



QUARTERLY REPORT
2019
(Un-audited)
JANUARY - SEPTEMBER



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Corporate Information

Board of Directors

| | |
|-----------------------------------|------------------------|
| Mr. Khalid S. Tirmizey | Acting President / CEO |
| Mr. Mohammad Jehanzeb Khan | Director |
| Mr. Muhammad Abdullah Khan Sumbal | 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. Saeed Anwar | Member |

Board Risk Management Committee (BRMC)

| | |
|-----------------------------------|----------|
| Mr. Mohammad Jehanzeb Khan | Chairman |
| Mr. Saeed Anwar | Member |
| Dr. Muhammad Amjad Saqib | Member |
| Mr. Muhammad Abdullah Khan Sumbal | Member |

Human Resource & Remuneration Committee (HR&RC)

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

Research Development & Islamic Banking Committee

| | |
|--------------------------|----------|
| Dr. Muhammad Amjad Saqib | Chairman |
| 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' Review

Quarterly Financial Statements – September 30, 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 nine months period ended September 30, 2019.

The interbank foreign exchange market has adjusted relatively well to the introduction of the market-based exchange rate system. The initial volatility and associated uncertainty in the exchange market has subsided. Reflecting these improved sentiments and continued adjustment in the current account, the rupee has strengthened modestly against the US dollar. Recent economic activity indicators show a gradual slowdown, in line with earlier expectations, and it is expected that average growth in FY20 would remain around 3.5 percent.

The external sector continues to show significant improvement with a sizeable reduction of around 32 percent (or 1.5 percent of GDP) in the current account deficit during FY19. The trend has continued in the first month of FY20 as well. Specifically, driven by an encouraging 11 percent growth in exports and a contraction of 25.8 percent in imports, the current account deficit declined to US\$ 579 million in July 2019 compared to US\$ 2,130 million in the same period last year. On a cumulative basis, private sector credit (PSC) contracted by 1.3 percent in Jul-Aug FY20 showing the results of previous monetary tightening.

During the period Jan-Sep 2019, the Bank has maintained its growth trajectory which is reflected in below financial results:

| Financial Highlights: | Rs. in Million |
|-----------------------------|----------------|
| Deposits | 640,525 |
| Investments-net | 362,511 |
| Advances | 416,589 |
| Total Assets | 844,129 |
| Shareholders' Equity | 42,582 |
| Profit before taxation | 10,515 |
| Taxation | 4,335 |
| Profit after taxation | 6,180 |
| Earnings per share (Rupees) | 2.34 |

During first nine months of year 2019, Bank's Net Interest Margin significantly improved to Rs. 19,832 million as against Rs. 14,143 million for the corresponding period last year, thereby registering a rise of 40%. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 2,801 million and Rs. 10,645 million, respectively. Accordingly, the Bank was able to post highest ever pre-tax profit of Rs. 10,515 million as against Rs. 8,851 million for corresponding period last year thereby registering a rise of 19%. The Earnings per Share improved to Rs. 2.34 as against Rs. 2.06 for corresponding period last year.

As on September 30, 2019, the Deposits stood at Rs. 640.5 billion, while Total Assets touched the new height of Rs. 844.1 billion. Investments-net and Gross Advances were recorded at Rs. 362.5 billion and Rs. 416.6 billion, respectively. The Tier-I Equity remained at Rs. 38.7 billion as on September 30, 2019.

As on September 30, 2019, the Bank stands compliant with the Capital Adequacy Ratio (CAR) requirement prescribed by SBP. The CAR improved to 14.66% 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+”. As at close of 3rd quarter, Bank’s Branch network increased to 611 branches, including 90 Taqwa Islamic Banking Branches, spanned across the country against 545 Branches on corresponding quarter of last year. Further, Bank also has a network of 546 ATMs providing 24/7 banking services to the customers.

I extend my gratitude to our valued customers and shareholders for their relentless support and assure that the Bank would continue its efforts for achievement of strategic business targets. I also wish to thank the Government of the Punjab and State Bank of Pakistan for continues support and guidance. I also highly appreciate the Bank’s management and all staff members for their contribution towards the progress of the Bank.

For and on behalf of the Board

Chairman

ڈائریکٹرز کا جائزہ

دی بینک آف پنجاب نو ماہی حسابات 30 ستمبر 2019ء

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019ء کو اختتام پذیر ہونے والے نو ماہ کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

بین الینک بازار مبادلہ مارکیٹ پر مبنی شرح مبادلہ کے نظام کے متعارف کرائے جانے سے قدرے بہتر طور پر ہم آہنگ ہوا ہے۔ ابتدا میں بازار مبادلہ میں جو تغیر پذیری اور اس سے منسلک غیر یقینی کیفیت دیکھی گئی تھی وہ کم ہو گئی ہے۔ ان بہتر احساسات اور جاری کھاتے میں مسلسل بہتری کی عکاسی کرتے ہوئے ڈالر کے مقابلے میں روپیہ تھوڑا مضبوط ہوا ہے۔ حالیہ معاشی سرگرمی کے اظہار یوں سے پچھلی توقعات کے مطابق بتدریج سست رفتاری ظاہر ہوتی ہے اور لگ بھگ 3.5 فیصد کی اوسط نمو کی توقع ہے۔ بیرونی حالات میں مسلسل نمایاں بہتری دکھائی دی اور مالی سال 2019ء میں جاری کھاتے کے خسارے میں لگ بھگ 32 فیصد (یا جی ڈی پی کے 1.5 فیصد) کی خاطر خواہ کمی ہوئی۔ مالی سال 20ء کے پہلے ماہ کے دوران بھی یہ رجحان برقرار رہا۔ خاص طور پر برآمدات میں 11 فیصد کے حوصلہ افزا اضافے اور درآمدات میں 25.8 فیصد کمی کی بنا پر جاری کھاتے کا خسارہ جولائی 2019ء میں گھٹ کر 579 ملین ڈالر رہ گیا جبکہ گذشتہ سال کی اسی مدت میں 2,130 ملین ڈالر تھا۔ مجموعی طور پر جولائی تا اگست مالی سال 20ء میں نجی شعبے کا قرضہ 1.3 فیصد گھٹ گیا جس سے پچھلی زری سختی کے نتائج ظاہر ہوتے ہیں۔

جنوری۔ ستمبر 2019ء کے دوران بینک نے اپنی ترقی کا سفر جاری رکھا جو کہ مالیاتی نتائج سے ظاہر ہوتا ہے۔

| مالیاتی نتائج | روپیہ ملین میں |
|----------------------|----------------|
| ڈیپازٹ | 640,525 |
| سرمایہ کاری | 362,511 |
| قرضہ جات | 416,589 |
| کل اثاثہ جات | 844,129 |
| حصص داران کا سرمایہ | 42,582 |
| قبل از ٹیکس منافع | 10,515 |
| ٹیکس | 4,335 |
| بعد از ٹیکس منافع | 6,180 |
| فی حصص منافع (روپیہ) | 2.34 |

سال 2019ء کے پہلے نو ماہ کے دوران بینک کا نیٹ انٹرسٹ مارجن 40 فیصد کے شاندار اضافہ کے ساتھ 19,832 ملین روپے تک پہنچ گیا جو کہ پچھلے سال کی اسی مدت کے دوران 14,143 ملین روپے تھا جبکہ نان مارک اپ/ انٹرسٹ آمدن اور نان مارک اپ/ انٹرسٹ اخراجات بالترتیب 2,801 ملین روپے اور 10,645 ملین روپے رہے۔ اس طرح بینک نے 19 فیصد اضافہ کے ساتھ 10,515 ملین روپے کا قبل از ٹیکس منافع

کما لیا جو کہ پچھلے سال کی اسی مدت کے دوران 8,851 ملین روپے تھا۔ بینک کی فی حصص آمدن 2.34 روپے رہی۔ 30 ستمبر 2019ء کو بینک ڈیپازٹس 640.5 ارب روپے تھے جبکہ کل اثاثہ جات 844.1 ارب روپے رہے۔ سرمایہ کاری اور قرضہ جات بالترتیب 362.5 ارب روپے اور 416.6 ارب روپے رہے۔ 30 ستمبر 2019ء کو بینک کی ٹیٹروں ایکویٹی 38.7 ارب روپے رہی۔ 30 ستمبر 2019ء کو بینک، اسٹیٹ بینک کی مقرر کردہ کپیٹل ایڈیکویسی ریشو کی مطلوبہ شرح حاصل کر چکا ہے۔ بینک کی کپیٹل ایڈیکویسی ریشو بہتر ہو کر 14.66 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 611 آن لائن برانچز بشمول 90 تقویٰ اسلامک بینکنگ برانچز ملک بھر میں موجود ہیں۔ اس کے علاوہ ازین بینک کا وسیع 546 اے ٹی ایم کابینٹ ورک صارفین کو خدمات فراہم کر رہا ہے۔

میں اپنے معزز صارفین اور حصص داران کے مسلسل تعاون کا شکریہ ادا کرتے ہوئے اس بات کا یقین دلاتا ہوں کہ تمام مطلوبہ اہداف کو حاصل کرنے کے لیے کوشش کی جا رہی ہے۔ میں حکومت پنجاب، اسٹیٹ بینک آف پاکستان کے مسلسل تعاون اور معاونت کا تہہ دل سے شکر گزار ہوں۔ میں بینک کی انتظامیہ اور تمام ملازمین کی انتھک محنت کا معترف ہوں جس کی وجہ سے بینک نے قابل ذکر کارکردگی کا مظاہرہ کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

چیئرمین



**Unconsolidated Condensed Interim
Financial Information**
for the period ended September 30, 2019

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2019

| | Note | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| ASSETS | | | |
| Cash and balances with treasury banks | 7 | 46,318,475 | 43,589,007 |
| Balances with other banks | 8 | 9,126,968 | 5,802,312 |
| Lendings to financial institutions | 9 | 4,048,336 | 27,843,153 |
| Investments - net | 10 | 362,510,562 | 210,071,483 |
| Advances - net | 11 | 371,614,379 | 381,877,256 |
| Fixed assets | 12 | 14,314,194 | 8,787,928 |
| Intangible assets | 13 | 830,674 | 891,489 |
| Deferred tax assets - net | 14 | 7,048,271 | 7,965,267 |
| Other assets - net | 15 | 28,317,497 | 27,551,697 |
| | | 844,129,356 | 714,379,592 |
| LIABILITIES | | | |
| Bills payable | 17 | 3,250,988 | 3,577,677 |
| Borrowings | 18 | 114,466,651 | 41,793,201 |
| Deposits and other accounts | 19 | 640,524,645 | 595,581,962 |
| Liabilities against assets subject to finance lease | | - | - |
| Subordinated debts | 20 | 8,795,780 | 8,797,140 |
| Deferred tax liabilities | | - | - |
| Other liabilities | 21 | 34,509,434 | 26,909,321 |
| | | 801,547,498 | 676,659,301 |
| NET ASSETS | | 42,581,858 | 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 | 3,874,380 | 3,260,312 |
| Unappropriated profit | | 7,543,142 | 3,295,643 |
| | | 42,581,858 | 37,720,291 |

CONTINGENCIES AND COMMITMENTS

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

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Nine Months Ended September 30, 2019 (Un-audited)

| | Note | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|------|--|--|---|---|
| Rupees in '000' | | | | | |
| Mark-up / return / interest earned | 24 | 23,016,196 | 12,226,913 | 57,134,651 | 32,632,827 |
| Mark-up / return / interest expensed | 25 | 16,268,287 | 7,270,665 | 37,303,048 | 18,489,798 |
| Net mark-up / interest income | | 6,747,909 | 4,956,248 | 19,831,603 | 14,143,029 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 26 | 931,574 | 924,105 | 2,606,590 | 2,530,517 |
| Dividend income | | 17,400 | 18,214 | 75,221 | 53,576 |
| Foreign exchange (loss) / income | | (63,138) | 58,525 | (32,377) | 183,245 |
| Income / (loss) from derivatives | | - | - | - | - |
| Gain on securities - net | 27 | 74,605 | 9,041 | 108,523 | 27,212 |
| Other income - net | 28 | 3,430 | 5,909 | 43,488 | 50,173 |
| Total non-markup / interest income | | 963,871 | 1,015,794 | 2,801,445 | 2,844,723 |
| Total income | | 7,711,780 | 5,972,042 | 22,633,048 | 16,987,752 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 29 | 3,580,703 | 3,181,650 | 10,538,505 | 9,032,517 |
| Workers welfare fund | | - | - | - | - |
| Other charges | 30 | 103,404 | 52,238 | 106,067 | 52,238 |
| Total non-markup / interest expenses | | 3,684,107 | 3,233,888 | 10,644,572 | 9,084,755 |
| Profit before provisions | | 4,027,673 | 2,738,154 | 11,988,476 | 7,902,997 |
| Provisions / (reversals) and write offs - net | 31 | 439,470 | 36,246 | 1,473,383 | (948,402) |
| Extra ordinary / unusual items | | - | - | - | - |
| PROFIT BEFORE TAXATION | | 3,588,203 | 2,701,908 | 10,515,093 | 8,851,399 |
| Taxation - net | 32 | 1,417,157 | 1,043,189 | 4,334,984 | 3,408,276 |
| PROFIT AFTER TAXATION | | 2,171,046 | 1,658,719 | 6,180,109 | 5,443,123 |
| Basic earnings per share - Rupees | 33 | 0.82 | 0.63 | 2.34 | 2.06 |
| Diluted earnings per share - Rupees | 34 | 0.82 | 0.63 | 2.34 | 2.06 |

