



# Impacting Lives



0800-011-22 | [www.jsbl.com](http://www.jsbl.com)  
345 Branches in 172 Cities

 <https://www.facebook.com/JSBankLtd/>

Condensed Interim Financial Statements  
for the First Quarter Period Ended  
March 31, 2019 (Un-Audited)



# Table of Contents

Company Information	02
Directors' Report to the Members	03
ڈائریکٹرز رپورٹ	10
Unconsolidated Condensed Interim Statement of Financial Position	11
Unconsolidated Condensed Interim Profit and Loss Account	12
Unconsolidated Condensed Interim Statement of Comprehensive Income	13
Unconsolidated Condensed Interim Statement of Changes in Equity	14
Unconsolidated Condensed Interim Cash Flow Statement	15
Notes to the Unconsolidated Condensed Interim Financial Statement	16
Consolidated Condensed Interim Statement of Financial Position	34
Consolidated Condensed Interim Profit and Loss Account	35
Consolidated Condensed Interim Statement of Comprehensive Income	36
Consolidated Condensed Interim Statement of Changes in Equity	37
Consolidated Condensed Interim Cash Flow Statement	38
Notes to the Consolidated Condensed Interim Financial Statement	39

# Company Information

## Board of Directors

Mr. Suleman Lalani  
Chairman

Mr. Adil Matcheswala  
Non-Executive Director

Mr. Ashraf Nawabi  
Non-Executive Director

Mr. G.M. Sikander  
Independent Non-Executive Director

Mr. Kalim-ur-Rahman  
Non-Executive Director

Mr. Munawar Alam Siddiqui  
Non-Executive Director

Ms. Nargis Ghaloo  
Independent Non-Executive Director

Mr. Hassan Afzal  
Independent Non-Executive Director

Mr. Basir Shamsie  
President & CEO

## Audit Committee

Ms. Nargis Ghaloo                      Chairperson

Mr. G.M. Sikander                      Member

Mr. Adil Matcheswala                  Member

Mr. Munawar Alam Siddiqui          Member

## Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

## Company Secretary

Mr. Ashraf Shahzad

## Auditors

EY Ford Rhodes, Chartered Accountants  
(a Member firm of Ernst & Young Global Limited)

## Legal Advisors

Bawaney & Partners  
Haidermota BNR  
Liaquat Merchant Associates

## Share Registrar

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B' S.M.C.H.S.,  
Main Shakra-e-Faisal, Karachi.

## Registered office

JS Bank Limited  
Shaheen Commercial Complex  
Dr. Ziauddin Ahmed Road  
P.O. Box 4847 Karachi-74200, Pakistan  
UAN: +92 21 111 JS Bank (572-265)  
0800-011-22  
www.jsbl.com

\*All the Directors of JS Bank Limited were elected at 13th Annual General Meeting held on March 28, 2019 subject to Fit & Proper Test clearance of State Bank of Pakistan which is awaited.

# Directors' Report To The Members

We are pleased to present the unaudited financial statements of JS Bank Limited ("JSBL") for the quarter ended March 31, 2019.

## Economy Review

Things are not looking up for the world's economy in the new year. Growth and trade have stalled with the IMF lowering its 2019 global economic growth forecast due to weak oil output growth and US-China trade confrontations.

For Pakistan, the start of the new year brought with it hope that this time it would be different. With the domestic economy slowing down significantly and debt levels close to an all-time high, there is much talk of making growth more sustainable. With fiscal and current account deficits at 6% of GDP, inflation on the rise and increasing gas and food prices, Pakistan's economic managers are busy trying to bring about structural changes to stabilize the economy. There was expectation that a massive devaluation of the Pakistani Rupee (PKR) would help exports, but exports increased only by 0.11% on YoY basis. Talks with the IMF on a bailout package have been successful while the intergovernmental Financial Action Task Force (FATF) still needs to be convinced that Pakistan has reined in its insurgent groups. International credit rating agencies such as Moody's have downgraded the economic prospects of the country as they await much needed reforms of which increasing tax collection and widening the tax base is the most important. The government currently faces a revenue shortfall of PKR 317 billion to reach the annual revenue target of PKR 4.4 trillion for financial year 2019 (FY19). As the year progresses, it looks more of the same.

On a positive note, business confidence has improved and increased foreign direct investment (FDI) is expected as the government looks at targeting friendly countries and wealthy overseas Pakistanis. Foreign reserves have increased as inflows from friendly countries helped push the SBP's foreign exchange reserves while workers remittances have also risen. A decline in oil imports has led to a shrinking of imports overall, which indicates that there is room for the government to impose further tariffs on non-essential goods to increase tax revenues and curb imports even further. With the opening of fiscal space, it is hoped that in the future, investments, would go towards education, health, infrastructure and social programs where they are needed the most.

## Banking Sector Review

After a 425 basis points (bps) hike in the policy rate in 2018, SBP continued its monetary tightening cycle during the first five months of 2019 with 225bps hike. This had led to the policy rate currently standing at 12.25%. Higher interest rates continue to support the increasing trend in banking spreads, where weighted average banking spreads during the first two months of 2019 have marked an increase of 66 bps Year-on-Year (YoY), reaching 5.46%. The sector has witnessed this upward trend for the past five months, before which weighted average banking spreads had remained on a steady decline for almost seven years. On the deposit front, the banking sector witnessed a single-digit growth of 7% YoY during 1QFY19, reaching PKR 13,456 billion. During the same period, advances depicted a relatively higher growth rate of 16% YoY, reaching PKR 7,889 billion and taking the Advances-to-Deposit Ratio (ADR) for the industry up to 59%. Nonetheless, Non-Performing Loans (NPLs) for the industry have begun to inch upwards in the recent past. The sector's NPLs have marked a PKR 43 billion increase since September 2018, standing at PKR 624 billion as of the end of 2018. Investments, however,

# Directors' Report To The Members

decreased by 16% YoY to PKR 5,751 billion as the sector witnessed investment maturities and relatively thin participation in government paper auctions during the period. Resultantly, the Investment-to-Deposit Ratio (IDR) slid down to 43% from 55% a year ago.

## Financial Performance

The Bank earned profit before tax of PKR 54.7 million (profit after tax of PKR 33.4 million) for the quarter ended March 31, 2019 as compared to profit before tax of PKR 541.2 million (profit after tax of PKR 352.2 million) in the corresponding period last year. The decrease in profit is mainly due to increase in provision against loans and advances and decrease in non-markup income. The breakup value per share of the Bank as of March 31, 2019 was PKR 12.46.

The Bank has maintained deposits of PKR 319,779.0 million, whereas advances are increased from PKR 251,990.9 million to PKR 255,665.0 million during the current quarter, which reflects a continued focus of the Bank on core business activities.

The earnings per share is PKR 0.01 for the first quarter ended March 31, 2019.

## Consolidated Financial Statements

In consolidated financial statements, the Group earned profit before tax of PKR 44.8 million (profit after tax of 11.1 million) for the quarter ended March 31, 2019 as compared to profit before tax of PKR 614.6 million (profit after tax of PKR 388.2 million) in the corresponding period last year.

The earnings per share is PKR 0.00 for the quarter ended March 31, 2019.

## Business Overview

The Bank's strategy is based on an ongoing process of identifying and fulfilling customer needs through innovative products, strong alliances and automation of service delivery. Customer accessibility was further strengthened through expansion in the branch network, digital channels and branchless banking agents to provide customers an efficient and satisfying banking experience. JS Bank now operates 345 branches across 172 cities including one overseas wholesale banking branch in Manama, Bahrain.

On the assets side, there was increased focus on prudent expansion in advances with a holistic product range designed around the customer wants and needs, with diversified growth in lending to corporate & commercial entities, medium enterprises and consumers.

The Bank is making concerted efforts to optimize the revenue mix between interest and fee-based income. In addition to growing traditional fee income streams, the Bank has increased focus on cross selling various fee-based products to existing and new customers to further increase our customer base.

# Directors' Report To The Members

## Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of "AA-" (Double A Minus) and a short-term rating of "A1+" (A One Plus) which is the highest possible short-term rating for this category.

## Acknowledgments

On behalf of JS Bank, we would like to express our gratitude to our customers and stakeholders for their patronage. We would also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory authorities for their guidance and support to our Bank. Finally, we extend our appreciation to the management team and the staff for their persistent commitment to working together as a winning team.

On behalf of the Board

**Basir Shamsie**  
President & CEO

**Suleman Lalani**  
Chairman

Karachi: May 22, 2019

منسٹری آف فنانس، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بینک کو تعاون فراہم کرنے کیلئے بھی ممنون ہیں۔ ہم یہاں مینجمنٹ اور جانفشانی کے ساتھ ایک ٹیم کے طور پر کام کرنے والے ملازمین کا ان کی انتھک محنت پر بھی شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ،

سلیمان لالانی

چیئر مین

باصر سٹشی

پریزیڈنٹ اور سی ای او

کراچی: 22 مئی 2019



## کاروباری جائزہ

جدید پروڈکٹس، اشتراک اور خود کارڈ لیوری سروس کے ذریعے کسٹمرز کی ضروریات کو پہچاننا اور انہیں پورا کرنا بینک کی حکمت عملی کی بنیاد ہے۔ کسٹمر کو بینکنگ کا مؤثر اور اطمینان بخش تجربہ فراہم کرنے کیلئے برانچ نیٹ ورک میں اضافے، ڈیجیٹل چینلز اور برانچ لیس بینکنگ ایپنٹس کے ذریعے کسٹمر کی رسائی کو مزید آسان اور بہتر بنایا گیا JS بینک کی اب 172 شہروں میں 345 برانچیں ہیں جس میں ایک بیرون ملک ہول سیل بینکنگ برانچ مانامہ، بحرین کی بھی شامل ہے۔

اثاثوں کے حوالے سے کسٹمر کی ضروریات کو مد نظر رکھتے ہوئے تیار کی گئی پروڈکٹس کی جامع رینج کے ذریعے ایڈوانسز میں محتاط اضافے پر خاص توجہ دی گئی، پبلک سیکٹر کے قرضہ جات (حکومت پاکستان کے) کارپوریٹ، کمرشل، چھوٹی اور درمیانی انٹرپرائزز (SME) اور کنزیومر بینکنگ میں متنوع اضافہ ہوا۔

بینک انٹرسٹ اور فیس کی مد میں حاصل ہونے والی آمدنی کے اضافے کیلئے مسلسل کوشاں ہے۔ بینک کی حسب معمول فیس کی رواں آمدنی میں اضافے کیلئے بینک نے اپنے موجودہ اور نئے کسٹمرز کو فیس کی بنیاد پر متعدد پروڈکٹس کی فروخت پر اپنی توجہ مرکوز رکھی ہے۔

## کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کو "AA" (ڈبل اے مائنس) کی طویل المدتی ریٹنگ اور سب سے بہتر ممکنہ قلیل المدتی ریٹنگ میں "A1+" (اے ون پلس) تفویض کی ہے۔

## اعتراف

جے ایس بینک کی جانب سے ہم اپنے صارفین اور اسٹیک ہولڈرز کا ان کے تعاون پر دل سے شکر گزار ہیں۔ ہم

سرکاری پیپر نیلامی میں نسبتاً کم شمولیت رہی۔ نتیجتاً، گزشتہ سال انویسٹمنٹ ٹو ڈیپازٹ ریٹو (IDR) 55 فیصد سے کم ہو کر 43 فیصد ہو گیا۔

### مالی کارکردگی

بینک نے 31 مارچ 2019 کو ختم ہونے والے سہ ماہی پر 54.7 ملین روپے کا قبل از ٹیکس منافع (بعد از ٹیکس منافع 33.4 ملین روپے رہا) حاصل کیا جو گزشتہ سال اسی مدت میں قبل از ٹیکس منافع 541.2 ملین روپے (بعد از ٹیکس منافع 352.2 ملین روپے تھا)۔ منافع میں کمی کی وجہ قرضوں اور ایڈوانسز کی اضافہ اور نان مارک اپ آمدنی میں کمی ہے۔ 31 مارچ 2019 تک بینک کی فی حصص حصہ 12.46 روپے تھا۔

بینک نے مجموعی ڈیپازٹس 319,779.0 ملین روپے پر برقرار رکھے ہیں، جبکہ موجودہ سہ ماہی میں ایڈوانسز 251,990.9 ملین روپے سے بڑھ کر 255,665.0 ملین روپے ہو گئے، جو ظاہر کرتا ہے کہ بینک بنیادی کاروباری سرگرمیوں پر مسلسل توجہ مرکوز کئے ہوئے ہے۔

31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی میں فی حصص منافع 0.01 روپے رہا۔

### مشتمک مالیاتی تفصیلات

مشتمک مالیاتی تفصیلات میں، گروپ نے 31 مارچ 2019 کو ختم ہونے والی سہ ماہی پر قبل از ٹیکس منافع 44.8 ملین روپے (بعد از ٹیکس منافع 11.1 ملین روپے) حاصل کیا جو گزشتہ سال اسی مدت میں قبل از ٹیکس منافع 614.6 ملین روپے (بعد از ٹیکس منافع 388.2 ملین روپے تھا) تھا۔

31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی میں فی حصص منافع 0.00 روپے رہا۔

ہے جس کی وجہ حالیہ منتخب حکومت دوست ممالک اور غیر بیرون ملک مقیم پاکستانیوں کی طرف توجہ دے رہی ہے۔ دوست ممالک کی جانب سے امداد کے باعث غیر ملکی ذخائر میں اضافہ ہوا جس سے اسٹیٹ بینک آف پاکستان کے غیر ملکی کرنسی کے ذخائر بڑھنے میں مدد ملی ہے جبکہ ترسیلات زر میں بھی اضافہ ہوا۔ تیل کی درآمد میں کمی کی وجہ سے مجموعی درآمدات میں بھی کمی ہوئی ہے، اس سے ظاہر ہوتا ہے کہ حکومت کے پاس غیر ضروری اشیاء کی درآمد پر مزید ٹیئرف عائد کرنے کی گنجائش ہے جس سے ٹیکس آمدن میں اضافہ اور درآمدات میں مزید کمی لائی جاسکتی ہے۔ مالیاتی خلا بڑھنے سے امید کی جارہی ہے کہ مستقبل میں سرمایہ کاری تعلیم، صحت، ترقیاتی منصوبوں اور سماجی پروگرامز کی طرف جائیں گی جہاں ان کی سب سے زیادہ ضرورت ہے۔

### شعبہ بینکاری کا جائزہ

2018 کے پالیسی کی شرح میں 425 بیس پوائنٹس (bps) اضافہ کے بعد، اسٹیٹ بینک نے زری پالیسی کو سخت کرتے ہوئے 2019 کی ابتدائی پانچ ماہ کے دوران مزید 225 بیس پوائنٹس کا اضافہ کیا۔ اس کی وجہ سے مارچ کے اختتام پر پالیسی کی شرح 12.25 فیصد پر پہنچ گیا۔ اضافی شرح سود سے بینکنگ کے بڑھتے پھیلاؤ کے رجحان میں مدد ملی، جہاں 2019 کے ابتدائی دو ماہ میں اوسط بینکنگ کا پھیلاؤ سال بسال 66 بیس پوائنٹس کے اضافہ سے 5.46 فیصد پر پہنچ گیا۔ اس شعبہ نے گزشتہ پانچ ماہ کے دوران اضافہ کا رجحان دیکھا، اس سے قبل تقریباً سات سال اوسط بینکنگ کے پھیلاؤ میں مسلسل کمی ہوتی رہی۔ ڈیپازٹ کے ضمن میں بینکنگ شعبہ نے 2019 کی پہلی سہ ماہی کے دوران سال بسال 7 فیصد سنگل ڈبچٹ اضافہ سے 13,456 بلین روپے تک پہنچ گیا۔ اسی عرصہ کے دوران ایڈوانسز میں نسبتاً سال بسال 16 فیصد زیادہ اضافے سے 7,889 بلین روپے پر پہنچ گیا جس سے صنعت کا ایڈوانس ٹو ڈیپازٹ ریٹو (ADR) 59 فیصد پر آ گیا۔ اس کے باوجود، انڈسٹری کے نان پرفارمنگ لوز (NPLs) میں بھی حالیہ عرصہ میں کچھ اضافہ ہوا۔ اس شعبہ کے NPLs میں ستمبر 2018 سے 43 بلین روپے کا اضافہ ہوا، جس سے یہ 2018 کے اختتام پر 624 بلین روپے ہو گیا۔ تاہم سرمایہ کاری میں سال بسال 16 فیصد کمی سے 5,751 بلین روپے رہا اس عرصہ کے دوران شعبہ نے سرمایہ کاری کی میچورٹی اور

## ڈائریکٹرز رپورٹ

ہم (بورڈ آف ڈائریکٹرز) انتہائی مسرت کے ساتھ JS بینک لمیٹڈ ("بینک") کی 31 مارچ 2019 کو ختم ہونے والی سہ ماہی کی غیر آڈٹ شدہ مالیاتی تفصیلات پیش کر رہے ہیں۔

### معیشت

نئے سال کا آغاز بین الاقوامی معاشی سطح پر بہتر نوید نہیں لایا۔ امریکہ چائنہ تجارتی تنازع اور تیل کی کم پیداوار کے باعث IMF کی 2019 میں عالمی اقتصادی ترقی کی پیش گوئی سے ٹریڈ اور گروتھ ایک جگہ ساکت رہا۔

پاکستان کے لئے نیا سال امید لے کر آیا کہ اس مرتبہ کچھ مختلف ہوگا۔ ملکی معیشت آہستہ ہو رہی تھی اور قرضے بلند ترین سطح پر تھے، ہر طرف گروتھ کو پائیدار بنانے کی باتیں ہو رہی تھیں۔ GDP میں مالی اور موجودہ اکاؤنٹ میں خسارہ 6 فیصد ہونے کے ساتھ، افراط زر اور تیل اور اشیاء خورد و نوش کی قیمتوں میں اضافہ، پاکستان کے معاشی ماہرین معیشت کو مستحکم بنانے کیلئے اسٹرکچرل بہتری لانے کی کوششوں میں مصروف ہیں۔ یہ توقع کی جا رہی تھی کہ پاکستانی روپے (PKR) میں بڑی کمی سے برآمدات کو مدد ملے گی، لیکن برآمدات میں سال بسال (YoY) کی بنیاد پر صرف 0.11 فیصد اضافہ ہوا۔ بین الاقوامی مالیاتی فنڈ (IMF) سے بنیل آؤٹ چیک پر بات چیت جاری ہے اور غیر سرکاری مالیاتی ایکشن ٹاسک فورس (FATF) کو اس بات کی یقین دہانی کی ضرورت ہے کہ پاکستان نے عسکریت پسند گروہوں کی روک تھام کیلئے جامع اقدامات کئے ہیں۔ عالمی کریڈٹ ریٹنگ ایجنسی جیسے موڈیز نے ملک کے اقتصادی امکانات میں کمی ظاہر کی ہے جس میں اہم اصلاحات ضروری ہیں جن میں ٹیکس آمدنی اور ٹیکس میں بڑھانا سب سے اہم ہیں۔ مالی سال 2019 (FY19) میں حکومت کو 4.4 ٹریلین روپے کے سالانہ آمدن ٹارگٹ میں 317 بلین روپے کی کاسمانا ہے۔ گزرتے سال کے ساتھ یہ صورت حال ایسی ہی نظر آ رہی ہے۔

