



QUARTERLY REPORT
2019
(Un-audited)
JANUARY - MARCH



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Corporate Information

Board of Directors

Dr. Pervez Tahir	Chairman
Mr. Khalid S. Tirmizey	Acting President / CEO
Mr. Mohammad Jehanzeb Khan	Director
Mr. Hamed Yaqoob Sheikh	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Raza Saeed	Secretary to the Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Hamed Yaqoob Sheikh	Member
Mr. Saeed Anwar	Member

Board Risk Management Committee (BRMC)

Mr. Hamed Yaqoob Sheikh	Chairman
Mr. Saeed Anwar	Member
Dr. Muhammad Amjad Saqib	Member

Human Resource & Remuneration Committee (HR&RC)

Khawaja Farooq Saeed	Chairman
Mr. Mohammad Jehanzeb Khan	Member
Dr. Muhammad Amjad Saqib	Member

Islamic Banking Review Committee (IBRC)

Dr. Muhammad Amjad Saqib	Chairman
Dr. Pervez Tahir	Member
Khawaja Farooq Saeed	Member
Mr. Khalid S. Tirmizey	Member

Auditors

EY Ford Rhodes, Chartered Accountants

Registered Office

BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III, Lahore.
Telephones: +92 42 35783700-10
Fax No. +92 42 35783975
UAN: 111 200 100

Registrar

M/s. Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Telephones: +92 42 35916714, 35916719, 35839182
Fax No. +92 42 35869037

Website

www.bop.com.pk

Directors' Report

Quarterly Financial Statements - March 31, 2019

On behalf of the Board of Directors, I am pleased to present Un-audited Condensed Interim Financial Statements of The Bank of Punjab for the three months period ended March 31, 2019.

In the third quarter of FY19, the economy continued to be in dire straits. Large-scale Manufacturing (LSM) declined by 2.93 percent during July-March FY19 against 5.71 percent growth recorded in the same period last year. The latest available estimates of major crops also depict a lackluster performance by the agriculture sector. The slowdown in commodity producing sectors has downside implications for growth in services sector as well. Depreciation of the rupee reversed the decline in exports and the rise in imports. However, exports increased only by 0.11 percent in July-March FY19 and imports declined by 7.96 percent. The trade deficit declined by 13.02 per cent. In this backdrop, the real GDP growth was projected to be about half of the target for FY19.

Depressed growth was accompanied by problems on the monetary side. The current account deficit declined to US\$ 9.6 billion in Jul-Mar FY19 as compared to US\$ 13.6 billion in the corresponding period last year. Together with bi-lateral inflows, this eased pressures on SBP's foreign exchange reserves. But the deficit was still very high. Average headline CPI inflation reached 6.79 percent in July-March FY19 compared to 3.78 percent recorded in the same period last year. Core inflation maintained its 14-month upward trajectory accelerating to 8.5 percent in March 2019 from 5.8 percent a year earlier. Consequently, the SBP Policy Rate was increased 10.25% as on March 31, 2019. Despite two mini-budgets, fiscal deficit in July-March touched an historic height of 5 percent of GDP.

In this difficult economic background, the Bank has managed to continue its march forward. The financial outcomes reflect this performance.

Financial Highlights:

Rs. in Million

Profit before taxation	3,574.157
Taxation	1,608.670
Profit after taxation	1,965.487
Earnings per share (Rupees)	0.74

During 1st Quarter 2019, Bank's Net Interest Margin significantly improved to Rs. 6,516 million as against Rs. 4,676 million for the corresponding period last year, thereby registering a rise of 39%. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 812 million and Rs. 3,503 million, respectively. Accordingly, the Bank was able to post a pre-tax profit of Rs. 3,574 million as against Rs. 3,009 million for corresponding period last year thereby registering a rise of 19%. The Earnings per Share remained at Rs. 0.74.

As on March 31, 2019, the Deposits stood at Rs. 593.0 billion, while Total Assets stood at Rs. 704.0 billion. Investments and Gross Advances stood at Rs. 203.8 billion and Rs. 428.9 billion, respectively. The Tier-1 Equity stood at Rs. 34.5 billion as on March 31, 2019.

As on March 31, 2019, the Bank stands compliant with the Capital Adequacy Ratio (CAR) requirement prescribed by SBP. The CAR improved to 13.35% as against 13.17% as on December 31, 2018.

The Bank has been assigned long term entity rating of "AA" by M/s PACRA with short term rating being at the highest rank of "A1+". And the Bank has planned to further expand its outreach during the year. The Bank currently has a network of 577 online branches, including 74 Taqwa Islamic Banking Branches and 13 sub-branches, strategically located across the country. Further, the Bank has a vast network of 529 ATMs providing 24/7 banking services to the customers

I am thankful to our valued customers and shareholders for their continuous support and trust and assure that the Bank would continue its efforts to further accelerate the current growth trends. I wish to extend my gratitude to the Government of the Punjab, State Bank of Pakistan and Security Exchange Commission of Pakistan for their support and guidance. I also appreciate Bank's management and staff for their contribution towards the progress and prosperity of the Bank.

For and on behalf of the Board

Dr. Pervez Tahir
Chairman

ڈائریکٹرز کا جائزہ

دی بینک آف پنجاب کے سماہمی مالیاتی نتائج 31 مارچ 2019ء

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019ء کو اختتام پذیر ہونے والی سماہمی کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

مالی سال 2019ء کی تیسرے سماہمی کے دوران ملکی معیشت دباؤ کا شکار رہی۔ بڑے پیمانے کی اشیاء سازی کے شعبے میں مالی سال 2019ء جولائی تا مارچ کے دوران 2.93 فیصد کمی دیکھی گئی جبکہ پچھلے سال کی اسی مدت کے دوران 5.71 فیصد اضافہ ریکارڈ کیا گیا تھا۔ دستیاب تخمینہ کے مطابق زرعی شعبہ میں اہم اجناس کی کارکردگی متزلزل کا شکار رہی۔ اشیاء سازی میں سست روی نے خدمات کے شعبے کو بھی متاثر کیا ہے۔ روپے کی قدر میں کمی کی وجہ سے برآمدات میں کمی ہوئی اور درآمدات میں اضافہ ہوا ہے۔ جبکہ مالی سال 2019ء جولائی تا مارچ برآمدات میں 0.11 فیصد اضافہ ہوا اور درآمدات میں 7.96 فیصد کمی ہوئی۔ تجارتی خسارہ 13.02 فیصد سے کم ہوا۔ ان حالات میں ملکی جی ڈی پی میں متوقع اضافہ مالی سال 2019ء کی تخمینہ سے آدھارنے کی توقع ہے۔

ترقی کی رفتار میں دباؤ کے ساتھ ساتھ معیشت کو زری مسائل کا بھی سامنا ہے۔ مالی سال 2019ء جولائی تا مارچ کرنٹ اکاؤنٹ خسارہ کم ہو کر 9.6 ارب ڈالر رہا جو پچھلے سال کی اسی مدت کے دوران 13.6 ارب ڈالر تھا۔ لہذا بیرونی ترسیلات کے ساتھ اسٹیٹ بینک کے زرمبادلہ کے ذخائر پر دباؤ کم ہوا لیکن خسارہ اس وقت بھی انتہائی زیادہ ہے۔ مالی سال 2019ء جولائی تا مارچ کے دوران سی پی آئی افراط زر 6.79 فیصد رہا جو کہ پچھلے سال کی اسی مدت کے دوران 3.78 فیصد تھا۔ بنیادی افراط زر چودہ ماہ کی بلند ترین سطح 8.5 فیصد رہا جو کہ پچھلے سال 5.8 فیصد تھا۔ لہذا 31 مارچ 2019ء کو اسٹیٹ بینک آف پاکستان کا پالیسی ریٹ بڑھ کر 10.25 فیصد ہو گیا۔ دو مئی بجٹ کے باوجود مالیاتی خسارہ جولائی تا مارچ کے دوران جی ڈی پی کا 5 فیصد رہا۔ جو کہ تاریخ کی بلند ترین سطح ہے۔

ان مشکل مالی حالات میں بینک نے اپنی ترقی کا سفر جاری رکھا ہے۔ جو کہ مالیاتی نتائج سے ظاہر ہوتا ہے۔

مالیاتی نتائج	روپیہ ملین میں
قبل از ٹیکس منافع	3,574.157
ٹیکس	1,608.670
بعد از ٹیکس منافع	1,965.487
نی حصص منافع (روپیہ)	0.74

سال 2019ء کی پہلی سماہمی کے دوران بینک کا نیٹ انٹرسٹ مارجن 39 فیصد کے شاندار اضافہ کے ساتھ 6,516 ملین روپے تک پہنچ گیا جو کہ پچھلے سال کی اسی مدت کے دوران 4,676 ملین روپے تھا جبکہ نان مارک اپ/ انٹرسٹ آمدن اور نان مارک اپ/ انٹرسٹ اخراجات بالترتیب 812 ملین روپے اور 3,503 ملین روپے رہے۔ اس طرح بینک نے 19 فیصد اضافہ کے ساتھ 3,574 ملین روپے کا قبل از ٹیکس منافع کمایا جو کہ پچھلے سال کی اسی مدت کے دوران 3,009 ملین روپے تھا۔ بینک کی فی حصص آمدن 0.74 رہی۔ 31 مارچ 2019ء کو بینک کے ڈیپازٹس 593 ارب روپے تھے جبکہ کل اثاثہ جات 704 ارب روپے رہے۔ سرمایہ کاری اور قرضہ جات بالترتیب 203.8 ارب روپے اور 428.9 ارب روپے رہے۔ 31 مارچ 2019ء کو بینک کی ٹیرون ایکویٹی 34.5 ارب روپے رہی۔ 31 مارچ 2019ء کو بینک اسٹیٹ بینک کی مقرر کردہ کیپیٹل ایکویٹی ریشو کی مطلوبہ شرح حاصل کر چکا ہے۔ جبکہ بینک کی کیپیٹل ایکویٹی ریشو بہتر ہو کر 13.35 فیصد ہو گئی جبکہ 31 دسمبر 2018ء کو 13.17 فیصد تھی۔

پاکستان کریڈٹ ریٹنگ ایجنسی نے بینک کو طویل مدت ریٹنگ "AA" دی ہے جبکہ مختصر مدت کے لیے "A1+" کی ریٹنگ بلند ترین سطح پر ہے۔ بینک نے اپنے برانچ نیٹ ورک میں مزید توسیع کا فیصلہ کیا ہے۔ اس وقت بینک کی 577 آن لائن برانچز بشمول 74 تقویٰ اسلامی بینکنگ برانچز اور 13 سب برانچز ملک بھر میں موجود ہیں۔ اس کے علاوہ ازیں بینک کا وسیع 529 اے ٹی ایم کا نیٹ ورک صارفین کو خدمات فراہم کر رہا ہے۔

میں اپنے معزز صارفین اور حصص داران کا شکریہ ادا کرتے ہوئے اس بات کا یقین دلاتا ہوں کہ ترقی کی موجودہ رفتار کو مزید تیز کیا جائے گا۔ میں حکومت پنجاب، اٹلیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مسلسل تعاون اور معاونت کا تہہ دل سے شکر گزار ہوں۔ میں بینک کے تمام ملازمین کی انتھک محنت کا معترف ہوں جس کی وجہ سے بینک نے قابل ذکر کارکردگی کا مظاہرہ کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر پرویز طاہر
چیئرمین



**Unconsolidated Condensed Interim
Financial Information**
for the period ended March 31, 2019

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2019

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	43,382,797	43,589,007
Balances with other banks	8	4,211,219	5,802,312
Lendings to financial institutions	9	20,334,373	27,843,153
Investments - net	10	203,769,089	210,071,483
Advances - net	11	384,780,072	381,877,256
Fixed assets	12	8,815,491	8,787,928
Intangible assets	13	877,767	891,489
Deferred tax assets - net	14	7,724,599	7,965,267
Other assets - net	15	30,111,317	27,551,697
		704,006,724	714,379,592
LIABILITIES			
Bills payable	17	3,535,550	3,577,677
Borrowings	18	29,862,137	41,793,201
Deposits and other accounts	19	593,042,285	595,581,962
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	8,797,140	8,797,140
Deferred tax liabilities		-	-
Other liabilities	21	31,082,208	26,909,321
		666,319,320	676,659,301
NET ASSETS		37,687,404	37,720,291
REPRESENTED BY			
Share capital - net		26,173,766	26,173,766
Reserves		4,990,570	4,990,570
Surplus on revaluation of assets - net of tax	22	3,229,680	3,260,312
Unappropriated profit		3,293,388	3,295,643
		37,687,404	37,720,291
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The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

Chairman

Director

Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Three Months Ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 Rupees in '000'	March 31, 2018
Mark-up / return / interest earned	24	16,086,993	9,786,424
Mark-up / return / interest expensed	25	9,571,166	5,110,885
Net mark-up / interest income		6,515,827	4,675,539
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	767,182	766,790
Dividend income		28,205	20,183
Foreign exchange (loss) / income		(2,690)	67,806
Income / (loss) from derivatives		-	-
Gain on securities - net	27	13,990	26,048
Other income - net	28	4,911	34,330
Total non-markup / interest income		811,598	915,157
Total income		7,327,425	5,590,696
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	3,502,085	2,734,932
Workers welfare fund		-	-
Other charges	30	1,021	-
Total non-markup / interest expenses		3,503,106	2,734,932
Profit before provisions		3,824,319	2,855,764
Provisions / (reversals) and write offs - net	31	250,162	(153,060)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,574,157	3,008,824
Taxation - net	32	1,608,670	1,068,572
PROFIT AFTER TAXATION		1,965,487	1,940,252
Basic earnings per share - Rupees	33	0.74	0.73
Diluted earnings per share - Rupees	34	0.74	0.73

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

Chief Financial Officer

Chairman

Director

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Three Months Ended March 31, 2019 (Un-audited)

	March 31, 2019	Restated March 31, 2018
	Rupees in '000'	
Profit after taxation for the period	1,965,487	1,940,252
Other comprehensive income:		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
	1,965,487	1,940,252
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	(15,605)	(85,662)
Total comprehensive income for the period	1,949,882	1,854,590

