

HABIBMETRO

FIRST QUARTER ACCOUNTS

2019



[Subsidiary of Habib Bank AG Zurich]



هَذَا فَضْلُكَ

OUR VISION

To be the most respected financial institution
based on trust, service and commitment



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mohamedali R. Habib

PRESIDENT & CHIEF EXECUTIVE OFFICER

Mohsin A. Nathani

DIRECTORS

Ali S. Habib

Anjum Z. Iqbal

Firasat Ali

Mohomed Bashir

Muhammad H. Habib

Sohail Hasan

Tariq Ikram

BOARD COMMITTEES

AUDIT

Ali S. Habib

Anjum Z. Iqbal

Sohail Hasan

CREDIT

Anjum Z. Iqbal

Mohamedali R. Habib

Mohsin A. Nathani

Muhammad H. Habib

HUMAN RESOURCE & REMUNERATION

Firasat Ali

Mohsin A. Nathani

Tariq Ikram

COMPANY SECRETARY

Ather Ali Khan

REGISTERED OFFICE

Ground Floor, Spencer's Building,

I I Chundrigar Road,

Karachi – 74200, Pakistan.

INFORMATION TECHNOLOGY

Anjum Z. Iqbal

Firasat Ali

Mohsin A. Nathani

RISK & COMPLIANCE

Anjum Z. Iqbal

Firasat Ali

Mohsin A. Nathani

SHARE REGISTRAR

Central Depository Company of
Pakistan Limited

CDC House, 99-B, Block-B

S.M.C.H.S., Main Shahra-e-Faisal

Karachi - 74400.

DIRECTORS' REVIEW

On behalf of the Board of Directors of Habib Metropolitan Bank, I am pleased to present the un-audited accounts for the first quarter ended 31 March 2019.

The country continued to be impacted by macroeconomic imbalances. Despite narrowing, the current account and fiscal deficits remained high and core inflation continued to rise.

The current account deficit narrowed to USD 9.6 billion during July-March FY19, mainly driven by curtailment of imports, a reduction of 22.6 percent from the corresponding period of FY18. The sizeable contraction together with bi-lateral inflows, helped ease pressures on the SBP's net foreign exchange reserves, which recovered from USD 7.2 billion to USD 10.4 billion on 29 March 2019. The fiscal deficit for the first half of FY19 was recorded at 2.7 percent of GDP, compared to 2.3 percent in the corresponding period of FY18.

Average inflation reached 6.5 percent during the period July-March FY19, compared to 3.78 percent recorded in the corresponding period of FY18. Going forward, higher energy prices and the lagged impact of exchange rate depreciation are likely to maintain upward pressure on inflation.

While Large-scale Manufacturing (LSM) reduced by 1.72 percent during July-February FY19, private sector credit demand increased by 9.2 percent mainly due to the higher working capital requirements driven by increases in input prices and capacity expansions in power and construction. The real GDP growth is projected to mark around 3.5 percent in FY19, well below both the annual target of 6.2 percent and the 5.8 percent growth realized in the previous year.

During the period under review, the SBP increased the policy rate by 75 bps to 10.75 percent.

By the Grace of Allah, HabibMetro continues to maintain its performance. The Bank's advances and deposits grew to Rs. 236,675 million and Rs. 559,067 million respectively as at 31 March 2019 while investments stood at Rs. 334,262 million.

The Bank posted a profit before tax of Rs. 2,979 million for the quarter ended 31 March 2019 as against Rs. 2,356 million of the corresponding quarter last year, an increase of 33 percent. After accounting for the retrospective levy of super tax for the year 2017 in the current quarter, profit after tax reduced by 4 percent to Rs. 1,509 million for the quarter ended 31 March 2019 which translates into earnings per share of Rs. 1.44. The Bank's net equity stands at Rs. 36.968 billion with capital adequacy at 12.78 percent.

The Bank continues to enjoy AA+ (Double A Plus) ratings for long term and A1+ (A one plus) ratings for short term by the Pakistan Credit Rating Agency Limited (PACRA) for the eighteenth consecutive year. These ratings denote a very high credit quality, a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

With a network of 352 branches in 112 cities across Pakistan including 31 Islamic banking branches and 219 Islamic banking windows, HabibMetro provides comprehensive banking services and products. These include specialized trade finance products, besides an array of products and services like secured SMS and Web & Mobile Banking services, globally accepted Visa Card, and nationwide ATM network.

In the end, I would like to take this opportunity to place on record our sincere gratitude to the Ministry of Finance, State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their support and continued guidance. I would also like to thank our valued customers for their trust and support. Lastly, I would like to thank the staff of HabibMetro for their continued dedication and hard work.

On behalf of the Board

MOHSIN A. NATHANI

President & Chief Executive Officer

Karachi: 19 April 2019

بینک مسلسل اٹھارہ سال سے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے AA+ (ڈبل اے پلس) برائے طویل مدتی اور A1+ (اے ون پلس) برائے قلیل مدتی ریٹنگ حاصل کر رہا ہے جو اعلیٰ کریڈٹ کے معیار، کریڈٹ رسک کی کمی اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہے۔

پاکستان بھر میں 112 شہروں میں 352 شاخوں بشمول 31 اسلامک بینکنگ کی شاخوں اور 219 اسلامک بینکنگ ونڈوز کے ساتھ حبیب میٹرو بینک بہترین اور مکمل بینکاری خدمات اور پروڈکٹس فراہم کرتا ہے۔ ان میں خصوصی تجارتی مالیاتی پروڈکٹس اور بہت سے دوسرے پروڈکٹس اور ایڈوانس ٹیکنالوجی سے مزین خدمات جیسے محفوظ SMS اور ویب اینڈ موبائل بینکنگ سروسز، دنیا بھر میں قابل قبول ویزا کارڈ اور ملکی سطح پر اپنے کسٹمرز کیلئے ATM نیٹ ورک شامل ہیں۔

آخر میں اس موقع پر میں صدقہ دل سے وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے تعاون اور ہدایت کیلئے شکر گزار ہوں۔ میں اپنے محترم اور قابل قدر کسٹمرز کا بھی ان کے اعتماد اور معاونت پر شکریہ ادا کرتا ہوں۔ میں حبیب میٹرو پولیٹن بینک کے اسٹاف کا بھی مشکور ہوں جنہوں نے مستقل طور پر محنت اور جانفشانی سے کام کیا۔

منجانب بورڈ

محسن اے۔ ناٹھانی

صدر و چیف ایگزیکٹو آفیسر

کراچی: 19 اپریل 2019

ڈائریکٹرز رپورٹ

میں نہایت مسرت کے ساتھ حبیب میٹرو پولیٹن بینک کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی کیلئے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

ملک مسلسل میکرو اکنامک عدم توازن کے اثرات سے دوچار ہے۔ کم ہونے کے باوجود کرنٹ اکاؤنٹ اور مالی خسارے بلند تر رہے بنیادی افراط زر بڑھ گیا۔

جولائی - فروری کے مالی سال 2019 کے دوران کرنٹ اکاؤنٹ خسارہ کم ہو کر 8.8 بلین امریکی ڈالر کے قریب تر رہا جس کی بنیادی وجہ درآمدات کی کٹوتی تھی جس میں مالی سال 2018 کی اسی مدت کے مقابلے میں 22.6 فیصد تک کمی ظاہر ہوئی۔ کرنٹ اکاؤنٹ میں قابل ذکر کمی اور باہمی ترسیلات میں اضافہ ایس بی پی کے خالص غیر ملکی زرمبادلہ کے ذخائر پر دباؤ کو کم کرنے میں مددگار ثابت ہوئے اور یہ ذخائر 29 مارچ 2019 میں 7.2 بلین امریکی ڈالر سے بڑھ کر 10.4 بلین امریکی ڈالر تک پہنچ گئے۔ مالی سال 2019 کی پہلی ششماہی کے لئے مالیاتی خسارہ جی ڈی پی کا 2.7 فیصد ریکارڈ کیا گیا جو مالی سال 2018 کی اس مدت میں 2.3 فیصد تھا۔ آمدنی کی وصولیوں میں متوقع کمی اور امن و امن و سیکورٹی کے بڑھتے ہوئے اخراجات کے باعث مالی سال 2019 کے لئے مالیاتی خسارہ 5.2 فیصد کے ہدف سے بڑھنے کا امکان ہے۔

مالی سال 2019 کی جولائی - فروری کی مدت میں اوسطاً افراط زر 6.5 فیصد تک پہنچ گیا جو اس کے مقابلے میں مالی سال 2018 کی اسی مدت کے دوران 3.8 فیصد ریکارڈ کیا گیا تھا۔ بڑھتے ہوئے بلند تر انرجی کے نرخ اور روپے کے تباد لے کی شرح میں کمی کے اثرات افراط زر پر بڑھتا ہوا دباؤ برقرار رکھیں گے اور مالی سال 2019 کے لئے سی پی آئی افراط زر ممکنہ طور پر 6.5 تا 7.5 فیصد کی حد میں رہنے کا امکان ہے۔

مقامی اقتصادی سرگرمیاں بھی خلی سطح پر ہیں اس کے ساتھ لارج اسکیل مینوفیکچرنگ (ایل ایس ایم) میں پیداواری گنجائش جولائی - جنوری کے دوران مالی سال 2019 کیلئے 2.3 فیصد کم رہی۔ تاہم نجی شعبے کی کریڈٹ طلب 9.2 فیصد تک بڑھ گئی جس میں بنیادی وجہ متعلقہ قیمتوں میں اضافہ اور توانائی اور تعمیراتی شعبے کی گنجائش میں توسیع کے باعث بڑھتی ہوئی ورکنگ کپٹل کی ضروریات پورا کرنا ہے۔ حقیقی جی ڈی پی گروتھ مالی سال 2019 میں لگ بھگ 3.5 فیصد ظاہر ہوئی جو 6.2 فیصد کے سالانہ ہدف اور گزشتہ سال میں حاصل 5.8 فیصد دونوں کی گروتھ سے کافی کم تھی۔

زیر جائزہ مدت کے آخر تک ایس بی پی نے پالیسی ریٹ کو 50 بی پی ایس تک بڑھا کر 10.75 فیصد کرنے کا فیصلہ کیا۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے اپنی کارکردگی کا تسلسل برقرار رکھا۔ 31 مارچ 2019 کو بینک کے ایڈوانسز اور ڈپازٹس بڑھ کر بالترتیب 236,675 ملین روپے اور 559,067 ملین روپے ہو گئے جبکہ سرمایہ کاری 334,262 روپے ہو گئی۔

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کیلئے بینک کا بعد از ٹیکس منافع 1,509 ملین روپے رہا جو کہ فی حصص آمدنی کے تناسب سے 1.44 روپے بنتا ہے۔ بینک کی خالص ایکویٹی 36.968 ملین روپے پر موجود رہی جس کے ساتھ کپٹل ایڈیکسی 12.78 کی سطح پر برقرار رہی۔

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	50,371,926	48,177,009
Balances with other banks	7	2,301,168	1,115,557
Lendings to financial institutions	8	48,037,665	11,984,795
Investments	9	334,262,190	346,665,904
Advances	10	236,674,539	226,689,617
Fixed assets	11	4,207,831	3,899,579
Intangible assets	12	89,862	121,442
Deferred tax assets	13	5,538,237	5,821,182
Other assets	14	29,702,139	28,920,696
		<u>711,185,557</u>	<u>673,395,781</u>
LIABILITIES			
Bills payable	15	10,810,887	12,173,407
Borrowings	16	69,855,149	51,347,381
Deposits and other accounts	17	559,067,331	543,577,510
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	34,484,087	29,295,527
		<u>674,217,454</u>	<u>636,393,825</u>
NET ASSETS			
		<u>36,968,103</u>	<u>37,001,956</u>
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		16,569,512	16,267,793
(Deficit) / surplus on revaluation of assets - net of tax	19	(5,040,027)	(5,573,656)
Unappropriated profit		14,960,303	15,829,504
		<u>36,968,103</u>	<u>37,001,956</u>
CONTINGENCIES AND COMMITMENTS			
	20		

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
		Rupees in '000	
Mark-up / return / interest earned	22	14,003,333	9,848,352
Mark-up / return / interest expensed	23	(9,509,445)	(6,147,175)
Net mark-up / interest income		4,493,888	3,701,177
Non mark-up / interest income			
Fee and commission income	24	1,187,189	923,794
Dividend income		20,488	5,805
Foreign exchange income		457,628	270,977
Income / (loss) from derivatives		—	—
Gain / (loss) on securities	25	10,578	18,149
Other income	26	106,446	314,582
Total non mark-up / interest income		1,782,329	1,533,307
Total Income		6,276,217	5,234,484
Non mark-up / interest expenses			
Operating expenses	27	3,102,182	2,733,150
Workers welfare fund		60,000	48,000
Other charges	28	714	158
Total non-mark-up / interest expenses		(3,162,896)	(2,781,308)
Profit before provisions		3,113,321	2,453,176
(Provisions) / reversal and write offs - net	29	(133,628)	(97,421)
Extra ordinary / unusual items		—	—
Profit before taxation		2,979,693	2,355,755
Taxation	30	(1,471,098)	(782,185)
Profit after taxation		1,508,595	1,573,570
		Rupees in '000	
Basic and diluted earnings per share	31	1.44	1.50

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALIR. HABIB
Chairman

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED 31 MARCH 2019

	31 March 2019	31 March 2018
	Rupees in '000	
Profit after taxation	1,508,595	1,573,570
Other comprehensive income		
Items that may be reclassified to profit and loss in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	534,337	(1,251,315)
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	18,878	11,346
Movement in surplus on revaluation of non-banking assets - net of tax	708	708
	19,586	12,054
Total comprehensive income	2,062,518	334,309