مثبت بات یہ ہے کہ، کاروباری اعتماد میں بہتری ہوئی ہے اور غیر ملکی براہ راست سرمایہ کاری (FDI) میں اضافہ ہوا

# Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2019

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	19,972,960	32,110,840
Balances with other banks - net	7	1,130,696	968,575
Lendings to financial institutions - net	8	58,975,645	1,937,347
Investments - net	9	118,019,830	148,689,974
Advances - net	10	255,664,990	251,990,918
Fixed assets	11	6,348,505	6,245,328
Intangible assets	12	2,226,293	2,169,877
Deferred tax assets - net	13	110,803	287,062
Other assets - net	14	13,100,030	12,354,155
		<b>475,549,752</b>	<b>456,754,076</b>
<b>LIABILITIES</b>			
Bills payable	15	3,739,994	3,519,924
Borrowings	16	115,366,186	96,558,663
Deposits and other accounts	17	319,778,994	321,413,263
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	7,496,800	7,496,800
Deferred tax liabilities - net	13	-	-
Other liabilities	19	12,995,027	12,148,400
		<b>459,377,001</b>	<b>441,137,050</b>
<b>NET ASSETS</b>		<b>16,172,751</b>	<b>15,617,026</b>
<b>REPRESENTED BY</b>			
Share capital - net		10,119,242	10,119,242
Reserves		1,722,857	1,712,171
Deficit on revaluation of assets - net of tax	20	(498,264)	(1,035,589)
Unappropriated profit		4,828,916	4,821,202
		<b>16,172,751</b>	<b>15,617,026</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes from 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman
--	----------------------------	----------	----------	----------

# Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2019

		March 31, 2019	March 31, 2018
	Note	----- Rupees in '000 -----	
Mark-up / return / interest earned	23	9,338,535	6,868,918
Mark-up / return / interest expensed	24	7,273,979	4,790,301
Net mark-up / interest income		<u>2,064,556</u>	<u>2,078,617</u>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	25	652,269	857,163
Dividend income		274	7,530
Foreign exchange income		286,450	83,249
(Loss) / income from derivatives - net		(131,963)	66,449
(Loss) / gain on securities - net	26	(62,370)	17,939
Other income - net	27	23,499	35,736
<b>Total non mark-up / interest income</b>		<u>768,159</u>	<u>1,068,066</u>
<b>Total Income</b>		<u>2,832,715</u>	<u>3,146,683</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	28	2,549,039	2,586,621
Workers' Welfare Fund	29	437	10,823
Other charges	30	55	409
<b>Total non-mark-up / interest expenses</b>		<u>2,549,531</u>	<u>2,597,853</u>
Profit before provisions		283,184	548,830
Provisions and write offs - net	31	228,517	7,662
Extraordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>54,667</u>	<u>541,168</u>
Taxation	32	(21,262)	(188,926)
<b>PROFIT AFTER TAXATION</b>		<u>33,405</u>	<u>352,242</u>
		----- Rupee -----	
<b>Basic earnings per share</b>	33	<u>0.01</u>	<u>0.15</u>

The annexed notes from 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial  
Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2019

	March 31, 2019	March 31, 2018
	----- Rupees in '000 ----- (Restated)	
Profit after taxation for the period	33,405	352,242
Other comprehensive income		
Items that may be reclassified to profit or loss account in subsequent periods:		
Effect of translation of net investment in foreign branch	4,005	12,628
Movement in surplus / (deficit) on revaluation of investments - net of tax	551,838	(241,671)
Movement in general provision under IFRS 9 - net of tax	(9,359)	-
	542,479	(241,671)
	546,484	(229,043)
<b>Total comprehensive income</b>	<b>579,889</b>	<b>123,199</b>

The annexed notes from 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial  
Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

# Unconsolidated Condensed Interim Statement of Changes in Equity

For the quarter ended March 31, 2019

	Share capital	Preference shares	Reserves		Surplus/(Deficit) on revaluation of			Unappropriated profit	Total
			Statutory reserve *	Exchange translation reserve	Investments	Fixed Assets	Non Banking Assets		
Rupees in '000									
<b>Balance as at December 31, 2017 - audited</b>	8,619,242	1,500,000	1,528,769	12,219	-	-	-	4,518,820	16,179,050
Effect of retrospective changes in accounting policies	-	-	-	-	-	-	-	-	-
Reclassification of surplus to equity (note 4.1.1)	-	-	-	-	(78,310)	473,539	95,050	-	490,279
<b>Balance as at December 31, 2017 - audited (restated)</b>	8,619,242	1,500,000	1,528,769	12,219	(78,310)	473,539	95,050	4,518,820	16,669,329
<b>Total comprehensive income for the quarter ended March 31, 2018 - un-audited</b>									
Profit after taxation	-	-	-	12,628	(241,671)	-	-	352,242	352,242
Other comprehensive income / (loss) - net of tax	-	-	-	12,628	(241,671)	-	-	352,242	(229,043)
Transfer to statutory reserve	-	-	70,448	-	-	-	-	(70,448)	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>									
Fixed assets	-	-	-	-	-	(2,357)	-	2,357	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(54)	54	-
<b>Transaction with owners recorded directly in equity</b>									
Issuance of ordinary shares on conversion of preference shares during the period	2,250,000	-	-	-	-	-	-	-	2,250,000
Discount on issue of ordinary shares during the period	(750,000)	-	-	-	-	-	-	-	(750,000)
	1,500,000	-	-	-	-	-	-	-	1,500,000
Preference shares cancelled on conversion into ordinary shares during the period	-	(1,500,000)	-	-	-	-	-	-	(1,500,000)
Preference dividend for the year ended December 31, 2017 @ 12% p.a	-	-	-	-	-	-	-	(180,000)	(180,000)
<b>Balance as at March 31, 2018 - un-audited (restated)</b>	10,119,242	-	1,599,217	24,847	(319,981)	471,182	94,996	4,623,025	16,612,528
<b>Total comprehensive income for the nine months period ended December 31, 2018</b>									
Profit after taxation	-	-	-	46,087	(1,860,132)	592,943	(2,086)	210,096	210,096
Other comprehensive (loss) / income - net of tax	-	-	-	46,087	(1,860,132)	592,943	(2,086)	227,686	(995,502)
Transfer to statutory reserve	-	-	42,020	-	-	-	-	(42,020)	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>									
Fixed assets	-	-	-	-	-	(12,459)	-	12,459	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(52)	52	-
<b>Balance as at December 31, 2018 - audited</b>	10,119,242	-	1,641,237	70,934	(2,180,113)	1,051,666	92,858	4,821,202	15,617,026
<b>Total comprehensive income for the quarter ended March 31, 2019 - un-audited</b>									
Profit after taxation	-	-	-	4,005	542,479	-	-	33,405	33,405
Other comprehensive income - net of tax	-	-	-	4,005	542,479	-	-	33,405	546,484
Transfer to statutory reserve	-	-	6,681	-	-	-	-	(6,681)	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>									
Fixed assets	-	-	-	-	-	(5,134)	-	5,134	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(20)	20	-
<b>Transaction with owners recorded directly in equity</b>									
Preference dividend for the year ended December 31, 2018 @ 12% p.a	-	-	-	-	-	-	-	(24,164)	(24,164)
<b>Balance as at March 31, 2019 - un-audited</b>	<u>10,119,242</u>	<u>-</u>	<u>1,647,918</u>	<u>74,939</u>	<u>(1,637,634)</u>	<u>1,046,532</u>	<u>92,838</u>	<u>4,828,916</u>	<u>16,172,751</u>

\* This represents reserve created under Section 21(f)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

President and  
Chief Executive Officer

Chief Financial  
Officer

Director

Director

Chairman



# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2019

Note	March 31, 2019	March 31, 2018 (Restated)
----- Rupees in '000 -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	54,667	541,168
	(274)	(7,530)
	<b>54,393</b>	<b>533,638</b>
<b>Adjustments</b>		
28	184,224	163,386
28	61	325
28	21,909	16,911
	49,033	42,094
26	8,385	74
31	228,517	7,662
	437	10,823
	(74,312)	(125,604)
27	(23,499)	(35,736)
	<b>394,755</b>	<b>79,935</b>
	<b>449,148</b>	<b>613,573</b>
<b>(Increase) / decrease in operating assets</b>		
	(57,035,567)	(326,982)
	28,541,588	8,090,838
	(3,953,674)	(50,438,980)
	(674,777)	(3,443,030)
	<b>(33,122,430)</b>	<b>(46,118,154)</b>
<b>Increase / (decrease) in operating liabilities</b>		
	220,070	347,202
	18,774,793	26,487,380
	(1,634,269)	13,047,700
	797,157	2,914,972
	<b>18,157,751</b>	<b>42,797,254</b>
	<b>(14,515,531)</b>	<b>(2,707,327)</b>
	(132,795)	(289,943)
	<b>(14,648,326)</b>	<b>(2,997,270)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	2,912,099	2,830,816
	110,970	103,240
	(21,239)	-
	274	7,530
	(304,452)	(305,047)
	(78,325)	(88,462)
	40,550	42,277
	4,005	12,628
	<b>2,663,882</b>	<b>2,602,982</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	(24,164)	(180,000)
	(12,008,608)	(574,288)
	<b>32,577,913</b>	<b>18,169,058</b>
	<b>20,569,305</b>	<b>17,594,770</b>

The annexed notes from 1 to 39 form an integral part of these unconsolidated condensed interim financial statements.

President and  
Chief Executive Officer

Chief Financial  
Officer

Director

Director

Chairman

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 1. STATUS AND NATURE OF BUSINESS

1.1 JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 344 (December 31, 2018: 344) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2018: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited) which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

## 2. BASIS OF PRESENTATION

### 2.1 Statement Of Compliance

2.1.1 These unconsolidated condensed interim financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. These are comprised of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

- Directives issued by the State Bank Pakistan (SBP) and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

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

- 2.1.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.
- 2.1.3** IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" are not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.
- 2.1.4** Through SRO 1007(I)/2017, dated October 4, 2017, the SECP had notified IFRS 9, replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018. However, through S.R.O. 229 (I)/2019 dated February 14, 2019, the SECP has deferred the applicability of the IFRS 9 for all companies required to prepare their financial statements in accordance with the requirements of IFRS for reporting period/year ending on or after June 30, 2019 (earlier application is permitted).

The Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

The adoption of the IFRS 9 by the overseas branch as per the requirement of regulatory regime, has resulted in reversal of ECL provisioning requirement of Rs. 22.652 million during the period ended March 31, 2019.

- 2.1.5** SECP vide S.R.O.434(I)/2018 dated April 09, 2018, has directed the companies to follow IFRS16 'Leases' instead of IAS17 'Leases', for annual reporting periods beginning on or after January 01, 2019. However, the SBP has deferred the applicability of IFRS 16 for banking companies vide BPRD Circular Letter No. 08 dated April 30, 2019 till June 30, 2019. Accordingly, the requirements of IFRS 16 have not been considered in the preparation of these unconsolidated condensed interim financial statements.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

- 2.2 These unconsolidated condensed interim financial statements represents separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost are accounted for on the basis of direct equity interest rather than on the basis of reported results.
- 2.3 These unconsolidated condensed interim financial statements are presented in Pakistani Rupee, which is the Bank's functional and presentation currency.
- 2.4 The unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited unconsolidated annual financial statements for the financial year ended December 31, 2018.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Changes in accounting policies

#### 4.1.1 Change in reporting format

The SBP vide BPRD Circular Letter No.5 dated March 22, 2019 specified the new reporting format for the quarterly and half yearly financial statements of banking companies. The new format has revised the disclosure requirements of the Bank for the quarter ended March 31, 2019 which has resulted in certain additional disclosures and reclassifications of the items in these unconsolidated condensed interim financial statements. Further, vide above circular, SBP has extended the timeline for preparing the first quarter financial statements of 2019 from April 30, 2019 to May 31, 2019.

### 4.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period.

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements other than IFRS 9 and IFRS 16 and reason for that are mentioned in note 2.1.4 and 2.1.5 as above.

## 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.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	4,313,536	4,415,520
Foreign currencies	594,579	488,292
	<u>4,908,115</u>	<u>4,903,812</u>
<b>With State Bank of Pakistan in:</b>		
Local currency current account	10,569,740	22,166,628
Foreign currency current account - non remunerative	870,024	785,958
Foreign currency deposit account - remunerative	2,686,839	2,409,442
	<u>14,126,603</u>	<u>25,362,028</u>
<b>With National Bank of Pakistan in:</b>		
Local currency current accounts	936,841	1,839,396
<b>National Prize Bonds</b>	1,401	5,604
	<u>19,972,960</u>	<u>32,110,840</u>
<b>7. BALANCES WITH OTHER BANKS - NET</b>		
<b>In Pakistan</b>		
In current accounts	152,011	124,962
In deposit accounts	67	67
	<u>152,078</u>	<u>125,029</u>
<b>Outside Pakistan</b>		
In current accounts	978,359	733,889
In deposit accounts	267	109,784
	<u>978,626</u>	<u>843,673</u>
	<u>1,130,704</u>	<u>968,702</u>
Less: General provision under IFRS 9	7.1 (8)	(127)
Balances with other banks - net of provision	<u>1,130,696</u>	<u>968,575</u>
<b>7.1</b>	This represents general provision held on adoption of IFRS 9 by Bahrain branch of the Bank.	
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS - NET</b>		
Call money lendings	938,537	1,758,917
Due against bills re-discounting	198,229	182,742
Repurchase agreement lendings (Reverse Repo)	57,840,460	-
	<u>58,977,226</u>	<u>1,941,659</u>
Less: General provision under IFRS 9	8.1 (1,581)	(4,312)
Lending to Financial Institutions - net of provision	<u>58,975,645</u>	<u>1,937,347</u>
<b>8.1</b>	This represents general provision held on adoption of IFRS 9 by Bahrain branch of the Bank.	

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

9. INVESTMENTS - net	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by type	Rupees in '000							
<b>Held-for-trading securities</b>								
Federal Government Securities	12,826,925	-	(8,385)	12,818,540	41,381,420	-	(12,906)	41,368,514
<b>Available-for-sale securities</b>								
Federal Government Securities	52,258,926	-	(2,339,250)	49,919,676	55,434,989	-	(2,893,867)	52,541,122
Shares	3,201,143	(449,211)	(58,529)	2,693,403	3,141,015	(478,346)	(94,766)	2,567,903
Non Government Debt Securities	3,802,990	(370,051)	(5,305)	3,427,634	1,898,582	(373,594)	606	1,525,594
Foreign Securities	4,626,225	-	(191,970)	4,434,255	6,326,797	-	(456,009)	5,870,788
<b>Held-to-maturity securities</b>	63,889,284	(819,262)	(2,595,054)	60,474,968	66,801,383	(851,940)	(3,444,036)	62,505,407
Federal Government Securities	42,605,962	-	-	42,605,962	42,716,932	-	-	42,716,932
<b>Associates</b>	201,239	-	-	201,239	180,000	-	-	180,000
<b>Subsidiaries</b>	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
<b>Total Investments</b>	<b>121,442,531</b>	<b>(819,262)</b>	<b>(2,603,439)</b>	<b>118,019,830</b>	<b>152,998,856</b>	<b>(851,940)</b>	<b>(3,456,942)</b>	<b>148,689,974</b>
9.2 Investments by segments:	Rupees in '000							
<b>Held-for-trading securities</b>								
Federal Government Securities								
Market Treasury Bills	12,754,715	-	(8,500)	12,746,215	41,376,995	-	(12,844)	41,364,151
Pakistan Investment Bonds	72,210	-	115	72,325	4,425	-	(62)	4,363
	12,826,925	-	(8,385)	12,818,540	41,381,420	-	(12,906)	41,368,514
<b>Available-for-sale securities</b>								
Federal Government Securities:								
Market Treasury Bills	-	-	-	-	3,010,920	-	(13)	3,010,907
Pakistan Investment Bonds	52,258,926	-	(2,339,250)	49,919,676	52,424,069	-	(2,893,854)	49,530,215
	52,258,926	-	(2,339,250)	49,919,676	55,434,989	-	(2,893,867)	52,541,122
<b>Shares:</b>								
<b>Listed Companies</b>								
Ordinary shares	3,053,554	(312,622)	(58,529)	2,682,403	2,993,426	(341,757)	(94,766)	2,556,903
Preference shares	136,589	(136,589)	-	-	136,589	-	-	-
<b>Unlisted Companies</b>								
Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
	3,201,143	(449,211)	(58,529)	2,693,403	3,141,015	(478,346)	(94,766)	2,567,903
<b>Non Government Debt Securities</b>								
<b>Listed</b>								
Term Finance Certificates	305,184	(155,169)	(15)	150,000	308,727	(158,712)	(15)	150,000
Sukuk Certificates	529,000	-	(5,290)	523,710	529,000	-	621	529,621
<b>Unlisted</b>								
Term Finance Certificates	1,415,473	(214,882)	-	1,200,591	779,188	(214,882)	-	564,306
Sukuk Certificates	1,553,333	-	-	1,553,333	281,667	-	-	281,667
	3,802,990	(370,051)	(5,305)	3,427,634	1,898,582	(373,594)	606	1,525,594
<b>Foreign Securities</b>								
Government Debt Securities	2,415,160	-	(11,289)	2,403,871	3,434,089	-	(202,645)	3,231,444
Non Government Debt Securities	2,208,659	-	(180,681)	2,027,978	2,890,302	-	(253,364)	2,636,398
Ordinary shares	2,406	-	2,406	2,406	2,406	-	-	2,406
	4,626,225	-	(191,970)	4,434,255	6,326,797	-	(456,009)	5,870,788
<b>Held-to-maturity securities</b>								
Federal Government Securities:								
Pakistan Investment Bonds	42,605,962	-	-	42,605,962	42,716,932	-	-	42,716,932
9.2.3								
<b>Associates</b>								
Omar Jilbran Engineering Industries Limited	180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions Private Limited	972	-	-	972	-	-	-	-
Intercity Touring Company Private Limited	20,267	-	-	20,267	-	-	-	-
	201,239	-	-	201,239	180,000	-	-	180,000
<b>Subsidiaries</b>								
JS Global Capital Limited	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited	561,192	-	-	561,192	561,192	-	-	561,192
	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
<b>Total Investments</b>	<b>121,442,531</b>	<b>(819,262)</b>	<b>(2,603,439)</b>	<b>118,019,830</b>	<b>152,998,856</b>	<b>(851,940)</b>	<b>(3,456,942)</b>	<b>148,689,974</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

- 9.2.1 Included herein are the investments in related parties amounting to Rs.1,898.912 million (December 31, 2018: Rs.1,899.088 million) having market value of Rs.1,972.373 million (December 31, 2018: Rs.1,931.604 million).
- 9.2.2 Included herein is the investment of Rs.65.022 million (December 31, 2018: Rs.65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% matured on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these Term Finance Certificates.
- 9.2.3 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 40,083.314 million (December 31, 2018: Rs. 39,836.881 million).

