FAYSAL BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited December 31, 2018
		---------- Rupees '000 ----------	
ASSETS			
Cash and balances with treasury banks	9	41,517,280	43,173,993
Balances with other banks	10	1,929,639	1,847,595
Lendings to financial institutions	11	33,654,894	2,997,486
Investments	12	125,836,170	214,185,591
Advances	13	297,849,525	296,444,861
Fixed assets	14	18,025,996	11,612,007
Intangible assets	15	1,316,028	1,331,731
Deferred tax assets	16	168,927	183,206
Other assets	17	25,370,405	28,137,713
		545,668,864	599,914,183
LIABILITIES			
Bills payable	18	8,670,753	23,543,525
Borrowings	19	40,387,019	98,351,921
Deposits and other accounts	20	422,132,974	409,383,802
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	29,209,290	25,136,420
		500,400,036	556,415,668
NET ASSETS		45,268,828	43,498,515
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		8,710,722	8,778,908
Surplus on revaluation of assets	22	5,302,571	5,093,667
Unappropriated profit		16,078,570	14,448,975
		45,268,828	43,498,515
CONTINGENCIES AND COMMITMENTS	23		

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018 Restated
		---------- Rupees '000 ----------	
Mark-up / return / interest earned	25	12,205,025	7,224,092
Mark-up / return / interest expensed	26	7,260,647	3,844,034
Net mark-up / interest income		4,944,378	3,380,058
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	786,103	766,072
Dividend income		75,148	15,232
Foreign exchange income		792,462	408,677
Income from derivatives		53,272	18,140
(Loss) / gain on securities	28	(47,449)	267,786
Other income	29	45,865	47,972
Total non-markup / interest income		1,705,401	1,523,879
Total income		6,649,779	4,903,937
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	3,790,199	3,135,434
Workers welfare fund		62,568	76,644
Other charges	31	6,177	-
Total non-markup / interest expenses		3,858,944	3,212,078
Profit before provisions		2,790,835	1,691,859
Reversal of provision and recoveries against writen-off debts - net	32	(206,304)	(312,878)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,997,139	2,004,737
Taxation	33	1,388,348	785,845
PROFIT AFTER TAXATION		1,608,791	1,218,892
		---------- Rupees ----------	
Basic / diluted earnings per share	34	1.06	0.80

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Quarter ended	
	March 31, 2019	**March 31, 2018**
	---------- Rupees '000 ----------	
Profit after taxation for the period	1,608,791	1,218,892
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of investments - net of tax	229,708	18,150
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
- Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
Total comprehensive income	1,838,499	1,237,042

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

President & CEO	**Chief Financial Officer**	**Chairman**	**Director**	**Director**

FAYSAL BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2019

	Share capital	Reserves						Surplus / (deficit) on revaluation of			Unappro-priated profit	Total
		Capital				Statutory reserve	Total	Invest-ments	Fixed assets/ Non-banking assets	Total		
		Reserve for Issue of bonus shares	Share premium	Non-distri-butable capital reserve (NCR)-gain on bargain purchase	Reserve arising on amal-gamation							
	Rupees '000											
Balance as at January 1, 2018 (audited)	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,499,528	39,246,470
Transfer to reserve for issue of bonus shares	-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	-	-	-	-	-	1,218,892	1,218,892
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	1,218,892	1,218,892
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	-	-	-	(31,217)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	18,150	(20,373)	(2,223)	20,373	18,150
Balance as at March 31, 2018 (un-audited)	13,197,361	1,979,604	10,131	725,656	23,952	7,145,382	9,884,725	19,599	5,591,421	5,611,020	11,759,189	40,452,295
Profit after taxation for the period from April 1, 2018 to December 31, 2018	-	-	-	-	-	-	-	-	-	-	3,618,291	3,618,291
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(455,545)	(695)	(456,240)	(22,181)	(478,421)
Total comprehensive income	-	-	-	-	-	-	-	(455,545)	(695)	(456,240)	3,596,110	3,139,870
Transfer to statutory reserve	-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(61,113)	(61,113)	61,113	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets - customer relationship	-	-	-	(93,650)	-	-	(93,650)	-	-	-	-	(93,650)
Transactions with owners, recorded directly in equity												
- Bonus shares issued	1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-
Balance as at December 31, 2018 (audited)	15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,448,975	43,498,515
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	-	-	1,608,791	1,608,791
Other comprehensive income - net of tax	-	-	-	-	-	-	-	229,708	-	229,708	-	229,708
Total comprehensive income	-	-	-	-	-	-	-	229,708	-	229,708	1,608,791	1,838,499
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(20,804)	(20,804)	20,804	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(68,186)	-	-	(68,186)	-	-	-	-	(68,186)
Transactions with owners, recorded directly in equity												
- Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-	-	-	-	-	-
- Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019 (un-audited)	**15,176,965**	**-**	**10,131**	**563,820**	**23,952**	**8,112,819**	**8,710,722**	**(206,238)**	**5,508,809**	**5,302,571**	**16,078,570**	**45,268,828**

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019	March 31, 2018
	---------- Rupees '000 ----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,997,139	2,004,737
Less: dividend income	(75,148)	(15,232)
	2,921,991	1,989,505
Adjustments:		
Depreciation	704,930	215,919
Amortisation	29,510	48,513
Depreciation on non-banking assets	3,564	3,564
Workers' Welfare Fund	62,568	76,644
Reversal of provision against loans and advances - net	(191,003)	(303,759)
Reversal of provision for diminution in value of investments - net	(1,353)	(11,464)
Provision against off balance sheet obligations	6,773	28,320
Loss / (gain) on securities unrealised - held for trading - net	6,841	(1,613)
Gain on sale of fixed assets - net	(2,355)	(4,773)
Gain on sale of non-banking assets	-	-
Charge for defined benefit plan	-	30,905
Income from derivative contracts - net	(53,272)	(18,140)
Recovery of written off / charged off bad debts	(20,721)	(25,975)
	545,482	38,141
	3,467,473	2,027,646
Decrease / (increase) in operating assets		
Lendings to financial institutions	(30,657,408)	(17,546,733)
Held-for-trading securities	25,180,361	24,585,861
Advances	(1,192,940)	(21,520,070)
Others assets (excluding advance taxation)	2,058,269	259,452
	(4,611,718)	(14,221,490)
Increase / (decrease) in operating liabilities		
Bills Payable	(14,872,772)	779,504
Borrowings from financial institutions	(58,000,540)	(20,758,485)
Deposits	12,749,172	11,413,380
Other liabilities (excluding current taxation)	4,064,536	3,978,649
	(56,059,604)	(4,586,952)
Income tax paid	(726,906)	(716,294)
Net cash flow used in operating activities	(57,930,755)	(17,497,090)
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment in available for sale securities	63,247,090	12,974,017
Net investment in held to maturity securities	249,072	299,532
Dividends received	1,122	15,909
Investment in operating fixed assets	(7,181,348)	(216,498)
Proceeds from sale of fixed assets	2,951	6,043
Proceeds from sale of non-banking assets	-	-
Net cash flow generated from investing activities	56,318,887	13,079,003
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / (payments) of sub-ordinated debt	-	-
Dividend paid	1,561	20,978
Net cash flow used in financing activities	1,561	20,978
Decrease in cash and cash equivalents	(1,610,307)	(4,397,109)
Cash and cash equivalents at the beginning of the period	44,879,962	39,488,907
Cash and cash equivalents at the end of the period	43,269,655	35,091,798

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984. Its shares are listed on Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 455 branches (December 31, 2018: 455); including 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1) in Pakistan.

The Registered Office of the Bank is located at Faysal House, ST-02, Shahra-e-Faisal, Karachi.

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2018: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

1.2 Based on the unconsolidated financial statements of the Bank for the period ended September 30, 2018 and for the year ended December 31, 2017, the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: 'A1+').

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.2 The financial results of the Islamic banking branches have been consolidated in these condensed interim unconsolidated financial statements for reporting purposes only. Inter branch transactions and balances have been eliminated.

2.3 In accordance with the directives issued by the SBP, the statement of financial position and the profit and loss account of Islamic banking branches of the Bank are disclosed in note 39 to these condensed interim unconsolidated financial statements.

2.4 The Bank has controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These condensed interim financial statements represent the unconsolidated results of the Bank and a separate set of condensed interim consolidated financial statements are also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

3.1 These condensed interim unconsolidated 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 applicable in Pakistan for interim financial reporting comprise of:

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives have been followed.

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' (replaced by IFRS 9, 'Financial Instruments') and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended March 31, 2019 the Bank has adjusted amortisation of intangible assets amounting to Rs. 68.186 million (net of tax) from the Non-distributable Capital Reserve.

3.4 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these condensed interim unconsolidated financial statements.

3.5 The SECP has directed that the requirements of IFRS 10, 'Consolidated Financial Statements' are not applicable in case of investments by Companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of mutual funds are not considered in these condensed interim unconsolidated financial statements.

3.6 These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019, and should be read in conjuction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2018.

4 BASIS OF MEASUREMENT

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention, except that certain fixed assets and non-banking assets acquired in satisfaction of claims are carried at revalued amounts, certain investments and derivative contracts have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2018 except for the changes as disclosed in note 6.3 of these condensed interim unconsolidated financial statements.

6.1 Amendments to the accounting and reporting standards that are effective in the current period

The Bank has applied the following amendments for the first time for their accounting period commencing January 1, 2019:

6.1.1 The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 dated March 22, 2019 has amended the format of interim financial statements of banks. All banks are directed to prepare their interim financial statements on the revised format effective from the accounting year ending December 31, 2019. Accordingly the Bank has prepared these condensed interim unconsolidated financial statements on the new format prescribed by the SBP. The new format is consistent with the annual audited financial statements in classification and presentation perspective therefore no remeasurement or reclassification were made in these condensed interim unconsolidated financial statements.

6.1.2 Effective from January 1, 2019, the Bank has adopted IFRS 15, "Revenue from contracts with customers" which has replaced IAS 18, "Revenue". The standard addresses recognition and measurement of revenue from customers.

The adoption of IFRS 15 did not have any significant impact on recognition and measurement of revenue on the date of its adoption.

6.1.3 Effective from January 1, 2019, the Bank has also adopted IFRS 16, "Leases" which has replaced IAS 17, "Leases". The standard addresses recognition and measurement of leases for both lessor and lessee.

The impacts of adoption of IFRS 16 are further given in note 6.3 below.

6.2 Standards, interpretations of and amendments to the accounting and reporting standard that are not yet

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, Interpretations or Amendments	Effective date
- IFRS 9 - 'Financial Instruments'	Accounting period ending or after June 30, 2019
- IFRS 3 - 'Business Combinations' (amendements)	Accounting period begning on or after January 1, 2020
- IAS 1 - 'Presentation of Financial Statements' (amendements)	Accounting period begning on or after January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendements)	Accounting period begning on or after January 1, 2020

6.3 Change in Accounting Policy

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive 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 the underlying asset and a lease liability representing its obligations 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 adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The impact of this standard are therefore recognised in the balance sheet on January 1, 2019.

On adoption of IFRS 16, the Bank recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019.

	(Rupees in '000)
Operating lease as at December 31, 2018	10,708,369
Impact of adoption of IFRS 16	(4,132,083)
Lease liability recognised as at January 1, 2019	6,576,286
Of which are:	
Current lease liabilities	631,282
Non-current lease liabilities	5,945,004
	6,576,286

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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

	March 31, 2019	January 1, 2019
	---------- Rupees in '000 ----------	
Property	6,709,529	7,178,178
Total right-of-use assets	6,709,529	7,178,178

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

Property plant and equipment - increased by Rs.7,178 million
Other liabilities which includes lease liabilities increased by Rs. 6,576 million
Other assets which includes prepayments decreased by Rs. 601.892 million

The change in accounting policy affected the following items in the profit and loss account on January 1, 2019:

Markup expense - increased by Rs. 189.269 million
Administrative expenses which includes depreciation and rent expenses increased by Rs. 94.649 million

The net impact of profit before tax, profit after tax and retained earnings decreased by Rs 283.919 million, Rs 173.191 million and Rs 173.191 million respectively. Where as EPS has been decreased by Rs 0.11 per share.

Bank leasing activities

The Bank leases various premesis for branch network. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Until December 31, 2018, these leases were classified operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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

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

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

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

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

1. The amount of the initial measurement of lease liability
2. Any lease payments made at or before the commencement date less any lease incentives received
3. Any initial direct costs, and
4. Restoration costs.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018.

8 FINANCIAL RISK MANAGEMENT

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

	Un-audited March 31, 2019	Audited December 31, 2018
9 CASH AND BALANCES WITH TREASURY BANKS	---------- Rupees '000 ----------	
In hand		
- Local currency	9,199,023	10,351,342
- Foreign currency	2,837,618	2,444,182
	12,036,641	12,795,524
With State Bank of Pakistan in		
- Local currency current account	19,902,972	17,961,225
- Foreign currency current account	1,725,970	1,684,395
- Foreign currency deposit account	5,008,083	4,977,571
	26,637,025	24,623,191
With National Bank of Pakistan in		
- Local currency current account	2,833,663	5,746,092
Prize bonds	9,951	9,186
	41,517,280	43,173,993
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- In current account	989,985	1,388,625
Outside Pakistan		
- In current account	939,654	458,970
	1,929,639	1,847,595
11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	4,000,000	-
Repurchase agreement lendings (reverse repo)	29,654,894	2,997,486
	33,654,894	2,997,486
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	33,654,894	2,997,486

12 INVESTMENTS

12.1 Investments by type:

	Note	Un-audited March 31, 2019 Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Audited December 31, 2018 Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		---------- Rupees '000 ----------							
Held-for-trading securities									
Federal Government securities		5,980,209	-	(40)	5,980,169	31,630,477	-	(11,067)	31,619,410
Shares		469,907	-	(17,868)	452,039	-	-	-	-
		6,450,116	-	(17,908)	6,432,208	31,630,477	-	(11,067)	31,619,410
Available-for-sale securities									
Federal Government securities		52,539,110	-	(129,136)	52,409,974	151,416,453	-	(199,053)	151,217,400
Shares		8,876,942	1,430,002	(216,315)	7,230,625	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities		43,331,489	559,787	7,355	42,779,057	7,443,897	559,787	9,355	6,893,465
		104,747,541	1,989,789	(338,096)	102,419,656	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities									
Federal Government securities	12.2	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt Securities		16,297,890	1,550,525	-	14,747,365	16,546,962	1,552,757	-	14,994,205
		17,894,938	1,550,525	-	16,344,413	18,144,010	1,552,757	-	16,591,253
Associates *									
Fully paid up ordinary shares of									
Faysal Asset Management Limited		-	-	-	-	-	-	-	-
Subsidiary *									
Fully paid up ordinary shares of									
Faysal Asset Management Limited		639,893	-	-	639,893	639,893	-	-	639,893
Total Investments		129,732,488	3,540,314	(356,004)	125,836,170	218,409,011	3,541,667	(681,753)	214,185,591

* *related parties*

		Un-audited March 31, 2019	Audited December 31, 2018
		---------- Rupees '000 ----------	
12.2	Bai Muajjal - gross	2,212,625	2,212,625
	Less: deferred income	(554,918)	(605,467)
	Less: profit receivable shown in other assets	(60,659)	(10,110)
	Bai Muajjal - net	1,597,048	1,597,048

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.36% per annum (December 31, 2018: 12.36%) maturing in December, 2021.