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman

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

MOHAMEDALI R. HABIB
Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,979,693	2,355,755
Less: Dividend income		(20,488)	(5,805)
		<u>2,959,205</u>	<u>2,349,950</u>
Adjustments			
Depreciation on fixed assets		222,817	195,023
Depreciation on non-banking assets		2,773	3,573
Amortization		32,790	30,819
Provisions and write offs excluding recovery of written off bad debts	29	135,295	143,572
Net gain on sale of fixed assets		(3,616)	(339)
Net (gain) / loss on sale of non-banking assets	26	–	(202,282)
Net (gain) / loss on sale of non-current assets held for sale	26	–	(35,042)
Provision against workers welfare fund		60,000	48,000
Provision against compensated absences		14,150	10,571
Provision against defined benefit plan		42,540	36,549
		<u>506,749</u>	<u>230,444</u>
		<u>3,465,954</u>	<u>2,580,394</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(36,052,870)	(9,781,237)
Advances		(10,114,752)	(11,079,034)
Other assets (excluding current taxation and dividend)		692,948	413,719
		<u>(45,474,674)</u>	<u>(20,446,552)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(1,362,520)	(6,380,766)
Borrowings from financial institutions		18,735,653	(20,465,194)
Deposits and other accounts		15,489,821	(4,643,117)
Other liabilities (excluding current taxation and dividend)		918,798	45,920
		<u>33,781,752</u>	<u>(31,443,157)</u>
		<u>(8,226,968)</u>	<u>(49,309,315)</u>
Payment against compensated absences		(6,375)	(5,471)
Income tax paid		(859,692)	(536,039)
		<u>(9,093,035)</u>	<u>(49,850,825)</u>
Net cash flow used in operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		13,225,371	47,465,082
Net investments in held-to-maturity securities		(5,066)	939,630
Net investments in subsidiary		–	–
Dividend received		12,457	61,267
Investments in fixed assets		(532,052)	(182,511)
Investments in intangibles assets		(1,211)	(3,606)
Proceeds from sale of fixed assets		4,603	4,846
Proceeds from sale of non-banking assets		–	600,000
Proceeds from sale of non-current assets held for sale		–	250,000
		<u>12,704,102</u>	<u>49,134,708</u>
Net cash flow generated from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,654)	(383)
Net cash used in financing activities		<u>(2,654)</u>	<u>(383)</u>
Increase in cash and cash equivalents			
		3,608,413	(716,500)
Cash and cash equivalents at beginning of the year		46,103,870	41,571,637
Cash and cash equivalents at end of the year		<u>49,712,283</u>	<u>40,855,137</u>

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALIR. HABIB
Chairman

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2019

1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The Bank operates 322 (31 December 2018: 322) branches, including 31 (31 December 2018: 31) Islamic banking branches and 30 (31 December 2018: 30) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company with 51% shares in the Bank) which is incorporated in Switzerland.

The registered office of the Bank is situated at Spencer's Building, II Chundrigar Road, Karachi.

2. BASIS OF PRESENTATION

2.1 These unconsolidated condensed interim financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary companies are being separately issued.

2.2 Statement of Compliance

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

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

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 the IAS 34 or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014

in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFRS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

The disclosures made in these unconsolidated condensed interim financial statements have been based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the audited unconsolidated financial statements of the Bank for the year ended 31 December 2018.

3. SIGNIFICANT ACCOUNTING POLICY

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 unconsolidated financial statements of the Bank for the year ended 31 December 2018.

3.1 Amendments to approved accounting standards that are effective in the current period

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Bank has not incorporated the impact of the above changes as the overall impact of the same is under review.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 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.

3.2 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	7,599,270	7,657,613
Foreign currencies	2,521,852	2,013,643
	<u>10,121,122</u>	<u>9,671,256</u>
With State Bank of Pakistan in		
Local currency current account	21,762,637	20,272,252
Foreign currency current account	116,709	244,068
Foreign currency deposit accounts		
- cash reserve account	4,385,316	4,151,971
- special cash reserve account	12,959,545	12,370,079
	<u>39,224,207</u>	<u>37,038,370</u>
With National Bank of Pakistan in		
Local currency current account	1,009,615	1,443,318
National Prize Bonds	<u>16,982</u>	<u>24,065</u>
	<u>50,371,926</u>	<u>48,177,009</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	150,591	94,005
In deposit accounts	256,370	208,066
	<u>406,961</u>	<u>302,071</u>
Outside Pakistan		
In current accounts	1,894,207	813,486
	<u>2,301,168</u>	<u>1,115,557</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	3,000,000
Repurchase agreement lendings (Reverse Repo)	30,483,447	4,184,795
Bai-muajjal receivable with the State Bank of Pakistan	12,654,218	-
Letter of placement	-	3,800,000
Musharaka placement	4,900,000	1,000,000
	<u>48,037,665</u>	<u>11,984,795</u>

9. INVESTMENTS

9.1 Investments by types

	31 March 2019 (Un-Audited)				31 December 2018 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	294,618,294	–	(8,145,718)	286,472,576	307,815,954	–	(8,965,814)	298,850,140
Shares	655,236	(279,686)	84,447	459,997	655,236	(273,810)	59,396	440,822
Non-government debt securities	4,929,023	(135,310)	11,027	4,804,740	4,956,734	(138,428)	16,532	4,834,838
Mutual funds	417,571	(8,460)	21,351	430,462	417,571	(5,753)	38,937	450,755
	300,620,124	(423,456)	(8,028,893)	292,167,775	313,845,495	(417,991)	(8,850,949)	304,576,555
Held-to-maturity securities								
Federal government securities	36,264,415	–	–	36,264,415	36,259,349	–	–	36,259,349
Non-government debt securities	5,000,000	–	–	5,000,000	5,000,000	–	–	5,000,000
	41,264,415	–	–	41,264,415	41,259,349	–	–	41,259,349
Subsidiaries	830,000	–	–	830,000	830,000	–	–	830,000
Total Investments	342,714,539	(423,456)	(8,028,893)	334,262,190	355,934,844	(417,991)	(8,850,949)	346,665,904

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

9.1.1 Investments given as collateral

Federal government securities

Market treasury bills	16,019,872	3,443,636
Pakistan investment bonds	8,237,721	9,165,995
	<u>24,257,593</u>	<u>12,609,631</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	417,991	537,372
Charge for the period / year	8,583	100,021
Reversal for the period / year	(3,118)	(14,442)
Net charge for the period / year	5,465	85,579
Reversal on disposal	–	(198,028)
Investment written off	–	(6,932)
Closing balance	<u>423,456</u>	<u>417,991</u>

9.2.2 Particulars of provision against debt securities

Category of classification	31 March 2019 (Un-Audited)		31 December 2018 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	135,310	135,310	138,428	138,428
	<u>135,310</u>	<u>135,310</u>	<u>138,428</u>	<u>138,428</u>

9.2.2.1 Exposure amounting to Rs. 42,795 thousand (31 December 2018: Rs. 59,913 thousand) relating to term finance certificates of Pakistan International Airlines Corporation Limited, which is government guaranteed script, has not been classified as non-performing investment as per relaxation given by the SBP.

9.3 The market value of securities classified as held-to-maturity is Rs. 37,946,885 thousand (31 December 2018: 37,847,389 thousand).

10. ADVANCES

	Performing		Non-Performing		Total	
	31 March 2019 (Un-Audited)	31 December 2018 (Audited)	31 March 2019 (Un-Audited)	31 December 2018 (Audited)	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.						
In Pakistan	181,372,810	172,320,248	14,223,908	14,710,168	195,596,718	187,030,416
Islamic financing and related assets	17,915,172	17,629,691	442,259	503,972	18,357,431	18,133,663
Bills discounted and purchased	37,149,858	35,620,461	2,261,052	2,465,767	39,410,910	38,086,228
Advances - gross	236,437,840	225,570,400	16,927,219	17,679,907	253,365,059	243,250,307
Provision against non-performing advances						
- specific	—	—	(14,835,756)	(15,324,500)	(14,835,756)	(15,324,500)
- general	(1,854,764)	(1,236,190)	—	—	(1,854,764)	(1,236,190)
	<u>(1,854,764)</u>	<u>(1,236,190)</u>	<u>(14,835,756)</u>	<u>(15,324,500)</u>	<u>(16,690,520)</u>	<u>(16,560,690)</u>
Advances - net of provisions	<u>234,583,076</u>	<u>224,334,210</u>	<u>2,091,463</u>	<u>2,355,407</u>	<u>236,674,539</u>	<u>226,689,617</u>

10.1 Particulars of advances - gross

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
In local currency	217,726,861	213,103,180
In foreign currencies	35,638,198	30,147,127
	<u>253,365,059</u>	<u>243,250,307</u>

10.2 Advances include Rs. 16,927,219 thousand (31 December 2018: Rs. 17,679,907 thousand) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2019 (Un-Audited)		31 December 2018 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Substandard	90,088	390	259,378	19,697
Doubtful	282,883	39,343	127,952	–
Loss	16,554,248	14,796,023	17,292,577	15,304,803
	<u>16,927,219</u>	<u>14,835,756</u>	<u>17,679,907</u>	<u>15,324,500</u>

10.3 Particulars of provision against advances

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	15,324,500	1,236,190	16,560,690	16,168,582	257,841	16,426,423
Charge	174,987	618,574	793,561	936,036	978,349	1,914,385
Reversal	(663,731)	–	(663,731)	(1,482,574)	–	(1,482,574)
Net charge / (reversal) for the period / year	(488,744)	618,574	129,830	(546,538)	978,349	431,811
Amount written off	–	–	–	(297,544)	–	(297,544)
Closing balance	<u>14,835,756</u>	<u>1,854,764</u>	<u>16,690,520</u>	<u>15,324,500</u>	<u>1,236,190</u>	<u>16,560,690</u>

10.3.1 General provision includes provision of Rs. 4,692 thousand (31 December 2018: Rs. 5,134 thousand) made against consumer portfolio and Rs. 72 thousand (31 December 2018: Rs. 35 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP.

10.3.2 Particulars of provision against advances

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	14,450,918	1,854,764	16,305,682	14,952,295	1,236,190	16,188,485
In foreign currencies	384,838	–	384,838	372,205	–	372,205
	<u>14,835,756</u>	<u>1,854,764</u>	<u>16,690,520</u>	<u>15,324,500</u>	<u>1,236,190</u>	<u>16,560,690</u>

10.3.3 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

During the current period, the Bank availed additional forced sale value (FSV) benefit under BSD Circular No. 1 of 21 October 2011. This has resulted in reduction of provision against non-performing loans and advances by Rs. 39,573 thousand (31 December 2018: 628,190 thousand). Further, as of 31 March 2019, had the benefit of FSVs (including those availed into previous year) not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,882,456 thousand (31 December 2018: Rs. 2,096,898 thousand) and accumulated profit would have been lower by Rs. 1,223,596 thousand (31 December 2018: Rs. 1,362,983 thousand). This amount of Rs. 1,223,596 thousand (31 December 2018: Rs. 1,362,983 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	76,145	142,460
Property and equipment		4,131,686	3,757,119
		<u>4,207,831</u>	<u>3,899,579</u>
11.1 Capital work-in-progress			
Civil works		47,202	22,739
Equipment		14,594	110,420
Advance to suppliers		14,349	9,301
		<u>76,145</u>	<u>142,460</u>
		31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
		Rupees in '000	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		(66,315)	78,697
Property and equipment			
Building on leasehold land		149,101	–
Furniture and fixture		22,640	14,340
Electrical office and computer equipment		389,667	84,525
Vehicles		1,088	4,949
Lease hold improvement		35,871	–
		<u>598,367</u>	<u>103,814</u>
Total		<u>532,052</u>	<u>182,511</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		37	78
Electrical office and computer equipment		333	894
Vehicles		617	1,211
Lease hold improvement		–	2,324
Total		<u>987</u>	<u>4,507</u>

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
12. INTANGIBLE ASSETS		
Computer Software	89,862	121,442
The following additions have been made to intangible assets during the period:		
	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
12.1 Additions:		
- directly purchased	1,211	3,606
	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
13. DEFERRED TAX ASSETS		
Deductible temporary differences		
Provision for diminution in value of investments	148,210	146,297
Provision for non-performing and off - balance sheet	2,729,064	2,746,495
(Deficit) / surplus on revaluation of investments	2,810,113	3,097,831
Deferred liability on defined benefit plan	60,543	70,707
	5,747,930	6,061,330
Taxable temporary differences		
Surplus on revaluation of non banking assets	(96,251)	(96,632)
Accelerated depreciation	(113,442)	(143,516)
	(209,693)	(240,148)
Net deferred tax asset	5,538,237	5,821,182

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
14 OTHER ASSETS			
Income / mark-up / profit accrued in local currency		8,874,489	8,308,015
Income / mark-up / profit accrued in foreign currencies		26,481	29,916
Advances, deposits, advance rent and other prepayments		480,255	554,859
Advance taxation (payments less provision)		–	376,391
Non-banking assets acquired in satisfaction of claims		485,822	487,505
Branch adjustment account		66	63
Mark-to-market gain on forward foreign exchange contracts		2,813,884	4,206,429
Acceptances		16,274,678	14,429,148
Receivable from the SBP against encashment of government securities		282,847	114,055
Stationery and stamps on hand		72,582	62,236
Dividend receivable		8,800	769
Others		317,232	285,217
		<u>29,637,136</u>	<u>28,854,603</u>
Provision against other assets	14.1	<u>(210,000)</u>	<u>(210,000)</u>
Other assets (net of provision)		<u>29,427,136</u>	<u>28,644,603</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19.1	<u>275,003</u>	<u>276,093</u>
		<u>29,702,139</u>	<u>28,920,696</u>
14.1 Provision held against other assets			
Operational loss		<u>210,000</u>	<u>210,000</u>

