24.3 میں بتایا گیا تھا۔ بینک کی عزت نامہ سپریم کورٹ کے فیصلے کے خلاف نظر ثانی کی درخواست 17 اپریل 2019 کے لیے مقرر ہوئی تھی لیکن وہ ملتوی ہو گئی۔

### امریکا میں کاروبار کے لیے قانونی تقاضوں کی تعمیل:

2016 میں بینک اور اس کی نیویارک برانچ نے فیڈرل ریزرو بینک آف نیویارک اور نیویارک اسٹیٹ ڈیپازٹمنٹ آف فنانشل سروسز سے ایک تحریری معاہدہ کیا تھا۔ اس معاہدے کے تحت بینک کو کچھ قانونی تقاضوں اور رسک مینجمنٹ کے معاملات کے تعمیل کرنا ہے جو کہ ایٹنی مینی لانڈرنگ اور معلومات کو ذخیرہ رکھنے سے متعلق امریکی قوانین کی ضرورتوں کو پورا کرنا اور ان کو پورا کرنے کے لیے مطلوبہ نظام ترتیب دینا اور مطلوبہ وسائل فراہم کرنا تاکہ ان تقاضوں کی تعمیل ہو سکے۔ بینک کی انتظامیہ تحریری معاہدے میں اٹھائے گئے معاملات پر عمل درآمد کے لیے مسلسل کام کر رہی ہے۔ نتیجے کے طور پر معائنے اور ان کی آزادانہ تصدیق کے لیے کام ہو رہا ہے۔ بینک تمام قوانین اور ضابطوں کی پابندی کرنا چاہتا ہے۔

قوانین اور ضابطوں پر بھرپور توجہ تمام بین الاقوامی کاروبار میں متوقع ہے جس کو منظم حکمت عملی کی تیاری اور اس پر عمل درآمد سے فائدہ ہوگا۔



## منافع کا تصرف:

30 جون 2019 کو ختم ہونے والی ششماہی کے منافع اور 2018 کے غیر تصرف شدہ منافع (جس کو سامنے لایا گیا ہے) کو درج ذیل امداد میں تصرف میں لانے کی تجویز ہے۔

ملین پاکستان روپے

20,385

30 جون 2019 کو ختم ہونے والی ششماہی کے لیے قبل از ٹیکس منافع

ٹیکیشن:

8,857

- موجودہ

1,057

- گزشتہ سال

(630)

- مؤخر شدہ

9,284

11,101

30 جون 2019 کو ختم ہونے والی ششماہی کے لیے بعد از ٹیکس منافع

72,333

غیر تصرف شدہ، سامنے لایا جانے والا منافع

(172)

دیگر جامع آمدنی - بعد از ٹیکس

120

اثاثوں کی نظر ثانی شدہ قدر پر ذخائر سے منتقلی

83,382

تصرف کے لیے دستیاب منافع

1,110

قانونی ذخائر میں منتقلی (بعد از ٹیکس منافع کا 10 فیصد)

82,271

غیر تصرف شدہ سامنے لایا جانے والا منافع

## معاشی صورتحال:

جموئی طور پر 2019 ملک کی معیشت کے لیے ایک شکل سال رہا ہے۔ کیونکہ تجارتی عدم توازن اور مالیاتی خسارے نے ترقی کی رفتار مدہم کر دی ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر برقرار نہ رہ سکی۔ (دسمبر 2018 میں ایک امریکی ڈالر کی قدر 138.9 روپے تھی جو جون 2019 کے آخر میں 160.1 روپے فی ڈالر ہو گئی۔ اس سال اب تک روپے کی قدر میں 15 فیصد کمی آ چکی ہے، پچھلے دو سالوں میں یہ کمی 53 فیصد ہو گئی ہے۔ مہنگائی کے دباؤ کو کم کرنے کے لیے اسٹیٹ آف پاکستان نے مئی 2019 میں ڈسکاؤنٹ ریٹ میں 1.5 فیصد اضافہ کر دیا، جولائی 2019 میں مزید ایک فیصد اضافے کے بعد ڈسکاؤنٹ ریٹ 13.25 فیصد ہو گیا۔

البتہ، حال ہی میں پاکستان کے بنیادی معاشی اشاریوں میں بہتری کے آثار نظر آئے ہیں جیسا کہ بیرون ملک فنانشنگ سے معاشی صورتحال مضبوط ہوئی ہے اور بیرونی فنانشنگ میں IMF کی طرف سے Extended Fund Facility اور دیگر کثیر الجہتی اور دو طرفہ شراکت داروں کی طرف سے وعدے شامل ہیں۔ اس پروگرام سے توقع ہے کہ دوسرے کثیر الجہتی اداروں کی طرف سے فنانشنگ کی راہ ہموار ہوگی اور پاکستان کے لیے بین الاقوامی بانڈ مارکیٹس تک رسائی کے لیے دروازے کھلیں گے۔ کچھ دن پہلے ہی بیرونی حالات میں بھی بہتری آئی ہے، کرنٹ اکاؤنٹ خسارے میں قابل ذکر کمی آئی ہے۔ کرنٹ اکاؤنٹ خسارے میں 29.3 فیصد کمی کے بعد یہ خسارہ مالی سال 2019 (جولائی تا مئی) 12.7 ارب امریکی ڈالر رہ گیا ہے جبکہ پچھلے اسی عرصے میں یہ خسارہ 17.9 ارب امریکی ڈالر تھا۔

حکومت پاکستان نے مالی سال 2019-20 کا بجٹ منظور کیا ہے جس میں مالی استحکام میں بہتری لانے کے لیے ٹیکس دہندگان کی تعداد میں اضافے کے اقدامات، زرمبادلہ کے ذخائر بڑھانے، توانائی کے شعبے میں اصلاحات اور سرکاری کاروباری اداروں کی کارکردگی میں بہتری لانے پر توجہ دی گئی ہے۔

موجودہ معاشی صورتحال میں ملک کے بینکنگ سیکٹر کو اونچی شرح سود سے فائدہ ہوگا۔ تاہم اونچے ڈسکاؤنٹ ریٹ سے قرضوں کی طلب اور قرضوں کے معیار پر کچھ برا اثر پڑ سکتا ہے۔

## کریڈٹ ریٹنگ:

بینک کی کریڈٹ ریٹنگ دونوں کریڈٹ ریٹنگ ایجنسیز JCR-VIS اور PACRA کرتی ہیں۔ جون 2019 میں دونوں نے بینک کی کریڈٹ ریٹنگ "AAA/A-1+" (ٹرپل اے/اے ون پلس) کی دوبارہ تصدیق کی اور آؤٹ لک کو مستحکم قرار دیا ہے۔



## آڈٹ لک:

قوم کی خدمت کے 70 ویں سال میں بینک اچھے نتائج دینے کے لیے پرعزم ہے۔ بینک کی کاروباری حکمت عملی اس کے ”قومی کردار“ کو یقینی بنانے کے لیے ارتقا پذیر ہے اور وہ اپنی خدمات ان شعبوں تک پہنچانے اور ان کی مدد کرنے پر مرکوز کیے ہوئے ہے جن کو اب تک بینکنگ کی خدمات تک پوری طرح رسائی نہیں تھی۔ ان شعبوں میں SMEs، مائیکرو فنانس (چھوٹے قرضوں کی فراہمی) زرعی قرضے اور چھوٹے گھروں کی تعمیر کے لیے قرضوں کی فراہمی شامل ہیں جن کو اعلیٰ ترین معیار کے ساتھ بڑھایا جا رہا ہے۔ بینک کا یہ کردار اس مرکزی (غالب) کردار سے الگ اور اضافی ہے جو اس کو حکومتی شعبوں اور حکومتی ملازمین کے لیے حاصل ہے۔ ڈیجیٹل بینکنگ کی صلاحیت کو بڑھانا اور ٹیکنالوجی پلیٹ فارم کو استعمال کرنا بینک کی حکمت عملی کا مرکزی حصہ ہوں گے جن کے ساتھ ادارے میں کارکردگی کی بنیاد پر ترقی کے کلچر کو فروغ دیا جائے گا۔

## اعتراف اور داؤد خستین:

اس موقع پر ہم ترقی کے لیے ناپیدار پلیٹ فارم تیار کرنے میں ڈائریکٹرز کی طرف سے قائدانہ رہنمائی کرنے اور اعانت فراہم کرنے پر ان کی خدمات کا اعتراف کرتے ہیں اور ان کو داد خستین دیتے ہیں۔ ہم بینک کے ملازمین کی بھی تعریف کرنا چاہتے ہیں جنہوں نے سارا سال مشکل حالات میں ثابت قدمی سے خدمات انجام دیں۔

## اعتراف اور تعریف:

اس موقع پر ہم بینک کی کامیابی اور صحت مندانہ ترقی کے لیے ڈائریکٹرز کی طرف سے قائدانہ رہنمائی کرنے اور اعانت فراہم کرنے پر ان کی خدمات کا اعتراف کرتے ہیں اور سہراتے ہیں۔ ہم بینک کے ملازمین کی بھی تعریف کرتے ہیں جنہوں نے سارا سال مشکل حالات میں ثابت قدمی سے خدمات انجام دیں اور پاکستان کی سماجی و معاشی ترقی کے لیے بینک کے کردار کو اس کی اصل صلاحیت تک استعمال کیا اور اپنا کردار ادا کیا۔

منجانب اور یوز ڈ آف ڈائریکٹرز کے لیے

عارف عثمانی

صدر اور سی ای او

کراچی

مورخہ 28 اگست 2019

ذہیر سومرو

چیئر مین



**Deloitte Yousuf Adil**  
Chartered Accountants  
Cavish Court, KCHSU  
Shahrah-e-Faisal  
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**Grant Thornton Anjum Rahman**  
Chartered Accountants  
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Karachi 75530, Pakistan

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF NATIONAL BANK OF PAKISTAN

## Report on review of Unconsolidated Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of National Bank of Pakistan (the Bank) as at June 30, 2019 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### Scope of Review

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

### Conclusion

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

### Emphasis of Matter

We draw attention to note 22.3.4 to the unconsolidated financial statements which explains the contingency in relation to the pension obligations of the Bank. Based on the opinion of the legal counsel, the Bank is confident about the favorable outcome of this matter and hence, no provision against any additional pension obligation is made in the interim financial statements. Our conclusion is not qualified in this respect.





### **Other Matter**

The figures for the quarters ended June 30, 2019 and June 30, 2018 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income and figures for half year ended December 31, 2018 in unconsolidated condensed interim statement of changes in equity have not been subject to the review and therefore, we do not express a conclusion thereon.

**Deloitte Yousuf Adil**  
**Chartered Accountants**

**Engagement Partner:**  
Nadeem Yousuf Adil

**Date:** August 28, 2019  
**Place:** Karachi

**Grant Thornton Anjum Rahman**  
**Chartered Accountants**

**Engagement Partner:**  
Khaliq-ur-Rahman



## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note		----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	351,877,109	247,518,270
Balances with other banks	7	21,267,448	12,202,020
Lendings to financial institutions	8	35,305,992	106,391,667
Investments	9	1,192,870,811	1,284,319,388
Advances	10	952,156,066	926,007,004
Fixed assets	11	53,609,360	53,859,883
Intangible assets	12	488,199	245,658
Right of use assets	13	6,904,766	-
Other assets	14	249,468,662	168,022,298
		<b>2,863,948,413</b>	<b>2,798,566,188</b>
<b>LIABILITIES</b>			
Bills payable	15	16,211,391	9,944,178
Borrowings	16	276,647,578	392,739,396
Deposits and other accounts	17	2,093,395,953	2,011,385,201
Lease liability against right of use assets	18	7,275,043	-
Deferred tax liabilities	19	6,529,474	6,985,042
Other liabilities	20	247,964,951	170,643,836
		<b>2,648,024,390</b>	<b>2,591,697,653</b>
<b>NET ASSETS</b>		<b>215,924,023</b>	<b>206,868,535</b>
<b>REPRESENTED BY</b>			
Share capital		21,275,131	21,275,131
Reserves		55,908,573	53,274,402
Surplus on revaluation of assets	21	56,468,436	59,986,125
Unappropriated profit		82,271,883	72,332,877
		<b>215,924,023</b>	<b>206,868,535</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2019**

Note	Quarter ended		Half year ended		
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
	Rupees in '000				
Mark-up / return / interest earned	23	51,897,045	35,017,298	97,689,973	66,407,713
Mark-up / return / interest expensed	24	31,901,640	18,998,051	62,126,456	36,264,016
Net mark-up / return / interest income		19,995,405	16,019,247	35,563,517	30,143,697

**NON MARK-UP / INTEREST INCOME**

Fee and commission income	25	5,811,149	5,060,505	9,835,961	8,997,721
Dividend income		710,761	810,842	1,728,716	1,128,103
Foreign exchange income		1,660,707	1,420,702	3,517,884	1,719,709
Gain on securities - net	26	257,713	1,548,439	342,032	2,437,157
Other income	27	1,496,648	518,886	2,779,125	971,254
Total non-mark-up / interest income		9,936,978	9,359,374	18,203,718	15,253,944
Total income		29,932,383	25,378,621	53,767,235	45,397,641

**NON MARK-UP / INTEREST EXPENSES**

Operating expenses	28	14,955,252	12,956,786	27,800,889	25,409,175
Workers welfare fund		-	-	-	-
Other charges	29	84,375	7,531	91,171	8,503
Total non-markup / interest expenses		15,039,627	12,964,317	27,892,060	25,417,678
Profit before provisions		14,892,756	12,414,304	25,875,175	19,979,963
Provisions and write offs - net	30	3,235,089	2,822,829	5,490,000	2,819,839

**PROFIT BEFORE TAXATION**

		11,657,667	9,591,475	20,385,175	17,160,124
Taxation	31	4,740,136	1,993,724	9,284,161	4,668,450
<b>PROFIT AFTER TAXATION</b>		<b>6,917,531</b>	<b>7,597,751</b>	<b>11,101,014</b>	<b>12,491,674</b>

----- Rupees -----

<b>Earnings per share - basic and diluted</b>	32	<b>3.25</b>	3.57	<b>5.22</b>	5.87
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The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
----- Rupees in '000 -----				
	Restated		Restated	
Profit after taxation for the period	<b>6,917,531</b>	7,597,751	<b>11,101,014</b>	12,491,674
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Exchange gain on translation of net assets of foreign branches	<b>742,624</b>	(55,173)	<b>1,524,070</b>	349,557
Movement in deficit on revaluation of investments - net of tax	<b>(5,580,551)</b>	(1,670,720)	<b>(3,397,914)</b>	(837,820)
	<b>(4,837,927)</b>	(1,725,893)	<b>(1,873,844)</b>	(488,263)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	<b>104,208</b>	975,741	<b>(171,682)</b>	608,768
Movement in surplus on revaluation of fixed assets - net of tax	-	(62,937)	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	<b>104,208</b>	912,804	<b>(171,682)</b>	608,768
<b>Total comprehensive income</b>	<b>2,183,812</b>	6,784,662	<b>9,055,488</b>	12,612,179

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

Share capital	Reserves						Surplus on revaluation of assets			Unappropriated profit	Total	
	Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total			
Rupees in '000												
<b>Balance as at January 01, 2018</b>	21,275,131	8,002,438	29,489,317	343,802	12,000,000	521,338	50,356,895	25,970,733	23,718,669	49,689,402	54,060,653	175,382,081
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	-	-	12,491,674	12,491,674
Other comprehensive income / (loss) - net of tax	-	349,557	-	-	-	-	349,557	(837,820)	-	(837,820)	608,768	120,505
Transfer to statutory reserve	-	-	1,249,167	-	-	-	1,249,167	-	-	-	(1,249,167)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(51,414)	(51,414)	51,414	-
<b>Transactions with owners, recorded directly in equity</b>												
Cash dividend paid for the year ended December 31, 2017 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opening Balance as at July 01, 2018</b>	<b>21,275,131</b>	<b>8,351,995</b>	<b>30,738,484</b>	<b>343,802</b>	<b>12,000,000</b>	<b>521,338</b>	<b>51,955,619</b>	<b>25,132,913</b>	<b>23,667,255</b>	<b>48,800,168</b>	<b>65,963,342</b>	<b>187,994,260</b>
Profit after taxation for the half year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	7,523,448	7,523,448
Other comprehensive income / (loss) - net of tax	-	566,438	-	-	-	-	566,438	(8,857,293)	20,094,665	11,237,372	(452,983)	11,350,827
Transfer to statutory reserve	-	-	752,345	-	-	-	752,345	-	-	-	(752,345)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(51,415)	(51,415)	51,415	-
<b>Balance as at December 31, 2018</b>	<b>21,275,131</b>	<b>8,918,433</b>	<b>31,490,829</b>	<b>343,802</b>	<b>12,000,000</b>	<b>521,338</b>	<b>53,274,402</b>	<b>16,275,620</b>	<b>43,710,505</b>	<b>59,986,125</b>	<b>72,332,877</b>	<b>206,868,535</b>
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	-	11,101,014	11,101,014
Other comprehensive income / (loss) - net of tax	-	1,524,070	-	-	-	-	1,524,070	(3,397,914)	-	(3,397,914)	(171,682)	(2,045,526)
Transfer to statutory reserve	-	-	1,110,101	-	-	-	1,110,101	-	-	-	(1,110,101)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(119,775)	(119,775)	119,775	-
<b>Transactions with owners, recorded directly in equity</b>												
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2019</b>	<b>21,275,131</b>	<b>10,442,503</b>	<b>32,600,930</b>	<b>343,802</b>	<b>12,000,000</b>	<b>521,338</b>	<b>55,908,573</b>	<b>12,877,706</b>	<b>43,590,730</b>	<b>56,468,436</b>	<b>82,271,883</b>	<b>215,924,023</b>

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



## UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
Note	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,385,175	17,160,124
Less: dividend income	(1,728,716)	(1,128,103)
	<b>18,656,459</b>	<b>16,032,021</b>
Adjustments:		
Depreciation on fixed assets	1,213,391	1,183,351
Depreciation on right of use assets	942,493	-
Amortization	180,163	201,783
Provision and write-offs - net	5,490,000	2,819,839
Gain on sale of fixed assets	(11,973)	(42,307)
Financial charges on leased assets	12,383	333
Unrealized loss on revaluation of investments classified as held-for-trading	12,605	69,040
Charge for defined benefit plans - net	3,598,694	2,817,412
	<b>11,437,756</b>	<b>7,049,451</b>
	<b>30,094,215</b>	<b>23,081,472</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	63,885,675	(5,540,411)
Held-for-trading securities	74,271,379	257,014,084
Advances	(34,213,698)	(52,932,804)
Other assets (excluding advance taxation)	(85,373,339)	(18,940,783)
	<b>18,570,017</b>	<b>179,600,086</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	6,267,213	4,123,710
Borrowings from financial institutions	(144,873,086)	61,284,008
Deposits	82,010,752	183,570,503
Other liabilities (excluding current taxation)	86,397,424	9,007,032
	<b>29,802,303</b>	<b>257,985,253</b>
Financial charges paid	(12,383)	(333)
Income tax paid	(6,423,076)	(5,876,680)
Benefits paid	(1,527,229)	(1,797,384)
<b>Net cash flows generated from operating activities</b>	<b>70,503,847</b>	<b>452,992,414</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	27,539,828	(296,185,492)
Net investments in held-to-maturity securities	(15,901,333)	(28,942,805)
Dividends received	1,728,716	1,128,103
Investments in fixed assets	(7,955,112)	(1,194,777)
Proceeds from sale of fixed assets	4,465	68,421
Effect of translation of net investment in foreign branches	1,524,070	349,557
<b>Net cash flows generated from / (used in) investing activities</b>	<b>6,940,634</b>	<b>(324,776,993)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of lease obligations	-	(5,963)
Dividend paid	(1,482)	-
<b>Net cash flow used in financing activities</b>	<b>(1,482)</b>	<b>(5,963)</b>
<b>Increase in cash and cash equivalents</b>	<b>77,442,999</b>	<b>128,209,458</b>
Cash and cash equivalents at beginning of the period	227,752,888	166,307,426
Cash and cash equivalents at end of the period	<b>305,195,887</b>	<b>294,516,884</b>

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

### 1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,509 (December 31, 2018: 1,504) branches in Pakistan and 21 (December 31, 2018: 21) overseas branches (including the Export Processing Zone branch, Karachi).