		Un-audited March 31, 2019	Audited December 31, 2018
12.3	**Investments given as collateral**	--------- Rupees '000 ---------	
	- Market treasury bills	25,712,076	59,034,240

12.4 Provision for diminution in value of investments

12.4.1	Opening balance	3,541,667	3,448,776
	Charge / (reversals)		
	Charge for the period / year	5,788	229,043
	Reversals during the period / year	(7,141)	(136,152)
		(1,353)	92,891
	Closing Balance	3,540,314	3,541,667

12.4.2 Particulars of provision against debt securities

	Un-audited		Audited	
	March 31, 2019		December 31, 2018	
Category of classification	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	---------- Rupees '000 ----------			
Domestic				
- Other assets especially mentioned	-	-	-	-
- Substandard	-	-	-	-
- Doubtful	-	-	-	-
- Loss	2,110,312	2,110,312	2,112,544	2,112,544
	2,110,312	2,110,312	2,112,544	2,112,544

The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 14,858.996 million (December 31, 2018: Rs. 15,490.626 million).

12.5 Investment in subsidiary

Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the requirements of the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Particulars of the assets and liabilities of the subsidiary / associate	Un-audited March 31, 2019	Audited December 31, 2018
	--------- Rupees '000 ---------	
Revenue	32,413	110,012
Net loss	(10,955)	(54,091)
Total assets	336,184	380,587
Liabilities	41,372	74,743
Net assets	294,812	305,845
Percentage (%) holding of the Bank	99.99%	99.99%

13 ADVANCES

	Performing		Non Performing		Total	
	Un-audited March 31, 2019	Audited December 31 2018	Un-audited March 31, 2019	Audited December 31 2018	Un-audited March 31, 2019	Audited December 31 2018
	Rupees '000					
Loans, cash credits, running finances, etc.	195,060,379	210,086,919	26,061,189	25,712,067	221,121,568	235,798,986
Islamic financing and related assets	92,932,837	78,493,045	471,996	475,784	93,404,833	78,968,829
Bills discounted and purchased	6,437,922	4,990,707	505,311	499,787	6,943,233	5,490,494
Margin financing / reverse repo transactions	-	-	-	-	-	-
Advances - gross	294,431,138	293,570,671	27,038,496	26,687,638	321,469,634	320,258,309
Provision against advances						
- Specific	-	-	(22,924,281)	(23,135,261)	(22,924,281)	(23,135,261)
- General	(695,828)	(678,187)	-	-	(695,828)	(678,187)
	(695,828)	(678,187)	(22,924,281)	(23,135,261)	(23,620,109)	(23,813,448)
Advances - net of provision	293,735,310	292,892,484	4,114,215	3,552,377	297,849,525	296,444,861

13.1 Particulars of advances (Gross)

	Un-audited March 31, 2019	Audited December 31, 2018
	Rupees '000	
- In local currency	320,950,112	319,538,262
- In foreign currencies	519,522	720,047
	321,469,634	320,258,309

13.2 Advances include Rs. 27,038 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

	Un-audited		Audited	
	March 31, 2019		December 31, 2018	
Category of Classification	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees '000			
Domestic				
- Other Assets Especially Mentioned	270,483	-	198,389	100
- Substandard	1,862,727	262,285	1,241,631	158,324
- Doubtful	1,381,376	602,099	1,525,467	660,373
- Loss	23,523,910	22,059,897	23,722,151	22,316,464
Total	27,038,496	22,924,281	26,687,638	23,135,261

13.3 Particulars of provision against advances

	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	Specific	General	Total	Specific	General	Total
	---------- Rupees '000 ----------					
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the period / year	285,623	17,641	303,264	1,672,814	109,521	1,782,335
Reversals during the period / year	(494,267)	-	(494,267)	(2,215,946)	-	(2,215,946)
	(208,644)	17,641	(191,003)	(543,132)	109,521	(433,611)
Amounts written off	(2,336)	-	(2,336)	(48,008)	-	(48,008)
Amounts charged off -						
agriculture financing	-	-	-	-	-	-
Transfer of provision	-	-	-	-	-	-
Closing balance	22,924,281	695,828	23,620,109	23,135,261	678,187	23,813,448

13.3.2 As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,596.670 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2019. The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,037.836 million (December 31, 2018: Rs 951.717 million).

13.3.3 As per the Prudential Regulations, SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The Bank also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between the 0.5% to 1.5% based on the non-performing loan ratio present in the portfolio.

The Bank is also required to maintain a general reserve of 1% against un-secured Small Enterprise financing portfolio as per the applicable requirements of the Prudential Regulations issued by the SBP.

13.3.4 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loans, however, the Bank still holds enforceable collateral against certain non-performing loans in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

		Note	Un-audited March 31, 2019	Audited December 31, 2018
14	**FIXED ASSETS**		------- Rupees '000 -------	
	Capital work-in-progress	14.1	619,197	475,098
	Property and equipment		17,406,799	11,136,909
			18,025,996	11,612,007
14.1	**Capital work-in-progress**			
	Civil works		197,049	188,143
	Equipment		197,972	142,598
	Advances to suppliers		224,176	144,357
			619,197	475,098

	Un-audited	
	March 31, 2019	March 31, 2018
14.2 Additions to fixed assets	-------- Rupees '000 --------	
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	452,225	186,408
Property and equipment		
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	44,613	20,169
Electrical office and computer equipment	176,451	101,465
Vehicles	1,192	39
Others	84,944	113,397
	307,200	235,070
Total	759,425	421,478

14.3 Disposal of fixed assets

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

Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	3	62
Electrical office and computer equipment	212	206
Vehicles	928	975
Others	-	29
Total	1,143	1,272

	Un-audited March 31, 2019	Audited December 31, 2018
15 INTANGIBLE ASSETS	------- Rupees '000 -------	
Capital work-in-progress	254,070	224,492
Intangibles	1,061,958	1,107,239
	1,316,028	1,331,731
Capital work-in-progress		
Computer software	254,070	224,492

	Un-audited	
	March 31, 2019	March 31, 2018
15.1 Additions to intangible assets	-------- Rupees '000 --------	
The following additions have been made to intangible assets during the period:		
Developed internally	-	-
Directly purchased	32,854	431
Through business combinations	-	-
Total	32,854	431

15.2 Disposals of intangible assets

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

Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-

	Note	Un-audited March 31, 2019	Audited December 31, 2018
16 DEFERRED TAX ASSETS		------- Rupees '000 -------	
Deductible temporary differences on			
- Provision for diminution in the value of investments		108,788	95,977
- Provision against advances, off balance sheet etc.		1,590,413	1,427,294
- Provision against other assets		104,762	94,017
- Surplus on revaluation of investments		131,858	234,738
		1,935,821	1,852,026
Taxable temporary differences on			
- Surplus on revaluation of fixed assets		(1,307,402)	(1,184,279)
- Surplus on revaluation of non banking assets		(23,377)	(23,377)
- Fair value adjustment relating to net assets acquired upon amalgamation		(360,475)	(340,314)
- Accelerated tax depreciation		(75,640)	(120,850)
		(1,766,894)	(1,668,820)
		168,927	183,206
17 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		7,308,667	5,059,391
Income / mark-up accrued in foreign currency - net of provision		69,237	66,476
Advances, deposits, advance rent and other prepayments		794,411	1,226,008
Advance taxation (payments less provisions)		2,729,597	3,562,370
Non-banking assets acquired in satisfaction of claims		1,803,938	1,807,502
Mark to market gain on forward foreign exchange contracts		2,676,936	2,868,688
Acceptances	21	7,014,494	10,899,656
Credit cards and other products fee receivable		329,175	334,588
Receivable from brokers against sale of shares		61,417	447,272
Dividend receivable		149,374	75,348
Prepaid employee benefits		-	-
Others		1,429,705	786,960
		24,366,951	27,134,259
Less: Provision held against other assets	17.1	(257,564)	(257,564)
Other assets (net of provision)		24,109,387	26,876,695
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,261,018	1,261,018
Other assets - total		25,370,405	28,137,713
17.1 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		64,383	64,383
Fraud forgery theft and account receivable		13,802	13,802
Security deposits		22,994	22,994
Others		81,037	81,037
		257,564	257,564
17.1.1 Movement in provision held against other assets			
Opening balance		257,564	249,980
Charge for the period / year		-	9,782
Reversals during the period / year		-	(2,198)
		-	7,584
Amount written off		-	-
Closing balance		257,564	257,564
18 BILLS PAYABLE			
In Pakistan		8,670,753	23,543,525
Outside Pakistan		-	-
		8,670,753	23,543,525

19	BORROWINGS	Note	Un-audited March 31, 2019	Audited December 31, 2018
			-------- Rupees '000 --------	
	Secured			
	Borrowings from the State Bank of Pakistan			
	- Under export refinance scheme - Part I and II	19.1	11,093,935	11,895,711
	- Under long term financing facility	19.2	2,264,615	1,786,815
	- Under long term financing facility for renewable power energy (RPE)	19.3	962,784	962,784
	- Under scheme of financing facility for storage of agricultural produce	19.4	103,087	117,219
	- Under Islamic export refinance scheme	19.5	4,653,104	4,107,833
			19,077,525	18,870,362
	Repurchase agreement borrowings		-	58,968,300
	Total secured		19,077,525	77,838,662
	Unsecured			
	Call borrowings		-	325,000
	Overdrawn nostro accounts		177,264	141,626
	Musharaka acceptances	19.6	8,615,000	7,700,000
	Other borrowings	19.7	12,517,230	12,346,633
	Total unsecured		21,309,494	20,513,259
			40,387,019	98,351,921

19.1 In accordance with the Export Refinance Scheme (ERF), the Bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. Borrowing from the SBP under the export refinance scheme is secured by the Bank's cash and security balances held by the SBP. The mark-up rates on this facility was 1% and 2% per annum (December 31, 2018: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.

19.2 These represent borrowings from the SBP under scheme for long term financing facility. The markup rates on these facilities are ranging from 2% to 4.5% per annum (December 31, 2018: 2% to 4.5% per annum) payable on quarterly basis, with maturities upto December 2028. As per the terms of the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the respective date of maturity of finances by directly debiting the current account of the Bank maintained with the SBP.

19.3 These represent borrowings from the SBP under scheme for long term financing facility for Renewable Power Energy (RPE). The mark-up rates on these facilities are 2% per annum, payable on quarterly basis, with maturities upto December 2028. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

19.4 These represent borrowings from the SBP under scheme of Financing Facility for Storage of Agricultural Produce. The mark-up rates on these facilities are ranging from 2.5% to 3.5% per annum (December 31, 2018: 2.5% to 3.5%) payable on quarterly basis with maturities upto September 2023. As per the agreement, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP.

19.5 In accordance with the Islamic Export Refinance Scheme (IERS), the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. The average mark-up rate on this facility is 2.28% (December 31, 2018: 2.28%) payable on quarterly basis with maturities upto 180 days from the date of grant.

19.6 These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 9.25% to 10.25% per annum (December 31, 2018: 9.50% to 9.80% per annum). These deals have maturities upto May 2019.

19.7 This represents borrowings from a foreign financial institution. The mark-up rates on these borrowings are ranging from 3.80% to 4.76% per annum (December 31, 2018: 3.28% to 4.76%) with maturities upto July 2019.

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---------- Rupees '000 ----------					
Customers						
Current deposits – remunerative	4,218,376	-	4,218,376	4,063,646	-	4,063,646
Current deposits – non-remunerative	120,004,063	15,001,528	135,005,591	112,565,332	14,367,150	126,932,482
Savings deposits	121,614,016	15,282,184	136,896,200	110,520,860	15,358,413	125,879,273
Term deposits	114,356,830	5,042,771	119,399,601	116,529,111	3,898,877	120,427,988
Margin deposits	2,576,659	44,327	2,620,986	2,721,574	47,179	2,768,753
	362,769,944	35,370,810	398,140,754	346,400,523	33,671,619	380,072,142
Financial Institutions						
Current deposits	1,282,148	59,947	1,342,095	1,129,922	49,068	1,178,990
Savings deposits	13,784,925	-	13,784,925	20,950,300	-	20,950,300
Term deposits	8,865,200	-	8,865,200	7,182,370	-	7,182,370
	23,932,273	59,947	23,992,220	29,262,592	49,068	29,311,660
	386,702,217	35,430,757	422,132,974	375,663,115	33,720,687	409,383,802

21 OTHER LIABILITIES

	Note	Un-audited March 31, 2019	Audited December 31, 2018
		-------- Rupees '000 --------	
Mark-up / return / interest payable in local currency		2,618,149	1,962,508
Mark-up / return / interest payable in foreign currency		29,210	19,891
Unearned commission and income on bills discounted		120,321	66,698
Accrued expenses		2,310,266	2,081,150
Acceptances	17	7,014,494	10,899,656
Unclaimed dividends		46,697	45,136
Mark to market loss on forward foreign exchange contracts		992,483	1,239,594
Branch adjustment account		9,091	5,301
Charity fund balance		2,690	1,409
Provision against off-balance sheet obligations	21.2	132,011	125,238
Security deposits against lease		1,839,492	2,067,095
Withholding tax payable		115,697	83,975
Federal excise duty payable		23,741	52,450
Payable to brokers against purchase of shares		193,254	897,109
Fair value of derivative contracts		776,134	771,326
Short sale Pakistan Investment Bonds		2,046,138	-
Credit cards and other products payables		1,103,146	895,567
Leased liability		6,483,346	-
Token money against disposal of assets		610,003	572,276
Fund held as security		214,698	214,698
Others	21.1	2,528,229	3,135,343
		29,209,290	25,136,420

21.1 This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited - a related party against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million.