	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Cost	Market value	Cost	Market value
9.2.4 Investments given as collateral	----- Rupees in '000 -----			
<b>Held-for-trading securities</b>				
<b>Federal Government Securities</b>				
Market Treasury Bills	3,973,399	3,970,186	19,927,891	19,922,073
Pakistan Investment Bonds	4,116	4,067	4,123	4,066
	<u>3,977,515</u>	<u>3,974,253</u>	19,932,014	19,926,139
<b>Available-for-sale securities</b>				
<b>Federal Government Securities:</b>				
Market Treasury Bills	-	-	-	-
Pakistan Investment Bonds	51,529,025	49,211,058	49,667,336	46,935,112
	<u>51,529,025</u>	<u>49,211,058</u>	49,667,336	46,935,112
<b>Foreign Debt Securities</b>				
Government Debt Securities	1,931,915	1,928,644	2,243,194	2,113,551
Non Government Debt Securities	430,786	437,914	425,354	416,293
	<u>2,362,701</u>	<u>2,366,558</u>	2,668,548	2,529,844
	<u>57,869,241</u>	<u>55,551,869</u>	<u>72,267,898</u>	<u>69,391,095</u>

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	9.3 Provision for diminution in value of investments	----- Rupees in '000 -----
9.3.1 Opening balance	851,940	1,071,851
Charge	-	30,032
Reversals	(3,543)	(23,610)
Reversal on disposals	(29,135)	(226,333)
Net reversals for the period	(32,678)	(219,911)
Closing Balance	<u>819,262</u>	<u>851,940</u>

	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	NPI	Provision	NPI	Provision
9.3.2 Particulars of provision against debt securities	----- Rupees in '000 -----			
<b>Category of classification</b>				
Domestic	-	-	-	-
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	370,051	370,051	373,594	373,594
	<u>370,051</u>	<u>370,051</u>	<u>373,594</u>	<u>373,594</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	Note	Performing		Non Performing		Total	
		(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----							
10. ADVANCES - net		236,593,568	232,162,303	9,161,969	8,309,467	245,755,537	240,471,770
Loans, cash credits, running finances, etc.		236,593,568	232,162,303	9,161,969	8,309,467	245,755,537	240,471,770
Bills discounted and purchased		13,345,350	14,675,443	-	-	13,345,350	14,675,443
Advances - gross		249,938,918	246,837,746	9,161,969	8,309,467	259,100,887	255,147,213
Provision against advances							
General		(154,839)	(155,661)	-	-	(154,839)	(155,661)
General provision - under IFRS-9	10.3.2	(6,501)	(10,746)	-	-	(6,501)	(10,746)
Specific		-	-	(3,274,557)	(2,989,888)	(3,274,557)	(2,989,888)
	10.3	(161,340)	(166,407)	(3,274,557)	(2,989,888)	(3,435,897)	(3,156,295)
Advances - net of provision		249,777,578	246,671,339	5,887,412	5,319,579	255,664,990	251,990,918

## 10.1 Particulars of advances (gross)

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
In local currency	252,203,160	247,577,882
In foreign currencies	6,897,727	7,569,331
	259,100,887	255,147,213

10.2 Advances include Rs.9,161.969 million (December 31, 2018: Rs.8,309.467 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Non Performing Loans		Non Performing Loans	
	Provision		Provision	
----- Rupees in '000 -----				
Domestic	384,649	-	231,430	-
Other Assets Especially Mentioned	1,093,773	71,870	1,488,616	83,945
Substandard	4,212,570	426,136	3,189,709	146,592
Doubtful	3,470,977	2,776,551	3,399,712	2,759,351
Loss	9,161,969	3,274,557	8,309,467	2,989,888
Total	18,523,738	3,478,064	16,319,934	3,879,776

## 10.3 Particulars of provision against advances

	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
----- Rupees in '000 -----								
Opening balance	2,989,888	155,661	10,746	3,156,295	2,638,960	100,353	-	2,739,313
Exchange adjustments	-	-	92	92	-	-	1,321	1,321
Charge for the year	310,292	-	-	310,292	422,994	55,308	9,425	487,727
Reversals	(25,623)	(822)	(4,337)	(30,782)	(72,066)	-	-	(72,066)
	284,669	(822)	(4,337)	279,510	350,928	55,308	9,425	415,661
Amount written off from the opening balance	-	-	-	-	-	-	-	-
Closing balance	3,274,557	154,839	6,501	3,435,897	2,989,888	155,661	10,746	3,156,295

10.3.1 The general provision is maintained to create general reserves against following advances portfolios in accordance with the prudential regulations issued by State Bank of Pakistan as follows:

	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Secured portfolio		Unsecured portfolio	
	----- Percentages -----			
Consumer financing	1%	1%	4%	4%
Housing finance	0.5%	0.5%	-	-



# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

**10.3.2** This represents general provision held on adoption of IFRS 9 by Bahrain branch of the Bank.

**10.3.3** The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2019, the Bank has availed cumulative benefit of FSV of Rs.2,940.247 million (December 31, 2018: Rs.2,386.448 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.1,911.161 million (December 31, 2018: Rs.1,551.191 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>11</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	294,177	162,193
	Property and equipment	6,054,328	6,083,135
		<u>6,348,505</u>	<u>6,245,328</u>
<b>11.1</b>	<b>Capital work-in-progress</b>		
	Civil works	209,019	133,928
	Advance for purchase of furniture and fixtures	8,742	4,479
	Advance for purchase of vehicles	47,462	14,182
	Advance for purchase of equipment	28,954	9,604
		<u>294,177</u>	<u>162,193</u>
		----- Un-audited -----	
		<b>March 31, 2019</b>	March 31, 2018
		----- Rupees in '000 -----	
<b>11.2</b>	<b>Additions to fixed assets</b>		

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

Capital work-in-progress - net	131,984	80,371
<b>Property and equipment</b>		
Lease hold improvements	-	40,516
Furniture and fixture	20,436	17,190
Electrical, office and computer equipment	151,687	81,327
Vehicles	-	84,431
	<u>172,123</u>	<u>223,465</u>
	<u>304,107</u>	<u>303,836</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

		----- Un-audited -----	
		March 31, 2019	March 31, 2018
		----- Rupees in '000 -----	

## 11.3 Disposal of fixed assets

Note

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

Lease hold improvements	1,789	107
Furniture and fixture	289	111
Electrical, office and computer equipment	3,149	1,909
Vehicles	11,824	4,414
	<u>17,051</u>	<u>6,541</u>

## 12. INTANGIBLE ASSETS

(Un-audited) March 31, 2019	(Audited) December 31, 2018
-----------------------------------	-----------------------------------

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

<b>Capital work-in-progress</b>	12.1	149,100	75,760
Computer software and goodwill		<u>2,077,193</u>	<u>2,094,117</u>
		<u>2,226,293</u>	<u>2,169,877</u>

### 12.1 Capital work-in-progress

Advance for purchase software

	<u>149,100</u>	<u>75,760</u>
--	----------------	---------------

### 12.2 Additions to intangible assets

----- Un-audited -----

March 31, 2019	March 31, 2018
-------------------	-------------------

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

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

Capital work-in-progress - net	73,340	53,605
Computer software	4,846	34,665
	<u>78,186</u>	<u>88,270</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
<b>13. DEFERRED TAX ASSETS / (LIABILITIES) - NET</b> Note	-----	-----
	Rupees in '000	
<b>Deferred tax debits arising from:</b>		
Provision against investments	57,149	57,149
Provision against loans and advances	41,439	34,278
Provision against other assets	176,936	124,078
General provision under IFRS-9	29,297	36,820
Intangible other than Goodwill	2,319	2,246
Unrealised loss on revaluation of investments classified as held for trading	2,935	4,517
Deficit on revaluation of investments classified as available for sale	881,803	1,173,907
	<u>1,191,878</u>	<u>1,432,995</u>
<b>Deferred tax credits arising due to:</b>		
Fixed assets	(216,412)	(225,855)
Goodwill	(512,268)	(512,268)
Surplus on revaluation of operating fixed assets	(325,314)	(328,078)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(1,000)	(1,011)
Unrealized gain on revaluation of derivative instruments	(26,081)	(78,721)
	<u>(1,081,075)</u>	<u>(1,145,933)</u>
	<u>110,803</u>	<u>287,062</u>
<b>14. OTHER ASSETS - NET</b>		
Income/ Mark-up accrued in local currency - net of provision	7,173,936	5,586,015
Income/ Mark-up accrued in foreign currencies	129,347	133,707
Advances, deposits, advance rent and other prepayments	808,300	535,055
Taxation (payments less provision)	931,821	936,133
Receivable against bancassurance / bancatakaful	15,178	75,056
Stationery and stamps in hand	21,745	18,536
Receivable from other banks in respect of remittance	302,510	283,469
Non-banking assets acquired in satisfaction of claims	91,391	91,421
Mark to market gain on derivative instruments	74,516	224,916
Advance for subscription of TFC - unsecured	165,828	845,917
ATM settlement account	62,100	195,927
Acceptances	3,077,829	3,217,002
Others	167,551	132,992
	<u>13,022,052</u>	<u>12,276,146</u>
Less: Provision held against other assets	(15,860)	(15,860)
Other assets (net of provisions)	13,006,192	12,260,286
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	93,838	93,869
	<u>13,100,030</u>	<u>12,354,155</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

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

## 14.1 Movement in provision held against other assets

Opening balance	15,860	55,667
Charge for the period	-	2,561
Reversal for the period	-	(42,368)
Net charge for the period	-	(39,807)
Closing balance	15,860	15,860

## 15. BILLS PAYABLE

In Pakistan	3,543,532	3,326,595
Outside Pakistan	196,462	193,329
	3,739,994	3,519,924

## 16. BORROWINGS

### Secured

#### Borrowings from State Bank of Pakistan under:

Export Refinancing Scheme (ERF)	18,578,550	15,329,309
Long-Term Finance Facility (LTFF)	1,300,412	1,055,928
Financing Facility for Storage of Agricultural Produce (FFSAP)	155,622	121,922
Repurchase agreement borrowings	12,609,714	12,609,714
	32,644,298	29,116,873

#### Borrowing from financial institutions

Repurchase agreement borrowings	76,839,245	57,228,252
Refinancing facility for mortgage loans	2,000,000	-
	78,839,245	57,228,252

#### Total secured

111,483,543 86,345,125

### Unsecured

Call borrowings	3,348,284	8,323,290
Due against bills re-discounting	-	1,388,619
Overdrawn nostro accounts	534,359	501,629
Total unsecured	3,882,643	10,213,538

115,366,186 96,558,663

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 17. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) March 31, 2019			(Audited) December 31, 2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	59,657,957	6,234,197	65,892,154	71,824,038	5,321,812	77,145,850
Savings deposits	57,607,874	2,501,326	60,109,200	61,444,549	2,576,579	64,021,128
Term deposits	130,433,849	10,984,351	141,418,200	118,807,475	11,430,120	130,237,595
Margin accounts	3,543,090	8,476	3,551,566	3,566,455	4,937	3,571,392
	<u>251,242,770</u>	<u>19,728,350</u>	<u>270,971,120</u>	<u>255,642,517</u>	<u>19,333,448</u>	<u>274,975,965</u>
<b>Financial Institutions</b>						
Current deposits	726,658	-	726,658	860,111	-	860,111
Savings deposits	17,338,613	-	17,338,613	27,428,098	-	27,428,098
Term deposits	29,205,833	1,536,770	30,742,603	16,608,212	1,540,877	18,149,089
	<u>47,271,104</u>	<u>1,536,770</u>	<u>48,807,874</u>	<u>44,896,421</u>	<u>1,540,877</u>	<u>46,437,298</u>
	<u>298,513,874</u>	<u>21,265,120</u>	<u>319,778,994</u>	<u>300,538,938</u>	<u>20,874,325</u>	<u>321,413,263</u>

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

## 18. SUBORDINATED DEBT

Term Finance Certificates - First Issue	18.1	<u>2,997,600</u>	2,997,600
Term Finance Certificates - Second Issue	18.2	<u>1,999,200</u>	1,999,200
Term Finance Certificates - Third Issue	18.3	<u>2,500,000</u>	2,500,000
		<u>7,496,800</u>	<u>7,496,800</u>

- 18.1 In 2016, the Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 14, 2016
Tenor:	Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.40 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

**18.2** In 2017, the Bank has issued Rs.2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 29, 2017
Tenor:	Seven years from the Issue date.
Maturity Date:	December 29, 2024
Rating	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.40 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

**18.3** In 2018, the Bank has issued Rs.2.5 billion of rated, privately placed and listed (listing in process), unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 31, 2018
Maturity date:	Perpetual
Rating	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured and subordinated as to payment of Principal and Profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will me be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

## Loss absorbency clause:

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;



# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

19. OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		March 31, 2019	December 31, 2018
		----- Rupees in '000 -----	
Mark-up / return / interest payable in local currency		3,019,678	2,638,441
Mark-up / return / interest payable in foreign currencies		95,816	107,641
Accrued expenses		431,942	575,943
Unclaimed dividends		4,214	4,214
Payable in respect of defined benefit obligation - net		151,527	102,494
Government duties		182,663	159,236
Donation payable		4,242	14,500
Lease key money deposit		4,603,143	4,568,145
Workers' Welfare Fund		73,149	72,712
Payable against remittance		564,617	442,811
Visa debit card payable		117,138	80,202
Retention money payable		34,956	35,053
Acceptances		3,077,829	3,217,002
Others		634,113	130,006
		<u>12,995,027</u>	<u>12,148,400</u>

## 20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

### (Deficit) / surplus on revaluation of:

Available-for-sale securities - net	9.1 & 20.1	(2,519,437)	(3,354,020)
Fixed assets		1,371,846	1,379,744
Non-banking assets acquired in satisfaction of claims		93,838	93,869
		<u>(1,053,753)</u>	<u>(1,880,407)</u>
Deferred tax on (deficit) / surplus on revaluation of:			
Available-for-sale securities - net		881,803	1,173,907
Fixed assets		(325,314)	(328,078)
Non-banking assets acquired in satisfaction of claims		(1,000)	(1,011)
		<u>555,489</u>	<u>844,818</u>
		<u>(498,264)</u>	<u>(1,035,589)</u>

- 20.1 This is net off against general provision held under IFRS 9 of Rs. 75.617 million (December 31, 2018: Rs. 90.015 million) through profit and loss account.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>21. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	21.1	40,766,541	41,116,520
Commitments	21.2	59,674,167	58,341,132
		<u>100,440,708</u>	<u>99,457,652</u>
<b>21.1 Guarantees:</b>			
Financial guarantees		4,766,823	3,552,003
Performance guarantees		21,518,395	19,549,043
Other guarantees		14,481,323	18,015,474
	21.1.1	<u>40,766,541</u>	<u>41,116,520</u>
<b>21.1.1</b>	Included herein the outstanding guarantees of Rs.15.401 million (December 31, 2018: Rs.19.201 million) of related parties.		
<b>21.2 Commitments:</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit	21.2.1	13,533,465	14,957,752
<b>Commitments in respect of:</b>			
- Forward foreign exchange contracts	21.2.2	33,616,465	34,627,442
- Forward government securities transactions	21.2.3	4,216,029	1,703,671
- Interest rate swaps (notional principal)	21.2.4	5,583,253	3,992,763
- Options (notional principal)	21.2.4	2,368,634	2,631,433
- Forward lending	21.2.5	196,196	284,137
<b>Commitments for acquisition of:</b>			
- Fixed assets	21.2.6	160,125	143,934
		<u>59,674,167</u>	<u>58,341,132</u>
<b>21.2.1</b>	Included herein the outstanding letter of credits of Rs.94.829 million (December 31, 2018: Rs.44.016 million) of related parties.		
<b>21.2.2 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		22,016,358	21,521,180
Sale		11,600,107	13,106,262
		<u>33,616,465</u>	<u>34,627,442</u>

The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

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

## 21.2.3 Commitments in respect of forward government securities

Purchase	4,216,029	209,471
Sale	-	1,494,200
	4,216,029	1,703,671

## 21.2.4 Commitments in respect of derivative instruments

Interest rate swaps (notional principal)	5,583,253	3,992,763
Options (notional principal)	2,368,634	2,631,433
	7,951,887	6,624,196

## 21.2.5 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	196,196	284,137
---	---------	---------

21.2.5.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

21.2.6 Commitments for acquisition of fixed assets	160,125	143,934
--	---------	---------

21.2.7 There are no changes in contingent liabilities since the date of annual unconsolidated audited financial statements for the year ended December 31, 2018 except as disclosed above and note 32.1.

## 22 Derivative Instruments

Derivative instruments, such as Forward Securities Exchange Contracts, Interest Rate Swaps, and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

The Bank has entered into a Cross Currency Swap transaction with its customers on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 47 to the unconsolidated annual financial statements for the year ended December 31, 2018.

Accounting policies in respect of derivative financial instruments are described in note 4.5.2 of the unconsolidated annual financial statements for the year ended December 31, 2018.

## 22.1 Product analysis

		(Un-audited) March 31, 2019							
		Interest Rate Swaps		Options		Forward exchange contracts		Forward securities	
		Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
		Rupees in '000							
<b>With Banks for</b>									
Hedging		5,583,253	21,665	-	-	-	-	-	-
Market making		-	-	2,368,634	15,879	33,616,465	36,884	4,216,029	88
<b>With FIs other than banks</b>									
Hedging		-	-	-	-	-	-	-	-
Market making		-	-	-	-	-	-	-	-
<b>Total</b>									
Hedging		5,583,253	21,665	-	-	-	-	-	-
Market making		-	-	2,368,634	15,879	33,616,465	36,884	4,216,029	88
		(Audited)							
		December 31, 2018							
		Interest Rate Swaps		Options		Forward exchange contracts		Forward securities	
		Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
		Rupees in '000							
<b>With Banks for</b>									
Hedging		3,992,763	16,931	-	-	-	-	-	-
Market making		-	-	2,631,433	(3,652)	34,627,442	211,933	1,703,671	(296)
<b>With FIs other than banks</b>									
Hedging		-	-	-	-	-	-	-	-
Market making		-	-	-	-	-	-	-	-
<b>Total</b>									
Hedging		3,992,763	16,931	-	-	-	-	-	-
Market making		-	-	2,631,433	(3,652)	34,627,442	211,933	1,703,671	(296)

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

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

Note	----- Un-audited -----	
	March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
On:		
Loans and advances	7,081,085	3,900,173
Investments	2,079,664	2,911,007
Lendings to financial institutions	22,560	22,545
Balances with other banks	11,876	1,147
Securities purchased under resale agreements	143,350	34,046
	<u>9,338,535</u>	<u>6,868,918</u>

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

Deposits	5,556,941	3,213,117
Borrowings	24.1 305,624	135,425
Securities sold under repurchase agreements	1,179,709	1,347,960
Sub-ordinated loans	231,705	93,799
	<u>7,273,979</u>	<u>4,790,301</u>

### 24.1 Borrowings

Export Refinancing Scheme (ERF)	80,021	58,296
Long-Term Finance Facility (LTFF)	5,916	2,182
Financing Facility for Storage of Agricultural Produce (FFSAP)	723	384
Other short term borrowings	218,964	74,563
	<u>305,624</u>	<u>135,425</u>

## 25. FEE AND COMMISSION INCOME

Branch banking customer fees	47,408	40,216
Consumer finance related fees	4,898	11,070
Card related fees (debit and credit cards)	102,230	67,632
Credit related fees	75,427	58,994
Investment banking fees	35,391	315,796
Commission on trade	114,058	113,524
Commission on guarantees	84,281	80,320
Commission on cash management	1,563	1,094
Commission on remittances including home remittances	22,081	18,321
Commission on bancassurance	23,990	31,807
Commission on distribution of mutual funds	40,454	38,479
Commission on online Services	39,784	42,714
Postage & Courier income	3,514	3,310
Rebate income	50,907	33,886
Rebate on primary dealership	6,283	-
	<u>652,269</u>	<u>857,163</u>