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

Chief Financial Officer

Chairman

Director

Director

Unconsolidated Condensed Interim Cash Flow Statement For the Three Months Ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 Rupees in '000'	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,574,157	3,008,824
Less: Dividend income		(28,205)	(20,183)
		3,545,952	2,988,641
Adjustments:			
Depreciation on fixed assets	29	255,798	224,266
Depreciation on non banking assets acquired in satisfaction of claims	29	18,539	19,344
Depreciation on ijarah assets under IFAS - 2	29	82,831	107,520
Amortization on intangible assets	29	42,296	8,250
Amortization of (discount) / premium on debt securities - net		(118,514)	173,043
Unrealized loss on revaluation of investments classified as held for trading	27	4,279	315
Provision / (reversal) and write-offs - net	31	250,162	(153,060)
(Gain) / loss on sale of fixed assets - net	28	(1,445)	4,116
Gain on sale of non banking assets - net		-	-
Gain on securities - net	27	(18,269)	(26,363)
Provision for employees compensated absences		2,617	2,465
Provision for gratuity		28,704	26,902
		546,998	386,798
		4,092,950	3,375,439
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		7,508,780	(29,159,549)
Held for trading securities		8,474,138	11,092,702
Advances - net		(3,193,253)	(15,546,203)
Others assets - net		(3,203,824)	370,994
		9,585,841	(33,242,056)
Increase / (Decrease) in operating liabilities:			
Bills Payable		(42,127)	36,072
Borrowings from financial institutions		(12,397,769)	(10,038,897)
Deposits		(2,539,677)	13,318,733
Other liabilities		2,158,797	501,979
		(12,820,776)	3,817,887
Payments against off-balance sheet obligations			
Income tax paid		(731,277)	(1,202,127)
Net cash flow from / (used in) operating activities		126,738	(27,250,857)

	March 31, 2019	March 31, 2018
Rupees in '000'		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	12,557,190	17,858,890
Net investments in held to maturity securities	(14,647,570)	-
Dividends received	10,124	24,848
Investments in fixed assets	(283,635)	(170,588)
Investments in intangible assets	(28,574)	(43,826)
Proceeds from sale of fixed assets	1,719	31,529
Net cash (used in) / flow from investing activities	(2,390,746)	17,700,853
NET CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in cash and cash equivalents	(2,264,008)	(9,550,004)
Cash and cash equivalents at beginning of the period	49,180,556	53,299,968
Cash and cash equivalents at end of the period	46,916,548	43,749,964
Cash and cash equivalents :		
Cash and bank balances with treasury banks	43,382,797	40,722,118
Balances with other banks	4,211,219	3,134,058
Overdrawn nostro accounts	(677,468)	(106,212)
	46,916,548	43,749,964

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

Chief Financial Officer

Chairman

Director

Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the Three Months Ended March 31, 2019 (Un-audited)

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Investments	Fixed / non banking assets	Unappropriated profit / (accumulated loss)	Total
Rupees in '000'									
Balance as on January 01, 2018 - as restated	26,436,924	(263,158)	26,173,766	2,215,040	1,262,791	(65,499)	2,940,101	(2,806,439)	29,731,760
Profit after taxation for the three months ended March 31, 2018	-	-	-	-	-	(85,662)	-	1,940,252	1,940,252
Other comprehensive loss	-	-	-	-	-	(85,662)	-	-	(85,662)
Total comprehensive income for the three months ended March 31, 2018	-	-	-	-	-	(85,662)	-	1,940,252	1,854,590
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(11,917)	11,917	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(1,096)	1,095	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	-	26,789	26,789
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	-	(590)	(590)
Change in surplus on revaluation during the year - net of tax	-	-	-	-	-	-	-	-	-
Balance as on March 31, 2018 - as restated	26,436,924	(263,158)	26,173,766	2,215,040	1,262,791	(139,161)	2,927,089	(826,976)	31,612,549
Profit after taxation for the nine months ended December 31, 2018	-	-	-	-	-	127,792	509,790	5,623,441	5,623,441
Other comprehensive income / (loss)	-	-	-	-	-	127,792	509,790	(172,731)	464,851
Total comprehensive income for the nine months ended December 31, 2018	-	-	-	-	-	127,792	509,790	5,450,710	6,088,292
Transfer to statutory reserve	-	-	-	-	1,512,739	-	-	(1,512,739)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(33,735)	33,735	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(2,345)	2,345	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(77,594)	92,866	14,992
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(51,524)	55,982	4,458
Balance as on December 31, 2018	26,436,924	(263,158)	26,173,766	2,215,040	2,775,530	(11,369)	3,271,681	3,295,643	37,720,291
Profit after taxation for the three months ended March 31, 2019	-	-	-	-	-	(15,605)	-	1,965,487	1,965,487
Other comprehensive loss	-	-	-	-	-	(15,605)	-	-	(15,605)
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	(15,605)	-	1,965,487	1,949,882
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(10,759)	10,759	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(4,268)	4,268	-
Transactions with owners recognized directly in equity :	-	-	-	-	-	-	-	(1,982,769)	(1,982,769)
Final cash dividend - December 31, 2018 declared subsequent to year end at 7.5% per share	-	-	-	-	-	-	-	(1,982,769)	(1,982,769)
Balance as on March 31, 2019	26,436,924	(263,158)	26,173,766	2,215,040	2,775,530	(26,974)	3,256,654	3,283,388	37,687,404

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

Chief Financial Officer

Director

Director

Notes to the Unconsolidated Condensed Interim Financial Information

For the Three Months Ended March 31, 2019 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

The Bank of Punjab (the Bank) was constituted in Pakistan pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 576 branches including 13 sub branches and 72 Islamic banking branches (December 31, 2018: 576 branches including 13 sub branches and 72 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

2. BASIS OF PRESENTATION

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

These unconsolidated condensed interim financial statements are separate financial statements of the Bank in which the investment in subsidiaries is stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee. Consolidated condensed interim financial statements of the Group are being issued separately.

The financial results of Islamic Banking business have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 39 of these unconsolidated condensed interim financial statements.

2.1 Statement of compliance

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

- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP).
- Requirements of The Bank of Punjab Act, 1989;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.

Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 differ with the requirements of these IFRS or IFAS, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.

2.1.2 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on SBP BPRD circular letter No. 05 of 2019 and IAS 34 "Interim Financial Reporting". Accordingly, these unconsolidated condensed interim financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2018.

2.1.3 SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

2.1.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in these unconsolidated condensed interim financial statements of the Bank.

2.1.5 New accounting standards/ amendments and IFRS interpretations that are effective for the current period:

During the period, certain amendments to standards, interpretations and improvements to accounting standards became effective, however, except IFRS 16 - Leases, the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements.

IFRS 16 - Leases introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes the right-of-use asset representing its right to use the underlying asset and a corresponding lease liability. Lessor accounting remains similar i.e. lessor continue to classify lease as finance or operating lease. The SBP vide BPRD circular letter no. 08 of 2019 extended the implementation date of IFRS 16 for Banks in Pakistan from January 1, 2019 to June 30, 2019. Accordingly, the requirements of this standard have not been applied in the preparation of these unconsolidated condensed interim financial statements.

2.1.6 New accounting standards and IFRS interpretations that are not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than IFRS 9. With regard to IFRS 9, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 3	Amendments to IFRS 3 (Definition of a Business)	January 01, 2020
IAS 1 & 8	Amendments to IAS 1 and IAS 8 (Definition of Material)	January 01, 2020
		Effective date (accounting periods ending on or after)
IFRS 9	Financial Instruments : Classification and Measurement	June 30, 2019

3. BASIS OF MEASUREMENT

3.1 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

3.2 These unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The basis for accounting judgments and key estimates adopted in preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2018.

6. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		Rupees in '000'	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		8,312,308	8,558,512
Foreign currency		1,009,756	1,567,982
		9,322,064	10,126,494
With SBP in:			
Local currency current account		27,557,768	19,249,466
Foreign currency current account		420,934	431,861
Foreign currency deposit account		1,251,073	1,283,551
		29,229,775	20,964,878
With National Bank of Pakistan in :			
Local currency current account		4,800,231	12,451,416
Prize bonds		30,727	46,219
		43,382,797	43,589,007

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
8. BALANCES WITH OTHER BANKS			
In Pakistan :			
Current accounts		3,252,402	3,747,534
Deposit accounts		158,604	1,517,470
		3,411,006	5,265,004
Outside Pakistan :			
Current accounts		464,303	435,886
Deposit account		335,910	101,422
		800,213	537,308
		4,211,219	5,802,312
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	9.2	13,777,415	22,093,153
Bai muajjal receivable from SBP		511,958	-
Placements	9.3	6,045,000	5,750,000
		20,334,373	27,843,153
9.1 Particulars of lending			
In local currency		20,334,373	27,843,153
In foreign currencies		-	-
		20,334,373	27,843,153

9.2 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2019			(Audited) December 31, 2018		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	R u p e e s i n ' 0 0 0 '					
Market treasury bills	9,876,910	-	9,876,910	-	-	-
Pakistan investment bonds	3,900,505	-	3,900,505	22,093,153	-	22,093,153
	13,777,415	-	13,777,415	22,093,153	-	22,093,153

Market value of securities held as collateral as at March 31, 2019 amounted to Rs. 13,792,045 thousand (December 31, 2018: Rs. 21,350,630 thousand). These carry mark-up at rate ranging from 10.25% to 10.75% per annum (December 31, 2018: 10.00% to 10.50% per annum) with maturities upto April 08, 2019.

- 9.3** These carry profit rates ranging from 9.85% to 11.00% per annum (December 31, 2018: 9.00% to 9.80% per annum) with maturities upto September 12, 2019.

10. INVESTMENTS - NET

10.1 Investments by type:

	Note	(Un-audited) March 31, 2019			(Audited) December 31, 2018				
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
R u p e e s i n ' 0 0 0 '									
Held-for-trading securities									
Federal government securities	10.1.1	16,610,619	-	(4,279)	16,606,340	25,075,868	-	(1,892)	25,073,976
Ordinary shares		-	-	-	-	12,630	-	(1,849)	10,781
		16,610,619	-	(4,279)	16,606,340	25,088,498	-	(3,741)	25,084,757
Available-for-sale securities									
Federal government securities	10.1.1 & 10.2	163,045,472	-	(61,961)	162,983,511	177,736,092	-	(44,199)	177,691,893
Shares		2,258,082	(1,051,616)	18,163	1,224,629	2,122,045	(1,024,880)	24,614	1,121,779
Non government debt securities		10,253,923	(2,235,321)	2,299	8,020,901	8,119,488	(2,236,623)	2,094	5,884,959
Foreign securities		4,019	-	-	4,019	4,019	-	-	4,019
		175,561,496	(3,286,937)	(41,499)	172,233,060	187,981,644	(3,261,503)	(17,491)	184,702,650
Held-to-maturity securities									
Federal government securities	10.1.1 & 10.4	14,897,640	-	-	14,897,640	250,329	-	-	250,329
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		14,898,040	(400)	-	14,897,640	250,729	(400)	-	250,329
Subsidiaries									
		164,945	(132,896)	-	32,049	164,945	(131,198)	-	33,747
Total investments		207,235,100	(3,420,233)	(45,778)	203,769,089	213,485,816	(3,393,101)	(21,232)	210,071,483

10.1.1 Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.

10.1.2 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000'		
10.2 Investments given as collateral		
Market treasury bills	7,254,200	19,829,188
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	3,393,101	3,145,347
Charge / reversals :		
Charge for the period	28,434	247,754
Reversals for the period	(1,302)	-
	27,132	247,754
Closing Balance	3,420,233	3,393,101

10.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,235,721	2,235,721	2,237,023	2,237,023
Total	2,235,721	2,235,721	2,237,023	2,237,023

10.4 Market value of held to maturity investments amounted to Rs. 14,829,705 thousand (December 31, 2018: Rs. 248,902 thousand).

11. ADVANCES - NET

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000'						
Loans, cash credits, running finances, etc.	322,037,612	324,864,552	48,339,553	49,076,188	370,377,165	373,940,740
Net book value of assets in ijarah under IFAS 2 - In Pakistan	459,091	337,920	215,000	215,000	674,091	552,920
Islamic financing and related assets	21,174,069	19,584,952	76,840	76,882	21,250,909	19,661,834
Bills discounted and purchased	36,547,240	31,583,488	16,992	16,992	36,564,232	31,600,480
Advances - gross	380,218,012	376,370,912	48,648,385	49,385,062	428,866,397	425,755,974
Provision against advances:						
- Specific	-	-	(43,716,404)	(43,530,419)	(43,716,404)	(43,530,419)
- General	(369,921)	(348,299)	-	-	(369,921)	(348,299)
	(369,921)	(348,299)	(43,716,404)	(43,530,419)	(44,086,325)	(43,878,718)
Advances - net of provision	379,848,091	376,022,613	4,931,981	5,854,643	384,780,072	381,877,256

11.1 Particulars of advances (gross)	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
In local currency	428,767,204	425,610,828
In foreign currencies	99,193	145,146
	428,866,397	425,755,974

11.2 Advances include Rs. 48,648,385 thousand (December 31, 2018: 49,385,062 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	119,299	4,617	52,234	801
Substandard	809,381	126,594	351,004	65,741
Doubtful	7,584,095	4,361,850	9,722,789	5,247,064
Loss	40,135,610	39,223,343	39,259,035	38,216,813
Total	48,648,385	43,716,404	49,385,062	43,530,419

11.3 Particulars of provision against advances

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000'						
Opening balance	43,530,419	348,299	43,878,718	45,558,411	425,283	45,983,694
Charge for the period	1,450,275	-	1,450,275	2,350,848	-	2,350,848
Reversals for the period	(1,264,290)	21,622	(1,242,668)	(4,372,439)	(76,984)	(4,449,423)
Amounts written off	185,985	21,622	207,607	(2,021,591)	(76,984)	(2,098,575)
	-	-	-	(6,401)	-	(6,401)
Closing balance	43,716,404	369,921	44,086,325	43,530,419	348,299	43,878,718