		Note	Un-audited March 31, 2019	Audited December 31, 2018
21.2	**Provision against off-balance sheet obligations**		---------- Rupees '000 ----------	
	Opening balance		125,238	101,090
	Exchange adjustment		-	-
	Charge for the period / year		6,773	57,434
	Reversals during the period / year		-	(33,286)
			6,773	24,148
	Closing balance		132,011	125,238
22	**SURPLUS ON REVALUATION OF ASSETS - NET OF TAX**			
	Surplus / (deficit) on revaluation of			
	- Available for sale securities		(338,096)	(670,686)
	- Fixed assets		5,467,810	5,476,251
	- Non-banking assets acquired in satisfaction of claims		1,261,018	1,261,018
			6,390,732	6,066,583
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities		131,858	234,740
	- Fixed assets		(1,196,268)	(1,184,279)
	- Non-banking assets acquired in satisfaction of claims		(23,751)	(23,377)
			(1,088,161)	(972,916)
			5,302,571	5,093,667
23	**CONTINGENCIES AND COMMITMENTS**			
	- Guarantees	23.1	18,226,940	17,988,308
	- Commitments	23.2	247,986,873	230,966,872
	- Other contingent liabilities	23.3	4,293,244	4,293,244
			270,507,057	253,248,424
23.1	**Guarantees:**			
	Financial guarantees		1,417,536	1,417,536
	Performance guarantees		6,225,196	7,068,425
	Other guarantees		10,584,208	9,502,347
			18,226,940	17,988,308
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		32,046,305	32,048,821
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	153,148,416	94,403,136
	- forward government securities transactions	23.2.2	29,701,839	62,083,269
	- derivatives - cross currency swaps (notional principal)	23.2.3	6,692,490	4,483,600
	- forward lending	23.2.4	-	-
	- operating leases	23.2.5	-	10,708,369
	- extending credit (irrevocable)	23.4	26,179,627	27,079,658
	Commitments for acquisition of:			
	- operating fixed assets		119,792	46,719
	- intangible assets		98,404	113,300
			247,986,873	230,966,872

	Un-audited March 31, 2019	Audited December 31, 2018
23.2.1 Commitments in respect of forward foreign exchange contracts	---------- Rupees '000 ----------	
Purchase	97,155,722	66,533,034
Sale	55,992,694	27,870,102
	153,148,416	94,403,136
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	-	59,084,100
Sale	29,701,839	2,999,169
	29,701,839	62,083,269
23.2.3 Commitments in respect of derivatives		
Purchase	-	-
Sale	6,692,490	4,483,600
	6,692,490	4,483,600
23.2.4 Commitments in respect of forward lending		
Forward repurchase agreement lending	-	-
23.2.5 Commitments in respect of operating leases		
Not later than one year	-	1,421,897
Later than one year and not later than five years	-	5,275,107
Later than five years	-	4,011,365
	-	10,708,369
23.3 Other contingent liabilities		
(i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case	2,510,000	2,510,000
(ii) Indemnity issued favouring the High Court in one of the cases	457,543	457,543

(iii) The Executive Officer, Karachi Cantonment Board (KCB), vide its notice CBR No. 1 dated March 03, 2017 has proposed revised rates for assessment of shops and flats "A" category in which a fresh sub-category "Banks (self-occupied)" has been introduced for the purpose of cantonment tax in the limit of KCB. This has resulted in additional demand of Rs 171 million by KCB which includes demand on reassessment for the years from 2013 to 2017. On the basis of legal grounds agreed in consultation with legal counsel, the Bank has filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order has been granted by the Honorable High Court of Sindh in respect of payment of this additional demand.

(iv) Income tax assessments of the Bank have been finalised upto the tax year 2018 (accounting year 2017).

The department and the Bank have disagreements on a matter relating to taxability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2018: Rs. 1,154.701 million). Subsequently, the Commissioner Income Tax Appeals (CIT(A)) has deleted the said additional tax liability, however the Income Tax Department has filed an appeal against the order of CIT(A) in front of Income Tax Appellate Tribunal. The management and tax advisors of the Bank are confident that the matter will be decided in the Bank's favor and accordingly, no provision has been recorded in these condensed interim unconsolidated financial statements in respect of the matter.

(v) There are certain claims against the Bank not acknowledged as debt amounting to Rs 32,644 million December 31, 2018: Rs 31,579 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by customers due to non disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2018: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, management is confident that the above matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.

23.4 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 26,180 million (December 31, 2018: Rs 27,080 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS	Un-audited March 31, 2019	Audited December 31, 2018
	---------- Rupees '000 ---------	
Cross currency swaps (notional principal)	6,692,490	4,483,600

Derivative instruments, such as Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swaps and FX Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All Derivative transactions are governed by the Financial Derivative Business Regulations (FDBR) issued by the State Bank of Pakistan (SBP).

24.1 *Product Analysis*

Counterparties	March 31, 2019 (Un-audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	---------- Rupees '000 ----------					
With banks for						
Hedging	-	-	-	-	-	-
Market making	3,624,523	(525,436)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	3,067,967	(250,698)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	6,692,490	(776,134)	-	-	-	-

Counterparties	December 31, 2018 (Audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	---------- Rupees '000 ----------					
With banks for						
Hedging	-	-	-	-	-	-
Market making	2,484,210	(457,384)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	1,999,390	(313,942)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	4,483,600	(771,326)	-	-	-	-

		Note	Un-audited March 31, 2019	Un-audited March 31, 2018
			-------- Rupees '000 --------	
25	**MARK-UP / RETURN / INTEREST EARNED**			
	On:			
	a) Loans and advances		8,457,753	4,621,720
	b) Investments		3,130,072	2,462,471
	c) Lendings to financial institutions		15,842	19,367
	d) Balances with banks		21,117	7,186
	e) Securities purchased under resale agreements		580,241	113,348
			12,205,025	7,224,092
26	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		5,894,981	3,068,826
	Securities sold under repurchase agreements		118,580	194,159
	Other short term borrowings		26,882	52,198
	SBP borrowings		94,751	93,193
	Short sale of Pakistan Investment Bonds		17,272	98,205
	Musharaka acceptances		229,504	80,831
	Leased assets		189,269	-
	Cost of foreign currency swaps against foreign currency deposits / borrowings		689,408	256,622
			7,260,647	3,844,034
27	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		139,951	151,881
	Consumer finance related fees		80,674	62,901
	Card related fees (debit and credit cards)		280,209	278,193
	Credit related fees		24,314	9,816
	Investment banking fees		50,352	53,500
	Commission on trade		68,850	71,763
	Commission on guarantees		20,004	19,410
	Commission on cash management		9,878	18,995
	Commission on remittances including home remittances		8,425	9,352
	Commission on bancassurance		96,021	87,589
	Others		7,425	2,672
			786,103	766,072
28	**GAIN / (LOSS) ON SECURITIES**			
	Realised - net	28.1	(40,608)	266,173
	Unrealised - held for trading - net		(6,841)	1,613
			(47,449)	267,786
28.1	Realised gain / (loss) on:			
	Federal Government securities		(10,038)	110,889
	Shares		(34,430)	155,284
	Open end mutual funds		3,860	-
			(40,608)	266,173

		Un-audited	
		March 31, 2019	March 31, 2018
29	**OTHER INCOME**	-------- Rupees '000 --------	
	Rent on property	44,909	36,981
	Gain on sale of fixed assets - net	2,355	4,773
	Gain on sale of non-banking assets - net	-	-
	Gain on short sale of Pakistan Investment Bonds (PIBs)	(3,440)	-
	Notice pay	1,638	5,913
	Others	403	305
		45,865	47,972
30	**OPERATING EXPENSES**		
	Total compensation expense	1,432,373	1,102,009
	Property expense		
	Rent and taxes	36,893	354,335
	Insurance	21,954	23,096
	Utilities cost	125,365	97,194
	Security (including guards)	152,644	116,111
	Repair and maintenance (including janitorial charges)	86,548	100,992
	Depreciation	103,092	92,014
	Others	18,086	21,191
		544,582	804,933
	Information technology expenses		
	Software maintenance	237,820	163,127
	Hardware maintenance	49,892	49,494
	Depreciation	78,093	86,582
	Amortisation	29,510	48,513
	Network charges	55,709	43,851
	Others	-	-
		451,024	391,567
	Other operating expenses		
	Directors' fees and allowances	12,347	20,954
	Legal and professional charges	8,556	18,767
	Outsourced services costs	99,611	309,635
	Travelling and conveyance	26,529	19,935
	NIFT clearing charges	12,570	13,980
	Depreciation	527,307	40,888
	Training and development	3,806	2,284
	Postage and courier charges	23,435	17,024
	Communication	26,153	30,168
	Marketing, advertisement and publicity	82,345	68,709
	Donations	69,431	1,228
	Auditors remuneration	11,978	12,266
	Insurance	144,965	101,651
	Stationery and printing	62,498	51,889
	Bank fees and charges	26,515	29,265
	Brokerage and commission	10,537	10,069
	Deposit protection premium	73,737	-
	Others	139,900	88,213
		1,362,220	836,925
		3,790,199	3,135,434

			Un-audited	
			March 31, 2019	March 31, 2018
31	**OTHER CHARGES**		-------- Rupees '000 --------	
	Penalties imposed by the State Bank of Pakistan		6,177	-
	Impairment charged for non-banking assets acquired in satisfaction of claims		-	-
			6,177	-
32	**REVERSAL OF PROVISION AND RECOVERIES AGAINST WRITEN-OFF DEBTS - NET**			
	Reversal of provision for diminution in value of investments	12.4	(1,353)	(11,464)
	Reversal of provision against loans and advances	13.3	(191,003)	(303,759)
	Bad debts written off directly		3,174	1,427
	Recovery of written off / charged off bad debts		(23,895)	(27,402)
	Provision against off balance sheet obligations	21.2	6,773	28,320
			(206,304)	(312,878)
33	**TAXATION**			
	Current		1,198,177	730,465
	Prior years		298,934	65,000
	Deferred		(108,763)	(9,620)
			1,388,348	785,845
34	**BASIC EARNINGS PER SHARE**			
	Profit for the period		1,608,791	1,218,892
			Number of shares in thousands	
	Weighted average number of ordinary shares		1,517,697	1,517,697
			---------- Rupees ----------	
	Basic earnings per share		1.06	0.80

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2019 and March 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

35 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

35.1 Fair value of financial assets

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

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

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

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

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

	March 31, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees '000 ----------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	58,390,143	-	58,390,143
Shares	7,200,279	30,346	-	7,230,625
Non-Government Debt Securities	-	42,779,057	-	42,779,057
Financial assets - disclosed but not measured at fair value				
Investments	-	14,858,996	-	14,858,996
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,731,979	8,731,979
Non-banking assets acquired in satisfaction of claims	-	-	3,064,956	3,064,956
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	99,740,680	-	99,740,680
Forward sale of foreign exchange	-	56,893,198	-	56,893,198
Derivatives sales	-	6,692,490	-	6,692,490

	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees '000 ----------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	182,836,810	-	182,836,810
Shares	7,193,824	30,346	-	7,224,170
Non-Government Debt Securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date when the event or change in circumstances require the Bank to exercise such transfers.

There were no transfers between levels 1 and 2 during the period.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates.
Ijara Sukuk	Fair values of GoP Ijarah Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	Break-up value determined on the basis of the NAV of a company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan. The valuation experts use a market based approach to arrive at the fair value of the Bank's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

36 SEGMENT INFORMATION

36.1 Segment Details with respect to business activities

	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2019	---------- Rupees '000 ----------					
Net mark-up / return / profit	(3,510,422)	6,489,689	1,899,375	35,402	30,334	4,944,378
Inter segment revenue - net	6,495,194	(5,826,292)	(1,308,494)	(36,725)	676,317	-
Non mark-up / return / interest income	829,932	167,622	774,656	520	(67,329)	1,705,401
Total Income	3,814,704	831,019	1,365,537	(803)	639,322	6,649,779
Segment direct expenses	2,502,622	111,402	79,476	31,955	1,133,489	3,858,944
Inter segment expense allocation	943,573	121,246	30,320	23,633	(1,118,772)	-
Total expenses	3,446,195	232,648	109,796	55,588	14,717	3,858,944
Provisions	(4,106)	108,604	(4,909)	(317,185)	11,292	(206,304)
Profit before tax	372,615	489,767	1,260,650	260,794	613,313	2,997,139
Statement of financial position as at March 31, 2019						
Cash and bank balances	15,843,914	-	27,603,005	-	-	43,446,919
Investments	-	37,573,996	87,468,278	3,253,384	1,080,826	129,376,484
- Investment provision	-	(51,416)	(927,023)	(2,561,875)	-	(3,540,314)
Net inter segment lending	329,073,453	-	-	-	(329,073,453)	-
Lendings to financial institutions	-	-	33,654,894	-	-	33,654,894
Advances - performing	60,551,408	231,037,113	-	-	2,842,617	294,431,138
Advances - non-performing	5,003,300	2,375,932	-	19,502,070	157,194	27,038,496
- Advances - provisions	(3,937,934)	(773,740)		(18,785,635)	(122,800)	(23,620,109)
Others	17,208,065	10,997,633	3,271,241	(694,476)	14,098,894	44,881,357
Total Assets	423,742,206	281,159,518	151,070,395	713,468	(311,016,722)	545,668,865
Borrowings	1,581,940	17,470,585	21,334,494	-	-	40,387,019
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	401,430,398	19,367,808	-	108,143	1,226,625	422,132,974
Net inter segment borrowing	-	238,026,943	126,148,252	520,593	(364,695,788)	-
Others	20,729,868	6,294,182	3,793,888	84,732	6,977,374	37,880,044
Total liabilities	423,742,206	281,159,518	151,276,634	713,468	(356,491,789)	500,400,037
Equity	-	-	(206,239)	-	45,475,067	45,268,828
Total Equity and liabilities	423,742,206	281,159,518	151,070,395	713,468	(311,016,722)	545,668,865
Contingencies and commitments	6,996,039	42,636,850	-	1,097,899	-	50,730,788

	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2018	---------- Rupees in '000 ----------					
Net mark-up / return / profit	(1,287,716)	3,068,810	1,542,944	295,355	(239,335)	3,380,058
Inter segment revenue - net	3,668,669	(2,751,797)	(1,245,465)	(326,267)	654,860	-
Non mark-up / return / interest income	875,671	173,728	600,315	409	(126,246)	1,523,879
Total Income	3,256,624	490,741	897,794	(30,503)	289,279	4,903,937
Segment direct expenses	2,022,541	95,235	72,660	36,807	984,835	3,212,078
Inter segment expense allocation	807,757	94,183	20,757	20,571	(943,268)	-
Total expenses	2,830,298	189,418	93,416	57,378	41,567	3,212,078
Provisions	178	62,529	(11,464)	(360,910)	(3,211)	(312,878)
Profit before tax	426,148	238,794	815,842	273,029	250,924	2,004,737
Statement of financial position as at December 31, 2018						
Cash and bank balances	19,912,358	-	25,109,230	-	-	45,021,588
Investments	-	21,886,526	191,461,086	3,298,820	1,080,826	217,727,258
- Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
- Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,813,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,270,648	41,264,657
Total Assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,593	409,383,802
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,593,956	48,679,945
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,545,886)	556,415,668
Equity	-	-	(435,896)	-	43,934,411	43,498,515
Total Equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Contingencies and commitments	8,020,019	41,434,947	-	1,039,706	-	50,494,672

37 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, associate, employee benefit plans and its directors and key management personnel.