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

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Nine Months Ended September 30, 2019 (Un-audited)

| | Three Months Ended September 30, 2019 | Restated Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Restated Nine Months Ended September 30, 2018 |
|--|--|--|---|---|
| | Rupees in '000' | | | |
| Profit after taxation for the period | 2,171,046 | 1,658,719 | 6,180,109 | 5,443,123 |
| 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 fixed / non-banking assets - net of tax | - | - | - | - |
| | 2,171,046 | 1,658,719 | 6,180,109 | 5,443,123 |
| Items that may be reclassified to profit and loss account in subsequent periods: | | | | |
| Movement in surplus on revaluation of investments - net of tax | 1,432,003 | (36,799) | 664,035 | (118,609) |
| Total comprehensive income for the period | 3,603,049 | 1,621,920 | 6,844,144 | 5,324,514 |

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

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the Nine Months Ended September 30, 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 | (53,498) | 2,940,101 | (2,806,439) | 29,731,760 |
| Profit after taxation for the nine months ended September 30, 2018 | - | - | - | - | - | - | - | 5,443,123 | 5,443,123 |
| Other comprehensive loss | - | - | - | - | - | (118,609) | - | - | (118,609) |
| Total comprehensive income for the nine months ended September 30, 2018 | - | - | - | - | - | (118,609) | - | 5,443,123 | 5,324,514 |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (34,730) | 34,730 | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (3,078) | 3,078 | - |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (77,594) | 119,375 | 41,781 |
| Transfer from surplus on disposal of non banking assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | (3,978) | 4,357 | 379 |
| Balance as on September 30, 2018 - as restated | 26,436,924 | (263,158) | 26,173,766 | 2,215,040 | 1,262,791 | (172,108) | 2,820,721 | 2,798,224 | 35,098,434 |
| Profit after taxation for the three months ended December 31, 2018 | - | - | - | - | - | - | - | 2,120,570 | 2,120,570 |
| Other comprehensive income / (loss) | - | - | - | - | - | 160,739 | 509,790 | (172,731) | 497,798 |
| Total comprehensive income for the three months ended December 31, 2018 | - | - | - | - | - | 160,739 | 509,790 | 1,947,839 | 2,618,388 |
| 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 | - | - | - | - | - | - | (10,922) | 10,922 | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (362) | 362 | - |
| Transfer from surplus on disposal of non banking assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | (47,546) | 51,035 | 3,489 |
| Balance as on December 31, 2018 | 26,436,924 | (263,158) | 26,173,766 | 2,215,040 | 2,775,530 | (11,368) | 3,271,681 | 3,295,643 | 37,720,291 |
| Profit after taxation for the nine months ended September 30, 2019 | - | - | - | - | - | 664,035 | - | 6,180,109 | 6,180,109 |
| Other comprehensive income | - | - | - | - | - | 664,035 | - | - | 664,035 |
| Total comprehensive income for the nine months ended September 30, 2019 | - | - | - | - | - | 664,035 | - | 6,180,109 | 6,844,144 |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (32,279) | 32,279 | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (12,797) | 12,797 | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | (4,891) | 5,083 | 192 |
| 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 September 30, 2019 | 26,436,924 | (263,158) | 26,173,766 | 2,215,040 | 2,775,530 | 652,666 | 3,221,174 | 7,543,142 | 42,581,858 |

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

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Cash Flow Statement For the Nine Months Ended September 30, 2019 (Un-audited)

| | Note | Nine Months Ended September 30, September 30, 2019 2018 Rupees in '000' | |
|---|------|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 10,515,093 | 8,851,399 |
| Less: Dividend income | | (75,221) | (53,576) |
| | | 10,439,872 | 8,797,823 |
| Adjustments: | | | |
| Depreciation on fixed assets | 29 | 778,258 | 675,352 |
| Depreciation on non banking assets acquired in satisfaction of claims | 29 | 55,546 | 52,173 |
| Depreciation on ijarah assets under IFAS - 2 | 29 | 194,849 | 276,258 |
| Depreciation on right of use assets | 29 | 607,092 | - |
| Amortization on intangible assets | 29 | 128,190 | 36,136 |
| Amortization of (discount) / premium on debt securities - net | | (1,345,623) | 413,742 |
| Mark-up on lease liability against right of use assets | 25 | 544,920 | - |
| Unrealized gain / (loss) on revaluation of investments classified as held for trading | 27 | (25,466) | 4,005 |
| Provision / (reversal) and writeoffs - net | 31 | 1,473,383 | (948,402) |
| (Gain) / loss on sale of fixed assets - net | 28 | (34,180) | 419 |
| Gain on sale of non banking assets - net | | (67) | (36,335) |
| Gain on securities - net | 27 | (83,057) | (31,217) |
| Provision for employees compensated absences | | 7,843 | 7,397 |
| Provision for gratuity | | 86,094 | 80,707 |
| | | 2,387,782 | 530,235 |
| | | 12,827,654 | 9,328,058 |
| (Increase) / Decrease in operating assets: | | | |
| Lendings to financial institutions | | 23,794,817 | 13,057,527 |
| Held for trading securities | | 17,985,265 | 4,341,813 |
| Advances - net | | 8,971,273 | (75,398,911) |
| Others assets - net | | (1,887,767) | (1,270,801) |
| | | 48,863,588 | (59,270,372) |
| Increase / (Decrease) in operating liabilities: | | | |
| Bills Payable | | (326,689) | (217,956) |
| Borrowings from financial institutions | | 72,883,918 | (9,518,969) |
| Deposits | | 44,942,683 | 12,061,749 |
| Other liabilities | | 671,573 | 1,300,173 |
| | | 118,171,485 | 3,624,997 |
| Income tax paid | | (2,889,535) | (2,491,654) |
| Net cash flow from / (used in) operating activities | | 176,973,192 | (48,808,971) |

Nine Months Ended
September 30, 2019 **September 30, 2018**
Rupees in '000'

| | September 30, 2019 | September 30, 2018 |
|---|----------------------|---------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net investments in available for sale securities | (121,325,378) | 35,073,753 |
| Net investments in held to maturity securities | (46,879,496) | - |
| Dividends received | 71,921 | 55,615 |
| Investments in fixed assets | (622,877) | (1,080,681) |
| Investments in intangible assets | (67,375) | (225,351) |
| Proceeds from sale of fixed assets | 35,122 | 141,673 |
| Proceeds from sale of non banking assets | 63,612 | 233,552 |
| Net cash (used in) / flow from investing activities | (168,724,471) | 34,198,561 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of subordinated debts | (1,360) | (500) |
| Dividend paid | (1,982,769) | - |
| Issuance of privately placed term finance certificates - II | - | 4,300,000 |
| Net cash (used in) / flow from financing activities | (1,984,129) | 4,299,500 |
| Increase / (decrease) in cash and cash equivalents | 6,264,592 | (10,310,910) |
| Cash and cash equivalents at beginning of the period | 49,180,556 | 53,299,968 |
| Cash and cash equivalents at end of the period | 55,445,148 | 42,989,058 |
| Cash and cash equivalents : | | |
| Cash and balances with treasury banks | 46,318,475 | 38,114,238 |
| Balances with other banks | 9,126,968 | 5,037,586 |
| Overdrawn nostro accounts | (295) | (162,766) |
| | 55,445,148 | 42,989,058 |

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

Chief Financial Officer

President

Director

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Nine Months Ended September 30, 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 611 branches including 14 sub branches and 90 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.

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

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 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.

During the period, IFRS 16 - Leases, became effective from January 01, 2019, the impact of adoption of this standard is disclosed in note 4.1 to 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.

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. 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 and the SBP would issue necessary guidance in this regard. The Bank is in the process of assessing the full impact of this standard. Accordingly, based on the guidance lastly received from the SBP, the requirements of IFRS 9 have not been considered in preparation of these unconsolidated condensed interim financial statements.

| 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 |

| Standard or Interpretations | | Effective date (accounting periods ending on or after) |
|------------------------------------|---|---|
| IFRS 9 | Financial Instrument : 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, right of use assets, lease liability 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, except for the following :

4.1 Impact of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the Banks. IFRS 16 replaces IAS 17- Leases, existing interpretations and guidance on accounting for leases. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right of use assets representing its right of using the underlying assets and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 from January 1, 2019 thereby recognizing right of use assets and lease liability , in respect of leased properties, there-against on January 01, 2019 using modified retrospective restatement approach, as permitted under the specific transitional provisions in the standard, and has not restated comparatives for the corresponding reporting period of 2018. Previously, these leases were accounted for as operating leases.

As at January 01, 2019, these liabilities were initially measured at the present value of the remaining lease payments discounted using Bank's incremental weighted average borrowing rate of 14.33% per annum. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The associated right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognized in the unconsolidated financial statements of financial position immediately before the date of initial application.

The right of use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right of use assets are depreciated over the lease term using a straight line basis as it closely reflects the expected pattern of consumption of future economic benefits. The right of use assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of lease liability.

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

| | September 30, 2019 | January 1, 2019 |
|--|-----------------------|--------------------|
| | Rupees in '000' | |
| Impact on unconsolidated condensed interim statement of financial position: | | |
| Increase in fixed assets - right of use assets | 5,682,590 | 5,378,486 |
| Decrease in advances, deposits, advance rent and other prepayments | (143,116) | (187,014) |
| Increase in other assets - advance taxation | 142,200 | - |
| Net increase in total assets | 5,681,674 | 5,191,472 |
| Increase in other liabilities - lease liability against right of use assets | 5,904,090 | 5,191,472 |
| Net increase in net assets | (222,416) | - |

| | January 01 – September 30, 2019 | |
|--|---------------------------------|-----------|
| | Rupees in '000' | |
| Increase in mark-up/return/interest expensed | | 544,920 |
| Increase/(Decrease) in operating expenses: | | |
| Amortization on right of use assets | | 607,092 |
| Rent expense | | (787,396) |
| Decrease in profit before tax | | 364,616 |
| Decrease in taxation | | 142,200 |
| Decrease in profit after taxation | | 222,416 |

Decrease in earnings per share for the nine months ended September 30, 2019 is 0.084 per share.

While applying IFRS 16, the Bank has used the following practical expedients, as permitted by the standard, and significant judgements:

- Use of a single discount rate for leases with similar characteristics; and
- Lease term as the non-cancellable term of the Lease, together with any periods covered by an option to extend the Lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the Lease, if it is reasonably certain not to be exercised.

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 except for judgements and estimates as explained in note 4.1 to these unconsolidated condensed interim financial statements.

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) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|---|------|--|-----------------------------------|
| 7. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand: | | | |
| Local currency | | 11,505,322 | 8,558,512 |
| Foreign currencies | | 1,495,916 | 1,567,982 |
| | | 13,001,238 | 10,126,494 |
| With SBP in : | | | |
| Local currency current accounts | | 23,775,244 | 19,249,466 |
| Foreign currency current accounts | | 516,006 | 431,861 |
| Foreign currency deposit accounts | | 1,568,214 | 1,283,551 |
| | | 25,859,464 | 20,964,878 |
| With National Bank of Pakistan in : | | | |
| Local currency current account | | 6,840,955 | 12,451,416 |
| Prize bonds | | 616,818 | 46,219 |
| | | 46,318,475 | 43,589,007 |
| 8. BALANCES WITH OTHER BANKS | | | |
| In Pakistan : | | | |
| Current accounts | | 4,413,754 | 3,747,534 |
| Deposit accounts | | 1,325,289 | 1,517,470 |
| | | 5,739,043 | 5,265,004 |
| Outside Pakistan : | | | |
| Current accounts | | 783,095 | 435,886 |
| Deposit accounts | | 2,604,830 | 101,422 |
| | | 3,387,925 | 537,308 |
| | | 9,126,968 | 5,802,312 |
| 9. LENDINGS TO FINANCIAL INSTITUTIONS | | | |
| Repurchase agreement lendings (Reverse Repo) | 9.2 | 1,553,336 | 22,093,153 |
| Placements | 9.3 | 2,495,000 | 5,750,000 |
| | | 4,048,336 | 27,843,153 |
| 9.1 Particulars of lending | | | |
| In local currency | | 4,048,336 | 27,843,153 |
| In foreign currencies | | - | - |
| | | 4,048,336 | 27,843,153 |

9.2 Securities held as collateral against lendings to financial institutions

| | (Un-audited) September 30, 2019 | | | (Audited) December 31, 2018 | | |
|---------------------------|------------------------------------|-----------------------------|-----------|--------------------------------|-----------------------------|------------|
| | Held by bank | Further given as collateral | Total | Held by bank | Further given as collateral | Total |
| | Rupees in '000' | | | | | |
| Market treasury bills | 995,088 | - | 995,088 | - | - | - |
| Pakistan investment bonds | 558,248 | - | 558,248 | 22,093,153 | - | 22,093,153 |
| | 1,553,336 | - | 1,553,336 | 22,093,153 | - | 22,093,153 |

Market value of securities held as collateral as at September 30, 2019 amounted to Rs. 1,551,639 thousand (December 31, 2018: Rs. 21,350,630 thousand). These carry mark-up at rate ranging from 13.50% to 13.75% per annum (December 31, 2018: 10.00% to 10.50% per annum) with maturities upto November 22, 2019.