### 2. BASIS OF PRESENTATION

#### 2.1 STATEMENT OF COMPLIANCE

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

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

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

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



- 2.1.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.1.4** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2018.
- 2.1.5** These unconsolidated condensed interim financial statements are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees.
- 2.1.6 Amendments to approved accounting standards that are not effective in the current period**

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

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
- IFRS 3 - Definition of a Business (Amendments)	January 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 220(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these condensed interim unconsolidated financial statements.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank has already adopted IFRS 9 in respect of certain overseas branches.

The Bank is in the process of assessing the full impact of this standard.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.





### 2.1.7 Standards, interpretations of and amendments to approved accounting standards that are effective

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

During the current period, IFRS 16, Leases, became applicable for the Bank. The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 3.1

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies updated for presentation of these unconsolidated condensed interim financial statements are same as those followed in presentation of the unconsolidated financial statements of the Bank for the year ended December 31, 2018 except as disclosed in note 3.1 and 3.2 to these unconsolidated condensed interim financial statements.

### 3.1 This note explains the impact of the adoption of IFRS 16 Leases (IFRS 16) on the Banks's financial statements and discloses the new accounting policies that have been applied from January 01, 2019 as disclosed in note 13 and note 18 as below.

The Bank has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 01, 2019 was 10%.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees, if any.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



The lease payments are to be discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The effect of this change in accounting policy is as follows:

	June 30, 2019	January 1, 2019
	----- Rupees in '000 -----	
<b>Impact on unconsolidated condensed interim statement of financial position</b>		
Increase in fixed assets - right-of-use assets	<b>6,904,766</b>	7,585,740
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	<b>(229,241)</b>	(229,241)
Increase in other assets - advance taxation	<b>167,698</b>	-
Increase in total assets	<b>6,843,223</b>	7,356,499
Increase in other liabilities - lease liability against right-of-use assets	<b>(7,275,043)</b>	(7,356,499)
(Decrease) in exchange translation reserves	<b>169,523</b>	-
(Decrease) / increase in net assets	<b>(262,297)</b>	-

**Impact on unconsolidated condensed interim profit and loss account**

	January - June 2019 Rupees in '000
Increase in mark-up expense - lease liability against right-of-use assets	<b>(350,903)</b>
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	<b>(942,493)</b>
- Rent expense	<b>863,401</b>
Decrease in profit before tax	<b>(429,995)</b>
Decrease in tax	<b>167,698</b>
Decrease in profit after tax	<b>(262,297)</b>



The Bank leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to statement of profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

#### **Unconsolidated condensed interim profit and loss account**

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the unconsolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

#### **Unconsolidated condensed interim statement of comprehensive income**

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

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

### **5. FINANCIAL RISK MANAGEMENT**

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



		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		<b>58,034,390</b>	39,549,448
Foreign currency		<b>5,787,304</b>	4,415,703
		<b>63,821,694</b>	43,965,151
With State Bank of Pakistan in			
Local currency current accounts	6.1	<b>192,903,460</b>	130,180,519
Foreign currency current accounts	6.2	<b>8,542,699</b>	7,029,780
Foreign currency deposit accounts	6.2	<b>25,989,869</b>	21,240,971
Foreign currency collection accounts		<b>4,219,038</b>	1,812,339
		<b>231,655,066</b>	160,263,609
With other central banks in			
Foreign currency current accounts	6.3	<b>38,200,328</b>	41,438,832
Foreign currency deposit accounts	6.3	<b>4,549,619</b>	1,455,866
		<b>42,749,947</b>	42,894,698
Prize bonds		<b>13,650,402</b>	394,812
		<b>351,877,109</b>	247,518,270

**6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

**6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

**6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.49% per annum (December 31, 2018: 0% to 0.75% per annum).

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In deposit accounts	7.1	<b>4,012,430</b>	4,307
Outside Pakistan			
In current accounts		<b>11,061,088</b>	6,437,346
In deposit accounts	7.2	<b>6,193,930</b>	5,760,367
		<b>17,255,018</b>	12,197,713
		<b>21,267,448</b>	12,202,020



- 7.1** These include various deposits with banks and carry interest at rates ranging from 5% to 10% per annum (December 31, 2018: 4% to 9.25% per annum).
- 7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 2.49% per annum (December 31, 2018: 0% to 2.16% per annum).

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

**8. LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings	8.1	1,040,800	8,240,800
Repurchase agreement lendings (reverse repo)	8.2	22,845,696	96,733,168
Bai Muajjal receivables with State Bank of Pakistan	8.3	11,419,496	1,417,699
Letters of placement	8.4	176,150	176,150
	8.5	35,482,142	106,567,817
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		<u>35,305,992</u>	<u>106,391,667</u>

- 8.1** This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2018: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 12.25% to 12.65% per annum (December 31, 2018: 8.45% to 10.41% per annum) with maturities ranging from July 2, 2019 to July 26, 2019.
- 8.3** This represents Bai Muajjal agreements entered into with SBP and carries mark-up rate from 10.41% to 13.44% per annum (December 31, 2018: 12.81% per annum).
- 8.4** These are overdue placements and full provision has been made against these placements as at June 30, 2019.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
8.5 Particulars of lending	----- Rupees in '000 -----	

In local currency	35,482,142	106,567,817
In foreign currencies	-	-
	<u>35,482,142</u>	<u>106,567,817</u>

**8.6 Movement in provision held against lendings is as follows:**

Opening balance	176,150	176,150
Charge for the period	-	-
Closing balance	<u>176,150</u>	<u>176,150</u>



## 8.7 Securities held as collateral against lendings to financial institutions

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- Rupees in '000 -----						
Market Treasury Bills	5,904,967	-	5,904,967	70,283,168	-	70,283,168
Pakistan Investment Bonds	16,940,729	-	16,940,729	26,450,000	-	26,450,000
<b>Total</b>	<b>22,845,696</b>	<b>-</b>	<b>22,845,696</b>	<b>96,733,168</b>	<b>-</b>	<b>96,733,168</b>

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 22,633 million (December 31, 2018: Rs. 95,739 million).

## 8.8 Category of classification

	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
----- Rupees in '000 -----				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>
<b>Total</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>	<b>176,150</b>

## 9. INVESTMENTS

## 9.1 Investments by type:

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----								
<b>Held-for-trading securities</b>								
Market Treasury Bills	77,731,999	-	4,524	77,736,523	149,885,647	-	(973)	149,884,674
Pakistan Investment Bonds	-	-	(16,894)	-	2,333,574	-	(67)	2,333,507
Ordinary shares of listed companies	205,461	-	(17,129)	188,332	1,190	-	7	1,197
	<b>77,937,460</b>	<b>-</b>	<b>(12,605)</b>	<b>77,924,855</b>	<b>152,220,411</b>	<b>-</b>	<b>(1,033)</b>	<b>152,219,378</b>
<b>Available-for-sale securities</b>								
Pakistan Investment Bonds	236,022,424	-	(12,961,602)	223,060,822	207,581,489	-	(12,318,101)	195,263,388
Market Treasury Bills	533,581,427	-	(16,894)	533,564,533	592,123,867	-	(28,707)	592,095,160
Ijarah Sukuks	2,000,000	-	(78,000)	1,922,000	9,740,000	-	(56,116)	9,683,884
Ordinary shares of listed companies	28,061,858	(5,625,661)	11,396,502	33,832,699	26,005,893	(3,978,333)	17,031,223	39,058,783
Ordinary shares of unlisted companies	2,005,829	(507,573)	-	1,498,256	2,005,182	(410,893)	-	1,594,289
Preference shares	570,308	(447,394)	-	122,914	570,535	(433,444)	(11,155)	125,936
Investments in mutual funds	819,646	(41,167)	1,049,212	1,827,691	819,646	(40,642)	1,248,404	2,027,408
Ordinary shares of a bank outside Pakistan	463,295	-	19,317,303	19,780,597	463,295	-	15,570,989	16,034,284
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	61,260,606	(4,927,884)	469,666	56,802,388	58,762,773	(4,761,669)	2,264,936	56,266,040
GoP Foreign Currency Bonds	31,141,599	-	876,412	32,018,011	25,462,626	-	(515,692)	24,946,934
Foreign Government Securities	1,116,720	-	(82,985)	1,033,735	968,567	-	(148,117)	820,450
Foreign Currency Debt Securities	1,472,237	-	(157,759)	1,314,478	1,551,903	-	(94,342)	1,457,561
	<b>898,515,948</b>	<b>(11,549,679)</b>	<b>19,811,855</b>	<b>906,778,124</b>	<b>926,055,776</b>	<b>(9,624,981)</b>	<b>22,943,322</b>	<b>939,374,117</b>
<b>Held-to-maturity securities</b>								
Pakistan Investment Bonds	168,724,535	-	-	168,724,535	157,346,442	-	-	157,346,442
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	593,665	(412,384)	-	181,281	696,956	(412,384)	-	284,572
GoP Foreign Currency Bonds	3,241,208	-	-	3,241,208	2,859,233	-	-	2,859,233
Foreign Government Securities	30,110,539	-	-	30,110,539	25,866,066	-	-	25,866,066
Foreign Currency Debt Securities	615	-	-	615	532	-	-	532
	<b>202,670,562</b>	<b>(412,384)</b>	<b>-</b>	<b>202,258,178</b>	<b>186,769,229</b>	<b>(412,384)</b>	<b>-</b>	<b>186,356,845</b>
<b>Associates</b>	<b>4,970,863</b>	<b>(4,252,799)</b>	<b>-</b>	<b>718,064</b>	<b>4,970,863</b>	<b>(3,793,405)</b>	<b>-</b>	<b>1,177,458</b>
<b>Joint Venture</b>	<b>2,362,433</b>	<b>-</b>	<b>-</b>	<b>2,362,433</b>	<b>2,362,433</b>	<b>-</b>	<b>-</b>	<b>2,362,433</b>
<b>Subsidiaries</b>	<b>3,906,750</b>	<b>(1,077,593)</b>	<b>-</b>	<b>2,829,157</b>	<b>3,906,750</b>	<b>(1,077,593)</b>	<b>-</b>	<b>2,829,157</b>
<b>Total investments</b>	<b>1,190,364,016</b>	<b>(17,292,455)</b>	<b>19,799,250</b>	<b>1,192,870,811</b>	<b>1,276,285,462</b>	<b>(14,908,363)</b>	<b>22,942,289</b>	<b>1,284,319,388</b>



9.1.1 Investments given as collateral	(Un-audited)	(Audited)
	June 30, 2019	December 31, 2018
-----Rupees in '000-----		
Pakistan Investment Bonds	4,850,000	9,500,000
Market Treasury Bills	164,375,775	274,350,000
	<b>169,225,775</b>	<b>283,850,000</b>

## 9.2 Provision for diminution in value of investments

9.2.1 Opening balance	14,908,363	14,679,566
Charge / reversals		
Charge for the period	2,418,084	1,599,536
Reversals for the period	(33,993)	(1,370,739)
	<b>2,384,091</b>	<b>228,797</b>
Closing balance	<b>17,292,455</b>	<b>14,908,363</b>

## 9.2.2 Particulars of provision against debt securities

Category of classification	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,349,032	5,340,268	5,182,817	5,174,053
	<b>5,349,032</b>	<b>5,340,268</b>	<b>5,182,817</b>	<b>5,174,053</b>
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>5,349,032</b>	<b>5,340,268</b>	<b>5,182,817</b>	<b>5,174,053</b>

9.3 The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 184,609 million (December 31, 2018: Rs. 172,378 million).



## 10. ADVANCES

Note	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
----- Rupees in '000 -----						
Loans, cash credits, running finances, etc.	889,591,956	879,806,247	134,461,232	127,099,303	1,024,053,188	1,006,905,550
Islamic financing and related assets	29,157,992	26,914,764	203,934	191,794	29,361,926	27,106,558
Net Investment in finance lease	93,155	104,647	-	-	93,155	104,647
Bills discounted and purchased	31,724,397	19,294,694	6,624,877	6,068,698	38,349,274	25,363,392
Advances - gross	950,567,500	926,120,352	141,290,043	133,359,795	1,091,857,543	1,059,480,147
Provision against advances						
- Specific	-	-	132,367,515	126,266,039	132,367,515	126,266,039
- General	7,333,962	7,207,104	-	-	7,333,962	7,207,104
	7,333,962	7,207,104	132,367,515	126,266,039	139,701,477	133,473,143
Advances - net of provision	943,233,538	918,913,248	8,922,528	7,093,756	952,156,066	926,007,004

## 10.1 Net investment in finance lease

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
----- Rupees in '000 -----								
Lease rentals receivable	26,837	18,722	-	45,559	29,146	27,840	-	56,986
Residual value	47,230	9,800	-	57,030	41,211	16,476	-	57,687
Minimum lease payments	74,067	28,522	-	102,589	70,357	44,316	-	114,673
Financial charges for future periods	7,757	1,677	-	9,434	7,516	2,510	-	10,026
Present value of minimum lease payments	66,310	26,845	-	93,155	62,841	41,806	-	104,647

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.92% to 15.36% (December 31, 2018: 10.19% to 14.47%) per annum.

(Un-audited)	(Audited)
June 30, 2019	December 31, 2018

----- Rupees in '000 -----

## 10.2 Particulars of advances (Gross)

In local currency	980,076,285	969,752,303
In foreign currencies	111,781,258	89,727,844
	<u>1,091,857,543</u>	<u>1,059,480,147</u>





**10.3** Advances includes Rs. 141,290 million (2018: Rs.133,360 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other assets especially mentioned	1,660,010	107,331	1,272,606	64,543
Substandard	3,833,314	932,269	3,783,452	923,008
Doubtful	3,572,708	1,767,994	1,398,861	689,032
Loss	89,471,358	88,087,686	87,723,307	86,518,782
	<b>98,537,390</b>	<b>90,895,280</b>	94,178,226	88,195,365
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	42,752,653	41,472,236	39,181,569	38,070,674
	<b>42,752,653</b>	<b>41,472,236</b>	39,181,569	38,070,674
<b>Total</b>	<b>141,290,043</b>	<b>132,367,516</b>	133,359,795	126,266,039

**10.4** Particulars of provision against advances

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
<b>Note</b>						
Opening balance	126,266,039	7,207,104	133,473,143	110,650,722	6,515,067	117,165,789
Exchange adjustments	5,283,562	38,680	5,322,242	7,687,525	111,206	7,798,731
Charge for the year	5,187,564	319,817	5,507,381	14,157,878	1,330,247	15,488,125
Reversals	(2,533,348)	(231,639)	(2,764,987)	(5,956,687)	(749,416)	(6,706,103)
	2,654,216	88,178	2,742,394	8,201,191	580,831	8,782,022
Amounts charged off	(1,776,733)	-	(1,776,733)	(12,118)	-	(12,118)
Amounts charged off / write off	(59,568)	-	(59,568)	(261,281)	-	(261,281)
10.4.4 Closing balance	132,367,516	7,333,962	139,701,478	126,266,039	7,207,104	133,473,143

**10.4.1** Particulars of provision against advances

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	90,895,280	7,024,403	97,919,683	88,195,365	6,949,253	95,144,618
In foreign currencies	41,472,236	309,559	41,781,795	38,070,674	257,851	38,328,525
	<b>132,367,516</b>	<b>7,333,962</b>	<b>139,701,478</b>	126,266,039	7,207,104	133,473,143



- 10.4.2** The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.
- 10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019.
- 10.4.4** This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the Bank's right to pursue recovery against these loans.

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----			
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	<b>2,009,955</b>	1,934,605
Property and equipment		<b>51,599,405</b>	51,925,278
		<b>53,609,360</b>	53,859,883
<b>11.1 Capital work-in-progress</b>			
Civil works		<b>1,920,723</b>	1,863,208
Equipment		<b>15,909</b>	15,884
Advances to suppliers and contractors		<b>73,323</b>	55,513
		<b>2,009,955</b>	1,934,605
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----			
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
<b>Capital work-in-progress</b>		<b>56,504</b>	58,632
<b>Property and equipment</b>			
Building on freehold land		<b>26,908</b>	18,996
Building on leasehold land		<b>6,338</b>	27,749
Furniture and fixture		<b>248,978</b>	484,316
Electrical, equipment office		<b>112,992</b>	323,273
Computer and peripheral equipment		<b>106,893</b>	129,190
Vehicles		<b>97,246</b>	151,179
Total		<b>599,355</b>	1,134,703
		<b>655,859</b>	1,193,335



		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		----- Rupees in '000 -----	
<b>11.3</b>	<b>Disposal of fixed assets</b>		
	The net book value of fixed assets disposed off during the period is as follows:		
	Furniture and fixture	1,310	2,060
	Electrical, office equipment	104	115
	Computer and peripheral equipment	-	157
	Vehicles	6,094	4,690
	Total	<u>7,508</u>	<u>7,022</u>
		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
<b>12.</b>	<b>INTANGIBLE ASSETS</b>		
	Core Banking Application	26,270	113,026
	Computer Software	461,929	132,632
		<u>488,199</u>	<u>245,658</u>
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		----- Rupees in '000 -----	
<b>12.1</b>	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Directly purchased	<u>375,641</u>	<u>26,762</u>
		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
<b>13.</b>	<b>RIGHT OF USE ASSETS</b>		
	The recognized right of use assets relate to the following types of assets:		
	Balance as at initial application i.e. January 01, 2019	7,585,740	-
	Additions during the period	261,519	-
	Depreciation charged for the period	942,493	-
	<b>Balance as at June 30, 2019</b>	<u>6,904,766</u>	<u>-</u>

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	
<b>14. OTHER ASSETS</b>		
Income / return / mark-up accrued in local currency - net of provision	42,516,909	31,149,949
Income / return / mark-up accrued in foreign currency	2,815,775	2,478,075
Advances, deposits, advance rent and other prepayments	5,815,321	7,039,988
Advance taxation (payments less provisions)	8,253,050	11,743,706
Income tax refunds receivable	44,668,031	45,531,634
Compensation for delayed tax refunds	10,781,469	8,082,559
Non-banking assets acquired in satisfaction of claims	3,781,740	3,796,527
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	228,483	228,483
Unrealized gain on forward foreign exchange contracts	12,095,550	6,929,960
Commission receivable on Government treasury transactions	9,256,706	4,627,921
Stationery and stamps on hand	438,552	381,722
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale of shares	332,372	311,383
Acceptances	107,286,220	45,884,978
Others	9,679,236	7,984,536
	<u>258,886,819</u>	<u>177,108,826</u>
Less: Provision held against other assets	14.1 9,216,290	8,884,661
Other assets (net of provision)	<u>249,670,529</u>	<u>168,224,165</u>
Deficit on revaluation of non-banking assets acquired in satisfaction of claims	<u>(201,867)</u>	<u>(201,867)</u>
<b>Other assets - total</b>	<u><u>249,468,662</u></u>	<u><u>168,022,298</u></u>
<b>14.1 Provision held against other assets</b>		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	2,464,613	2,405,688
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets Acquired from CIRC	228,484	228,484
Others	2,229,926	1,957,221
	<u>9,216,290</u>	<u>8,884,661</u>



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	8,884,661	8,772,698
Charge for the year	331,629	2,289,555
Adjustment of compensation claimed by SBP to SBP balances	-	(2,174,278)
Amount written off	-	(3,314)
Closing balance	<b>9,216,290</b>	8,884,661
<b>15. BILLS PAYABLE</b>		
In Pakistan	15,578,424	9,838,706
Outside Pakistan	632,967	105,472
	<b>16,211,391</b>	9,944,178
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	2,733,900	1,553,200
Under Export Refinance Scheme (New Scheme)	17,017,491	15,711,423
Refinance Facility for Modernization of SMEs	9,000	-
Financing Facility for storage of Agriculture Produce (FFSAP)	331,147	222,727
Under Long-Term Financing Facility (LTFF)	6,111,380	5,418,613
	<b>26,202,918</b>	22,905,963
Repurchase agreement borrowings	169,225,775	278,631,608
Bai Muajjal	8,249,497	45,954,085
<b>Total secured</b>	<b>203,678,190</b>	347,491,656
<b>Unsecured</b>		
Call borrowings	64,559,165	36,400,855
Overdrawn nostro accounts	4,430,305	3,807,347
Bai Muajjal	3,979,918	5,039,538
<b>Total unsecured</b>	<b>72,969,388</b>	45,247,740
	<b>276,647,578</b>	392,739,396
<b>16.1 Particulars of borrowings with respect to currencies</b>		
In local currency	215,238,427	356,338,554
In foreign currencies	61,409,151	36,400,842
	<b>276,647,578</b>	392,739,396



## 16.2 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3% (December 31, 2018: 3.0%).
- Repurchase agreement borrowings carry mark-up ranging from 12.05% to 12.38% per annum (December 31, 2018: 8.4% to 10.16% per annum) having maturity on ranging from July 2, 2019 to July 12, 2019.
- Call borrowings carry interest ranging from 1.7% to 12.35% per annum (December 31, 2018: 0% to 4.22% per annum).