11.3.1 Particulars of provision against advances with respect to currencies

In local currency	43,716,404	369,921	44,086,325	43,530,419	348,299	43,878,718
In foreign currencies	-	-	-	-	-	-
	43,716,404	369,921	44,086,325	43,530,419	348,299	43,878,718

11.3.2 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 1,180,560 thousand (December 31, 2018: 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000'			
12. FIXED ASSETS			
Capital work-in-progress	12.1	142,806	231,947
Property and equipment	12.2	8,672,685	8,555,981
		8,815,491	8,787,928
12.1 Capital work-in-progress			
Civil works		112,346	201,487
Equipment		30,460	30,460
		142,806	231,947

	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
	Rupees in '000'	
12.2 Additions to fixed assets		
The following additions / (transfers) have been made to fixed assets during the period:		
Capital work-in-progress	(89,141)	26,006
Property and equipment :		
Land	-	8,467
Building on freehold land	91,659	-
Furniture and fixture	12,619	18,833
Office equipment	85,645	14,798
Computer equipment	44,257	68,819
Lease hold improvements	124,836	31,750
Vehicles	13,760	1,915
	372,776	144,582
	283,635	170,588

12.3 Disposal of property and equipment:		
The net book value of property and equipment disposed off during the period is as follows:		
Building on freehold land	-	34,238
Furniture and fixture	128	547
Office equipment	146	398
Computer equipment	-	464
	274	35,647

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
13. INTANGIBLE ASSETS		
Intangible in progress	141,268	129,279
Softwares	736,499	762,210
	877,767	891,489

13.1 Additions to intangible assets		
The following additions / (transfers) have been made to intangible assets during the period:		
Intangible in progress	11,989	35,851
Intangible assets purchased during the period	16,585	7,975
	28,574	43,826

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
14. DEFERRED TAX ASSETS - NET			
Deductible temporary differences on :			
Deficit on revaluation of investments		14,525	6,122
Provision against advances, off balance sheet etc.		8,656,064	8,926,570
		8,670,589	8,932,692
Taxable temporary differences on :			
Surplus on revaluation of fixed assets		(457,697)	(463,493)
Accelerated tax depreciation		(306,741)	(320,081)
Surplus on revaluation of non banking assets		(181,552)	(183,851)
		(945,990)	(967,425)
		7,724,599	7,965,267
15. OTHER ASSETS - NET			
Income / mark-up accrued in local currency		10,083,495	8,629,336
Income / mark-up accrued in foreign currency		287	1,961
Profit paid in advance on pehlay munafa scheme		5,540	8,027
Advances, deposits, advance rent and other prepayments		727,657	881,805
Advance taxation (payments less provisions)		3,001,919	3,630,240
Non-banking assets acquired in satisfaction of claims		7,455,836	7,467,804
Acceptances		6,700,586	4,888,386
Branch adjustment account		178,955	180,704
Mark to market gain on forward foreign exchange contracts		92,790	146,431
Stock of stationery		179,855	108,048
Suspense account		3,026	5,044
Zakat recoverable from NITL		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		54,051	78,013
Fraud and forgeries		123,845	121,806
Unearned income on sale of sukuk on bai-muajjal basis		981,629	1,044,888
Others		1,014,513	829,881
		30,640,774	28,059,164
Less: Provision held against other assets	15.1	(2,067,704)	(2,052,280)
Other assets (net of provision)		28,573,070	26,006,884
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,538,247	1,544,813
Other assets - total		30,111,317	27,551,697
15.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		1,575,670	1,575,670
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries		115,988	101,364
Others		303,533	302,733
		2,067,704	2,052,280

	(Un-audited) March 31, 2019	(Audited) December 31, 2018				
	Rupees in '000'					
16. CONTINGENT ASSETS						
Contingent assets	Nil	Nil				
17. BILLS PAYABLE						
In Pakistan	3,535,550	3,577,677				
Outside Pakistan	-	-				
	3,535,550	3,577,677				
18. BORROWINGS						
Secured						
Borrowings from SBP under:						
Export refinance scheme (ERF)	13,430,224	13,451,606				
Long term financing facility (LTFF)	6,350,927	6,219,303				
Finance facility for storage of agricultural produce (FFSAP)	48,776	25,991				
Finance facility for renewable energy performance platform (REPP)	996,563	1,025,036				
	20,826,490	20,721,936				
Repurchase agreement borrowings	-	2,497,905				
Call borrowings	7,231,934	17,251,702				
Total secured	28,058,424	40,471,543				
Unsecured						
Overdrawn nostro accounts	677,468	210,763				
Foreign placement	1,126,245	1,110,895				
Total unsecured	1,803,713	1,321,658				
	29,862,137	41,793,201				
19. DEPOSITS AND OTHER ACCOUNTS						
	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	110,293,638	2,318,339	112,611,977	119,614,715	2,343,451	121,958,166
Savings deposits	264,655,525	2,260,174	266,915,699	253,500,729	2,413,949	255,914,678
Term deposits	185,178,201	3,147,225	188,325,426	181,768,000	3,496,387	185,264,387
Others	18,445,388	-	18,445,388	25,541,626	-	25,541,626
	578,572,752	7,725,738	586,298,490	580,425,070	8,253,787	588,678,857
Financial institutions:						
Current deposits	2,457,190	276,174	2,733,364	3,610,496	188,548	3,799,044
Savings deposits	3,212,763	189	3,212,952	2,186,683	186	2,186,869
Term deposits	705,000	-	705,000	755,000	-	755,000
Others	92,479	-	92,479	162,192	-	162,192
	6,467,432	276,363	6,743,795	6,714,371	188,734	6,903,105
	585,040,184	8,002,101	593,042,285	587,139,441	8,442,521	595,581,962

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
20. SUBORDINATED DEBTS			
Loan from GoPb	20.1	2,000,000	2,000,000
Privately placed term finance certificates - I	20.2	2,498,000	2,498,000
Privately placed term finance certificates - II	20.3	4,299,140	4,299,140
		8,797,140	8,797,140

20.1 Loan from GoPb

The GoPb extended loan of Rs. 2,000,000 thousand to support capital structure of the Bank for the purpose of the regulatory capital requirement. The loan is unsecured and sub-ordinated to all other indebtedness including deposits. The salient features of the loan are as follows:

Tenor:	07 Years.
Issue date	December 31, 2014
Maturity date	December 30, 2021
Rating	Unrated
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Average SBP discount rate. (Average shall be calculated on daily basis)
Conversion option:	May be converted, subject to consent of the parties and necessary regulatory approvals, after a period of five years into ordinary shares at the rate of Rs. 15 per share.
Repayment:	Bullet repayment after lapse of 07 years.
Call / Put option:	Callable after a period of 05 years. However no put option is available to GoPb.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP

20.2 Privately placed term finance certificates - I

The Bank has issued rated, unsecured and subordinated term finance certificates under section 120 of the Companies Ordinance, 1984, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date; and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013; with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.

Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

20.3 Privately placed term finance certificates - II

The Bank has issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		7,191,390	7,260,038
Mark-up / return / interest payable in foreign currency		61,103	44,506
Lease key money		11,940,612	11,567,270
Sundry creditors and accrued expenses		855,205	999,519
Acceptances		6,700,586	4,888,386
Mark-up payable on loan and privately placed term finance certificates		339,298	97,913
Unclaimed dividends		2,590	2,599
Dividends payable		1,982,769	-
Payable to gratuity fund		316,242	287,512
Gratuity payable to key management personnel		40,027	100,403
Payable to charity fund		173	114
Provision against off-balance sheet obligations	21.1	62,183	62,183
Provision for employees compensated absences		104,169	102,294
Taxes / zakat / import fee payable		181,439	193,646
Deferred income on sale of sukuk on bai - muajjal basis		981,629	1,044,888
Others		322,793	258,050
		31,082,208	26,909,321

21.1 Provision against off-balance sheet obligations		62,183	62,183
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The above provision has been made against letters of guarantee issued by the Bank.

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of :			
- Available for sale securities	10.1	(41,499)	(17,491)
- Fixed assets		2,357,658	2,374,212
- Non-banking assets acquired in satisfaction of claims	15	1,538,247	1,544,813
		3,854,406	3,901,534
Deferred tax on (surplus) / deficit on revaluation of :			
- Available for sale securities		14,525	6,122
- Fixed assets		(457,697)	(463,493)
- Non-banking assets acquired in satisfaction of claims		(181,554)	(183,851)
		(624,726)	(641,222)
		3,229,680	3,260,312

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	53,483,124	52,717,758
Commitments	23.2	105,798,313	91,625,902
Other contingent liabilities	23.3	171,747	1,464,824
		159,453,184	145,808,484
23.1 Guarantees:			
Financial guarantees		18,156,555	18,743,220
Performance guarantees		16,509,867	18,257,988
Other guarantees		18,816,702	15,716,550
		53,483,124	52,717,758
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		47,422,427	44,621,896
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	31,136,281	22,172,986
- forward lending	23.2.2	16,659,739	14,675,323
- operating leases	23.2.3	10,430,727	9,937,311
Commitments for acquisition of:			
- fixed assets		39,764	56,437
- intangible assets		109,375	161,949
		105,798,313	91,625,902
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		18,076,436	13,420,469
Sale		13,059,845	8,752,517
		31,136,281	22,172,986
23.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	16,659,739	14,675,323

23.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
23.2.3 Commitments in respect of operating leases		
Not later than one year	874,511	878,342
Later than one year and not later than five years	3,489,954	3,357,036
Later than five years	6,066,262	5,701,933
	10,430,727	9,937,311
23.3 Other contingent liabilities	171,747	1,464,824

23.3.1 For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

23.3.2 For the tax year 2007, the Income Tax Department concluded proceedings under section 161/205 and created a default of Rs. 8,975 thousand. The Bank filed appeal before CIR (A), however the same was not allowed. Now, the Bank has filled appeal against the said order of CIR (A) with ATIR. The expected tax liability for the said year amounts to Rs. 8,975 thousand. However, the management of the Bank, as per opinion of its tax consultant, is confident that the decision for the aforementioned tax year will be decided in Bank's favor.

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	Rupees in '000'	
23.4 Claims against the Bank not acknowledged as debts	22.4.1	56,231,157	57,231,157

23.4.1 The amounts involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) March 31, 2018
24. MARK-UP / RETURN / INTEREST EARNED			
a) On loans and advances		10,096,173	5,820,540
b) On investments:			
Available for sale securities		4,145,788	3,162,145
Held for trading securities		524,851	431,332
Held to maturity securities		68,078	5,098
c) On lendings to financial institutions:			
Securities purchased under resale agreements		1,103,359	153,571
Call lending		2,062	24,394
Letters of placement		116,643	182,865
d) On balances with banks		30,039	6,479
		16,086,993	9,786,424
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		8,794,541	4,737,274
Borrowings:			
Securities sold under repurchase agreements		192,440	45,707
Foreign placements		10,887	-
Call borrowings		225,555	159,837
SBP refinance borrowing		106,358	91,969
Subordinated debts:			
Mark-up on subordinated loan from GoPb		52,589	31,671
Mark-up on privately placed term finance certificates		188,796	44,427
		9,571,166	5,110,885
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		168,682	169,058
Consumer finance related fees		63,275	72,056
Card related fees		115,901	89,855
Credit related fees		78,637	134,187
Branchless banking fees		7,644	401
Commission on trade		141,705	101,255
Commission on guarantees		44,699	66,338
Commission on cash management		22,578	18,029
Commission on remittances including home remittances		50,697	52,659
Commission on bancassurance		32,002	30,127
Commission on wheat financing		1,218	1,066
SMS banking income		40,144	31,759
		767,182	766,790
27. GAIN ON SECURITIES - NET			
Realized gain on sale of securities - net	27.1	18,269	26,363
Unrealized loss - held for trading		(4,279)	(315)
		13,990	26,048

	(Un-audited) March 31, 2019	(Audited) March 31, 2018
	Rupees in '000'	
27.1 Realized gain on sale of securities - net:		
Federal Government	5,533	(4,562)
Shares / units	8,479	30,250
Term finance certificates	4,257	675
	18,269	26,363
28. OTHER INCOME - NET		
Rent on property	702	-
Gain / (loss) on sale of fixed assets - net	1,445	(4,116)
Compensation on tax refund	-	35,038
Notice pay on resignations	2,764	3,408
	4,911	34,330
29. OPERATING EXPENSES		
Total compensation expense	1,840,588	1,381,873
Property expense:		
Rent and taxes	281,045	227,556
Insurance	4,691	3,692
Utilities cost	91,368	71,432
Security	401	918
Repair and maintenance including janitorial charges	4,882	4,020
Depreciation	131,588	113,297
Others	1,522	-
	515,497	420,915
Information technology expenses:		
Software maintenance	74,486	32,034
Hardware maintenance	9,987	14,008
Depreciation	56,910	29,367
Amortization	42,296	8,250
Network charges	72,525	51,508
	256,204	135,167
Other operating expenses:		
Directors' fees and allowances	3,325	550
Fees and allowances to shariah board	1,085	555
Legal and professional charges	24,375	25,073
Subscription charges	7,432	5,281
Outsourced staff services costs	60,122	67,602
Travelling and conveyance	118,424	101,587
NIFT clearing charges	13,125	12,766
Depreciation	67,300	81,602
Depreciation on non banking assets	18,539	19,344
Depreciation on ijarah assets	82,831	107,520
Training and development	3,807	4,232
Postage and courier charges	31,526	18,354
Stationery and printing	46,302	35,851

	Note	(Un-audited) March 31, 2019	(Audited) March 31, 2018
Rupees in '000'			
Marketing, advertisement and publicity		17,450	25,213
Donations	29.1	1,000	-
Insurance		28,901	25,955
Deposit protection fee		84,344	-
Repair and maintenance		30,663	29,835
Entertainment expenses		34,941	34,946
Fuel for generator		23,689	17,695
Commission and brokerage		34,617	30,563
Bank charges		12,336	17,762
SMS banking charges		4,664	6,770
ATM charges including ATM maintenance charges		35,905	18,355
Cash remittance charges		47,452	51,483
Branch license fee		12,453	11,964
CNIC verification / ECIB charges		6,239	5,759
Warehouse and storage charges		527	388
Share registrar and share enlistment fee		287	268
Miscellaneous expenses		36,135	39,704
		889,796	796,977
		3,502,085	2,734,932

29.1 This represents donation paid to Institute of Business Administration in accordance with the approval of Board of Directors of the Bank.