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
15. BILLS PAYABLE		
In Pakistan	<u>10,810,887</u>	<u>12,173,407</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan		
Under Export Refinance Scheme	29,000,125	24,196,093
Under Long Term Financing Facility - Renewable Energy	962,784	962,784
Under Long Term Financing Facility - Locally Manufactured Plant and Machinery	<u>7,688,447</u>	<u>6,730,915</u>
	37,651,356	31,889,792
Repurchase agreement borrowings (Repo)	24,946,446	12,658,729
Due against bills rediscounting	<u>4,296,536</u>	<u>3,310,164</u>
	66,894,338	47,858,685
Unsecured		
Call borrowing	-	300,000
Overdrawn nostro accounts	2,955,118	3,183,003
Overdrawn local bank accounts	<u>5,693</u>	<u>5,693</u>
	2,960,811	3,488,696
	<u>69,855,149</u>	<u>51,347,381</u>

17. DEPOSITS AND OTHER ACCOUNTS

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	Rupees in '000					
Customers						
Current accounts (non-remunerative)	125,731,631	23,217,664	148,949,295	120,665,276	23,351,234	144,016,510
Savings deposits	121,848,478	17,244,247	139,092,725	122,955,979	17,173,301	140,129,280
Term deposits	175,227,101	43,150,317	218,377,418	179,727,186	43,693,831	223,421,017
Others	8,182,473	918	8,183,391	7,984,099	906	7,985,005
	<u>430,989,683</u>	<u>83,613,146</u>	<u>514,602,829</u>	<u>431,332,540</u>	<u>84,219,272</u>	<u>515,551,812</u>
Financial institutions						
Current deposits (non-remunerative)	1,164,935	1,077,601	2,242,536	1,492,887	942,405	2,435,292
Savings deposits	37,659,577	71	37,659,648	24,280,076	70	24,280,146
Term deposits	4,558,000	4,318	4,562,318	1,306,000	4,260	1,310,260
	<u>43,382,512</u>	<u>1,081,990</u>	<u>44,464,502</u>	<u>27,078,963</u>	<u>946,735</u>	<u>28,025,698</u>
	<u>474,372,195</u>	<u>84,695,136</u>	<u>559,067,331</u>	<u>458,411,503</u>	<u>85,166,007</u>	<u>543,577,510</u>

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		6,959,219	6,492,116
Mark-up / return / interest payable in foreign currencies		523,697	362,013
Unearned commission and income on bills discounted		239,841	190,533
Accrued expenses		875,231	692,845
Current taxation (provision less payments)		249,953	–
Acceptances		16,274,678	14,429,148
Unclaimed dividend		63,562	66,216
Dividend payable		2,095,663	–
Mark to market loss on forward foreign exchange contracts		2,217,480	3,549,157
Provision for compensated absences		216,639	208,864
Deferred liability on defined benefit plan		212,567	199,072
Provision against off-balance sheet obligations	18.1	113,716	113,716
Workers' welfare fund		982,189	922,189
Charity fund balance		464	291
Excise duty payable		1,920	1,003
Locker deposits		779,878	764,223
Advance against diminishing musharaka		27,305	23,310
Advance rental for ijarah		2,163	2,259
Security deposits against leases / ijarah		210,039	212,178
Sundry creditors		580,905	391,976
Withholding tax / duties		228,121	289,241
Others		1,628,857	385,177
		<u>34,484,087</u>	<u>29,295,527</u>
18.1 Provision against off-balance sheet obligations			
Opening balance		113,716	113,716
Charge for the period / year		–	–
Closing balance		<u>113,716</u>	<u>113,716</u>
The above represents provision against certain letters of credit and guarantees.			
19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of			
- Non-banking assets		275,003	276,093
- Available for sale securities	9.1	(8,028,893)	(8,850,949)
		(7,753,890)	(8,574,856)
Less: Deferred tax on (deficit) / surplus on revaluation of			
- Non-banking assets		96,250	96,632
- Available for sale securities		(2,810,113)	(3,097,832)
		2,713,863	3,001,200
		(5,040,027)	(5,573,656)

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		———— Rupees in '000 ————	
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	59,043,742	53,215,390
Commitments	20.2	378,324,995	322,747,745
Other contingent liabilities	20.3	25,301,940	24,476,694
		<u>462,670,677</u>	<u>400,439,829</u>
20.1 Guarantees			
Financial guarantees		6,782,530	3,931,150
Performance guarantees		34,594,360	32,514,435
Other guarantees		<u>17,666,852</u>	<u>16,769,805</u>
		<u>59,043,742</u>	<u>53,215,390</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		94,763,084	89,700,969
Commitments in respect of:			
Forward exchange contracts	20.2.1	280,290,547	230,915,612
Operating leases	20.2.2	105,963	110,571
Forward lendings	20.2.3	3,139,624	1,887,433
Acquisition of operating fixed assets		<u>25,777</u>	<u>133,160</u>
		<u>378,324,995</u>	<u>322,747,745</u>
20.2.1 Commitments in respect of forward exchange contracts			
Purchase		162,162,289	136,568,523
Sale		<u>118,128,258</u>	<u>94,347,089</u>
		<u>280,290,547</u>	<u>230,915,612</u>
20.2.2 Commitments in respect of operating leases			
Not later than one year		105,963	110,571
Later than one year and not later than five years		<u>—</u>	<u>—</u>
		<u>105,963</u>	<u>110,571</u>

The above amount includes non-cancellable lease agreements with a Modaraba which has been duly approved by the Religious Board as Ijarah transactions. The monthly rental installments are spread over a period of 36 months. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

20.2.3 Commitments in respect of forward lendings

The Bank has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		———— Rupees in '000 ————	———— Rupees in '000 ————
Commitments in respect of syndicate financing		<u>3,139,624</u>	<u>1,887,433</u>

20.3 Other contingent liabilities

Claims against bank not acknowledged as debt		25,195,884	24,370,638
Foreign Exchange repatriation case	20.3.1	<u>106,056</u>	<u>106,056</u>
		<u>25,301,940</u>	<u>24,476,694</u>

20.3.1 Foreign exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Mark-to-market gains and losses on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the Bank's customers to protect them from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the Bank's Asset and Liability Committee (ALCO).

22. MARK-UP / RETURN / INTEREST EARNED

	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
Loans and advances	5,424,396	2,661,641
Investments	7,121,002	7,022,087
Lendings with financial institutions	1,452,006	161,729
Balances with other banks	5,929	2,895
	<u>14,003,333</u>	<u>9,848,352</u>

23. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	8,127,368	4,727,935
Borrowings	799,379	1,125,351
Foreign currency swap cost	582,698	293,889
	<u>9,509,445</u>	<u>6,147,175</u>

24. FEE & COMMISSION INCOME

Branch banking customer fees	62,015	66,998
Credit related fees	15,904	14,759
Card related fees	80,665	59,498
Commission on trade	852,112	630,991
Commission on guarantees	122,444	105,441
Commission on home remittances	7,525	6,078
Commission on bancassurance	27,800	15,292
Commission on cash management	14,632	14,759
Others	4,092	9,978
	<u>1,187,189</u>	<u>923,794</u>

25. GAIN / (LOSS) ON SECURITIES

Realised		
Federal government securities	6,633	13,581
Shares	(76,398)	(84,107)
Mutual funds	80,343	88,675
	<u>10,578</u>	<u>18,149</u>

26. OTHER INCOME

Rent on properties	12,222	5,990
Gain on sale of fixed assets - net	3,616	339
Recovery of charges from customers	67,783	49,178
Incidental and service charges	21,849	20,623
Gain on sale of ijarah assets - net	50	47
Gain on sale of non-banking assets	-	202,282
Gain on sale of non-current assets held-for-sale	-	35,042
Staff notice period and other recoveries	926	1,081
	<u>106,446</u>	<u>314,582</u>

	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	1,472,128	1,354,867
Property expense		
Rent & taxes	306,160	261,307
Insurance	1,245	1,044
Utilities cost	70,944	54,108
Security	115,226	106,118
Repair & maintenance	87,796	91,495
Depreciation	94,658	84,770
	676,029	598,842
Information technology expenses		
Software maintenance	13,336	15,171
Hardware maintenance	52,533	12,474
Depreciation	27,371	25,706
Amortisation	32,790	30,820
Network charges	45,212	37,818
	171,242	121,989
Other operating expenses		
Directors' fees and allowances	3,410	4,150
Fees and allowances to Shariah Board	2,416	2,049
Legal & professional charges	35,725	27,109
Outsourced service costs	61,052	53,257
Travelling & conveyance	57,112	38,407
Operating lease rental	4,487	8,603
NIFT clearing charges	18,112	19,053
Depreciation	100,788	84,547
Depreciation - non-banking assets	2,773	3,573
Training & development	6,746	5,003
Postage & courier charges	22,532	16,596
Communication	25,682	21,805
Subscription	35,539	23,261
Brokerage & commission	24,766	24,480
Stationery & printing	53,732	44,361
Marketing, advertisement & publicity	22,330	78,259
Management fee	85,477	84,074
Insurance	120,544	37,722
Donations	25,200	23,001
Auditor's remuneration	3,883	3,600
Others	70,477	54,542
	782,783	657,452
Total	3,102,182	2,733,150

	Note	31 March 2019 (Un-Audited) Rupees in '000	31 March 2018 (Un-Audited) (Rupees)
28. OTHER CHARGES			
Penalties imposed by the SBP		714	158
29. PROVISIONS & WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2.1	5,465	1,077
Provision / (reversal) of provision against loan & advances - net	10.3	129,830	243,745
Reversal of provision against other assets		—	(101,250)
Recovery of written off bad debts		(1,667)	(46,151)
		133,628	97,421
30. TAXATION			
Current		1,185,490	745,229
Prior year		300,546	—
Deferred		(14,938)	36,956
		1,471,098	782,185
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation		1,508,595	1,573,570
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		(Rupees)	
Basic and diluted earnings per share		1.44	1.50

32. FAIR VALUE MEASUREMENTS

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

32.1 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

On balance sheet financial instruments

	31 March 2019 (Un-Audited)				
	Carrying /	Fair value			
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	286,472,576	-	286,472,576	-	286,472,576
Sukuk certificates and bonds	1,415,101	-	1,415,101	-	1,415,101
Ordinary shares of listed companies	432,077	432,077	-	-	432,077
Mutual funds - open end	16,793	-	16,793	-	16,793
- close end	413,669	413,669	-	-	413,669
Listed term finance certificates	3,346,844	-	3,346,844	-	3,346,844
Unlisted term finance certificates	42,795	-	42,795	-	42,795

Financial assets not measured at fair value - disclosed but not measured at fair value

- Cash and balances with treasury banks	50,371,926	-	-	-	-
- Balances with other banks	2,301,168	-	-	-	-
- Lendings to financial institutions	48,037,665	-	-	-	-
- Investments					
- Held-to-maturity securities					
Federal government securities	36,264,415	-	-	-	-
Certificates of investments	5,000,000	-	-	-	-
- Subsidiaries	830,000	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	27,920	-	-	-	-
- Advances	236,674,539	-	-	-	-
- Other assets	28,598,411	-	-	-	-
	<u>700,245,899</u>	<u>845,746</u>	<u>291,294,109</u>	<u>-</u>	<u>292,139,855</u>

Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	<u>164,619,551</u>	<u>-</u>	<u>164,619,551</u>	<u>-</u>	<u>164,619,551</u>
- Forward sale of foreign exchange contracts	<u>119,964,986</u>	<u>-</u>	<u>119,964,986</u>	<u>-</u>	<u>119,964,986</u>

On balance sheet financial instruments

	31 December 2018 (Audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	298,850,140	–	298,850,140	–	298,850,140
Sukuk certificates and bonds	1,417,667	–	1,417,667	–	1,417,667
Ordinary shares of listed companies	412,902	412,902	–	–	412,902
Mutual funds - open end	14,900	–	14,900	–	14,900
- close end	435,855	435,855	–	–	435,855
Listed term finance certificates	3,357,258	–	3,357,258	–	3,357,258
Unlisted term finance certificates	59,913	–	59,913	–	59,913
Financial assets not measured at fair value					
- Cash and balances with treasury banks	48,177,009	–	–	–	–
- Balances with other banks	1,115,557	–	–	–	–
- Lendings to financial institutions	11,984,795	–	–	–	–
- Investments					
- Held-to-maturity securities					
Federal government securities	36,259,349	–	–	–	–
Certificates of investments	5,000,000				
- Subsidiaries	830,000				
- Available-for-sale securities					
Ordinary shares of unlisted companies	27,920	–	–	–	–
- Advances	226,689,617	–	–	–	–
- Other assets	27,373,549	–	–	–	–
	<u>662,006,431</u>	<u>848,757</u>	<u>303,699,878</u>	<u>–</u>	<u>304,548,635</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	140,141,186	–	140,141,186	–	140,141,186
- Forward sale of foreign exchange contracts	97,365,720	–	97,365,720	–	97,365,720

Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Debt Securities	The fair value is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuters.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 March 2019 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	8,336,165	(4,374,068)	531,791	4,493,888
Inter segment revenue - net	(8,945,170)	7,196,644	1,748,526	-
Non mark-up / return / interest income	78,361	-	1,703,968	1,782,329
Total Income	(530,644)	2,822,576	3,984,285	6,276,217
Segment direct expenses	(56,904)	(45,764)	(1,293,471)	(1,396,139)
Inter segment expense allocation	(973,862)	(69,214)	(723,681)	(1,766,757)
Total expenses	(1,030,766)	(114,978)	(2,017,152)	(3,162,896)
Provisions	(5,465)	-	(128,163)	(133,628)
Profit before tax	(1,566,875)	2,707,598	1,838,970	2,979,693
Balance Sheet				
Cash & Bank balances	2,044,756	26,611,539	24,016,799	52,673,094
Investments	334,262,190	-	-	334,262,190
Lendings to financial institutions	48,037,665	-	-	48,037,665
Advances - performing	-	3,191,567	233,246,273	236,437,840
Advances - non-performing	-	4,554	16,922,665	16,927,219
Provision against advances	-	(8,538)	(16,681,982)	(16,690,520)
Net inter segment lending	-	269,509,164	53,094,308	322,603,472
Others	7,432,974	777	32,104,318	39,538,069
Total Assets	391,777,585	299,309,063	342,702,381	1,033,789,029
Borrowings	32,203,793	-	37,651,356	69,855,149
Subordinated debt	-	-	-	-
Deposits & other accounts	-	295,355,830	263,711,501	559,067,331
Net inter segment borrowing	322,603,472	-	-	322,603,472
Others	2,217	3,953,233	41,339,524	45,294,974
Total liabilities	354,809,482	299,309,063	342,702,381	996,820,926
Equity	36,968,103	-	-	36,968,103
Total Equity & liabilities	391,777,585	299,309,063	342,702,381	1,033,789,029
Contingencies & Commitments	280,290,547	99,427	182,280,703	462,670,677

	31 March 2018 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	5,984,479	(684,251)	(1,599,051)	3,701,177
Inter segment revenue - net	(4,874,920)	962,802	3,912,118	-
Non mark-up / return / interest income	(224,640)	-	1,757,947	1,533,307
Total Income	884,919	278,551	4,071,014	5,234,484
Segment direct expenses	(47,882)	(23,313)	(1,135,662)	(1,206,857)
Inter segment expense allocation	(953,009)	(22,009)	(599,433)	(1,574,451)
Total expenses	(1,000,891)	(45,322)	(1,735,095)	(2,781,308)
Provisions	(1,077)	-	(96,344)	(97,421)
Profit before tax	(117,049)	233,229	2,239,575	2,355,755

34. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiaries, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

Contributions in respect of employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries & allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	31 March 2019 (Un-Audited)					
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Balances with other banks						
In current accounts	67,594	–	56,335	–	–	123,929
Investments						
Opening balance	–	5,000,000	–	–	–	5,000,000
Investment made during the period	–	5,000,000	–	–	–	5,000,000
Investment redeemed / disposed off during the period	–	(5,000,000)	–	–	–	(5,000,000)
Closing balance	–	5,000,000	–	–	–	5,000,000
Advances						
Opening balance	–	31,606	2,787,011	115,507	–	2,934,124
Addition during the period	–	–	8,352,268	78,552	–	8,430,820
Repaid during the period	–	(31,606)	(8,087,845)	(7,311)	–	(8,126,762)
Closing balance	–	–	3,051,434	186,748	–	3,238,182
Other Assets						
Mark-up / return / interest accrued	–	74,268	28,542	–	–	102,810
Prepayments / advance deposits / other receivable	–	–	14,578	–	–	14,578
	–	74,268	43,120	–	–	117,388
Borrowings						
Opening balance	8,823	–	–	–	–	8,823
Borrowings during the period	–	–	–	–	–	–
Settled during the period	(8,823)	–	–	–	–	(8,823)
Closing balance	–	–	–	–	–	–
Deposits						
Opening balance	396,056	972,640	16,227,022	163,874	731,175	22,152,373
Received during the period	2,057,371	31,209,006	412,244,931	812,128	374,530	448,639,935
Withdrawn during the period	(2,140,135)	(31,187,763)	(413,589,173)	(520,976)	(352,572)	(450,027,864)
Closing balance	313,292	993,883	14,882,780	455,026	753,133	20,764,444
Other Liabilities						
Mark-up / return / interest payable	–	3,521	427,056	4,368	4,031	678,364
Management fee payable for technical and consultancy services*	88,475	–	–	–	–	88,475
Other payables	–	–	7,499	–	–	220,066
	88,475	3,521	434,555	4,368	4,031	1,425,881
Contingencies & Commitments						
Transaction-related contingent liabilities	–	–	7,941,346	–	–	7,941,346
Trade-related contingent liabilities	–	–	1,029,785	–	–	1,029,785
Commitment against operating leases	–	6,536	–	–	–	6,536
	–	6,536	8,971,131	–	–	8,977,667

* Management fee is as per the agreement with the holding company.

31 December 2018 (Audited)

	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	112,023	–	44,688	–	–	–	156,711
Investments							
Opening balance	–	1,950,000	–	–	–	–	1,950,000
Investment made during the year	–	13,900,000	–	–	–	–	13,900,000
Investment redeemed / disposed off during the year	–	(10,850,000)	–	–	–	–	(10,850,000)
Closing balance	–	5,000,000	–	–	–	–	5,000,000
Advances							
Opening balance	–	–	1,702,532	172,585	–	–	1,875,117
Addition during the year	–	3,095,593	74,680,329	47,080	–	–	77,823,002
Repaid during the year	–	(3,063,987)	(73,595,850)	(104,158)	–	–	(76,763,995)
Closing balance	–	31,606	2,787,011	115,507	–	–	2,934,124
Other Assets							
Mark-up / return / interest accrued	–	67,610	17,113	–	–	–	84,723
Prepayments / advance deposits / other receivable	–	–	6,293	–	–	–	6,293
	–	67,610	23,406	–	–	–	91,016
Borrowings							
Opening balance	–	–	–	–	–	–	–
Borrowings during the year	8,823	–	–	–	–	–	8,823
Settled during the year	–	–	–	–	–	–	–
Closing balance	8,823	–	–	–	–	–	8,823
Deposits							
Opening balance	731,705	1,081,972	21,085,764	168,539	675,958	2,379,959	26,123,897
Received during the year	8,548,305	116,852,558	1,648,137,753	600,685	2,393,366	6,066,469	1,782,599,136
Withdrawn during the year	(8,883,954)	(116,961,890)	(1,652,996,495)	(605,350)	(2,338,149)	(4,784,822)	(1,786,570,660)
Closing balance	396,056	972,640	16,227,022	163,874	731,175	3,661,606	22,152,373
Other Liabilities							
Mark-up / return / interest payable	–	3,109	352,252	1,295	3,205	632,664	992,525
Management fee payable for technical and consultancy services*	115,344	–	–	–	–	–	115,344
Other payables	–	–	6,391	–	–	199,072	205,463
	115,344	3,109	358,643	1,295	3,205	831,736	1,313,332
Contingencies & commitments							
Transaction-related contingent liabilities	–	–	7,531,999	–	–	–	7,531,999
Trade-related contingent liabilities	–	–	1,999,428	–	–	–	1,999,428
Commitment against operating leases	–	11,144	–	–	–	–	11,144
	–	11,144	9,531,427	–	–	–	9,542,571

* Management fee is as per the agreement with the holding company.

Transactions during the period

	For the period ended 31 March 2019 (Un-Audited)					
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Income						
Mark-up / return / interest earned	–	113,912	29,443	3,597	–	–
Fee and commission income	1,392	458	17,241	–	12	–
Rent income	1,404	1,060	–	–	–	–
Expense						
Mark-up / return / interest expensed	–	13,704	405,364	9,672	14,338	107,245
Commission / brokerage / bank charges paid	204	–	370	–	–	–
Salaries and allowances	–	–	–	120,971	–	–
Directors' fees and allowances	–	–	–	–	3,410	–
Charge to defined benefit plan	–	–	–	–	–	42,540
Contribution to defined contribution plan	–	–	–	–	–	48,204
Operating lease rentals / rent expenses	–	4,487	3,482	–	–	–
Insurance premium expenses	–	–	7,053	–	–	–
Maintenance, electricity, stationery & entertainment expenses	–	–	26,307	–	–	–
Management fee expense for technical and consultancy services *	85,477	–	–	–	–	–
Donation	–	–	1,480	–	–	–
Professional / other charges	–	–	684	–	–	–

* Management fee is as per the agreement with the holding company.

Transactions during the period

	For the period ended 31 March 2018 (Un-Audited)					
	Holding company	Subsidiaries	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000					
Income						
Mark-up / return / interest earned	–	28,965	9,090	1,709	–	–
Fee and commission income	1,950	82	16,035	–	8	–
Rent income	1,404	300	–	–	–	–
Expenses						
Mark-up / return / interest expensed	–	9,287	288,642	2,640	7,176	59,404
Commission / brokerage / bank charges paid	160	248	316	–	–	–
Salaries and allowances	–	–	–	100,887	–	–
Directors' fees and allowances	–	–	–	–	4,150	–
Charge to defined benefit plan	–	–	–	–	–	36,549
Contribution to defined contribution plan	–	–	–	–	–	44,606
Operating lease rentals / rent expenses	–	8,603	3,635	–	–	–
Insurance premium expenses	–	–	3,636	–	–	–
Maintenance, electricity, stationery & entertainment expenses	–	–	25,073	–	–	–
Management fee expense for technical and consultancy services *	84,074	–	–	–	–	–
Donation	–	–	6,119	–	–	–

* Management fee is as per the agreement with the holding company.

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	34,334,403	34,037,880
Eligible Additional Tier 1 (ADT 1) Capital	—	—
Total Eligible Tier 1 Capital	34,334,403	34,037,880
Eligible Tier 2 Capital	1,604,220	976,755
Total Eligible Capital (Tier 1 + Tier 2)	35,938,623	35,014,635
Risk Weighted Assets (RWAs):		
Credit Risk	243,430,038	229,288,756
Market Risk	1,625,151	1,571,342
Operational Risk	36,087,611	36,087,611
Total	281,142,800	266,947,709
CET 1 Capital Adequacy Ratio	12.21%	12.75%
Tier 1 Capital Adequacy Ratio	12.21%	12.75%
Total Capital Adequacy Ratio	12.78%	13.12%
Minimum capital requirements prescribed by SBP		
Common Equity Tier 1 Capital Adequacy Ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.90%	11.90%

Banks use simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

Leverage Ratio (LR):		
Eligible Tier-1 Capital	34,334,403	34,037,880
Total Exposures	884,158,653	825,364,543
Leverage Ratio	3.88%	4.12%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	291,247,176	317,763,854
Total Net Cash Outflow	158,922,629	125,849,179
Liquidity Coverage Ratio	183%	252%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	441,656,422	440,145,855
Total Required Stable Funding	240,480,685	216,434,904
Net Stable Funding Ratio	184%	203%

36. ISLAMIC BANKING BUSINESS

The bank is operating 31 (31 December 2018: 31) Islamic banking branches and 219 (2018: 216) Islamic banking windows at the end of the period / year:

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		2,964,777	3,340,608
Balances with other banks		—	—
Due from financial institutions	36.1	17,554,218	1,000,000
Investments	36.2	10,023,789	21,312,705
Islamic financing and related assets - net	36.3	17,935,367	17,715,168
Fixed assets		87,790	82,121
Intangible assets		—	—
Due from Head Office		565,576	1,056,134
Other assets		1,687,062	1,605,849
Total Assets		50,818,579	46,112,585
LIABILITIES			
Bills payable		626,786	657,934
Due to financial institutions		2,102,854	1,864,574
Deposits and other accounts	36.4	43,411,010	38,684,214
Due to Head Office		—	—
Subordinated debt		—	—
Other liabilities		1,382,236	1,473,908
		47,522,886	42,680,630
NET ASSETS		3,295,693	3,431,955
REPRESENTED BY			
Islamic banking fund		3,003,520	3,003,472
Reserves		—	—
Surplus / (deficit) on revaluation of assets		6,246	(17,981)
Unappropriated profit		285,927	446,464
		3,295,693	3,431,955
CONTINGENCIES AND COMMITMENTS			
	36.5		

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

	Note	31 March 2019 (Un-Audited) Rupees in '000	31 March 2018 (Un-Audited) Rupees in '000
Profit / return earned	36.6	1,012,743	631,390
Profit / return expensed	36.7	(604,417)	(435,707)
Net Profit / return		408,326	195,683
Other income			
Fee and Commission Income		36,855	35,256
Dividend Income		—	—
Foreign Exchange Income		8,143	6,315
Income / (loss) from derivatives		—	—
Gain / (loss) on securities		415	(5)
Other Income		5,209	4,131
Total other income		50,622	45,697
Total Income		458,948	241,380
Other expenses			
Operating expenses		169,367	139,588
Workers Welfare Fund		—	—
Other charges		85	78
Total other expenses		169,452	139,666
Profit before provisions		289,496	101,714
Provisions and write offs - net		(3,569)	(13,560)
Profit before taxation		285,927	88,154

36.1 Due from Financial Institutions

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	Rupees in '000					
Unsecured						
Musharaka	4,900,000	—	4,900,000	1,000,000	—	1,000,000
Bai-muajjal receivable from State Bank of Pakistan	12,654,218	—	12,654,218	—	—	—
	<u>17,554,218</u>	<u>—</u>	<u>17,554,218</u>	<u>1,000,000</u>	<u>—</u>	<u>1,000,000</u>

36.2 Investments by segments:

	31 March 2019				31 December 2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities:								
-Ijarah sukuks	-	-	-	-	11,313,145	-	(26,794)	11,286,351
-Bai-muajjal	3,608,688	-	-	3,608,688	3,608,688	-	-	3,608,688
	3,608,688	-	-	3,608,688	14,921,833	-	(26,794)	14,895,039
Non Government Debt Securities								
-Listed	5,537,142	-	3,007	5,540,149	5,537,142	-	3,805	5,540,947
-Unlisted	871,713	-	3,239	874,952	871,711	-	5,008	876,719
	6,408,855	-	6,246	6,415,101	6,408,853	-	8,813	6,417,666
Total Investments	10,017,543	-	6,246	10,023,789	21,330,686	-	(17,981)	21,312,705