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

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

	March 31, 2019 (Un-audited)						December 31, 2018 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees '000											
Investments												
Opening balance	-	-	-	639,893	-	5,183,886	-	-	-	-	23,169	3,782,571
Investment made during the period / year	-	-	-	-	-	2,205,309	-	-	-	616,724	-	2,693,897
Investment redeemed / disposed off during the period / year	-	-	-	-	-	(2,701,449)	-	-	-	-	-	(1,342,583)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	23,169	(23,169)	50,000
Closing balance	-	-	-	639,893	-	4,687,746	-	-	-	639,893	-	5,183,886
Provision for diminution in value of investments	-	-	-	-	-	2,327,088	-	-	-	-	-	2,321,301
Advances												
Opening balance	-	17,841	159,031	-	-	5,002,325	-	19,209	135,513	-	-	4,636,528
Addition during the period / year	-	17	9,067	-	-	702,273	-	-	95,950	-	-	472,248
Repaid during the period / year	-	(355)	(10,780)	-	-	(617,327)	-	(1,368)	(72,432)	-	-	(106,451)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	17,503	157,318	-	-	5,087,271	-	17,841	159,031	-	-	5,002,325
Provision held against advances	-	-	-	-	-	2,928,249	-	-	-	-	-	2,930,659
Other Assets												
Interest / mark-up accrued	-	17	139	-	-	1,832,241	-	15	112	-	-	860,805
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Commission income receivable	-	-	-	2,053	-	-	-	-	-	13,165	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	182	76,275	110,207	2,734	-	3,416,265	182	47,517	85,892	-	2,801	3,139,284
Received during the period / year	-	91,015	195,977	17,044,821	-	16,799,968	-	155,800	1,522,613	832,914	9,162,055	73,641,910
Withdrawn during the period / year	-	(50,128)	(201,392)	(17,036,719)	-	(17,910,921)	-	(127,042)	(1,498,298)	(832,920)	(9,162,116)	(73,364,929)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	2,740	(2,740)	-
Closing balance	182	117,162	104,792	10,836	-	2,305,312	182	76,275	110,207	2,734	-	3,416,265
Other Liabilities												
Interest / mark-up payable	-	83	13	-	-	8,441	-	62	196	-	-	9,055
Payable to staff retirement fund	-	-	-	-	-	177,503	-	-	-	-	-	177,503
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	-	83	13	-	-	185,944	-	62	196	-	-	186,558

	March 31, 2019 (Un-audited)						December 31, 2018 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees '000											
Contingencies and Commitments												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	29,397	-	-	-	-	-	29,397
Trade related commitments	-	-	-	-	-	2,087,638	-	-	-	-	-	1,702,747

* represents outstanding guarantee

37.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current period are not reflected as part of the closing balance. The same are accounted for through the movement presented above.

RELATED PARTY TRANSACTIONS

	March 31, 2019 (Un-audited)						March 31, 2018 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees '000											
Income												
Mark-up / return / interest earned	-	216	3,299	-	-	74,437	-	235	1,499	-	-	51,623
Fee and commission income	-	-	9	4,618	-	3,466	-	-	5	-	2,000	14,851
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	3,933	-	-	-	-	-	-
Expense												
Mark-up / return / interest paid	-	1,256	1,431	2,750	-	55,677	-	160	277	-	56	30,912
Director's Fee and other expenses	-	12,347	-	-	-	-	-	20,954	-	-	-	-
-Salaries and other short-term employee benefits	-	-	110,195	-	-	-	-	-	54,431	-	-	-
-Post-employment benefits	-	-	5,312	-	-	-	-	-	4,471	-	-	-
Others												
Shares / units purchased during the period / year	-	-	-	-	-	2,205,309	-	-	-	-	-	-
Shares / units sold during the period / year	-	-	-	-	-	2,705,382	-	-	-	-	-	-
* Government securities purchased during the period / year	-	-	128,506	-	-	2,380,676	-	-	245,832	-	-	-
* Government securities sold during the period / year	-	-	128,478	-	-	2,495,613	-	-	243,429	-	-	540,398

* The Bank offers Investors' Portfolio Services (IPS) to its customers whereby the customers carry out transactions for sale and purchase of government securities with the Bank at market rates and / or with the SBP where Bank acts as an agent only. These represent amounts of such transactions.

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Un-audited March 31, 2019	Audited December 31, 2018
	---------- Rupees '000 ---------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	38,652,106	36,860,215
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	38,652,106	36,860,215
Eligible Tier 2 Capital	4,967,370	4,970,159
Total Eligible Capital (Tier 1 + Tier 2)	43,619,476	41,830,374
Risk Weighted Assets (RWAs):		
Credit Risk	208,627,002	198,856,534
Market Risk	14,135,080	14,200,024
Operational Risk	35,913,323	35,913,323
Total	258,675,405	248,969,881
Common Equity Tier 1 Capital Adequacy ratio	14.94%	14.81%
Tier 1 Capital Adequacy Ratio	14.94%	14.81%
Total Capital Adequacy Ratio	16.86%	16.80%

Capital adequacy is regularly monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

As at March 31, 2019 the SBP requires each Bank or Banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10.00% and (c) maintain Common Equity Tier I (CET1) ratio and Tier 1 ratio of 6.0% and 7.5% respectively.

With effect from December 31, 2018 an additional Capital Conservation Buffer of 1.90% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Bank for the year ended March 31, 2019 stood at Rs 15.176 billion (2018: Rs 15.176 billion). As at March 31, 2019 Bank's CAR stood at 16.86% whereas CET1 and Tier 1 ratios both stood at 14.94%.

The Bank is also in compliance with the CCB requirements.

	Un-audited March 31, 2019	Audited December 31, 2018
Leverage Ratio (LR):	---------- Rupees '000 ---------	
Eligible Tier-1 Capital	38,652,106	36,860,215
Total Exposures	636,302,465	753,092,496
Leverage Ratio	6.07%	4.89%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	160,678,713	142,734,534
Total Net Cash Outflow	120,926,682	98,435,120
Liquidity Coverage Ratio	1.337	1.452
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	362,241,786	359,743,076
Total Required Stable Funding	266,131,848	275,300,061
Net Stable Funding Ratio	136.11%	130.67%

39 ISLAMIC BANKING BUSINESS

The Bank is operating 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

Statement of financial position	Note	Un-audited March 31, 2019	Audited December 31, 2018
		---------- Rupees '000 ----------	
ASSETS			
Cash and balances with treasury banks		12,286,895	7,941,153
Balances with other banks		258,857	105,205
Investments	39.1	33,372,286	27,620,400
Islamic financing and related assets - net	39.2	93,068,291	78,659,697
Fixed assets		2,121,162	1,954,626
Intangible assets		34,022	38,263
Other assets		4,298,229	2,264,354
		145,439,742	118,583,698
LIABILITIES			
Bills payable		2,275,922	5,666,023
Due to financial institutions		13,824,263	11,157,833
Deposits and other accounts	39.3	76,696,613	69,489,203
Due to head office		39,534,322	24,134,341
Other liabilities		1,354,191	1,102,813
		133,685,311	111,550,213
NET ASSETS		11,754,431	7,033,485
REPRESENTED BY			
Islamic banking fund		9,180,000	4,680,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		145,638	121,608
Unappropriated profit	39.7	2,428,793	2,231,877
		11,754,431	7,033,485
CONTINGENCIES AND COMMITMENTS	39.4		

Profit and loss account		Un-audited March 31, 2019	March 31, 2018
		-------- Rupees '000 --------	
Profit / return earned	39.5	2,945,532	1,382,288
Profit / return expensed	39.6	1,826,070	709,995
Net profit / return		1,119,462	672,293
Other income			
Fee and commission income		127,386	93,109
Dividend income		-	-
Foreign exchange income		30,150	19,982
Income / (loss) from derivatives		-	-
Loss on securities		-	-
Other income		696	2,269
Total other income		158,232	115,360
Total income		1,277,694	787,653
Other expenses			
Operating expenses		947,335	741,824
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		947,335	741,824
Profit before provisions		330,359	45,829
Provisions and write offs - net		27,411	(2,720)
Profit before taxation		302,948	48,549
Taxation		106,032	16,992
Profit after taxation		196,916	31,557

39.1 Investments by segments:	Un-audited March 31, 2019 Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Audited December 31, 2018 Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---------- Rupees '000 ----------							
Federal Government Securities:								
- Ijarah Sukuks	6,000,000	-	(69,000)	5,931,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(69,000)	7,528,048	7,597,048	-	(107,400)	7,489,648
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares:								
- Listed Companies	-	-	-	-	-	-	-	-
- Unlisted Companies	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752
	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752
Foreign Securities:								
- Government securities	-	-	-	-	-	-	-	-
- Non Government Debt securities	-	-	-	-	-	-	-	-
- Equity securities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Total Investments	33,441,336	-	(69,050)	33,372,286	27,726,420	-	(106,020)	27,620,400

39.2 Islamic financing and related assets	Un-audited March 31, 2019	Audited December 31, 2018
	------ Rupees '000 ------	
Ijarah	-	-
Murabaha	2,566,975	1,576,557
Musharaka	7,164	8,042
Diminishing Musharaka	60,608,463	56,773,632
Salam	-	-
Istisna	582,600	28,771
Running Musharaka	8,785,180	7,342,446
Fixed assets Ijarah financing - net	82,408	66,953
Musharaka - Islamic export refinance scheme	4,153,104	3,607,833
Advance against Murabaha financing	349,828	70,976
Advanced against Diminishing Musharaka	8,305,931	5,446,140
Advance against Ijarah	2,874,766	2,898,135
Advance against Istisna	4,388,083	1,092,956
Advance against Islamic export refinance - LTF	700,331	56,388
Inventory related to Islamic financing	-	-
Gross Islamic financing and related assets	93,404,833	78,968,829
Less: provision against Islamic financings		
- Specific	(233,860)	(219,120)
- General	(102,682)	(90,012)
	(336,542)	(309,132)
Islamic financing and related assets - net of provision	93,068,291	78,659,697

39.3 Deposits	Un-audited March 31, 2019			Audited December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees '000					
Customers						
Current deposits	32,950,112	1,786,938	34,737,050	35,538,506	1,588,367	37,126,873
Savings deposits	17,802,204	631,755	18,433,959	11,065,460	688,077	11,753,537
Term deposits	10,619,174	328,724	10,947,898	13,726,680	292,710	14,019,390
	61,371,490	2,747,417	64,118,907	60,330,646	2,569,154	62,899,800
Financial Institutions						
Current deposits	238,427	-	238,427	31,960	-	31,960
Savings deposits	8,706,279	-	8,706,279	6,051,443	-	6,051,443
Term deposits	3,633,000	-	3,633,000	506,000	-	506,000
	12,577,706	-	12,577,706	6,589,403	-	6,589,403
	73,949,196	2,747,417	76,696,613	66,920,049	2,569,154	69,489,203

39.4 CONTINGENCIES AND COMMITMENTS	Un-audited March 31, 2019	Audited December 31, 2018
	Rupees '000	
- Guarantees	628,636	313,552
- Commitments	9,172,400	9,390,440
- Other contingent liabilities	-	-
	9,801,036	9,703,992

39.5 Profit / return earned of financing, investments and placement	Un-audited March 31, 2019	March 31, 2018
	Rupees '000	
Profit earned on:		
Financing	2,198,567	950,784
Investments	746,965	431,504
Placements	-	-
	2,945,532	1,382,288

39.6 Profit on deposits and other dues expensed		
Deposits and other accounts	826,674	482,240
Due to financial institutions	-	-
Other short term borrowings	999,396	227,755
	1,826,070	709,995

39.7 Islamic Banking Business Unappropriated Profit		
Opening Balance	2,231,877	2,200,320
Add: Islamic Banking profit for the period	196,916	31,557
Less: Taxation	-	-
Less: Reserves	-	-
to Head Office	-	-
Closing Balance	2,428,793	2,231,877

40 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim unconsolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 25, 2019 by the Board of Directors of the Bank.