**16.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

**16.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 169,226 million (December 31, 2018: Rs. 283,850 million).

## 17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
<b>Customers</b>						
Current deposits - remunerative	326,889,020	-	326,889,020	323,623,737	-	323,623,737
Current deposits - non-remunerative	412,460,300	130,895,972	543,356,272	342,557,322	122,864,545	465,421,867
Savings deposits	517,901,205	47,562,522	565,463,727	498,375,321	37,724,865	536,100,186
Term deposits	224,064,577	77,929,219	301,993,796	273,475,804	66,124,944	339,600,748
Others	20,272,212	4,118	20,276,330	9,377,504	3,409	9,380,913
	1,501,587,314	256,391,831	1,757,979,145	1,447,409,688	226,717,763	1,674,127,451
<b>Financial Institutions</b>						
Current deposits	308,046,802	8,850,381	316,897,183	285,775,752	27,312,676	313,088,428
Savings deposits	1,393,567	3,031,866	4,425,433	812,330	778	813,108
Term deposits	7,445,999	1,955,254	9,401,253	7,335,635	1,814,815	9,150,450
Others	975,229	3,717,710	4,692,939	4,523,363	9,682,401	14,205,764
	317,861,597	17,555,211	335,416,808	298,447,080	38,810,670	337,257,750
	1,819,448,911	273,947,042	2,093,395,953	1,745,856,768	265,528,433	2,011,385,201

**17.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 105,176 million (December 31, 2018: Rs.104,127 million).



## 18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position  
As at June 30, 2019

Of which are:

Current lease liability

Non-current lease liability

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

<b>7,275,043</b>	-
<b>1,542,843</b>	-
<b>5,732,200</b>	-
<b>7,275,043</b>	-

### Maturity analysis - contractual undiscounted cash flows

Less than one year

One to five years

More than five years

Total undiscounted lease liabilities as at June 30, 2019

<b>1,702,470</b>	-
<b>5,537,940</b>	-
<b>6,509,997</b>	-
<b>13,750,407</b>	-

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

## 19. DEFERRED TAX LIABILITIES

### Deductible temporary differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Other provisions
- Right of use assets

<b>(10,705)</b>	(10,705)
<b>(2,859,967)</b>	(2,767,522)
<b>(236,751)</b>	(236,751)
<b>(1,045,555)</b>	(622,390)
<b>(115,222)</b>	(115,222)
<b>(105,416)</b>	(105,416)
<b>(195,553)</b>	-
<b>(4,569,169)</b>	(3,858,006)

### Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Other

<b>1,794,454</b>	1,805,306
<b>6,934,149</b>	6,667,702
<b>55,208</b>	55,208
<b>2,314,832</b>	2,314,832
<b>11,098,643</b>	10,843,048
<b>6,529,474</b>	6,985,042



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note	-----Rupees in '000-----	
<b>20. OTHER LIABILITIES</b>		
Mark-up / Return / Interest payable in local currency	<b>40,739,123</b>	31,324,102
Mark-up / Return / Interest payable in foreign currencies	<b>924,891</b>	555,608
Unearned commission and income on bills discounted	<b>3,750,630</b>	635,699
Accrued expenses	<b>10,149,734</b>	11,629,326
Advance payments	<b>296,174</b>	339,788
Unclaimed dividends	<b>187,386</b>	188,868
Unrealized loss on put option	<b>306,339</b>	306,339
Branch adjustment account	<b>4,961,201</b>	5,864,695
Employee benefits:		
Pension fund	<b>13,389,045</b>	13,069,665
Post retirement medical benefits	<b>16,324,055</b>	15,371,225
Benevolent fund	<b>1,489,122</b>	1,604,689
Gratuity scheme	<b>1,983,895</b>	1,730,265
Compensated absences	<b>7,809,735</b>	7,541,419
Staff welfare fund	<b>371,257</b>	371,257
Liabilities relating to Barter trade agreements	<b>20,638,698</b>	18,034,813
Provision against off-balance sheet obligations	<b>627,494</b>	627,494
Provision against contingencies	<b>3,834,889</b>	3,734,889
Payable to brokers	<b>265,843</b>	180,594
PIBs short selling	-	366,896
Acceptances	<b>107,286,220</b>	45,884,978
Others	<b>12,629,220</b>	11,281,227
	<b>247,964,951</b>	170,643,836
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of		
- Available-for-sale securities	9.1	<b>19,811,855</b>
- Fixed assets		<b>44,107,748</b>
- Non-banking assets		<b>2,062,480</b>
		<b>65,982,083</b>
Deferred tax on surplus on revaluation of:		
- Available for sale securities		<b>(6,934,149)</b>
- Fixed assets		<b>(2,524,290)</b>
- Non-banking assets		<b>(55,208)</b>
		<b>(9,513,647)</b>
		<b>56,468,436</b>
		59,986,125





		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	22.1	<b>155,356,991</b>	94,340,276
Commitments	22.2	<b>1,574,598,755</b>	1,240,553,725
Other contingent liabilities	22.3	<b>29,624,094</b>	29,259,673
		<b>1,759,579,840</b>	1,364,153,674
<b>22.1 Guarantees</b>			
Financial guarantees		<b>104,563,372</b>	55,505,600
Performance guarantees		<b>50,793,619</b>	38,834,676
		<b>155,356,991</b>	94,340,276
<b>22.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
Letters of credit		<b>810,649,520</b>	670,419,500
Commitments in respect of:			
Forward foreign exchange contracts	22.2.1	<b>750,375,692</b>	512,873,075
Forward government securities transactions	22.2.2	<b>13,040,700</b>	56,816,129
Commitments for acquisition of:			
Fixed assets		<b>519,343</b>	431,521
Other commitments	22.2.3	<b>13,500</b>	13,500
		<b>1,574,598,755</b>	1,240,553,725
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>445,197,135</b>	312,710,160
Sale		<b>305,178,557</b>	200,162,915
		<b>750,375,692</b>	512,873,075

Commitments for outstanding forward foreign exchange contracts are disclosed in these condensed unconsolidated interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>22.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	12,500,000	50,950,025
Sale	540,700	5,866,104
	<u>13,040,700</u>	<u>56,816,129</u>

Commitments for outstanding forward government securities transactions are disclosed in these unconsolidated condensed interim financial statements at contracted rates.

<b>22.2.3 Professional services to be received</b>	<u>13,500</u>	<u>13,500</u>
<b>22.3 Other contingent liabilities</b>		
<b>22.3.1 Claim against the Bank not acknowledged as debt</b>	<u>29,624,094</u>	<u>29,259,673</u>

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (December 31, 2018: Rs. 1,597 million).

### 22.3.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018, except for

- a) The tax returns of the Bank have been filed upto tax year 2018 and amended by the tax authorities up to Tax Year 2018. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2018.
- b) During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2018 vide order dated March 28, 2019 through add back / additions and imposed Super Tax under Section 4B read with Finance Supplementary (Second Amendment) Act 2019 through which super tax on Banking companies levied retrospectively at the rate of four percent of taxable income for the tax year 2018. As a result thereof the net demand of Rs.1,056.84 million raised against the Bank which is paid. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.
- c) The aggregate effect of contingencies as on June 30, 2019 amounts to Rs. 12,065 million (December 31, 2018: Rs. 10,732 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

### 22.3.3 Barter Trade Agreements

Same as disclosed in annual financial statements of the Bank for the year ended December 31, 2018.



### 22.3.4 Contingencies in respect of employees benefits and related matters

The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018, except for the below mentioned updates

#### 22.3.4.1 Pensionary benefits to retired employees

The hearing of pension case was fixed on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. After partial arguments the matter was adjourned for April 17, 2019. On the said date, due to adjournment application of the Counsel for respondents, the petitions were adjourned for re-listing in the 2nd week of May however, the matters didn't get listed.

#### 22.3.4.2 Post retirement medical facilities

The Bank has filed an Intra Court Appeal (ICA) against the order of the single bench which is still pending adjudication and is fixed for hearing on September 25, 2019.

#### 22.3.4.3 Restoration of Commuted Pension

The matter is still pending adjudication and is now fixed for hearing on September 12, 2019.

### 22.4 Foreign Exchange repatriation case

The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018.

### 22.5 Compliance and risk matters relating to anti-money laundering

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2018.

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	48,481,747	30,748,969
Investments	44,435,362	34,803,369
On securities purchased under resale agreements	3,884,280	567,295
Balances with other banks	888,584	288,080
	<b>97,689,973</b>	<b>66,407,713</b>
<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	47,140,624	25,912,219
Borrowings	2,962,062	1,081,962
Cost of foreign currency swaps against foreign currency deposits	2,318,315	1,947,560
Finance charge on lease liability against right of use assets	350,903	-
Securities sold under repurchase agreements	9,354,552	7,322,275
	<b>62,126,456</b>	<b>36,264,016</b>



		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	Note	----- Rupees in '000 -----	
<b>25. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		<b>805,868</b>	637,929
Consumer finance related fees		<b>403,967</b>	372,312
Card related fees		<b>341,240</b>	210,352
Credit related fees		<b>135,075</b>	157,415
Investment banking fees		<b>347,621</b>	190,047
Commission on trade		<b>1,684,573</b>	1,720,723
Commission on guarantees		<b>248,162</b>	264,765
Commission on cash management		<b>9,804</b>	9,050
Commission on remittances including home remittances		<b>911,268</b>	285,634
Commission on bancassurance		<b>210,293</b>	155,031
Commission on government transactions		<b>4,625,176</b>	4,931,352
Others		<b>112,914</b>	63,111
		<b>9,835,961</b>	8,997,721
<b>26. GAIN ON SECURITIES - NET</b>			
Realized	26.1	<b>354,637</b>	2,506,197
Unrealized - held-for-trading	9.1	<b>(12,605)</b>	(69,040)
		<b>342,032</b>	2,437,157
<b>26.1 Realized gain on</b>			
Federal Government Securities		<b>206,969</b>	246,226
Shares		<b>119,205</b>	2,168,440
Ijarah Sukuks		<b>28,463</b>	87,500
Foreign Securities		-	4,031
		<b>354,637</b>	2,506,197
<b>27. OTHER INCOME</b>			
Rent on property		<b>28,176</b>	33,141
Gain on sale of fixed assets - net		<b>11,973</b>	42,307
Postal, SWIFT and other charges recovered		<b>32,246</b>	-
Compensation for delayed tax refunds	27.1	<b>2,698,910</b>	888,335
Others		<b>7,820</b>	7,471
		<b>2,779,125</b>	971,254

**27.1** This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.



**28. OPERATING EXPENSES**

**Total compensation expenses**

(Un-audited) (Un-audited)  
June 30, 2019 June 30, 2018  
----- Rupees in '000 -----

**18,400,712** 17,434,885

**Property expenses**

Rent and taxes  
Insurance  
Utilities cost  
Security (including guards)  
Repair and maintenance (including janitorial charges)  
Depreciation  
Depreciation on non banking assets  
Depreciation on Ijarah assets  
Depreciation on right of use assets

<b>610,855</b>	1,047,179
<b>8,626</b>	24
<b>439,452</b>	374,975
<b>1,070,647</b>	1,040,284
<b>387,605</b>	548,269
<b>220,543</b>	122,211
<b>14,788</b>	17,385
<b>91,168</b>	126,879
<b>942,493</b>	-
<b>3,786,177</b>	3,277,206

**Information technology expenses**

Software maintenance  
Hardware maintenance  
Depreciation  
Amortization  
Network charges  
Others

<b>498,534</b>	97,054
<b>7,014</b>	9,774
<b>156,640</b>	228,291
<b>180,163</b>	201,783
<b>225,897</b>	222,328
<b>40,076</b>	30,294
<b>1,108,324</b>	789,524

**Other operating expenses**

Directors' fees and reimbursement of other expenses  
Legal & professional charges  
Outsourced services costs  
Travelling and conveyance  
NIFT clearing charges  
Depreciation  
Training and development  
Postage and courier charges  
Communication  
Stationery and printing  
Marketing, advertisement & publicity  
Contributions for other Corporate and Social Responsibility  
Auditors' remuneration  
Entertainment  
Clearing, verification, license fee charges  
Brokerage  
Financial charges on Leased assets  
Insurance  
Vehicle Expenses  
Repairs & Maintenance  
Deposit Premium expense  
Others

<b>15,026</b>	15,689
<b>298,577</b>	188,734
<b>358,158</b>	419,246
<b>349,983</b>	319,952
<b>65,861</b>	64,025
<b>730,252</b>	688,585
<b>54,575</b>	67,907
<b>81,982</b>	138,751
<b>135,925</b>	139,542
<b>331,409</b>	340,089
<b>120,102</b>	111,883
<b>10,203</b>	15,986
<b>140,420</b>	108,695
<b>142,492</b>	82,639
<b>127,731</b>	188,530
<b>34,717</b>	39,539
<b>12,383</b>	7,272
<b>357,771</b>	258,823
<b>74,217</b>	85,408
<b>234,456</b>	305,414
<b>619,920</b>	-
<b>209,516</b>	320,851
<b>4,505,676</b>	3,907,560
<b>27,800,889</b>	25,409,175



		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	Note	----- Rupees in '000 -----	
<b>29. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		90,135	8,503
Penalties imposed by other regulatory bodies (Central bank of international branches)		1,036	-
		<u>91,171</u>	<u>8,503</u>
<b>30. PROVISIONS AND WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	2,384,091	313,618
Provisions against loans and advances	10.4	2,742,394	2,167,900
Provision against other assets		363,515	338,321
		<u>5,490,000</u>	<u>2,819,839</u>
<b>31. TAXATION</b>			
Current		8,856,891	6,884,391
Prior years		1,056,841	(20,755,128)
Deferred		(629,571)	18,539,187
		<u>9,284,161</u>	<u>4,668,450</u>
<b>31.1</b>	The Federal Government vide The Finance Supplementary (Second Amendment) Bill, 2019 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2017 (Tax Year 2018). Accordingly, provisions of Rs. 1,057 million for Super tax has been made in prior year.		
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
<b>32. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>11,101,014</u>	<u>12,491,674</u>
Weighted average number of ordinary shares (in 000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>5.22</u>	<u>5.87</u>
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
<b>33. CASH AND CASH EQUIVALENT</b>			
Cash and balances with treasury banks		351,877,109	297,147,613
Balances with other banks		21,267,448	25,177,204
Call money lendings		1,040,800	140,800
Call money borrowings		(64,559,165)	(22,135,243)
Overdrawn nostro		(4,430,305)	(5,813,490)
		<u>305,195,887</u>	<u>294,516,884</u>



## 34. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.

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

### 34.1 Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:



Carrying value	At June 30, 2019 (Un-audited)			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Market Treasury Bills	611,301,056	-	611,301,056	-
Pakistan Investment Bonds	223,060,822	-	223,060,822	-
Ijarah Sukuks	1,922,000	-	1,922,000	-
Ordinary shares of listed companies	34,021,031	34,021,031	-	-
Preference shares	122,914	36,050	-	86,864
Investments in mutual funds	1,827,691	1,827,691	-	-
Term Finance Certificates / Musharika and Sukuk Bonds	56,802,388	-	56,802,388	-
GoP Foreign Currency Bonds	32,018,011	-	32,018,011	-
Foreign Government Securities	1,033,735	-	1,033,735	-
Foreign Currency Debt Securities	1,314,478	-	1,314,478	-
Ordinary shares of a bank outside Pakistan	19,780,597	19,780,597	-	-
	<b>983,204,723</b>	<b>55,665,369</b>	<b>927,452,490</b>	<b>86,864</b>
				<b>983,204,723</b>
<b>Financial assets - disclosed but not measured at fair value</b>				
Cash and balances with treasury banks	351,877,109	-	-	-
Balances with other banks	21,267,448	-	-	-
Lending to financial instruments	35,305,992	-	-	-
Investments				
Ordinary shares of unlisted companies	1,498,256	-	-	-
Pakistan Investment Bonds	168,724,535	-	-	-
GoP Foreign Currency Bonds	3,241,208	-	-	-
Foreign Government Securities	30,110,539	-	-	-
Foreign Currency Debt Securities	615	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	181,281	-	-	-
Advances	952,156,066	-	-	-
Other assets	249,468,662	-	-	-
	<b>1,813,831,711</b>	-	-	-
	<b>2,797,036,434</b>	<b>55,665,369</b>	<b>927,452,490</b>	<b>86,864</b>
				<b>983,204,723</b>
<b>Off-balance sheet financial instruments - measured at fair value</b>				
<b>Commitments</b>				
Foreign exchange contracts purchase and sale	750,375,692	-	12,095,516	-
				<b>12,095,516</b>
Forward government securities transactions	13,040,700	-	57,024	-
				<b>57,024</b>





December 31, 2018 (Audited)