	Note	(Un-audited) March 31, 2019	(Audited) March 31, 2018
Rupees in '000'			
30. OTHER CHARGES			
Penalties imposed by SBP		1,021	-
31. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	27,132	-
Provisions / (reversal) against advances	11.3	207,606	(178,765)
Provision against other assets - net	15.1	15,424	25,705
		250,162	(153,060)
32. TAXATION			
Current	32.1	1,109,250	821,926
Prior years	32.2	250,348	-
Deferred		249,072	246,646
		1,608,670	1,068,572

32.1 This includes provision for super tax for the period in accordance with Income Tax Ordinance, 2001.

- 32.2** The Finance supplementary (second Amendment) Act, 2019 has levied super tax @ 4% on taxable income for the tax year 2018 (accounting year 2017) retrospectively . Accordingly, in addition to the current tax charge of super tax, provision amounting to Rs 250,348 thousand also made for tax year 2018 (accounting year 2017) in these unconsolidated condensed interim financial statements.

	(Un-audited) March 31, 2019	(Audited) March 31, 2018
	Rupees in '000'	
33. BASIC EARNINGS PER SHARE		
Profit after tax for the period (Rs in '000')	1,965,487	1,940,252
Weighted average number of ordinary shares (No.).	2,643,692,380	2,643,692,380
Basic earnings per share (Rs).	0.74	0.73

34. DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 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.

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

- 35.1** The Bank measures fair value 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 measurement using inputs other than quoted prices included within Level 1 that are observable for the asset 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)					
Fair value					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	179,589,851	-	179,589,851	-	179,589,851
Shares	1,143,271	1,127,281	-	15,990	1,143,271
Non-Government debt securities	2,627,102	-	2,627,102	-	2,627,102
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary company	32,049	-	-	32,049	32,049
Financial assets disclosed but not measured at fair value:					
Government securities	14,897,640	-	14,829,705	-	14,829,705
Financial liabilities measured at fair value:					
Payable to gratuity fund	356,269	-	356,269	-	356,269
Provision for employees compensated absences	104,169	-	104,169	-	104,169
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	18,316,753	-	18,316,753	-	18,316,753
Forward sale of foreign exchange contracts	13,207,372	-	13,207,372	-	13,207,372

December 31, 2018 (Audited)					
Fair value					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	202,765,869	-	202,765,869	-	202,765,869
Shares	1,051,202	1,035,212	-	15,990	1,051,202
Non-Government debt securities	852,320	-	852,320	-	852,320
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary Company	33,747	-	-	33,747	33,747
Financial assets disclosed but not measured at fair value :					
Government securities	250,329	-	248,902	-	248,902
Financial liabilities measured at fair value:					
Payable to gratuity fund	287,512	-	287,512	-	287,512
Provision for employees compensated absences	102,294	-	102,294	-	102,294
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	13,823,439	-	13,823,439	-	13,823,439
Forward sale of foreign exchange contracts	9,009,056	-	9,009,056	-	9,009,056

35.2 Fair value of non financial assets

March 31, 2019 (Un-audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,959,054	-	5,959,054	-	5,959,054
Non banking assets acquired in satisfaction of claims	7,418,413	-	7,418,413	-	7,418,413
December 31, 2018 (Audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,912,918	-	5,912,918	-	5,912,918
Non banking assets acquired in satisfaction of claims	7,436,947	-	7,436,947	-	7,436,947

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

(Un-audited) March 31, 2019							
	Wholesale	Retail	Consumer & agri	Treasury	Islamic	Others	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	8,128,294	196,677	1,181,741	5,552,600	972,798	54,883	16,086,993
Inter segment revenue - net	(7,110,448)	11,639,158	(724,340)	(4,846,154)	(4,904)	1,046,688	-
Non mark-up / return / interest income	288,771	143,286	40,843	290,599	20,401	27,698	811,598
Total income	1,306,617	11,979,121	498,244	997,045	988,295	1,129,269	16,898,591
Segment direct expenses	770,328	10,516,238	141,266	500,572	738,436	407,432	13,074,272
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	770,328	10,516,238	141,266	500,572	738,436	407,432	13,074,272
Provisions	17,887	154,358	44,922	27,132	(1,592)	7,455	250,162
Profit / (loss) before tax	518,402	1,308,525	312,056	469,341	251,451	714,382	3,574,157
Balance sheet							
Cash & bank balances	6,050,600	15,040,154	-	23,630,682	2,872,580	-	47,594,016
Investments - net	2,989,361	-	-	191,839,432	8,940,296	-	203,769,089
Net inter segment lending	1,528,871	507,851,692	-	-	-	62,549,673	571,930,236
Lendings to financial institutions	-	-	-	14,427,415	5,906,958	-	20,334,373
Advances - performing	303,818,180	11,422,546	39,990,304	-	21,633,160	2,983,901	379,848,091
Advances - non-performing - net	4,208,468	376,174	260,833	-	74,304	-	4,939,781
Others	14,359,291	1,151,982	1,297,901	1,649,461	2,250,186	26,820,353	47,529,174
Total assets	332,954,771	535,842,548	41,549,038	231,546,990	41,677,484	92,366,129	1,275,936,960
Borrowings	20,736,242	90,248	-	9,035,647	-	-	29,862,137
Subordinated debts	-	-	-	-	-	8,797,140	8,797,140
Deposits & other accounts	26,952,005	528,318,080	1,060,659	10,109	36,623,166	78,266	593,042,285
Net inter segment borrowing	313,561,005	2,468,442	29,264,792	221,852,734	850,480	3,932,783	571,930,236
Others	9,496,043	9,455,084	12,025,411	213,300	1,535,018	1,892,902	34,617,758
Total liabilities	370,745,295	540,331,854	42,350,862	231,111,790	39,008,664	14,701,091	1,238,249,556
Equity	(37,790,524)	(4,489,306)	(801,824)	435,200	2,668,820	77,665,038	37,687,404
Total equity & liabilities	332,954,771	535,842,548	41,549,038	231,546,990	41,677,484	92,366,129	1,275,936,960
-							
Contingencies & commitments	101,263,864	23,359,539	-	31,136,281	3,372,614	320,886	159,453,184

(Un-audited) March 31, 2018							
	Wholesale	Retail	Consumer & Agri	Treasury	Islamic	Others	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	4,426,654	37,082	927,023	3,643,709	627,782	124,174	9,786,424
Inter segment revenue - net	(3,744,926)	7,518,406	(461,174)	(3,104,926)	(20,319)	(187,061)	-
Non mark-up / return / interest income	323,044	204,734	52,719	227,744	16,280	90,636	915,157
Total income	1,004,772	7,760,222	518,568	766,527	623,743	27,749	10,701,581
Segment direct expenses	540,291	6,555,399	98,509	257,850	517,716	(123,948)	7,845,817
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	540,291	6,555,399	98,509	257,850	517,716	(123,948)	7,845,817
Provisions	150,613	(239,162)	(92,102)	-	-	27,591	(153,060)
Profit / (loss) before tax	313,868	1,443,985	512,161	508,677	106,027	124,106	3,008,824
(Audited) December 31, 2018							
Balance sheet							
Cash & bank balances	7,331,424	22,778,391	-	14,885,330	4,396,174	-	49,391,319
Investments - net	1,299,368	-	-	199,172,955	9,599,160	-	210,071,483
Net inter segment lending	-	498,991,218	-	-	-	49,898,663	548,889,881
Lendings to financial institutions	-	-	-	22,493,153	5,350,000	-	27,843,153
Advances - performing	302,205,740	11,840,351	39,641,148	-	19,922,874	2,412,499	376,022,612
- non-performing	5,255,890	291,565	199,217	-	72,752	35,220	5,854,644
Others	11,302,445	1,793,055	1,398,214	500,819	2,039,876	28,161,972	45,196,381
Total assets	327,394,867	535,694,580	41,238,579	237,052,257	41,380,836	80,508,354	1,263,269,473
Borrowings	20,616,688	105,248	-	21,071,265	-	-	41,793,201
Subordinated debts	-	-	-	-	-	8,797,140	8,797,140
Deposits & other accounts	29,800,663	528,081,227	1,062,397	10,109	36,501,111	126,455	595,581,962
Net inter segment borrowing	305,080,375	-	28,190,518	214,631,140	987,848	-	548,889,881
Others	7,593,106	8,671,896	11,665,892	83,333	1,500,040	972,731	30,486,998
Total liabilities	363,090,832	536,858,371	40,918,807	235,795,847	38,988,999	9,896,326	1,225,549,182
Equity	(35,695,965)	(1,163,791)	319,772	1,256,410	2,391,837	70,612,028	37,720,291
Total equity & liabilities	327,394,867	535,694,580	41,238,579	237,052,257	41,380,836	80,508,354	1,263,269,473
Contingencies & commitments	108,373,498	10,482,058	-	22,172,986	3,096,732	1,683,210	145,808,484

37. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. In addition key management personnel are paid terminal and short-term terminal benefits.

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties
Rupees in '000'								
Lendings to financial institutions :								
Opening balance	-	400,000	-	-	-	400,000	-	-
Addition during the period	-	400,000	-	-	-	1,600,000	-	-
Repaid during the period	-	400,000	-	-	-	1,600,000	-	-
Closing balance	-	400,000	-	-	-	400,000	-	-
Investments (gross) :	-	164,945	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	132,896	-	-	-	131,198	-	-

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties
	Rupees in '000'				Rupees in '000'			
Advances :								
Opening balance	197,801	1,287,780	-	-	182,129	1,199,047	-	-
Addition during the period	65,875	366,957	-	-	90,341	1,132,228	-	-
Repaid during the period	48,354	323,870	-	-	74,669	1,043,495	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	215,322	1,330,867	-	-	197,801	1,287,780	-	-
Provision held against advances	-	48,671	-	-	-	46,199	-	-
Advance rent :	-	-	-	63,759	-	-	-	67,317
Deposits and other accounts :								
Opening balance	37,682	19,999	2,398,389	7,753	24,414	98,198	2,770,528	2,396
Received during the period	115,081	376,676	208,406	28,221	553,084	1,236,350	791,508	156,480
Withdrawn during the period	105,414	396,375	73,089	15,932	539,816	1,314,549	1,163,647	151,123
Closing balance	47,349	300	2,533,706	20,042	37,682	19,999	2,398,389	7,753

	March 31, 2019 (Un-audited)				March 31, 2018 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Income :								
Mark-up / return / interest earned	2,118	43,523	-	-	2,203	23,700	-	-
Net gain on sale of fixed assets	-	-	-	-	-	-	-	6,505
Expense :								
Mark-up / return / interest paid	689	-	58,090	375	401	-	39,413	100
Compensation expense	76,331	-	-	-	67,499	-	-	-
Commission expense	-	21	-	-	-	340	-	-
Provision :								
Reversal / (Charge) of provision - investment	-	(1,698)	-	-	-	-	-	-
Reversal / (Charge) of provision - advances	-	(2,472)	-	-	-	-	-	-

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 movement presented above.

37.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 48,003,041 thousand (December 31, 2018: Rs. 55,256,269 thousand), Rs. 312,227,748 thousand (December 31, 2018: Rs. 306,110,933 thousand) and Rs. 31,675,895 thousand (December 31, 2018: Rs. 30,682,028 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 52,589 thousand (March 31, 2018: Rs. 31,671 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

37.3 The Bank made contribution of Rs. 41,737 thousand (March 31, 2018: Rs. 36,420 thousand) to employees provident fund during the period.

37.4 Advances to employees as at March 31, 2019, other than key management personnel, amounted to Rs. 4,633,944 thousand (December 31, 2018: Rs. 3,914,070 thousand).

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	29,172,030	28,930,901
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	29,172,030	28,930,901
Eligible Tier 2 Capital	9,835,058	9,731,042
Total Eligible Capital (Tier 1 + Tier 2)	39,007,088	38,661,943
Risk Weighted Assets (RWAs):		
Credit Risk	253,245,002	255,252,014
Market Risk	2,978,887	2,335,178
Operational Risk	35,907,591	35,907,591
Total	292,131,480	293,494,783
Common Equity Tier 1 Capital Adequacy ratio	9.99%	9.86%
Tier 1 CAR (%)	9.99%	9.86%
Total CAR (%)	13.35%	13.17%
38.1 Leverage Ratio (LR):		
Eligible Tier-1 Capital	29,172,030	28,930,901
Total Exposures	854,899,844	851,906,956
LR (%)	3.41%	3.40%
38.2 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	242,566,990	272,221,864
Total Net Cash Outflow	200,439,461	203,539,146
LCR (%)	121.02%	133.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	421,713,955	417,010,019
Total Required Stable Funding	389,694,476	371,740,462
NSFR (%)	108.22%	112.18%

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2019, the Bank is operating 72 Islamic banking branches and 02 sub Islamic banking branches (December 31, 2018: 72 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As At March 31, 2019

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
ASSETS			
Cash and balances with treasury banks		2,609,284	2,753,286
Balances with other banks		263,296	1,642,888
Due from financial institutions	39.1	5,906,958	5,350,000
Investments - net	39.2	8,940,296	9,599,160
Islamic financing and related assets - net	39.3	21,707,464	19,995,626
Fixed assets		312,688	309,063
Other assets		1,937,498	1,730,813
Total assets		41,677,484	41,380,836
LIABILITIES			
Bills payable		235,921	209,762
Due to financial institutions		-	-
Deposits and other accounts	39.4	36,623,166	36,501,111
Due to head office		650,857	187,187
Subordinated debt		-	-
Other liabilities		1,498,720	2,085,897
		39,008,664	38,983,957
NET ASSETS		2,668,820	2,396,879
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		11,616	7,313
Surplus on revaluation of assets		36,558	20,372
Unappropriated profit	39.5	1,120,646	869,194
		2,668,820	2,396,879
CONTINGENCIES AND COMMITMENTS	39.6		

ISLAMIC BANKING BUSINESS

Profit and Loss Account

For the Three Months Ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 Rupees in '000'	March 31, 2018
Profit / return earned	39.7	972,798	627,783
Profit / return expensed	39.8	397,222	244,614
Net Profit / return		575,576	383,169
Fee and commission income		19,381	16,331
Dividend income		-	-
Foreign exchange income		86	(89)
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		(634)	-
Other income		1,568	37
		20,401	16,279
Total income		595,977	399,448
Other expenses			
Operating expenses		345,432	293,425
Workers welfare fund		-	-
Other charges		685	-
		346,117	293,425
Profit before provisions		249,860	106,023
(Reversal) / Provisions against advances - net		(1,592)	-
Profit before taxation		251,452	106,023 .