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited December 31, 2018
		---------- Rupees '000 ----------	
ASSETS			
Cash and balances with treasury banks	9	41,522,704	43,174,003
Balances with other banks	10	1,913,265	1,848,859
Lendings to financial institutions	11	33,654,894	2,997,486
Investments	12	125,412,814	213,815,803
Advances	13	297,849,525	296,444,861
Fixed assets	14	18,076,477	11,662,446
Intangible assets	15	1,727,993	1,743,900
Deferred tax assets	16	127,712	141,712
Other assets	17	25,414,241	28,167,363
		545,699,625	599,996,433
LIABILITIES			
Bills payable	18	8,670,753	23,543,524
Borrowings	19	40,387,019	98,351,921
Deposits and other accounts	20	422,116,602	409,383,501
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	29,229,959	25,184,233
		500,404,333	556,463,179
NET ASSETS		45,295,292	43,533,254
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		8,710,722	8,778,908
Surplus on revaluation of assets	22	5,302,571	5,093,667
Unappropriated profit		16,105,029	14,483,709
Total equity attributable to the equity holders of the parent		45,295,287	43,533,249
Non-controlling interest		5	5
		45,295,292	43,533,254
CONTINGENCIES AND COMMITMENTS	23		

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018 Restated
		---------- Rupees '000 ----------	
Mark-up / return / interest earned	25	12,205,030	7,224,092
Mark-up / return / interest expensed	26	7,257,897	3,844,034
Net mark-up / interest income		4,947,133	3,380,058
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	809,364	766,072
Dividend income		75,148	15,232
Foreign exchange income		792,462	408,677
Income from derivatives		53,272	18,140
(Loss) / gain on securities	28	(44,124)	267,786
Other income	29	33,799	47,972
Total non-markup / interest income		1,719,921	1,523,879
Total income		6,667,054	4,903,937
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	3,813,016	3,135,434
Workers welfare fund		63,081	76,644
Other charges	31	6,177	-
Total non-markup / interest expenses		3,882,274	3,212,078
Profit before provisions		2,784,780	1,691,859
Reversal of provision and recoveries against writen-off debts - net	32	(206,304)	(312,878)
Share of loss of associate		-	(2,598)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,991,084	2,002,139
Taxation	33	1,390,568	784,936
PROFIT AFTER TAXATION		1,600,516	1,217,203
		---------- Rupees ----------	
Basic / diluted earnings per share	34	1.05	0.80

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Quarter ended	
	March 31, 2019	**March 31, 2018**
	---------- Rupees '000 ----------	
Profit after taxation for the period	1,600,516	1,217,203
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of investments - net of tax	229,708	18,150
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
- Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
Total comprehensive income	1,830,224	1,235,353

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

President & CEO	**Chief Financial Officer**	**Chairman**	**Director**	**Director**

FAYSAL BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2019

	Share capital	Reserves						Surplus / (deficit) on revaluation of			Unappro-priated profit	Non-controlling interest	Total
		Capital											
		Reserve for Issue of bonus shares	Share premium	Non-distri-butable capital reserve (NCR)-gain on bargain	Reserve arising on amal-gamation	Statutory reserve	Total	Invest-ments	Fixed assets/ Non-banking assets	Total			
	Rupees '000												
Balance as at January 1, 2018 (audited)	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,485,334	-	39,232,276
Transfer to reserve for issue of bonus shares	-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-	-
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	-	-	-	-	-	1,217,203	-	1,217,203
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	1,217,203	-	1,217,203
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	-	-	-	-	(31,217)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	18,150	(20,373)	(2,223)	20,373	-	18,150
Balance as at March 31, 2018 (un-audited)	13,197,361	1,979,604	10,131	725,656	23,952	7,145,382	9,884,725	19,599	5,591,421	5,611,020	11,743,306	-	40,436,412
Profit after taxation for the period from April 1, 2018 to December 31, 2018	-	-	-	-	-	-	-	-	-	-	3,668,908	-	3,668,908
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(455,545)	(695)	(456,240)	(22,181)	-	(478,421)
Total comprehensive income	-	-	-	-	-	-	-	(455,545)	(695)	(456,240)	3,646,727	-	3,190,487
Non-controlling interest acquired	-	-	-	-	-	-	-	-	-	-	-	5	5
Transfer to statutory reserve	-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(61,113)	(61,113)	61,113	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets - customer relationship	-	-	-	(93,650)	-	-	(93,650)	-	-	-	-	-	(93,650)
Transactions with owners, recorded directly in equity													
- Bonus shares issued	1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-	-
Balance as at December 31, 2018 (audited)	15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,483,709	5	43,533,254
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	-	-	1,600,516	-	1,600,516
Other comprehensive income - net of tax	-	-	-	-	-	-	-	229,708	-	229,708	-	-	229,708
Total comprehensive income	-	-	-	-	-	-	-	229,708	-	229,708	1,600,516	-	1,830,224
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(20,804)	(20,804)	20,804	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(68,186)	-	-	(68,186)	-	-	-	-	-	(68,186)
Transactions with owners, recorded directly in equity													
- Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019 (un-audited)	**15,176,965**	**-**	**10,131**	**563,820**	**23,952**	**8,112,819**	**8,710,722**	**(206,238)**	**5,508,809**	**5,302,571**	**16,105,029**	**5**	**45,295,292**

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019	March 31, 2018
	---------- Rupees '000 ----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,991,084	2,002,139
Less: dividend income	(75,148)	(15,232)
	2,915,936	1,986,907
Adjustments:		
Depreciation	704,930	215,919
Amortisation	29,510	48,513
Depreciation on non-banking assets	3,564	3,564
Workers' Welfare Fund	63,081	76,644
Reversal of provision against loans and advances - net	(191,003)	(303,759)
Reversal of provision for diminution in value of investments - net	(1,353)	(11,464)
Provision against off balance sheet obligations	6,773	28,320
Loss / (gain) on securities unrealised - held for trading - net	3,516	(1,613)
Gain on sale of fixed assets - net	(2,355)	(4,773)
Gain on sale of non-banking assets	-	-
Charge for defined benefit plan	-	30,905
Income from derivative contracts - net	(53,272)	(18,140)
Recovery of written off / charged off bad debts	(20,721)	(25,975)
Share of loss of associate	-	2,598
	542,670	40,739
	3,458,606	2,027,646
Decrease / (increase) in operating assets		
Lendings to financial institutions	(30,657,408)	(17,546,733)
Held-for-trading securities	25,233,862	24,585,861
Advances	(1,192,940)	(21,520,070)
Others assets (excluding advance taxation)	2,047,408	259,452
	(4,569,078)	(14,221,490)
Increase / (decrease) in operating liabilities		
Bills Payable	(14,872,771)	779,504
Borrowings from financial institutions	(58,000,540)	(20,758,485)
Deposits	12,733,101	11,413,380
Other liabilities (excluding current taxation)	4,036,396	3,978,649
	(56,103,814)	(4,586,952)
Income tax paid	(727,419)	(716,294)
Net cash flow used in operating activities	(57,941,705)	(17,497,090)
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment in available for sale securities	63,247,090	12,974,017
Net investment in held to maturity securities	249,072	299,532
Dividends received	1,122	15,909
Investment in operating fixed assets	(7,181,348)	(216,498)
Proceeds from sale of fixed assets	2,951	6,043
Proceeds from sale of non-banking assets	-	-
Net cash flow generated from investing activities	56,318,887	13,079,003
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / (payments) of sub-ordinated debt	-	-
Dividend paid	1,561	20,978
Net cash flow used in financing activities	1,561	20,978
Decrease in cash and cash equivalents	(1,621,257)	(4,397,109)
Cash and cash equivalents at the beginning of the period	44,879,962	39,488,907
Cash and cash equivalents at the end of the period	43,258,705	35,091,798

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

President & CEO	Chief Financial Officer	Chairman	Director	Director

FAYSAL BANK LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

(i) Faysal Bank Limited - Holding Company
(ii) Faysal Asset Management Limited - Subsidiary Company

During the year 2018, the Holding Company acquired 10,498,000 shares of Faysal Asset Management Limited, (the Subsidiary Company) in November 2018. As a result, the Holding Company now has controlling interest of 99.99% in the paid up capital of the Subsidiary Company.

1.2 Holding Company

1.2.1 Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984. Its shares are listed on Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 455 branches (December 31, 2018: 455); including 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1) in Pakistan.

The Registered Office of the Bank is located at Faysal House, ST-02, Shahrah e Faisal, Karachi.

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2018: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

1.2.2 Based on the unconsolidated financial statements of the Bank for the period ended September 30, 2018 and for the year ended December 31, 2017, the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: 'A1+').

1.3 Subsidiary Company

1.3.1 Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, Main Shahrah e Faisal, Karachi.

The Subsidiary Company is a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.2 The financial results of the Islamic banking branches have been consolidated in these condensed interim consolidated financial statements for reporting purposes only. Inter branch transactions and balances have been eliminated.

2.3 In accordance with the directives issued by the SBP, the statement of financial position and the profit and loss account of Islamic banking branches of the Holding Company are disclosed in note 39 to these condensed interim consolidated financial statements.

3 STATEMENT OF COMPLIANCE

3.1 These condensed interim consolidated 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 applicable in Pakistan for interim financial reporting comprise of:

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives have been followed.

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' (replaced by IFRS 9, 'Financial Instruments') and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended March 31, 2019 the Group has adjusted amortisation of intangible assets amounting to Rs. 68.186 million (net of tax) from the Non-distributable Capital Reserve.

3.4 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these condensed interim consolidated financial statements.

3.5 The SECP has directed that the requirements of IFRS 10, 'Consolidated Financial Statements' are not applicable in case of investments by Companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of mutual funds are not considered in these condensed interim consolidated financial statements.

3.6 These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019, and should be read in conjuction with the audited annual consolidated financial statements for the financial year ended December 31, 2018.

4 BASIS OF MEASUREMENT

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except that certain fixed assets and non-banking assets acquired in satisfaction of claims are carried at revalued amounts, certain investments and derivative contracts have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2018 except for the changes as disclosed in note 6.3 of these condensed interim consolidated financial statements.

6.1 Amendments to the accounting and reporting standards that are effective in the current period

The Group has applied the following amendments for the first time for their accounting period commencing January 1, 2019:

6.1.1 The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 dated March 22, 2019 has amended the format of interim financial statements of banks. All banks are directed to prepare their interim financial statements on the revised format effective from the accounting year ending December 31, 2019. Accordingly the Group has prepared these condensed interim consolidated financial statements on the new format prescribed by the SBP. The new format is consistent with the annual audited financial statements in classification and presentation perspective therefore no remeasurement or reclassification were made in these condensed interim consolidated financial statements.

6.1.2 Effective from January 1, 2019, the Holding Company has adopted IFRS 15, "Revenue from contracts with customers" which has replaced IAS 18, "Revenue". The standard addresses recognition and measurement of revenue from customers.

The adoption of IFRS 15 did not have any significant impact on recognition and measurement of revenue on the date of its adoption.

6.1.3 Effective from January 1, 2019, the Holding Company has also adopted IFRS 16, "Leases" which has replaced IAS 17, "Leases". The standard addresses recognition and measurement of leases for both lessor and lessee.

The impacts of adoption of IFRS 16 are further given in note 6.3 below.

6.2 Standards, interpretations of and amendments to the accounting and reporting standard that are not yet

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, Interpretations or Amendments	Effective date
- IFRS 9 - 'Financial Instruments'	Accounting period ending or after June 30, 2019
- IFRS 3 - 'Business Combinations' (amendements)	Accounting period begning on or after January 1, 2020
- IAS 1 - 'Presentation of Financial Statements' (amendements)	Accounting period begning on or after January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendements)	Accounting period begning on or after January 1, 2020

6.3 Change in Accounting Policy

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive 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 the underlying asset and a lease liability representing its obligations 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 Holding Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The impact of this standard are therefore recognised in the balance sheet on January 1, 2019.

On adoption of IFRS 16, the Holding Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

	March 31, 2019 (Rupees in '000)
Operating lease as at December 31, 2018	10,708,369
Impact of adoption of IFRS 16	(4,132,083)
Lease liability recognised as at January 1, 2019	6,576,286
Of which are:	
Current lease liabilities	631,282
Non-current lease liabilities	5,945,004
	6,576,286

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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

	March 31, 2019	January 1, 2019
	---------- Rupees in '000 ----------	
Property	6,709,529	7,178,178
Total right-of-use assets	6,709,529	7,178,178

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

Property plant and equipment - increased by Rs.7,178 million
Other liabilities which includes lease liabilities increased by Rs. 6,576 million
Other assets which includes prepayments decreased by Rs. 601.892 million

The change in accounting policy affected the following items in the profit and loss account on January 1, 2019:

Markup expense - increased by Rs. 189,269 million
Administrative expenses which includes depreciation and rent expenses increased by Rs. 94,649 million

The net impact of profit before tax, profit after tax and retained earnings decreased by Rs 283,919 million, Rs 173,191 million and Rs 173,191 respectively. Where as EPS has been decreased by Rs 0.11 per share.

Holding Company leasing activities

The Holding Company leases various premesis for branch network. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Until December 31, 2018, these leases were classified operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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

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

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

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

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

1. The amount of the initial measurement of lease liability
2. Any lease payments made at or before the commencement date less any lease incentives received
3. Any initial direct costs, and
4. Restoration costs.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual financial statements of the Holding Company for the year ended December 31, 2018.

8 FINANCIAL RISK MANAGEMENT

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

9 CASH AND BALANCES WITH TREASURY BANKS	Un-audited March 31, 2019	Audited December 31, 2018
	---------- Rupees '000 ----------	
In hand		
- Local currency	9,204,447	10,351,342
- Foreign currency	2,837,618	2,444,182
	12,042,065	12,795,524
With State Bank of Pakistan in		
- Local currency current account	19,902,972	17,961,225
- Foreign currency current account	1,725,970	1,684,395
- Foreign currency deposit account	5,008,083	4,977,571
	26,637,025	24,623,191
With National Bank of Pakistan in		
- Local currency current account	2,833,663	5,746,092
Prize bonds	9,951	9,186
	41,522,704	43,173,993

10 BALANCES WITH OTHER BANKS	Un-audited March 31, 2019	Audited December 31, 2018
	---------- Rupees '000 ----------	
In Pakistan		
- In current account	973,611	1,388,625
Outside Pakistan		
- In current account	939,654	458,970
	1,913,265	1,847,595

11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	4,000,000	-
Repurchase agreement lendings (reverse repo)	29,654,894	2,997,486
	33,654,894	2,997,486
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	33,654,894	2,997,486

12 INVESTMENTS

12.1 Investments by type:

	Note	Un-audited March 31, 2019				Audited December 31, 2018			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		---------- Rupees '000 ----------							
Held-for-trading securities									
Federal Government securities		5,980,209	-	(40)	5,980,169	31,630,477	-	(11,067)	31,619,410
Shares *		686,444	-	(17,868)	668,576	270,038	-	67	270,105
		6,666,653	-	(17,908)	6,648,745	31,900,515	-	(11,000)	31,889,515
Available-for-sale securities									
Federal Government securities		52,539,110	-	(129,136)	52,409,974	151,416,453	-	(199,053)	151,217,400
Shares		8,876,942	1,430,002	(216,315)	7,230,625	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities		43,331,489	559,787	7,355	42,779,057	7,443,897	559,787	9,355	6,893,465
		104,747,541	1,989,789	(338,096)	102,419,656	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities									
Federal Government securities	12.2	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt Securities		16,297,890	1,550,525	-	14,747,365	16,546,962	1,552,757	-	14,994,205
		17,894,938	1,550,525	-	16,344,413	18,144,010	1,552,757	-	16,591,253
Associates *									
Fully paid up ordinary shares of									
Faysal Asset Management Limited		-	-	-	-	-	-	-	-
Total Investments		129,309,132	3,540,314	(356,004)	125,412,814	218,039,156	3,541,667	(681,686)	213,815,803

* *related parties*

		Un-audited March 31, 2019	Audited December 31, 2018
		---------- Rupees '000 ----------	
12.2	Bai Muajjal - gross	2,212,625	2,212,625
	Less: deferred income	(554,918)	(605,467)
	Less: profit receivable shown in other assets	(60,659)	(10,110)
	Bai Muajjal - net	1,597,048	1,597,048

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.36% per annum (December 31, 2018: 12.36%) maturing in December, 2021.