31 March 2019
(Un-Audited)

31 December 2018
(Audited)

Rupees in '000

36.3 Islamic financing and related assets - net

Ijarah	390,400	398,097
Murabaha	6,175,792	5,906,879
Working capital musharaka	2,215,505	2,533,380
Diminishing musharaka	3,529,253	3,532,275
Istisna	1,305,101	1,029,204
Export refinance murabaha	629,754	497,902
Export refinance istisna	32,143	923,713
Al-Bai financing	135,267	316,194
Advances against:		
Ijarah	94,166	123,988
Murabaha	243,566	349,302
Diminishing musharaka	558,048	596,470
Istisna	1,127,153	1,064,759
Export refinance murabaha	79,289	127,507
Export refinance istisna	1,467,834	326,288
Inventory related to		
Al-Bai goods	168,490	240,116
Istisna goods	205,670	167,589
Gross Islamic financing and related assets	18,357,431	18,133,663
Provision against non-performing Islamic financing	(422,064)	(418,495)
Islamic financing and related assets - net of provision	17,935,367	17,715,168

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
36.4 Deposits		
Customers		
Current deposits	8,702,200	8,363,646
Savings deposits	17,472,311	18,287,455
Term deposits	12,626,289	10,834,638
	<u>38,800,800</u>	<u>37,485,739</u>
Financial Institutions		
Current deposits	4,202	2,054
Savings deposits	781,008	756,421
Term deposits	3,825,000	440,000
	<u>4,610,210</u>	<u>1,198,475</u>
	<u>43,411,010</u>	<u>38,684,214</u>
36.5 Contingencies and commitments		
Guarantees	1,200,504	1,893,613
Commitments	4,007,134	3,362,786
	<u>5,207,638</u>	<u>5,256,399</u>
	31 March 2019	31 March 2018
	Rupees in '000	
36.6 Profit / return earned on financing, investments and placement		
Profit earned on:		
Financing	413,639	201,129
Investments	333,111	373,466
Placements	265,993	56,795
	<u>1,012,743</u>	<u>631,390</u>
36.7 Profit on deposits and other dues expensed		
Deposits and other accounts	594,895	426,590
Due to financial institutions	9,522	9,117
	<u>604,417</u>	<u>435,707</u>
36.8 Unappropriated profit		
Opening balance	446,464	283,058
Add: Islamic banking profit for the period	285,927	446,464
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred to head office	(446,464)	(283,058)
Closing balance	<u>285,927</u>	<u>446,464</u>

37. GENERAL

37.1 The figures have been rounded off to nearest thousand rupees, unless otherwise stated.

37.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the revised forms of quarterly financial statements of the Banks' issued by the SBP through its BPRD Circular letter No. 05 of 2019.

38. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 19 April 2019 by the Board of Directors of the Bank.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman



HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

Consolidated Accounts for the first quarter
ended 31 March 2019
(Un-audited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	50,372,133	48,177,307
Balances with other banks	7	3,067,688	1,916,548
Lendings to financial institutions	8	48,037,665	11,984,795
Investments	9	328,901,270	341,284,168
Advances	10	246,469,809	236,112,844
Fixed assets	11	4,254,353	3,947,862
Intangible assets	12	131,991	163,645
Deferred tax assets	13	5,537,565	5,821,468
Other assets	14	29,894,206	29,430,741
		<u>716,666,680</u>	<u>678,839,378</u>
LIABILITIES			
Bills payable	15	10,810,887	12,173,407
Borrowings	16	71,679,028	53,008,774
Deposits and other accounts	17	558,263,794	542,839,457
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	35,382,331	30,365,390
		<u>676,136,040</u>	<u>638,387,028</u>
NET ASSETS		<u>40,530,640</u>	<u>40,452,350</u>
REPRESENTED BY			
Share capital		10,478,315	10,478,315
Reserves		16,673,147	16,371,428
(Deficit) / surplus on revaluation of assets - net of tax	19	(5,022,697)	(5,562,129)
Unappropriated profit		15,092,965	15,950,329
		<u>37,221,730</u>	<u>37,237,943</u>
Non-controlling interest		3,308,910	3,214,407
		<u>40,530,640</u>	<u>40,452,350</u>
CONTINGENCIES AND COMMITMENTS			
	20		

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
		Rupees in '000	
Mark-up / return / interest earned	22	14,166,590	9,927,296
Mark-up / return / interest expensed	23	(9,537,396)	(6,127,441)
Net mark-up / interest income		4,629,194	3,799,855
Non mark-up / interest income			
Fee and commission income	24	1,193,446	932,723
Dividend income		24,507	9,349
Foreign exchange income		457,628	270,977
Income / (loss) from derivatives		—	—
Gain / (loss) on securities	25	10,578	18,210
Other income	26	111,647	320,647
Total non mark-up / interest income		1,797,806	1,551,906
Total Income		6,427,000	5,351,761
Non mark-up / interest expenses			
Operating expenses	27	3,150,644	2,780,117
Workers welfare fund		61,829	49,460
Other charges	28	714	158
Total non-mark-up / interest expenses		(3,213,187)	(2,829,735)
Profit before provisions		3,213,813	2,522,026
(Provisions) / reversal and write offs - net	29	(133,628)	(97,421)
Extra ordinary / unusual items		—	—
Profit before taxation		3,080,185	2,424,605
Taxation	30	(1,476,675)	(786,910)
Profit after taxation		1,603,510	1,637,695
Profit attributable to:			
Equity shareholders of the holding company		1,520,432	1,576,170
Non-controlling interest		83,078	61,525
		1,603,510	1,637,695
		Rupees in '000	
Basic and diluted earnings per share	31	1.45	1.50

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALIR. HABIB
Chairman

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED 31 MARCH 2019

	31 March 2019	31 March 2018
	Rupees in '000	
Profit after taxation	1,603,510	1,637,695
Other comprehensive income		
Items that may be reclassified to profit and loss in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	551,565	(1,224,017)
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	18,878	11,346
Movement in surplus on revaluation of non-banking assets - net of tax	708	708
	19,586	12,054
Total comprehensive income	2,174,661	425,732
Equity share holders of the holding company	2,080,158	388,775
Non-controlling interest	94,503	36,957
	2,174,661	425,732

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2019**

	Reserves					Surplus / (deficit) on revaluation					
	Share capital	Share premium	Statutory reserve	Special reserve	Revenue reserve	Investments	Non-banking assets	Un-appropriated profit	Sub-Total	Non-controlling interest	Total
	Rupees in '000										
Balance as at 1 January 2018	10,478,315	2,550,985	10,832,685	240,361	1,500,000	778,330	182,331	14,159,430	40,722,437	3,140,212	43,862,649
Profit after taxation	-	-	-	-	-	-	-	1,576,170	1,576,170	61,525	1,637,695
Other comprehensive income - net of tax	-	-	-	-	-	(1,199,449)	-	11,346	(1,188,103)	(24,568)	(1,212,671)
Transfer to statutory reserve	-	-	315,234	-	-	-	-	(315,234)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(708)	708	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Cash dividend (Rs. 3.00 per share) for the year ended 31 December 2017	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)	-	(3,143,494)
Balance as at 31 March 2018	10,478,315	2,550,985	11,147,919	240,361	1,500,000	(421,119)	181,623	12,288,926	37,967,010	3,177,169	41,144,179
Profit after taxation	-	-	-	-	-	-	-	4,603,607	4,603,607	179,603	4,783,210
Other comprehensive income - net of tax	-	-	-	-	-	(5,320,471)	-	(12,203)	(5,332,674)	85,335	(5,247,339)
Transfer to statutory reserve	-	-	932,163	-	-	-	-	(932,163)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(2,162)	2,162	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Profit distribution by First Habib Modaraba (Rs. 1.25 per certificate) for the period ended 30 June 2018	-	-	-	-	-	-	-	-	-	(226,800)	(226,800)
Profit distribution by Habib Metropolitan Modaraba (Rs. 0.10 per certificate) for the period ended 30 June 2018	-	-	-	-	-	-	-	-	-	(900)	(900)
Balance as at 31 December 2018	10,478,315	2,550,985	12,080,082	240,361	1,500,000	(5,741,590)	179,461	15,950,329	37,237,943	3,214,407	40,452,350
Profit after taxation	-	-	-	-	-	-	-	1,520,432	1,520,432	83,078	1,603,510
Other comprehensive income - net of tax	-	-	-	-	-	540,140	-	18,878	559,018	11,425	570,443
Transfer to statutory reserve	-	-	301,719	-	-	-	-	(301,719)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(708)	708	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Cash dividend (Rs. 2.00 per share) for the year ended 31 December 2018	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Balance as at 31 March 2019	10,478,315	2,550,985	12,381,801	240,361	1,500,000	(5,201,450)	178,753	15,092,965	37,221,730	3,308,910	40,530,640

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,080,185	2,424,605
Less: Dividend income		(24,507)	(9,349)
		<u>3,055,678</u>	<u>2,415,256</u>
Adjustments			
Depreciation on fixed assets		225,824	196,653
Depreciation on non-banking assets		2,773	3,573
Amortization		32,836	30,823
Provisions and write offs excluding recovery of written off bad debts	29	135,295	143,572
Net gain on sale of fixed assets		(3,616)	(339)
Net (gain) / loss on sale of non-banking assets	26	–	(202,282)
Net (gain) / loss on sale of non-current assets held for sale	26	–	(35,042)
Provision against workers welfare fund		61,829	49,460
Provision against compensated absences		14,150	10,571
Provision against defined benefit plan		42,486	37,732
		<u>511,577</u>	<u>234,721</u>
		3,567,255	2,649,977
(Increase) / decrease in operating assets			
Lendings to financial institutions		(36,052,870)	(9,781,237)
Advances		(10,486,795)	(11,234,630)
Other assets (excluding current taxation and dividend)		849,563	485,252
		<u>(45,690,102)</u>	<u>(20,530,615)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(1,362,520)	(6,380,766)
Borrowings from financial institutions		18,898,139	(21,076,216)
Deposits and other accounts		15,424,337	(4,679,742)
Other liabilities (excluding current taxation and dividend)		907,192	119,294
		<u>33,867,148</u>	<u>(32,017,430)</u>
		(8,255,699)	(49,898,068)
Payment against compensated absences		(6,375)	(5,471)
Income tax paid		(863,636)	(564,066)
Net cash flow used in operating activities		<u>(9,125,710)</u>	<u>(50,467,605)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		13,221,780	47,475,017
Net investments in held-to-maturity securities		(5,066)	1,489,630
Dividend received		16,476	4,811
Investments in fixed assets		(533,273)	(197,273)
Investments in intangible assets		(1,211)	(3,606)
Proceeds from sale of fixed assets		4,603	4,846
Proceeds from sale of non-banking assets		–	600,000
Proceeds from sale of non-current assets held for sale		–	250,000
Net cash flow generated from investing activities		<u>12,703,309</u>	<u>49,623,425</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,748)	(383)
Net cash used in financing activities		<u>(3,748)</u>	<u>(383)</u>
Increase in cash and cash equivalents		3,573,851	(844,563)
Cash and cash equivalents at beginning of the year		46,905,159	41,673,028
Cash and cash equivalents at end of the year		<u>50,479,010</u>	<u>40,828,465</u>

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

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2019

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiary companies) and First Habib Modaraba and Habib Metro Modaraba (Managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

Holding Company

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The Bank operates 322 (31 December 2018: 322) branches, including 31 (31 December 2018: 31) Islamic banking branches and 30 (31 December 2018: 30) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company with 51% shares in the Bank) which is incorporated in Switzerland. The registered office of the holding company is situated at Spencer's Building, II Chundrigar Road, Karachi.

Subsidiary Companies

Habib Metropolitan Financial Services Limited - 100% holding

Habib Metropolitan Financial Services Limited was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the subsidiary company is located at 1st Floor, GPC 2, Block 5, Khekashan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and engaged in equity brokerage services.

Habib Metropolitan Modaraba Management Company (Private) Limited - 100% holding

Habib Metropolitan Modaraba Management Company (Private) Limited (Modaraba management company) was incorporated in Pakistan on 01 June 2015 as a private limited under the Companies Ordinance, 1984 (now Companies Act, 2017) and Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the subsidiary company is located at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi.

First Habib Modaraba - 10% holding

First Habib Modaraba is a perpetual, multi-purpose modaraba having its registered office at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi. It is listed on the Pakistan Stock Exchange and engaged in the business of leasing (Ijarah), Musharaka, Murabaha financing and other related business.

Habib Metro Modaraba - 70% holding

Habib Metro Modaraba (HMM) which is a perpetual, multi-purpose modaraba having its registered office at 6th Floor, HBZ Plaza, II Chundrigar Road, Karachi. HMM's primary business activities are residual value car financing and provision of finance for solar power solutions on the basis of Ijarah / rental / musharaka or any other approved modes of financing. The holding company and the Modaraba Management Company own 60% and 10% of the certificates of HMM respectively.

2. BASIS OF PRESENTATION

2.1 These consolidated condensed interim financial statements comprise the financial statements of the holding company and its subsidiary companies. The financial statements of the subsidiary companies have been prepared for the same reporting period as the holding company using consistent accounting policies.

2.2 Statement of Compliance

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

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

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 the IAS 34 or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

The disclosures made in these consolidated condensed interim financial statements have been based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

3. SIGNIFICANT ACCOUNTING POLICY

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 consolidated financial statements of the Group for the year ended 31 December 2018.

3.1 Amendments to approved accounting standards that are effective in the current period

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group has not incorporated the impact of the above changes as the overall impact of the same is under review.