39.1 DUE FROM FINANCIAL INSTITUTIONS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Placements	5,395,000	-	5,395,000	5,350,000	-	5,350,000
Bai muajjal receivable from SBP	511,958	-	511,958	-	-	-
	5,906,958	-	5,906,958	5,350,000	-	5,350,000

39.2 INVESTMENTS - NET

Investments by segment:

	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	R u p e e s i n ' 0 0 0 '							
Federal government securities:								
-Ijarah sukuks	1,500,000	-	(15,900)	1,484,100	2,623,602	-	(32,086)	2,591,516
-Sale of sukuk- bai muajjal	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
	4,256,196	-	(15,900)	4,240,296	5,379,798	-	(32,086)	5,347,712
Non government debt securities								
-Listed								
-Unlisted	4,700,000	-	-	4,700,000	4,251,448	-	-	4,251,448
Total investments	8,956,196	-	(15,900)	8,940,296	9,631,246	-	(32,086)	9,599,160

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

39.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	674,091	552,920
Murabaha	1,032,011	1,004,602
Musharaka	9,264,626	8,340,625
Diminishing musharaka	7,235,170	7,630,222
Payment against documents	220,642	-
Istisna	3,498,460	2,686,385
Gross islamic financing and related assets	21,925,000	20,214,754
Less: provision against islamic financings		
- Specific	217,536	219,128
- General	-	-
	217,536	219,128
Islamic financing and related assets - net of provision	21,707,464	19,995,626

39.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers :						
Current deposits	8,599,215	185,233	8,784,448	8,829,253	119,378	8,948,631
Savings deposits	26,846,912	51,345	26,898,257	26,557,886	7,704	26,565,590
Term deposits	793,945	-	793,945	771,556	-	771,556
	36,240,072	236,578	36,476,650	36,158,695	127,082	36,285,777
Financial institutions :						
Current deposits	71,295	-	71,295	100,024	-	100,024
Savings deposits	75,221	-	75,221	115,310	-	115,310
Term deposits	-	-	-	-	-	-
	146,516	-	146,516	215,334	-	215,334
	36,386,588	236,578	36,623,166	36,374,029	127,082	36,501,111

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
39.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS		
Opening balance	869,194	420,873
Islamic banking profit for the period	251,452	448,321
Closing balance	1,120,646	869,194
39.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	1,423,900	1,420,734
-Commitments	1,948,715	2,981,746
	3,372,615	4,402,480
	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
	Rupees in '000'	
39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	606,847	331,396
Investments	251,660	119,712
Placements	105,698	176,623
Deposits with financial institutions	8,593	52
	972,798	627,783
39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	392,318	224,296
Profit on deposits from conventional head office	4,904	20,318
	397,222	244,614

39.9 There has been no material change in the existing islamic pools. Further, no new pool has been established in islamic banking operations of the Bank during the three months ended March 31, 2019.

40 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on May 29, 2019 by the Board of Directors of the Bank.

41 GENERAL

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

41.2 Under BPRD circular letter No. 05 of 2019 dated March 22, 2019 comparative information has been reclassified, rearranged in these unconsolidated condensed interim financial statemetns. However, no significant reclassifications have been made.

Chief Financial Officer

Chairman

Director

Director



**Consolidated Condensed Interim
Financial Statements**
for the period ended March 31, 2019
(The Bank of Punjab & Its Subsidiaries)

Consolidated Condensed Interim Statement of Financial Position As at March 31, 2019

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	43,382,814	43,589,610
Balances with other banks	8	4,301,687	5,837,962
Lendings to financial institutions	9	19,934,373	27,443,153
Investments - net	10	203,751,932	210,052,628
Advances - net	11	385,056,582	382,109,763
Fixed assets	12	8,820,409	8,793,191
Intangible assets	13	884,268	897,990
Deferred tax assets - net	14	7,786,433	8,027,104
Other assets - net	15	30,509,635	27,965,012
		704,428,133	714,716,413
LIABILITIES			
Bills payable	17	3,535,550	3,577,677
Borrowings	18	29,887,638	41,801,240
Deposits and other accounts	19	593,041,985	595,561,963
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	8,797,140	8,797,140
Deferred tax liabilities		-	-
Other liabilities	21	31,319,320	27,102,649
		666,581,633	676,840,669
NET ASSETS		37,846,500	37,875,744
REPRESENTED BY			
Share capital - net		26,173,766	26,173,766
Reserves		5,074,930	5,074,930
Surplus on revaluation of assets - net of tax	22	3,229,680	3,260,312
Non controlling interest		355,579	328,052
Unappropriated profit		3,012,545	3,038,684
		37,846,500	37,875,744
CONTINGENCIES AND COMMITMENTS		23	

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

Chief Financial Officer

Chairman

Director

Director

Consolidated Condensed Interim Profit and Loss Account

For the Three Months Ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 Rupees in '000'	March 31, 2018
Mark-up / return / interest earned	24	16,108,362	9,799,764
Mark-up / return / interest expensed	25	9,569,958	5,110,885
Net mark-up / interest income		6,538,404	4,688,879
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	774,388	768,111
Dividend income		28,205	20,183
Foreign exchange (loss) / income		(2,690)	67,806
Income / (loss) from derivatives		-	-
Gain on securities - net	27	13,990	26,048
Other income - net	28	6,054	38,614
Total non-markup / interest income		819,947	920,762
Total income		7,358,351	5,609,641
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	3,532,989	2,754,618
Workers welfare fund		-	-
Other charges	30	1,021	-
Total non-markup / interest expenses		3,534,010	2,754,618
Profit before provisions		3,824,341	2,855,023
Provisions / (reversals) and write offs - net	31	245,993	(156,538)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,578,348	3,011,561
Taxation - net	32	1,609,218	1,068,866
PROFIT AFTER TAXATION		1,969,130	1,942,695
Basic earnings per share - Rupees	33	0.74	0.73
Diluted earnings per share - Rupees	34	0.74	0.73
PROFIT ATTRIBUTABLE TO :			
Equity holders of the parent		1,941,603	1,939,879
Non-controlling interest		27,527	2,816
		1,969,130	1,942,695

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

Chief Financial Officer

Chairman

Director

Director

Consolidated Condensed Interim Statement of Comprehensive Income For the Three Months Ended March 31, 2019 (Un-audited)

	March 31, 2019	Restated March 31, 2018
	Rupees in '000'	
Profit after taxation for the period	1,969,130	1,942,695
Other comprehensive income:		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
	1,969,130	1,942,695
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	(15,605)	(85,662)
Total comprehensive income for the period	1,953,525	1,857,033

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

Chief Financial Officer

Chairman

Director

Director

Consolidated Condensed Interim Cash Flow Statement For the Three Months Ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 Rupees in '000'	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,578,348	3,011,561
Less: Dividend income		(28,205)	(20,183)
		3,550,143	2,991,378
Adjustments:			
Depreciation on fixed assets	29	256,460	224,266
Depreciation on non banking assets acquired in satisfaction of claims	29	18,539	19,344
Depreciation on ijarah assets under IFAS - 2	29	125,589	107,520
Amortization on intangible assets	29	42,296	8,250
Amortization of (discount) / premium on debt securities - net		(118,514)	173,043
Unrealized loss on revaluation of investments classified as held for trading	27	4,279	315
Provision / (reversal) and write-offs - net	31	245,993	(156,538)
(Gain) / loss on sale of fixed assets - net	28	(2,586)	4,116
Gain on securities - net	27	(18,269)	(26,363)
Provision for employees compensated absences		2,617	2,465
Provision for gratuity		28,704	26,902
		585,108	383,320
		4,135,251	3,374,698
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		7,508,780	(29,159,549)
Held for trading securities		8,474,138	11,092,702
Advances - net		(3,277,543)	(15,554,343)
Others assets - net		(3,188,824)	321,241
		9,516,551	(33,299,949)
Increase / (Decrease) in operating liabilities:			
Bills Payable		(42,127)	36,072
Borrowings from financial institutions		(12,380,307)	(10,038,897)
Deposits		(2,519,978)	13,377,106
Other liabilities		2,202,581	497,870
		(12,739,831)	3,872,151
Income tax paid		(731,825)	(1,202,421)
Net cash flow from / (used in) operating activities		180,146	(27,255,521)

	March 31, 2019	March 31, 2018
Rupees in '000'		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	12,557,190	17,858,891
Net investments in held to maturity securities	(14,647,570)	-
Dividends received	10,124	24,848
Investments in fixed assets	(283,952)	(170,204)
Investments in intangible assets	(28,574)	(43,826)
Proceeds from sale of fixed assets	2,860	31,553
Net cash (used in) / flow from investing activities	(2,389,922)	17,701,262
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid to non controlling interest	-	(677)
Net cash flow from financing activities	-	(677)
Decrease in cash and cash equivalents	(2,209,776)	(9,554,936)
Cash and cash equivalents at beginning of the period	49,216,809	53,339,141
Cash and cash equivalents at end of the period	47,007,033	43,784,205
Cash and cash equivalents :		
Cash and bank balances with treasury banks	43,382,814	40,722,251
Balances with other banks	4,301,687	3,168,166
Overdrawn nostro accounts	(677,468)	(106,212)
	47,007,033	43,784,205

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

Chief Financial Officer

Chairman

Director

Director

Consolidated Condensed Interim Statement of Changes in Equity

For the Three Months Ended March 31, 2019 (Un-audited)

	Rupees in '000'							Surplus / (Deficit) - net of tax on revaluation of		
	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Investments	Fixed / non banking assets	Unappropriated profit / (accumulated loss)	Non-controlling interest	Total
Balance as on January 01, 2018 - as restated	26,436,924	(263,159)	26,173,766	2,215,040	1,344,899	(53,499)	2,940,101	(3,034,749)	254,320	29,839,878
Profit after taxation for the three months ended March 31, 2018	-	-	-	-	-	(85,662)	-	1,939,879	2,816	1,942,895
Other comprehensive loss	-	-	-	-	-	(85,662)	-	-	-	(85,662)
Total comprehensive income for the three months ended March 31, 2018	-	-	-	-	-	-	-	1,939,879	2,816	1,957,033
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(11,917)	11,917	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(1,095)	1,095	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	-	26,789	-	26,789
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	-	(590)	-	(590)
Dividend received	-	-	-	-	-	-	-	-	-	-
Balance as on March 31, 2018 - as restated	26,436,924	(263,159)	26,173,766	2,215,040	1,344,899	(139,161)	2,927,089	(1,055,659)	257,136	31,723,110
Profit after taxation for the nine months ended December 31, 2018	-	-	-	-	-	-	-	5,597,417	81,266	5,678,683
Other comprehensive income / (loss)	-	-	-	-	-	127,792	509,790	(172,731)	-	464,851
Total comprehensive income for the nine months ended December 31, 2018	-	-	-	-	-	127,792	509,790	5,424,686	81,266	6,143,534
Transfer to statutory reserve	-	-	-	-	1,514,991	-	-	(1,514,991)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(33,735)	33,735	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(2,345)	2,345	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(77,594)	92,586	-	14,992
Final dividend for the year ended June 30, 2018 at Rs. 0.5 per certificate by subsidiary	-	-	-	-	-	-	-	-	(10,350)	(10,350)
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(51,524)	55,982	-	4,458
Balance as on December 31, 2018	26,436,924	(263,159)	26,173,766	2,215,040	2,859,890	(11,369)	3,271,691	3,036,694	326,062	37,875,744
Profit after taxation for the three months ended March 31, 2019	-	-	-	-	-	(15,605)	-	1,941,603	27,527	1,969,130
Other comprehensive loss	-	-	-	-	-	(15,605)	-	-	-	(15,605)
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	-	-	1,941,603	27,527	1,963,925
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(10,759)	10,759	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(4,268)	4,268	-	-
Final cash dividend - December 31, 2018 declared subsequent to year end at 7.5% per share	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
Balance as on March 31, 2019	26,436,924	(263,159)	26,173,766	2,215,040	2,859,890	(26,974)	3,256,654	3,012,545	355,579	37,846,500

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

Chief Financial Officer

Chairman

Director

Director

Notes to the Consolidated Condensed Interim Financial Information

For the Three Months Ended March 31, 2019 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

The Bank of Punjab Group (“the Group”) comprises of The Bank of Punjab (“the Bank”) (“BOP”) (“the Parent”), Punjab Modaraba Service (Private) Limited (“PMSL”) (the Management Company), First Punjab Modaraba (“FPM”) (“the Modaraba”), Punjab Capital Securities (Private) Limited (“PCSL”) (100% owned by First Punjab Modaraba). For the purpose of these financial statements, The Bank of Punjab and consolidated subsidiaries are referred to as the Group.