9.3 These carry profit rates ranging from 12.54% to 13.75% per annum (December 31, 2018: 9.00% to 9.80% per annum) with maturities upto November 25, 2019.

10. INVESTMENTS - NET

10.1 Investments by type:

| | Note | (Un-audited) September 30, 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' | | | | | | | |
| Held-for-trading securities | | | | | | | | | |
| Federal government securities | 10.1.1 | 7,093,556 | - | 26,044 | 7,119,600 | 25,075,868 | - | (1,892) | 25,073,976 |
| Ordinary shares | | 14,561 | - | (578) | 13,983 | 12,630 | - | (1,849) | 10,781 |
| | | 7,108,117 | - | 25,466 | 7,133,583 | 25,088,498 | - | (3,741) | 25,084,757 |
| Available-for-sale securities | | | | | | | | | |
| Federal government securities | 10.1.1 & 10.2 | 297,778,844 | - | 1,112,416 | 298,891,260 | 177,736,092 | - | (44,199) | 177,691,893 |
| Shares and certificates | | 2,802,632 | (1,199,909) | (110,030) | 1,492,693 | 2,122,045 | (1,024,880) | 24,614 | 1,121,779 |
| Non government debt securities | | 9,954,737 | (2,297,964) | 1,716 | 7,658,489 | 8,119,488 | (2,236,623) | 2,094 | 5,884,959 |
| Foreign securities | | 4,019 | - | - | 4,019 | 4,019 | - | - | 4,019 |
| | | 310,540,232 | (3,497,873) | 1,004,102 | 308,046,461 | 187,981,644 | (3,261,503) | (17,491) | 184,702,650 |
| Held-to-maturity securities | | | | | | | | | |
| Federal government securities | 10.1.1 & 10.4 | 47,298,469 | - | - | 47,298,469 | 250,329 | - | - | 250,329 |
| WAPDA bonds | | 400 | (400) | - | - | 400 | (400) | - | - |
| | | 47,298,869 | (400) | - | 47,298,469 | 250,729 | (400) | - | 250,329 |
| Subsidiaries | | 164,945 | (132,896) | - | 32,049 | 164,945 | (131,198) | - | 33,747 |
| Total investments | | 365,112,163 | (3,631,169) | 1,029,568 | 362,510,562 | 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) September 30, 2019 | (Audited) December 31, 2018 |
|--|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 10.2 Investments given as collateral | | |
| Pakistan investment bonds | 19,583,293 | - |
| Market treasury bills | 72,421,129 | 19,829,188 |
| | 92,004,422 | 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 / year | 257,768 | 247,754 |
| Reversals for the period / year | (1,498) | - |
| | 256,270 | 247,754 |
| Reversal on disposal during the period / year | (18,202) | - |
| Closing balance | 3,631,169 | 3,393,101 |

10.3.2 Particulars of provision against debt securities

| Category of classification | (Un-audited) September 30, 2019 | | (Audited) December 31, 2018 | |
|-----------------------------------|------------------------------------|-----------|--------------------------------|-----------|
| | NPI | Provision | NPI | Provision |
| | Rupees in '000' | | | |
| Domestic | | | | |
| Other assets especially mentioned | - | - | - | - |
| Substandard | 308,606 | 62,839 | - | - |
| Doubtful | - | - | - | - |
| Loss | 2,235,525 | 2,235,525 | 2,237,023 | 2,237,023 |
| Total | 2,544,131 | 2,298,364 | 2,237,023 | 2,237,023 |

10.4 Market value of held to maturity investments amounted to Rs. 48,594,718 thousand (December 31, 2018: Rs. 248,902 thousand).

11. ADVANCES - NET

| | Performing | | Non Performing | | Total | |
|---|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
| | Rupees in '000' | | | | | |
| Loans, cash credits, running finances, etc. | 315,461,454 | 324,864,552 | 50,361,180 | 49,076,188 | 365,822,634 | 373,940,740 |
| Net book value of assets in ijarah under IFAS 2 - In Pakistan | 1,575,358 | 337,920 | 216,404 | 215,000 | 1,791,762 | 552,920 |
| Islamic financing and related assets | 24,322,065 | 19,584,952 | 1,650,521 | 76,882 | 25,972,586 | 19,661,834 |
| Bills discounted and purchased | 22,984,826 | 31,583,488 | 16,992 | 16,992 | 23,001,818 | 31,600,480 |
| Advances - gross | 364,343,703 | 376,370,912 | 52,245,097 | 49,385,062 | 416,588,800 | 425,755,974 |
| Provision against advances: | | | | | | |
| - Specific | - | - | (44,580,494) | (43,530,419) | (44,580,494) | (43,530,419) |
| - General | (393,927) | (348,299) | - | - | (393,927) | (348,299) |
| | (393,927) | (348,299) | (44,580,494) | (43,530,419) | (44,974,421) | (43,878,718) |
| Advances - net of provision | 363,949,776 | 376,022,613 | 7,664,603 | 5,854,643 | 371,614,379 | 381,877,256 |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 11.1 Particulars of advances (gross) | | |
| In local currency | 416,464,264 | 425,610,828 |
| In foreign currencies | 124,536 | 145,146 |
| | 416,588,800 | 425,755,974 |

11.2 Advances include Rs. 52,245,097 thousand (December 31, 2018: Rs. 49,385,062 thousand) which have been placed under non-performing status as detailed below:

| Category of classification | (Un-audited) September 30, 2019 | | (Audited) December 31, 2018 | |
|-----------------------------------|------------------------------------|------------|--------------------------------|------------|
| | Non performing loans | Provision | Non performing loans | Provision |
| | Rupees in '000' | | | |
| Domestic | | | | |
| Other assets especially mentioned | 1,698,399 | 8,208 | 52,234 | 801 |
| Substandard | 1,338,212 | 123,578 | 351,004 | 65,741 |
| Doubtful | 7,895,795 | 4,651,210 | 9,722,789 | 5,247,064 |
| Loss | 41,312,691 | 39,797,498 | 39,259,035 | 38,216,813 |
| Total | 52,245,097 | 44,580,494 | 49,385,062 | 43,530,419 |

11.3 Particulars of provision against advances

| | September 30, 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 / year | 3,161,847 | 45,628 | 3,207,475 | 2,350,848 | - | 2,350,848 |
| Reversals for the period / year | (2,110,720) | - | (2,110,720) | (4,372,439) | (76,984) | (4,449,423) |
| | 1,051,127 | 45,628 | 1,096,755 | (2,021,591) | (76,984) | (2,098,575) |
| Amounts written off | (1,052) | - | (1,052) | (6,401) | - | (6,401) |
| Closing balance | 44,580,494 | 393,927 | 44,974,421 | 43,530,419 | 348,299 | 43,878,718 |

11.3.1 Particulars of provision against advances with respect to currencies

| | | | | | | |
|-----------------------|------------|---------|------------|------------|---------|------------|
| In local currency | 44,580,494 | 393,927 | 44,974,421 | 43,530,419 | 348,299 | 43,878,718 |
| In foreign currencies | - | - | - | - | - | - |
| | 44,580,494 | 393,927 | 44,974,421 | 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. 2,255,225 thousand (December 31, 2018: Rs 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|--|------|--|---------------------------------------|
| 12. FIXED ASSETS | | | |
| Capital work-in-progress | 12.1 | 148,632 | 231,947 |
| Right of use assets | 4.1 | 5,682,590 | - |
| Property and equipment | | 8,482,972 | 8,555,981 |
| | | 14,314,194 | 8,787,928 |
| 12.1 Capital work-in-progress | | | |
| Civil works | | 148,632 | 201,487 |
| Equipment | | - | 30,460 |
| | | 148,632 | 231,947 |
| | | | |
| | | (Un-audited) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
| 12.2 Additions to fixed assets | | | |
| The following additions / (transfers) have been made to fixed assets during the period: | | | |
| Capital work-in-progress | | (83,315) | 411,902 |
| Right of use assets | | 6,289,682 | - |
| Property and equipment : | | | |
| Freehold land | | - | 63,033 |
| Building on freehold land | | 99,693 | 512,736 |
| Furniture and fixture | | 50,360 | 51,964 |
| Office equipment | | 202,722 | 255,359 |
| Computer equipment | | 77,027 | 206,427 |
| Lease hold improvements | | 242,731 | 69,244 |
| Vehicles | | 33,659 | 5,523 |
| | | 706,192 | 1,164,286 |
| | | 6,912,559 | 1,576,188 |
| 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 | | - | 140,471 |
| Furniture and fixture | | 352 | 603 |
| Office equipment | | 590 | 542 |
| Computer equipment | | - | 476 |
| Vehicles | | - | - |
| | | 942 | 142,092 |

Gross carrying amount of vehicles disposed off during the period was Rs. 43,307 thousand (September 30, 2018: Nil).

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|------------------------------|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 13. INTANGIBLE ASSETS | | |
| Intangible in progress | 167,338 | 129,279 |
| Softwares | 663,336 | 762,210 |
| | 830,674 | 891,489 |

| | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|--|---------------------------------------|---------------------------------------|
| | Rupees in '000' | |
| 13.1 Additions to intangible assets | | |
| The following additions have been made to intangible assets during the period: | | |
| Intangible in progress | 38,059 | 110,910 |
| Intangible assets purchased | 29,316 | 114,441 |
| | 67,375 | 225,351 |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|--|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 14. DEFERRED TAX ASSETS - NET | | |
| Deductible temporary differences on: | | |
| Deficit on revaluation of investments | - | 6,122 |
| Provision against advances, off balance sheet etc. | 8,310,283 | 8,926,570 |
| | 8,310,283 | 8,932,692 |
| Taxable temporary differences on: | | |
| Surplus on revaluation of fixed assets | (446,112) | (463,493) |
| Accelerated tax depreciation | (287,696) | (320,081) |
| Surplus on revaluation of investments | (351,436) | - |
| Surplus on revaluation of non banking assets | (176,768) | (183,851) |
| | (1,262,012) | (967,425) |
| | 7,048,271 | 7,965,267 |

| | Note | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|--|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| 15. OTHER ASSETS - NET | | | |
| Income / mark-up accrued in local currency | | 14,172,061 | 8,629,336 |
| Income / mark-up accrued in foreign currency | | 1,970 | 1,961 |
| Profit paid in advance on pehlay munafa scheme | | 2,467 | 8,027 |
| Advances, deposits, advance rent and other prepayments | | 608,782 | 881,805 |
| Advance taxation (payments less provisions) | | 2,744,420 | 3,630,240 |
| Non-banking assets acquired in satisfaction of claims | | 7,373,484 | 7,467,804 |
| Acceptances | | 1,646,827 | 4,888,386 |
| Branch adjustment account | | 82,428 | 180,704 |
| Mark to market gain on forward foreign exchange contracts | | - | 146,431 |
| Stock of stationery | | 214,072 | 108,048 |
| Suspense account | | 7,540 | 5,044 |
| Zakat recoverable from NITL | | 36,790 | 36,790 |
| Unrealized gain on revaluation of foreign bills and trade loans | | 20,178 | 78,013 |
| Fraud and forgeries | | 174,674 | 121,806 |
| Unearned income on sale of sukuk on bai-muajjal basis | | 780,296 | 1,044,888 |
| Others | | 1,104,104 | 829,881 |
| | | 28,970,093 | 28,059,164 |
| Less: Provision held against other assets | 15.1 | (2,172,638) | (2,052,280) |
| Other assets (net of provision) | | 26,797,455 | 26,006,884 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | | 1,520,042 | 1,544,813 |
| Other assets - total | | 28,317,497 | 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 | | 1,596,665 | 1,575,670 |
| Zakat recoverable from NITL | | 36,790 | 36,790 |
| Fraud and forgeries | | 167,867 | 101,364 |
| Others | | 335,593 | 302,733 |
| | | 2,172,638 | 2,052,280 |
| 16. CONTINGENT ASSETS | | | |
| Contingent assets | | Nil | Nil |
| 17. BILLS PAYABLE | | | |
| In Pakistan | | 3,250,988 | 3,577,677 |
| Outside Pakistan | | - | - |
| | | 3,250,988 | 3,577,677 |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 18. BORROWINGS | | |
| Secured | | |
| Borrowings from SBP under: | | |
| Export refinance scheme (ERF) | 13,053,696 | 13,451,606 |
| Long term financing facility (LTFF) | 6,903,194 | 6,219,303 |
| Finance facility for storage of agricultural produce (FFSAP) | 40,179 | 25,991 |
| Finance facility for renewable energy performance platform (REPP) | 1,031,836 | 1,025,036 |
| | 21,028,905 | 20,721,936 |
| Repurchase agreement borrowings | 51,258,918 | 2,497,905 |
| Call borrowings | 40,614,879 | 17,251,702 |
| Total secured | 112,902,702 | 40,471,543 |
| Unsecured | | |
| Overdrawn nostro accounts | 295 | 210,763 |
| Foreign placement | 1,563,654 | 1,110,895 |
| Total unsecured | 1,563,949 | 1,321,658 |
| | 114,466,651 | 41,793,201 |