		Un-audited March 31, 2019	Audited December 31, 2018
12.3	**Investments given as collateral**	--------- Rupees '000 ---------	
	- Market treasury bills	25,712,076	59,034,240

12.4 Provision for diminution in value of investments

12.4.1	Opening balance	3,541,667	3,448,776
	Charge / (reversals)		
	Charge for the period / year	5,788	229,043
	Reversals during the period / year	(7,141)	(136,152)
		(1,353)	92,891
	Closing Balance	3,540,314	3,541,667

12.4.2 Particulars of provision against debt securities

	Un-audited		Audited	
	March 31, 2019		December 31, 2018	
Category of classification	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	---------- Rupees '000 ----------			
Domestic				
- Other assets especially mentioned	-	-	-	-
- Substandard	-	-	-	-
- Doubtful	-	-	-	-
- Loss	2,110,312	2,110,312	2,112,544	2,112,544
	2,110,312	2,110,312	2,112,544	2,112,544

The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 14,858.996 million (December 31, 2018: Rs. 15,490.626 million).

12.5 Investment in subsidiary

Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the requirements of the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Particulars of the assets and liabilities of the subsidiary / associate	Un-audited March 31, 2019	Audited December 31, 2018
	--------- Rupees '000 ---------	
Revenue	32,413	110,012
Net loss	(10,955)	(54,091)
Total assets	336,184	380,587
Liabilities	41,372	74,743
Net assets	294,812	305,845
Percentage (%) holding of the Bank	99.99%	99.99%

13 ADVANCES

	Performing		Non Performing		Total	
	Un-audited March 31, 2019	Audited December 31 2018	Un-audited March 31, 2019	Audited December 31 2018	Un-audited March 31, 2019	Audited December 31 2018
	Rupees '000					
Loans, cash credits, running finances, etc.	195,060,379	210,086,919	26,061,189	25,712,067	221,121,568	235,798,986
Islamic financing and related assets	92,932,837	78,493,045	471,996	475,784	93,404,833	78,968,829
Bills discounted and purchased	6,437,922	4,990,707	505,311	499,787	6,943,233	5,490,494
Margin financing / reverse repo transactions	-	-	-	-	-	-
Advances - gross	294,431,138	293,570,671	27,038,496	26,687,638	321,469,634	320,258,309
Provision against advances						
- Specific	-	-	(22,924,281)	(23,135,261)	(22,924,281)	(23,135,261)
- General	(695,828)	(678,187)	-	-	(695,828)	(678,187)
	(695,828)	(678,187)	(22,924,281)	(23,135,261)	(23,620,109)	(23,813,448)
Advances - net of provision	293,735,310	292,892,484	4,114,215	3,552,377	297,849,525	296,444,861

13.1 Particulars of advances (Gross)

	Un-audited March 31, 2019	Audited December 31, 2018
	Rupees '000	
- In local currency	320,950,112	319,538,262
- In foreign currencies	519,522	720,047
	321,469,634	320,258,309

13.2 Advances include Rs. 27,038 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

	Un-audited		Audited	
	March 31, 2019		December 31, 2018	
Category of Classification	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees '000			
Domestic				
- Other Assets Especially Mentioned	270,483	-	198,389	100
- Substandard	1,862,727	262,285	1,241,631	158,324
- Doubtful	1,381,376	602,099	1,525,467	660,373
- Loss	23,523,910	22,059,897	23,722,151	22,316,464
Total	27,038,496	22,924,281	26,687,638	23,135,261

13.3 Particulars of provision against advances

	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	Specific	General	Total	Specific	General	Total
	---------- Rupees '000 ----------					
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the period / year	285,623	17,641	303,264	1,672,814	109,521	1,782,335
Reversals during the period / year	(494,267)	-	(494,267)	(2,215,946)	-	(2,215,946)
	(208,644)	17,641	(191,003)	(543,132)	109,521	(433,611)
Amounts written off	(2,336)	-	(2,336)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	-	-	-	-	-	-
Transfer of provision	-	-	-	-	-	-
Closing balance	22,924,281	695,828	23,620,109	23,135,261	678,187	23,813,448

13.3.2 As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,596.670 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2019. The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,037.836 million (December 31, 2018: Rs 951.717 million).

13.3.3 As per the Prudential Regulations, SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The Bank also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between the 0.5% to 1.5% based on the non-performing loan ratio present in the portfolio.

The Bank is also required to maintain a general reserve of 1% against un-secured Small Enterprise financing portfolio as per the applicable requirements of the Prudential Regulations issued by the SBP.

13.3.4 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loans, however, the Bank still holds enforceable collateral against certain non-performing loans in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

		Note	Un-audited March 31, 2019	Audited December 31, 2018
14	**FIXED ASSETS**		------- Rupees '000 -------	
	Capital work-in-progress	14.1	619,197	475,098
	Property and equipment		17,457,280	11,187,348
			18,076,477	11,662,446
14.1	**Capital work-in-progress**			
	Civil works		197,049	188,143
	Equipment		197,972	142,598
	Advances to suppliers		224,176	144,357
			619,197	475,098

	Un-audited	
	March 31, 2019	March 31, 2018
14.2 Additions to fixed assets	-------- Rupees '000 --------	
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	452,225	186,408
Property and equipment		
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	44,613	20,169
Electrical office and computer equipment	176,451	101,465
Vehicles	1,192	39
Others	84,944	113,397
	307,200	235,070
Total	759,425	421,478

14.3 Disposal of fixed assets

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

Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	3	62
Electrical office and computer equipment	212	206
Vehicles	928	975
Others	-	29
Total	1,143	1,272

	Un-audited March 31, 2019	Audited December 31, 2018
15 INTANGIBLE ASSETS	------- Rupees '000 -------	
Capital work-in-progress	254,070	224,492
Intangibles	1,061,862	1,107,347
Goodwill	412,061	412,061
	1,727,993	1,743,900
Capital work-in-progress		
Computer software	254,070	224,492

	Un-audited	
	March 31, 2019	March 31, 2018
15.1 Additions to intangible assets	-------- Rupees '000 --------	
The following additions have been made to intangible assets during the period:		
Developed internally	-	-
Directly purchased	32,854	431
Through business combinations	-	-
Total	32,854	431

15.2 Disposals of intangible assets

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

Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-

		Un-audited March 31, 2019	Audited December 31, 2018
16	**DEFERRED TAX ASSETS**	------- Rupees '000 -------	
	Deductible temporary differences on		
	- Provision for diminution in the value of investments	108,788	95,977
	- Provision against advances, off balance sheet etc.	1,590,413	1,427,294
	- Provision against other assets	104,762	94,017
	- Surplus on revaluation of investments	131,858	234,738
	- Defined benefit obligation	292	243
	- Unused tax losses	11,196	10,945
		1,947,309	1,863,214
	Taxable temporary differences on		
	- Surplus on revaluation of fixed assets	(1,304,730)	(1,184,279)
	- Surplus on revaluation of non banking assets	(26,049)	(23,377)
	- Fair value adjustment relating to net assets acquired upon amalgamation	(360,475)	(340,314)
	- Accelerated tax depreciation	(85,071)	(130,260)
	- Fair valuation of previously held equity interest of FAML	(43,272)	(43,272)
		(1,819,597)	(1,721,502)
		127,712	141,712
17	**OTHER ASSETS**		
	Income / mark-up accrued in local currency - net of provision	7,308,666	5,059,391
	Income / mark-up accrued in foreign currency - net of provision	69,237	66,476
	Advances, deposits, advance rent and other prepayments	797,346	1,231,145
	Advance taxation (payments less provisions)	2,772,174	3,602,872
	Non-banking assets acquired in satisfaction of claims	1,803,938	1,807,502
	Mark to market gain on forward foreign exchange contracts	2,676,936	2,868,688
	Acceptances 21	7,014,494	10,899,656
	Credit cards and other products fee receivable	329,175	334,588
	Receivable from brokers against sale of shares	61,417	447,272
	Dividend receivable	149,374	75,348
	Prepaid employee benefits	-	-
	Others	1,432,077	775,650
		24,414,834	27,168,588
	Less: Provision held against other assets 17.1	(261,611)	(262,243)
	Other assets (net of provision)	24,153,223	26,906,345
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,261,018	1,261,018
	Other assets - total	25,414,241	28,167,363
17.1	**Provision held against other assets**		
	Dividend receivable	75,348	75,348
	SBP penalties	64,383	64,383
	Fraud forgery theft and account receivable	13,802	13,802
	Security deposits	22,994	22,994
	Others	85,084	85,716
		261,611	262,243
17.1.1	**Movement in provision held against other assets**		
	Opening balance	262,243	249,980
	Acquisition of FAML	-	4,731
	Charge for the period / year	-	9,782
	Reversals during the period / year	(632)	(2,250)
		(632)	7,532
	Amount written off	-	-
	Closing balance	261,611	262,243
18	**BILLS PAYABLE**		
	In Pakistan	8,670,753	23,543,524
	Outside Pakistan	-	-
		8,670,753	23,543,524

		Note	Un-audited March 31, 2019	Audited December 31, 2018
19	**BORROWINGS**		-------- Rupees '000 --------	
	Secured			
	Borrowings from the State Bank of Pakistan			
	- Under export refinance scheme - Part I and II	19.1	11,093,935	11,895,711
	- Under long term financing facility	19.2	2,264,615	1,786,815
	- Under long term financing facility for renewable power energy (RPE)	19.3	962,784	962,784
	- Under scheme of financing facility for storage of agricultural produce	19.4	103,087	117,219
	- Under Islamic export refinance scheme	19.5	4,653,104	4,107,833
			19,077,525	18,870,362
	Repurchase agreement borrowings		-	58,968,300
	Total secured		19,077,525	77,838,662
	Unsecured			
	Call borrowings		-	325,000
	Overdrawn nostro accounts		177,264	141,626
	Musharaka acceptances	19.6	8,615,000	7,700,000
	Other borrowings	19.7	12,517,230	12,346,633
	Total unsecured		21,309,494	20,513,259
			40,387,019	98,351,921

19.1 In accordance with the Export Refinance Scheme (ERF), the Group has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with the SBP. Borrowing from the SBP under the export refinance scheme is secured by the Group's cash and security balances held by the SBP. The mark-up rates on this facility was 1% and 2% per annum (December 31, 2018: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.

19.2 These represent borrowings from the SBP under scheme for long term financing facility. The markup rates on these facilities are ranging from 2% to 4.5% per annum (December 31, 2018: 2% to 4.5% per annum) payable on quarterly basis, with maturities upto December 2028. As per the terms of the agreement, the Group has granted the SBP a right to recover the outstanding amount from the Group at the respective date of maturity of finances by directly debiting the current account of the Group maintained with the SBP.

19.3 These represent borrowings from the SBP under scheme for long term financing facility for Renewable Power Energy (RPE). The mark-up rates on these facilities are 2% per annum, payable on quarterly basis, with maturities upto December 2028. As per the agreement, the Group has granted the SBP a right to recover the outstanding amount from the Group at the maturity date of finances by directly debiting the current account of the Group maintained with the SBP.

19.4 These represent borrowings from the SBP under scheme of Financing Facility for Storage of Agricultural Produce. The mark-up rates on these facilities are ranging from 2.5% to 3.5% per annum (December 31, 2018: 2.5% to 3.5%) payable on quarterly basis with maturities upto September 2023. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with the SBP.

19.5 In accordance with the Islamic Export Refinance Scheme (IERS), the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with the SBP. The average mark-up rate on this facility is 2.28% (December 31, 2018: 2.28%) payable on quarterly basis with maturities upto 180 days from the date of grant.

19.6 These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 9.25% to 10.25% per annum (December 31, 2018: 9.50% to 9.80% per annum). These deals have maturities upto May 2019.

19.7 This represents borrowings from a foreign financial institution. The mark-up rates on these borrowings are ranging from 3.80% to 4.76% per annum (December 31, 2018: 3.28% to 4.76%) with maturities upto July 2019.