1.1 The Group consists of:

Parent

The Bank of Punjab

Subsidiary Companies

	% age of holding-2019	% age of holding-2018
Punjab Modaraba Service (Private) Limited	100.00%	100.00%
First Punjab Modaraba	39.16%	39.16%
Punjab Capital Securities (Private) Limited	39.16%	39.16%

The subsidiary company of the Group, Punjab Modaraba Service (Private) Limited exercises control over First Punjab Modaraba, as its management company and also has a direct economic interest in it. Further, Punjab Capital Securities (Private) Limited is a 100% subsidiary of FPM. The Group has consolidated the financial statements of the modaraba and PCSL as the ultimate parent. The Group is principally engaged in commercial banking, modaraba management, leasing, brokerage, etc. Brief profile of the Bank and subsidiaries is as follows:

The Bank of Punjab (the Bank) was constituted in Pakistan pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 576 branches including 13 sub branches and 72 Islamic banking branches (December 31, 2018: 576 branches including 13 sub branches and 72 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

Punjab Modaraba Service (Private) Limited

Punjab Modaraba Services (Private) Limited was incorporated in Pakistan on October 19, 1991 under the Companies Ordinance, 1984 as a private limited company. It is wholly owned by The Bank of Punjab and is primarily engaged in the business of floating and managing Modarabas.

First Punjab Modaraba

First Punjab Modaraba was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab). The registered office of the Modaraba is situated at 4th floor, Mega Tower Main Boulevard Gulberg, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

Punjab Capital Securities (Private) Limited

Punjab Capital Securities (Private) Limited is registered under the Companies Ordinance, 1984 as company limited by shares from the 29th day of November 2016. PCSL is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the company is situated at Room No 319, 3rd Floor, LSE Building, Lahore. The Company is wholly-owned subsidiary of First Punjab Modaraba.

1.2 Basis of Consolidation

Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent controls another entity. The Bank also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Bank's voting rights relative to the size and dispersion of holdings of other shareholders give the Bank the power to govern the financial and operating policies, etc.

The Group financial statements include the financial statements of the Bank and its subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases. The financial statements of subsidiaries have been consolidated on line by line basis. All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

The Bank applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Bank recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The Financial Statements of the Bank and its subsidiaries are prepared upto the same reporting date using consistent accounting policies.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the Bank is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill, if any, is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income statement. After initial recognition, is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Bank ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Bank had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss

2. BASIS OF PRESENTATION

These consolidated condensed interim financial statements are the consolidated financial statements of the Group in which investments in subsidiaries is accounted for on the basis of acquisitions method. Standalone financial statements of the Group and its subsidiaries are prepared separately.

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

The financial results of Islamic Banking business have been consolidated in these consolidated financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 39 of these consolidated condensed interim financial statements.

2.1 Statement of compliance

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

- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP).
- Requirements of The Bank of Punjab Act, 1989;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.

Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 differ with the requirements of these IFRS or IFAS, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.

2.1.2 The disclosures made in these consolidated condensed interim financial statements have been limited based on SBP BPRD circular letter No. 05 of 2019 and IAS 34 "Interim Financial Reporting". Accordingly, these consolidated condensed interim financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2018.

2.1.3 SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated condensed interim financial statements.

2.1.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in these consolidated condensed interim financial statements of the Bank.

2.1.5 New accounting standards/ amendments and IFRS interpretations that are effective for the current period:

During the period, certain amendments to standards, interpretations and improvements to accounting standards became effective, however, except IFRS 16 - Leases, the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these consolidated condensed interim financial statements.

IFRS 16 - Leases introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes the right-of-use asset representing its right to use the underlying asset and a corresponding lease liability. Lessor accounting remains similar i.e. lessor continue to classify lease as finance or operating lease. The SBP vide BPRD circular letter no. 08 of 2019 extended the implementation date of IFRS 16 for Banks in Pakistan from January 1, 2019 to June 30, 2019. Accordingly, the requirements of this standard have not been applied in the preparation of these consolidated condensed interim financial statements.

2.1.6 New accounting standards and IFRS interpretations that are not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than IFRS 9. With regard to IFRS 9, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 3	Amendments to IFRS 3 (Definition of a Business)	January 01, 2020
IAS 1 & 8	Amendments to IAS 1 and IAS 8 (Definition of Material)	January 01, 2020
		Effective date (accounting periods ending on or after)
IFRS 9	Financial Instruments : Classification and Measurement	June 30, 2019

3. BASIS OF MEASUREMENT

3.1 These consolidated condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

3.2 These consolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The basis for accounting judgments and key estimates adopted in preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Bank for the year ended December 31, 2018.

6. FINANCIAL RISK MANAGEMENT

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

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000'		
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	8,312,325	8,558,995
Foreign currency	1,009,756	1,567,982
	9,322,081	10,126,977
With SBP in:		
Local currency current account	27,557,768	19,249,586
Foreign currency current account	420,934	431,861
Foreign currency deposit account	1,251,073	1,283,551
	29,229,775	20,964,998
With National Bank of Pakistan in :		
Local currency current account	4,800,231	12,451,416
Prize bonds	30,727	46,219
	43,382,814	43,589,610

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
8. BALANCES WITH OTHER BANKS			
In Pakistan :			
Current accounts		3,332,853	3,759,621
Deposit accounts		168,621	1,541,033
		3,501,474	5,300,654
Outside Pakistan :			
Current accounts		464,303	435,886
Deposit account		335,910	101,422
		800,213	537,308
		4,301,687	5,837,962
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	9.2	13,777,415	22,093,153
Bai muajjal receivable from SBP		511,958	-
Placements	9.3	5,645,000	5,350,000
		19,934,373	27,443,153
9.1 Particulars of lending			
In local currency		19,934,373	27,443,153
In foreign currencies		-	-
		19,934,373	27,443,153

9.2 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2019			(Audited) December 31, 2018		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	R u p e e s i n ' 0 0 0 '					
Market treasury bills	9,876,910	-	9,876,910	-	-	-
Pakistan investment bonds	3,900,505	-	3,900,505	22,093,153	-	22,093,153
	13,777,415	-	13,777,415	22,093,153	-	22,093,153

Market value of securities held as collateral as at March 31, 2019 amounted to Rs. 13,792,045 thousand (December 31, 2018: Rs. 21,350,630 thousand). These carry mark-up at rate ranging from 10.25% to 10.75% per annum (December 31, 2018: 10.00% to 10.50% per annum) with maturities upto April 08, 2019.

- 9.3** These carry profit rates ranging from 9.85% to 11.00% per annum (December 31, 2018: 9.00% to 9.80% per annum) with maturities upto September 12, 2019.

10. INVESTMENTS - NET

10.1 Investments by type:

	Note	(Un-audited) March 31, 2019			(Audited) December 31, 2018				
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		R u p e e s i n ' 0 0 0 '							
Held-for-trading securities									
Federal government securities	10.1.1	16,610,619	-	(4,279)	16,606,340	25,075,868	-	(1,892)	25,073,976
Ordinary shares		-	-	-	-	12,630	-	(1,849)	10,781
		16,610,619	-	(4,279)	16,606,340	25,088,498	-	(3,741)	25,084,757
Available-for-sale securities									
Federal government securities	10.1.1 & 10.2	163,045,472	-	(61,961)	162,983,511	177,736,092	-	(44,199)	177,691,893
Shares		2,272,974	(1,051,616)	18,163	1,239,521	2,136,937	(1,024,880)	24,614	1,136,671
Non government debt securities		10,253,923	(2,235,321)	2,299	8,020,901	8,119,488	(2,236,623)	2,094	5,884,959
Foreign securities		4,019	-	-	4,019	4,019	-	-	4,019
		175,576,388	(3,286,937)	(41,499)	172,247,952	187,996,536	(3,261,503)	(17,491)	184,717,542
Held-to-maturity securities									
Federal government securities	10.1.1 & 10.4	14,897,640	-	-	14,897,640	250,329	-	-	250,329
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		14,898,040	(400)	-	14,897,640	250,729	(400)	-	250,329
Total investments		207,085,047	(3,287,337)	(45,778)	203,751,932	213,335,763	(3,261,903)	(21,232)	210,052,628

10.1.1 Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.

10.1.2 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	R u p e e s i n ' 0 0 0 '	
10.2 Investments given as collateral		
Market treasury bills	7,254,200	19,829,188
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	3,261,903	3,014,149
Charge / reversals :		
Charge for the period	26,736	247,754
Reversals for the period	(1,302)	-
	25,434	247,754
Closing Balance	3,287,337	3,261,903

10.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,235,721	2,235,721	2,237,023	2,237,023
Total	2,235,721	2,235,721	2,237,023	2,237,023

10.4 Market value of held to maturity investments amounted to Rs. 14,829,705 thousand (December 31, 2018: Rs. 248,902 thousand).

11. ADVANCES - NET

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018	(Un-audited) March 31, 2019	(Audited) December 31, 2018
Rupees in '000'						
Loans, cash credits, running finances, etc.	322,314,123	324,935,141	48,548,953	49,471,677	370,863,076	374,406,818
Net book value of assets in ijarah under IFAS 2 - In Pakistan	459,091	337,920	215,000	215,000	674,091	552,920
Islamic financing and related assets	21,174,069	19,584,952	76,840	76,882	21,250,909	19,661,834
Bills discounted and purchased	36,547,240	31,583,488	16,992	16,992	36,564,232	31,600,480
Advances - gross	380,494,523	376,441,501	48,857,785	49,780,551	429,352,308	426,222,052
Provision against advances:						
- Specific	-	-	(43,925,805)	(43,763,990)	(43,925,805)	(43,763,990)
- General	(369,921)	(348,299)	-	-	(369,921)	(348,299)
	(369,921)	(348,299)	(43,925,805)	(43,763,990)	(44,295,726)	(44,112,289)
Advances - net of provision	380,124,602	376,093,202	4,931,980	6,016,561	385,056,582	382,109,763

11.1 Particulars of advances (gross)	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
In local currency	429,253,115	426,076,906
In foreign currencies	99,193	145,146
	429,352,308	426,222,052

11.2 Advances include Rs. 48,857,785 thousand (December 31, 2018: 49,780,551 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	119,299	4,617	52,234	801
Substandard	809,381	126,594	351,004	65,741
Doubtful	7,584,095	4,361,850	9,722,789	5,247,064
Loss	40,345,010	39,432,744	39,654,524	38,450,384
Total	48,857,785	43,925,805	49,780,551	43,763,990

11.3 Particular provision against advances

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000'						
Opening balance	43,763,990	348,299	44,112,289	45,842,665	425,283	46,267,948
Charge for the period	1,426,105	-	1,426,105	2,364,557	-	2,364,557
Reversals for the period	(1,264,290)	21,622	(1,242,668)	(4,436,831)	(76,984)	(4,513,815)
	161,815	21,622	183,437	(2,072,274)	(76,984)	(2,149,258)
Amounts written off	-	-	-	(6,401)	-	(6,401)
Closing balance	43,925,805	369,921	44,295,726	43,763,990	348,299	44,112,289

11.3.1 Particular provision against advances with respect to currencies

In local currency	43,925,805	369,921	44,295,726	43,763,990	348,299	44,112,289
In foreign currencies	-	-	-	-	-	-
	43,925,805	369,921	44,295,726	43,763,990	348,299	44,112,289

11.3.2 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 1,180,560 thousand (December 31, 2018: 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
12. FIXED ASSETS		
Capital work-in-progress	142,806	231,947
Property and equipment	8,677,603	8,561,244
	8,820,409	8,793,191
12.1 Capital work-in-progress		
Civil works	112,346	201,487
Equipment	30,460	30,460
	142,806	231,947

	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
	Rupees in '000'	
12.2 Additions to fixed assets		
The following additions / (transfers) have been made to fixed assets during the period:		
Capital work-in-progress	(89,141)	26,006
Property and equipment :		
Land	-	8,467
Building on freehold land	91,659	-
Furniture and fixture	12,936	18,449
Office equipment	85,645	14,798
Computer equipment	44,257	68,819
Lease hold improvements	124,836	31,750
Vehicles	13,760	1,915
	373,093	144,198
	283,952	170,204

12.3 Disposal of property and equipment:		
The net book value of property and equipment disposed off during the period is as follows:		
Building on freehold land	-	34,238
Furniture and fixture	128	547
Office equipment	146	398
Computer equipment	-	464
	274	35,647

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
13. INTANGIBLE ASSETS		
Intangible in progress	141,268	129,279
Softwares	743,000	768,711
	884,268	897,990

13.1 Additions to intangible assets		
The following additions / (transfers) have been made to intangible assets during the period:		
Capital work-in-progress	11,989	35,851
Intangible assets purchased during the period	16,585	7,975
	28,574	43,826

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
14. DEFERRED TAX ASSETS - NET			
Deductible temporary differences on :			
Deficit on revaluation of investments		14,525	6,122
Business loss, tax credits, etc.		61,834	61,834
Provision against advances, off balance sheet etc.		8,656,064	8,926,570
		8,732,423	8,994,526
Taxable temporary differences on :			
Surplus on revaluation of fixed assets		(457,697)	(463,493)
Accelerated tax depreciation		(306,741)	(320,078)
Surplus on revaluation of non banking assets		(181,552)	(183,851)
		(945,990)	(967,422)
		7,786,433	8,027,104
15. OTHER ASSETS - NET			
Income / mark-up accrued in local currency		10,083,495	8,896,935
Income / mark-up accrued in foreign currency		287	1,961
Profit paid in advance on pehlay munafa scheme		5,540	8,027
Advances, deposits, advance rent and other prepayments		727,657	881,805
Advance taxation (payments less provisions)		3,001,919	3,630,240
Non-banking assets acquired in satisfaction of claims		7,455,836	7,467,804
Acceptances		6,700,586	4,888,386
Branch adjustment account		178,955	180,704
Mark to market gain on forward foreign exchange contracts		92,790	146,431
Stock of stationery		179,855	108,048
Suspense account		3,026	5,044
Zakat recoverable from NITL		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		54,051	78,013
Fraud and forgeries		123,845	121,806
Unearned income on sale of sukuk on bai-muajjal basis		981,629	1,044,888
Others		1,567,263	1,130,829
		31,193,524	28,627,711
Less: Provision held against other assets	15.1	(2,222,136)	(2,207,512)
Other assets (net of provision)		28,971,388	26,420,199
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,538,247	1,544,813
Other assets - total		30,509,635	27,965,012
15.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		1,575,670	1,575,670
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries		115,988	101,364
Others		457,965	457,965
		2,222,136	2,207,512