19. DEPOSITS AND OTHER ACCOUNTS

| | September 30, 2019 (Un-audited) | | | December 31, 2018 (Audited) | | |
|--------------------------------|---------------------------------|--------------------------|-------------|-----------------------------|--------------------------|-------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| | Rupees in '000' | | | | | |
| Customers: | | | | | | |
| Current deposits | 119,582,638 | 2,899,112 | 122,481,750 | 119,614,715 | 2,343,451 | 121,958,166 |
| Savings deposits | 305,259,257 | 2,440,350 | 307,699,607 | 253,500,729 | 2,413,949 | 255,914,678 |
| Term deposits | 183,567,989 | 3,860,353 | 187,428,342 | 181,768,000 | 3,496,387 | 185,264,387 |
| Others | 16,444,155 | - | 16,444,155 | 25,541,626 | - | 25,541,626 |
| | 624,854,039 | 9,199,815 | 634,053,854 | 580,425,070 | 8,253,787 | 588,678,857 |
| Financial institutions: | | | | | | |
| Current deposits | 3,082,812 | 349,382 | 3,432,194 | 3,610,496 | 188,548 | 3,799,044 |
| Savings deposits | 1,330,736 | 201 | 1,330,937 | 2,186,683 | 186 | 2,186,869 |
| Term deposits | 680,000 | 872,519 | 1,552,519 | 755,000 | - | 755,000 |
| Others | 155,141 | - | 155,141 | 162,192 | - | 162,192 |
| | 5,248,689 | 1,222,102 | 6,470,791 | 6,714,371 | 188,734 | 6,903,105 |
| | 630,102,728 | 10,421,917 | 640,524,645 | 587,139,441 | 8,442,521 | 595,581,962 |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| | Note | |
| 20. SUBORDINATED DEBTS | | |
| Loan from GoPb | 20.1 | 2,000,000 |
| Privately placed term finance certificates - I | 20.2 | 2,497,500 |
| Privately placed term finance certificates - II | 20.3 | 4,298,280 |
| | | 8,795,780 |
| | | 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) September 30, 2019 | (Audited) December 31, 2018 |
|---|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| 21. OTHER LIABILITIES | | | |
| Mark-up / return / interest payable in local currency | | 11,756,852 | 7,260,038 |
| Mark-up / return / interest payable in foreign currency | | 81,902 | 44,506 |
| Lease key money | | 12,383,377 | 11,567,270 |
| Sundry creditors and accrued expenses | | 679,848 | 999,519 |
| Acceptances | | 1,646,827 | 4,888,386 |
| Mark-up payable on subordinated debts | | 401,638 | 97,913 |
| Unclaimed dividends | | 2,588 | 2,599 |
| Mark to market loss on forward foreign exchange contracts | | 89,765 | - |
| Payable to gratuity fund | | 86,086 | 287,512 |
| Gratuity payable to key management personnel | | 40,027 | 100,403 |
| Payable to charity fund | | 7 | 114 |
| Provision against off-balance sheet obligations | 21.1 | 62,183 | 62,183 |
| Provision for employees compensated absences | | 108,836 | 102,294 |
| Taxes / zakat / import fee payable | | 283,755 | 193,646 |
| Lease liability against right of use assets | 4.1 | 5,904,090 | - |
| Deferred income on sale of sukuk on bai - muajjal basis | | 780,296 | 1,044,888 |
| Others | | 201,357 | 258,050 |
| | | 34,509,434 | 26,909,321 |

| | | | |
|---|--|--------|--------|
| 21.1 Provision against off-balance sheet obligations | | 62,183 | 62,183 |
|---|--|--------|--------|

The above provision has been made against letters of guarantee issued by the Bank.

| | Note | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|--|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| 22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX | | | |
| Surplus / (deficit) on revaluation of : | | | |
| - Available for sale securities | 10.1 | 1,004,102 | (17,491) |
| - Fixed assets | | 2,324,552 | 2,374,212 |
| - Non-banking assets acquired in satisfaction of claims | 15 | 1,520,042 | 1,544,813 |
| | | 4,848,696 | 3,901,534 |
| Deferred tax on (surplus) / deficit on revaluation of : | | | |
| - Available for sale securities | | (351,436) | 6,122 |
| - Fixed assets | | (446,112) | (463,493) |
| - Non-banking assets acquired in satisfaction of claims | | (176,768) | (183,851) |
| | | (974,316) | (641,222) |
| | | 3,874,380 | 3,260,312 |

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|---|----------|--|-----------------------------------|
| 23. CONTINGENCIES AND COMMITMENTS | | | |
| Guarantees | 23.1 | 55,003,197 | 52,561,155 |
| Commitments | 23.2 | 133,693,923 | 91,782,505 |
| Other contingent liabilities | 23.3 | 8,975 | 1,464,824 |
| | | 188,706,095 | 145,808,484 |
| 23.1 Guarantees: | | | |
| Financial guarantees | | 18,231,354 | 18,743,220 |
| Performance guarantees | | 16,521,637 | 18,257,988 |
| Other guarantees | | 20,250,206 | 15,559,947 |
| | | 55,003,197 | 52,561,155 |
| 23.2 Commitments: | | | |
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 51,528,860 | 44,778,499 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 23.2.1 | 56,703,582 | 22,172,986 |
| - forward lending | 23.2.2 | 25,290,358 | 14,675,323 |
| - operating leases | 23.2.3 | - | 9,937,311 |
| Commitments for acquisition of: | | | |
| - fixed assets | | 77,036 | 56,437 |
| - intangible assets | | 94,087 | 161,949 |
| | | 133,693,923 | 91,782,505 |
| 23.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 30,092,544 | 13,420,469 |
| Sale | | 26,611,038 | 8,752,517 |
| | | 56,703,582 | 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 | 25,290,358 | 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) September 30, 2019 | (Audited) December 31, 2018 |
|--|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 23.2.3 Commitments in respect of operating leases | | |
| Not later than one year | - | 878,342 |
| Later than one year and not later than five years | - | 3,357,036 |
| Later than five years | - | 5,701,933 |
| | - | 9,937,311 |

| | | |
|--|-------|-----------|
| 23.3 Other contingent liabilities | 8,975 | 1,464,824 |
|--|-------|-----------|

23.3.1 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) September 30, 2019 | (Audited) December 31, 2018 |
|---|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| | Note | |
| 23.4 Claims against the Bank not acknowledged as debts | 23.4.1 | 54,482,977 |
| | | 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.

| | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|---|---------------------------------------|---------------------------------------|
| | Rupees in '000' | |
| | Note | |
| 24. MARK-UP / RETURN / INTEREST EARNED | | |
| a) On loans and advances | 33,462,610 | 19,861,097 |
| b) On investments: | | |
| Available for sale securities | 17,931,590 | 10,365,764 |
| Held for trading securities | 2,044,545 | 1,430,393 |
| Held to maturity securities | 1,375,759 | 15,447 |
| c) On lendings to financial institutions: | | |
| Securities purchased under resale agreements | 1,865,124 | 409,476 |
| Call lending | 2,062 | 27,278 |
| Letters of placement | 353,883 | 497,340 |
| d) On balances with banks | 99,078 | 26,032 |
| | 57,134,651 | 32,632,827 |

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
|---|------|--|---------------------------------------|
| 25. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| Deposits and other accounts | | 32,569,674 | 16,140,593 |
| Borrowings: | | | |
| Securities sold under repurchase agreements | | 1,176,753 | 907,666 |
| Foreign placements | | 42,231 | - |
| Call borrowings | | 1,845,261 | 728,075 |
| SBP refinance borrowing | | 326,643 | 313,520 |
| Subordinated debts: | | | |
| Mark-up on subordinated loan from GoPb | | 180,493 | 104,520 |
| Mark-up on privately placed term finance certificates | | 617,073 | 295,424 |
| Mark-up on lease liability against right of use assets | | 544,920 | - |
| | | 37,303,048 | 18,489,798 |
| 26. FEE AND COMMISSION INCOME | | | |
| Branch banking customer fees | | 435,899 | 463,914 |
| Consumer finance related fees | | 161,499 | 202,090 |
| Card related fees | | 387,072 | 264,533 |
| Credit related fees | | 295,180 | 430,780 |
| Branchless banking fees | | 50,538 | 40,654 |
| Commission on trade | | 428,317 | 395,630 |
| Commission on guarantees | | 110,668 | 243,774 |
| Commission on cash management | | 145,033 | 17,068 |
| Commission on remittances including home remittances | | 193,075 | 203,764 |
| Commission on bancassurance | | 96,177 | 91,196 |
| Commission on wheat financing | | 133,977 | 79,438 |
| SMS banking income | | 169,155 | 97,676 |
| | | 2,606,590 | 2,530,517 |
| 27. GAIN ON SECURITIES - NET | | | |
| Realized gain / (loss) on sale of securities - net | 27.1 | 83,057 | 31,217 |
| Unrealized gain / (loss) - held for trading | | 25,466 | (4,005) |
| | | 108,523 | 27,212 |
| 27.1 Realized gain / (loss) on sale of securities - net: | | | |
| Federal Government | | 59,299 | (2,051) |
| Shares and certificates | | 14,501 | 34,466 |
| Term finance certificates | | 9,257 | (1,198) |
| | | 83,057 | 31,217 |
| 28. OTHER INCOME - NET | | | |
| Rent on property | | 1,169 | 3,619 |
| Gain / (loss) on sale of fixed assets - net | | 34,180 | (419) |
| Gain on sale of non banking assets - net | | 67 | 36,335 |
| Notice pay on resignations | | 8,072 | 10,638 |
| | | 43,488 | 50,173 |

| | Note | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|---|------|---------------------------------------|---------------------------------------|
| | | Rupees in '000' | |
| 29. OPERATING EXPENSES | | | |
| Total compensation expense | | 5,353,537 | 4,545,350 |
| Property expense: | | | |
| Rent and taxes | | 36,023 | 703,635 |
| Insurance | | 14,282 | 10,065 |
| Utilities cost | | 459,826 | 367,840 |
| Security | | 911 | 987 |
| Repair and maintenance including janitorial charges | | 12,455 | 17,364 |
| Depreciation | | 396,789 | 324,819 |
| Depreciation on right of use assets | | 607,092 | - |
| Others | | 3,443 | - |
| | | 1,530,821 | 1,424,710 |
| Information technology expenses: | | | |
| Software maintenance | | 246,695 | 136,866 |
| Hardware maintenance | | 79,810 | 59,305 |
| Depreciation on computer equipment | | 167,564 | 161,408 |
| Amortization on intangible assets | | 128,190 | 36,136 |
| Network charges | | 236,015 | 203,894 |
| | | 858,274 | 597,609 |
| Other operating expenses: | | | |
| Directors' fees and allowances | | 6,368 | 2,645 |
| Fees and allowances to shariah board | | 3,205 | 2,084 |
| Legal and professional charges | | 71,660 | 120,083 |
| Subscription charges | | 11,433 | 14,453 |
| Outsourced staff services costs | | 179,258 | 198,841 |
| Travelling and conveyance | | 419,497 | 341,056 |
| NIFT clearing charges | | 43,045 | 38,007 |
| Depreciation | | 213,905 | 189,125 |
| Depreciation on non banking assets | | 55,546 | 52,173 |
| Depreciation on ijarah assets | | 194,849 | 276,258 |
| Training and development | | 16,391 | 11,631 |
| Postage and courier charges | | 113,344 | 77,777 |
| Stationery and printing | | 134,439 | 126,979 |
| Marketing, advertisement and publicity | | 67,317 | 109,980 |
| Donations | 29.1 | 1,000 | - |
| Insurance | | 97,324 | 74,575 |
| Deposit protection fee | | 253,032 | 79,840 |
| Repair and maintenance | | 122,793 | 101,494 |
| Entertainment expenses | | 72,740 | 66,375 |
| Fuel for generator | | 78,379 | 70,277 |
| Commission and brokerage | | 98,587 | 84,964 |
| Bank charges | | 65,540 | 51,043 |
| SMS banking charges | | 30,041 | 18,233 |
| ATM charges including ATM maintenance charges | | 96,244 | 54,161 |
| Cash remittance charges | | 141,634 | 150,386 |
| Branch license fee | | 13,060 | 13,032 |
| CNIC verification / ECIB charges | | 59,999 | 25,231 |
| Miscellaneous expenses | | 135,243 | 114,145 |
| | | 2,795,873 | 2,464,848 |
| | | 10,538,505 | 9,032,517 |

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) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
|---|--------|--|---------------------------------------|
| 30. OTHER CHARGES | | | |
| Penalties imposed by SBP | | 106,067 | 52,238 |
| 31. PROVISIONS AND WRITE OFFS - NET | | | |
| Provisions for diminution in value of investments | 10.3.1 | 256,270 | 22,228 |
| Provisions / (reversal) against advances | 11.3 | 1,096,755 | (1,032,784) |
| Provision against other assets - net | 15.1 | 120,358 | 62,154 |
| | | 1,473,383 | (948,402) |
| 32. TAXATION | | | |
| Current | 32.1 | 3,525,007 | 2,080,749 |
| Prior years | 32.2 | 250,348 | - |
| Deferred | | 559,629 | 1,327,527 |
| | | 4,334,984 | 3,408,276 |