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

		----- Un-audited -----	
		March 31, 2019	March 31, 2018
Note		----- Rupees in '000 -----	
<b>26</b>	<b>(LOSS) / GAIN ON SALE OF SECURITIES - NET</b>		
	Realised	26.1 (53,985)	18,013
	Unrealised - held for trading	(8,385)	(74)
		(62,370)	17,939
<b>26.1</b>	<b>Realised (loss) / gain on:</b>		
	<b>Federal government securities</b>		
	Market treasury bills	7,720	(4,066)
	Pakistan investment bonds	(1,370)	(293)
	Ijara sukuk certificates	178	231
	<b>Shares</b>		
	Listed companies	(28,564)	4,612
	Mutual fund units	482	-
	Foreign currency bonds	(32,431)	14,389
	Sukuk certificates	-	3,140
		(53,985)	18,013
<b>27</b>	<b>OTHER INCOME - NET</b>		
	Gain on sale of operating fixed assets - net	23,499	35,736

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	----- Un-audited ----- March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
<b>28 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>1,312,358</b>	1,276,669
<b>Property expense</b>		
Rent & taxes	280,282	273,327
Insurance	2,638	2,036
Utilities cost	55,008	60,905
Security (including guards)	85,802	89,418
Repair & maintenance (including janitorial charges)	55,956	62,511
Depreciation	57,328	51,744
Depreciation on non banking assets	61	325
	<b>537,075</b>	540,266
<b>Information technology expenses</b>		
Software maintenance	37,338	37,419
Hardware maintenance	43,781	45,037
Depreciation	39,451	34,271
Amortisation	21,909	16,911
Network charges	26,638	25,547
	<b>169,117</b>	159,185
<b>Other operating expenses</b>		
Directors' fees and allowances	2,200	4,900
Legal & professional charges	23,651	26,599
Insurance	24,555	24,584
Outsourced services costs	29,657	33,471
Travelling & conveyance	19,098	16,078
NIFT clearing charges	9,488	7,059
Depreciation	87,445	77,372
Training & development	8,848	10,703
Postage & courier charges	20,108	13,310
Communication	23,520	22,614
Stationery & printing	61,327	53,733
Marketing, advertisement & publicity	40,101	112,863
Donations	1,093	10,804
Auditors Remuneration	2,062	3,039
Staff Auto fuel & maintenance	30,295	41,597
Bank Charges	13,071	12,228
Stamp Duty	11,579	13,878
Online verification charges	4,719	5,700
Brokerage, fee and commission	9,151	30,471
Card related fees (debit and credit cards)	2,131	1,585
CDC and other charges	1,310	286
Consultancy fee	15,275	16,372
Deposit protection corporation	34,940	-
Entertainment expenses	16,083	19,504
Fee and Subscription	9,992	17,689
Employees social security	1,564	2,496
Generator fuel & maintenance	19,849	23,675
Others	7,377	7,891
	<b>530,489</b>	610,501
	<b>2,549,039</b>	<b>2,586,621</b>

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

**28.1** Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

The Bank's eligible deposits as of December 31, 2018 are amounting to Rs. 87,350.615 million on which total premium is payable of Rs. 139.761 million per annum (Rs. 34.940 million per quarter).

	----- Un-audited -----	
	<b>March 31,</b>	March 31,
	<b>2019</b>	2018
	----- Rupees in '000 -----	

## 29. WORKERS' WELFARE FUND

Provision held at 2% of the higher of profit before tax or taxable income to the extent of operations carried out under Sindh Workers' Welfare Act, 2014.

## 30. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	50	-
Others	5	409
	<b>55</b>	<b>409</b>

## 31. PROVISIONS AND WRITE OFFS - NET

Reversals for diminution in value of investments	(32,678)	-
Provisions against loans & advances - specific (Reversals) / provisions against loans & advances - general	284,669	27,605
	(822)	22,425
Other reversals	-	(42,368)
General reversals - under IFRS-9	(22,652)	-
	<b>228,517</b>	<b>7,662</b>

**31.1** The SBP vide its letter no. OSED/ SEU-26/026(01)/4617/19 dated February 27, 2019 advised the Bank to make provision of Rs.792.327 million against certain classified loans, investments and other assets, in a phased manner spreading equally (i.e. Rs.264.109 million each) over three reporting periods of December 31, 2018, March 31, 2019 and June 30, 2019.

## 32. TAXATION

Current	(137,107)	(172,290)
Prior years	-	-
Deferred	115,845	(16,636)
	<b>(21,262)</b>	<b>(188,926)</b>

### 32.1 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 was issued an Order by the Assistant Commissioner Sindh Revenue Board AC-SRB creating a demand of Rs.48.838 million besides penalty of Rs.4.440 million against the Bank for alleged non-payment of Sindh sales tax on certain services / incomes (i.e. Bancassurance,



# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union) on total amounting to Rs.277.488 million for the tax periods July 2011 to December 2013.

An appeal was filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which was decided in favor of the tax department except tax imposed on FX gain on remittance by Western Union. Thereafter, both the Bank and AC-SRB filed appeals before the Appellate Tribunal SRB against the decision of CA-SRB. Through its Order, the Appellate Tribunal SRB quashed the demand raised by deciding the Bank's appeal in the Bank's favour and dismissing the AC-SRB's appeal.

	----- Un-audited -----	
	March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
<b>33. BASIC EARNINGS PER SHARE</b>		
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for diluted earnings	<b>33,405</b>	352,242
Preference dividend paid for the year December 31, 2018 @ 12% p.a (2017: @ 12% p.a.)	<b>(24,164)</b>	(180,000)
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for basic earnings	<b><u>9,241</u></b>	<b><u>172,242</u></b>
	----- Numbers -----	
Weighted average number of outstanding ordinary shares during the year for basic earnings	<b><u>1,297,464,262</u></b>	<b><u>1,174,964,262</u></b>
	----- Rupee -----	
Basic earnings per share	<b><u>0.01</u></b>	<b><u>0.15</u></b>

**33.1** In March quarter ended 2018, diluted earnings per share increased when taking the convertible preference shares into account, therefore the convertible preference shares are anti-dilutive and are excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

## **34. FAIR VALUE MEASUREMENTS**

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined at lower of cost and the break-up value in accordance with the requirements of prudential regulations issued by SBP. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available financial statements.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments.

The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.7.1 to the annual financial statements of the Bank for the year ended December 31, 2018.

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

## 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).

### 34.1 Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).
Term Finance Certificates and Bonds	Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.
-------------	---

### 34.3 Fair value of non-financial assets

#### 34.2 Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 10 and 13 respectively. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	

- 34.3** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period ended March 31 ,2019.
- 34.4** The following table provides an analysis of financial and non financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	----- Un-audited ----- March 31, 2019			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>				
Financial assets classified as 'held-for-trading securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	12,818,540	-	12,818,540
Financial assets classified as 'available-for-sale securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	49,919,676	-	49,919,676
Shares	2,682,403	-	-	2,682,403
Non Government Debt Securities	-	673,710	-	673,710
Foreign Securities	-	4,431,849	-	4,431,849
	2,682,403	55,025,235	-	57,707,638
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	40,083,314	-	40,083,314
	2,682,403	107,927,089	-	110,609,492
<b>Non-Financial Assets</b>				
Revalued fixed assets	-	-	1,364,206	1,364,206
Non-banking assets acquired in satisfaction of claims	-	-	185,229	185,229
	-	-	1,549,435	1,549,435
<b>Off balance sheet financial instruments</b>				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	22,274,829	-	22,274,829
Sale	-	11,821,694	-	11,821,694
Forward government securities				
Purchase	-	4,216,117	-	4,216,117
Sale	-	-	-	-
Derivative instruments				
Cross currency swaps (notional principal)	-	7,050,888	-	7,050,888
Options (notional principal)	-	2,384,513	-	2,384,513

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	----- Audited -----			
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets classified as 'held-for-trading securities'</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	41,368,514	-	41,368,514
<b>Financial assets classified as 'available-for-sale securities'</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	52,541,122	-	52,541,122
Shares	2,556,903	-	-	2,556,903
Non Government Debt Securities	-	679,621	-	679,621
Foreign Securities	-	5,868,382	-	5,868,382
	2,556,903	59,089,125	-	61,646,028
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	39,836,881	-	39,836,881
	2,556,903	140,294,520	-	142,851,423
<b>Non-Financial Assets</b>				
Revalued fixed assets	-	-	1,371,977	1,371,977
Non-banking assets acquired in satisfaction of claims	-	-	185,290	185,290
	-	-	1,557,267	1,557,267
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	21,946,624	-	21,946,624
Sale	-	13,319,774	-	13,319,774
<b>Forward government securities</b>				
Purchase	-	209,530	-	209,530
Sale	-	1,494,554	-	1,494,554
<b>Derivative instruments</b>				
Cross currency swaps (notional principal)	-	5,254,792	-	5,254,792
Options (notional principal)	-	2,627,781	-	2,627,781

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 35. SEGMENT INFORMATION

### 35.1 Segment Details with respect to Business Activities

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
Rupees in '000						
<b>March 31, 2019 (Un-audited)</b>						
<b>Profit &amp; Loss</b>						
Net mark-up/return/profit	-	593,663	(988,059)	2,458,952	-	2,064,556
Inter segment revenue - net	-	(1,572,308)	3,358,814	(1,786,506)	-	-
Non mark-up / return / interest income	35,552	58,629	436,898	213,581	23,499	768,159
Total Income	35,552	(920,016)	2,807,653	886,027	23,499	2,832,715
Segment direct expenses	25,270	29,383	1,393,327	178,896	135,781	1,762,657
Inter segment expense allocation	-	69,333	422,003	295,538	-	786,874
Total expenses	25,270	98,716	1,815,330	474,434	135,781	2,549,531
Provisions	-	(32,836)	19,178	242,175	-	228,517
Profit before tax	10,282	(985,896)	973,145	169,418	(112,282)	54,667
<b>March 31, 2019 (Un-audited)</b>						
<b>Balance Sheet</b>						
Cash & Bank balances	-	15,257,299	5,846,357	-	-	21,103,656
Investments	-	118,019,830	-	-	-	118,019,830
Net inter segment lending	-	-	129,874,017	-	9,863,022	139,737,039
Lendings to financial institutions	-	58,975,645	-	-	-	58,975,645
Advances - performing	-	-	94,448,690	155,490,228	-	249,938,918
Advances - non-performing	-	-	2,047,884	7,114,085	-	9,161,969
Advances - (Provisions)/reversals - Net	-	-	(527,799)	(2,908,098)	-	(3,435,897)
Others	-	-	95,968,775	159,696,215	-	255,664,990
Others	-	3,643,242	3,253,082	3,851,023	11,038,284	21,785,631
<b>Total Assets</b>	-	195,896,016	234,942,231	163,547,238	20,901,306	615,286,791
Borrowings	-	95,331,602	5,035,707	14,998,877	-	115,366,186
Subordinated debt	-	7,496,800	-	-	-	7,496,800
Deposits & other accounts	-	-	227,051,440	92,727,554	-	319,778,994
Net inter segment borrowing	-	89,908,444	-	49,828,595	-	139,737,039
Others	-	3,159,170	2,855,084	5,992,212	4,728,555	16,735,021
<b>Total liabilities</b>	-	195,896,016	234,942,231	163,547,238	4,728,555	599,114,040
Equity	-	-	-	-	16,172,751	16,172,751
<b>Total Equity &amp; liabilities</b>	-	195,896,016	234,942,231	163,547,238	20,901,306	615,286,791
<b>Contingencies &amp; Commitments</b>	-	45,784,381	33,782,989	20,713,212	160,126	100,440,708

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
Rupees in '000						
<b>March 31, 2018 (Un-audited)</b>						
<b>Profit &amp; Loss</b>						
Net mark-up/return/profit	-	1,491,696	(796,856)	1,383,777	-	2,078,617
Inter segment revenue - net	-	(1,492,286)	2,222,159	(729,873)	-	-
Non mark-up / return / interest income	315,875	172,177	354,756	188,689	36,569	1,068,066
Total Income	315,875	171,587	1,780,059	842,593	36,569	3,146,683
Segment direct expenses	27,096	48,405	1,151,025	399,023	361,959	1,987,508
Inter segment expense allocation	-	52,108	246,514	311,723	-	610,345
Total expenses	27,096	100,513	1,397,539	710,746	361,959	2,597,853
Provisions	-	-	20,535	29,492	(42,365)	7,662
Profit before tax	288,779	71,074	361,985	102,355	(283,025)	541,168
<b>December 31, 2018 (Audited)</b>						
<b>Balance Sheet</b>						
Cash & Bank balances	-	26,330,603	6,748,812	-	-	33,079,415
Investments	-	148,689,974	-	-	-	148,689,974
Net inter segment lending	-	-	142,567,445	-	6,556,733	149,124,178
Lendings to financial institutions	-	1,937,347	-	-	-	1,937,347
Advances - performing	-	-	93,802,563	155,702,540	-	249,505,103
Advances - non-performing	-	-	1,647,085	3,995,026	-	5,642,111
Advances - (Provisions)/reversals - Net	-	-	(527,295)	(2,629,001)	-	(3,156,296)
	-	-	94,922,353	157,068,565	-	251,990,918
Others	-	2,622,494	1,707,032	2,587,220	14,139,676	21,056,422
<b>Total Assets</b>	-	179,580,418	245,945,642	159,655,785	20,696,409	605,878,254
Borrowings	-	80,051,504	4,290,751	12,216,408	-	96,558,663
Subordinated debt	-	7,496,800	-	-	-	7,496,800
Deposits & other accounts	-	-	232,859,517	88,553,746	-	321,413,263
Net inter segment borrowing	-	91,475,842	-	57,648,336	-	149,124,178
Others	-	556,272	8,795,374	1,237,295	5,079,383	15,668,324
<b>Total liabilities</b>	-	179,580,418	245,945,642	159,655,785	5,079,383	590,261,228
Equity	-	-	-	-	15,617,026	15,617,026
<b>Total Equity &amp; liabilities</b>	-	179,580,418	245,945,642	159,655,785	20,696,409	605,878,254
<b>Contingencies &amp; Commitments</b>	-	43,239,446	34,959,767	21,114,506	143,933	99,457,652

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiaries and associates are stated in note 10.2.10 to these unconsolidated financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

	As at March 31, 2019 (Un-audited)					As at December 31, 2018 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)												
<b>Lendings to financial institutions</b>	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	1,600,000
Repaid during the year	-	-	-	-	-	-	-	-	-	-	-	(1,600,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>	-	-	-	1,919,121	180,000	1,964,110	-	-	-	1,919,121	180,000	1,828,603
Opening balance	-	-	-	-	-	350,879	-	-	-	-	-	989,767
Investment made during the period / year	-	-	-	-	21,239	350,879	-	-	-	1,919,121	180,000	989,767
Investment redeemed / disposed off during the period / year	-	-	-	-	(851,055)	-	-	-	-	-	-	(854,280)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	1,919,121	201,239	1,965,394	-	-	-	1,919,121	180,000	1,964,110
<b>Provision for diminution in value of investments</b>	-	-	-	-	-	65,022	-	-	-	-	-	65,022
<b>Advances</b>	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	7,223	448,575	-	-	2,821,605	-	-	-	-	-	2,114,685
Addition during the period / year	-	1,969	9,458	-	-	2,541,985	-	5,505	304,773	-	-	6,894,300
Repaid during the period / year	-	(7,119)	(16,495)	-	-	(2,341,092)	-	(26,921)	(297,001)	-	-	(6,351,654)
Transfer in / (out) - net	-	-	(9,552)	-	-	(82)	-	(25,203)	(259,373)	-	-	163,764
Closing balance	-	2,073	431,986	-	-	3,022,466	-	7,223	448,575	-	-	2,821,605
<b>Fired Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of vehicle	-	-	-	-	-	-	-	-	7,223	-	-	-
Cost of disposal	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposal	-	-	-	-	-	-	-	-	4,546	-	-	-
WDV of disposal	-	-	-	-	-	-	-	-	(8,671)	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	-	-	889	-	-	-
Interest markup accrued	-	189	300	-	-	90,271	-	241	612	-	-	72,735
Reservable against reinsurance / bancassurance	-	-	-	-	8,950	8,950	-	-	-	-	-	74,935
Advance for subscription of TFC - unsecured	-	-	-	40,828	-	40,828	-	-	-	-	-	-
Accipliances	-	-	-	-	1,913	1,913	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	3,468	3,468	-	-	-	-	-	3,468
Other receivable	-	-	-	4,733	-	4,733	-	-	-	9,106	-	-
Provision against other assets	-	-	-	-	-	2,438	-	-	-	-	-	2,438
<b>Borrowings</b>	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	4,800,000	-	-	-	-	-	4,000,000
Borrowings during the period / year	-	-	-	-	-	1,58,550,000	-	-	-	-	-	280,850,000
Settled during the period / year	-	-	-	-	-	(163,350,000)	-	-	-	-	-	(280,850,000)
Closing balance	-	-	-	-	-	4,800,000	-	-	-	-	-	4,800,000



# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	As at March 31, 2019 (Un-audited)					As at December 31, 2018 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000											
<b>Deposits and other accounts</b>												
Opening balance	336,515	28,308	74,950	1,606,413	-	9,652,833	1,502,578	75,080	42,502	1,712,553	-	8,227,301
Received during the period / year	1,401,474	50,129	388,487	110,448,800	-	51,804,208	7,208,000	397,579	1,762,689	409,842,869	-	18,708,700
Withdrawn during the period / year	(1,421,537)	(48,613)	(87,121)	(110,046,366)	-	(49,953,986)	(8,374,123)	(444,420)	(1,720,031)	(409,949,009)	-	(199,386,799)
Transfer in / (out) - net	-	(4,095)	(9,333)	-	-	-	70	-	2,220	-	-	113,628
Closing balance	316,452	25,729	82,953	2,008,847	-	17,500,055	3,336,515	23,308	74,950	1,606,413	-	9,652,833
<b>Subordinated loans</b>	-	-	-	-	-	389,744	-	-	-	-	-	389,744
<b>Other Liabilities</b>												
Interest / return / mark-up payable on deposits	-	-	-	-	-	88,270	-	6	333	129	-	42,582
Interest / return / mark-up payable on borrowings	-	-	-	38	-	-	-	-	-	-	-	1,585
Interest / return / mark-up payable on subordinated loans	-	-	-	-	-	11,822	-	-	-	-	-	1,541
Derivation payable	-	-	-	-	-	-	-	-	-	-	-	14,500
Payable to defined benefit plan	-	-	-	-	-	151,827	-	-	-	-	-	102,694
Others payable	-	-	-	2,254	-	-	-	-	-	4,609	-	-
<b>Revised By</b>												
Share Capital	9,733,073	17,417	900	-	-	81,678	9,733,073	17,417	900	-	-	81,678
<b>Contingencies and Commitments</b>												
Letter of guarantee	-	-	-	-	-	15,401	-	-	-	-	-	19,201
Letter of Credit	-	-	-	-	-	94,829	-	-	-	-	-	38,440
	For the quarter ended March 31, 2019 (Un-audited)											
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000											
Mark-up / return / interest earned	-	88	5,014	-	-	91,603	-	509	4,165	-	-	66,656
Fee and commission income	-	27	70	-	-	75,590	-	3	35	-	-	70,242
Dividend income	-	-	-	-	-	274	-	-	-	-	-	-
Gain / (loss) on sale of securities - Net	-	-	-	-	-	540	-	-	-	-	-	-
Other income	-	-	-	531	-	-	-	-	-	1,954	-	-
Mark-up / return / interest paid	7,659	490	1,243	52,437	-	298,365	23,743	1,207	230	27,640	-	144,457
Provision / charge paid	-	-	133,655	-	-	-	-	-	121,987	-	-	-
Provision / charge received	23,419	-	199	418	-	-	174,450	-	1,479	406	-	-
Non-executive director's fee	-	2,200	-	-	-	-	-	4,300	-	-	-	-
Net charge / (reversal) for defined contribution plans	-	-	-	-	-	52,156	-	-	-	-	-	44,097
Rental expense	-	-	-	1,339	-	79,033	416	-	-	1,690	-	42,094
Arduous fee	1,211	-	-	46	-	15,000	-	322	-	422	-	10,500
Reimbursement of expenses	-	-	-	-	-	312	1,627	-	-	358	-	189
Other expenses	-	-	-	-	-	281,664	-	-	-	-	-	221,316
Insurance premium paid	-	-	-	-	-	3,159	-	-	-	-	-	3,320
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Note ----- Rupees in '000 -----		
<b>37 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>13,883,358</u>	13,417,429
Eligible Additional Tier 1 (ADT 1) Capital	<u>2,500,000</u>	2,500,000
Total Eligible Tier 1 Capital	<u>16,383,358</u>	15,917,429
Eligible Tier 2 Capital	<u>4,413,357</u>	4,260,437
Total Eligible Capital (Tier 1 + Tier 2)	<u>20,796,715</u>	20,177,866
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>153,722,434</u>	148,178,402
Market Risk	<u>1,557,911</u>	1,895,587
Operational Risk	<u>17,946,043</u>	17,946,043
Total	<u>173,226,388</u>	168,020,032
Common Equity Tier 1 Capital Adequacy ratio	<u>8.01%</u>	7.99%
Tier 1 Capital Adequacy Ratio	<u>9.46%</u>	9.47%
Total Capital Adequacy Ratio	<u>12.01%</u>	12.01%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>16,383,358</u>	15,917,429
Total Exposures	<u>503,061,637</u>	484,967,925
Leverage Ratio	<u>3.26%</u>	3.28%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>47,343,348</u>	55,404,403
Total Net Cash Outflow	<u>49,271,082</u>	52,473,282
Liquidity Coverage Ratio	<u>96%</u>	106%
<b>37.1 Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>300,312,600</u>	298,128,452
Total Required Stable Funding	<u>290,151,404</u>	280,794,715
Net Stable Funding Ratio	<u>104%</u>	106%

37.1 LCR reported is based on the three months average. LCR, as on March 31, 2019, is 114.75% which is above the SBP requirement of 100%.