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

3.2 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	7,599,341	7,657,684
Foreign currencies	2,521,852	2,013,643
	<u>10,121,193</u>	<u>9,671,327</u>
With State Bank of Pakistan in		
Local currency current account	21,762,773	20,272,479
Foreign currency current account	116,709	244,068
Foreign currency deposit accounts		
- cash reserve account	4,385,316	4,151,971
- special cash reserve account	12,959,545	12,370,079
	<u>39,224,343</u>	<u>37,038,597</u>
With National Bank of Pakistan in		
Local currency current account	1,009,615	1,443,318
National Prize Bonds	16,982	24,065
	<u>50,372,133</u>	<u>48,177,307</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	149,146	94,703
In deposit accounts	1,024,335	1,008,359
	<u>1,173,481</u>	<u>1,103,062</u>
Outside Pakistan		
In current accounts	1,894,207	813,486
	<u>3,067,688</u>	<u>1,916,548</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	3,000,000
Repurchase agreement lendings (Reverse Repo)	30,483,447	4,184,795
Bai-muajjal receivable with the State Bank of Pakistan	12,654,218	-
Letter of placement	-	3,800,000
Musharaka placement	4,900,000	1,000,000
	<u>48,037,665</u>	<u>11,984,795</u>

9. INVESTMENTS

9.1 Investments by types

	31 March 2019 (Un-Audited)				31 December 2018 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	294,716,814	–	(8,145,751)	286,571,063	307,914,359	–	(8,965,828)	298,948,531
Shares	888,886	(279,686)	146,390	755,590	885,410	(273,810)	104,095	715,695
Non-government debt securities	5,004,023	(135,310)	11,027	4,879,740	5,031,734	(138,428)	16,532	4,909,838
Mutual funds	417,571	(8,460)	21,351	430,462	417,571	(5,753)	38,937	450,755
	301,027,294	(423,456)	(7,966,983)	292,636,855	314,249,074	(417,991)	(8,806,264)	305,024,819
Held-to-maturity securities								
Federal government securities	36,264,415	–	–	36,264,415	36,259,349	–	–	36,259,349
Non-government debt securities	–	–	–	–	–	–	–	–
	36,264,415	–	–	36,264,415	36,259,349	–	–	36,259,349
Total Investments	337,291,709	(423,456)	(7,966,983)	328,901,270	350,508,423	(417,991)	(8,806,264)	341,284,168

9.1.1 Investments given as collateral

Federal government securities

Market treasury bills

Pakistan investment bonds

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

16,019,872	3,443,636
8,237,721	9,165,995
24,257,593	12,609,631

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

Charge for the period / year

Reversal for the period / year

Net charge for the period / year

Reversal on disposal

Investment written off

Closing balance

417,991	537,372
8,583	100,021
(3,118)	(14,442)
5,465	85,579
–	(198,028)
–	(6,932)
423,456	417,991

9.2.2 Particulars of provision against debt securities

Category of classification	31 March 2019 (Un-Audited)		31 December 2018 (Audited)	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	135,310	135,310	138,428	138,428
	<u>135,310</u>	<u>135,310</u>	<u>138,428</u>	<u>138,428</u>

9.2.2.1 Exposure amounting to Rs. 42,795 thousand (31 December 2018: Rs. 59,913 thousand) relating to term finance certificates of Pakistan International Airlines Corporation Limited, which is government guaranteed script, has not been classified as non-performing investment as per relaxation given by the SBP.

9.3 The market value of securities classified as held-to-maturity is Rs. 32,946,885 thousand (31 December 2018: 32,847,389 thousand).

10. ADVANCES

Note	Performing		Non-Performing		Total	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	Rupees in '000					
Loans, cash credits, running finances, etc.						
In Pakistan	181,372,810	172,288,376	14,223,908	14,710,168	195,596,718	186,998,544
Islamic financing and related assets	27,710,442	27,084,790	442,259	503,972	28,152,701	27,588,762
Bills discounted and purchased	37,149,858	35,620,461	2,261,052	2,465,767	39,410,910	38,086,228
Advances - gross	246,233,110	234,993,627	16,927,219	17,679,907	263,160,329	252,673,534
Provision against non-performing advances						
- specific	-	-	(14,835,756)	(15,324,500)	(14,835,756)	(15,324,500)
- general	(1,854,764)	(1,236,190)	-	-	(1,854,764)	(1,236,190)
	<u>(1,854,764)</u>	<u>(1,236,190)</u>	<u>(14,835,756)</u>	<u>(15,324,500)</u>	<u>(16,690,520)</u>	<u>(16,560,690)</u>
Advances - net of provisions	<u>244,378,346</u>	<u>233,757,437</u>	<u>2,091,463</u>	<u>2,355,407</u>	<u>246,469,809</u>	<u>236,112,844</u>

10.1 It includes loans and advances of First Habib Modaraba and Habib Metro Modaraba amounting to Rs. 9,640,059 thousand and Rs. 155,212 thousand respectively. Furthermore, it includes the Islamic banking operations of the holding company amounting to Rs. 18,357,431 thousand as disclosed in note 36.3 to these consolidated condensed interim financial statements.

10.2 Particulars of advances - gross

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	— Rupees in '000 —	
In local currency	227,522,131	222,526,407
In foreign currencies	35,638,198	30,147,127
	<u>263,160,329</u>	<u>252,673,534</u>

10.3 Advances include Rs. 16,927,219 thousand (31 December 2018: Rs. 17,679,907 thousand) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2019 (Un-Audited)		31 December 2018 (Audited)	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Substandard	90,088	390	259,378	19,697
Doubtful	282,883	39,343	127,952	—
Loss	<u>16,554,248</u>	<u>14,796,023</u>	<u>17,292,577</u>	<u>15,304,803</u>
	<u>16,927,219</u>	<u>14,835,756</u>	<u>17,679,907</u>	<u>15,324,500</u>

10.4 Particulars of provision against advances

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	15,324,500	1,236,190	16,560,690	16,168,582	257,841	16,426,423
Charge	174,987	618,574	793,561	936,036	978,349	1,914,385
Reversals	(663,731)	—	(663,731)	(1,482,574)	—	(1,482,574)
Net charge / (reversal) for the period / year	(488,744)	618,574	129,830	(546,538)	978,349	431,811
Amount written off	—	—	—	(297,544)	—	(297,544)
Closing balance	<u>14,835,756</u>	<u>1,854,764</u>	<u>16,690,520</u>	<u>15,324,500</u>	<u>1,236,190</u>	<u>16,560,690</u>

10.4.1 General provision includes provision of Rs. 4,692 thousand (31 December 2018: Rs. 5,134 thousand) made against consumer portfolio and Rs. 72 thousand (31 December 2018: Rs. 35 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulation issued by the SBP.

10.4.2 Particulars of provision against advances

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	14,450,918	1,854,764	16,305,682	14,952,295	1,236,190	16,188,485
In foreign currencies	384,838	—	384,838	372,205	—	372,205
	<u>14,835,756</u>	<u>1,854,764</u>	<u>16,690,520</u>	<u>15,324,500</u>	<u>1,236,190</u>	<u>16,560,690</u>

10.4.3 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

During the current period, the holding company availed additional forced sale value (FSV) benefit under BSD Circular No. 1 of 21 October 2011. This has resulted in reduction of provision against non-performing loans and advances by Rs. 39,573 thousand (31 December 2018: 628,190 thousand). Further, as of 31 March 2019, had the benefit of FSVs (including those availed into previous years) not been taken by the holding company, the specific provision against non-performing advances would have been higher by Rs. 1,882,456 thousand (31 December 2018: Rs. 2,096,898 thousand) and accumulated profit would have been lower by Rs. 1,223,596 thousand (31 December 2018: Rs. 1,362,983 thousand). This amount of Rs. 1,223,596 thousand (31 December 2018: Rs. 1,362,983 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	76,145	148,081
Property and equipment		4,178,208	3,799,781
		<u>4,254,353</u>	<u>3,947,862</u>
11.1 Capital work-in-progress			
Civil works		47,202	28,360
Equipment		14,594	110,420
Advance to suppliers		14,349	9,301
		<u>76,145</u>	<u>148,081</u>
		31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
		Rupees in '000	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		(71,936)	78,697
Property and equipment			
Building on leasehold land		149,101	—
Furniture and fixture		22,821	14,372
Electrical office and computer equipment		390,605	90,268
Vehicles		5,727	8,633
Lease hold improvement		36,955	5,303
		<u>605,209</u>	<u>118,576</u>
Total		<u>533,273</u>	<u>197,273</u>

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

11.3 Disposal of fixed assets

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

Furniture and fixture	37	78
Electrical office and computer equipment	333	894
Vehicles	617	1,211
Lease hold improvement	—	2,324
Total	987	4,507

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

12. INTANGIBLE ASSETS

Computer Software	131,991	163,645
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The following additions have been made to intangible assets during the period:

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

12.1 Additions:

- directly purchased	1,211	3,606
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31 March 2019 (Un-Audited)	31 December 2018 (Audited)
Rupees in '000	

13. DEFERRED TAX ASSETS

Deductible temporary differences

Provision for diminution in value of investments	148,210	146,297
Provision for non-performing and off - balance sheet	2,729,064	2,746,495
Provision against other assets	—	198
(Deficit) / surplus on revaluation of investments	2,810,118	3,097,834
Deferred liability on defined benefit plan	60,543	71,680
Others	869	1,494
	5,748,804	6,063,998

Taxable temporary differences

Surplus on revaluation of non banking assets	(96,251)	(96,632)
Accelerated depreciation	(114,988)	(145,898)
	(211,239)	(242,530)
Net deferred tax asset	5,537,565	5,821,468

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
14. OTHER ASSETS			
Income / mark-up / profit accrued in local currency		8,811,704	8,244,570
Income / mark-up / profit accrued in foreign currencies		26,481	29,916
Advances, deposits, advance rent and other prepayments		615,969	765,427
Advance taxation (payments less provision)		–	537,724
Non-banking assets acquired in satisfaction of claims		485,822	487,505
Branch adjustment account		66	63
Mark to market gain on forward foreign exchange contracts		2,813,884	4,206,429
Acceptances		16,274,678	14,429,148
Receivable from the SBP against encashment of government securities		282,847	114,055
Advance against vehicles for diminishing musharaka		–	78,126
Stationery and stamps on hand		73,032	62,789
Dividend receivable		8,800	769
Others		436,598	408,805
		29,829,881	29,365,326
Provision against other assets	14.1	(210,678)	(210,678)
Other assets (net of provision)		29,619,203	29,154,648
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	19.1	275,003	276,093
		29,894,206	29,430,741
14.1 Provision held against other assets			
Operational loss		210,000	210,000
Other receivable		678	678
		210,678	210,678

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
15. BILLS PAYABLE		
In Pakistan	10,810,887	12,173,407
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan		
Under Export Refinance Scheme	29,000,125	24,196,093
Under Long Term Financing Facility - Renewable Energy	962,784	962,784
Under Long Term Financing Facility - Locally Manufactured Plant and Machinery	7,688,447	6,730,915
	37,651,356	31,889,792
Repurchase agreement borrowings (Repo)	24,946,446	12,658,729
Due against bills rediscounting	4,296,536	3,310,164
	66,894,338	47,858,685
Unsecured		
Call borrowing	—	300,000
Certificate of investment	1,598,879	1,411,393
Murabaha financing	225,000	250,000
Overdrawn nostro accounts	2,955,118	3,183,003
Overdrawn local bank accounts	5,693	5,693
	4,784,690	5,150,089
	71,679,028	53,008,774

17. DEPOSITS AND OTHER ACCOUNTS

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	Rupees in '000					
Customers						
Current accounts (non-remunerative)	125,731,569	23,217,664	148,949,233	120,602,372	23,351,234	143,953,606
Savings deposits	121,847,207	17,244,247	139,091,454	122,954,951	17,173,301	140,128,252
Term deposits	175,106,101	43,150,317	218,256,418	179,602,186	43,693,831	223,296,017
Others	8,182,473	918	8,183,391	7,984,099	906	7,985,005
	430,867,350	83,613,146	514,480,496	431,143,608	84,219,272	515,362,880
Financial institutions						
Current deposits (non-remunerative)	1,097,718	1,077,601	2,175,319	1,489,569	942,405	2,431,974
Savings deposits	37,370,590	71	37,370,661	24,109,273	70	24,109,343
Term deposits	4,233,000	4,318	4,237,318	931,000	4,260	935,260
	42,701,308	1,081,990	43,783,298	26,529,842	946,735	27,476,577
	473,568,658	84,695,136	558,263,794	457,673,450	85,166,007	542,839,457

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		7,006,470	6,520,736
Mark-up / return / interest payable in foreign currencies		523,697	362,013
Unearned commission and income on bills discounted		239,841	190,533
Accrued expenses		1,056,091	785,163
Current taxation (provision less payments)		91,879	-
Acceptances		16,274,678	14,429,148
Unclaimed dividend		103,977	107,725
Dividend payable		2,095,663	-
Mark to market loss on forward foreign exchange contracts		2,217,480	3,549,157
Provision for compensated absences		216,639	208,864
Deferred liability on defined benefit plan		214,948	202,404
Provision against off-balance sheet obligations	18.1	113,716	113,716
Workers' welfare fund		1,013,046	952,940
Charity fund balance		464	291
Excise duty payable		1,920	1,003
Locker deposits		779,878	764,223
Advance against diminishing musharakah		90,819	98,166
Advance rental for ijarah		2,163	2,259
Security deposits against leases / ijarah		669,386	657,958
Sundry creditors		805,486	673,189
Withholding tax / duties		228,320	339,235
Others		1,635,770	406,667
		<u>35,382,331</u>	<u>30,365,390</u>
18.1 Provision against off-balance sheet obligations			
Opening balance		113,716	113,716
Charge for the period / year		-	-
Closing balance		<u>113,716</u>	<u>113,716</u>
The above represents provision against certain letters of credit and guarantees.			
19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of			
- Non-banking assets		275,003	276,093
- Available for sale securities	9.1	(7,966,983)	(8,806,264)
		(7,691,980)	(8,530,171)
Less: Deferred tax on (deficit) / surplus on revaluation of			
- Non-banking assets		96,250	96,632
- Available for sale securities		(2,810,118)	(3,097,834)
		2,713,868	3,001,202
		(4,978,112)	(5,528,969)
Surplus / (deficit) pertaining to non-controlling interest		(44,585)	(33,160)
		<u>(5,022,697)</u>	<u>(5,562,129)</u>