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) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
|--|--|--|---------------------------------------|
| 33. BASIC EARNINGS PER SHARE | | | |
| Profit after taxation for the period (Rs in '000') | | 6,180,109 | 5,443,123 |
| Weighted average number of ordinary shares (No.) | | 2,643,692,380 | 2,643,692,380 |
| Basic earnings per share (Rs). | | 2.34 | 2.06 |

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 categorized:

| | September 30, 2019 (Un-audited) | | | | Total |
|--|---------------------------------|-----------|-------------|---------|-------------|
| | Carrying value | Level 1 | Level 2 | Level 3 | |
| | Rupees in '000' | | | | |
| On balance sheet financial instruments | | | | | |
| Financial assets measured at fair value: | | | | | |
| Government securities | 306,010,860 | - | 306,010,860 | - | 306,010,860 |
| Shares and certificates | 1,425,318 | 1,409,328 | - | 15,990 | 1,425,318 |
| Non-Government debt securities | 2,327,107 | - | 2,327,107 | - | 2,327,107 |
| 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 | 47,298,469 | - | 19,240,920 | - | 19,240,920 |
| Financial liabilities measured at fair value: | | | | | |
| Payable to gratuity fund | 86,086 | - | 86,086 | - | 86,086 |
| Provision for employees compensated absences | 108,836 | - | 108,836 | - | 108,836 |
| Off balance sheet financial instruments: | | | | | |
| Forward purchase of foreign exchange contracts | 29,911,993 | - | 29,911,993 | - | 29,911,993 |
| Forward sale of foreign exchange contracts | 26,520,252 | - | 26,520,252 | - | 26,520,252 |

| 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 and certificates | 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

| September 30, 2019 (Un-audited) | | | | | |
|---|-----------|---------|-----------|-------|-----------|
| Fair value | | | | | |
| Carrying value | Level 1 | Level 2 | Level 3 | Total | |
| Rupees in '000' | | | | | |
| Non Financial assets measured at fair value : | | | | | |
| Fixed assets (land & building) | | | | | |
| Non banking assets acquired in satisfaction of claims | | | | | |
| 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 : | | | | | |
| 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) September 30, 2019 | | | | | | | |
|--|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|----------------------|
| | Wholesale | Retail | Consumer & Agri | Treasury | Islamic | Others | Total |
| Rupees in '000' | | | | | | | |
| Profit & loss | | | | | | | |
| Net mark-up / return / profit | 26,761,438 | 1,351,370 | 3,363,979 | 22,350,671 | 3,274,431 | 32,762 | 57,134,651 |
| Inter segment revenue - net | (22,467,305) | 39,273,262 | (2,515,232) | (18,529,192) | (9,205) | 4,247,672 | - |
| Non mark-up / return / interest income | 904,852 | 400,556 | 115,627 | 1,114,683 | 57,101 | 208,626 | 2,801,445 |
| Total income | 5,198,985 | 41,025,188 | 964,374 | 4,936,162 | 3,322,327 | 4,489,060 | 59,936,096 |
| Segment direct expenses | 2,371,322 | 38,055,620 | 427,036 | 3,285,088 | 2,536,349 | 1,272,205 | 47,947,620 |
| Inter segment expense allocation | - | - | - | - | - | - | - |
| Total expenses | 2,371,322 | 38,055,620 | 427,036 | 3,285,088 | 2,536,349 | 1,272,205 | 47,947,620 |
| Provisions | 927,464 | 77,003 | 91,034 | 256,270 | 13,506 | 108,106 | 1,473,383 |
| Profit / (loss) before tax | 1,900,199 | 2,892,565 | 446,304 | 1,394,804 | 772,472 | 3,108,749 | 10,515,093 |
| Balance sheet | | | | | | | |
| Cash & bank balances | 6,234,486 | 20,724,673 | - | 23,700,922 | 4,785,362 | - | 55,445,443 |
| Investments - net | 2,582,595 | - | - | 350,780,971 | 9,146,996 | - | 362,510,562 |
| Net inter segment lending | 5,618,061 | 549,835,211 | - | - | 905,513 | 58,222,057 | 614,580,842 |
| Lendings to financial institutions | - | - | - | 1,953,336 | 2,095,000 | - | 4,048,336 |
| Advances - performing | 280,203,427 | 15,307,855 | 38,856,916 | - | 25,897,424 | 3,684,154 | 363,949,776 |
| - non-performing - net | 5,170,051 | 427,701 | 426,466 | - | 1,634,292 | 6,093 | 7,664,603 |
| Others | 10,686,142 | 1,279,291 | 1,192,894 | 2,684,924 | 3,567,697 | 31,099,688 | 50,510,636 |
| Total assets | 310,494,762 | 587,574,731 | 40,476,276 | 379,120,153 | 48,032,284 | 93,011,992 | 1,458,710,198 |
| Borrowings | 21,023,905 | 5,000 | - | 93,437,746 | - | - | 114,466,651 |
| Subordinated debts | - | - | - | - | - | 8,795,780 | 8,795,780 |
| Deposits & other accounts | 32,774,936 | 564,677,463 | 971,131 | 10,110 | 42,021,988 | 69,017 | 640,524,645 |
| Net inter segment borrowing | 291,737,319 | 8,208,906 | 27,965,747 | 281,980,832 | - | 4,688,038 | 614,580,842 |
| Others | 4,919,419 | 10,995,204 | 12,451,736 | 1,469,826 | 2,829,299 | 5,094,938 | 37,760,422 |
| Total liabilities | 350,455,579 | 583,886,573 | 41,388,614 | 376,898,514 | 44,851,287 | 18,647,773 | 1,416,128,340 |
| Equity | (39,960,817) | 3,688,158 | (912,338) | 2,221,639 | 3,180,997 | 74,364,219 | 42,581,858 |
| Total equity & liabilities | 310,494,762 | 587,574,731 | 40,476,276 | 379,120,153 | 48,032,284 | 93,011,992 | 1,458,710,198 |
| Contingencies & commitments | 113,579,620 | 1,619,176 | - | 56,703,582 | 16,623,619 | 180,098 | 188,706,095 |

| (Un-audited) September 30, 2018 | | | | | | | |
|--|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|----------------------|
| | Wholesale | Retail | Consumer & Agri | Treasury | Islamic | Others | Total |
| Rupees in '000' | | | | | | | |
| Profit & loss | | | | | | | |
| Net mark-up / return / profit | 15,589,860 | 395,201 | 2,698,532 | 11,809,656 | 2,034,605 | 104,973 | 32,632,827 |
| Inter segment revenue - net | (13,999,949) | 25,194,504 | (1,556,727) | (9,388,916) | (46,855) | (202,057) | - |
| Non mark-up / return / interest income | 1,016,297 | 569,543 | 155,646 | 802,143 | 43,341 | 257,753 | 2,844,723 |
| Total income | 2,606,208 | 26,159,248 | 1,297,451 | 3,222,883 | 2,031,091 | 160,669 | 35,477,550 |
| Segment direct expenses | 2,891,274 | 20,165,912 | 383,518 | 1,826,823 | 1,613,226 | 693,800 | 27,574,553 |
| Inter segment expense allocation | - | - | - | - | - | - | - |
| Total expenses | 2,891,274 | 20,165,912 | 383,518 | 1,826,823 | 1,613,226 | 693,800 | 27,574,553 |
| Provisions | (396,612) | (545,051) | (204,932) | 22,228 | 105,153 | 70,812 | (948,402) |
| Profit / (loss) before tax | 111,546 | 6,538,387 | 1,118,865 | 1,373,832 | 312,712 | (603,943) | 8,851,399 |
| 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 | 2,039,676 | 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.

| | September 30, 2019 (Un-audited) | | | | December 31, 2018 (Audited) | | | |
|--|---------------------------------|---|----------------|-----------------------|-----------------------------|---|----------------|-----------------------|
| | Key management personnel | Subsidiary company and managed modaraba | Employee funds | Other related parties | Key management personnel | Subsidiary company and managed modaraba | Employee funds | Other related parties |
| | Rupees in '000' | | | | Rupees in '000' | | | |
| Lendings to financial institutions : | | | | | | | | |
| Opening balance | - | 400,000 | - | - | - | 400,000 | - | - |
| Addition during the period | - | 1,200,000 | - | - | - | 1,600,000 | - | - |
| Repaid during the period | - | 1,200,000 | - | - | - | 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 | - | - |

| | September 30, 2019 (Un-audited) | | | | December 31, 2018 (Audited) | | | |
|---|---------------------------------|---|----------------|-----------------------|-----------------------------|---|----------------|-----------------------|
| | Key management personnel | Subsidiary company and managed modaraba | Employee funds | Other related parties | Key management personnel | Subsidiary company and managed modaraba | Employee funds | Other 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 | 128,272 | 742,478 | - | - | 90,341 | 1,132,228 | - | - |
| Repaid during the period | 91,493 | 757,920 | - | - | 74,669 | 1,043,495 | - | - |
| Closing balance | 234,580 | 1,272,338 | - | - | 197,801 | 1,287,780 | - | - |
| Provision held against advances | - | 54,455 | - | - | - | 46,199 | - | - |
| Advance Rent | - | - | - | - | - | - | - | 67,317 |
| Right of use asset | - | - | - | 94,668 | - | - | - | - |
| Lease liability against right of use asset | - | - | - | 37,224 | - | - | - | - |
| 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 | 417,775 | 857,424 | 936,643 | 70,379 | 553,084 | 1,236,350 | 791,508 | 156,480 |
| Withdrawn during the period | 438,700 | 872,292 | 728,715 | 76,258 | 539,816 | 1,314,549 | 1,163,647 | 151,123 |
| Closing balance | 16,757 | 5,131 | 2,606,317 | 1,874 | 37,682 | 19,999 | 2,398,389 | 7,753 |

| | September 30, 2019 (Un-audited) | | | | September 30, 2018 (Un-audited) | | | |
|---|---------------------------------|---|----------------|-----------------------|---------------------------------|---|----------------|-----------------------|
| | Key management personnel | Subsidiary company and managed modaraba | Employee funds | Other related parties | Key management personnel | Subsidiary company and managed modaraba | Employee funds | Other related parties |
| | Rupees in '000' | | | | Rupees in '000' | | | |
| Income : | | | | | | | | |
| Mark-up / return / interest earned | 11,640 | 146,870 | - | - | 6,500 | 77,986 | - | - |
| Net gain on sale of fixed assets | - | - | - | - | - | - | - | 6,505 |
| Mark-up on lease liability against right of use asset | - | - | - | 3,548 | - | - | - | - |
| Expense : | | | | | | | | |
| Mark-up / return / interest paid | 1,103 | - | 220,566 | 960 | 913 | - | 117,240 | 47 |
| Depreciation on right of use asset | - | - | - | 3,860 | - | - | - | - |
| Compensation expense | 233,517 | - | - | - | 329,756 | - | - | - |
| Commission expense | - | 36 | - | - | - | 401 | - | - |
| Provision : | | | | | | | | |
| Charge of provision - investment | - | 1,698 | - | - | - | - | - | - |
| Charge of provision - advances | - | 8,256 | - | - | - | 5,607 | - | - |

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 year 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. 51,728,607 thousand (December 31, 2018: Rs. 55,256,269 thousand), Rs. 347,603,173 thousand (December 31, 2018: Rs. 306,110,933 thousand) and Rs. 30,762,585 thousand (December 31, 2018: Rs. 30,682,028 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 180,493 thousand (September 30, 2018: Rs. 104,520 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

37.3 The Bank made contribution of Rs. 134,008 thousand (September 30, 2018: Rs. 102,829 thousand) to employees provident fund during the period.

37.4 First Punjab Modaraba and Punjab Modaraba Services (Pvt) Limited are using The Bank of Punjab premises free of cost.