Carrying value	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					
Market Treasury Bills	741,979,834	-	741,979,834	-	741,979,834
Pakistan Investment Bonds	197,596,895	-	197,596,895	-	197,596,895
Ijarah Sukuks	9,683,884	-	9,683,884	-	9,683,884
Ordinary shares of listed companies	39,059,980	39,059,980	-	-	39,059,980
Preference shares	125,936	39,072	-	86,864	125,936
Investments in mutual funds	2,027,408	2,027,408	-	-	2,027,408
Term Finance Certificates / Musharika and Sukuk Bonds	56,266,040	-	56,266,040	-	56,266,040
GoP Foreign Currency Bonds	24,946,934	-	24,946,934	-	24,946,934
Foreign Government Securities	820,450	-	820,450	-	820,450
Foreign Currency Debt Securities	1,457,561	-	1,457,561	-	1,457,561
Ordinary shares of a bank outside Pakistan	16,034,284	16,034,284	-	-	16,034,284
	1,089,999,206	57,160,744	1,032,751,598	86,864	1,089,999,206
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	247,518,270	-	-	-	-
Balances with other banks	12,202,020	-	-	-	-
Lending to financial instruments	106,391,667	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,594,289	-	-	-	-
Pakistan Investment Bonds	157,346,442	-	-	-	-
GoP Foreign Currency Bonds	2,859,233	-	-	-	-
Foreign Government Securities	25,866,066	-	-	-	-
Foreign Currency Debt Securities	532	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	284,572	-	-	-	-
Advances	926,007,004	-	-	-	-
Other assets	168,022,298	-	-	-	-
	1,648,092,393	-	-	-	-
	2,738,091,599	57,160,744	1,032,751,598	86,864	1,089,999,206
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts purchase and sale	512,873,075	-	6,929,960	-	6,929,960
Forward government securities transactions	56,816,129	-	(2,662,847)	-	(2,662,847)



### Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

### 34.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

Carrying value	At June 30, 2019 (Un-audited)			Total	
	Level 1	Level 2	Level 3		
----- Rupees in '000 -----					
Land and building (property and equipment)	47,868,991	-	47,868,991	-	47,868,991
Non-banking assets acquired in satisfaction of claims	3,781,740	-	3,781,740	-	3,781,740
	<b>51,650,731</b>	-	<b>51,650,731</b>	-	<b>51,650,731</b>

Carrying value	December 31, 2018 (Audited)			Total	
	Level 1	Level 2	Level 3		
----- Rupees in '000 -----					
Land & building (property and equipment)	47,995,831	-	47,995,831	-	47,995,831
Non-banking assets acquired in satisfaction of claims	3,796,527	-	3,796,527	-	3,796,527
	<b>51,792,358</b>	-	<b>51,792,358</b>	-	<b>51,792,358</b>



35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Half year ended June 30, 2019 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
<b>Profit and loss account</b>						
Net mark-up / return / interest income	(26,658,350)	20,711,713	35,186,948	1,392,150	1,903,588	3,027,468
Inter segment revenue - net	56,697,149	(20,866,810)	(37,976,486)	-	(276,368)	2,422,515
Non mark-up / return / interest income	8,382,155	1,118,642	5,162,019	852,947	199,460	2,488,495
Total income	38,420,954	963,545	2,372,481	2,245,097	1,826,680	7,938,478
Segment direct expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	314,017
Inter segment expense allocation	-	-	-	-	-	8,705,584
Total expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	27,892,600
Provisions and write offs - net	1,232,649	3,269,756	2,217,877	(92,239)	(75,061)	(1,062,982)
Profit / (loss) before taxation	22,073,657	(2,626,413)	(18,471)	340,641	633,902	(18,141)

June 30, 2019 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
<b>Statement of financial position</b>						
Cash and balances with treasury and other banks						
Investments	178,896,062	272,528	127,281,944	55,288,772	11,405,162	89
Net inter segment lending	-	-	1,060,333,915	67,718,590	16,786,240	46,142,066
Lendings to financial institutions	1,339,962,917	-	-	-	-	94,049,238
Advances - performing	-	-	23,883,846	-	11,419,496	2,650
Advances - non-performing	339,644,605	509,061,006	-	63,371,852	29,157,992	9,332,045
Provision against Advances	21,297,613	24,766,724	-	42,752,653	203,934	52,269,119
Others	(21,289,313)	(21,452,067)	-	(41,781,795)	(203,934)	(54,974,368)
Advances - Net	339,652,905	512,375,663	-	64,342,710	29,157,992	6,626,796
Equity	105,149,632	42,851,731	15,611,924	4,875,588	5,847,328	136,134,784
<b>Total assets</b>	<b>1,963,661,517</b>	<b>555,499,922</b>	<b>1,227,111,628</b>	<b>192,225,660</b>	<b>76,506,218</b>	<b>282,955,623</b>
Borrowings						
Deposits and other accounts	1,352,431	24,858,632	189,027,363	61,409,152	-	-
Net inter segment borrowing	1,840,136,414	80,191,353	-	105,356,637	67,727,125	(15,576)
Others	-	414,098,429	994,301,840	21,327,423	4,284,463	-
<b>Total liabilities</b>	<b>1,963,661,517</b>	<b>555,499,922</b>	<b>1,208,327,107</b>	<b>191,319,575</b>	<b>76,370,562</b>	<b>86,857,862</b>
Equity	-	-	18,784,521	906,085	135,656	196,097,761
<b>Total equity and liabilities</b>	<b>1,963,661,517</b>	<b>555,499,922</b>	<b>1,227,111,628</b>	<b>192,225,660</b>	<b>76,506,218</b>	<b>282,955,623</b>
<b>Contingencies and commitments</b>	<b>735,320,553</b>	<b>202,873,034</b>	<b>-</b>	<b>27,410,720</b>	<b>-</b>	<b>402,204</b>

Half year ended June 30, 2018 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
<b>Profit and loss account</b>						
Net mark-up / return / interest income	(9,158,070)	11,586,692	23,592,556	1,323,133	1,012,477	1,786,909
Inter segment revenue - net	28,159,477	(8,323,579)	(20,805,587)	-	(201,982)	1,171,671
Non mark-up / return / interest income	7,153,659	959,133	5,463,449	780,456	161,714	735,533
Total income	26,155,066	4,222,246	8,250,418	2,103,589	972,209	3,694,113
Segment direct expenses	12,923,958	113,564	194,882	1,612,469	1,019,999	413,125
Inter segment expense allocation	-	-	-	-	-	9,139,681
Total expenses	12,923,958	113,564	194,882	1,612,469	1,019,999	9,552,806
Provisions and write offs - net	(278,047)	1,553,116	609,896	79,453	-	855,421
Profit / (loss) before taxation	13,509,155	2,555,566	7,445,640	411,667	(47,790)	(6,214,114)

December 31, 2018 (Audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
<b>Statement of financial position</b>						
Cash and balances with treasury and other banks						
Investments	121,763,323	189,794	78,372,622	54,739,132	4,655,330	89
Net inter segment lending	-	-	1,139,600,282	55,950,776	23,914,372	64,853,957
Lendings to financial institutions	1,321,328,484	-	-	-	-	79,158,614
Advances - performing	-	-	104,971,318	-	1,417,699	2,650
Advances - non-performing	341,581,933	500,111,019	17,990	46,230,666	26,741,353	11,437,391
Provision against Advances	19,917,069	22,069,620	-	39,181,569	364,825	51,826,712
Others	(20,155,956)	(20,141,547)	-	(38,328,525)	(278,995)	(54,568,120)
Advances - net	341,343,046	502,039,092	17,990	47,083,710	26,827,183	8,695,983
Equity	28,212,221	50,731,814	9,761,367	3,904,176	2,142,202	127,376,059
<b>Total assets</b>	<b>1,812,647,074</b>	<b>552,960,700</b>	<b>1,332,723,579</b>	<b>161,677,794</b>	<b>58,956,787</b>	<b>280,087,352</b>
Borrowings						
Deposits and other accounts	1,041,673	21,864,290	333,432,591	36,400,842	-	-
Net inter segment borrowing	1,775,438,318	80,797,441	-	104,127,205	51,022,237	-
Others	-	404,994,021	969,156,574	20,257,431	6,079,071	-
<b>Total liabilities</b>	<b>36,167,083</b>	<b>45,304,947</b>	<b>24,212,749</b>	<b>1,650,467</b>	<b>1,146,690</b>	<b>79,091,120</b>
Equity	1,812,647,074	552,960,699	1,326,801,914	162,435,945	58,247,998	79,091,120
Provisions and write offs - net	-	0	5,921,665	(758,151)	708,789	200,996,232
<b>Total equity and liabilities</b>	<b>1,812,647,074</b>	<b>552,960,699</b>	<b>1,332,723,579</b>	<b>161,677,794</b>	<b>58,956,787</b>	<b>280,087,352</b>
<b>Contingencies and commitments</b>	<b>533,343,359</b>	<b>203,590,159</b>	<b>-</b>	<b>27,725,864</b>	<b>-</b>	<b>100,394</b>



## 36. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and 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 staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	June 30, 2019 (Un-audited)									December 31, 2018 (Audited)										
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (ILDA A/c)	President Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (ILDA A/c)	President Fund	Other related parties
Rupees in '000																				
<b>Balances with other banks</b>																				
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,836
In deposit accounts	-	-	-	-	-	23,954	-	-	-	-	-	-	-	-	-	-	-	-	-	8,780
	-	-	-	-	-	23,954	-	-	-	-	-	-	-	-	-	-	-	-	-	25,616
<b>Investments</b>																				
Opening balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,970,863
Investment made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,970,863
Provision for diminution in value of investments	-	-	-	4,252,799	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,792,495
<b>Advances</b>																				
Opening balance	-	222,967	528,198	3,105,907	-	-	-	-	-	-	145,369	288,914	3,314,085	-	-	-	-	-	-	-
Addition during the year	-	37,974	-	-	-	-	-	-	-	5,557,991	-	20,224	12,6655	-	-	-	-	-	-	-
Repaid during the year	-	(19,774)	(184,633)	(37,907)	-	-	-	-	-	(5,559,636)	-	(27,522)	(371)	(208,178)	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	2,498,965	-	86,416	-	-	-	-	-	-	-	-
Closing balance	-	241,166	343,565	3,068,000	-	-	-	-	-	2,497,320	-	222,967	528,198	3,105,907	-	-	-	-	-	-
Rupees in '000																				
<b>Other Assets</b>																				
Interest / mark-up account	-	-	192,721	1,709,854	-	-	-	-	-	-	-	-	192,027	1,704,892	-	-	-	-	-	-
Other receivable	-	-	79,555	-	-	-	-	-	-	-	-	-	78,228	-	-	-	-	-	-	-
	-	-	272,656	1,709,854	-	-	-	-	-	-	-	-	270,255	1,704,892	-	-	-	-	-	-
<b>Borrowings</b>																				
Opening balance	-	-	-	-	38,240	-	-	-	-	-	-	-	-	-	83,920	-	-	-	-	-
Borrowings during the year	-	-	-	-	465,465	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Satisfied during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	503,705	-	-	-	-	-	-	-	-	-	83,920	-	-	-	-	-
<b>Deposits and other accounts</b>																				
Opening balance	10,713	80,688	1,120,160	-	1,085	11,100,000	458,328	12,465,939	-	15,614	62,947	885,251	-	1,248	10,300,000	514,539	12,249,309	-	-	
Received during the year	26,498	471,407	973,673	-	36,048,397	-	9,935,833	1,073,700	-	38,447	485,525	247,651	-	4,300,229	28,800,000	16,639,785	14,308,653	-	-	
Withdrawn during the year	(16,418)	(388,763)	(97,049)	-	(36,048,408)	(10,800,000)	(10,048,336)	(698,199)	-	(33,087)	(454,455)	(32,742)	-	(4,300,392)	(28,000,000)	(16,695,996)	(14,552,023)	-	-	
* Adjustment	(8,047)	(2,387)	-	-	-	-	-	-	-	(242)	(12,429)	-	-	-	-	-	-	-	-	-
Closing balance	12,766	161,065	1,096,784	-	73	300,000	345,025	12,841,440	-	10,712	80,688	1,120,160	-	1,085	11,100,000	458,328	12,465,939	-	-	
<b>Other Liabilities</b>																				
Other payables to subsidiaries	-	-	5,979	-	-	-	-	-	-	-	-	-	5,974	-	-	-	-	-	-	-
Lease Finance liabilities paid to subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	5,979	-	-	-	-	-	-	-	-	-	5,974	-	-	-	-	-	-	-

\* Adjustment due to retirement / appointment of directors and changes in key management executives.



Key management personnel	June 30, 2019 (Un-audited)						June 30, 2018 (Un-audited)						
	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
Rupees in '000													
<b>Income</b>													
Mark-up / return / interest earned	-	8,968	-	29	-	120,844	-	6,817	-	284	-	-	14,733
Dividend income	-	-	-	-	-	-	-	7,875	-	-	-	-	-
<b>Expense</b>													
Mark-up / return / interest paid	-	11,634	-	233	198,306	830,422	-	5,689	-	822	372,801	554,188	-
Transaction Fee paid to company in which director of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	-	5,057
Finance charges paid on lease assets to subsidiary	-	-	-	-	-	-	-	421	-	-	-	-	-
Remuneration to key management executives including charge for defined benefit plan	254,125	-	-	-	-	-	231,612	-	-	-	-	-	-
Commission paid to subsidiaries	-	739	-	-	-	-	-	4,025	-	-	-	-	-
Commission received from subsidiaries	-	3,631	-	-	-	-	-	-	-	-	-	-	-

### 36.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,625 million for the year ended June 30, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 385,030 million, Rs. 809,887 million and Rs. 848,130 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 12,980 million and Rs. 15,472 million respectively.



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

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>Minimum Capital Requirement</b>		
Paid-up capital	<b>159,455,587</b>	146,882,410
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	<b>135,754,434</b>	124,818,200
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	<b>135,754,434</b>	124,818,200
Eligible Tier 2 Capital	<b>40,691,591</b>	43,840,140
Total Eligible Capital (Tier 1 + Tier 2)	<b>176,446,025</b>	168,658,340
<b>Risk Weighted Assets</b>		
Credit Risk	<b>860,335,623</b>	795,527,135
Market Risk	<b>105,017,789</b>	81,071,227
Operational Risk	<b>155,078,622</b>	155,078,622
Total	<b>1,120,432,034</b>	1,031,676,984
Common Equity Tier 1 Capital Adequacy ratio	<b>12.12%</b>	12.10%
Tier 1 Capital Adequacy Ratio	<b>12.12%</b>	12.10%
Total Capital Adequacy Ratio	<b>15.75%</b>	16.35%
<b>Leverage Ratio</b>		
Eligible Tier-1 Capital	<b>135,754,434</b>	124,818,200
Total Exposures	<b>3,865,413,427</b>	3,645,020,976
	<b>3.51%</b>	3.42%
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	<b>893,209,617</b>	949,424,482
Total Net Cash Outflow	<b>562,546,121</b>	560,346,109
Liquidity Coverage Ratio	<b>159%</b>	169%
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	<b>1,914,095,583</b>	1,745,679,890
Total Required Stable Funding	<b>726,877,425</b>	544,123,198
Net Stable Funding Ratio	<b>263%</b>	321%



### 38. ISLAMIC BANKING BUSINESS

The bank is operating 190 (December 31, 2018: 192) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2019.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		7,391,627	4,649,968
Balances with other banks		4,012,430	4,319
Due from financial institutions	38.1	11,419,496	1,417,699
Investments	38.2	18,676,240	23,914,372
Islamic financing and related assets - net	38.3	29,157,698	26,827,280
Fixed assets		194,304	275,435
Right of use assets		933,535	-
Other assets		5,779,763	1,998,587
<b>Total Assets</b>		<b>77,565,093</b>	<b>59,087,660</b>
<b>LIABILITIES</b>			
Bills payable		277,568	228,382
Deposits and other accounts	38.4	67,727,156	51,022,121
Lease liability against right of use assets		971,448	-
Due to head office		1,449,527	3,920,506
Other liabilities		4,210,824	1,065,012
		<b>74,636,523</b>	<b>56,236,021</b>
<b>NET ASSETS</b>		<b>2,928,570</b>	<b>2,851,639</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,200,000	2,200,000
Reserves		-	-
Surplus on revaluation of assets		135,656	708,789
Unappropriated profit / (unremitted loss)	38.5	592,914	(57,150)
		<b>2,928,570</b>	<b>2,851,639</b>



The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2019 is as follows:

	Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----			
Profit / return earned	38.6	3,004,267	1,288,857
Profit / return expensed	38.7	(1,514,015)	(605,284)
Net profit / return		<b>1,490,252</b>	683,573
<b>Other income</b>			
Fee and commission income		177,711	130,161
Foreign exchange income		18,331	9,879
Other income		3,773	21,674
Total other income		<b>199,815</b>	161,714
Total Income		<b>1,690,067</b>	845,287
<b>Other expenses</b>			
Operating expenses		(1,172,202)	(893,078)
Profit / (loss) before provisions		<b>517,865</b>	(47,791)
Provisions and write offs - net		<b>75,049</b>	(158)
Profit / (loss) before taxation		<b>592,914</b>	(47,949)

### 38.1 Due from Financial Institutions

#### Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
	-	-	-	-	-	-
Bai Muajjal Receivable from State Bank of Pakistan	11,419,496	-	11,419,496	1,417,699	-	1,417,699
	<b>11,419,496</b>	-	<b>11,419,496</b>	1,417,699	-	1,417,699

This represent Bai Muajjal agreements with Government of Pakistan and carries profit rate ranging from 10.41% to 13.44% (December 31, 2018: 12.81%) per annum.

### 38.2 Investments by segments:

#### Federal Government Securities:

-Ijarah Sukuks

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	----- Rupees in '000 -----							
	2,000,000	-	(78,000)	1,922,000	9,740,000	-	(56,116)	9,683,884
	<b>2,000,000</b>	-	<b>(78,000)</b>	<b>1,922,000</b>	9,740,000	-	(56,116)	9,683,884
<b>Non Government Debt Securities</b>								
-Listed	500,000	-	3,875	503,875	600,000	-	5,211	605,211
-Unlisted	16,171,391	(130,807)	209,781	16,250,365	12,996,390	(130,807)	759,694	13,625,277
	<b>16,671,391</b>	<b>(130,807)</b>	<b>213,656</b>	<b>16,754,240</b>	13,596,390	(130,807)	764,905	14,230,488
<b>Total Investments</b>	<b>18,671,391</b>	<b>(130,807)</b>	<b>135,656</b>	<b>18,676,240</b>	23,336,390	(130,807)	708,789	23,914,372





### 38.3 Islamic financing and related assets - net

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
Ijarah	<b>336,692</b>	436,069
Murabaha	<b>1,850,332</b>	2,024,071
Musawama	<b>30,015</b>	69,867
Diminishing Musharaka	<b>11,886,310</b>	11,971,073
Istisna	<b>717,076</b>	525,434
Other Islamic Modes (Wakala tul Istismar)	<b>8,500,000</b>	8,500,000
Advances against Islamic assets (Ijarah, Murbaha, DM, Istasna)	<b>6,041,501</b>	3,580,044
Gross Islamic financing and related assets	<b>29,361,926</b>	27,106,558
Less: provision against Islamic financings		
- Specific	<b>(203,933)</b>	(278,995)
- General	<b>(295)</b>	(283)
	<b>(204,228)</b>	(279,278)
Islamic financing and related assets - net of provision	<b>29,157,698</b>	26,827,280

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

### 38.4 Deposits and other accounts

#### Customers

Current deposits	<b>29,646,122</b>	16,347,155
Savings deposits	<b>27,884,403</b>	26,885,268
Term deposits	<b>5,563,723</b>	2,608,640
	<b>63,094,248</b>	45,841,063

#### Financial Institutions

Current deposits	<b>710,751</b>	505,685
Savings deposits	<b>222,157</b>	126,897
Term deposits	<b>3,700,000</b>	4,548,476
	<b>4,632,908</b>	5,181,058
	<b>67,727,156</b>	51,022,121

### 38.5 Unappropriated profit / (unremitted loss)

Opening balance	<b>(57,150)</b>	(228,135)
Add: Islamic banking profit / (loss) for the period	<b>592,914</b>	(57,150)
Less: transferred / remitted to head office	<b>57,150</b>	228,135
Closing balance	<b>592,914</b>	(57,150)



	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	
<b>38.6 Profit / return earned</b>		
Profit earned on:		
Financing	1,417,256	729,465
Investments	1,090,921	552,894
Placements	6,612	6,498
Others (Bai Muajjal)	489,478	-
	<u>3,004,267</u>	<u>1,288,857</u>
<b>38.7 Profit / return / expensed</b>		
Deposits and other accounts	1,192,203	403,302
Finance charge on right of use assets	45,444	-
Others (General Account)	276,368	201,982
	<u>1,514,015</u>	<u>605,284</u>

### 39. GENERAL

39.1 Figures have been rounded off to the nearest thousand rupees.

### 40. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on August 28, 2019 by the Board of Directors of the Bank.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



# Consolidated Financial Statements of NBP and its Subsidiary Companies





# Directors' Report to the Shareholders

## Consolidated Financial Statements

We are pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the bank and its subsidiaries for the half year ended June 30, 2019.

These consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards, Islamic Financial Accounting Standards, and other applicable regulatory directives.

Consolidated after-tax profit for the half year ended June 30, 2019 decreased by 10.7% to PKR 11.4 billion as compared to PKR 12.7 billion for the half year ended June 30, 2018. For the period under review, the bank's subsidiaries contributed PKR 111.1 million in Group's profitability whereas share of loss from associates and joint venture amounted to PKR 29.4 million and PKR 39.2 million respectively. Consolidated assets of the bank amounted to PKR 2,871.5 billion, being 2.4% higher than PKR 2,803.9 billion as at December 31, 2018. Consolidated earnings per share for the period under review amounted to Rs. 5.34 as against Rs. 5.95 for the similar period of 2018. The drop is mainly due to the lower standalone profits of the bank.

Consolidated operating results and appropriation of profits as recommended by the Board are given below:

	PKR Million
Profit before tax for the half-year ended June 30, 2019	20,740
Taxation:	
- Current	8,942
- Prior Year	1,057
- Deferred	(638)
	<u>9,361</u>
Profit after tax for the half-year ended June 30, 2019	11,379
Un-appropriated profit brought forward	76,240
Other comprehensive income - net of tax	(172)
Non-controlling interest	(26)
Transfer from surplus on revaluation of fixed assets	120
Profit available for appropriations	<u>87,541</u>
<b>Appropriation:</b>	
Transfer to Statutory Reserve	1,110
Un-appropriated profit carried forward	<u>86,431</u>
Basic and diluted earnings per share (Rupees)	5.34

For and on behalf of the Board of Directors

**Arif Usmani**  
President & CEO  
Karachi

Date: August 28, 2019

**Zubyr Soomro**  
Chairman



## ڈائریکٹرز کی رپورٹ برائے حصص یافتگان بینک کے مالیاتی گوشوارے کا خلاصہ

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2019 کو ختم ہونے والی ششماہی نیشنل بینک آف پاکستان اور اس کے ذیلی اداروں کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

یہ مالیاتی گوشوارے بین الاقوامی مالیاتی رپورٹنگ کے معیارات، اسلامی مالیاتی حسابات کے معیارات اور دیگر لاگو ہونے والے ریگولیٹری احکامات کے مطابق تیار کیے گئے ہیں۔

30 جون 2019 کو ختم ہونے والی ششماہی کے لیے ٹیکس کی کٹوتی کے بعد ہونے والا منافع 10.7 فیصد کی بعد 11.4 ارب روپے رہ گیا جبکہ 30 جون 2018 کو ختم ہونے والی ششماہی یہ منافع 12.7 ارب روپے تھا۔ زیر جائزہ عرصے کے دوران ہمارے ذیلی اداروں نے بینک کے منافع میں 111.1 ملین روپے کا حصہ ڈالا جبکہ نقصان میں منسلک اداروں کا حصہ 29.4 ملین روپے جبکہ مشترکہ منصوبوں سے ہونے والا نقصان 39.2 ملین روپے رہا۔ بینک کے مجموعی اثاثوں کی مالیت 2,871.5 ارب روپے جو کہ 31 دسمبر 2018 کو بینک کے مجموعی اثاثوں 2,803.9 ارب روپے سے 2.4 فیصد زیادہ ہے۔ زیر جائزہ عرصے میں فی شخص مجموعی آمدنی 5.34 روپے رہی جبکہ 2018 کے اسی عرصہ میں مجموعی فی شخص آمدنی 5.95 روپے تھی۔ اس کی بنیادی وجہ بینک کے اسٹیٹنڈ الون منافع میں کمی ہے۔

بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مجموعی آپریٹنگ نتائج اور منافع کا تصرف ذیل میں دیا جا رہا ہے۔

ملین پاکستان روپے

20,740

30 جون 2019 کو ختم ہونے والی ششماہی کا قبل از ٹیکس منافع  
ٹیکیشن

8,942

- موجودہ

1,057

- گزشتہ سال

(638)

- مؤخر شدہ

9,361

11,379

30 جون 2019 کو ختم ہونے والی ششماہی کا بعد از ٹیکس منافع

76,240

غیر تصرف شدہ سامنے لایا جانے والا منافع

(172)

دیگر جامع آمدنی۔ ٹیکس کے بعد

(26)

Non-controlling interest

120

گلسڈ اثاثوں کی نظر ثانی شدہ قدر پر ذخائر سے منتقلی

87,541

تصرف کے لیے دستیاب منافع

تصرف

1,110

قانونی ذخائر میں منتقلی (بعد از ٹیکس منافع کا 10 فیصد)

86,431

غیر تصرف شدہ سامنے لایا جانے والا منافع

5.34

بنیاد اور حل شدہ فی شخص آمدنی (روپے)

عارف عثمانی

منجانب اور بورڈ آف ڈائریکٹرز کے لیے

صدر اور سی ای او

زیب سومرو

کراچی

چیئرمین



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 <b>352,248,449</b>	247,917,421
Balances with other banks	7 <b>21,505,430</b>	13,049,725
Lendings to financial institutions	8 <b>35,305,992</b>	106,391,667
Investments	9 <b>1,195,156,326</b>	1,284,974,506
Advances	10 <b>952,927,352</b>	926,339,789
Fixed assets	11 <b>54,166,920</b>	54,338,676
Intangible assets	12 <b>1,120,569</b>	856,900
Right of use assets	13 <b>6,904,766</b>	-
Other assets	14 <b>252,134,734</b>	170,017,572
	<b>2,871,470,538</b>	2,803,886,256
<b>LIABILITIES</b>		
Bills payable	15 <b>16,211,391</b>	9,944,178
Borrowings	16 <b>276,647,578</b>	392,739,396
Deposits and other accounts	17 <b>2,093,467,838</b>	2,011,312,625
Liabilities against assets subject to finance lease	18 <b>167,553</b>	121,077
Lease liability against right of use assets	19 <b>7,275,043</b>	-
Deferred tax liabilities	20 <b>6,478,739</b>	6,945,767
Other liabilities	21 <b>249,472,090</b>	171,761,918
	<b>2,649,720,232</b>	2,592,824,961
<b>NET ASSETS</b>	<b>221,750,304</b>	211,061,295
<b>REPRESENTED BY</b>		
Share capital	<b>21,275,131</b>	21,275,131
Reserves	<b>56,972,838</b>	53,442,643
Surplus on revaluation of assets	22 <b>56,204,049</b>	59,262,177
Unappropriated profit	<b>86,430,573</b>	76,239,599
	<b>220,882,592</b>	210,219,550
Non-controlling interest	<b>867,712</b>	841,745
	<b>221,750,304</b>	211,061,295
<b>CONTINGENCIES AND COMMITMENTS</b>		
	23	

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



## CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

Note	Quarter ended		Half year ended		
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
	----- Rupees in '000 -----				
Mark-up / return / interest earned	24	51,952,156	35,073,864	97,786,919	66,526,786
Mark-up / return / interest expensed	25	31,895,033	18,996,105	62,115,159	36,259,724
Net mark-up / return / interest income		20,057,123	16,077,759	35,671,760	30,267,062
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	26	6,166,992	5,474,123	10,565,043	9,819,275
Dividend income		710,761	803,048	1,728,716	1,120,309
Foreign exchange income		1,770,411	1,483,098	3,670,695	1,834,144
Gain on securities - net	27	251,919	1,538,318	353,826	2,448,285
Share of loss from joint venture - net of tax		(23,176)	(54,443)	(39,191)	(11,147)
Share of (loss) / profit from associates - net of tax		(54,794)	(35,088)	(29,371)	17,988
Other income	28	1,535,415	527,937	2,817,432	976,579
Total non-mark-up / interest income		10,357,528	9,736,993	19,067,150	16,205,433
Total income		30,414,651	25,814,753	54,738,910	46,472,495
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	29	15,401,314	13,325,340	28,645,509	26,147,876
Workers welfare fund		-	-	-	-
Other charges	30	84,776	7,513	93,374	9,757
Total non-markup / interest expenses		15,486,090	13,332,853	28,738,883	26,157,633
Profit before provisions		14,928,561	12,481,900	26,000,027	20,314,862
Provisions and write offs - net	31	3,046,440	2,801,024	5,259,684	2,798,471
<b>PROFIT BEFORE TAXATION</b>		11,882,121	9,680,876	20,740,343	17,516,390
Taxation	32	4,780,816	2,045,831	9,361,392	4,773,228
<b>PROFIT AFTER TAXATION</b>		7,101,305	7,635,045	11,378,951	12,743,162
<b>Attributable to:</b>					
Shareholders of the Bank		7,096,982	7,594,614	11,352,984	12,656,259
Non-controlling interest		4,323	40,431	25,967	86,903
		7,101,305	7,635,045	11,378,951	12,743,162
----- Rupees -----					
Earnings per share - basic and diluted	33	3.34	3.57	5.34	5.95

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- Rupees in '000 -----			
	Restated		Restated	
Profit after taxation for the period	7,101,305	7,635,045	11,378,951	12,743,162
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	1,468,834	(125,577)	2,420,094	545,825
Movement in surplus on revaluation of investments - net of tax	(5,415,683)	(2,219,079)	(2,938,353)	(1,442,682)
	(3,946,849)	(2,344,657)	(518,259)	(896,857)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of fixed assets - net of tax	104,207	975,741	(171,683)	608,768
Movement in surplus on revaluation of non-banking assets - net of tax	-	(62,937)	-	-
	-	-	-	-
	104,207	912,804	(171,683)	608,768
<b>Total comprehensive income</b>	<b>3,258,663</b>	<b>6,203,192</b>	<b>10,689,009</b>	<b>12,455,074</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Bank	3,254,340	6,162,761	10,663,042	12,368,171
Non-controlling interest	4,323	40,431	25,967	86,903
	<b>3,258,663</b>	<b>6,203,192</b>	<b>10,689,009</b>	<b>12,455,074</b>

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director





## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total	
	Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total					
Rupees in '000													
<b>Balance as at January 01, 2018</b>	21,275,131	7,779,628	29,586,362	12,000,000	521,338	49,887,328	25,511,867	24,120,568	49,632,435	58,069,393	178,864,287	811,427	179,675,714
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	-	12,656,259	12,656,259	86,903	12,743,162
Other comprehensive income / (loss) - net of tax	-	545,825	-	-	545,825	(1,442,682)	-	(1,442,682)	608,768	-	(288,089)	-	(288,089)
Transfer to statutory reserve	-	-	1,249,167	-	-	1,249,167	-	-	-	(1,249,167)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(51,414)	(51,414)	51,414	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>													
Cash dividend paid for the year ended December 31, 2017 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,628)	(5,628)
<b>Opening Balance as at July 01, 2018</b>	21,275,131	8,325,453	30,835,529	12,000,000	521,338	51,682,321	24,069,185	24,069,154	48,138,339	70,136,667	191,232,458	892,702	192,125,160
Profit after taxation for the half year ended December 31, 2018	-	-	-	-	-	-	-	-	-	7,256,845	7,256,845	35,293	7,292,138
Other comprehensive income / (loss) - net of tax	-	1,007,978	-	-	1,007,978	(8,919,411)	20,094,664	11,175,253	(452,983)	-	11,730,248	-	11,730,248
Transfer to statutory reserve	-	-	752,345	-	-	752,345	-	-	-	(752,345)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(51,415)	(51,415)	51,415	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>													
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(86,250)	(86,250)
<b>Balance as at December 31, 2018</b>	21,275,131	9,333,431	31,587,874	12,000,000	521,338	53,442,643	15,149,774	44,112,403	59,262,177	76,239,599	210,219,550	841,745	211,061,295
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	11,352,984	11,352,984	25,967	11,378,951
Other comprehensive income / (loss) - net of tax	-	2,420,094	-	-	2,420,094	(2,938,353)	-	(2,938,353)	(171,683)	-	(689,942)	-	(689,942)
Transfer to statutory reserve	-	-	1,110,101	-	-	1,110,101	-	-	-	(1,110,101)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(119,775)	(119,775)	119,775	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>													
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2019</b>	21,275,131	11,753,525	32,697,975	12,000,000	521,338	56,972,838	12,211,420	43,992,629	56,204,049	86,430,573	220,882,592	867,712	221,750,304

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naem**  
Director

**Tawfiq A. Hussain**  
Director



## CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
Note	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,740,343	17,516,390
Less: dividend income	(1,728,716)	(1,120,309)
	<u>19,011,627</u>	<u>16,396,081</u>
Adjustments:		
Depreciation on fixed assets	1,268,806	1,237,423
Depreciation on right-of-use assets	942,493	-
Amortization	182,165	202,679
Provision and write-offs - net	5,259,684	2,798,471
Gain on sale of fixed assets	(18,120)	(46,266)
Financial charges on leased assets	21,095	333
Unrealized loss on revaluation of investments classified as held-for-trading	13,599	69,120
Charge for defined benefit plans - net	3,598,694	2,817,412
Share of loss from joint venture - net of tax	39,191	11,147
Share of loss / (gain) from associates - net of tax	29,371	(17,988)
	<u>11,336,977</u>	<u>7,072,331</u>
	<u>30,348,604</u>	<u>23,468,413</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	63,885,675	(5,540,411)
Held-for-trading securities	74,225,518	256,662,826
Advances	(34,677,214)	(52,600,386)
Others assets (excluding advance taxation)	<u>(86,482,191)</u>	<u>(18,946,874)</u>
	<u>16,951,788</u>	<u>179,575,155</u>
<b>Increase/ (decrease) in operating liabilities</b>		
Bills payable	6,267,213	4,123,709
Borrowings from financial institutions	(144,873,086)	61,284,008
Deposits	82,155,213	183,585,146
Other liabilities (excluding current taxation)	<u>86,786,480</u>	<u>8,541,346</u>
	<u>30,335,820</u>	<u>257,534,209</u>
Financial charges paid	(21,095)	(333)
Income tax paid	(6,561,577)	(5,978,122)
Benefits paid	(1,527,229)	(1,797,384)
<b>Net cash flows generated from operating activities</b>	<u>69,526,312</u>	<u>452,801,938</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	27,572,757	(296,184,881)
Net investments in held-to-maturity securities	(16,324,706)	(29,139,917)
Dividends received	1,728,716	1,120,309
Investments in fixed assets	(8,121,532)	(1,286,179)
Proceeds from sale of fixed assets	43,718	138,722
Effect of translation of net investment in foreign branches	2,420,094	545,825
<b>Net cash flows generated from / (used in) investing activities</b>	<u>7,319,046</u>	<u>(324,806,120)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease obligations	(38,411)	19,762
Dividend paid	(1,482)	-
<b>Net cash flow used in financing activities</b>	<u>(39,893)</u>	<u>19,762</u>
<b>Increase in cash and cash equivalents</b>	<u>76,805,465</u>	<u>128,015,580</u>
Cash and cash equivalents at beginning of the period	<u>228,999,744</u>	<u>167,211,263</u>
Cash and cash equivalents at end of the period	<u>305,805,209</u>	<u>295,226,843</u>

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

### 1. THE GROUP AND ITS OPERATIONS

#### 1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

- CJSC Subsidiary Bank of NBP in Kazakhstan
- CJSC Subsidiary Bank of NBP in Tajikistan
- NBP Exchange Company Limited, Pakistan
- National Bank Modaraba Management Company Limited, Pakistan
- First National Bank Modaraba, Pakistan
- Taurus Securities Limited, Pakistan
- NBP Fund Management Limited, Pakistan
- Cast-N-Link Products Limited

The subsidiary company of the Group, National Bank Modaraba Management Company Limited, Pakistan exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the Ultimate Holding Company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset.

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,509 (December 31, 2018: 1,504) branches in Pakistan and 21 (December 31, 2018: 21) overseas branches (including the Export Processing Zone branch, Karachi).

CJSC Subsidiary Bank of NBP in Kazakhstan, CJSC Subsidiary Bank of NBP in Tajikistan, NBP Exchange Company Limited, National Bank Modaraba Management Company Limited are wholly owned subsidiaries of the holding company while the controlling interest in Taurus Securities Limited is 58.32%, NBP Fund Management Limited is 54%, First National Bank Modaraba 30% and Cast-N-Link Products Limited 76.51%.



## 1.2 BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Bank (Holding Company) and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of the comprehensive income from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.
- The financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 228 of the Companies Act, 2017 (the Act) in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-291 dated November 27, 2018, based on the fact that investment of the Group in CNL is not material and comprise of 0.000050% of the total assets of the Bank and the investment have been fully provided for, granted the exemption from consolidation of CNL in its consolidated financial statements.

## 2. BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

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



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

- 2.1.2** The SBP vide BSD Circular letter No.10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments (IAS 39): Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular No.4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards IFAS 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I) /2008 dated April 28, 2008, International Financial Reporting Standard IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.1.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.1.4** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2018.
- 2.1.5** Amendments to approved accounting standards that are not effective in the current period

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

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
- IFRS 3 - Definition of a Business (Amendments)	January 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 220(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these consolidated condensed interim financial statements.



IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank has already adopted IFRS 9 in respect of certain overseas branches.

The Bank is in the process of assessing the full impact of this standard.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

### 2.1.6 Standards, interpretations of and amendments to approved accounting standards that are effective

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

During the current period, IFRS 16, Leases, became applicable for the Bank. The impact of the adoption of IFRS 16 on the Group's condensed interim financial statements is disclosed in note 3.1

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adapted for presentation of these consolidated condensed interim financial statements are same as those followed in presentation of the consolidated financial statements of the Group for the year ended December 31, 2018 except as disclosed in note 3.1 and 3.2 to these consolidated condensed interim financial statements.