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
Rupees in '000			
20. CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	59,043,742	53,215,390
Commitments	20.2	378,827,171	323,117,101
Other contingent liabilities	20.3	25,301,940	24,476,694
		463,172,853	400,809,185
20.1 Guarantees			
Financial guarantees		6,782,530	3,931,150
Performance guarantees		34,594,360	32,514,435
Other guarantees		17,666,852	16,769,805
		59,043,742	53,215,390
20.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		94,763,084	89,700,969
Commitments in respect of:			
Forward exchange contracts	20.2.1	280,290,547	230,915,612
Operating leases	20.2.2	99,427	99,427
Forward lendings	20.2.3	3,648,336	2,267,933
Acquisition of operating fixed assets		25,777	133,160
		378,827,171	323,117,101
20.2.1 Commitments in respect of forward exchange contracts			
Purchase		162,162,289	136,568,523
Sale		118,128,258	94,347,089
		280,290,547	230,915,612
20.2.2 Commitments in respect of operating leases			
Not later than one year		99,427	99,427
Later than one year and not later than five years		—	—
		99,427	99,427

20.2.3 Commitments in respect of forward lendings

The Bank has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
		Rupees in '000	
Commitments in respect of syndicate financing		3,139,624	1,887,433
Commitments in respect of financing transaction		508,712	380,500
		<u>3,648,336</u>	<u>2,267,933</u>

20.3 Other contingent liabilities

Claims against bank not acknowledged as debt		25,195,884	24,370,638
Foreign Exchange repatriation case	20.3.1	106,056	106,056
		<u>25,301,940</u>	<u>24,476,694</u>

20.3.1 Foreign exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the holding company. The holding company has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgment. The Honorable High Court has granted relief to the holding company by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the holding company and therefore no provision has been made against the impugned penalty.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The holding company deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the Group's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Mark-to-market gains and losses on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the holding company's customers to protect them from unfavourable movements in foreign currencies. The holding company hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the Group's Asset and Liability Committee (ALCO).

22. MARK-UP / RETURN / INTEREST EARNED

	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
Loans and advances	5,676,290	2,801,433
Investments	7,012,732	6,959,855
Lendings with financial institutions	1,471,639	163,113
Balances with other banks	5,929	2,895
	<u>14,166,590</u>	<u>9,927,296</u>

23. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	8,113,809	4,718,844
Borrowings	799,379	1,125,351
Foreign currency swap cost	624,208	283,246
	<u>9,537,396</u>	<u>6,127,441</u>

24. FEE & COMMISSION INCOME

Branch banking customer fees	62,010	66,998
Credit related fees	15,904	14,759
Card related fees	80,665	59,498
Commission on trade	852,112	630,991
Commission on guarantees	122,444	105,441
Commission on home remittances	7,525	6,078
Commission on bancassurance	27,800	15,292
Commission on cash management	14,632	14,759
Others	10,354	18,907
	<u>1,193,446</u>	<u>932,723</u>

25. GAIN / (LOSS) ON SECURITIES

Realised		
Federal government securities	6,633	13,581
Shares	(76,398)	(84,046)
Mutual funds	80,343	88,675
	<u>10,578</u>	<u>18,210</u>

26. OTHER INCOME

Rent on properties	11,162	5,690
Gain on sale of fixed assets - net	3,616	339
Recovery of charges from customers	67,783	49,178
Incidental and service charges	25,189	23,626
Gain on sale of ijarah assets - net	2,971	3,409
Gain on sale of non-banking assets - net	-	202,282
Gain on sale of non-current assets held-for-sale	-	35,042
Staff notice period and other recoveries	926	1,081
	<u>111,647</u>	<u>320,647</u>

	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
	Rupees in '000	
27. OPERATING EXPENSES		
Total compensation expense	1,504,531	1,385,643
Property expense		
Rent & taxes	307,150	263,318
Insurance	1,245	1,044
Utilities cost	71,730	55,250
Security	115,226	106,118
Repair & maintenance	89,124	92,405
Depreciation	94,658	84,770
	679,133	602,905
Information technology expenses		
Software maintenance	13,336	15,171
Hardware maintenance	52,533	12,474
Depreciation	27,371	25,706
Amortisation	32,836	30,824
Network charges	45,212	37,818
	171,288	121,993
Other operating expenses		
Directors' fees and allowances	3,410	4,150
Fees and allowances to Shariah Board	2,416	2,049
Legal & professional charges	37,107	29,226
Outsourced service costs	61,052	53,257
Travelling & conveyance	58,564	39,302
NIFT clearing charges	18,933	20,193
Depreciation	103,795	86,177
Depreciation - non-banking assets	2,773	3,573
Training & development	6,814	5,030
Postage & courier charges	22,866	16,839
Communication	26,569	22,641
Subscription	36,928	25,504
Brokerage & commission	25,404	24,456
Stationery & printing	55,342	45,822
Marketing, advertisement & publicity	22,330	78,259
Management fee	86,817	85,105
Insurance	120,716	37,782
Donations	25,410	23,211
Auditors' remuneration	4,934	4,130
Others	73,512	62,870
	795,692	669,576
Total	3,150,644	2,780,117

	Note	31 March 2019 (Un-Audited)	31 March 2018 (Un-Audited)
		Rupees in '000	
28. OTHER CHARGES			
Penalties imposed by the SBP		714	158
29. PROVISIONS & WRITE OFFS - NET			
Provision for diminution in value of investments - net	9.2.1	5,465	1,077
Provision / (reversal) of provision against loan & advances - net	10.4	129,830	243,745
Reversal of provision against other assets		-	(101,250)
Recovery of written off bad debts		(1,667)	(46,151)
		133,628	97,421
30. TAXATION			
Current		1,190,970	748,661
Prior year		300,546	-
Deferred		(14,841)	38,249
		1,476,675	786,910
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit attributable to equity shareholders of the holding company		1,520,432	1,576,170
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		(Rupees)	
Basic and diluted earnings per share		1.45	1.50

32. FAIR VALUE MEASUREMENTS

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

32.1 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

On balance sheet financial instruments

	31 March 2019 (Un-Audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	286,571,063	-	286,571,063	-	286,571,063
Sukuk certificates and bonds	1,490,101	-	1,490,101	-	1,490,101
Ordinary shares of listed companies	727,670	727,670	-	-	727,670
Mutual funds - open end	16,793	-	16,793	-	16,793
- close end	413,669	413,669	-	-	413,669
Listed term finance certificates	3,346,844	-	3,346,844	-	3,346,844
Unlisted term finance certificates	42,795	-	42,795	-	42,795

Financial assets not measured at fair value - disclosed but not measured at fair value

- Cash and balances with treasury banks	50,372,133	-	-	-	-
- Balances with other banks	3,067,688	-	-	-	-
- Lendings to financial institutions	48,037,665	-	-	-	-
- Investments					
- Held-to-maturity securities					
Federal government securities	36,264,415	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	27,920	-	-	-	-
- Advances	246,469,809	-	-	-	-
- Other assets	28,654,992	-	-	-	-
	<u>705,503,557</u>	<u>1,141,339</u>	<u>291,467,596</u>	<u>-</u>	<u>292,608,935</u>

Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	<u>164,619,551</u>	<u>-</u>	<u>164,619,551</u>	<u>-</u>	<u>164,619,551</u>
- Forward sale of foreign exchange contracts	<u>119,964,986</u>	<u>-</u>	<u>119,964,986</u>	<u>-</u>	<u>119,964,986</u>

On balance sheet financial instruments

	31 December 2018 (Audited)				
	Carrying /	Fair value			
	Notional value	Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	298,948,531	-	298,948,531	-	298,948,531
Sukuk certificates and bonds	1,492,667	-	1,492,667	-	1,492,667
Ordinary shares of listed companies	687,775	687,775	-	-	687,775
Mutual funds - open end	14,900	-	14,900	-	14,900
- close end	435,855	435,855	-	-	435,855
Listed term finance certificates	3,357,258	-	3,357,258	-	3,357,258
Unlisted term finance certificates	59,913	-	59,913	-	59,913

Financial assets not measured at fair value

- Cash and balances with treasury banks	48,177,307	-	-	-	-
- Balances with other banks	1,916,548	-	-	-	-
- Lendings to financial institutions	11,984,795	-	-	-	-
- Investments					
- Held-to-maturity securities					
Federal government securities	36,259,349	-	-	-	-
Certificates of investments	-	-	-	-	-
- Available-for-sale securities					
Ordinary shares of unlisted companies	27,920	-	-	-	-
- Advances	236,112,844	-	-	-	-
- Other assets	27,511,818	-	-	-	-
	<u>666,987,480</u>	<u>1,123,630</u>	<u>303,873,269</u>	<u>-</u>	<u>304,996,899</u>

Off-balance sheet financial instruments measured at fair value

- Forward purchase of foreign exchange contracts	<u>140,141,186</u>	<u>-</u>	<u>140,141,186</u>	<u>-</u>	<u>140,141,186</u>
- Forward sale of foreign exchange contracts	<u>97,365,720</u>	<u>-</u>	<u>97,365,720</u>	<u>-</u>	<u>97,365,720</u>

Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Debt Securities	The fair value is determined using the prices / rates available on Mutual Funds. Association of Pakistan (MUFAP) / Reuters.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

33. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 March 2019 (Un-Audited)			
	Trade & Sales	Retail Banking	Commercial Banking	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	8,341,943	(4,374,068)	661,319	4,629,194
Inter segment revenue - net	(8,945,170)	7,196,644	1,748,526	-
Non mark-up / return / interest income	84,387	-	1,713,419	1,797,806
Total Income	(518,840)	2,822,576	4,123,264	6,427,000
Segment direct expenses	(70,146)	(45,764)	(1,330,520)	(1,446,430)
Inter segment expense allocation	(973,862)	(69,214)	(723,681)	(1,766,757)
Total expenses	(1,044,008)	(114,978)	(2,054,201)	(3,213,187)
Provisions	(5,465)	-	(128,163)	(133,628)
Profit before tax	(1,568,313)	2,707,598	1,940,900	3,080,185
Balance Sheet				
Cash & Bank balances	2,044,942	26,611,539	24,783,340	53,439,821
Investments	328,901,270	-	-	328,901,270
Lendings to financial institutions	48,037,665	-	-	48,037,665
Advances - performing	-	3,191,567	243,041,543	246,233,110
Advances - non-performing	-	4,554	16,922,665	16,927,219
Provision against advances	-	(8,538)	(16,681,982)	(16,690,520)
Net inter segment lending	-	269,509,164	44,171,037	313,680,201
Others	7,432,972	777	32,384,366	39,818,115
Total Assets	386,416,849	299,309,063	344,620,969	1,030,346,881
Borrowings	32,203,793	-	39,475,235	71,679,028
Deposits & other accounts	-	295,355,830	262,907,964	558,263,794
Net inter segment borrowing	313,680,201	-	-	313,680,201
Others	2,215	3,953,233	42,237,770	46,193,218
Total liabilities	345,886,209	299,309,063	344,620,969	989,816,241
Equity	40,530,640	-	-	40,530,640
Total Equity & liabilities	386,416,849	299,309,063	344,620,969	1,030,346,881
Contingencies & Commitments	280,290,547	99,427	182,782,879	463,172,853

31 March 2018 (Un-Audited)

	Trade & Sales	Retail Banking	Commercial Banking	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	5,987,155	(684,251)	(1,503,049)	3,799,855
Inter segment revenue - net	(4,874,920)	962,802	3,912,118	-
Non mark-up / return / interest income	(215,730)	-	1,767,636	1,551,906
Total Income	896,505	278,551	4,176,705	5,351,761
Segment direct expenses	(61,144)	(23,313)	(1,135,662)	(1,220,119)
Inter segment expense allocation	(953,009)	(22,009)	(634,598)	(1,609,616)
Total expenses	(1,014,153)	(45,322)	(1,770,260)	(2,829,735)
Provisions	(1,077)	-	(96,344)	(97,421)
Profit before tax	(118,725)	233,229	2,310,101	2,424,605

31 December 2018 (Audited)

Balance Sheet				
Cash & Bank balances	1,209,795	24,672,447	24,211,613	50,093,855
Investments	341,284,168	-	-	341,284,168
Lendings to financial institutions	11,984,795	-	-	11,984,795
Advances - performing	-	3,167,811	231,825,816	234,993,627
Advances - non-performing	-	3,432	17,676,475	17,679,907
Provision against advances	-	(8,538)	(16,552,152)	(16,560,690)
Net inter segment lending	-	254,934,343	48,738,775	303,673,118
Others	12,852,393	52,983	26,458,340	39,363,716
Total Assets	367,331,151	282,822,478	332,358,867	982,512,496
Borrowings	19,457,589	-	33,551,185	53,008,774
Deposits & other accounts	-	279,208,331	263,631,126	542,839,457
Net inter segment borrowing	303,673,118	-	-	303,673,118
Others	3,748,094	3,614,147	35,176,556	42,538,797
Total liabilities	326,878,801	282,822,478	332,358,867	942,060,146
Equity	40,452,350	-	-	40,452,350
Total Equity & liabilities	367,331,151	282,822,478	332,358,867	982,512,496
Contingencies & Commitments	230,915,612	-	169,893,573	400,809,185

34. TRANSACTIONS WITH RELATED PARTIES

The group has related party relationships with its ultimate parent company, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