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

**37.2** The SBP vide its letter no. OSED/ SEU-26/026(01)/4617/19 dated February 27, 2019 advised the Bank to make provision of Rs.792.327 million against certain classified loans, investments and other assets, in a phased manner spreading equally (i.e. Rs.264.109 million each) over three reporting periods of December 31, 2018, March 31, 2019 and June 30, 2019.

## **38. GENERAL**

**38.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 5 dated March 22, 2019.

**38.2** The figures in the unconsolidated condensed interim financial statements have been rounded off to the nearest thousand.

## **39. DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on May 22, 2019.

---

President and  
Chief Executive Officer

---

Chief Financial  
Officer

---

Director

---

Director

---

Chairman

# Consolidated Condensed Interim Financial Statements

# Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2019

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----			
	Note		
<b>ASSETS</b>			
Cash and balances with treasury banks	6	19,973,283	32,111,176
Balances with other banks - net	7	1,141,102	978,024
Lendings to financial institutions - net	8	58,975,645	1,937,347
Investments - net	9	118,714,640	149,601,215
Advances - net	10	255,975,432	252,308,117
Fixed assets	11	7,618,624	6,947,725
Intangible assets	12	2,261,955	2,206,512
Deferred tax assets - net	13	230,955	408,992
Other assets - net	14	14,664,999	14,042,139
		<b>479,556,635</b>	<b>460,541,247</b>
<b>LIABILITIES</b>			
Bills payable	15	3,739,994	3,519,924
Borrowings	16	115,366,186	96,558,663
Deposits and other accounts	17	317,770,348	319,806,852
Liabilities against assets subject to finance lease	18	43,477	46,422
Subordinated debt	19	7,496,800	7,496,800
Deferred tax liabilities - net	13	-	-
Other liabilities	20	16,149,314	14,673,767
		<b>460,566,119</b>	<b>442,102,428</b>
<b>NET ASSETS</b>		<b>18,990,516</b>	<b>18,438,819</b>
<b>REPRESENTED BY</b>			
Share capital - net		10,119,242	10,119,242
Reserves		1,722,857	1,712,170
Deficit on revaluation of assets - net of tax	21	(274,668)	(822,532)
Unappropriated profit		5,822,398	5,825,742
		<b>17,389,829</b>	<b>16,834,622</b>
Non-controlling interest		1,600,687	1,604,197
		<b>18,990,516</b>	<b>18,438,819</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		

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

President and  
Chief Executive Officer

Chief Financial  
Officer

Director

Director

Chairman

# Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2019

		March 31, 2019	March 31, 2018
	Note	----- Rupees in '000 -----	
Mark-up / return / interest earned	24	9,361,260	6,884,488
Mark-up / return / interest expensed	25	7,260,043	4,770,809
Net mark-up / interest income		<u>2,101,217</u>	<u>2,113,679</u>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee, commission and brokerage income	26	783,383	1,083,367
Dividend income		30,251	16,318
Foreign exchange income		286,450	83,276
(Loss) / income from derivatives - net		(135,834)	62,111
(Loss) / gain on securities - net	27	(45,432)	69,071
Share of profit from associates		5,584	-
Other income - net	28	31,102	49,702
<b>Total non mark-up / interest income</b>		<u>955,504</u>	<u>1,363,845</u>
<b>Total Income</b>		<u>3,056,721</u>	<u>3,477,524</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	29	2,782,620	2,858,280
Workers' Welfare Fund	30	726	12,321
Other charges	31	55	409
<b>Total non-mark-up / interest expenses</b>		<u>2,783,401</u>	<u>2,871,010</u>
Profit before provisions		273,320	606,514
Provisions / (reversal) and write offs - net	32	228,517	(8,044)
Extraordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>44,803</u>	<u>614,558</u>
Taxation	33	(33,729)	(226,364)
<b>PROFIT AFTER TAXATION</b>		<u>11,074</u>	<u>388,194</u>
<b>Attributable to:</b>			
Equity holders of the Bank		20,855	376,043
Non-controlling interest		(9,781)	12,151
		<u>11,074</u>	<u>388,194</u>
----- Rupee -----			
<b>Basic earnings per share</b>	34	<u>0.00</u>	<u>0.17</u>

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

President and  
Chief Executive Officer

Chief Financial  
Officer

Director

Director

Chairman

# Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2019

	March 31, 2019	March 31, 2018
	----- Rupees in '000 ----- (Restated)	
Profit after taxation for the period	11,074	388,194
Other comprehensive income		
Items that may be reclassified to profit or loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	4,005	12,628
Movement in surplus / (deficit) on revaluation of investments - net of tax	570,141	(123,327)
Movement in general provision under IFRS 9 - net	(9,359)	-
	<u>560,782</u>	<u>(123,327)</u>
	564,787	(110,699)
<b>Total comprehensive income</b>	<b><u>575,861</u></b>	<b><u>277,495</u></b>
<b>Attributable to:</b>		
Equity holders of the Bank	580,170	296,133
Non-controlling interest	(4,309)	(18,638)
	<b><u>575,861</u></b>	<b><u>277,495</u></b>

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

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman
--	----------------------------	----------	----------	----------

# Consolidated Condensed Interim Statement of Changes in Equity

For the quarter ended March 31, 2019

	Attributable to shareholders of the Bank										
	Share capital	Preference shares	Reserves		Surplus / (Deficit) on revaluation of			Unappropriated profit	Sub-total	Non-controlling interest	Total
			Statutory reserve	Exchange translation	Investments	Fixed assets	Non banking assets				
Balance as at December 31, 2017 - audited	8,619,242	1,500,000	1,528,768	12,219	-	-	-	5,463,357	17,123,586	1,463,454	18,587,040
Effect of retrospective changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Reclassification of surplus to equity (note 4.1.1)	-	-	-	-	190,759	589,839	95,050	-	875,648	205,226	1,080,874
Balance as at December 31, 2017 - audited (restated)	8,619,242	1,500,000	1,528,768	12,219	190,759	589,839	95,050	5,463,357	17,999,234	1,668,680	19,667,914
<b>Total comprehensive income for the quarter ended March 31, 2018 - un-audited</b>											
Profit after taxation	-	-	-	-	-	-	-	376,043	376,043	12,151	388,194
Other comprehensive income / (loss) - net of tax	-	-	-	12,628	(92,538)	-	-	-	(79,910)	(30,789)	(110,699)
	-	-	-	12,628	(92,538)	-	-	376,043	296,133	(18,638)	277,495
Transfer to statutory reserve	-	-	70,448	-	-	-	-	(70,448)	-	-	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>											
Fixed assets	-	-	-	-	-	(4,496)	-	3,751	(745)	745	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(54)	54	-	-	-
<b>Transaction with owners recorded directly in equity</b>											
Issuance of ordinary shares on conversion of preference shares during the period	2,250,000	-	-	-	-	-	-	-	2,250,000	-	2,250,000
Discount on issue of ordinary shares during the period	(750,000)	-	-	-	-	-	-	-	(750,000)	-	(750,000)
	1,500,000	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Preference shares cancelled on conversion into ordinary shares during the period	-	(1,500,000)	-	-	-	-	-	-	(1,500,000)	-	(1,500,000)
Preference dividend for the year ended December 31, 2017 @ 12% p.a	-	-	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Balance as at March 31, 2018 - un-audited (restated)	10,119,242	-	1,599,216	24,847	98,221	585,343	94,996	5,592,757	18,114,622	1,650,787	19,765,409
<b>Total comprehensive income for the nine months period ended December 31, 2018</b>											
Profit after taxation	-	-	-	-	-	-	-	239,109	239,109	11,732	250,841
Other comprehensive (loss) / income - net of tax	-	-	-	46,087	(2,172,410)	592,943	(2,086)	18,806	(1,516,669)	(60,771)	(1,577,431)
	-	-	-	46,087	(2,172,410)	592,943	(2,086)	257,915	(1,277,551)	(49,039)	(1,326,590)
Transfer to statutory reserve	-	-	42,020	-	-	-	-	(42,020)	-	-	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>											
Fixed assets	-	-	-	-	-	(19,487)	-	17,038	(2,449)	2,449	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(52)	52	-	-	-
Balance as at December 31, 2018 - audited	10,119,242	-	1,641,236	70,334	(2,074,189)	1,158,799	92,858	5,825,742	16,834,622	1,604,197	18,438,819
<b>Total comprehensive income for the quarter ended March 31, 2019</b>											
Profit after taxation	-	-	-	4,005	555,310	-	-	20,855	20,855	(9,781)	11,074
Other comprehensive income net of tax	-	-	-	4,005	555,310	-	-	-	559,315	5,472	564,787
	-	-	-	4,005	555,310	-	-	20,855	580,170	(4,309)	575,861
Transfer to statutory reserve	-	-	6,682	-	-	-	-	(6,682)	-	-	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>											
Fixed assets	-	-	-	-	-	(7,426)	-	6,627	(799)	799	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(20)	20	-	-	-
<b>Transaction with owners recorded directly in equity</b>											
Preference dividend paid for the year ended December 31, 2018 @ 12% p.a	-	-	-	-	-	-	-	(24,164)	(24,164)	-	(24,164)
Balance as at March 31, 2019 - un-audited	10,119,242	-	1,647,918	74,939	(1,518,879)	1,151,373	92,838	5,822,396	17,389,829	1,600,687	18,990,516

\* This represents reserve created under Section 21(a) of the Banking Companies Ordinance, 1962.

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

President and  
Chief Executive Officer

Chief Financial  
Officer

Director

Director

Chairman



# Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2019

Note	March 31, 2019	March 31, 2018 ----- (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	44,803	614,558
	(30,251)	(16,318)
	(5,584)	-
	<b>8,968</b>	<b>598,240</b>
<b>Adjustments</b>		
29	213,700	178,846
29	61	325
29	23,032	17,641
	49,033	42,094
27	(1,318)	(7,548)
32	228,517	(8,044)
	726	12,321
	(74,312)	(121,266)
	24,781	1,796
28	(23,711)	(41,860)
	<b>440,509</b>	<b>74,305</b>
	<b>449,477</b>	<b>672,545</b>
<b>(Increase) / decrease in operating assets</b>		
	(57,035,567)	(326,982)
	28,811,438	7,667,708
	(3,946,917)	(50,438,060)
	(519,481)	(4,069,400)
	<b>(32,690,527)</b>	<b>(47,166,734)</b>
<b>Increase / (decrease) in operating liabilities</b>		
	220,070	347,202
	18,774,793	26,487,380
	(2,036,504)	13,191,191
	929,536	3,809,223
	<b>17,887,895</b>	<b>43,834,996</b>
	<b>(14,353,155)</b>	<b>(2,659,193)</b>
	-	-
	(24,781)	(326,076)
	(155,571)	(1,796)
	<b>(14,533,507)</b>	<b>(2,987,065)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	2,897,099	2,800,344
	110,970	103,240
	(21,239)	-
	5,228	10,732
	(2,945)	1,574
	(36,140)	-
	(370,071)	(278,623)
	(78,475)	(97,626)
	4,005	12,628
	41,575	50,494
	<b>2,550,007</b>	<b>2,602,763</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	(24,164)	(180,000)
	<b>(12,007,664)</b>	<b>(564,302)</b>
	32,587,698	18,184,611
	<b>20,580,034</b>	<b>17,620,309</b>

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

President and  
Chief Executive Officer

Chief Financial  
Officer

Director

Director

Chairman

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 1. STATUS AND NATURE OF BUSINESS

### 1.1 The “Group” consists of:

#### 1.1.1 Holding Company: JS Bank Limited, Pakistan

JS Bank Limited (the Holding Company / the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Holding Company is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 344 (December 31, 2018: 344) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2018: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at ‘A1+’ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

#### 1.1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited) which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 75.02% shares of the Bank.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 1.1.3 Composition of the Group

Subsidiary	Ownership interest and voting power held by			
	2019		2018	
	The Group	NCI	The Group	NCI
JS Global Capital Limited	67.16%	32.84%	67.16%	32.84%
JS Investment Limited	65.16%	34.84%	65.16%	34.84%
JS ABAMCO Commodities Limited	65.16%	34.84%	65.16%	34.84%
<b>Associates</b>				
Omar Jibrán Engineering Industries Limited	9.60%	-	9.60%	-
Veda Transit Solutions Private Limited	8.00%	-	-	-
Intercity Touring Company Private Limited	9.12%	-	-	-

## 1.1.4 Subsidiary Companies

### JS Global Capital Limited (JSGCL)

JS Global Capital Limited, JSGCL, is principally owned by the Bank, holding 67.16% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011 and April 15, 2016 of 51.05% and 16.11% respectively. The ownership interest has increased by 16.11%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 ordinary shares out of its 50 million ordinary shares in 2016. JSGCL is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984. The shares of the JSGCL are listed on Pakistan Stock Exchange (PSX). Further, the JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of the JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the JSGCL is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

### JS Investments Limited (JSIL)

JS Investments Limited, JSIL, is principally owned by the Bank, holding 65.16% of its equity interest. The Bank acquired effective controlling interest in JSIL on November 01, 2012 and December 22, 2015 of 52.24% and 12.92% respectively. The ownership interest has increased by 12.92%, without any change in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares in 2016. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of the JSIL is situated at 7th Floor, The Forum, Khayaban-e-Jami, Clifton, Karachi.

The JSIL has obtained the license of an "Investment Advisor" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company has also obtained registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

JSIL is an asset management company of the following funds:

#### Open end funds:

- JS Value Fund
- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap. Fund
- JS Islamic Hybrid Fund of Funds(JSIHFOF)
- JS Islamic Hybrid Fund of Funds -2 (JSIHFOF2)
- JS Islamic Dedicated Equity Fund

#### Pension fund

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

These funds have been treated as related parties in these consolidated condensed interim financial statements.

#### JS ABAMCO Commodities Limited

JS Bank owns JS ABAMCO Commodities Limited, JSACL, indirectly through its subsidiary JS Investment Limited (JSIL) which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the repealed Companies Ordinance, 1984 and is a wholly owned subsidiary company of JSIL (a subsidiary of Holding Company). The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited (NCEL) and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet date.

#### 1.1.5 Associated Company

##### Omar Jibran Engineering Industries Limited (OJEIL)

The Bank has invested in the shares of Omar Jibran Engineering Industries Limited (OJEIL), a public unlisted company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. OJEIL was incorporated on June 25, 1987 in Pakistan as an unquoted public limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at DSU-10, Pakistan Steel Industries Estate Bin Qasim, Karachi. The Company is mainly engaged in the manufacture and sale of automotive parts and armoring of vehicles.

##### Veda Transit Solutions Private Limited

The Bank has invested in the shares of VEDA Transit Solutions Private Limited (VEDA), a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. VEDA was incorporated

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

on June 10, 2016 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at Raaziq Logistics Centre 16 KM, Multan Road, Near Dina Nath Stop, Lahore. The Company is mainly engaged in the rural/urban, intracity/intercity transportation of passenger and goods.

## **Intercity Touring Company Private Limited**

The Bank has invested in the shares of Intercity Touring Company Private Limited (ITC), a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. ITC was incorporated on April 25, 2014 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 147-P Gulberg III, Lahore. The Company is mainly engaged in the transportation, touring, and logistics related services.

## **2. BASIS OF PRESENTATION**

### **2.1 Basis of Consolidation**

The basis of consolidation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of annual consolidated financial statements for the year ended December 31, 2018.

### **2.2 Statement Of Compliance**

2.1.1 These consolidated condensed interim financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. These are comprised of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank Pakistan (SBP) and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

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

2.1.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

- 2.1.3** IFRS10 “Consolidated Financial Statements” was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 “Consolidated Financial Statements” are not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.
- 2.1.4** Through SRO 1007(I)/2017, dated October 4, 2017, the SECP had notified IFRS 9, replacing the International Accounting Standard (IAS) 39 “Financial Instruments: Recognition and Measurement” with effect from reporting periods starting July 1, 2018. However, through S.R.O. 229 (I)/2019 dated February 14, 2019, the SECP has deferred the applicability of the IFRS 9 for all companies required to prepare their financial statements in accordance with the requirements of IFRS for reporting period/year ending on or after June 30, 2019 (earlier application is permitted).

The Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

The adoption of the IFRS 9 by the overseas branch as per the requirement of regulatory regime, has resulted in reversal of ECL provisioning requirement of Rs. 22.652 million during the period ended March 31, 2019.

- 2.1.5** SECP vide S.R.O.434(I)/2018 dated April 09, 2018, has directed the companies to follow IFRS16 ‘Leases’ instead of IAS17 ‘Leases’, for annual reporting periods beginning on or after January 01, 2019. However, the SBP has deferred the applicability of IFRS 16 for banking companies vide BPRD Circular Letter No. 08 dated April 30, 2019 till June 30, 2019. Accordingly, the requirements of IFRS 16 have not been considered by the Bank in the preparation of these consolidated condensed interim financial statements.