### 3.1 This note explains the impact of the adoption of IFRS 16 Leases (IFRS 16) on the Group's financial statements and discloses the new accounting policies that have been applied from January 01, 2019 as disclosed in note 13 and note 19 as below.

The Group has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 01, 2019 was 10%.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees, if any.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



The lease payments are to be discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The effect of this change in accounting policy is as follows:

June 30,      January 1,  
2019              2019  
----- Rupees in '000 -----

**Impact on consolidated condensed interim statement of financial position**

Increase in fixed assets - right-of-use assets	<b>6,904,766</b>	7,585,740
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	<b>(229,241)</b>	(229,241)
Increase in other assets - advance taxation	<b>167,698</b>	-
Increase in total assets	<b>6,843,223</b>	7,356,499
Increase in other liabilities - lease liability against right-of-use assets	<b>(7,275,043)</b>	(7,356,499)
(Decrease) in exchange translation reserves	<b>169,523</b>	-
(Decrease) / increase in net assets	<b>(262,297)</b>	-

**January - June  
2019  
Rupees in '000**

**Impact on consolidated condensed interim profit and loss account**

Increase in mark-up expense - lease liability against right-of-use assets	<b>(350,903)</b>
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	<b>(942,493)</b>
- Rent expense	<b>863,401</b>
Decrease in profit before tax	<b>(429,995)</b>
Decrease in tax	<b>167,698</b>
Decrease in profit after tax	<b>(262,297)</b>



The Group leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to statement of profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

**- Consolidated condensed interim profit and loss account**

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the consolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

**- Consolidated condensed interim statement of comprehensive income**

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

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

**5. FINANCIAL RISK MANAGEMENT**

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





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

## 6. CASH AND BALANCES WITH TREASURY BANKS

### In hand

Local currency	<b>58,203,078</b>	39,696,873
Foreign currency	<b>5,983,695</b>	4,661,530
	<b>64,186,773</b>	44,358,402

### With State Bank of Pakistan in

Local currency current accounts	6.1 <b>192,909,721</b>	130,186,419
Foreign currency current accounts	6.2 <b>8,542,699</b>	7,029,780
Foreign currency deposit accounts	6.2 <b>25,989,869</b>	21,240,971
Foreign currency collection accounts	<b>4,219,038</b>	1,812,339
	<b>231,661,327</b>	160,269,509

### With other central banks in

Foreign currency current accounts	6.3 <b>38,200,328</b>	41,438,832
Foreign currency deposit accounts	6.3 <b>4,549,619</b>	1,455,866
	<b>42,749,947</b>	42,894,698

### Prize bonds

	<b>13,650,402</b>	394,812
	<b>352,248,449</b>	247,917,421

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.49% per annum (December 31, 2018: 0% to 0.75% per annum).



		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current accounts		12,933	25,813
In deposit accounts	7.1	4,113,213	155,631
		<b>4,126,146</b>	181,444
Outside Pakistan			
In current accounts		11,185,354	7,107,914
In deposit accounts	7.2	6,193,930	5,760,367
		<b>17,379,284</b>	12,868,281
		<b>21,505,430</b>	13,049,725

**7.1** These include various deposits with banks and carry interest at rates ranging from 5% to 10% per annum (December 31, 2018: 4% to 9.25% per annum).

**7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 2.49% per annum (December 31, 2018: 0% to 2.16% per annum).

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call / clean money lendings	8.1	1,040,800	8,240,800
Repurchase agreement lendings (Reverse Repo)	8.2	22,845,696	96,733,168
Bai Muajjal receivables with State Bank of Pakistan	8.3	11,419,496	1,417,699
Letters of placement	8.4	176,150	176,150
	8.5	<b>35,482,142</b>	106,567,817
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		<b>35,305,992</b>	106,391,667

**8.1** This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2018: Rs. 40.8 million) which is guaranteed by the SBP.

**8.2** These carry mark-up at rates ranging from 12.25% to 12.65% per annum (December 31, 2018: 8.45% to 10.41% per annum) with maturities ranging from July 2, 2019 to July 26, 2019.

**8.3** This represents Bai Muajjal agreements entered into with SBP and carries mark-up rate from 10.41% to 13.44% per annum (December 31, 2018: 12.81% per annum).

**8.4** These are overdue placements and full provision has been made against these placements as at June 30, 2019.



### 8.5 Particulars of lending

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
In local currency	35,482,142	106,567,817
In foreign currencies	-	-
	<b>35,482,142</b>	<b>106,567,817</b>

### 8.6 Movement in provision held against lendings is as follows:

Opening balance	176,150	176,150
Charge for the year	-	-
Closing balance	<b>176,150</b>	<b>176,150</b>

### 8.7 Securities held as collateral against lendings to financial institutions

	June 30, 2019 (Un-Audited)			December 31, 2018 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- Rupees in '000 -----						
Market Treasury Bills	5,904,967	-	5,904,967	70,283,168	-	70,283,168
Pakistan Investment Bonds	16,940,729	-	16,940,729	26,450,000	-	26,450,000
Total	<b>22,845,696</b>	-	<b>22,845,696</b>	96,733,168	-	96,733,168

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 22,633 million (December 31, 2018: Rs. 95,739 million).

### 8.8 Category of classification

	June 30, 2019 (Un-Audited)		December 31, 2018 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
----- Rupees in '000 -----				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	176,150	176,150	176,150	176,150
	<b>176,150</b>	<b>176,150</b>	176,150	176,150
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	<b>176,150</b>	<b>176,150</b>	176,150	176,150



## 9. INVESTMENTS

## 9.1 Investments by type:

	June 30, 2019 (Un-Audited)				December 31, 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>Held-for-trading securities</b>								
Market Treasury Bills	77,731,999	-	4,524	77,736,523	149,885,647	-	(973)	149,884,674
Pakistan Investment Bonds	-	-	-	-	2,333,574	-	(67)	2,333,507
Ordinary shares of listed companies	356,097	-	(17,204)	338,893	158,277	-	197	158,474
Investment In mutual funds	279,884	-	(919)	278,965	404,747	-	(21,181)	383,566
Foreign Government Securities	1,168,224	-	-	1,168,224	971,052	-	-	971,052
	79,536,204	-	(13,599)	79,522,605	153,753,297	-	(22,024)	153,731,274
<b>Available-for-sale securities</b>								
Market Treasury Bills	533,675,731	-	(16,894)	533,658,837	592,215,863	-	(28,707)	592,187,156
Pakistan Investment Bonds	236,022,424	-	(12,961,602)	223,060,822	207,581,489	-	(12,318,101)	195,263,388
Ijarah Sukuks	2,071,299	-	(78,000)	1,993,299	9,789,374	-	(56,116)	9,733,258
Ordinary shares of listed companies	28,066,354	(5,625,661)	11,412,989	33,853,682	26,042,551	(3,978,334)	17,017,036	39,081,253
Ordinary shares of unlisted companies	2,005,829	(507,573)	-	1,498,256	2,005,182	(410,893)	-	1,594,289
Preference shares	570,308	(447,394)	-	122,914	570,535	(433,444)	(11,155)	125,936
Term Finance Certificates / Musharika	-	-	-	-	-	-	-	-
Participation Term Certificate and Sukuk Bonds	61,260,606	(4,927,884)	469,666	56,802,388	58,787,773	(4,761,669)	2,264,936	56,291,040
GoP Foreign Currency Bonds	31,141,599	-	876,412	32,018,011	25,462,626	-	(515,692)	24,946,934
Foreign Government Securities	1,116,720	-	(82,985)	1,033,735	968,567	-	(148,117)	820,450
Foreign Currency Debt Securities	1,472,237	-	(157,759)	1,314,478	1,551,903	-	(94,342)	1,457,561
Investments in mutual funds	819,646	(41,167)	1,049,212	1,827,691	819,646	(40,642)	1,248,405	2,027,408
Ordinary shares of a bank outside Pakistan	463,294	-	19,317,303	19,780,597	463,295	-	15,570,989	16,034,284
	898,686,047	(11,549,679)	19,828,342	906,964,709	926,258,804	(9,624,982)	22,929,135	939,562,957
<b>Held-to-maturity securities</b>								
Market Treasury Bills	69,352	-	-	69,352	69,967	-	-	69,967
Pakistan Investment Bonds	168,870,231	-	-	168,870,231	157,492,035	-	-	157,492,035
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	593,665	(412,384)	-	181,281	696,956	(412,384)	-	284,572
GoP Foreign Currency Bonds	3,241,208	-	-	3,241,208	2,859,233	-	-	2,859,233
Foreign Government Securities	30,534,424	-	-	30,534,424	25,866,066	-	-	25,866,066
Foreign Currency Debt Securities	615	-	-	615	532	-	-	532
	203,309,495	(412,384)	-	202,897,111	186,984,789	(412,384)	-	186,572,405
<b>Associates</b>	1,158,961	(851,170)	-	307,791	1,190,599	(626,069)	-	564,531
<b>Joint Venture</b>	5,464,111	-	-	5,464,111	4,543,339	-	-	4,543,339
<b>Subsidiaries</b>	1,245	(1,245)	-	-	1,245	(1,245)	-	-
<b>Total Investments</b>	1,188,156,062	(12,814,478)	19,814,743	1,195,156,326	1,272,732,074	(10,664,680)	22,907,111	1,284,974,506

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

## 9.1.1 Investments given as collateral

Pakistan Investment Bonds	<b>4,850,000</b>	9,500,000
Market Treasury Bills	<b>164,375,775</b>	274,350,000
	<b>169,225,775</b>	283,850,000

## 9.2 Provision for diminution in value of investments

9.2.1 Opening balance	<b>10,664,680</b>	10,521,310
Charge / reversals		
Charge for the period	<b>2,183,791</b>	1,514,109
Reversals for the period	<b>(33,993)</b>	(1,370,739)
	<b>2,149,798</b>	143,370
Closing Balance	<b>12,814,478</b>	10,664,680



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

**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**

Category of classification	June 30, 2019 (Un-Audited)		December 31, 2018 (Audited)	
	NPI	Provision	NPI	Provision
Rupees in '000				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,349,032	5,340,268	5,182,817	5,174,053
<b>Total</b>	<b>5,349,032</b>	<b>5,340,268</b>	<b>5,182,817</b>	<b>5,174,053</b>

**9.3** The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 184,609 million (December 31, 2018: Rs. 172,378 million).

**10. ADVANCES**

Note	Performing		Non Performing		Total	
	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Rupees in '000						
Loans, cash credits, running finances, etc.	889,918,721	879,651,507	135,605,465	128,261,528	1,025,524,185	1,007,913,034
Islamic financing and related assets	29,157,992	26,914,764	203,934	191,794	29,361,926	27,106,558
Net Investment in finance lease	93,155	104,647	28,944	28,944	122,099	133,591
Bills discounted and purchased	31,724,397	19,294,694	6,624,877	6,068,698	38,349,274	25,363,392
Advances - gross	950,894,265	925,965,612	142,463,220	134,550,963	1,093,357,484	1,060,516,575
Provision against advances						
- Specific	-	-	133,096,172	126,969,680	133,096,172	126,969,680
- General	7,333,961	7,207,106	-	-	7,333,961	7,207,106
Advances - net of provision	943,560,304	918,758,506	9,367,048	7,581,283	952,927,352	926,339,789

**10.1 Net Investment in Finance Lease**

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Rupees in '000								
Lease rentals receivable	77,677	18,723	-	96,400	79,987	27,840	-	107,826
Residual value	49,498	9,800	-	59,298	43,479	16,477	-	59,956
Minimum lease payments	127,176	28,522	-	155,698	123,465	44,317	-	167,782
Financial charges for future periods	31,921	1,677	-	33,599	31,680	2,510	-	34,190
Present value of minimum lease payments	95,254	26,845	-	122,099	91,785	41,807	-	133,591

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.92% to 15.36% (December 31, 2018: 10.19% to 14.47%) per annum.



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

### 10.2 Particulars of advances (Gross)

In local currency	<b>980,298,680</b>	969,830,010
In foreign currencies	<b>113,058,804</b>	90,686,565
	<b>1,093,357,484</b>	1,060,516,575

10.3 Advances include Rs. 142,463 million (2018: Rs. 134,551 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
<b>Domestic</b>				
Other Assets Especially Mentioned	1,668,971	107,331	1,281,567	64,543
Substandard	3,833,314	932,269	3,783,451	923,008
Doubtful	3,621,996	1,767,994	1,448,149	689,033
Loss	89,861,182	88,429,370	88,113,131	86,856,965
	<b>98,985,463</b>	<b>91,236,964</b>	94,626,299	88,533,549
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	4,372	3,279	-	-
181 to 365 days	714,547	377,509	733,217	355,579
> 365 days	42,758,837	41,478,420	39,191,446	38,080,551
	<b>43,477,756</b>	<b>41,859,208</b>	39,924,663	38,436,130
Total	<b>142,463,220</b>	<b>133,096,172</b>	134,550,963	126,969,680



#### 10.4 Particulars of provision against advances

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	126,969,680	7,207,106	134,176,786	111,347,775	6,515,068	117,862,843
Exchange adjustments	5,304,599	38,680	5,343,279	7,701,151	111,207	7,812,358
Charge for the year	5,222,322	319,817	5,542,139	14,178,781	1,330,247	15,509,029
Reversals	(2,564,129)	(231,639)	(2,795,768)	(5,987,047)	(749,416)	(6,736,463)
	2,658,193	88,178	2,746,371	8,191,734	580,831	8,772,565
Amounts charged off	(1,776,733)	-	(1,776,733)	(12,118)	-	(12,118)
Amounts charged off / Write off	10.4.4 (59,568)	-	(59,568)	(261,281)	-	(261,281)
Other adjustments	-	-	-	2,419	-	2,419
Closing balance	133,096,172	7,333,961	140,430,133	126,969,680	7,207,106	134,176,786

#### 10.4.1 Particulars of provision against advances

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	91,236,964	7,024,401	98,261,365	88,533,549	6,949,255	95,482,804
In foreign currencies	41,859,208	309,559	42,168,766	38,436,131	257,851	38,693,982
	133,096,172	7,333,961	140,430,133	126,969,680	7,207,106	134,176,786

**10.4.2** The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

**10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019.

**10.4.4** This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the bank's right to pursue recovery against these loans.



	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----			
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	<b>2,011,289</b>	1,934,605
Property and equipment		<b>52,155,631</b>	52,404,071
		<b>54,166,920</b>	54,338,676
<b>11.1 Capital work-in-progress</b>			
Civil works		<b>1,922,057</b>	1,863,208
Equipment		<b>15,909</b>	15,884
Advances to suppliers and contractors		<b>73,323</b>	55,513
		<b>2,011,289</b>	1,934,605
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----			
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
<b>Capital work-in-progress</b>		<b>56,504</b>	58,632
<b>Property and equipment</b>			
Buildling on freehold land		<b>26,908</b>	18,996
Buildling on leasehold land		<b>6,338</b>	30,500
Furniture and fixture		<b>279,133</b>	497,521
Computer and peripheral equipment		<b>129,002</b>	138,172
Electrical, office equipment		<b>123,083</b>	329,800
Vehicles		<b>100,587</b>	195,956
Assets held under finance lease - Vehicles		<b>84,887</b>	28,205
Assets held under finance lease - Office Equipment		-	9,628
		<b>749,938</b>	1,248,779
Total		<b>806,442</b>	1,307,411





### 11.3 Disposal of fixed assets

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

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----		
Building on leasehold land	-	1,363
Furniture and fixture	1,406	3,446
Computer and peripheral equipment	554	395
Electrical, office equipment	169	10,588
Vehicles	9,165	19,424
Assets held under finance lease - Vehicles	29,156	4,265
Assets held under Ijarah - Machinery	-	8,488
Assets held under Ijarah - Vehicle	164	19,806
<b>Total</b>	<b>40,613</b>	<b>67,774</b>

### 12. INTANGIBLE ASSETS

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
Core Banking Application	26,270	113,027
Computer Software	531,745	179,289
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
<b>Total</b>	<b>1,120,569</b>	<b>856,900</b>

### 12.1 Additions to intangible assets

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

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----		
Directly purchased	390,144	26,895
<b>Total</b>	<b>390,144</b>	<b>26,895</b>

### 13. RIGHT-OF-USE ASSETS

The recognised right-of-use assets relate to the following types of assets:

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
Balance as at initial application i.e. January 01, 2019	7,585,740	-
Additions during the period	261,519	-
Depreciation charged for the period	942,493	-
<b>Balance as at June 30, 2019</b>	<b>6,904,766</b>	<b>-</b>

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	
<b>14. OTHER ASSETS</b>		
Income / return / mark-up accrued in local currency - net of provision	42,531,941	31,164,399
Income / return / mark-up accrued in foreign currency	2,824,464	2,481,428
Advances, deposits, advance rent and other prepayments	6,081,441	7,239,676
Advance taxation (payments less provisions)	8,441,461	11,879,329
Income tax refunds receivable	44,668,031	45,531,634
Compensation for delayed tax refunds	10,781,469	8,082,559
Non-banking assets acquired in satisfaction of claims	3,781,740	3,796,527
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	228,483	228,484
Unrealized gain on forward foreign exchange contracts	12,095,550	6,929,960
Commission receivable on Government treasury transactions	9,256,706	4,627,921
Stationery and stamps on hand	438,552	381,722
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale / purchase of shares	835,383	580,632
Receivable against sale of foreign currencies	232,532	160,496
Receivable from Pakistan Stock Exchange	147,748	127,579
Receivable from mutual funds	724,157	674,504
Acceptances	107,286,220	45,884,978
Others	10,259,607	8,394,868
	<b>261,552,891</b>	179,104,100
Less: Provision held against other assets	14.1 9,216,290	8,884,661
Other assets (net of provision)	<b>252,336,601</b>	170,219,439
Deficit surplus on revaluation of non-banking assets acquired in satisfaction of claims	<b>(201,867)</b>	(201,867)
Other assets - total	<b>252,134,734</b>	170,017,572

#### 14.1 Provision held against other assets

Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	2,464,613	2,405,689
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets acquired from CIRC	228,484	228,484
Others	2,229,926	1,957,221
	<b>9,216,290</b>	8,884,661



	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	8,884,661	8,772,698
Charge for the year / period	331,630	2,289,554
Adjustment of compensation claimed by SBP to SBP balances	-	(2,174,278)
Amount Written off	-	(3,314)
Closing balance	<u>9,216,290</u>	<u>8,884,661</u>
<b>15. BILLS PAYABLE</b>		
In Pakistan	15,578,424	9,838,706
Outside Pakistan	<u>632,967</u>	<u>105,472</u>
	<u>16,211,391</u>	<u>9,944,178</u>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	2,733,900	1,553,200
Under Export Refinance Scheme (New Scheme)	17,017,491	15,711,423
Refinance Facility for Modernization of SMEs	9,000	-
Financing Facility for storage of Agriculture Produce (FFSAP)	331,147	222,727
Under Long-Term Financing Facility (LTFF)	6,111,380	5,418,613
	<u>26,202,918</u>	<u>22,905,963</u>
Repurchase agreement borrowings	169,225,775	278,631,608
Bai Muajjal	<u>8,249,497</u>	<u>45,954,085</u>
<b>Total secured</b>	<u>203,678,190</u>	<u>347,491,656</u>
<b>Unsecured</b>		
Call borrowings	64,559,165	36,400,855
Overdrawn nostro accounts	4,430,305	3,807,347
Bai Muajjal	<u>3,979,918</u>	<u>5,039,538</u>
<b>Total unsecured</b>	<u>72,969,388</u>	<u>45,247,740</u>
	<u>276,647,578</u>	<u>392,739,396</u>
<b>16.1 Particulars of borrowings with respect to currencies</b>		
In local currency	215,238,427	356,338,554
In foreign currencies	<u>61,409,151</u>	<u>36,400,842</u>
	<u>276,647,578</u>	<u>392,739,396</u>



## 16.2 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3% (December 31, 2018: 3.0%).
- Repurchase agreement borrowings carry mark-up ranging from 12.05% to 12.38% per annum (December 31, 2018: 8.4% to 10.16% per annum) having maturity on ranging from July 2, 2019 to July 12, 2019.
- Call borrowings carry interest ranging from 1.7% to 12.35% per annum (December 31, 2018: 0% to 4.22% per annum).