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
16. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
17. BILLS PAYABLE		
In Pakistan	3,535,550	3,577,677
Outside Pakistan	-	-
	3,535,550	3,577,677
18. BORROWINGS		
Secured		
Borrowings from SBP under:		
Export refinance scheme (ERF)	13,430,224	13,451,606
Long term financing facility (LTFF)	6,350,927	6,219,303
Finance facility for storage of agricultural produce (FFSAP)	48,776	25,991
Finance facility for renewable energy performance platform (REPP)	996,563	1,025,036
	20,826,490	20,721,936
Repurchase agreement borrowings	-	2,497,905
Call borrowings	7,254,435	17,251,702
Total secured	28,080,925	40,471,543
Unsecured		
Overdrawn nostro accounts	677,468	210,763
Foreign placement	1,126,245	1,110,895
Redemable capital - Musharika certificates	3,000	8,039
Total unsecured	1,806,713	1,329,697
	29,887,638	41,801,240

19. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	110,293,338	2,318,339	112,611,677	119,614,715	2,343,451	121,958,166
Savings deposits	264,655,525	2,260,174	266,915,699	253,500,729	2,413,949	255,914,678
Term deposits	185,178,201	3,147,225	188,325,426	181,768,000	3,496,387	185,264,387
Others	18,445,388	-	18,445,388	25,541,626	-	25,541,626
	578,572,452	7,725,738	586,298,190	580,425,070	8,253,787	588,678,857
Financial institutions:						
Current deposits	2,457,190	276,174	2,733,364	3,610,496	188,548	3,799,044
Savings deposits	3,212,763	189	3,212,952	2,166,684	186	2,166,870
Term deposits	705,000	-	705,000	755,000	-	755,000
Others	92,479	-	92,479	162,192	-	162,192
	6,467,432	276,363	6,743,795	6,694,372	188,734	6,883,106
	585,039,884	8,002,101	593,041,985	587,119,442	8,442,521	595,561,963

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
20. SUBORDINATED DEBTS			
Loan from GoPb	20.1	2,000,000	2,000,000
Privately placed term finance certificates - I	20.2	2,498,000	2,498,000
Privately placed term finance certificates - II	20.3	4,299,140	4,299,140
		8,797,140	8,797,140

20.1 Loan from GoPb

The GoPb extended loan of Rs. 2,000,000 thousand to support capital structure of the Bank for the purpose of the regulatory capital requirement. The loan is unsecured and sub-ordinated to all other indebtedness including deposits. The salient features of the loan are as follows:

Tenor:	07 Years.
Issue date	December 31, 2014
Maturity date	December 30, 2021
Rating	Unrated
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Average SBP discount rate. (Average shall be calculated on daily basis)
Conversion option:	May be converted, subject to consent of the parties and necessary regulatory approvals, after a period of five years into ordinary shares at the rate of Rs. 15 per share.
Repayment:	Bullet repayment after lapse of 07 years.
Call / Put option:	Callable after a period of 05 years. However no put option is available to GoPb.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

20.2 Privately placed term finance certificates - I

The Bank has issued rated, unsecured and subordinated term finance certificates under section 120 of the Companies Ordinance, 1984, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date; and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013; with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.

Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

20.3 Privately placed term finance certificates - II

The Bank has issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		7,191,390	7,234,452
Mark-up / return / interest payable in foreign currency		61,103	44,506
Lease key money		11,940,612	11,567,270
Sundry creditors and accrued expenses		1,092,317	999,519
Acceptances		6,700,586	4,888,386
Mark-up payable on loan and privately placed term finance certificates		339,298	97,913
Unclaimed dividends		2,590	2,599
Dividends payable		1,982,769	-
Payable to gratuity fund		316,242	287,512
Gratuity payable to key management personnel		40,027	100,403
Payable to charity fund		173	114
Provision against off-balance sheet obligations	21.1	62,183	62,183
Provision for employees compensated absences		104,169	102,294
Taxes / zakat / import fee payable		181,439	193,646
Deferred income on sale of sukuk on bai - muajjal basis		981,629	1,044,888
Others		322,793	476,964
		31,319,320	27,102,649

21.1 Provision against off-balance sheet obligations		62,183	62,183
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The above provision has been made against letters of guarantee issued by the Bank.

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of :			
- Available for sale securities	10.1	(41,499)	(17,491)
- Fixed assets		2,357,658	2,374,212
- Non-banking assets acquired in satisfaction of claims	15	1,538,247	1,544,813
		3,854,406	3,901,534
Deferred tax on (surplus) / deficit on revaluation of :			
- Available for sale securities		14,525	6,122
- Fixed assets		(457,697)	(463,493)
- Non-banking assets acquired in satisfaction of claims		(181,554)	(183,851)
		(624,726)	(641,222)
		3,229,680	3,260,312

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	53,483,124	52,717,758
Commitments	23.2	105,798,313	91,698,462
Other contingent liabilities	23.3	171,747	1,464,824
		159,453,184	145,881,044
23.1 Guarantees:			
Financial guarantees		18,156,555	18,743,220
Performance guarantees		16,509,867	18,257,988
Other guarantees		18,816,702	15,716,550
		53,483,124	52,717,758
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		47,422,427	44,621,896
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	31,136,281	22,172,986
- forward lending	23.2.2	16,659,739	14,747,883
- operating leases	23.2.3	10,430,727	9,937,311
Commitments for acquisition of:			
- fixed assets		39,764	56,437
- intangible assets		109,375	161,949
		105,798,313	91,698,462
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		18,076,436	13,420,469
Sale		13,059,845	8,752,517
		31,136,281	22,172,986
23.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	16,659,739	14,675,323

23.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
23.2.3 Commitments in respect of operating leases		
Not later than one year	874,511	878,342
Later than one year and not later than five years	3,489,954	3,357,036
Later than five years	6,066,262	5,701,933
	10,430,727	9,937,311
23.3 Other contingent liabilities	171,747	1,464,824

23.3.1 For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

23.3.2 For the tax year 2007, the Income Tax Department concluded proceedings under section 161/205 and created a default of Rs. 8,975 thousand. The Bank filed appeal before CIR (A), however the same was not allowed. Now, the Bank has filled appeal against the said order of CIR (A) with ATIR. The expected tax liability for the said year amounts to Rs. 8,975 thousand. However, the management of the Bank, as per opinion of its tax consultant, is confident that the decision for the aforementioned tax year will be decided in Bank's favor.

		(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Note	Rupees in '000'	
23.4 Claims against the Bank not acknowledged as debts	22.4.1	56,231,157	57,300,059

23.4.1 The amounts involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

	Note	(Un-audited) March 31, 2019	(Audited) March 31, 2018
		Rupees in '000'	
24. MARK-UP / RETURN / INTEREST EARNED			
a) On loans and advances		10,117,542	5,833,880
b) On investments:			
Available for sale securities		4,145,788	3,162,145
Held for trading securities		524,851	431,332
Held to maturity securities		68,078	5,098
c) On lendings to financial institutions:			
Securities purchased under resale agreements		1,103,359	153,571
Call lending		2,062	24,394
Letters of placement		116,643	182,865
d) On balances with banks		30,039	6,479
		16,108,362	9,799,764
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		8,793,333	4,737,274
Borrowings:			
Securities sold under repurchase agreements		192,440	45,707
Foreign placements		10,887	-
Call borrowings		225,555	159,837
SBP refinance borrowing		106,358	91,969
Subordinated debts:			
Mark-up on subordinated loan from GoPb		52,589	31,671
Mark-up on privately placed term finance certificates		188,796	44,427
		9,569,958	5,110,885
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		161,760	170,379
Consumer finance related fees		70,481	72,056
Card related fees		115,901	89,855
Credit related fees		78,637	134,187
Branchless banking fees		14,566	401
Commission on trade		141,705	101,255
Commission on guarantees		44,699	66,338
Commission on cash management		22,578	18,029
Commission on remittances including home remittances		50,697	52,659
Commission on bancassurance		32,002	30,127
Commission on wheat financing		1,218	1,066
SMS banking income		40,144	31,759
		774,388	768,111
27. GAIN ON SECURITIES - NET			
Realized gain on sale of securities - net	27.1	18,269	26,363
Unrealized loss - held for trading		(4,279)	(315)
		13,990	26,048

	(Un-audited) March 31, 2019	(Audited) March 31, 2018
	Rupees in '000'	
27.1 Realized gain on sale of securities - net:		
Federal Government	5,533	(4,562)
Shares / units	8,479	30,250
Term finance certificates	4,257	675
	18,269	26,363
28. OTHER INCOME - NET		
Rent on property	702	-
Gain / (loss) on sale of fixed assets - net	2,586	(4,116)
Compensation on tax refund	-	35,038
Notice pay on resignations	2,766	3,408
Others	-	4,284
	6,054	38,614
29. OPERATING EXPENSES		
Total compensation expense	1,863,006	1,399,155
Property expense:		
Rent and taxes	281,452	228,071
Insurance	4,691	3,692
Utilities cost	92,374	72,581
Security	401	918
Repair and maintenance including janitorial charges	4,935	4,046
Depreciation	131,588	113,297
Others	1,522	-
	516,963	422,605
Information technology expenses:		
Software maintenance	74,486	32,034
Hardware maintenance	9,987	14,008
Depreciation	56,910	29,367
Amortization	42,296	8,250
Network charges	72,525	51,508
	256,204	135,167
Other operating expenses:		
Directors' fees and allowances	3,325	550
Fees and allowances to shariah board	1,085	555
Legal and professional charges	25,105	25,710
Subscription charges	9,171	6,686
Outsourced staff services costs	60,122	67,602
Travelling and conveyance	118,621	101,746
NIFT clearing charges	13,125	12,766
Depreciation	67,962	82,297
Depreciation on non banking assets	18,539	19,344
Depreciation on ijarah assets	82,831	107,520
Training and development	3,807	4,232
Postage and courier charges	31,553	18,354
Stationery and printing	46,837	36,743

	Note	(Un-audited) March 31, 2019	(Audited) March 31, 2018
Rupees in '000'			
Marketing, advertisement and publicity		18,463	26,257
Donations	29.1	1,000	-
Auditors remuneration		267	277
Insurance		29,111	26,360
Deposit protection fee		84,344	-
Repair and maintenance		31,266	31,018
Entertainment expenses		35,363	35,388
Fuel for generator		23,689	17,695
Commission and brokerage		34,642	30,804
Bank charges		12,336	17,762
SMS banking charges		4,664	6,770
ATM charges including ATM maintenance charges		35,905	18,355
Cash remittance charges		47,452	51,483
Branch license fee		12,453	11,964
CNIC verification / ECIB charges		6,239	5,759
Warehouse and storage charges		527	388
Share registrar and share enlistment fee		588	608
Miscellaneous expenses		36,424	32,698
		896,816	797,691
		3,532,989	2,754,618

29.1 This represents donation paid to Institute of Business Administration in accordance with the approval of Board of Directors of the Bank.

	Note	(Un-audited) March 31, 2019	(Audited) March 31, 2018
Rupees in '000'			
30. OTHER CHARGES			
Penalties imposed by SBP		1,021	-
31. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	25,434	-
Provisions / (reversal) against advances	11.3	205,135	(178,765)
Provision against other assets - net	15.1	15,424	22,227
		245,993	(156,538)
32. TAXATION			
Current	32.1	1,109,798	822,220
Prior years	32.2	250,348	-
Deferred		249,072	246,646
		1,609,218	1,068,866

32.1 This includes provision for super tax for the period in accordance with Income Tax Ordinance, 2001.

- 32.2** The Finance supplementary (second Amendment) Act, 2019 has levied super tax @ 4% on taxable income for the tax year 2018 (accounting year 2017) retrospectively . Accordingly, in addition to the current tax charge of super tax, provision amounting to Rs 250,348 thousand also made for tax year 2018 (accounting year 2017) in these consolidated condensed interim financial statements.

	(Un-audited) March 31, 2019	(Audited) March 31, 2018
	Rupees in '000'	
33. BASIC EARNINGS PER SHARE		
Profit after tax for the period (Rs in '000')	1,969,130	1,942,695
Weighted average number of ordinary shares (No.).	2,643,692,380	2,643,692,380
Basic earnings per share (Rs).	0.74	0.73

34. DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 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.

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

- 35.1** The Bank measures fair value 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 measurement using inputs other than quoted prices included within Level 1 that are observable for the asset 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)					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	179,589,851	-	179,589,851	-	179,589,851
Shares	1,158,163	1,142,173	-	15,990	1,158,163
Non-Government debt securities	2,627,102	-	2,627,102	-	2,627,102
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary company		-	-		
Financial assets disclosed but not measured at fair value :					
Government securities	14,897,640	-	14,829,705	-	14,829,705
Financial liabilities measured at fair value:					
Payable to gratuity fund	356,269	-	356,269	-	356,269
Provision for employees compensated absences	104,169	-	104,169	-	104,169
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	18,316,753	-	18,316,753	-	18,316,753
Forward sale of foreign exchange contracts	13,207,372	-	13,207,372	-	13,207,372
December 31, 2018 (Audited)					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	202,765,869	-	202,765,869	-	202,765,869
Shares	1,066,094	1,050,104	-	15,990	1,066,094
Non-Government debt securities	852,320	-	852,320	-	852,320
Foreign securities	4,019	-	-	4,019	4,019
Financial assets disclosed but not measured at fair value :					
Government securities	250,329	-	248,902	-	248,902
Financial liabilities measured at fair value:					
Payable to gratuity fund	287,512	-	287,512	-	287,512
Provision for employees compensated absences	102,294	-	102,294	-	102,294
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	13,823,439	-	13,823,439	-	13,823,439
Forward sale of foreign exchange contracts	9,009,056	-	9,009,056	-	9,009,056

35.2 Fair value of non financial assets

March 31, 2019 (Un-audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,959,054	-	5,959,054	-	5,959,054
Non banking assets acquired in satisfaction of claims	7,418,413	-	7,418,413	-	7,418,413
December 31, 2018 (Audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,912,918	-	5,912,918	-	5,912,918
Non banking assets acquired in satisfaction of claims	7,436,947	-	7,436,947	-	7,436,947