However, the requirements of IFRS 16 are considered by subsidiary companies as per the requirement of Securities & Exchange Commission of Pakistan (SECP) in these consolidated condensed interim financial statements.

- 2.4.** These consolidated condensed interim financial statements are presented in Pakistani Rupee, which is the Group’s functional and presentation currency.
- 2.5.** The consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2018.

## **3. 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.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Changes in accounting policies

#### 4.1.1 Change in reporting format

The SBP vide BPRD Circular Letter No.5 dated March 22, 2019 specified the new reporting format for the quarterly and half yearly financial statements of banking companies. The new format has revised the disclosure requirements of the Bank for the quarter ended March 31, 2019 which has resulted in certain additional disclosures and reclassifications of the items in these unconsolidated condensed interim financial statements. Further, vide above circular, SBP has extended the timeline for preparing the first quarter financial statements of 2019 from April 30, 2019 to May 31, 2019.

The adoption of new format contains recognition requirements, reclassification of comparative information, additional disclosures and has resulted in the following significant changes:

- Acceptances amounting to Rs 3,077.829 million (December 31, 2018: Rs 3,217.002) which were previously shown as part of contingencies and commitments are now recognised on unconsolidated statement of financial position both as assets and liabilities. They are included in other assets (note 14) and other liabilities (note 20);
- Intangibles (note 12) amounting to Rs 2,226.293 million (December 31, 2018: Rs 2,169.877 million) which were previously shown as part of fixed assets (note 11) are now shown separately in these consolidated condensed interim statement of financial position;

### 4.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period.

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these consolidated condensed interim financial statements other than IFRS 9 and IFRS 16 and reason for that are mentioned in note 2.1.4 and 2.1.5 as above.

## 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.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	4,313,859	4,415,856
Foreign currencies	594,579	488,292
	<b>4,908,438</b>	4,904,148
<b>With State Bank of Pakistan in:</b>		
Local currency current account	10,569,740	22,166,628
Foreign currency current account - non remunerative	870,024	785,958
Foreign currency deposit account - remunerative	2,686,839	2,409,442
	<b>14,126,603</b>	25,362,028
<b>With National Bank of Pakistan in:</b>		
Local currency current accounts	936,841	1,839,396
<b>National Prize Bonds</b>	1,401	5,604
	<b>19,973,283</b>	<b>32,111,176</b>
<b>7. BALANCES WITH OTHER BANKS - NET</b>		
<b>In Pakistan</b>		
In current accounts	158,347	130,055
In deposit accounts	4,137	4,423
	<b>162,484</b>	134,478
<b>Outside Pakistan</b>		
In current accounts	978,359	733,889
In deposit accounts	267	109,784
	<b>978,626</b>	843,673
Less: General provision under IFRS 9	7.1 (8)	978,151 (127)
Balances with other banks - net of provision	<b>1,141,102</b>	<b>978,024</b>
7.1 This represents general provision held on adoption of IFRS 9 by Bahrain branch of the Bank.		
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS - NET</b>		
Call money lendings	938,537	1,758,917
Due against bills re-discounting	198,229	182,742
Repurchase agreement lendings (Reverse Repo)	57,840,460	-
	<b>58,977,226</b>	1,941,659
Less: General provision under IFRS 9	8.1 (1,581)	(4,312)
Lending to Financial Institutions - net of provision	<b>58,975,645</b>	<b>1,937,347</b>
8.1 This represents general provision held on adoption of IFRS 9 by Bahrain branch of the Bank.		
62 JS Bank for the First Quarter Ended March 31, 2019 (Un-audited)		



# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>9. INVESTMENTS - net</b>	Note				Rupees in '000			
<b>9.1 Investments by type</b>								
<b>Held-for-trading securities</b>								
Federal Government Securities	12,826,925	-	(8,385)	12,818,540	41,381,420	-	(12,906)	41,368,514
Shares	814,615	-	6,901	821,516	1,037,824	-	(44,012)	993,812
Non Government Debt Securities	133,356	-	(112)	133,244	133,616	-	(260)	133,356
Open end mutual funds	288,291	-	2,915	291,206	377,541	-	1,404	378,945
	<u>14,063,187</u>	-	<u>1,319</u>	<u>14,064,506</u>	<u>42,930,401</u>	-	<u>(55,774)</u>	<u>42,874,627</u>
<b>Available-for-sale securities</b>								
Federal Government Securities	52,258,926	-	(2,339,250)	49,919,676	55,434,989	-	(2,893,867)	52,541,122
Shares	3,224,204	(449,211)	(46,197)	2,728,796	3,164,076	(478,346)	(87,928)	2,597,802
Non Government Debt Securities	4,256,451	(696,507)	(5,305)	3,556,639	2,354,043	(700,050)	606	1,654,599
Open end mutual funds	986,353	(26,023)	229,763	1,190,093	971,353	(26,023)	212,125	1,157,455
Foreign Securities	4,626,225	-	(191,970)	4,434,255	6,326,797	-	(456,009)	5,870,788
	<u>65,354,159</u>	<u>(1,171,741)</u>	<u>(2,352,959)</u>	<u>61,829,459</u>	<u>68,251,258</u>	<u>(1,204,419)</u>	<u>(3,225,073)</u>	<u>63,821,766</u>
<b>Held-to-maturity securities</b>								
Federal Government Securities	42,605,962	-	-	42,605,962	42,716,932	-	-	42,716,932
Associates	214,713	-	-	214,713	187,890	-	-	187,890
<b>Total Investments</b>	<u>122,238,021</u>	<u>(1,171,741)</u>	<u>(2,351,640)</u>	<u>118,714,640</u>	<u>154,086,481</u>	<u>(1,204,419)</u>	<u>(3,280,847)</u>	<u>149,601,215</u>
<b>9.2 Investments by segments:</b>								
<b>Held-for-trading securities</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	12,754,715	-	(6,500)	12,748,215	41,376,995	-	(12,844)	41,364,151
Pakistan Investment Bonds	72,210	-	115	72,325	4,425	-	(62)	4,363
	<u>12,826,925</u>	-	<u>(6,385)</u>	<u>12,818,540</u>	<u>41,381,420</u>	-	<u>(12,906)</u>	<u>41,368,514</u>
<b>Shares:</b>								
<b>Listed Companies</b>								
Ordinary shares	814,615	-	6,901	821,516	1,037,824	-	(44,012)	993,812
<b>Non Government Debt Securities</b>								
<b>Listed</b>								
Term Finance Certificates	130,262	-	(10)	130,252	130,307	-	(45)	130,262
Sukuk Certificates	3,094	-	(102)	2,992	3,303	-	(215)	3,088
	<u>133,356</u>	-	<u>(112)</u>	<u>133,244</u>	<u>133,616</u>	-	<u>(260)</u>	<u>133,356</u>
<b>Open End Mutual Funds</b>	288,291	-	2,915	291,206	377,541	-	1,404	378,945
<b>Available-for-sale securities</b>								
<b>Federal Government Securities:</b>								
Market Treasury Bills	52,258,926	-	(2,339,250)	49,919,676	3,010,920	-	(13)	3,010,907
Pakistan Investment Bonds	52,258,926	-	(2,339,250)	49,919,676	52,424,069	-	(2,893,854)	49,530,215
	<u>52,258,926</u>	-	<u>(2,339,250)</u>	<u>49,919,676</u>	<u>55,434,989</u>	-	<u>(2,893,867)</u>	<u>52,541,122</u>
<b>Shares:</b>								
<b>Listed Companies</b>								
Ordinary shares	3,076,615	(312,622)	(46,197)	2,717,796	3,016,487	(341,757)	(87,928)	2,596,802
Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
<b>Unlisted Companies</b>								
Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
	<u>3,224,204</u>	<u>(449,211)</u>	<u>(46,197)</u>	<u>2,728,796</u>	<u>3,164,076</u>	<u>(478,346)</u>	<u>(87,928)</u>	<u>2,597,802</u>
<b>Non Government Debt Securities</b>								
<b>Listed</b>								
Term Finance Certificates	320,184	(155,169)	(15)	165,000	323,727	(158,712)	(15)	165,000
Sukuk Certificates	643,005	-	(5,290)	637,715	643,005	-	621	643,626
<b>Unlisted</b>								
Term Finance Certificates	1,741,929	(541,338)	-	1,200,591	1,105,644	(541,338)	-	564,306
Sukuk Certificates	1,553,333	-	-	1,553,333	281,667	-	-	281,667
	<u>4,256,451</u>	<u>(696,507)</u>	<u>(5,305)</u>	<u>3,556,639</u>	<u>2,354,043</u>	<u>(700,050)</u>	<u>606</u>	<u>1,654,599</u>
<b>Open End Mutual Funds</b>	986,353	(26,023)	229,763	1,190,093	971,353	(26,023)	212,125	1,157,455
<b>Foreign Securities</b>								
Government Debt Securities	2,415,160	-	(11,289)	2,403,871	3,434,089	-	(202,645)	3,231,444
Non Government Debt Securities	2,208,659	-	(180,681)	2,027,978	2,890,302	-	(253,364)	2,636,338
Ordinary shares	2,406	-	2,406	2,406	2,406	-	-	2,406
	<u>4,626,225</u>	-	<u>(191,970)</u>	<u>4,434,255</u>	<u>6,326,797</u>	-	<u>(456,009)</u>	<u>5,870,788</u>
<b>Held-to-maturity securities</b>								
<b>Federal Government Securities:</b>								
Pakistan Investment Bonds	42,605,962	-	-	42,605,962	42,716,932	-	-	42,716,932
<b>Associates</b>								
Omair Jitran Engineering Industries Limited	193,474	-	-	193,474	187,890	-	-	187,890
Veda Transit Solutions Private Limited	972	-	-	972	-	-	-	-
Intercity Touring Company Private Limited	20,267	-	-	20,267	-	-	-	-
	<u>214,713</u>	-	-	<u>214,713</u>	<u>187,890</u>	-	-	<u>187,890</u>
<b>Investment in subsidiaries</b>	-	-	-	-	-	-	-	-
<b>Total Investments</b>	<u>122,238,021</u>	<u>(1,171,741)</u>	<u>(2,351,640)</u>	<u>118,714,640</u>	<u>154,086,481</u>	<u>(1,204,419)</u>	<u>(3,280,847)</u>	<u>149,601,215</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

- 9.2.1 Surplus / (deficit) includes revaluation gain on available for sale investments of subsidiaries amounting to Rs.80.378 million (2017: Rs.80.378 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Banks issued by the State Bank of Pakistan.
- 9.2.2 Included herein are the investments in related parties amounting to Rs.5.262 million (December 31, 2018: Rs.5.307 million) having market value of Rs.5.252 million (December 31, 2018: Rs.5.262 million).
- 9.2.3 This represents the investments in related parties amounting to Rs.288,291 million (December 31, 2018: Rs.377.541 million) having market value of Rs.291.206 million (December 31, 2018: Rs.378.945 million).
- 9.2.4 Included herein are the investments in related parties amounting to Rs.1,898.912 million (December 31, 2018: Rs.1,899.088 million) having market value of Rs.1,972.373 million (December 31, 2018: Rs.1,931.604 million).
- 9.2.5 Included herein is the investment of Rs.391.478 million (December 31, 2018: Rs.391.478 million) in a related party at the rate of 6 months KIBOR + 1.75% to 11% matured on December 04, 2017 to October 19, 2020. Due to weak financial position of the investee the Group has recognised full impairment loss on these Term Finance Certificates.
- 9.2.6 This represents the investments in related parties amounting to Rs.986.353 million (December 31, 2018: Rs.971.353 million) having market value of Rs.1,190.093 million (December 31, 2018: Rs.1,157.455 million).
- 9.2.7 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 40,083.314 million (December 31, 2018: Rs. 39,836.881 million).

	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Cost	Market value	Cost	Market value
9.2.8 Investments given as collateral	----- Rupees in '000 -----			
<b>Held-for-trading securities</b>				
<b>Federal Government Securities</b>				
Market Treasury Bills	3,973,399	3,970,186	19,927,891	19,922,073
Pakistan Investment Bonds	4,116	4,067	4,123	4,066
	3,977,515	3,974,253	19,932,014	19,926,139
<b>Available-for-sale securities</b>				
<b>Federal Government Securities:</b>				
Market Treasury Bills	-	-	-	-
Pakistan Investment Bonds	51,529,025	49,211,058	49,667,336	46,935,112
	51,529,025	49,211,058	49,667,336	46,935,112
<b>Foreign Debt Securities</b>				
Government Debt Securities	1,931,915	1,928,644	2,243,194	2,113,551
Non Government Debt Securities	430,786	437,914	425,354	416,293
	2,362,701	2,366,558	2,668,548	2,529,844
	<u>57,869,241</u>	<u>55,551,869</u>	<u>72,267,898</u>	<u>69,391,095</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
<b>9.3 Provision for diminution in value of investments</b>	----- Rupees in '000 -----	
9.3.1 Opening balance	1,204,419	1,504,819
Charge for the year	-	30,032
Reversals for the year	(3,543)	(104,099)
Reversal on disposals	(29,135)	(226,333)
Reversals	(32,678)	(300,400)
Closing Balance	<u>1,171,741</u>	<u>1,204,419</u>

9.3.2 Particulars of provision against debt securities Category of classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	NPI	Provision	NPI	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Loss	696,507	696,507	700,050	700,050
	<u>696,507</u>	<u>696,507</u>	<u>700,050</u>	<u>700,050</u>

10. ADVANCES - net	Note	Performing		Non Performing		Total	
		(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.		236,904,010	232,479,502	9,161,969	8,309,467	246,065,979	240,788,969
Bills discounted and purchased		13,345,350	14,675,443	-	-	13,345,350	14,675,443
Advances - gross		250,249,360	247,154,945	9,161,969	8,309,467	259,411,329	255,464,412
Provision against advances							
General		(154,839)	(155,661)	-	-	(154,839)	(155,661)
General provision - under IFRS-9	10.3.2	(6,501)	(10,746)	-	-	(6,501)	(10,746)
Specific		-	-	(3,274,557)	(2,989,888)	(3,274,557)	(2,989,888)
		(161,340)	(166,407)	(3,274,557)	(2,989,888)	(3,435,897)	(3,156,295)
Advances - net of provision		<u>250,088,020</u>	<u>246,988,538</u>	<u>5,887,412</u>	<u>5,319,579</u>	<u>255,975,432</u>	<u>252,308,117</u>

10.1 Particulars of advances (gross)	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
In local currency	252,513,602	247,895,081
In foreign currencies	6,897,727	7,569,331
	<u>259,411,329</u>	<u>255,464,412</u>

10.2 Advances include Rs.9,161.969 million (December 31, 2018: Rs.8,309.467 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other Assets Especially Mentioned	384,649	-	231,430	-
Substandard	1,093,773	71,870	1,488,616	83,945
Doubtful	4,212,570	426,136	3,189,709	146,592
Loss	3,470,977	2,776,551	3,399,712	2,759,351
Total	<u>9,161,969</u>	<u>3,274,557</u>	<u>8,309,467</u>	<u>2,989,888</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 10.3 Particulars of provision against advances

	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
	Rupees in '000							
Opening balance	2,989,888	155,661	10,746	3,156,295	2,638,960	100,353	-	2,739,313
Exchange adjustments	-	-	92	92	-	-	1,321	1,321
Charge for the year	310,292	-	-	310,292	422,994	55,308	9,425	487,727
Reversals	(25,623)	(822)	(4,337)	(30,782)	(72,066)	-	-	(72,066)
	284,669	(822)	(4,337)	279,510	350,928	55,308	9,425	415,661
Amount written off from the opening balance	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>3,274,557</b>	<b>154,839</b>	<b>6,501</b>	<b>3,435,897</b>	<b>2,989,888</b>	<b>155,661</b>	<b>10,746</b>	<b>3,156,295</b>

10.3.1 The general provision is maintained to create general reserves against following advances portfolios in accordance with the prudential regulations issued by State Bank of Pakistan as follows:

	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Secured portfolio		Unsecured portfolio	
	Percentages			
Consumer financing	1%	1%	4%	4%
Housing finance	0.5%	0.5%	-	-

10.3.2 This represents general provision held on adoption of IFRS 9 by Bahrain branch of the Bank.

10.3.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2019, the Bank has availed cumulative benefit of FSV of Rs.2,940.247 million (December 31, 2018: Rs.2,386.448 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.1,911.161 million (December 31, 2018: Rs.1,551.191 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		Rupees in '000	
<b>11 FIXED ASSETS</b>			
Capital work-in-progress	11.1	631,675	439,199
Property and equipment		6,468,972	6,508,526
Property and equipment - right-of-use assets		517,977	-
		<b>7,618,624</b>	<b>6,947,725</b>
<b>11.1 Capital work-in-progress</b>			
Civil works		527,718	388,449
Advance for purchase of furniture and fixtures		8,742	4,479
Advance for purchase of vehicles		47,462	18,175
Advance for purchase of equipment		47,753	28,096
		<b>631,675</b>	<b>439,199</b>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

		----- Un-audited -----	
		March 31, 2019	March 31, 2018
		----- Rupees in '000 -----	
<b>11.2</b>	<b>Additions to fixed assets</b>		
The following additions have been made to fixed assets during the period:			
	Capital work-in-progress	192,476	81,976
	<b>Property and equipment</b>		
	Lease hold improvements	-	40,516
	Furniture and fixture	20,436	17,190
	Electrical, office and computer equipment	152,689	82,477
	Vehicles	4,117	87,952
		177,242	228,135
		<u>369,718</u>	<u>310,111</u>

## 11.3 Disposal of fixed assets

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

	Lease hold improvements	1,789	107
	Furniture and fixture	289	111
	Electrical, office and computer equipment	3,189	1,909
	Vehicles	12,597	6,506
		<u>17,864</u>	<u>8,633</u>

## 12. INTANGIBLE ASSETS

Note

(Un-audited)                      (Audited)  
March 31,                      December 31,  
2019                      2018

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

	Capital work-in-progress	160,290	86,801
	Computer software and goodwill	2,101,665	2,119,711
		<u>2,261,955</u>	<u>2,206,512</u>
<b>12.1</b>	<b>Capital work-in-progress</b>		
	Advance for purchase software	<u>160,290</u>	<u>86,801</u>