37.5 Advances to employees as at September 30, 2019, other than key management personnel, amounts to Rs. 5,390,785 thousand (December 31, 2018: Rs. 3,914,070 thousand).

| | (Un-audited) September 30, 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 | 34,499,091 | 28,930,901 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 34,499,091 | 28,930,901 |
| Eligible Tier 2 Capital | 10,517,184 | 9,731,042 |
| Total Eligible Capital (Tier 1 + Tier 2) | 45,016,275 | 38,661,943 |
| Risk Weighted Assets (RWAs): | | |
| Credit risk | 268,120,410 | 255,252,014 |
| Market risk | 3,064,079 | 2,335,178 |
| Operational risk | 35,907,591 | 35,907,591 |
| Total | 307,092,080 | 293,494,783 |
| Common equity tier I capital adequacy ratio | 11.23% | 9.86% |
| Tier I CAR (%) | 11.23% | 9.86% |
| Total CAR (%) | 14.66% | 13.17% |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 38.1 Leverage Ratio (LR): | | |
| Eligible Tier-I Capital | 34,499,091 | 28,930,901 |
| Total exposures | 1,034,116,854 | 851,906,956 |
| LR (%) | 3.34% | 3.40% |
| 38.2 Liquidity Coverage Ratio (LCR): | | |
| Total high quality liquid assets | 312,393,869 | 272,221,864 |
| Total net cash outflow | 273,626,484 | 203,539,146 |
| LCR (%) | 114.17% | 133.74% |
| Net Stable Funding Ratio (NSFR): | | |
| Total available stable funding | 460,412,567 | 417,010,019 |
| Total required stable funding | 449,733,003 | 371,740,462 |
| NSFR (%) | 102.37% | 112.18% |

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the September 30, 2019, the Bank is operating 88 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 September 30, 2019

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|--|------|--|-----------------------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | | 3,205,119 | 2,753,286 |
| Balances with other banks | | 1,580,243 | 1,642,888 |
| Due from financial institutions | 39.1 | 2,095,000 | 5,350,000 |
| Investments - net | 39.2 | 9,146,996 | 9,599,160 |
| Islamic financing and related assets - net | 39.3 | 27,531,716 | 19,995,626 |
| Fixed assets | | 1,515,514 | 309,063 |
| Intangible assets | | 3,834 | - |
| Due from head office | | 905,513 | - |
| Other assets | | 2,048,349 | 1,730,813 |
| Total assets | | 48,032,284 | 41,380,836 |
| LIABILITIES | | | |
| Bills payable | | 170,145 | 209,762 |
| Due to financial institutions | | - | - |
| Deposits and other accounts | 39.4 | 42,021,988 | 36,501,111 |
| Due to head office | | - | 187,187 |
| Subordinated debt | | - | - |
| Other liabilities | | 2,659,154 | 2,085,897 |
| | | 44,851,287 | 38,983,957 |
| NET ASSETS | | 3,180,997 | 2,396,879 |
| REPRESENTED BY | | | |
| Islamic banking fund | | 1,500,000 | 1,500,000 |
| Reserves | | 24,578 | 7,313 |
| Surplus on revaluation of assets | | 14,753 | 20,372 |
| Unappropriated profit | 39.5 | 1,641,666 | 869,194 |
| | | 3,180,997 | 2,396,879 |
| CONTINGENCIES AND COMMITMENTS | 39.6 | | |

ISLAMIC BANKING BUSINESS

Profit and Loss Account

For the Nine Months Ended September 30, 2019 (Un-audited)

| | Note | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|-----------------------------------|------|--|--|---|---|
| | | Rupees in '000' | | | |
| Profit / return earned | 39.7 | 1,208,235 | 756,184 | 3,274,431 | 2,034,605 |
| Profit / return expensed | 39.8 | 612,152 | 262,150 | 1,498,216 | 720,929 |
| Net profit / return | | 596,083 | 494,034 | 1,776,215 | 1,313,676 |
| Fee and commission income | | 17,059 | 11,391 | 54,868 | 43,473 |
| Dividend income | | - | - | - | - |
| Foreign exchange income | | 45 | (205) | 884 | (154) |
| Income / (loss) from derivatives | | - | - | - | - |
| Loss on securities | | - | - | (634) | - |
| Other income | | 421 | (2) | 1,983 | 22 |
| | | 17,525 | 11,184 | 57,101 | 43,341 |
| Total income | | 613,608 | 505,218 | 1,833,316 | 1,357,017 |
| Other expenses | | | | | |
| Operating expenses | | 357,586 | 320,221 | 1,046,643 | 939,152 |
| Workers welfare fund | | - | - | - | - |
| Other charges | | - | - | 695 | - |
| | | 357,586 | 320,221 | 1,047,338 | 939,152 |
| Profit before provisions | | 256,022 | 184,997 | 785,978 | 417,865 |
| Provisions against advances - net | | - | 1,237 | 13,506 | 105,153 |
| Profit before taxation | | 256,022 | 183,760 | 772,472 | 312,712 |

39.1 DUE FROM FINANCIAL INSTITUTIONS

| | September 30, 2019 (Un-audited) | | | December 31, 2018 (Audited) | | |
|------------|---------------------------------|-----------------------|-----------|-----------------------------|-----------------------|-----------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| | Rupees in '000' | | | | | |
| Placements | 2,095,000 | - | 2,095,000 | 5,350,000 | - | 5,350,000 |

39.2 INVESTMENTS - NET

| | (Un-audited) September 30, 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' | | | | | | | |
| Investments by segment: | | | | | | | | |
| Federal government securities: | | | | | | | | |
| -Ijarah sukuk | 1,978,506 | - | (37,706) | 1,940,800 | 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 |
| Non government debt securities | 4,734,702 | - | (37,706) | 4,696,996 | 5,379,798 | - | (32,086) | 5,347,712 |
| -Unlisted | 4,450,000 | - | - | 4,450,000 | 4,251,448 | - | - | 4,251,448 |
| Total investments | 9,184,702 | - | (37,706) | 9,146,996 | 9,631,246 | - | (32,086) | 9,599,160 |

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

39.3 ISLAMIC FINANCING AND RELATED ASSETS

| | | |
|---|------------|------------|
| Ijarah | 1,791,762 | 552,920 |
| Murabaha | 1,266,197 | 1,004,602 |
| Musharaka | 11,778,782 | 8,340,625 |
| Diminishing musharaka | 10,154,216 | 7,630,222 |
| Payment against documents | 8,069 | - |
| Istisna | 2,765,322 | 2,686,385 |
| Gross islamic financing and related assets | 27,764,348 | 20,214,754 |
| Less: provision against islamic financings | | |
| - Specific | 232,632 | 219,128 |
| - General | - | - |
| | 232,632 | 219,128 |
| Islamic financing and related assets - net of provision | 27,531,716 | 19,995,626 |

39.4 DEPOSITS AND OTHER ACCOUNTS

| | September 30, 2019 (Un-audited) | | | December 31, 2018 (Audited) | | |
|---------------------------------|---------------------------------|-----------------------|------------|-----------------------------|-----------------------|------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| Rupees in '000' | | | | | | |
| Customers : | | | | | | |
| Current deposits | 8,139,106 | 282,819 | 8,421,925 | 7,797,340 | 119,378 | 7,916,718 |
| Savings deposits | 31,661,695 | 92,483 | 31,754,178 | 26,557,886 | 7,704 | 26,565,590 |
| Term deposits | 828,454 | - | 828,454 | 771,556 | - | 771,556 |
| Others | 850,678 | - | 850,678 | 1,031,913 | - | 1,031,913 |
| | 41,479,933 | 375,302 | 41,855,235 | 36,158,695 | 127,082 | 36,285,777 |
| Financial institutions : | | | | | | |
| Current deposits | 110,920 | - | 110,920 | 100,024 | - | 100,024 |
| Savings deposits | 47,544 | - | 47,544 | 115,310 | - | 115,310 |
| Others | 8,289 | - | 8,289 | - | - | - |
| | 166,753 | - | 166,753 | 215,334 | - | 215,334 |
| | 41,646,686 | 375,302 | 42,021,988 | 36,374,029 | 127,082 | 36,501,111 |

| | (Un-audited) September 30, 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 / year | 772,472 | 448,321 |
| Closing balance | 1,641,666 | 869,194 |

| | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|---|---------------------------------------|---------------------------------------|
| | Rupees in '000' | |
| 39.6 CONTINGENCIES AND COMMITMENTS | | |
| -Guarantees | 1,169,199 | 1,420,734 |
| -Commitments | 15,454,420 | 2,981,746 |
| | 16,623,619 | 4,402,480 |

| | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|--|---------------------------------------|---------------------------------------|
| | Rupees in '000' | |
| 39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT | | |
| Profit earned on: | | |
| Financing | 2,140,539 | 1,145,561 |
| Investments | 792,775 | 411,669 |
| Placements | 318,494 | 477,190 |
| Deposits with financial institutions | 22,623 | 185 |
| | 3,274,431 | 2,034,605 |

| | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|--|---------------------------------------|---------------------------------------|
| | Rupees in '000' | |
| 39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED | | |
| Deposits and other accounts | 1,394,001 | 674,074 |
| Markup on lease liability against right-of-use asset | 95,010 | - |
| Profit on deposits from conventional head office | 9,205 | 46,855 |
| | 1,498,216 | 720,929 |

39.9 During the period, following pools have been closed by the Islamic banking:

Special Pool-III
Special Pool-V
Special Pool-X
Special Pool-XI

Further, Special Pool-XIV has been created during the period. The main characteristics of the pool are as under:

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 40:60.
- ii) Profit equalization reserve upto 2% of net income will be created, if needed.
- iii) Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

40. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 18, 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 statements. However, no other significant reclassifications have been made.

Chief Financial Officer

President

Director



**Consolidated Condensed Interim
Financial Statements**
for the period ended September 30, 2019
(The Bank of Punjab & Its Subsidiaries)

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2019

| | Note | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| ASSETS | | | |
| Cash and balances with treasury banks | 7 | 46,318,715 | 43,589,610 |
| Balances with other banks | 8 | 9,217,248 | 5,837,962 |
| Lendings to financial institutions | 9 | 3,648,336 | 27,443,153 |
| Investments - net | 10 | 362,493,405 | 210,052,628 |
| Advances - net | 11 | 371,775,829 | 382,109,763 |
| Fixed assets | 12 | 14,318,796 | 8,793,191 |
| Intangible assets | 13 | 837,440 | 897,990 |
| Deferred tax assets - net | 14 | 7,110,105 | 8,027,104 |
| Other assets - net | 15 | 28,786,711 | 27,965,012 |
| | | 844,506,585 | 714,716,413 |
| LIABILITIES | | | |
| Bills payable | 17 | 3,250,988 | 3,577,677 |
| Borrowings | 18 | 114,470,170 | 41,801,240 |
| Deposits and other accounts | 19 | 640,519,514 | 595,561,963 |
| Liabilities against assets subject to finance lease | | - | - |
| Subordinated debts | 20 | 8,795,780 | 8,797,140 |
| Deferred tax liabilities | | - | - |
| Other liabilities | 21 | 34,740,183 | 27,102,649 |
| | | 801,776,635 | 676,840,669 |
| NET ASSETS | | 42,729,950 | 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 | 3,874,380 | 3,260,312 |
| Non controlling interest | | 410,513 | 328,052 |
| Unappropriated profit | | 7,196,361 | 3,038,684 |
| | | 42,729,950 | 37,875,744 |
| CONTINGENCIES AND COMMITMENTS | 23 | | |

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Profit and Loss Account

For the Nine Months Ended September 30, 2019 (Un-audited)

| | Note | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|------|--|--|---|---|
| Rupees in '000' | | | | | |
| Mark-up / return / interest earned | 24 | 23,026,003 | 12,244,487 | 57,187,813 | 32,684,007 |
| Mark-up / return / interest expensed | 25 | 16,268,922 | 7,270,715 | 37,302,709 | 18,490,263 |
| Net mark-up / interest income | | 6,757,081 | 4,973,772 | 19,885,104 | 14,193,744 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 26 | 934,942 | 920,119 | 2,622,496 | 2,537,432 |
| Dividend income | | 17,400 | 18,214 | 75,221 | 53,576 |
| Foreign exchange (loss) / income | | (63,138) | 58,525 | (32,377) | 183,245 |
| Income / (loss) from derivatives | | - | - | - | - |
| Gain on securities - net | 27 | 74,605 | 8,674 | 108,523 | 26,845 |
| Other income - net | 28 | 3,828 | 16,227 | 47,580 | 60,321 |
| Total non-markup / interest income | | 967,637 | 1,021,759 | 2,821,443 | 2,861,419 |
| Total income | | 7,724,718 | 5,995,531 | 22,706,547 | 17,055,163 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 29 | 3,610,704 | 3,212,216 | 10,636,686 | 9,107,316 |
| Workers welfare fund | | - | - | - | - |
| Other charges | 30 | 103,404 | 52,238 | 106,067 | 52,238 |
| Total non-markup / interest expenses | | 3,714,108 | 3,264,454 | 10,742,753 | 9,159,554 |
| Profit before provisions | | 4,010,610 | 2,731,077 | 11,963,794 | 7,895,609 |
| Provisions / (reversals) and write offs - net | 31 | 435,187 | 28,192 | 1,455,918 | (1,023,471) |
| Extra ordinary / unusual items | | - | - | - | - |
| PROFIT BEFORE TAXATION | | 3,575,423 | 2,702,885 | 10,507,876 | 8,919,080 |
| Taxation - net | 32 | 1,416,719 | 1,045,075 | 4,335,128 | 3,411,110 |
| PROFIT AFTER TAXATION | | 2,158,704 | 1,657,810 | 6,172,748 | 5,507,970 |
| Basic earnings per share - Rupees | 33 | 0.81 | 0.62 | 2.33 | 2.08 |
| Diluted earnings per share - Rupees | 34 | 0.81 | 0.62 | 2.33 | 2.08 |
| PROFIT ATTRIBUTABLE TO : | | | | | |
| Equity holders of the parent | | 2,132,297 | 1,669,469 | 6,090,287 | 5,507,970 |
| Non-controlling interest | | 26,407 | 8,069 | 82,461 | 19,728 |
| | | 2,158,704 | 1,677,538 | 6,172,748 | 5,527,698 |

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Statement of Comprehensive Income