Contributions in respect of employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries & allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	31 March 2019 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	67,594	56,335	–	–	–	123,929
Investments						
Opening balance	–	–	–	–	–	–
Investment made during the period	–	–	–	–	–	–
Investment redeemed / disposed off during the period	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–
Advances						
Opening balance	890	2,820,520	115,507	–	–	2,936,917
Addition during the period	–	8,358,964	78,552	–	–	8,437,516
Repaid during the period	(290)	(8,095,362)	(7,311)	–	–	(8,102,963)
Closing balance	600	3,084,122	186,748	–	–	3,271,470
Other Assets						
Mark-up / return / interest accrued	–	28,542	–	–	–	28,542
Prepayments / advance deposits / other receivable	–	14,578	–	–	–	14,578
	–	43,120	–	–	–	43,120
Borrowings						
Opening balance	8,823	–	–	–	–	8,823
Borrowings during the period	–	–	–	–	–	–
Settled during the period	(8,823)	–	–	–	–	(8,823)
Closing balance	–	–	–	–	–	–
Deposits						
Opening balance	396,056	16,199,005	163,874	731,175	3,689,624	21,179,734
Received during the period	2,057,371	412,240,035	812,128	374,530	1,946,865	417,430,929
Withdrawn during the period	(2,140,135)	(413,587,581)	(520,976)	(352,572)	(2,238,837)	(418,840,101)
Closing balance	313,292	14,851,459	455,026	753,133	3,397,652	19,770,562
Other Liabilities						
Mark-up / return / interest payable	–	425,972	4,368	4,031	679,448	1,113,819
Management fee payable for technical and consultancy services*	88,475	–	–	–	–	88,475
Payable against purchase of securities	15,422	–	–	–	–	15,422
Other payables	–	7,499	–	–	214,948	222,447
	103,897	433,471	4,368	4,031	894,396	1,440,163
Contingencies & commitments						
Transaction-related contingent liabilities	–	7,941,346	–	–	–	7,941,346
Trade-related contingent liabilities	–	1,029,785	–	–	–	1,029,785
	–	8,971,131	–	–	–	8,971,131

* Management fee is as per the agreement with the holding company.

	31 December 2018 (Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	112,023	44,688	–	–	–	156,711
Investments						
Opening balance	–	–	–	–	–	–
Investment made during the year	–	–	–	–	–	–
Investment redeemed / disposed off during the year	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–
Advances						
Opening balance	2,204	1,704,636	172,585	–	–	1,879,425
Addition during the year	–	74,713,838	47,080	–	–	74,760,918
Repaid during the year	(1,314)	(73,597,954)	(104,158)	–	–	(73,703,426)
Closing balance	890	2,820,520	115,507	–	–	2,936,917
Other Assets						
Mark-up / return / interest accrued	–	17,113	–	–	–	17,113
Prepayments / Advance deposits / other receivable	–	6,293	–	–	–	6,293
Receivable against purchase of securities	9,174	–	–	–	–	9,174
	9,174	23,406	–	–	–	32,580
Borrowings						
Opening balance	–	–	–	–	–	–
Borrowings during the year	8,823	–	–	–	–	8,823
Settled during the year	–	–	–	–	–	–
Closing balance	8,823	–	–	–	–	8,823
Deposits						
Opening balance	731,705	21,061,604	168,539	675,958	2,404,120	25,041,926
Received during the year	8,548,305	1,648,037,662	600,685	2,393,366	6,166,560	1,665,746,578
Withdrawn during the year	(8,883,954)	(1,652,900,261)	(605,350)	(2,338,149)	(4,881,056)	(1,669,608,770)
Closing balance	396,056	16,199,005	163,874	731,175	3,689,624	21,179,734
Other Liabilities						
Mark-up / return / interest payable	–	351,586	1,295	3,205	633,330	989,416
Management fee payable for technical and consultancy services *	115,344	–	–	–	–	115,344
Other payables	–	6,391	–	–	202,404	208,795
	115,344	357,977	1,295	3,205	835,734	1,313,555
Contingencies & commitments						
Transaction-related contingent liabilities	–	7,531,999	–	–	–	7,531,999
Trade-related contingent liabilities	–	1,999,428	–	–	–	1,999,428
Commitment against operating leases	–	1,681	–	–	–	1,681
	–	9,533,108	–	–	–	9,533,108

* Management fee is as per the agreement with the holding company.

Transactions during the period

	For the period ended 31 March 2019 (Un-Audited)				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Income					
Mark-up / return / interest earned	290	36,960	3,597	–	–
Fee and commission income	1,392	17,241	–	12	–
Rent income	1,404	–	–	–	–
Expense					
Mark-up / return / interest expended	–	404,774	9,672	14,338	107,835
Commission / brokerage / bank charges paid	204	370	–	–	–
Salaries and allowances	–	–	120,971	–	–
Directors' fees and allowances	–	–	–	3,410	–
Charge to defined benefit plan	–	–	–	–	42,540
Contribution to defined contribution plan	–	–	–	–	48,204
Operating lease rentals / rent expenses	–	3,482	–	–	–
Insurance premium expenses	–	7,053	–	–	–
Maintenance, electricity, stationery & entertainment	–	26,307	–	–	–
Management fee expense for technical and consultancy services *	85,477	–	–	–	–
Donation	–	1,480	–	–	–
Professional / other charges	–	684	–	–	–

* Management fee is as per the agreement with the holding company.

Transactions during the period

	For the period ended 31 March 2018 (Un-Audited)					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Income						
Mark-up / return / interest earned	905	9,090	1,709	–	–	11,704
Fee and commission income	1,950	16,035	–	8	–	17,993
Rent income	1,404	–	–	–	–	1,404
Expenses						
Mark-up / return / interest expensed	–	288,333	2,640	7,176	59,713	357,862
Commission / brokerage / bank charges paid	160	316	–	–	–	476
Salaries and allowances	–	–	100,887	–	–	100,887
Directors' fees and allowances	–	–	–	4,150	–	4,150
Charge to defined benefit plan	–	–	–	–	38,987	38,987
Contribution to defined contribution plan	–	–	–	–	46,908	46,908
Operating lease rentals / rent expenses	–	3,635	–	–	–	3,635
Insurance premium expenses	–	3,636	–	–	–	3,636
Maintenance, electricity, stationery & entertainment	–	25,073	–	–	–	25,073
Management fee expense for technical and consultancy services *	84,074	–	–	–	–	84,074
Donation	–	6,119	–	–	–	6,119

* Management fee is as per the agreement with the holding company.

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	35,234,094	34,907,701
Eligible Additional Tier 1 (ADT 1) Capital	–	–
Total Eligible Tier 1 Capital	35,234,094	34,907,701
Eligible Tier 2 Capital	1,539,445	915,322
Total Eligible Capital (Tier 1 + Tier 2)	36,773,539	35,823,023
Risk Weighted Assets (RWAs):		
Credit Risk	249,671,677	235,418,319
Market Risk	1,625,151	1,571,342
Operational Risk	36,732,187	36,732,186
Total	288,029,015	273,721,847
CET 1 Capital Adequacy Ratio	12.23%	12.75%
Tier 1 Capital Adequacy Ratio	12.23%	12.75%
Total Capital Adequacy Ratio	12.77%	13.09%
Minimum capital requirements prescribed by SBP		
Common Equity Tier 1 Capital Adequacy Ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.90%	11.90%

Banks use simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

Leverage Ratio (LR):

Eligible Tier-1 Capital	35,234,094	34,907,701
Total Exposures	890,013,728	830,913,057
Leverage Ratio	3.96%	4.20%

36. ISLAMIC BANKING BUSINESS

The holding company is operating 31 (31 December 2018: 31) Islamic banking branches and 219 (2018: 216) Islamic banking windows at the end of during the period / year.

	Note	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		2,964,777	3,340,608
Balances with other banks		–	–
Due from financial institutions	36.1	17,554,218	1,000,000
Investments	36.2	10,023,789	21,312,705
Islamic financing and related assets - net	36.3	17,935,367	17,715,168
Fixed assets		87,790	82,121
Intangible assets		–	–
Due from Head Office		565,576	1,056,134
Other assets		1,687,062	1,605,849
Total Assets		50,818,579	46,112,585
LIABILITIES			
Bills payable		626,786	657,934
Due to financial institutions		2,102,854	1,864,574
Deposits and other accounts	36.4	43,411,010	38,684,214
Due to Head Office		–	–
Subordinated debt		–	–
Other liabilities		1,382,236	1,473,908
		47,522,886	42,680,630
NET ASSETS		3,295,693	3,431,955
REPRESENTED BY			
Islamic banking fund		3,003,520	3,003,472
Reserves		–	–
Surplus / (deficit) on revaluation of assets		6,246	(17,981)
Unappropriated profit		285,927	446,464
		3,295,693	3,431,955
CONTINGENCIES AND COMMITMENTS			
	36.5		

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

	Note	31 March 2019 (Un-Audited) Rupees in '000	31 March 2018 (Un-Audited) Rupees in '000
Profit / return earned	36.6	1,012,743	631,390
Profit / return expensed	36.7	(604,417)	(435,707)
Net Profit / return		408,326	195,683
Other income			
Fee and Commission Income		36,855	35,256
Dividend Income		—	—
Foreign Exchange Income		8,143	6,315
Income / (loss) from derivatives		—	—
Gain / (loss) on securities		415	(5)
Other Income		5,209	4,131
Total other income		50,622	45,697
Total Income		458,948	241,380
Other expenses			
Operating expenses		169,367	139,588
Workers Welfare Fund		—	—
Other charges		85	78
Total other expenses		169,452	139,666
Profit before provisions		289,496	101,714
Provisions and write offs - net		(3,569)	(13,560)
Profit before taxation		285,927	88,154

36.1 Due from Financial Institutions

	31 March 2019 (Un-Audited)			31 December 2018 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	Rupees in '000					
Unsecured						
Musharaka	4,900,000	—	4,900,000	1,000,000	—	1,000,000
Bai-muajjal receivable from State Bank of Pakistan	12,654,218	—	12,654,218	—	—	—
	<u>17,554,218</u>	<u>—</u>	<u>17,554,218</u>	<u>1,000,000</u>	<u>—</u>	<u>1,000,000</u>

36.2 Investments by segments:

	31 March 2019				31 December 2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities:								
-Ijarah sukuk	-	-	-	-	11,313,145	-	(26,794)	11,286,351
-Bai-muajjal	3,608,688	-	-	3,608,688	3,608,688	-	-	3,608,688
	3,608,688	-	-	3,608,688	14,921,833	-	(26,794)	14,895,039
Non Government Debt Securities								
-Listed	5,537,142	-	3,007	5,540,149	5,537,142	-	3,805	5,540,947
-Unlisted	871,713	-	3,239	874,952	871,711	-	5,008	876,719
	6,408,855	-	6,246	6,415,101	6,408,853	-	8,813	6,417,666
Total Investments	10,017,543	-	6,246	10,023,789	21,330,686	-	(17,981)	21,312,705

36.3 Islamic financing and related assets - net

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
Ijarah	390,400	398,097
Murabaha	6,175,792	5,906,879
Working capital musharaka	2,215,505	2,533,380
Diminishing musharaka	3,529,253	3,532,275
Istisna	1,305,101	1,029,204
Export refinance murabaha	629,754	497,902
Export refinance istisna	32,143	923,713
Al-Bai financing	135,267	316,194
Advances against:		
Ijarah	94,166	123,988
Murabaha	243,566	349,302
Diminishing musharaka	558,048	596,470
Istisna	1,127,153	1,064,759
Export refinance murabaha	79,289	127,507
Export refinance istisna	1,467,834	326,288
Inventory related to		
Al-Bai goods	168,490	240,116
Istisna goods	205,670	167,589
Gross Islamic financing and related assets	18,357,431	18,133,663
Provision against non-performing Islamic financing	(422,064)	(418,495)
Islamic financing and related assets - net of provision	17,935,367	17,715,168

	31 March 2019 (Un-Audited)	31 December 2018 (Audited)
	Rupees in '000	
36.4 Deposits		
Customers		
Current deposits	8,702,200	8,363,646
Savings deposits	17,472,311	18,287,455
Term deposits	12,626,289	10,834,638
	<u>38,800,800</u>	<u>37,485,739</u>
Financial Institutions		
Current deposits	4,202	2,054
Savings deposits	781,008	756,421
Term deposits	3,825,000	440,000
	<u>4,610,210</u>	<u>1,198,475</u>
	<u>43,411,010</u>	<u>38,684,214</u>
36.5 Contingencies and commitments		
Guarantees	1,200,504	1,893,613
Commitments	4,007,134	3,362,786
	<u>5,207,638</u>	<u>5,256,399</u>
36.6 Profit / return earned on financing, investments and placement		
Profit earned on:		
Financing	413,639	201,129
Investments	333,111	373,466
Placements	265,993	56,795
	<u>1,012,743</u>	<u>631,390</u>
36.7 Profit on deposits and other dues expensed		
Deposits and other accounts	594,895	426,590
Due to financial institutions	9,522	9,117
	<u>604,417</u>	<u>435,707</u>
36.8 Unappropriated profit		
Opening balance	446,464	283,058
Add: Islamic banking profit for the period	285,927	446,464
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred to head office	(446,464)	(283,058)
Closing balance	<u>285,927</u>	<u>446,464</u>

37. GENERAL

37.1 The figures have been rounded off to nearest thousand rupees, unless otherwise stated.

37.2 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the revised forms of quarterly financial statements of the Banks' issued by the SBP through its BPRD Circular letter No. 05 of 2019.

38. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on 19 April 2019 by the Board of Directors of the holding company.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

MOHOMED BASHIR
Director

SOHAIL HASAN
Director

MOHAMEDALI R. HABIB
Chairman



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