## 12.2 Additions to intangible assets

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

		----- Un-audited -----	
		March 31, 2019	March 31, 2018
		----- Rupees in '000 -----	
	Capital work-in-progress - net	73,489	62,769
	Computer software	4,846	34,665
		<u>78,335</u>	<u>97,434</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
<b>13. DEFERRED TAX ASSETS / (LIABILITIES) - NET</b>		
	----- Rupees in '000 -----	
<b>Deferred tax debits arising from:</b>		
Provision against investments	57,149	57,149
Provision against loans and advances	154,369	147,207
Provision against other assets	229,514	171,011
General provision under IFRS-9	29,297	36,820
Intangible other than Goodwill	2,317	2,235
Unrealised loss on revaluation of investments classified as held for trading	1,809	3,976
Deficit on revaluation of investments classified as available for sale	891,221	1,188,415
Provision for donation	187	186
Lease Obligation (Operating)	60,241	-
Interest Liability	1,881	-
Provision for workers' welfare fund	17,222	17,114
	<b>1,445,207</b>	<b>1,624,113</b>
<b>Deferred tax credits arising due to:</b>		
Operating fixed assets	(222,962)	(232,731)
Goodwill	(512,268)	(512,268)
Surplus on revaluation of operating fixed assets	(386,862)	(390,391)
PPE - Right of Use Assets	(65,079)	-
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(1,000)	(1,010)
Unrealized gain on revaluation of derivative financial instruments derivative instruments	(26,081)	(78,721)
	<b>(1,214,252)</b>	<b>(1,215,121)</b>
	<b>230,955</b>	<b>408,992</b>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>14. OTHER ASSETS - NET</b>		
Income/ Mark-up accrued in local currency - net of provision	7,188,559	5,598,744
Income/ Mark-up accrued in foreign currencies	129,347	133,707
Trade receivable from brokerage and advisory business - net	1,419,559	1,505,318
Advances, deposits, advance rent and other prepayments	962,534	723,901
Taxation (payments less provision)	1,150,472	1,147,526
Dividend receivable	25,023	1,865
Balances due from funds under management	113,532	112,825
Receivable against bancassurance / bancatakafal	15,178	75,056
Stationery and stamps in hand	21,745	18,536
Receivable from other banks in respect of remittance	302,510	283,469
Non-banking assets acquired in satisfaction of claims	91,391	91,421
Mark to market gain on derivative instruments	70,645	269,351
Advance for subscription of TFC - unsecured	165,828	845,917
ATM settlement account	62,100	195,927
Acceptances	3,077,829	3,217,002
Others	210,097	162,893
	<u>15,006,349</u>	<u>14,383,458</u>
Less: Provision held against other assets	14.1 (435,188)	(435,188)
Other assets (net of provisions)	<u>14,571,161</u>	<u>13,948,270</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	93,838	93,869
	<u><u>14,664,999</u></u>	<u><u>14,042,139</u></u>
<b>14.1 Provision held against other assets</b>		
Trade receivable from brokerage and advisory business - net	403,318	403,318
Others	31,870	31,870
	<u>435,188</u>	<u>435,188</u>
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	435,188	474,995
Charge for the period	-	2,561
Reversal for the period	-	(42,368)
Net charge for the period	-	(39,807)
Closing balance	<u>435,188</u>	<u>435,188</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>15. BILLS PAYABLE</b>		
In Pakistan	3,543,532	3,326,595
Outside Pakistan	196,462	193,329
	<u>3,739,994</u>	<u>3,519,924</u>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
<b>Borrowings from State Bank of Pakistan under:</b>		
Export refinancing scheme (ERF)	18,578,550	15,329,309
Long-Term Finance Facility (LTFF)	1,300,412	1,055,928
Financing Facility for Storage of Agricultural produce (FFSAP)	155,622	121,922
Repurchase agreement borrowings	12,609,714	12,609,714
	<u>32,644,298</u>	29,116,873
<b>Borrowing from financial institutions</b>		
Repurchase agreement borrowings	76,839,245	57,228,252
Refinancing facility for mortgage loans	2,000,000	-
	<u>78,839,245</u>	57,228,252
<b>Total secured</b>	<u>111,483,543</u>	86,345,125
<b>Unsecured</b>		
Call borrowings	3,348,284	8,323,290
Due against bills re-discounting	-	1,388,619
Overdrawn nostro accounts	534,359	501,629
<b>Total unsecured</b>	<u>3,882,643</u>	10,213,538
	<u>115,366,186</u>	<u>96,558,663</u>



# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 17. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) March 31, 2019			(Audited) December 31, 2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	59,657,957	6,234,197	65,892,154	71,824,038	5,321,812	77,145,850
Savings deposits	57,607,874	2,501,326	60,109,200	61,444,549	2,576,579	64,021,128
Term deposits	130,433,849	10,984,351	141,418,200	118,807,475	11,430,120	130,237,595
Margin accounts	3,543,090	8,476	3,551,566	3,566,455	4,937	3,571,392
	<u>251,242,770</u>	<u>19,728,350</u>	<u>270,971,120</u>	<u>255,642,517</u>	<u>19,333,448</u>	<u>274,975,965</u>
<b>Financial Institutions</b>						
Current deposits	726,413	-	726,413	860,064	-	860,064
Savings deposits	15,330,212	-	15,330,212	26,021,734	-	26,021,734
Term deposits	29,205,833	1,536,770	30,742,603	16,408,212	1,540,877	17,949,089
	<u>45,262,458</u>	<u>1,536,770</u>	<u>46,799,228</u>	<u>43,290,010</u>	<u>1,540,877</u>	<u>44,830,887</u>
	<u>296,505,228</u>	<u>21,265,120</u>	<u>317,770,348</u>	<u>298,932,527</u>	<u>20,874,325</u>	<u>319,806,852</u>

## 18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	(Un-audited) March 31, 2019			(Audited) December 31, 2018		
	Minimum lease payment	Financial charges for future periods	Principal outstanding	Minimum lease payment	Financial charges for future periods	Principal outstanding
Not later than one year	14,801	3,321	11,480	14,801	3,014	11,787
Later than one year and not later than five years	38,666	6,669	31,997	38,666	4,031	34,635
	<u>53,467</u>	<u>9,990</u>	<u>43,477</u>	<u>53,467</u>	<u>7,045</u>	<u>46,422</u>

- 18.1 The liability against asset subject to finance lease represents the lease entered into with a Modaraba for 34 different vehicles. The periodic lease payments include profit rates ranging from KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20% (2017: KIBOR 6M plus 1.5% with floor of 7.5% and ceiling of 20%) per annum. The JS Investment Limited, a subsidiary company, shall be subject to compliance with the conditions specified in the lease agreements, purchase the assets from the lessor. There are no financial restrictions in the lease agreements.

## 19. SUBORDINATED DEBT

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
Term Finance Certificates - First Issue	19.1	2,997,600	2,997,600
Term Finance Certificates - Second Issue	19.2	1,999,200	1,999,200
Term Finance Certificates - Third Issue	19.3	2,500,000	2,500,000
		<u>7,496,800</u>	<u>7,496,800</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

**19.1** In 2016, the Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates (“TFCs” or “the Issue”) as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

**Purpose:** To contribute toward the Bank’s Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank’s business operations as permitted by its Memorandum & Articles of Association.

**Issue date** December 14, 2016

**Tenor:** Seven years from the Issue date.

**Maturity Date:** December 14, 2023

**Rating** A + (Single A Plus)

**Profit Rate:** Floating rate of return at Base rate + 1.40 percent per annum;  
Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

**Profit payment:** Semi-annual

**Redemption:** The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.

**Security:** The Issue is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the Bank.

**Call Option:** Exercisable in part or in full on or after the 10th redemption, subject to SBP’s approval.

**Lock-in-clause:** Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.

**Loss absorbency clause:** Upon the occurrence of a Point of Non-Viability event as defined by SBP’s Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the ‘Outstanding Face Value of the TFCs’ divided by market value per

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

- 19.2 In 2017, the Bank has issued Rs.2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 29, 2017
Tenor:	Seven years from the Issue date.
Maturity Date:	December 29, 2024
Rating	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.40 percent per annum;  Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

- 19.3** In 2018, the Bank has issued Rs.2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 31, 2018
Maturity Date:	Perpetual
Rating	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum;  Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment frequency:	Semi-annually on a non-cumulative basis.
Redemption:	Not applicable
Security:	The Issue is unsecured and subordinated as to payment of Principal and Profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will me be made from current year's earning and subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger ("PST")	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);

The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%);

In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer;

Point of Non-Viability ("PONV")

Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below;

#### **The PONV trigger event is the earlier of:**

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP.
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP;

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
<b>20. OTHER LIABILITIES</b>	Note		
Mark-up / return / interest payable in local currency		3,075,438	2,679,843
Mark-up / return / interest payable in foreign currencies		95,816	107,641
Accrued expenses		513,648	707,824
Trade payable from brokerage business		2,143,344	2,054,051
Payable in respect of defined benefit obligation - net		151,527	102,494
Unclaimed dividends		10,529	10,529
Donation payable		4,990	15,248
Lease key money deposit		4,603,143	4,568,145
Workers' Welfare Fund		180,595	179,890
Government duties		296,652	268,880
Payable against remittance		564,617	442,811
Retention money payable		34,956	35,053
Visa debit card payable		117,138	80,202
Acceptances		3,077,829	3,217,002
Lease liability against right-of-use assets		496,252	-
Others		782,840	204,154
		<u>16,149,314</u>	<u>14,673,767</u>
<b>21. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
(Deficit) / surplus on revaluation of:			
Available-for-sale securities	9.1 & 21.1	(2,357,720)	(3,215,435)
Fixed assets		1,618,038	1,628,992
Non-banking assets acquired in satisfaction of claims		93,838	93,869
		(645,844)	(1,492,574)
Deferred tax on (deficit) / surplus on revaluation of:			
Available-for-sale securities		891,220	1,188,153
Fixed assets		(399,906)	(403,435)
Non-banking assets acquired in satisfaction of claims		(1,000)	(1,010)
		490,314	783,708
		<u>(155,530)</u>	<u>(708,866)</u>
<b>21.1</b>	This is net off against general provision held under IFRS 9 of Rs. 75.617 million (December 31, 2018: Rs. 90.015 million) through profit and loss account.		
<b>21.2</b>	Group's share	(274,668)	(822,532)
	Non-controlling interest	119,138	113,666
		<u>(155,530)</u>	<u>(708,866)</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
<b>22. CONTINGENCIES AND COMMITMENTS</b>	Note		
Guarantees	22.1	40,766,541	41,116,520
Commitments	22.2	60,906,043	59,868,869
		<u>101,672,584</u>	<u>100,985,389</u>
<b>22.1 Guarantees:</b>			
Financial guarantees		4,766,823	3,552,003
Performance guarantees		21,518,395	19,549,043
Other guarantees		14,481,323	18,015,474
	22.1.1	<u>40,766,541</u>	<u>41,116,520</u>

22.1.1 Included herein the outstanding guarantees of Rs.15.401 million (December 31, 2018: Rs.19.201 million) of related parties.

## 22.2 Commitments:

### Documentary credits and short-term trade-related transactions

- letters of credit	22.2.1	13,533,465	14,957,752
---------------------	--------	------------	------------

### Commitments in respect of:

- forward foreign exchange contracts	22.2.2	33,616,465	34,627,442
- forward government securities transactions	22.2.3	5,035,494	2,707,039
- Cross currency swaps (notional principal)	22.2.4	5,583,253	3,992,763
- Options (notional principal)	22.2.4	2,368,634	2,631,433
- forward lending	22.2.5	196,196	284,137
- Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	22.2.6	400,000	400,000
- Outstanding settlements against margin financing contracts - net	22.2.7	12,411	12,348

### Commitments for acquisition of:

- operating fixed assets	22.2.8	160,125	255,955
		<u>60,906,043</u>	<u>59,868,869</u>

22.2.1 Included herein the outstanding letter of credits of Rs.94.829 million (December 31, 2018: Rs.44.016 million) of related parties.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>22.2.2</b>	<b>Commitments in respect of forward foreign exchange contracts</b>	
Purchase	22,016,358	21,521,180
Sale	11,600,107	13,106,262
	<u>33,616,465</u>	<u>34,627,442</u>
	The Holding company utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk.	
<b>22.2.3</b>	<b>Commitments in respect of forward government and equity securities</b>	
Purchase	4,216,029	209,471
Sale	819,465	2,497,568
	<u>5,035,494</u>	<u>2,707,039</u>
<b>22.2.4</b>	<b>Commitments in respect of derivative instruments</b>	
Interest rate swaps (notional principal)	5,583,253	3,992,763
Options (notional principal)	2,368,634	2,631,433
	<u>7,951,887</u>	<u>6,624,196</u>
<b>22.2.5</b>	<b>Commitments in respect of forward lending</b>	
Undrawn formal standby facilities, credit lines and other commitments to lend	196,196	284,137
<b>22.2.5.1</b>	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.	
<b>22.2.6</b>	<b>Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited</b>	
	<u>400,000</u>	<u>400,000</u>
<b>22.2.7</b>	<b>Outstanding settlements against margin financing contracts - net</b>	
	<u>12,411</u>	<u>12,348</u>
<b>22.2.8</b>	<b>Commitments for acquisition of operating fixed assets</b>	
	<u>160,125</u>	<u>255,955</u>
<b>22.2.9</b>	There are no changes in contingent liabilities since the date of annual consolidated audited financial statements for the year ended December 31, 2018 except as disclosed above and note 33.1.	



# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 23. Derivative Instruments

Derivative instruments, such as Forward Securities Exchange Contracts, Interest Rate Swaps, and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Group.

The Holding company has entered into a Cross Currency Swap transaction with its customers on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Holding company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 48 to the consolidated annual financial statements for the year ended December 31, 2018.

Accounting policies in respect of derivative financial instruments are described in note 4.5.2 of the consolidated annual financial statements for the year ended December 31, 2018.

### 23.1 Product analysis

		(Un-audited) March 31, 2019							
		Interest Rate Swaps		Options		Forward exchange contracts		Forward securities	
		Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
		----- Rupees in '000 -----							
<b>With Banks for</b>									
Hedging		5,583,253	21,665	-	-	-	-	-	-
Market making		-	-	2,368,634	15,879	33,616,465	36,884	5,035,494	(3,783)
<b>With FIs other than banks</b>									
Hedging		-	-	-	-	-	-	-	-
Market making		-	-	-	-	-	-	-	-
<b>Total</b>									
Hedging		5,583,253	21,665	-	-	-	-	-	-
Market making		-	-	2,368,634	15,879	33,616,465	36,884	5,035,494	(3,783)

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

(Audited)  
December 31, 2018

	Interest Rate Swaps		Options		Forward exchange contracts		Forward securities	
	Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
----- Rupees in '000 -----								
<b>With Banks for</b>								
Hedging	3,992,763	16,931	-	-	-	-	-	-
Market making	-	-	2,631,433	(3,652)	34,627,442	211,933	2,707,039	44,139
<b>With FIs other than banks</b>								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
<b>Total</b>								
Hedging	3,992,763	16,931	-	-	-	-	-	-
Market making	-	-	2,631,433	(3,652)	34,627,442	211,933	2,707,039	44,139

----- Un-audited -----

**March 31, 2019**      **March 31, 2018**

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

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

On:

Loans and advances	<b>7,095,975</b>	3,914,106
Investments	<b>2,087,243</b>	2,912,303
Lendings to financial institutions	<b>22,560</b>	22,545
Balances with other banks	<b>12,132</b>	1,488
Securities purchased under resale agreements	<b>143,350</b>	34,046
	<b><u>9,361,260</u></b>	<u>6,884,488</u>

## 25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	<b>5,528,665</b>	3,193,625
Borrowings	<b>305,624</b>	135,425
Securities sold under repurchase agreements	<b>1,179,709</b>	1,347,960
Lease liability against right-of-use assets	<b>14,340</b>	-
Sub-ordinated loans	<b>231,705</b>	93,799
	<b><u>7,260,043</u></b>	<u>4,770,809</u>

### 25.1 Borrowings

Export Refinancing Scheme (ERF)	<b>80,021</b>	58,296
Long-Term Finance Facility (LTFF)	<b>5,916</b>	2,182
Financing Facility for Storage of Agricultural Produce (FFSAP)	<b>723</b>	384
Other short term borrowings	<b>218,964</b>	74,563
	<b><u>305,624</u></b>	<u>135,425</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	----- Un-audited -----	March 31, 2019	March 31, 2018
	Note	----- Rupees in '000 -----	
<b>26. FEE, COMMISSION AND BROKERAGE INCOME</b>			
Branch banking customer fees		47,367	40,120
Consumer finance related fees		4,898	11,070
Card related fees (debit and credit cards)		102,230	67,632
Credit related fees		75,427	58,994
Investment banking fees		44,251	388,421
Commission on trade		114,058	113,524
Commission on guarantees		84,281	80,320
Commission on cash management		1,563	1,094
Commission on remittances including home remittances		22,081	18,321
Commission on bancassurance		23,990	31,807
Commission on distribution of mutual funds		37,493	38,219
Commission on online Services		39,784	42,714
Postage & courier income		3,514	3,310
Rebate income		50,907	33,886
Rebate on primary dealership		6,283	-
Brokerage income		71,298	104,785
Management fee		53,958	49,150
		<u>783,383</u>	<u>1,083,367</u>
<b>27. (LOSS) / GAIN ON SALE OF SECURITIES - NET</b>			
Realised	27.1.	(46,750)	61,523
Unrealised - held for trading		1,318	7,548
		<u>(45,432)</u>	<u>69,071</u>
<b>27.1. Realised (loss) / gain on:</b>			
<b>Federal government securities</b>			
Market treasury bills		7,720	(4,066)
Pakistan investment bonds		(1,370)	(116)
Ijara sukuk certificates		178	231
<b>Shares</b>			
Listed companies		(24,571)	16,100
<b>Non Government Debt Securities</b>			
Term finance certificates		3,414	924
<b>Mutual fund units</b>		310	30,921
Foreign currency bonds		(32,431)	14,389
Sukuk certificates		-	3,140
		<u>(46,750)</u>	<u>61,523</u>
<b>28. OTHER INCOME - NET</b>			
Rent on property		4,078	4,078
Gain on sale of fixed assets - net		23,711	41,858
Others		3,313	3,766
		<u>31,102</u>	<u>49,702</u>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

		----- Un-audited ----- March 31, 2019	March 31, 2018
		----- Rupees in '000 -----	
29.	<b>OPERATING EXPENSES</b>	Note	
	<b>Total compensation expense</b>	<b>1,427,369</b>	1,404,264
	<b>Property expense</b>		
	Rent & taxes	292,632	280,344
	Insurance	2,639	2,147
	Utilities cost	58,637	89,201
	Security (including guards)	86,180	89,814
	Repair & maintenance (including janitorial charges)	61,378	68,305
	Depreciation on right-of-use assets	14,415	-
	Depreciation	67,669	63,573
	Depreciation on non banking assets	61	325
		<b>583,611</b>	593,709
	<b>Information technology expenses</b>		
	Software maintenance	39,491	39,450
	Hardware maintenance	45,818	46,950
	Depreciation	41,329	35,593
	Amortisation	23,032	17,641
	Network charges	28,817	26,970
		<b>178,487</b>	166,604
	<b>Other operating expenses</b>		
	Directors' fees and allowances	3,200	5,550
	Fee and allowances to Shariah Board	11	158
	Legal & professional charges	30,287	33,720
	Insurance	25,688	26,666
	Outsourced services costs	30,669	34,708
	Travelling & conveyance	29,008	27,684
	NIFT clearing charges	9,488	7,059
	Depreciation	90,287	79,681
	Training & development	9,166	10,886
	Postage & courier charges	20,329	13,708
	Communication	27,052	25,611
	Stationery & printing	62,091	55,030
	Marketing, advertisement & publicity	43,573	118,865
	Donations	1,293	11,146
	Auditors remuneration	3,250	4,432
	Staff auto fuel & maintenance	30,864	42,485
	Bank charges	13,152	12,380
	Stamp duty	11,592	13,890
	Online verification charges	4,719	5,700
	Brokerage, fee and commission	9,802	52,100
	Card related fees (debit and credit cards)	2,131	1,585
	CDC and other charges	9,572	9,392
	Consultancy fee	17,000	18,992
	Deposit protection corporation	34,940	-
	Entertainment expenses	17,232	21,115
	Fee and Subscription	23,330	25,928
	Royalty	7,500	5,000
	Ijarah rentals	834	513
	Employees social security	1,709	2,807
	Generator fuel & maintenance	19,872	23,675
	Others	8,208	8,704
		<b>597,849</b>	699,170
		<b>2,787,316</b>	2,863,747
	Less: Reimbursement of selling and distribution expenses	29.2 (4,696)	(5,467)
		<b>2,782,620</b>	<b>2,858,280</b>

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

- 29.1** Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

The Bank's eligible deposits as of December 31, 2018 are amounting to Rs. 87,350.615 million on which total premium is payable of Rs. 139.761 million per annum (Rs. 34.940 million per quarter).