For the Nine Months Ended September 30, 2019 (Un-audited)

| | Three Months Ended September 30, 2019 | Restated Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Restated Nine Months Ended September 30, 2018 |
|--|--|--|---|---|
| | Rupees in '000' | | | |
| Profit after taxation for the period | 2,158,704 | 1,657,810 | 6,172,748 | 5,507,970 |
| 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 fixed / non-banking assets - net of tax | - | - | - | - |
| | 2,158,704 | 1,657,810 | 6,172,748 | 5,507,970 |
| Items that may be reclassified to profit and loss account in subsequent periods: | | | | |
| Movement in surplus on revaluation of investments - net of tax | 1,432,003 | (32,947) | 664,035 | (118,609) |
| Total comprehensive income for the period | 3,590,707 | 1,624,863 | 6,836,783 | 5,389,361 |

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Statement of Changes in Equity

For the Nine Months Ended September 30, 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 | 29,639,878 |
| Profit after taxation for the nine months ended September 30, 2018 | - | - | - | - | - | (118,609) | - | 5,488,242 | 19,728 | 5,507,970 |
| Other comprehensive loss | - | - | - | - | - | (118,609) | - | (118,609) | - | (118,609) |
| Total comprehensive income for the nine months ended September 30, 2018 | - | - | - | - | - | (118,609) | - | 5,488,242 | 19,728 | 5,389,361 |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (94,730) | 34,730 | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (6,078) | 3,078 | - | - |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | (77,594) | 119,375 | - | 41,781 |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | (3,578) | 4,357 | - | 379 |
| Balance as on September 30, 2018 - as restated | 26,436,924 | (263,159) | 26,173,766 | 2,215,040 | 1,344,899 | (172,109) | 2,820,721 | 2,615,033 | 274,048 | 35,271,399 |
| Profit after taxation for the three months ended December 31, 2018 | - | - | - | - | - | 160,739 | 509,730 | 2,049,054 | 64,354 | 2,113,408 |
| Other comprehensive income / (loss) | - | - | - | - | - | 160,739 | 509,730 | (172,731) | 64,354 | 497,798 |
| Total comprehensive income for the three months ended December 31, 2018 | - | - | - | - | - | 160,739 | 509,730 | 1,876,323 | 64,354 | 2,611,206 |
| 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 | - | - | - | - | - | - | (10,922) | 10,922 | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (362) | 362 | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | (47,546) | 51,035 | - | 3,489 |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | - | - | (10,350) | (10,350) |
| Balance as on December 31, 2018 | 26,436,924 | (263,159) | 26,173,766 | 2,215,040 | 2,859,890 | (11,369) | 3,271,881 | 3,038,684 | 328,052 | 37,875,744 |
| Profit after taxation for the nine months ended September 30, 2019 | - | - | - | - | - | 664,035 | - | 6,090,287 | 82,481 | 6,172,748 |
| Other comprehensive income | - | - | - | - | - | 664,035 | - | 6,090,287 | 82,481 | 6,837,803 |
| Total comprehensive income for the nine months ended September 30, 2019 | - | - | - | - | - | 664,035 | - | 6,090,287 | 82,481 | 6,837,803 |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (32,279) | 32,279 | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax | - | - | - | - | - | - | (12,797) | 12,797 | - | - |
| Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal | - | - | - | - | - | - | (4,891) | 5,083 | - | 192 |
| 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 September 30, 2019 | 26,436,924 | (263,159) | 26,173,766 | 2,215,040 | 2,859,890 | 652,866 | 3,221,714 | 7,196,361 | 410,513 | 42,729,950 |

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Cash Flow Statement For the Nine Months Ended September 30, 2019 (Un-audited)

| | Note | Nine Months Ended | |
|---|------|-----------------------|-----------------------|
| | | September 30, 2019 | September 30, 2018 |
| | | Rupees in '000' | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 10,507,876 | 8,919,080 |
| Less: Dividend income | | (75,221) | (53,576) |
| | | 10,432,655 | 8,865,504 |
| Adjustments: | | | |
| Depreciation on fixed assets | 29 | 787,499 | 676,916 |
| Depreciation on non banking assets acquired in satisfaction of claims | 29 | 55,546 | 52,173 |
| Depreciation on ijarah assets under IFAS - 2 | 29 | 239,179 | 306,689 |
| Depreciation on right of use assets | 29 | 607,092 | - |
| Amortization on intangible assets | 29 | 128,190 | 36,135 |
| Amortization of (discount) / premium on debt securities - net | | (1,345,623) | 413,742 |
| Mark-up on lease liability against right of use assets | 25 | 544,920 | - |
| Unrealized gain / (loss) on revaluation of investments classified as held for trading | 27 | (25,466) | 4,372 |
| Provision / (reversal) and writeoffs - net | 31 | 1,455,918 | (970,188) |
| Gain on sale of fixed assets - net | 28 | (38,272) | (732) |
| Gain on sale of non banking assets - net | | (67) | (36,335) |
| Gain on securities - net | 27 | (83,057) | (31,217) |
| Provision for employees compensated absences | | 7,843 | 7,397 |
| Provision for gratuity | | 86,094 | 80,707 |
| | | 2,419,796 | 539,659 |
| | | 12,852,451 | 9,405,163 |
| (Increase) / Decrease in operating assets: | | | |
| Lendings to financial institutions | | 23,794,817 | 13,057,527 |
| Held for trading securities | | 17,985,265 | 4,327,288 |
| Advances - net | | 9,013,767 | (75,846,569) |
| Others assets - net | | (1,946,997) | (980,276) |
| | | 48,846,852 | (59,442,030) |
| Increase / (Decrease) in operating liabilities: | | | |
| Bills Payable | | (326,689) | (217,956) |
| Borrowings from financial institutions | | 72,879,398 | (9,515,970) |
| Deposits | | 44,957,551 | 12,150,732 |
| Other liabilities | | 708,994 | 1,326,546 |
| | | 118,219,254 | 3,743,352 |
| Income tax paid | | (2,886,345) | (2,522,300) |
| Net cash flow from / (used in) operating activities | | 177,032,212 | (48,815,815) |

Nine Months Ended
September 30, September 30,
2019 2018
Rupees in '000'

| | September 30, 2019 | September 30, 2018 |
|---|-----------------------|-----------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net investments in available for sale securities | (121,325,378) | 35,087,650 |
| Net investments in held to maturity securities | (46,879,496) | - |
| Dividends received | 71,921 | 55,615 |
| Investments in fixed assets | (631,457) | (1,079,169) |
| Investments in intangible assets | (67,640) | (225,351) |
| Proceeds from sale of fixed assets | 39,214 | 142,824 |
| Proceeds from sale of non banking assets | 63,612 | 233,552 |
| Net cash (used in) / flow from investing activities | (168,729,224) | 34,215,121 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of subordinated debts | (1,360) | (500) |
| Dividend paid | (1,982,769) | - |
| Dividend paid to non-controlling interest | - | (677) |
| Issuance of privately placed term finance certificates - II | - | 4,300,000 |
| Net cash (used in) / flow from financing activities | (1,984,129) | 4,298,823 |
| Increase / (decrease) in cash and cash equivalents | 6,318,859 | (10,301,871) |
| Cash and cash equivalents at beginning of the period | 49,216,809 | 53,339,141 |
| Cash and cash equivalents at end of the period | 55,535,668 | 43,037,270 |
| Cash and cash equivalents : | | |
| Cash and balances with treasury banks | 46,318,715 | 38,114,238 |
| Balances with other banks | 9,217,248 | 5,085,798 |
| Overdrawn nostro accounts | (295) | (162,766) |
| | 55,535,668 | 43,037,270 |

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

Chief Financial Officer

President

Director

Notes to the Consolidated Condensed Interim Financial Statements

For the Nine Months Ended September 30, 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 services (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 services (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 services (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 611 branches including 14 sub branches and 90 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 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 acquisition method. Standalone financial statements of the Bank 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 condensed interim 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 and 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 the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Groups's operations and therefore not detailed in these consolidated condensed interim financial statements.

During the period, IFRS 16 - Leases, became effective from January 01, 2019, the impact of adoption of this standard is disclosed in note 4.1 to 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 Group 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.

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. 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 and the SBP would issue necessary guidance in this regard. The Bank is in the process of assessing the full impact of this standard. Accordingly, based on the guidance lastly received from the SBP, the requirements of IFRS 9 have not been considered in preparation of these unconsolidated condensed interim financial statements.

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 |

Standard or Interpretations

Effective date (accounting periods ending on or after)

| | | |
|--------|---|---------------|
| IFRS 9 | Financial Instrument : 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 Group'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 Group for the year ended December 31, 2018.

4.1 Impact of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable. IFRS 16 replaces IAS 17 - Leases, existing interpretations and guidance on accounting for leases. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right of use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Group has adopted IFRS 16 from January 1, 2019 thereby recognizing right of use assets and lease liability there-against on January 01, 2019 using modified retrospective restatement approach, as permitted under the specific transitional provisions in the standard, and has not restated comparatives for the corresponding reporting period of 2018. Previously, these leases were accounted for as operating leases.

As at January 01, 2019, these liabilities were initially measured at the present value of the remaining lease payments discounted using Group's incremental weighted average borrowing rate of 14.33% per annum. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The associated right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognized in the consolidated financial statements of financial position immediately before the date of initial application.

The right of use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right of use assets are amortized over the lease term using a straight line basis as it closely reflects the expected pattern of consumption of future economic benefits. The right of use assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of lease liability.

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

| | September 30, 2019 | January 1, 2019 |
|--|-----------------------|--------------------|
| | Rupees in '000' | |
| Impact on unconsolidated condensed interim statement of financial position: | | |
| Increase in fixed assets - right of use assets | 5,682,590 | 5,378,486 |
| Decrease in advances, deposits, advance rent and other prepayments | (143,116) | (187,014) |
| Increase in other assets - advance taxation | 142,200 | - |
| Net increase in total assets | 5,681,674 | 5,191,472 |
| Increase in other liabilities - lease liability against right of use assets | 5,904,090 | 5,191,472 |
| Net increase / (decrease) in net assets | (222,416) | - |

| | January 01 – September 30, 2019 |
|--|---------------------------------|
| | Rupees in '000' |
| Increase in mark-up/return/interest expensed | 544,920 |
| Increase/(Decrease) in operating expenses: | |
| Amortization on right of use assets | 607,092 |
| Rent expense | (787,396) |
| Decrease in profit before tax | 364,616 |
| Decrease in taxation | 142,200 |
| Decrease in profit after taxation | 222,416 |

Decrease in earnings per share for the six months ended September 30, 2019 is 0.084 per share.

While applying IFRS 16, the Group has used the following practical expedients, as permitted by the standard, and significant judgements:

- Use of a single discount rate for leases with similar characteristics;
- Lease term as the non-cancellable term of the Lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the Lease, if it is reasonably certain not to be exercised.

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 Group for the year ended December 31, 2018 except for note 4.1 to these consolidated condensed interim financial statements.

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 Group for the year ended December 31, 2018.

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|---|------|--|-----------------------------------|
| 7. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand: | | | |
| Local currency | | 11,505,562 | 8,558,995 |
| Foreign currencies | | 1,495,916 | 1,567,982 |
| | | 13,001,478 | 10,126,977 |
| With SBP in : | | | |
| Local currency current accounts | | 23,775,244 | 19,249,586 |
| Foreign currency current accounts | | 516,006 | 431,861 |
| Foreign currency deposit accounts | | 1,568,214 | 1,283,551 |
| | | 25,859,464 | 20,964,998 |
| With National Bank of Pakistan in : | | | |
| Local currency current account | | 6,840,955 | 12,451,416 |
| Prize bonds | | 616,818 | 46,219 |
| | | 46,318,715 | 43,589,610 |
| 8. BALANCES WITH OTHER BANKS | | | |
| In Pakistan : | | | |
| Current accounts | | 4,477,040 | 3,759,621 |
| Deposit accounts | | 1,352,283 | 1,541,033 |
| | | 5,829,323 | 5,300,654 |
| Outside Pakistan : | | | |
| Current accounts | | 783,095 | 435,886 |
| Deposit accounts | | 2,604,830 | 101,422 |
| | | 3,387,925 | 537,308 |
| | | 9,217,248 | 5,837,962 |
| 9. LENDINGS TO FINANCIAL INSTITUTIONS | | | |
| Repurchase agreement lendings (Reverse Repo) | 9.2 | 1,553,336 | 22,093,153 |
| Placements | 9.3 | 2,095,000 | 5,350,000 |
| | | 3,648,336 | 27,443,153 |
| 9.1 Particulars of lending | | | |
| In local currency | | 3,648,336 | 27,443,153 |
| In foreign currencies | | - | - |
| | | 3,648,336 | 27,443,153 |

9.2 Securities held as collateral repurchase agreement lendings (Reverse Repo)

| | (Un-audited) September 30, 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 | 995,088 | - | 995,088 | - | - | - |
| Pakistan investment bonds | 558,248 | - | 558,248 | 22,093,153 | - | 22,093,153 |
| | 1,553,336 | - | 1,553,336 | 22,093,153 | - | 22,093,153 |

Market value of securities held as collateral as at September 30, 2019 amounted to Rs. 1,551,639 thousand (December 31, 2018: Rs. 21,350,630 thousand). These carry mark-up at rate ranging from 13.50% to 13.75% per annum (December 31, 2018: 10.00% to 10.50% per annum) with maturities upto November 22, 2019.