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---------- Rupees '000 ----------					
Customers						
Current deposits – remunerative	4,212,859	-	4,212,859	4,063,646	-	4,063,646
Current deposits – non-remunerative	120,004,063	15,001,528	135,005,591	112,565,332	14,367,150	126,932,482
Savings deposits	121,603,161	15,282,184	136,885,345	110,521,161	15,358,413	125,879,574
Term deposits	114,356,830	5,042,771	119,399,601	116,528,810	3,898,877	120,427,687
Margin deposits	2,576,659	44,327	2,620,986	2,721,574	47,179	2,768,753
	362,753,572	35,370,810	398,124,382	346,400,523	33,671,619	380,072,142
Financial Institutions						
Current deposits	1,282,148	59,947	1,342,095	1,129,922	49,068	1,178,990
Savings deposits	13,784,925	-	13,784,925	20,949,999	-	20,949,999
Term deposits	8,865,200	-	8,865,200	7,182,370	-	7,182,370
	23,932,273	59,947	23,992,220	29,262,291	49,068	29,311,359
	386,685,845	35,430,757	422,116,602	375,662,814	33,720,687	409,383,501

21 OTHER LIABILITIES

	Note	Un-audited March 31, 2019	Audited December 31, 2018
		-------- Rupees '000 --------	
Mark-up / return / interest payable in local currency		2,618,150	1,962,508
Mark-up / return / interest payable in foreign currency		29,210	19,891
Unearned commission and income on bills discounted		120,321	66,698
Accrued expenses		2,321,476	2,102,785
Acceptances	17	7,014,494	10,899,656
Unclaimed dividends		46,702	45,140
Mark to market loss on forward foreign exchange contracts		992,483	1,239,594
Branch adjustment account		9,091	5,301
Charity fund balance		2,690	1,409
Provision against off-balance sheet obligations	21.2	132,011	125,238
Security deposits against lease		1,839,492	2,067,095
Withholding tax payable		123,244	91,141
Federal excise duty payable		23,741	52,450
Payable to brokers against purchase of shares		190,228	897,109
Fair value of derivative contracts		776,134	771,327
Short sale Pakistan Investment Bonds		2,046,138	-
Credit cards and other products payables		1,103,146	895,567
Leased liability		6,483,346	-
Token money against disposal of assets		610,003	572,276
Fund held as security		214,698	214,698
Others	21.1	2,533,161	3,154,350
		29,229,959	25,184,233

21.1 This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited - a related party against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million.

		Note	Un-audited March 31, 2019	Audited December 31, 2018
21.2	**Provision against off-balance sheet obligations**		---------- Rupees '000 ----------	
	Opening balance		125,238	101,090
	Exchange adjustment		-	-
	Charge for the period / year		6,773	57,434
	Reversals during the period / year		-	(33,286)
			6,773	24,148
	Transfer of provision		-	-
	Closing balance		132,011	125,238
22	**SURPLUS ON REVALUATION OF ASSETS - NET OF TAX**			
	Surplus / (deficit) on revaluation of			
	- Available for sale securities		(338,096)	(670,686)
	- Fixed assets		5,467,810	5,476,251
	- Non-banking assets acquired in satisfaction of claims		1,261,018	1,261,018
			6,390,732	6,066,583
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities		131,858	234,740
	- Fixed assets		(1,196,268)	(1,184,279)
	- Non-banking assets acquired in satisfaction of claims		(23,751)	(23,377)
			(1,088,161)	(972,916)
			5,302,571	5,093,667
23	**CONTINGENCIES AND COMMITMENTS**			
	- Guarantees	23.1	18,226,940	17,988,308
	- Commitments	23.2	247,986,873	230,966,872
	- Other contingent liabilities	23.3	4,293,244	4,293,244
			270,507,057	253,248,424
23.1	**Guarantees:**			
	Financial guarantees		1,417,536	1,417,536
	Performance guarantees		6,225,196	7,068,425
	Other guarantees		10,584,208	9,502,347
			18,226,940	17,988,308
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		32,046,305	32,048,821
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	153,148,416	94,403,136
	- forward government securities transactions	23.2.2	29,701,839	62,083,269
	- derivatives - cross currency swaps (notional principal)	23.2.3	6,692,490	4,483,600
	- forward lending	23.2.4	-	-
	- operating leases	23.2.5	-	10,708,369
	- extending credit (irrevocable)	23.4	26,179,627	27,079,658
	Commitments for acquisition of:			
	- operating fixed assets		119,792	46,719
	- intangible assets		98,404	113,300
			247,986,873	230,966,872

	Un-audited March 31, 2019	Audited December 31, 2018
23.2.1 Commitments in respect of forward foreign exchange contracts	---------- Rupees '000 ----------	
Purchase	97,155,722	66,533,034
Sale	55,992,694	27,870,102
	153,148,416	94,403,136
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	-	59,084,100
Sale	29,701,839	2,999,169
	29,701,839	62,083,269
23.2.3 Commitments in respect of derivatives		
Purchase	-	-
Sale	6,692,490	4,483,600
	6,692,490	4,483,600
23.2.4 Commitments in respect of forward lending		
Forward repurchase agreement lending	-	-
23.2.5 Commitments in respect of operating leases		
Not later than one year	-	1,421,897
Later than one year and not later than five years	-	5,275,107
Later than five years	-	4,011,365
	-	10,708,369
23.3 Other contingent liabilities		
(i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case	2,510,000	2,510,000
(ii) Indemnity issued favouring the High Court in one of the cases	457,543	457,543

(iii) The Executive Officer, Karachi Cantonment Board (KCB), vide its notice CBR No. 1 dated March 03, 2017 has proposed revised rates for assessment of shops and flats “A” category in which a fresh sub-category “Banks (self-occupied)” has been introduced for the purpose of cantonment tax in the limit of KCB. This has resulted in additional demand of Rs 171 million by KCB which includes demand on reassessment for the years from 2013 to 2017. On the basis of legal grounds agreed in consultation with legal counsel, the Holding Company has filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order has been granted by the Honorable High Court of Sindh in respect of payment of this additional demand.

(iv) Income tax assessments of the Holding Company have been finalised upto the tax year 2018 (accounting year 2017).

The department and the Holding Company have disagreements on a matter relating to taxability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2018: Rs. 1,154.701 million). Subsequently, the Commissioner Income Tax Appeals (CIT(A)) has deleted the said additional tax liability, however the Income Tax Department has filed an appeal against the order of CIT(A) in front of Income Tax Appellate Tribunal. The management and tax advisors of the Holding Company are confident that the matter will be decided in the Holding Company’s favor and accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of the matter.

(v) There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 32,644 million December 31, 2018: Rs 31,579 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by customers due to non disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2018: 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, management is confident that the above matters will be decided in the Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these condensed interim consolidated financial statements.

23.4 Commitments to extend credits

The Group makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 26,180 million (December 31, 2018: Rs 27,080 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS	Un-audited March 31, 2019	Audited December 31, 2018
	---------- Rupees '000 ---------	
Cross currency swaps (notional principal)	6,692,490	4,483,600

Derivative instruments, such as Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swaps and FX Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All Derivative transactions are governed by the Financial Derivative Business Regulations (FDBR) issued by the State Bank of Pakistan (SBP).

24.1 *Product Analysis*

Counterparties	March 31, 2019 (Un-audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	---------- Rupees '000 ----------					
With banks for						
Hedging	-	-	-	-	-	-
Market making	3,624,523	(525,436)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	3,067,967	(250,698)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	6,692,490	(776,134)	-	-	-	-

Counterparties	December 31, 2018 (Audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	---------- Rupees '000 ----------					
With banks for						
Hedging	-	-	-	-	-	-
Market making	2,484,210	(457,384)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	1,999,390	(313,942)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	4,483,600	(771,326)	-	-	-	-

		Note	Un-audited March 31, 2019	Un-audited March 31, 2018
			-------- Rupees '000 --------	
25	**MARK-UP / RETURN / INTEREST EARNED**			
	On:			
	a) Loans and advances		8,457,758	4,621,720
	b) Investments		3,130,072	2,462,471
	c) Lendings to financial institutions		15,842	19,367
	d) Balances with banks		21,117	7,186
	e) Securities purchased under resale agreements		580,241	113,348
			12,205,030	7,224,092
26	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		5,892,231	3,068,826
	Securities sold under repurchase agreements		118,580	194,159
	Other short term borrowings		26,882	52,198
	SBP borrowings		94,751	93,193
	Short sale of Pakistan Investment Bonds		17,272	98,205
	Musharaka acceptances		229,504	80,831
	Leased assets		189,269	-
	Cost of foreign currency swaps against foreign currency deposits / borrowings		689,408	256,622
			7,257,897	3,844,034
27	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		139,951	151,881
	Consumer finance related fees		80,674	62,901
	Card related fees (debit and credit cards)		280,209	278,193
	Credit related fees		24,314	9,816
	Investment banking fees		50,997	53,500
	Commission on trade		68,850	71,763
	Commission on guarantees		20,004	19,410
	Commission on cash management		9,878	18,995
	Commission on remittances including home remittances		8,425	9,352
	Commission on bancassurance		92,995	87,589
	Others		33,067	2,672
			809,364	766,072
28	**GAIN / (LOSS) ON SECURITIES**			
	Realised - net	28.1	(40,608)	266,173
	Unrealised - held for trading - net		(3,516)	1,613
			(44,124)	267,786
28.1	Realised gain / (loss) on:			
	Federal Government securities		(10,038)	110,889
	Shares		(34,430)	155,284
	Open end mutual funds		3,860	-
			(40,608)	266,173

29 OTHER INCOME

Rent on property	32,797	36,981
Gain on sale of fixed assets - net	2,355	4,773
Gain on sale of non-banking assets - net	-	-
Gain on short sale of Pakistan Investment Bonds (PIBs)	(3,440)	-
Notice pay	1,638	5,913
Others	449	305
	33,799	47,972

30 OPERATING EXPENSES

Total compensation expense	1,452,433	1,102,009
Property expense		
Rent and taxes	36,893	354,335
Insurance	21,954	23,096
Utilities cost	125,365	97,194
Security (including guards)	152,644	116,111
Repair and maintenance (including janitorial charges)	86,548	100,992
Depreciation	103,092	92,014
Others	18,086	21,191
	544,582	804,933
Information technology expenses		
Software maintenance	237,820	163,127
Hardware maintenance	49,892	49,494
Depreciation	78,093	86,582
Amortisation	29,510	48,513
Network charges	55,709	43,851
Others	-	-
	451,024	391,567
Other operating expenses		
Directors' fees and allowances	12,347	20,954
Legal and professional charges	8,556	18,767
Outsourced services costs	99,611	309,635
Travelling and conveyance	26,529	19,935
NIFT clearing charges	12,570	13,980
Depreciation	527,307	40,888
Training and development	3,806	2,284
Postage and courier charges	23,435	17,024
Communication	26,153	30,168
Marketing, advertisement and publicity	82,345	68,709
Donations	69,431	1,228
Auditors remuneration	11,978	12,266
Insurance	144,965	101,651
Stationery and printing	62,498	51,889
Bank fees and charges	26,515	29,265
Brokerage and commission	10,537	10,069
Deposit protection premium	73,737	-
Others	142,657	88,213
	1,364,977	836,925
	3,813,016	3,135,434

			Un-audited	
			March 31, 2019	March 31, 2018
31	**OTHER CHARGES**		-------- Rupees '000 --------	
	Penalties imposed by the State Bank of Pakistan		6,177	-
	Impairment charged for non-banking assets acquired in satisfaction of claims		-	-
			6,177	-
32	**REVERSAL OF PROVISION AND RECOVERIES AGAINST WRITEN-OFF DEBTS - NET**			
	Provision for diminution in value of investments	12.4	(1,353)	(11,464)
	Reversal of provision against loans and advances	13.3	(191,003)	(303,759)
	Bad debts written off directly		3,174	1,427
	Recovery of written off / charged off bad debts		(23,895)	(27,402)
	Provision against off balance sheet obligations	21.2	6,773	28,320
			(206,304)	(312,878)
33	**TAXATION**			
	Current		1,198,177	730,465
	Prior years		298,934	65,000
	Deferred		(106,543)	(10,529)
			1,390,568	784,936
34	**BASIC EARNINGS PER SHARE**			
	Profit for the period		1,600,516	1,217,203
			Number of shares in thousands	
	Weighted average number of ordinary shares		1,517,697	1,517,697
			---------- Rupees ----------	
	Basic earnings per share		1.05	0.80

34.1 Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue at March 31, 2019 and March 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

35 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

35.1 Fair value of financial assets

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

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

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

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

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

	March 31, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees '000 ----------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	58,390,143	-	58,390,143
Shares	7,200,279	30,346	-	7,230,625
Non-Government Debt Securities	-	42,779,057	-	42,779,057
Financial assets - disclosed but not measured at fair value				
Investments	-	14,858,996	-	14,858,996
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,731,979	8,731,979
Non-banking assets acquired in satisfaction of claims	-	-	3,064,956	3,064,956
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	99,740,680	-	99,740,680
Forward sale of foreign exchange	-	56,893,198	-	56,893,198
Derivatives sales	-	6,692,490	-	6,692,490

	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees '000 ----------			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	182,836,810	-	182,836,810
Shares	7,193,824	30,346	-	7,224,170
Non-Government Debt Securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date when the event or change in circumstances require the Group to exercise such transfers.

There were no transfers between levels 1 and 2 during the period.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates.
Ijara Sukuk	Fair values of GoP Ijarah Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	Break-up value determined on the basis of the NAV of a company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivative instruments	The Holding Company enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31, 2018.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the State Bank of Pakistan. The valuation experts use a market based approach to arrive at the fair value of the Holding Company's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statements.