- 29.2** The SECP vide Circular 40/2016 dated December 30, 2016, prescribed certain conditions on Asset Management Companies (AMC) for charging of selling and marketing expenses to open end equity funds, for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. Expenses can be charged to the extent of 0.4% per annum of net assets of fund or actual expenses whichever is lower.

----- Un-audited -----  
**March 31,**                      March 31,  
**2019**                                      2018  
 ----- Rupees in '000 -----

**30. Workers' Welfare Fund**

Provision held at 2% of the higher of profit before tax or taxable income to the extent of operations carried out under Sindh Workers' Welfare Act, 2014.

**31. OTHER CHARGES**

Penalties imposed by State Bank of Pakistan	50	-
Others	5	409
	55	409

**32. PROVISIONS AND WRITE OFFS - NET**

Reversal for diminution in value of investments	(32,678)	(15,706)
Provisions against loans & advances - specific (Reversals) / provision against loans & advances - general	284,669	27,605
	(822)	22,425
Other reversals	-	(42,368)
General reversals - under IFRS-9	(22,652)	-
	228,517	(8,044)

- 32.1.** The SBP vide its letter no. OSED/ SEU-26/026(01)/4617/19 dated February 27, 2019 advised the Bank to make provision of Rs.792.327 million against certain classified loans, investments and other assets, in a phased manner spreading equally (i.e. Rs.264.109 million each) over three reporting periods of December 31, 2018, March 31, 2019 and June 30, 2019.

**33. TAXATION**

Current	(152,625)	(220,525)
Prior years	-	-
Deferred	118,896	(5,839)
	(33,729)	(226,364)

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 33.1 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 was issued an Order by the Assistant Commissioner Sindh Revenue Board AC-SRB creating a demand of Rs.48.838 million besides penalty of Rs.4.440 million against the Bank for alleged non-payment of Sindh sales tax on certain services / incomes (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union) on total amounting to Rs.277.488 million for the tax periods July 2011 to December 2013.

An appeal was filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which was decided in favor of the tax department except tax imposed on FX gain on remittance by Western Union. Thereafter, both the Bank and AC-SRB filed appeals before the Appellate Tribunal SRB against the decision of CA-SRB. Through its Order, the Appellate Tribunal SRB quashed the demand raised by deciding the Bank's appeal in the Bank's favour and dismissing the AC-SRB's appeal.

	----- Unaudited -----	
	March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
<b>34. BASIC EARNINGS PER SHARE</b>		
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for diluted earnings	20,855	376,043
Preference dividend for the year December 31, 2018 @ 12% p.a (2017: @ 12% p.a.)	(24,164)	(180,000)
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for basic earnings	<u>(3,309)</u>	<u>196,043</u>
	----- Numbers -----	
Weighted average number of basic outstanding ordinary shares during the period	<u>1,297,464,262</u>	<u>1,174,964,262</u>
	----- Rupee -----	
Basic earnings per share	<u>0.00</u>	<u>0.17</u>

34.1 In March quarter ended 2018, diluted earnings per share increased when taking the convertible preference shares into account, therefore the convertible preference shares are anti-dilutive and are excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

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

The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined at lower of cost and the break-up value in accordance with the requirements of prudential regulations issued by SBP. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments.

The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 4.7.1 to the annual consolidated financial statements of the Bank for the year ended December 31, 2018.

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

## 35.1 Fair value of financial assets

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

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

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

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

## 35.2 Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

Term Finance Certificates and Bonds	Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

### 35.3 Fair value of non-financial assets

#### 35.4 Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 10 and 13 respectively. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	

35.5 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period ended March 31, 2019.

35.6 The following table provides an analysis of financial and non financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.



# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
	----- Un-audited -----			
	----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>				
<b>Items carried at fair value</b>				
<b>Financial assets classified as 'held-for-trading securities'</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	12,818,540	-	12,818,540
Shares	821,516	-	-	821,516
Non Government Debt Securities	-	133,244	-	133,244
Open end mutual funds	-	291,206	-	291,206
	821,516	13,242,990	-	14,064,506
<b>Financial assets classified as 'available-for-sale securities'</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	49,919,676	-	49,919,676
Shares	2,717,796	-	-	2,717,796
Non Government Debt Securities	-	802,715	-	802,715
Open end mutual funds	-	1,190,093	-	1,190,093
Foreign Securities	-	4,431,849	-	4,431,849
	2,717,796	56,344,333	-	59,062,129
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	40,083,314	-	40,083,314
	-	40,083,314	-	40,083,314
	3,539,312	109,670,637	-	113,209,949
<b>Non-Financial Assets</b>				
Revalued fixed assets	-	-	1,646,807	1,646,807
Non-banking assets acquired in satisfaction of claims	-	-	185,229	185,229
	-	-	1,832,036	1,832,036
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	22,274,829	-	22,274,829
Sale	-	11,821,694	-	11,821,694
<b>Forward government securities</b>				
Purchase	-	4,216,117	-	4,216,117
Sale	-	815,594	-	815,594
<b>Derivative instruments</b>				
Cross currency swaps (notional principal)	-	7,050,888	-	7,050,888
Options (notional principal)	-	2,384,513	-	2,384,513

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
----- Audited -----				
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
Items carried at fair value				
Financial assets classified as 'held-for-trading securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	41,368,514	-	41,368,514
Shares	993,812	-	-	993,812
Non Government Debt Securities	-	133,356	-	133,356
Open end mutual funds	-	378,945	-	378,945
	993,812	41,880,815	-	42,874,627
Financial assets classified as 'available-for-sale securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	52,541,122	-	52,541,122
Shares	2,586,797	-	-	2,586,797
Non Government Debt Securities	-	808,626	-	808,626
Open end mutual funds	-	1,157,455	-	1,157,455
Foreign Securities	-	5,868,382	-	5,868,382
	2,586,797	60,375,585	-	62,962,382
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	39,836,881	-	39,836,881
	-	39,836,881	-	39,836,881
	3,580,609	142,093,281	-	145,673,890
<b>Non-Financial Assets</b>				
Revalued fixed assets	-	-	1,659,236	1,659,236
Non-banking assets acquired in satisfaction of claims	-	-	185,290	185,290
	-	-	1,844,526	1,844,526
<b>Off balance sheet financial instruments</b>				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	21,946,624	-	21,946,624
Sale	-	13,319,774	-	13,319,774
Forward government securities				
Purchase	-	209,530	-	209,530
Sale	-	1,494,554	-	1,494,554
Derivative instruments				
Cross currency swaps (notional principal)	-	5,254,792	-	5,254,792
Options (notional principal)	-	2,627,781	-	2,627,781

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

## 36. SEGMENT INFORMATION

### 36.1 Segment Details with respect to Business Activities

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Brokerage	Asset management	Others	Total
March 31, 2019 (Un-audited) Rupees in '000								
<b>Profit &amp; Loss</b>								
Net mark-up/return/profit	-	593,663	(988,059)	2,458,952	39,123	(2,462)	-	2,101,217
Inter segment revenue - net	-	(1,572,308)	3,358,814	(1,786,506)	-	-	-	-
Non mark-up / return / interest income	35,552	59,825	441,286	213,581	115,435	66,326	23,499	955,504
<b>Total Income</b>	<b>35,552</b>	<b>(918,820)</b>	<b>2,812,041</b>	<b>886,027</b>	<b>154,558</b>	<b>63,864</b>	<b>23,499</b>	<b>3,056,721</b>
Segment direct expenses	25,270	29,383	1,395,856	178,896	141,847	97,059	133,252	2,001,563
Inter segment expense allocation	-	69,333	422,003	295,538	(459)	(4,577)	-	781,838
<b>Total expenses</b>	<b>25,270</b>	<b>98,716</b>	<b>1,817,859</b>	<b>474,434</b>	<b>141,388</b>	<b>92,482</b>	<b>133,252</b>	<b>2,783,401</b>
Provisions	-	(32,836)	19,178	242,175	-	-	-	228,517
<b>Profit before tax</b>	<b>10,282</b>	<b>(984,700)</b>	<b>975,004</b>	<b>169,418</b>	<b>13,170</b>	<b>(28,618)</b>	<b>(109,753)</b>	<b>44,803</b>
<b>March 31, 2019 (Un-audited)</b>								
<b>Balance Sheet</b>								
Cash & Bank balances	-	15,257,299	5,846,357	-	6,010	4,719	-	21,114,385
Investments	-	118,003,309	-	-	(363,776)	1,045,107	-	118,714,640
Net inter segment lending	-	-	134,404,013	-	-	-	9,863,022	144,267,035
Lendings to financial institutions	-	58,975,645	-	-	-	-	-	58,975,645
Advances - performing	-	-	94,448,690	155,490,228	306,552	3,890	-	250,249,360
Advances - non-performing	-	-	2,047,884	7,114,085	-	-	-	9,161,969
Advances - provisions - net	-	-	(527,799)	(2,908,098)	-	-	-	(3,435,897)
	-	-	95,968,775	159,696,215	306,552	3,890	-	255,975,432
Others	-	3,651,977	3,253,081	3,851,023	1,945,206	1,045,438	11,029,808	24,776,533
<b>Total Assets</b>	<b>-</b>	<b>195,916,230</b>	<b>239,472,226</b>	<b>163,547,238</b>	<b>1,893,992</b>	<b>2,099,154</b>	<b>20,892,830</b>	<b>623,823,670</b>
Borrowings	-	95,331,602	5,035,707	14,998,877	-	-	-	115,366,186
Subordinated debt	-	7,496,800	-	-	-	-	-	7,496,800
Deposits & other accounts	-	-	227,051,440	92,727,554	(1,976,568)	(32,078)	-	317,770,348
Net inter segment borrowing	-	91,897,725	-	49,828,597	-	-	-	141,726,322
Others	-	3,159,170	2,869,117	5,992,212	2,623,622	573,874	4,714,790	19,932,785
<b>Total liabilities</b>	<b>-</b>	<b>197,885,297</b>	<b>234,956,264</b>	<b>163,547,240</b>	<b>647,054</b>	<b>541,796</b>	<b>4,714,790</b>	<b>602,292,441</b>
Equity	-	-	-	-	2,616,523	2,193,893	14,180,100	18,990,516
<b>Total Equity &amp; liabilities</b>	<b>-</b>	<b>197,885,297</b>	<b>234,956,264</b>	<b>163,547,240</b>	<b>3,263,577</b>	<b>2,735,689</b>	<b>18,894,890</b>	<b>621,282,957</b>
Contingencies & Commitments	-	45,784,381	33,782,989	20,713,212	1,231,876	-	160,126	101,672,584

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Brokerage	Asset management	Others	Total
Rupees in '000								
<b>March 31, 2018 (Un-audited)</b>								
<b>Profit &amp; Loss</b>								
Net mark-up/return/profit	-	1,491,696	(796,856)	1,383,777	33,426	1,636	-	2,113,679
Inter segment revenue - net	-	(1,492,286)	2,222,159	(729,873)	-	-	-	-
Non mark-up / return / interest income	315,875	172,177	354,756	188,689	206,906	88,873	36,569	1,363,845
Total Income	315,875	171,587	1,780,059	842,593	240,332	90,509	36,569	3,477,524
Segment direct expenses	27,096	48,405	1,148,843	399,023	190,783	97,471	361,959	2,273,580
Inter segment expense allocation	-	52,108	246,514	311,723	(6,237)	(6,678)	-	597,430
Total expenses	27,096	100,513	1,395,357	710,746	184,546	90,793	361,959	2,871,010
Provisions	-	-	20,535	29,492	-	(15,706)	(42,965)	(8,044)
Profit before tax	288,779	71,074	384,167	102,355	55,786	15,422	(283,025)	614,558
<b>December 31, 2018 (Audited)</b>								
<b>Balance Sheet</b>								
Cash & Bank balances	-	26,330,603	6,748,812	-	7,357	2,428	-	33,089,200
Investments	-	146,741,243	-	-	1,161,072	1,698,900	-	149,601,215
Net inter segment lending	-	-	142,567,445	-	-	-	6,556,733	149,124,178
Lendings to financial institutions	-	1,937,347	-	-	-	-	-	1,937,347
Advances - performing	-	-	93,802,563	155,702,540	313,609	3,590	-	247,154,945
Advances - non-performing	-	-	1,647,085	3,995,026	-	-	-	8,309,467
Advances - (Provisions)/reversals - Net	-	-	(527,295)	(2,629,001)	-	-	-	(3,156,295)
	-	-	94,922,353	157,068,565	313,609	3,590	-	252,308,117
Others	-	2,622,494	1,690,642	2,587,220	1,793,770	771,566	14,139,676	23,605,368
<b>Total Assets</b>	-	177,631,687	245,929,252	159,655,785	3,275,808	2,476,484	20,696,409	609,665,425
Borrowings	-	80,051,504	4,290,751	12,216,408	-	-	-	96,558,663
Subordinated debt	-	7,496,800	-	-	-	-	-	7,496,800
Deposits & other accounts	-	-	232,859,517	88,553,746	-	-	-	319,806,852
Net inter segment borrowing	-	91,475,842	-	57,648,336	-	-	-	149,124,178
Others	-	556,272	8,795,374	1,237,295	2,231,649	302,289	5,079,383	18,240,113
<b>Total liabilities</b>	-	179,580,418	245,945,642	159,655,785	2,231,649	302,289	5,079,383	591,226,606
Equity	-	-	-	-	-	-	15,617,026	18,438,819
<b>Total Equity &amp; liabilities</b>	-	179,580,418	245,945,642	159,655,785	2,231,649	302,289	20,696,409	609,665,425
Contingencies & Commitments	-	43,239,446	34,959,767	21,114,506	1,527,737	-	143,933	100,985,389

shares, employee benefit plans, and its key management personnel (including their associates). %20 The Bank has related party relationship with its associates, parent, companies having common directors, companies in which parent holds more than 10% of the shares, and its subsidiaries. %20 The details of investments in subsidiaries and associates are stated in note 10.2.10 of the consolidated financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

	(Un-audited) 2019 '31 As at March				(Audited) 2018 '31 As at December					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	: (000 Rupees in )									
<b>Landings to financial institutions</b>										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	1,600,000
Repaid during the year	-	-	-	-	-	-	-	-	-	(1,600,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	20,250	-	-	180,000	3,230,125	14,307	-	-	-	3,245,662
Investment added during the period / year	-	-	-	21,229	570,989	24,000	-	-	180,000	2,577,393
Investment redeemed / disposed off during the period / year	-	-	-	-	(41,477)	(18,057)	-	-	-	(2,522,930)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	20,250	-	-	207,239	3,159,045	20,250	-	-	180,000	3,230,125
Provision for diminution in value of investments	-	-	-	-	65,022	-	-	-	-	65,022
<b>Advances</b>										
Opening balance	-	7,223	448,575	-	2,821,605	-	5,505	384,773	-	2,114,685
Addition during the period / year	-	7,223	8,749	-	5,941,895	-	28,101	287,001	-	6,864,969
Repaid during the period / year	-	(7,119)	(18,495)	-	(2,941,892)	-	(2,203)	(259,373)	-	(6,351,154)
Transfer in / (out) - net	-	-	-	-	(8,552)	-	-	16,174	-	7,622
Closing balance	-	2,073	431,866	-	3,022,466	-	7,223	448,575	-	2,282,165
<b>Fixed Assets</b>										
Purchase of vehicle	-	-	-	-	-	-	-	7,223	-	-
Cost of disposal	-	-	-	-	-	-	-	4,546	-	-
Accumulated depreciation of disposal	-	-	-	-	-	-	-	(3,677)	-	-
MOV of disposal	-	-	-	-	-	-	-	889	-	-
<b>Other Assets</b>										
Interest mark-up accrued	387	199	390	-	90,271	618	241	612	-	72,735
Receivable against bancassurance / bancatalkalul	-	-	-	-	8,950	-	-	-	-	74,395
Trade receivable from brokerage and advisory business - net	199,088	99	-	40,828	127,200	139,088	99	-	-	-
Advance for subscription of shares	-	-	-	-	-	-	-	-	-	-
Accruals	-	-	-	-	1,913	-	-	-	-	3,488
Prepaid insurance	-	-	-	-	3,465	-	-	-	-	-
Other receivable	246	-	-	-	12,279	258	-	-	-	-
Provision against other assets	-	-	-	-	2,438	-	-	-	-	2,438
Borrowings	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	-	-	4,800,000	-	-	-	-	4,000,000
Borrowings during the period / year	-	-	-	-	158,550,000	-	-	-	-	280,850,000
Settled during the period / year	-	-	-	-	(183,350,000)	-	-	-	-	(280,650,000)
Closing balance	-	-	-	-	-	-	-	-	-	4,800,000



# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
<b>38. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
	----- Rupees in '000 -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>15,765,139</u>	15,179,478
Eligible Additional Tier 1 (ADT 1) Capital	<u>2,347,596</u>	2,332,784
Total Eligible Tier 1 Capital	<u>18,112,735</u>	17,512,262
Eligible Tier 2 Capital	<u>4,740,102</u>	4,678,095
Total Eligible Capital (Tier 1 + Tier 2)	<u>22,852,837</u>	22,190,357
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>153,016,096</u>	147,074,100
Market Risk	<u>5,763,562</u>	6,442,937
Operational Risk	<u>19,783,433</u>	19,783,433
Total	<u>178,563,091</u>	173,300,470
Common Equity Tier 1 Capital Adequacy ratio	<u>8.83%</u>	8.76%
Tier 1 Capital Adequacy Ratio	<u>10.14%</u>	10.11%
Total Capital Adequacy Ratio	<u>12.80%</u>	12.80%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>18,112,735</u>	17,512,262
Total Exposures	<u>542,717,059</u>	523,980,031
Leverage Ratio	<u>3.34%</u>	3.34%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>47,343,348</u>	55,404,403
Total Net Cash Outflow	<u>49,271,082</u>	52,473,282
Liquidity Coverage Ratio	<u>96%</u>	106%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>300,312,600</u>	298,128,452
Total Required Stable Funding	<u>290,151,404</u>	280,794,715
Net Stable Funding Ratio	<u>104%</u>	106%

38.1 LCR reported is based on the three months average. LCR, as on March 31, 2019, is 114.75% which is above the SBP requirement of 100%.

# Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2019

**38.2** The SBP vide its letter no. OSED/ SEU-26/026(01)/4617/19 dated February 27, 2019 advised the Bank to make provision of Rs.792.327 million against certain classified loans, investments and other assets, in a phased manner spreading equally (i.e. Rs.264.109 million each) over three reporting periods of December 31, 2018, March 31, 2019 and June 30, 2019.

## **39. GENERAL**

**39.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 5 dated March 22, 2019.

**39.2** The figures in the consolidated financial statements have been rounded off to the nearest thousand.

## **40. DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on May 22, 2019.

---

President and  
Chief Executive Officer

---

Chief Financial  
Officer

---

Director

---

Director

---

Chairman







Shaheen Commercial Complex, Dr. Ziauddin Ahmed  
Road, P.O Box 4847, Karachi-74200, Pakistan.  
UAN: +92-21-111 JS BANK (572-265)