**16.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

**16.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 169,226 million (December 31, 2018: Rs. 283,850 million).

## 17. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
<b>Customers</b>						
Current deposits - remunerative	326,889,020	-	326,889,020	323,623,737	-	323,623,737
Current deposits - non-remunerative	412,475,273	132,798,056	545,273,329	342,571,453	123,766,119	466,337,572
Savings deposits	517,901,205	47,694,452	565,595,657	498,375,321	37,821,597	536,196,918
Term deposits	224,066,235	77,946,660	302,012,895	273,492,139	66,143,486	339,635,626
Others	20,272,212	4,118	20,276,330	9,377,504	3,409	9,380,913
	1,501,603,945	258,443,285	1,760,047,231	1,447,440,155	227,734,611	1,675,174,765
<b>Financial Institutions</b>						
Current deposits	307,991,108	7,183,698	315,174,806	285,716,351	26,528,709	312,245,060
Savings deposits	1,279,796	3,031,866	4,311,662	812,330	778	813,108
Term deposits	7,445,999	1,795,202	9,241,201	7,197,975	1,675,953	8,873,928
Others	975,229	3,717,710	4,692,939	4,523,362	9,682,401	14,205,763
	317,692,132	15,728,476	333,420,608	298,250,018	37,887,841	336,137,859
	1,819,296,077	274,171,761	2,093,467,838	1,745,690,173	265,622,452	2,011,312,625

**17.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 105,176 million (December 31, 2018: Rs.104,127 million).



## 18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- Rupees in '000 -----					
Not later than one year	89,812	15,041	74,771	41,968	9,328	32,640
Later than one year and upto five years	105,400	12,618	92,782	97,404	8,967	88,437
Over five years	-	-	-	-	-	-
	<b>195,212</b>	<b>27,659</b>	<b>167,553</b>	<b>139,372</b>	<b>18,295</b>	<b>121,077</b>

The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 1.75% to KIBOR + 3.5% per annum (2018: KIBOR + 1.75% to KIBOR + 3.5% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

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

## 19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

Lease liabilities included in the statement of financial position  
 As at June 30, 2019

	<b>7,275,043</b>	-
Of which are:		
Current lease liability	<b>1,542,843</b>	-
Non-current lease liability	<b>5,732,200</b>	-
	<b>7,275,043</b>	-

### Maturity analysis - contractual undiscounted cashflows

Less than one year	<b>1,702,470</b>	-
One to five years	<b>5,537,940</b>	-
More than five years	<b>6,509,997</b>	-
Total undiscounted lease liabilities as at June 30, 2019	<b>13,750,407</b>	-



## 20. DEFERRED TAX LIABILITIES

### Deductible Temporary Differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Other provisions
- Right-of-use assets
- Others

(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000-----	
(10,705)	(10,705)
(2,911,133)	(2,816,109)
(236,751)	(236,751)
(1,045,555)	(622,390)
(115,222)	(115,222)
(105,416)	(111,576)
(195,553)	-
(3,904)	(3,904)
<b>(4,624,239)</b>	<b>(3,916,657)</b>

### Taxable Temporary Differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Excess of accounting book value of leased assets over lease liabilities
- Other

1,805,040	1,822,205
6,934,149	6,667,702
55,208	55,208
213	2,477
<b>2,308,368</b>	<b>2,314,832</b>
<b>11,102,978</b>	<b>10,862,424</b>
<b>6,478,739</b>	<b>6,945,767</b>

## 21. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	40,743,123	31,324,102
Mark-up / Return / Interest payable in foreign currencies	924,891	555,608
Unearned commission and income on bills discounted	3,752,952	643,869
Accrued expenses	10,207,114	11,651,136
Advance payments	330,556	370,498
Acceptances	107,286,220	45,884,978
Unclaimed dividends	187,386	188,868
Unrealized loss on put option	306,339	306,339
Branch adjustment account	4,961,201	5,864,695
Employee benefits:		
Pension fund	13,389,045	13,069,665
Post retirement medical benefits	16,324,055	15,371,225
Benevolent fund	1,489,122	1,604,689
Gratuity scheme	2,159,843	1,881,355
Compensated absences	7,809,735	7,541,419
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	20,638,698	18,034,813
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,834,889	3,734,889
Payable to brokers	265,843	180,594
Payable to customers	625,256	190,335
PIBs shortselling	-	366,896
Others	13,237,071	11,997,194
	<b>249,472,090</b>	<b>171,761,918</b>



		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>22. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	<b>19,828,342</b>	22,929,135
- Fixed Assets		<b>44,509,647</b>	44,693,917
- Non-banking assets		<b>2,062,480</b>	2,062,480
- On securities of associates and joint venture		<b>(682,773)</b>	(1,111,660)
		<b>65,717,696</b>	68,573,872
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		<b>(6,934,149)</b>	(6,667,702)
- Fixed Assets		<b>(2,524,290)</b>	(2,588,785)
- Non-banking assets		<b>(55,208)</b>	(55,208)
		<b>(9,513,647)</b>	(9,311,695)
		<b>56,204,049</b>	59,262,177
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	<b>155,356,991</b>	94,340,275
Commitments	23.2	<b>1,574,598,755</b>	1,240,553,725
Other contingent liabilities	23.3	<b>29,624,094</b>	29,259,673
		<b>1,759,579,840</b>	1,364,153,674
<b>23.1 Guarantees:</b>			
Financial guarantees		<b>104,563,372</b>	55,505,600
Performance guarantees		<b>50,793,619</b>	38,834,676
		<b>155,356,991</b>	94,340,275
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
Letters of credit		<b>810,649,520</b>	670,419,500
Commitments in respect of:			
Forward foreign exchange contracts	23.2.1	<b>750,375,692</b>	512,873,075
Forward government securities transactions	23.2.2	<b>13,040,700</b>	56,816,129
Commitments for acquisition of:			
Fixed assets		<b>519,343</b>	431,521
Other commitments	23.2.3	<b>13,500</b>	13,500
		<b>1,574,598,755</b>	1,240,553,725
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>445,197,135</b>	312,710,160
Sale		<b>305,178,557</b>	200,162,915
		<b>750,375,692</b>	512,873,075



Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	12,500,000	50,950,025
Sale	540,700	5,866,104
	<b>13,040,700</b>	<b>56,816,129</b>

Commitments for outstanding forward government securities transactions are disclosed in these consolidated condensed interim financial statements at contracted rates.

<b>23.2.3</b> Professional services to be received	<b>13,500</b>	13,500
<b>23.3 Other contingent liabilities</b>		
<b>23.3.1</b> Claim against the Group not acknowledged as debt	<b>29,624,094</b>	29,259,673

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2018: Rs. 1,597 million).

### 23.3.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018, except for

- a) The tax returns of the Bank have been filed upto tax year 2018 and amended by the tax authorities up to Tax Year 2018. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2018.
- b) During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2018 vide order dated March 28, 2019 through add back / additions and imposed Super Tax under Section 4B read with Finance Supplementary (Second Amendment) Act 2019 through which super tax on Banking companies levied retrospectively at the rate of four percent of taxable income for the tax year 2018. As a result thereof the net demand of Rs.1,056.84 million raised against the Bank which is paid. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.
- c) The aggregate effect of contingencies as on June 30, 2019 amounts to Rs. 12,065 million (December 31, 2018: Rs. 10,732 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.





### 23.3.3 Barter Trade Agreements

Same as disclosed in annual financial statements of the Group for the year ended December 31, 2018.

### 23.3.4 Contingencies in respect of employees benefits and related matters

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018, except for the below mentioned updates.

#### 23.3.4.1 Pensionary benefits to retired employees

The hearing of pension case was fixed on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. After partial arguments the matter was adjourned for April 17, 2019. On the said date, due to adjournment application of the Counsel for respondents, the petitions were adjourned for re-listing in the 2nd week of May however, the matters didn't get listed.

#### 23.3.4.2 Post retirement medical facilities

The Bank has filed an Intra Court Appeal (ICA) against the order of the single bench which is still pending adjudication and is fixed for hearing on September 25, 2019.

#### 23.3.4.3 Restoration of Commuted Pension

The matter is still pending adjudication and is now fixed for hearing on September 12, 2019.

### 23.4 Foreign Exchange repatriation case

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018.

### 23.5 Compliance and risk matters relating to anti-money laundering

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018.

<b>(Un-audited)</b>	<b>(Un-audited)</b>
<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>----- Rupees in '000 -----</b>	

## 24. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	<b>48,501,242</b>	30,794,915
Investments	<b>44,459,427</b>	34,831,029
On securities purchased under resale agreements	<b>3,928,865</b>	606,511
Balances with other banks	<b>897,385</b>	294,331
	<b>97,786,919</b>	66,526,786



	Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----			
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		47,129,327	25,907,927
Borrowings		2,962,062	1,081,962
Cost of foreign currency swaps against foreign currency deposits		2,318,315	1,947,560
Finance charge on lease liability against right of use assets		350,903	-
Securities sold under repurchase agreements		9,354,552	7,322,275
		<b>62,115,159</b>	<b>36,259,724</b>
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		805,868	637,929
Consumer finance related fees		403,967	372,312
Card related fees		341,240	210,352
Credit related fees		135,075	157,415
Investment banking fees		347,621	190,047
Commission on trade		1,684,573	1,720,723
Commission on guarantees		248,162	264,765
Commission on cash management		9,804	9,050
Commission on remittances including home remittances		928,216	301,580
Commission on bancassurance		210,293	155,031
Commission on government transactions		4,625,176	4,931,352
Management fee & sale load		673,964	751,643
Brokerage income		36,011	50,186
Others		115,073	66,890
		<b>10,565,043</b>	<b>9,819,275</b>
<b>27. GAIN ON SECURITIES - NET</b>			
Realised	27.1	367,425	2,517,405
Unrealized - held-for-trading	9.1	(13,599)	(69,120)
		<b>353,826</b>	<b>2,448,285</b>
<b>27.1 Realised gain on:</b>			
Federal Government Securities		206,969	246,226
Shares and mutual funds		131,993	2,179,648
Ijarah Sukuks		28,463	87,500
Foreign Securities		-	4,031
		<b>367,425</b>	<b>2,517,405</b>



	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
	----- Rupees in '000 -----	
<b>28. OTHER INCOME</b>		
Rent on property	16,743	33,141
Gain on sale of fixed assets - net	18,120	46,266
Postal, SWIFT and other charges recovered	32,246	-
Compensation for delayed tax refunds	2,698,910	888,335
Digital infrastructure support income	33,729	-
Others	17,684	8,837
	<u>2,817,432</u>	<u>976,579</u>
<b>28.1</b>	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.	
<b>29. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>18,964,978</b>	17,908,140
<b>Property expense</b>		
Rent and taxes	650,759	1,094,200
Insurance	25,917	15,251
Utilities cost	450,469	388,826
Security (including guards)	1,087,192	1,055,637
Repair and maintenance (including janitorial charges)	400,104	560,800
Depreciation	221,012	122,634
Depreciation on non banking assets	14,788	17,385
Depreciation on Ijarah assets	91,168	126,879
Depreciation on right of use assets	942,493	-
	<b>3,883,902</b>	3,381,613
<b>Information technology expenses</b>		
Software maintenance	499,719	97,753
Hardware maintenance	9,435	11,910
Depreciation	170,258	238,717
Amortisation	182,165	202,679
Network charges	225,897	222,328
Others	40,076	30,294
	<b>1,127,549</b>	803,681
<b>Other operating expenses</b>		
Directors' fees and reimbursement of other expenses	15,026	15,689
Directors' fees and allowances - subsidiaries	3,605	2,890
Legal & professional charges	319,502	211,326
Outsourced services costs	358,158	419,246
Travelling and conveyance	368,664	334,168
NIFT clearing charges	65,861	64,025
Depreciation	771,580	731,808
Training and development	58,605	72,191
Postage and courier charges	91,116	143,176
Communication	156,108	154,135
Stationery and printing	340,064	350,040
Marketing, advertisement & publicity	124,757	114,212
Donations	-	515
Contributions for other Corporate and Social Responsibility	10,203	15,986
Auditors' Remuneration	144,030	110,863
Financial charges on leased assets	21,095	8,568
Insurance	357,771	258,823
Entertainment	149,160	89,253
Clearing, verification, license fee charges	132,242	188,530
Vehicle Expenses	74,217	85,408
Repairs & Maintenance	234,456	305,414
Brokerage	34,548	40,161
Deposit premium expense	619,920	-
Others	218,392	338,015
	<u>4,669,079</u>	<u>4,054,442</u>
	<b>28,645,509</b>	26,147,876



	Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		Rupees in '000	
<b>30. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		90,135	8,503
Penalties imposed by other regulatory bodies (Central bank of international branches)		1,036	-
Penalties imposed by other regulatory bodies (Central bank of subsidiaries)		2,203	1,254
		<b>93,374</b>	<b>9,757</b>
<b>31. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	2,149,798	294,281
Provisions against loans and advances	10.4	2,746,371	2,165,869
Provision against other assets		363,515	338,321
		<b>5,259,684</b>	<b>2,798,471</b>
<b>32. TAXATION</b>			
Current		8,942,604	6,991,313
Prior years		1,056,841	(20,755,128)
Deferred		(638,053)	18,537,043
		<b>9,361,392</b>	<b>4,773,228</b>
<b>32.1</b>	The Federal Government vide The Finance Supplementary (Second Amendment) Bill, 2019 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2017 (Tax Year 2018). Accordingly, provisions of Rs. 1,057 million for Super tax has been made in prior year.		
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
<b>33. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		11,352,984	12,656,259
Weighted average number of ordinary shares (000's)		2,127,513	2,127,513
Earnings per share - basic and diluted (Rupees)		5.34	5.95
		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
		Rupees in '000	
<b>34. CASH AND CASH EQUIVALENT</b>			
Cash and balances with treasury banks		352,248,449	297,529,294
Balances with other banks		21,505,430	25,505,482
Call money lendings		1,040,800	140,800
Call money borrowings		(64,559,165)	(22,135,243)
Overdrawn nostro		(4,430,305)	(5,813,490)
		<b>305,805,209</b>	<b>295,226,843</b>



## 35. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.

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

### 35.1 Fair value of financial assets

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

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

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

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



The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	At June 30, 2019 (Un-audited)				
	Carrying Value	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>					
<b>Investments</b>					
Market Treasury Bills	611,395,359	-	611,395,359	-	611,395,359
Pakistan Investment Bonds	223,060,822	-	223,060,822	-	223,060,822
Ijarah Sukuks	1,993,299	-	1,993,299	-	1,993,299
Ordinary shares of listed companies	34,192,575	34,192,575	-	-	34,192,575
Investment In mutual funds	2,106,656	2,106,656	-	-	2,106,656
Preference shares	122,914	36,050	-	86,864	122,914
Term Finance Certificates / Musharika and Sukuk Bonds	56,802,388	-	56,802,388	-	56,802,388
GoP Foreign Currency Bonds	32,018,011	-	32,018,011	-	32,018,011
Foreign Government Securities	2,201,959	-	2,201,959	-	2,201,959
Foreign Currency Debt Securities	1,314,478	-	1,314,478	-	1,314,478
Ordinary shares of a bank outside Pakistan	19,780,597	19,780,597	-	-	19,780,597
	<b>984,989,058</b>	<b>56,115,878</b>	<b>928,786,316</b>	<b>86,864</b>	<b>984,989,057</b>
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	352,248,449	-	-	-	-
Balances with other banks	21,505,430	-	-	-	-
Lendings to financial institutions	35,305,992	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,498,256	-	-	-	-
Market Treasury Bills	69,352	-	-	-	-
Pakistan Investment Bonds	168,870,231	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	181,281	-	-	-	-
GoP Foreign Currency Bonds	3,241,208	-	-	-	-
Foreign Government Securities	30,534,424	-	-	-	-
Foreign Currency Debt Securities	615	-	-	-	-
Advances	952,927,352	-	-	-	-
Other Assets	252,134,734	-	-	-	-
	<b>1,818,817,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2,803,506,382</b>	<b>56,115,878</b>	<b>928,786,316</b>	<b>86,864</b>	<b>984,989,057</b>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts purchase and sale	750,375,692	-	12,095,516	-	12,095,516
Forward government securities transactions	13,040,700	-	57,024	-	57,024
December 31, 2018 (Audited)					
	Carrying Value	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>					
<b>Investments</b>					
Market Treasury Bills	742,071,830	-	742,071,830	-	742,071,830
Pakistan Investment Bonds	197,596,895	-	197,596,895	-	197,596,895
Ijarah Sukuks	9,733,258	-	9,733,258	-	9,733,258
Ordinary shares of listed companies	39,239,727	39,239,727	-	-	39,239,727
Investments in mutual funds	2,410,974	2,410,974	-	-	2,410,974
Preference shares	125,936	39,072	-	86,864	125,936
Term Finance Certificates / Musharika and Sukuk Bonds	56,291,040	-	56,291,040	-	56,291,040
GoP Foreign Currency Bonds	24,946,934	-	24,946,934	-	24,946,934
Foreign Government Securities	1,791,502	-	1,791,502	-	1,791,502
Foreign Currency Debt Securities	1,457,561	-	1,457,561	-	1,457,561
Ordinary shares of a bank outside Pakistan	16,034,284	16,034,284	-	-	16,034,284
	<b>1,091,699,942</b>	<b>57,724,057</b>	<b>1,033,889,021</b>	<b>86,864</b>	<b>1,091,699,942</b>



	December 31, 2018 (Audited)				Total
	Carrying Value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	247,917,421	-	-	-	-
Balances with other banks	13,049,725	-	-	-	-
Lending to financial instruments	106,391,667	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,594,289	-	-	-	-
Market Treasury Bills	69,967	-	-	-	-
Pakistan Investment Bonds	157,492,035	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	284,572	-	-	-	-
GoP Foreign Currency Bonds	2,859,233	-	-	-	-
Foreign Government Securities	25,866,066	-	-	-	-
Foreign Currency Debt Securities	532	-	-	-	-
Advances	926,339,789	-	-	-	-
Other assets	170,017,572	-	-	-	-
	<u>1,651,882,868</u>	-	-	-	-
	<u>2,743,582,810</u>	<u>57,724,057</u>	<u>1,033,889,021</u>	<u>86,864</u>	<u>1,091,699,942</u>

**Off-balance sheet financial instruments - measured at fair value**

Foreign exchange contracts purchase and sale	512,873,075	-	6,929,960	-	6,929,960
Forward government securities transactions	56,816,129	-	(2,662,847)	-	(2,662,847)

**Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3**

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

**35.2 Fair value of non-financial assets**

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

	At June 30, 2019 (Un-audited)				Total
	Carrying Value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
Land & building (property and equipment)	47,873,111	-	47,873,111	-	47,873,111
Non-banking assets acquired in satisfaction of claims	3,781,740	-	3,781,740	-	3,781,740
	<u>51,654,851</u>	-	<u>51,654,851</u>	-	<u>51,654,851</u>

	December 31, 2018 (Audited)				Total
	Carrying Value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
Land & building (property and equipment)	48,000,422	-	48,000,422	-	48,000,422
Non-banking assets acquired in satisfaction of claims	3,796,527	-	3,796,527	-	3,796,527
	<u>51,796,949</u>	-	<u>51,796,949</u>	-	<u>51,796,949</u>



## 36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

## Half Year Ended June 30, 2019 (Un-audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total	
Rupees in '000							
<b>Profit and loss account</b>							
Net mark-up / return / profit	(26,658,350)	20,711,713	35,186,948	1,392,150	1,903,588	3,135,711	35,671,760
Inter segment revenue - net	56,697,149	(20,866,810)	(37,976,486)	-	(276,368)	2,422,515	-
Non mark-up / return / interest income	8,382,155	1,118,642	5,162,019	852,947	199,460	3,351,926	19,067,150
Total Income	38,420,954	963,545	2,372,481	2,245,097	1,826,680	8,910,152	54,738,910
Segment direct expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	1,160,839	20,033,298
Inter segment expense allocation	-	-	-	-	-	8,705,584	8,705,584
Total expenses	15,114,648	320,202	173,075	1,996,695	1,267,839	9,866,423	28,738,883
Provisions	1,232,649	3,269,756	2,217,877	(92,239)	(75,061)	(1,293,298)	5,259,684
Profit / (loss) before tax	22,073,657	(2,626,413)	(18,471)	340,641	633,902	337,027	20,740,343

## June 30, 2019 (Un-audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total	
Rupees in '000							
<b>Statement of financial position</b>							
Cash and balances with treasury and other banks							
	176,899,278	272,528	127,281,944	55,288,772	11,405,162	2,606,196	373,753,879
Investments	-	-	1,060,333,915	67,718,590	18,676,240	48,427,582	1,195,156,326
Net inter segment lending	1,339,962,917	-	-	-	-	94,049,238	1,434,012,155
Lendings to financial institutions	-	-	23,883,846	-	11,419,496	2,650	35,305,992
Advances - performing	339,372,542	509,061,006	-	63,371,852	29,157,992	9,930,873	950,894,265
- non-performing	21,297,613	24,766,724	-	42,752,653	203,934	53,442,296	142,463,220
Provision against advances	(21,289,313)	(21,452,067)	-	(41,781,795)	(203,934)	(55,703,026)	(140,430,133)
	339,380,842	512,375,663	-	64,342,710	29,157,992	7,670,143	952,927,352
Others	105,149,632	42,851,731	15,611,924	4,875,588	5,847,328	139,990,785	314,326,989
<b>Total Assets</b>	<b>1,961,392,669</b>	<b>555,499,922</b>	<b>1,227,111,629</b>	<b>192,225,660</b>	<b>76,506,218</b>	<b>292,746,594</b>	<b>4,305,482,693</b>
Borrowings	1,080,368	24,858,632	189,027,363	61,409,152	-	272,063	276,647,578
Deposits & other accounts	1,838,139,630	80,191,353	-	105,356,637	67,727,125	2,053,094	2,093,467,838
Net inter segment borrowing	-	414,098,429	994,301,840	21,327,423	4,284,463	-	1,434,012,155
Others	122,172,672	36,351,508	24,997,904	3,226,363	4,358,974	88,497,395	279,604,816
<b>Total liabilities</b>	<b>1,961,392,670</b>	<b>555,499,922</b>	<b>1,208,327,107</b>	<b>191,319,575</b>	<b>76,370,562</b>	<b>90,822,551</b>	<b>4,083,732,387</b>
Equity	-	-	18,784,521	906,089	135,656	201,924,041	221,750,304
<b>Total Equity &amp; liabilities</b>	<b>1,961,392,669</b>	<b>555,499,922</b>	<b>1,227,111,629</b>	<b>192,225,660</b>	<b>76,506,218</b>	<b>292,746,592</b>	<b>4,305,482,693</b>
<b>Contingencies &amp; Commitments</b>	<b>735,320,553</b>	<b>202,873,034</b>	<b>-</b>	<b>27,410,720</b>	<b>-</b>	<b>402,204</b>	<b>966,006,511</b>





Half Year Ended June 30, 2018 (Un-audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total
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Rupees in '000

**Profit and loss account**

Net mark-up / return / profit	(9,158,070)	11,586,692	23,592,556	1,323,133	1,012,477	1,910,274	30,267,062
Inter segment revenue - net	28,159,477	(8,323,579)	(20,805,587)	-	(201,982)	1,171,671	-
Non mark-up / return / interest income	7,153,659	959,133	5,455,574	780,456	161,714	1,694,897	16,205,433
<b>Total Income</b>	<b>26,155,066</b>	<b>4,222,246</b>	<b>8,242,543</b>	<b>2,103,589</b>	<b>972,209</b>	<b>4,776,842</b>	<b>46,472,495</b>
Segment direct expenses	12,923,958	113,564	194,882	1,612,469	1,019,999	1,153,080	17,017,952
Inter segment expense allocation	-	-	-	-	-	9,139,681	9,139,681
<b>Total expenses</b>	<b>12,923,958</b>	<b>113,564</b>	<b>194,882</b>	<b>1,612,469</b>	<b>1,019,999</b>	<b>10,292,761</b>	<b>26,157,633</b>
Provisions	(278,047)	1,553,116	609,896	79,453	-	834,052	2,798,471
<b>Profit / (loss) before tax</b>	<b>13,509,155</b>	<b>2,555,566</b>	<b>7,437,765</b>	<b>411,667</b>	<b>(47,790)</b>	<b>(6,349,972)</b>	<b>17,516,390</b>

December 31, 2018 (Audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total
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Rupees in '000

**Statement of financial position**

Cash and balances with treasury and other banks

Cash and balances with treasury and other banks	120,643,163	189,794	78,372,622	54,739,132	4,655,330	2,367,105	260,967,146
Investments	-	-	1,139,600,282	55,950,776	23,914,372	65,509,075	1,284,974,506
Net inter segment lending	1,321,328,484	-	-	-	-	79,158,614	1,400,487,097
Lendings to financial institutions	-	-	104,971,318	-	1,417,699	2,650	106,391,667
Advances - performing	341,125,237	500,111,019	17,990	46,230,666	26,741,353	11,739,346	925,965,612
- non-performing	19,917,069	22,069,620	-	39,181,569	364,825	53,017,880	134,550,963
Provision against advances	(20,155,956)	(20,141,547)	-	(38,328,525)	(278,995)	(55,271,763)	(134,176,786)
	340,886,350	502,039,092	17,990	47,083,710	26,827,183	9,485,463	926,339,789
Others	28,212,221	50,731,814	9,761,367	3,904,176	2,142,202	130,461,368	225,213,148
<b>Total Assets</b>	<b>1,811,070,218</b>	<b>552,960,699</b>	<b>1,332,723,580</b>	<b>161,677,794</b>	<b>58,956,786</b>	<b>286,984,275</b>	<b>4,204,373,353</b>
Borrowings	584,977	21,864,290	333,432,591	36,400,842	-	456,696	392,739,396
Deposits & other accounts	1,774,318,158	80,797,441	-	104,127,206	51,022,237	1,047,584	2,011,312,625
Net inter segment borrowing	-	404,994,021	969,156,574	20,257,431	6,079,071	-	1,400,487,097
Others	36,167,083	45,304,947	24,212,749	1,650,467	1,146,690	80,291,002	188,772,940
<b>Total liabilities</b>	<b>1,811,070,218</b>	<b>552,960,699</b>	<b>1,326,801,914</b>	<b>162,435,945</b>	<b>58,247,998</b>	<b>81,795,282</b>	<b>3,993,312,058</b>
Equity	-	-	5,921,665	(758,151)	708,789	205,188,993	211,061,295
<b>Total Equity &amp; liabilities</b>	<b>1,811,070,218</b>	<b>552,960,699</b>	<b>1,332,723,580</b>	<b>161,677,794</b>	<b>58,956,786</b>	<b>286,984,275</b>	<b>4,204,373,353</b>
Contingencies & Commitments	533,343,359	203,590,159	-	27,725,864	-	100,394	764,759,776



### 37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

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

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

	June 30, 2019 (Un-audited)								December 31, 2018 (Audited)									
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A.Aic)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A.Aic)	Provident Fund	Other related parties
Rupees in '000																		
<b>Balances with other banks</b>																		
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	16,836	-	-	-	-
In deposit accounts	-	-	-	23,954	-	-	-	-	-	-	-	-	-	8,780	-	-	-	-
	-	-	-	23,954	-	-	-	-	-	-	-	-	-	25,616	-	-	-	-
<b>Investments</b>																		
Opening balance	-	-	4,970,863	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	4,970,863	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-
Provision for diminution in value of investments	-	-	4,252,799	-	-	-	-	-	-	-	-	3,793,405	-	-	-	-	-	-
<b>Advances</b>																		
Opening balance	-	222,967	3,105,907	-	-	-	-	-	-	-	145,369	3,314,085	-	-	-	-	-	-
Addition during the period / year	-	37,974	-	-	-	-	-	5,557,991	-	-	20,234	-	-	-	-	-	-	-
Repaid during the period / year	-	(19,774)	(37,907)	-	-	-	-	(5,559,636)	-	-	(27,852)	(208,178)	-	-	-	-	-	-
*Adjustment	-	-	-	-	-	-	-	2,498,965	-	-	84,416	-	-	-	-	-	-	-
Closing balance	-	241,166	3,068,000	-	-	-	-	2,497,320	-	-	222,967	3,105,907	-	-	-	-	-	-
<b>Other Assets</b>																		
Interest / mark-up accrued	-	-	1,709,854	-	-	-	-	-	-	-	-	1,704,892	-	-	-	-	-	-
<b>Borrowings</b>																		
Opening balance	-	-	38,248	-	-	-	-	-	-	-	-	87,920	-	-	-	-	-	-
Borrowings during the period / year	-	-	465,465	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	(49,672)	-	-	-	-	-	-
Closing balance	-	-	503,713	-	-	-	-	-	-	-	-	38,248	-	-	-	-	-	-
<b>Deposits and other accounts</b>																		
Opening balance	10,733	80,688	-	-	1,085	11,100,000	458,328	12,465,939	-	15,614	62,047	-	-	1,248	10,300,000	514,539	12,749,309	-
Received during the period / year	26,499	471,407	-	-	36,048,397	-	9,935,033	1,073,700	-	28,447	485,325	-	-	4,300,229	28,800,000	16,639,785	14,268,653	-
Withdrawn during the period / year	(16,418)	(388,703)	-	-	(36,049,408)	(10,800,000)	(10,048,336)	(698,199)	-	(33,087)	(454,435)	-	-	(4,300,392)	(28,000,000)	(16,695,596)	(14,552,023)	-
* Adjustment	(8,047)	(2,387)	-	-	-	-	-	-	-	(242)	(12,429)	-	-	-	-	-	-	-
Closing balance	12,766	161,005	-	-	73	300,000	345,025	12,841,440	-	10,733	80,688	-	-	1,085	11,100,000	458,328	12,465,939	-

\* Adjustment due to retirement / appointment of directors and changes in key management executives.



June 30, 2019 (Un-audited)						June 30, 2018 (Un-audited)					
Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others

Rupees in '000

**Income**

Mark-up / return / interest earned	-	-	29	-	-	120,844	-	-	284	-	-	14,733
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**Expense**

Mark-up / return / interest paid	-	-	233	198,306	830,422	-	-	-	822	372,801	554,188	-
Transaction Fee paid to company in which director of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	5,057
Remuneration to key management executives including charge for defined benefit plan	254,125	-	-	-	-	-	231,612	-	-	-	-	-

### 37.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,625 million for the year ended June 30, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 385,030 million, Rs. 809,887 million and Rs. 848,130 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 12,980 million and Rs. 15,472 million respectively.



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

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
----- Rupees in '000-----		
<b>Minimum Capital Requirement</b>		
Paid-up capital	<b>164,678,544</b>	150,957,373
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	<b>139,204,710</b>	128,017,400
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	<b>139,204,710</b>	128,017,400
Eligible Tier 2 Capital	<b>42,004,031</b>	45,126,290
Total Eligible Capital (Tier 1 + Tier 2)	<b>181,208,741</b>	173,143,690
<b>Risk Weighted Assets</b>		
Credit Risk	<b>865,978,143</b>	798,236,578
Market Risk	<b>105,318,911</b>	81,385,782
Operational Risk	<b>157,972,625</b>	157,972,625
Total	<b>1,129,269,678</b>	1,037,594,984
Common Equity Tier 1 Capital Adequacy ratio	<b>12.33%</b>	12.34%
Tier 1 Capital Adequacy Ratio	<b>12.33%</b>	12.34%
Total Capital Adequacy Ratio	<b>16.05%</b>	16.69%
<b>Leverage Ratio</b>		
Tier-1 Capital	<b>139,204,710</b>	128,017,400
Total Exposures	<b>3,872,840,348</b>	3,650,341,045
	<b>3.59%</b>	3.51%
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	<b>893,209,617</b>	949,424,482
Total Net Cash Outflow	<b>562,546,121</b>	560,346,109
Liquidity Coverage Ratio	<b>159%</b>	169%
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	<b>1,914,095,583</b>	1,745,679,890
Total Required Stable Funding	<b>726,877,425</b>	544,123,198
Net Stable Funding Ratio	<b>263%</b>	321%



### 39. ISLAMIC BANKING BUSINESS

The bank is operating 190 (December 31, 2018: 192) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2019.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>7,391,627</b>	4,649,968
Balances with other banks		<b>4,012,430</b>	4,319
Due from financial institutions	39.1	<b>11,419,496</b>	1,417,699
Investments	39.2	<b>18,676,240</b>	23,914,372
Islamic financing and related assets - net	39.3	<b>29,157,698</b>	26,827,280
Fixed assets		<b>194,304</b>	275,435
Right of use assets		<b>933,535</b>	-
Other assets		<b>5,779,763</b>	1,998,587
<b>Total Assets</b>		<b>77,565,093</b>	59,087,660
<b>LIABILITIES</b>			
Bills payable		<b>277,568</b>	228,382
Deposits and other accounts	39.4	<b>67,727,156</b>	51,022,121
Lease liability against right of use assets		<b>971,448</b>	-
Due to Head Office		<b>1,449,527</b>	3,920,506
Other liabilities		<b>4,210,824</b>	1,065,012
		<b>74,636,523</b>	56,236,021
<b>NET ASSETS</b>		<b>2,928,570</b>	2,851,639
<b>REPRESENTED BY</b>			
Islamic Banking Fund		<b>2,200,000</b>	2,200,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		<b>135,656</b>	708,789
Unappropriated/ Unremitted loss	39.5	<b>592,914</b>	(57,150)
		<b>2,928,570</b>	2,851,639



The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2019 is as follows:

	Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
----- Rupees in '000 -----			
Profit / return earned	39.6	3,004,267	1,288,857
Profit / return expensed	39.7	(1,514,015)	(605,284)
Net Profit / return		1,490,252	683,573
<b>Other income</b>			
Fee and Commission Income		177,711	130,161
Foreign Exchange Income		18,331	9,879
Other Income		3,773	21,674
Total other income		199,815	161,714
Total Income		1,690,067	845,287
<b>Other expenses</b>			
Operating expenses		(1,172,202)	(893,078)
Profit / (loss) before provisions		517,865	(47,791)
Provisions and write offs - net		75,049	(158)
Profit / (loss) before taxation		592,914	(47,949)

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----						
39.1 Due from Financial Institutions						
Unsecured						
Bai Muajjal Receivable from State Bank of Pakistan	11,419,496	-	11,419,496	1,417,699	-	1,417,699
	11,419,496	-	11,419,496	1,417,699	-	1,417,699

This represent Bai Muajjal agreements with Government of Pakistan and carries profit rate ranging from 10.41% to 13.44% (December 31, 2018: 12.81%) per annum.

	June 30, 2019 (Un-audited)				December 31, 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 -----								
39.2 Investments by segments:								
Federal Government Securities:								
-Ijarah Sukuks	2,000,000	(78,000)	1,922,000	9,740,000	-	(56,116)	9,683,884	
	2,000,000	-	1,922,000	9,740,000	-	(56,116)	9,683,884	
Non Government Debt Securities								
-Listed	500,000		3,875	503,875	600,000	-	5,211	605,211
-Unlisted	16,171,391	(130,807)	209,781	16,250,365	12,996,390	(130,807)	759,694	13,625,277
	16,671,391	(130,807)	213,656	16,754,240	13,596,390	(130,807)	764,905	14,230,488
Total Investments	18,671,391	(130,807)	135,656	18,676,240	23,336,390	(130,807)	708,789	23,914,372



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

### 39.3 Islamic financing and related assets

Ijarah	336,692	436,069
Murabaha	1,850,332	2,024,071
Musawama	30,015	69,867
Diminishing Musharaka	11,886,310	11,971,073
Istisna	717,076	525,434
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (Ijarah, Murbaha, DM, Istasna)	6,041,501	3,580,044
Gross Islamic financing and related assets	29,361,926	27,106,558
Less: provision against Islamic financings		
- Specific	(203,933)	(278,995)
- General	(295)	(283)
	(204,228)	(279,278)
Islamic financing and related assets - net of provision	29,157,698	26,827,280

### 39.4 Deposits

#### Customers

Current deposits	29,646,122	16,347,155
Savings deposits	27,884,403	26,885,268
Term deposits	5,563,723	2,608,640
	63,094,248	45,841,063

#### Financial Institutions

Current deposits	710,751	505,685
Savings deposits	222,157	126,897
Term deposits	3,700,000	4,548,476
	4,632,908	5,181,058
	67,727,156	51,022,121



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

### 39.5 Islamic Banking Business Unappropriated Profit

Opening Balance	(57,150)	(228,135)
Add: Islamic Banking loss for the period	<b>592,914</b>	(57,150)
Less: Transferred / Remitted to Head Office	<b>57,150</b>	228,135
Closing Balance	<b>592,914</b>	(57,150)

(Un-audited) (Un-audited)  
**June 30, 2019** June 30, 2018  
 ----- Rupees in '000 -----

### 39.6 Profit/Return Earned of Financing, Investments and Placement

Profit earned on:		
Financing	<b>1,417,256</b>	729,465
Investments	<b>1,090,921</b>	552,894
Placements	<b>6,612</b>	6,498
Others (Bai Muajjal)	<b>489,478</b>	-
	<b>3,004,267</b>	1,288,857

### 39.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	<b>1,192,203</b>	403,302
Finance charge on right of use assets	<b>45,444</b>	-
Others (General Account)	<b>276,368</b>	201,982
	<b>1,514,015</b>	605,284





**40. GENERAL**

**40.1** Figures have been rounded off to the nearest thousand rupees.

**41. DATE OF AUTHORIZATION FOR ISSUE**

The consolidated condensed interim financial statements were authorized for issue on August 28, 2019 by the Board of Directors of the Bank.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President/ CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Muhammad Naeem**  
Director

**Tawfiq A. Hussain**  
Director



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