36 SEGMENT INFORMATION

36.1 Segment Details with respect to business activities

	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2019	---------- Rupees in '000 ----------					
Net mark-up / return / profit	(3,510,422)	6,489,689	1,899,375	35,402	33,089	4,947,133
Inter segment revenue - net	6,495,194	(5,826,292)	(1,308,494)	(36,725)	676,317	-
Non mark-up / return / interest income	829,932	167,622	774,656	520	(52,809)	1,719,921
Total Income	3,814,704	831,019	1,365,537	(803)	656,597	6,667,054
Segment direct expenses	2,502,622	111,402	79,476	31,955	1,156,819	3,882,274
Inter segment expense allocation	943,573	121,246	30,320	23,633	(1,118,772)	-
Total expenses	3,446,195	232,648	109,796	55,588	38,047	3,882,274
Provisions	(4,106)	108,604	(4,909)	(317,185)	11,292	(206,304)
Profit before tax	372,615	489,767	1,260,650	260,794	607,258	2,991,084
Statement of financial position as at March 31, 2019						
Cash and bank balances	15,832,964	-	27,603,005	-	-	43,435,969
Investments	-	37,573,996	87,468,278	3,253,384	657,470	128,953,128
- Investment provision	-	(51,416)	(927,023)	(2,561,875)	-	(3,540,314)
Net inter segment lending	329,073,453	-	-	-	(329,073,453)	-
Lendings to financial institutions	-	-	33,654,894	-	-	33,654,894
Advances - performing	60,551,408	231,037,113	-	-	2,842,617	294,431,138
Advances - non-performing	5,003,300	2,375,932	-	19,502,070	157,194	27,038,496
- Advances - provisions	(3,937,934)	(773,740)		(18,785,635)	(122,800)	(23,620,109)
Others	17,208,065	10,997,633	3,271,241	(694,476)	14,563,960	45,346,423
Total Assets	423,731,256	281,159,518	151,070,395	713,468	(310,975,012)	545,699,625
Borrowings	1,581,940	17,470,585	21,334,494	-	-	40,387,019
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	401,430,398	19,367,808	-	108,143	1,210,253	422,116,602
Net inter segment borrowing	-	238,026,943	126,148,252	520,593	(364,695,788)	-
Others	20,718,918	6,294,182	3,793,888	84,732	7,008,992	37,900,712
Total liabilities	423,731,256	281,159,518	151,276,634	713,468	(356,476,543)	500,404,333
Equity	-	-	(206,239)	-	45,501,531	45,295,292
Total Equity and liabilities	423,731,256	281,159,518	151,070,395	713,468	(310,975,012)	545,699,625
Contingencies and commitments	6,996,039	42,636,850	-	1,097,899	-	50,730,788

	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2018	---------- Rupees in '000 ----------					
Net mark-up / return / profit	(1,287,716)	3,068,810	1,542,944	295,355	(241,933)	3,377,460
Inter segment revenue - net	3,668,669	(2,751,797)	(1,245,465)	(326,267)	654,860	-
Non mark-up / return / interest income	875,671	173,728	600,315	409	(126,246)	1,523,879
Total Income	3,256,624	490,741	897,794	(30,503)	286,681	4,901,339
Segment direct expenses	2,022,541	95,235	72,660	36,807	984,835	3,212,078
Inter segment expense allocation	807,757	94,183	20,757	20,571	(943,268)	-
Total expenses	2,830,298	189,418	93,416	57,378	41,567	3,212,078
Provisions	178	62,529	(11,464)	(360,910)	(3,211)	(312,878)
Profit before tax	426,148	238,794	815,842	273,029	248,326	2,002,139
Statement of financial position as at December 31, 2018						
Cash and bank balances	19,912,358	-	25,109,230	-	1,274	45,022,862
Investments	-	21,886,526	191,461,086	3,298,820	711,038	217,357,470
- Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
- Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,813,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,721,412	41,715,421
Total Assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,292	409,383,501
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,641,768	48,727,757
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,498,375)	556,463,179
Equity	-	-	(435,896)	-	43,969,150	43,533,254
Total Equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Contingencies and commitments	8,020,019	41,434,947	-	1,039,706	-	50,494,672

37 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, subsidiary, associate, employee benefit plans and its directors and key management personnel.

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

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

	March 31, 2019 (Un-audited)					December 31, 2018 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees '000									
Investments										
Opening balance	-	-	-	-	5,183,886	-	-	-	23,169	3,782,571
Investment made during the period / year	-	-	-	-	2,205,309	-	-	-	-	2,693,897
Investment redeemed / disposed off during the period / year	-	-	-	-	(2,701,449)	-	-	-	-	(1,342,583)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(23,169)	50,000
Closing balance	-	-	-	-	4,687,746	-	-	-	-	5,183,886
Provision for diminution in value of investments	-	-	-	-	2,327,088	-	-	-	-	2,321,301
Advances										
Opening balance	-	17,841	159,031	-	5,002,325	-	19,209	135,513	-	4,636,528
Addition during the period / year	-	17	9,067	-	702,273	-	-	95,950	-	472,248
Repaid during the period / year	-	(355)	(10,780)	-	(617,327)	-	(1,368)	(72,432)	-	(106,451)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	17,503	157,318	-	5,087,271	-	17,841	159,031	-	5,002,325
Provision held against advances	-	-	-	-	2,928,249	-	-	-	-	2,930,659
Other Assets										
Interest / mark-up accrued	-	17	139	-	1,832,241	-	15	112	-	860,805
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-
Commission income receivable	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	182	76,275	110,207	-	3,416,265	182	47,517	85,892	2,801	3,139,284
Received during the period / year	-	91,015	195,977	-	16,799,968	-	155,800	1,522,613	9,162,055	73,641,910
Withdrawn during the period / year	-	(50,128)	(201,392)	-	(17,910,921)	-	(127,042)	(1,498,298)	(9,162,116)	(73,364,929)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(2,740)	-
Closing balance	182	117,162	104,792	-	2,305,312	182	76,275	110,207	-	3,416,265
Other Liabilities										
Interest / mark-up payable	-	83	13	-	8,441	-	62	196	-	9,055
Payable to staff retirement fund	-	-	-	-	177,503	-	-	-	-	177,503
Other liabilities	-	-	-	-	-	-	-	-	-	-
	-	83	13	-	185,944	-	62	196	-	186,558

	March 31, 2019 (Un-audited)					December 31, 2018 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees '000									
Contingencies and Commitments										
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397	-	-	-	-	29,397
Trade related commitments	-	-	-	-	2,087,638	-	-	-	-	1,702,747

* represents outstanding guarantee

37.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current period are not reflected as part of the closing balance. The same are accounted for through the movement presented above.

RELATED PARTY TRANSACTIONS

	March 31, 2019 (Un-audited)					March 31, 2018 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees '000									
Income										
Mark-up / return / interest earned	-	216	3,299	-	74,437	-	235	1,499	-	51,623
Fee and commission income	-	-	9	-	3,466	-	-	5	2,000	14,851
Dividend income	-	-	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	3,933	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	1,256	1,431	-	55,677	-	160	277	56	30,912
Director's Fee and other expenses	-	12,347	-	-	-	-	20,954	-	-	-
-Salaries and other short-term employee benefits	-	-	110,195	-	-	-	-	54,431	-	-
-Post-employment benefits	-	-	5,312	-	-	-	-	4,471	-	-
Others										
Shares / units purchased during the year	-	-	-	-	2,205,309	-	-	-	-	-
Shares / units sold during the year	-	-	-	-	2,705,382	-	-	-	-	-
* Government securities purchased during the year										
* Government securities sold during the year	-	-	128,506	-	2,380,676	-	-	245,832	-	-
	-	-	128,478	-	2,495,613	-	-	243,429	-	540,398

* The Holding Company offers Investors' Portfolio Services (IPS) to its customers whereby the customers carry out transactions for sale and purchase of government securities with the Holding Company at market rates and / or with the SBP where Holding Company acts as an agent only. These represent amounts of such transactions.

	Un-audited March 31, 2019	Audited December 31, 2018
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	---------- Rupees '000 ---------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	38,270,516	36,482,780
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	38,270,516	36,482,780
Eligible Tier 2 Capital	4,967,370	4,970,159
Total Eligible Capital (Tier 1 + Tier 2)	43,237,886	41,452,939
Risk Weighted Assets (RWAs):		
Credit Risk	206,830,186	197,048,682
Market Risk	14,178,746	14,879,119
Operational Risk	35,913,323	35,994,871
Total	256,922,255	247,922,672
Common Equity Tier 1 Capital Adequacy ratio	14.90%	14.72%
Tier 1 Capital Adequacy Ratio	14.90%	14.72%
Total Capital Adequacy Ratio	16.83%	16.72%

Capital adequacy is regularly monitored by the Holding Company's management, employing techniques based on the guidelines developed by the Basel Committee, as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

As at March 31, 2019 the SBP requires each Bank or Banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10.00% and (c) maintain Common Equity Tier I (CET1) ratio and Tier 1 ratio of 6.0% and 7.5% respectively.

With effect from December 31, 2018 an additional Capital Conservation Buffer of 1.90% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Holding Company for the period ended March 31, 2019 stood at Rs 15.176 billion (December 31, 2018: Rs 15.176 billion). As at March 31, 2019 Holding Company's CAR stood at 16.83% whereas CET1 and Tier 1 ratios both stood at 14.90%.

The Holding Company is also in compliance with the CCB requirements.

	Un-audited March 31, 2019	Audited December 31, 2018
Leverage Ratio (LR):	---------- Rupees '000 ---------	
Eligible Tier-1 Capital	38,270,516	36,482,780
Total Exposures	635,922,968	752,762,576
Leverage Ratio	6.02%	4.85%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	160,684,137	176,430,499
Total Net Cash Outflow	120,930,963	136,979,152
Liquidity Coverage Ratio	1.337	1.288
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	362,257,426	359,777,496
Total Required Stable Funding	266,167,082	275,381,669
Net Stable Funding Ratio	136.10%	130.65%

39 ISLAMIC BANKING BUSINESS

The Holding Company is operating 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

Statement of financial position	Note	Un-audited March 31, 2019	Audited December 31, 2018
		---------- Rupees '000 ----------	
ASSETS			
Cash and balances with treasury banks		12,286,895	7,941,153
Balances with other banks		258,857	105,205
Investments	39.1	33,372,286	27,620,400
Islamic financing and related assets - net	39.2	93,068,291	78,659,697
Fixed assets		2,121,162	1,954,626
Intangible assets		34,022	38,263
Other assets		4,298,229	2,264,354
		145,439,742	118,583,698
LIABILITIES			
Bills payable		2,275,922	5,666,023
Due to financial institutions		13,824,263	11,157,833
Deposits and other accounts	39.3	76,696,613	69,489,203
Due to head office		39,534,322	24,134,341
Other liabilities		1,354,191	1,102,813
		133,685,311	111,550,213
NET ASSETS		11,754,431	7,033,485
REPRESENTED BY			
Islamic banking fund		9,180,000	4,680,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		145,638	121,608
Unappropriated profit	39.7	2,428,793	2,231,877
		11,754,431	7,033,485
CONTINGENCIES AND COMMITMENTS	39.4		

Profit and loss account		Un-audited March 31, 2019	March 31, 2018
		-------- Rupees '000 --------	
Profit / return earned	39.5	2,945,532	1,382,288
Profit / return expensed	39.6	1,826,070	709,995
Net profit / return		1,119,462	672,293
Other income			
Fee and commission income		127,386	93,109
Dividend income		-	-
Foreign exchange income		30,150	19,982
Income / (loss) from derivatives		-	-
Loss on securities		-	-
Other income		696	2,269
Total other income		158,232	115,360
Total income		1,277,694	787,653
Other expenses			
Operating expenses		947,335	741,824
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		947,335	741,824
Profit before provisions		330,359	45,829
Provisions and write offs - net		27,411	(2,720)
Profit before taxation		302,948	48,549
Taxation		106,032	16,992
Profit after taxation		196,916	31,557

39.1 Investments by segments:	Un-audited March 31, 2019 Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Audited December 31, 2018 Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---------- Rupees '000 ----------							
Federal Government Securities:								
- Ijarah Sukuks	6,000,000	-	(69,000)	5,931,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(69,000)	7,528,048	7,597,048	-	(107,400)	7,489,648
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares:								
- Listed Companies	-	-	-	-	-	-	-	-
- Unlisted Companies	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752
	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752
Foreign Securities:								
- Government securities	-	-	-	-	-	-	-	-
- Non Government Debt securities	-	-	-	-	-	-	-	-
- Equity securities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Total Investments	33,441,336	-	(69,050)	33,372,286	27,726,420	-	(106,020)	27,620,400

39.2 Islamic financing and related assets	Un-audited March 31, 2019	Audited December 31, 2018
	------ Rupees '000 ------	
Ijarah	-	-
Murabaha	2,566,975	1,576,557
Musharaka	7,164	8,042
Diminishing Musharaka	60,608,463	56,773,632
Salam	-	-
Istisna	582,600	28,771
Running Musharaka	8,785,180	7,342,446
Fixed assets Ijarah financing - net	82,408	66,953
Musharaka - Islamic export refinance scheme	4,153,104	3,607,833
Advance against Murabaha financing	349,828	70,976
Advanced against Diminishing Musharaka	8,305,931	5,446,140
Advance against Ijarah	2,874,766	2,898,135
Advance against Istisna	4,388,083	1,092,956
Advance against Islamic export refinance - LTF	700,331	56,388
Inventory related to Islamic financing	-	-
Gross Islamic financing and related assets	93,404,833	78,968,829
Less: provision against Islamic financings		
- Specific	(233,860)	(219,120)
- General	(102,682)	(90,012)
	(336,542)	(309,132)
Islamic financing and related assets - net of provision	93,068,291	78,659,697

39.3 Deposits

	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	---------- Rupees '000 ----------					
Customers						
Current deposits	32,950,112	1,786,938	34,737,050	35,538,506	1,588,367	37,126,873
Savings deposits	17,802,204	631,755	18,433,959	11,065,460	688,077	11,753,537
Term deposits	10,619,174	328,724	10,947,898	13,726,680	292,710	14,019,390
	61,371,490	2,747,417	64,118,907	60,330,646	2,569,154	62,899,800
Financial Institutions						
Current deposits	238,427	-	238,427	31,960	-	31,960
Savings deposits	8,706,279	-	8,706,279	6,051,443	-	6,051,443
Term deposits	3,633,000	-	3,633,000	506,000	-	506,000
	12,577,706	-	12,577,706	6,589,403	-	6,589,403
	73,949,196	2,747,417	76,696,613	66,920,049	2,569,154	69,489,203

39.4 CONTINGENCIES AND COMMITMENTS

	Un-audited March 31, 2019	Audited December 31, 2018
	------ Rupees '000 ------	
- Guarantees	628,636	313,552
- Commitments	9,172,400	9,390,440
- Other contingent liabilities	-	-
	9,801,036	9,703,992

39.5 Profit / return earned of financing, investments and placement

	Un-audited	
	March 31, 2019	March 31, 2018
	-------- Rupees '000 --------	
Profit earned on:		
Financing	2,198,567	950,784
Investments	746,965	431,504
Placements	-	-
	2,945,532	1,382,288

39.6 Profit on deposits and other dues expensed

Deposits and other accounts	826,674	482,240
Due to financial institutions	-	-
Other short term borrowings	999,396	227,755
	1,826,070	709,995

39.7 Islamic Banking Business Unappropriated Profit

Opening Balance	2,231,877	2,200,320
Add: Islamic Banking profit for the period	196,916	31,557
Less: Taxation	-	-
Less: Reserves	-	-
to Head Office	-	-
Closing Balance	2,428,793	2,231,877

40 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim consolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 25, 2019 by the Board of Directors of the Holding Company.

President & CEO	Chief Financial Officer	Chairman	Director	Director