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

(Un-audited) March 31, 2019							
	Wholesale	Retail	Consumer & agri	Treasury	Islamic	Others	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	8,149,663	196,677	1,181,741	5,552,600	972,798	54,883	16,108,362
Inter segment revenue - net	(7,110,448)	11,639,158	(724,340)	(4,846,154)	(4,904)	1,046,688	-
Non mark-up / return / interest income	297,120	143,286	40,843	290,600	20,401	27,697	819,947
Total income	1,336,335	11,979,121	498,244	997,046	988,295	1,129,268	16,928,309
Segment direct expenses	800,024	10,516,238	141,266	500,572	738,436	407,432	13,103,968
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	800,024	10,516,238	141,266	500,572	738,436	407,432	13,103,968
Provisions	13,718	154,358	44,922	27,132	(1,592)	7,455	245,993
Profit / (loss) before tax	522,593	1,308,525	312,056	469,342	251,451	714,381	3,578,348
Balance sheet							
Cash & bank balances	6,079,211	15,102,028	-	23,630,682	2,872,580	-	47,684,501
Investments - net	2,989,361	14,892	-	191,807,383	8,940,296	-	203,751,932
Net inter segment lending	1,528,871	507,851,692	-	-	-	62,549,673	571,930,236
Lendings to financial institutions	-	-	-	14,027,415	5,906,958	-	19,934,373
Advances - performing	304,094,595	11,422,642	39,990,304	-	21,633,160	2,983,901	380,124,602
Advances - non-performing - net	4,208,468	376,174	260,833	-	74,304	-	4,849,779
Others	14,785,118	1,197,725	1,297,901	1,649,461	2,250,186	26,820,354	48,000,745
Total assets	333,685,624	535,965,153	41,549,038	231,114,941	41,677,484	92,366,129	1,276,358,369
Borrowings	20,761,742	90,249	-	9,035,647	-	-	29,887,638
Subordinated debts	-	-	-	-	-	8,797,140	8,797,140
Deposits & other accounts	26,951,705	528,318,080	1,060,659	10,109	36,623,166	78,266	593,041,985
Net inter segment borrowing	313,561,005	2,468,442	29,264,792	221,852,734	850,480	3,932,783	571,930,236
Others	9,680,037	9,508,202	12,025,411	213,300	1,535,018	1,892,902	34,854,870
Total liabilities	370,954,489	540,384,973	42,350,862	231,111,790	39,008,664	14,701,091	1,238,511,869
Equity	(37,268,865)	(4,419,820)	(801,824)	3,151	2,668,820	77,665,038	37,846,500
Total equity & liabilities	333,685,624	535,965,153	41,549,038	231,114,941	41,677,484	92,366,129	1,276,358,369
-							
Contingencies & commitments	101,263,864	23,359,539	-	31,136,281	3,372,614	320,886	159,453,184

(Un-audited) March 31, 2018							
	Wholesale	Retail	Consumer & Agri	Treasury	Islamic	Others	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	4,439,994	37,082	927,023	3,643,709	627,782	124,174	9,799,764
Inter segment revenue - net	(3,744,926)	7,518,406	(461,174)	(3,104,926)	(20,319)	(187,061)	-
Non mark-up / return / interest income	328,649	204,734	52,719	227,744	16,280	90,636	920,762
Total income	1,023,717	7,760,222	518,568	766,527	623,743	27,749	10,720,526
Segment direct expenses	559,977	6,555,399	98,509	257,850	517,716	(123,948)	7,865,503
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	559,977	6,555,399	98,509	257,850	517,716	(123,948)	7,865,503
Provisions	147,135	(239,162)	(92,102)	-	-	27,591	(156,538)
Profit / (loss) before tax	316,605	1,443,985	512,161	508,677	106,027	124,106	3,011,561
(Audited) December 31, 2018							
Balance sheet							
Cash & bank balances	7,362,336	22,778,391	-	14,890,671	4,396,174	-	49,427,572
Investments - net	1,299,368	-	-	199,154,100	9,599,160	-	210,052,628
Net inter segment lending	-	498,991,218	-	-	-	49,898,663	548,889,881
Lendings to financial institutions	-	-	-	22,093,153	5,350,000	-	27,443,153
Advances - performing	302,276,330	11,840,351	39,641,148	-	19,922,874	2,412,499	376,093,202
- non-performing	5,161,190	291,565	199,217	256,617	72,752	35,220	6,016,561
Others	11,302,445	1,793,055	1,398,214	987,735	2,039,876	28,161,972	45,683,297
Total assets	327,401,669	535,694,580	41,238,579	237,382,276	41,380,836	80,508,354	1,263,606,294
Borrowings	20,624,727	105,248	-	21,071,265	-	-	41,801,240
Subordinated debts	-	-	-	-	-	8,797,140	8,797,140
Deposits & other accounts	29,780,664	528,081,227	1,062,397	10,109	36,501,111	126,455	595,561,963
Net inter segment borrowing	305,080,375	-	28,190,518	214,631,140	987,848	-	548,889,881
Others	7,772,375	8,671,896	11,665,892	97,392	1,500,040	972,731	30,680,326
Total liabilities	363,258,141	536,858,371	40,918,807	235,809,906	38,988,999	9,896,326	1,225,730,550
Equity	(35,856,472)	(1,163,791)	319,772	1,572,370	2,391,837	70,612,028	37,875,744
Total equity & liabilities	327,401,669	535,694,580	41,238,579	237,382,276	41,380,836	80,508,354	1,263,606,294
Contingencies & commitments	108,446,058	10,482,058	-	22,172,986	3,096,732	1,683,210	145,881,044

37. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. In addition key management personnel are paid terminal and short-term terminal benefits.

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Key management personnel	Employee funds	Others	Key management personnel	Employee funds	Others
	Rupees in '000'			Rupees in '000'		
Advances						
Opening balance	210,446	-	-	189,636	-	-
Addition during the period	72,151	-	-	98,028	-	-
Repaid during the period	48,561	-	-	77,218	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	234,036	-	-	210,446	-	-
Provision held against advances	-	-	-	-	-	-
Advance rent :	-	-	63,759	-	-	67,317
Deposits and other accounts :						
Opening balance	38,172	2,398,389	7,753	24,423	2,770,528	2,396
Received during the period	119,187	208,406	28,221	561,535	791,508	156,480
Withdrawn during the period	109,459	73,089	15,932	547,786	1,163,647	151,123
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	47,900	2,533,706	20,042	38,172	2,398,389	7,753

	March 31, 2019 (Un-audited)			March 31, 2019 (Un-audited)		
	Key management personnel	Employee funds	Others	Key management personnel	Employee funds	Others
	Rupees in '000'			Rupees in '000'		
Income :						
Mark-up / return / interest earned	2,216	-	-	2,581	-	-
Net gain on sale of fixed assets	-	-	-	-	-	6,505
Expense :						
Mark-up / return / interest paid	694	58,090	375	401	39,413	100
Compensation expense	76,331	-	-	67,499	-	-
Commission expense	-	-	-	-	-	-

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 movement presented above.

37.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 48,003,041 thousand (December 31, 2018: Rs. 55,256,269 thousand), Rs. 312,227,748 thousand (December 31, 2018: Rs. 306,110,933 thousand) and Rs. 31,675,895 thousand (December 31, 2018: Rs. 30,682,028 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 52,589 thousand (March 31, 2018: Rs. 31,671 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

37.3 The Bank made contribution of Rs. 41,737 thousand (March 31, 2018: Rs. 36,420 thousand) to employees provident fund during the period.

37.4 Advances to employees as at March 31, 2019, other than key management personnel, amounted to Rs. 4,633,944 thousand (December 31, 2018: Rs. 3,914,070 thousand).

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	28,886,916	28,672,062
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	28,886,916	28,672,062
Eligible Tier 2 Capital	9,717,457	9,616,982
Total Eligible Capital (Tier 1 + Tier 2)	38,604,373	38,289,044
Risk Weighted Assets (RWAs):		
Credit Risk	253,811,972	255,838,950
Market Risk	3,008,671	2,364,970
Operational Risk	36,075,151	36,075,150
Total	292,895,794	294,279,070
Common Equity Tier 1 Capital Adequacy ratio	9.86%	9.74%
Tier 1 CAR (%)	9.86%	9.74%
Total CAR (%)	13.18%	13.01%
38.1 Leverage Ratio (LR):		
Eligible Tier-1 Capital	28,886,916	28,672,062
Total Exposures	855,665,546	852,478,531
LR (%)	3.38%	3.36%
38.2 Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	242,566,990	272,221,864
Total Net Cash Outflow	200,439,461	203,539,146
LCR (%)	121.02%	133.74%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	421,733,955	417,010,019
Total Required Stable Funding	389,569,473	371,740,462
NSFR (%)	108.26%	112.18%
39. ISLAMIC BANKING BUSINESS		

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2019, the Bank is operating 72 Islamic banking branches and 02 sub Islamic banking branches (December 31, 2018: 72 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As At March 31, 2019

	Note	(Un-audited) March 31, 2019 Rupees in '000'	(Audited) December 31, 2018
ASSETS			
Cash and balances with treasury banks		2,609,284	2,753,286
Balances with other banks		263,296	1,642,888
Due from financial institutions	39.1	5,906,958	5,350,000
Investments - net	39.2	8,940,296	9,599,160
Islamic financing and related assets - net	39.3	21,707,464	19,995,626
Fixed assets		312,688	309,063
Other assets		1,937,498	1,730,813
Total assets		41,677,484	41,380,836
LIABILITIES			
Bills payable		235,921	209,762
Due to financial institutions		-	-
Deposits and other accounts	39.4	36,623,166	36,501,111
Due to head office		650,857	187,187
Subordinated debt		-	-
Other liabilities		1,498,720	2,085,897
		39,008,664	38,983,957
NET ASSETS		2,668,820	2,396,879
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		11,616	7,313
Surplus on revaluation of assets		36,558	20,372
Unappropriated profit	39.5	1,120,646	869,194
		2,668,820	2,396,879
CONTINGENCIES AND COMMITMENTS	39.6		

ISLAMIC BANKING BUSINESS

Profit and Loss Account

For the Three Months Ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 Rupees in '000'	March 31, 2018
Profit / return earned	39.7	972,798	627,783
Profit / return expensed	39.8	397,222	244,614
Net Profit / return		575,576	383,169
Fee and commission income		19,381	16,331
Dividend income		-	-
Foreign exchange income		86	(89)
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		(634)	-
Other income		1,568	37
		20,401	16,279
Total income		595,977	399,448
Other expenses			
Operating expenses		345,432	293,425
Workers welfare fund		-	-
Other charges		685	-
		346,117	293,425
Profit before provisions		249,860	106,023
(Reversal) / Provisions against advances - net		(1,592)	-
Profit before taxation		251,452	106,023

39.1 DUE FROM FINANCIAL INSTITUTIONS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Placements	5,395,000	-	5,395,000	5,350,000	-	5,350,000
Bai muajjal receivable from SBP	511,958	-	511,958	-	-	-
	5,906,958	-	5,906,958	5,350,000	-	5,350,000

39.2 INVESTMENTS - NET

Investments by segment:

	(Un-audited) March 31, 2019				(Audited) December 31, 2018			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Rupees in '000'							
Federal government securities:								
-Ijarah sukuks	1,500,000	-	(15,900)	1,484,100	2,623,602	-	(32,086)	2,591,516
-Sale of sukuk- bai muajjal	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
	4,256,196	-	(15,900)	4,240,296	5,379,798	-	(32,086)	5,347,712
Non government debt securities								
-Listed								
-Unlisted	4,700,000	-	-	4,700,000	4,251,448	-	-	4,251,448
Total investments	8,956,196	-	(15,900)	8,940,296	9,631,246	-	(32,086)	9,599,160

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

39.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	674,091	552,920
Murabaha	1,032,011	1,004,602
Musharaka	9,264,626	8,340,625
Diminishing musharaka	7,235,170	7,630,222
Payment against documents	220,642	-
Istisna	3,498,460	2,686,385
Gross islamic financing and related assets	21,925,000	20,214,754
Less: provision against islamic financings		
- Specific	217,536	219,128
- General	-	-
	217,536	219,128
Islamic financing and related assets - net of provision	21,707,464	19,995,626

39.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers :						
Current deposits	8,599,215	185,233	8,784,448	8,829,253	119,378	8,948,631
Savings deposits	26,846,912	51,345	26,898,257	26,557,886	7,704	26,565,590
Term deposits	793,945	-	793,945	771,556	-	771,556
	36,240,072	236,578	36,476,650	36,158,695	127,082	36,285,777
Financial institutions :						
Current deposits	71,295	-	71,295	100,024	-	100,024
Savings deposits	75,221	-	75,221	115,310	-	115,310
Term deposits	-	-	-	-	-	-
	146,516	-	146,516	215,334	-	215,334
	36,386,588	236,578	36,623,166	36,374,029	127,082	36,501,111

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	Rupees in '000'	
39.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS		
Opening balance	869,194	420,873
Islamic banking profit for the period	251,452	448,321
Closing balance	1,120,646	869,194
39.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	1,423,900	1,420,734
-Commitments	1,948,715	2,981,746
	3,372,615	4,402,480
39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	606,847	331,396
Investments	251,660	119,712
Placements	105,698	176,623
Deposits with financial institutions	8,593	52
	972,798	627,783
39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	392,318	224,296
Profit on deposits from conventional head office	4,904	20,318
	397,222	244,614

39.9 There has been no material change in the existing islamic pools. Further, no new pool has been established in islamic banking operations of the Bank during the three months ended March 31, 2019.

40. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on May 29, 2019 by the Board of Directors of the Bank.

41. GENERAL

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

41.2 Under BPRD circular letter No. 05 of 2019 dated March 22, 2019 comparative information has been reclassified, rearranged in these consolidated condensed interim financial statemetns. However, no significant reclassifications have been made.

Chief Financial Officer

Chairman

Director

Director



THE BANK OF PUNJAB

Passion Reborn

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