9.3 These carry profit rates ranging from 12.54% to 13.75% per annum (December 31, 2018: 9.00% to 9.80% per annum) with maturities upto November 25, 2019.

10. INVESTMENTS - NET

10.1 Investments by type:

| | Note | (Un-audited) September 30, 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 | 7,093,556 | - | 26,044 | 7,119,600 | 25,075,968 | - | (1,892) | 25,073,976 |
| Ordinary shares | | 14,561 | - | (578) | 13,983 | 12,630 | - | (1,849) | 10,781 |
| | | 7,108,117 | - | 25,466 | 7,133,583 | 25,088,498 | - | (3,741) | 25,084,757 |
| Available-for-sale securities | | | | | | | | | |
| Federal government securities | 10.1.1 & 10.2 | 297,778,844 | - | 1,112,416 | 298,891,260 | 177,736,092 | - | (44,199) | 177,691,893 |
| Shares and certificates | | 2,817,524 | (1,199,909) | (110,030) | 1,507,585 | 2,136,937 | (1,024,880) | 24,614 | 1,136,671 |
| Non government debt securities | | 9,954,737 | (2,297,964) | 1,716 | 7,658,489 | 8,119,488 | (2,236,623) | 2,094 | 5,884,959 |
| Foreign securities | | 4,019 | - | - | 4,019 | 4,019 | - | - | 4,019 |
| | | 310,555,124 | (3,497,873) | 1,004,102 | 308,061,353 | 187,996,536 | (3,261,503) | (17,491) | 184,717,542 |
| Held-to-maturity securities | | | | | | | | | |
| Federal government securities | 10.1.1 & 10.4 | 47,298,469 | - | - | 47,298,469 | 250,329 | - | - | 250,329 |
| WAPDA bonds | | 400 | (400) | - | - | 400 | (400) | - | - |
| | | 47,298,869 | (400) | - | 47,298,469 | 250,729 | (400) | - | 250,329 |
| Total investments | | 364,962,110 | (3,498,273) | 1,029,568 | 362,493,405 | 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) September 30, 2019 | (Audited) December 31, 2018 |
|--|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 10.2 Investments given as collateral | | |
| Pakistan investment bonds | 19,583,293 | - |
| Market treasury bills | 72,421,129 | 19,829,188 |
| | 92,004,422 | 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 / year | 256,070 | 247,754 |
| Reversals for the period / year | (1,498) | - |
| | 254,572 | 247,754 |
| Reversal on disposal during the period / year | (18,202) | - |
| Closing balance | 3,498,273 | 3,261,903 |

10.3.2 Particulars of provision against debt securities

| Category of classification | (Un-audited) September 30, 2019 | | (Audited) December 31, 2018 | |
|-----------------------------------|------------------------------------|-----------|--------------------------------|-----------|
| | NPI | Provision | NPI | Provision |
| | Rupees in '000' | | | |
| Domestic | | | | |
| Other assets especially mentioned | - | - | - | - |
| Substandard | 3 08,606 | 62,839 | - | - |
| Doubtful | - | - | - | - |
| Loss | 2,235,525 | 2,235,525 | 2,237,023 | 2,237,023 |
| Total | 2,544,131 | 2,298,364 | 2,237,023 | 2,237,023 |

10.4 Market value of held to maturity investments amounted to Rs. 48,594,718 thousand (December 31, 2018: Rs. 248,902 thousand).

11. ADVANCES - NET

| | Performing | | Non Performing | | Total | |
|---|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
| | Rupees in '000' | | | | | |
| Loans, cash credits, running finances, etc. | 315,622,904 | 324,935,141 | 50,578,984 | 49,471,677 | 366,201,888 | 374,406,818 |
| Net book value of assets in ijarah under IFAS 2 - In Pakistan | 1,575,358 | 337,920 | 216,404 | 215,000 | 1,791,762 | 552,920 |
| Islamic financing and related assets | 24,322,065 | 19,584,952 | 1,650,521 | 76,882 | 25,972,586 | 19,661,834 |
| Bills discounted and purchased | 22,984,826 | 31,583,488 | 16,992 | 16,992 | 23,001,818 | 31,600,480 |
| Advances - gross | 364,505,153 | 376,441,501 | 52,462,901 | 49,780,551 | 416,968,054 | 426,222,052 |
| Provision against advances: | | | | | | |
| - Specific | - | - | (44,798,298) | (43,763,990) | (44,798,298) | (43,763,990) |
| - General | (393,927) | (348,299) | - | - | (393,927) | (348,299) |
| | (393,927) | (348,299) | (44,798,298) | (43,763,990) | (45,192,225) | (44,112,289) |
| Advances - net of provision | 364,111,226 | 376,093,202 | 7,664,603 | 6,016,561 | 371,775,829 | 382,109,763 |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 11.1 Particulars of advances (gross) | | |
| In local currency | 416,843,518 | 426,076,906 |
| In foreign currencies | 124,536 | 145,146 |
| | 416,968,054 | 426,222,052 |

11.2 Advances include Rs. 52,245,097 thousand (December 31, 2018: Rs. 49,385,062 thousand) which have been placed under non-performing status as detailed below:

| Category of classification | (Un-audited) September 30, 2019 | | (Audited) December 31, 2018 | |
|-----------------------------------|------------------------------------|------------|--------------------------------|------------|
| | Non performing loans | Provision | Non performing loans | Provision |
| | Rupees in '000' | | | |
| Domestic | | | | |
| Other assets especially mentioned | 1,698,399 | 8,208 | 52,234 | 801 |
| Substandard | 1,338,212 | 123,578 | 351,004 | 65,741 |
| Doubtful | 7,895,795 | 4,651,210 | 9,722,789 | 5,247,064 |
| Loss | 41,530,495 | 40,015,302 | 39,654,524 | 38,450,384 |
| Total | 52,462,901 | 44,798,298 | 49,780,551 | 43,763,990 |

11.3 Particulars of provision against advances

| | September 30, 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 / year | 3,146,080 | 45,628 | 3,191,708 | 2,364,557 | - | 2,364,557 |
| Reversals for the period / year | (2,110,720) | - | (2,110,720) | (4,436,831) | (76,984) | (4,513,815) |
| | 1,035,360 | 45,628 | 1,080,988 | (2,072,274) | (76,984) | (2,149,258) |
| Amounts written off | (1,052) | - | (1,052) | (6,401) | - | (6,401) |
| Closing balance | 44,798,298 | 393,927 | 45,192,225 | 43,763,990 | 348,299 | 44,112,289 |

11.3.1 Particulars of provision against advances with respect to currencies

| | | | | | | |
|-----------------------|------------|---------|------------|------------|---------|------------|
| In local currency | 44,798,298 | 393,927 | 45,192,225 | 43,763,990 | 348,299 | 44,112,289 |
| In foreign currencies | - | - | - | - | - | - |
| | 44,798,298 | 393,927 | 45,192,225 | 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. 2,255,225 thousand (December 31, 2018: Rs 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|--------------------------|------|--|-----------------------------------|
| 12. FIXED ASSETS | | | |
| Capital work-in-progress | 12.1 | 148,632 | 231,947 |
| Right of use assets | 4.1 | 5,682,590 | - |
| Property and equipment | | 8,487,574 | 8,561,244 |
| | | 14,318,796 | 8,793,191 |

| | | | |
|--------------------------------------|--|---------|---------|
| 12.1 Capital work-in-progress | | | |
| Civil works | | 148,632 | 201,487 |
| Equipment | | - | 30,460 |
| | | 148,632 | 231,947 |

| | | (Un-audited) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
|---|--|--|---------------------------------------|
| 12.2 Additions to fixed assets | | | |
| The following additions / (transfers) have been made to fixed assets during the period: | | | |
| Capital work-in-progress | | (83,315) | 411,902 |
| Right of use assets | | 6,289,682 | - |
| Property and equipment : | | | |
| Freehold land | | - | 63,033 |
| Building on freehold land | | 99,693 | 512,736 |
| Furniture and fixture | | 50,360 | 51,964 |
| Office equipment | | 211,302 | 266,582 |
| Computer equipment | | 77,027 | 206,427 |
| Lease hold improvements | | 242,731 | 69,244 |
| Vehicles | | 33,659 | 5,523 |
| | | 714,772 | 1,175,509 |
| | | 6,921,139 | 1,587,411 |

| | | | |
|--|--|-----|---------|
| 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 | | - | 140,471 |
| Furniture and fixture | | 352 | 603 |
| Office equipment | | 590 | 542 |
| Computer equipment | | - | 476 |
| Vehicles | | - | - |
| | | 942 | 142,092 |

Gross carrying amount of vehicles disposed off during the period was Rs. 43,307 thousand (September 30, 2018: Nil).

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|------------------------------|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 13. INTANGIBLE ASSETS | | |
| Intangible in progress | 167,338 | 129,279 |
| Softwares | 670,102 | 768,711 |
| | 837,440 | 897,990 |

| | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|--|---------------------------------------|---------------------------------------|
| | Rupees in '000' | |
| 13.1 Additions to intangible assets | | |
| The following additions have been made to intangible assets during the period: | | |
| Intangible in progress | 38,059 | 105,144 |
| Intangible assets purchased | 29,581 | 107,472 |
| | 67,640 | 212,616 |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|--|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 14. DEFERRED TAX ASSETS - NET | | |
| Deductible temporary differences on: | | |
| Deficit on revaluation of investments | - | 6,122 |
| Business loss, tax credits, etc. | 61,834 | 61,834 |
| Provision against advances, off balance sheet etc. | 8,310,283 | 8,926,570 |
| | 8,372,117 | 8,994,526 |
| Taxable temporary differences on : | | |
| Surplus on revaluation of fixed assets | (446,112) | (463,493) |
| Accelerated tax depreciation | (287,696) | (320,078) |
| Surplus on revaluation of investments | (351,436) | - |
| Surplus on revaluation of non banking assets | (176,768) | (183,851) |
| | (1,262,012) | (967,422) |
| | 7,110,105 | 8,027,104 |

| | Note | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|--|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| 15. OTHER ASSETS - NET | | | |
| Income / mark-up accrued in local currency | | 14,327,293 | 8,896,935 |
| Income / mark-up accrued in foreign currency | | 1,970 | 1,961 |
| Profit paid in advance on pehlay munafa scheme | | 2,467 | 8,027 |
| Advances, deposits, advance rent and other prepayments | | 769,793 | 816,682 |
| Advance taxation (payments less provisions) | | 2,744,420 | 3,633,574 |
| Non-banking assets acquired in satisfaction of claims | | 7,373,484 | 7,467,804 |
| Acceptances | | 1,646,827 | 4,888,386 |
| Branch adjustment account | | 82,428 | 180,704 |
| Mark to market gain on forward foreign exchange contracts | | - | 146,431 |
| Stock of stationery | | 214,072 | 108,048 |
| Suspense account | | 7,540 | 1,710 |
| Zakat recoverable from NITL | | 36,790 | 36,790 |
| Unrealized gain on revaluation of foreign bills and trade loans | | 20,178 | 78,013 |
| Fraud and forgeries | | 174,674 | 121,806 |
| Unearned income on sale of sukuk on bai-muajjal basis | | 780,296 | 1,044,888 |
| Others | | 1,412,307 | 1,195,952 |
| | | 29,594,539 | 28,627,711 |
| Less: Provision held against other assets | 15.1 | (2,327,870) | (2,207,512) |
| Other assets (net of provision) | | 27,266,669 | 26,420,199 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | | 1,520,042 | 1,544,813 |
| Other assets - total | | 28,786,711 | 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 | | 1,596,665 | 1,575,670 |
| Zakat recoverable from NITL | | 36,790 | 36,790 |
| Fraud and forgeries | | 167,867 | 101,364 |
| Others | | 490,825 | 457,965 |
| | | 2,327,870 | 2,207,512 |
| 16. CONTINGENT ASSETS | | | |
| Contingent assets | | Nil | Nil |
| 17. BILLS PAYABLE | | | |
| In Pakistan | | 3,250,988 | 3,577,677 |
| Outside Pakistan | | - | - |
| | | 3,250,988 | 3,577,677 |

| | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|---|---------------------------------------|-----------------------------------|
| | Rupees in '000' | |
| 18. BORROWINGS | | |
| Secured | | |
| Borrowings from SBP under: | | |
| Export refinance scheme (ERF) | 13,053,696 | 13,451,606 |
| Long term financing facility (LTFF) | 6,903,194 | 6,219,303 |
| Finance facility for storage of agricultural produce (FFSAP) | 40,179 | 25,991 |
| Finance facility for renewable energy performance platform (REPP) | 1,031,836 | 1,025,036 |
| | 21,028,905 | 20,721,936 |
| Repurchase agreement borrowings | 51,258,918 | 2,497,905 |
| Call borrowings | 40,614,879 | 17,251,702 |
| Total secured | 112,902,702 | 40,471,543 |
| Unsecured | | |
| Overdrawn nostro accounts | 295 | 210,763 |
| Redeemable capital - Musharika certificates | 3,519 | 8,039 |
| Foreign placement | 1,563,654 | 1,110,895 |
| Total unsecured | 1,567,468 | 1,329,697 |
| | 114,470,170 | 41,801,240 |

19. DEPOSITS AND OTHER ACCOUNTS

| | September 30, 2019 (Un-audited) | | | December 31, 2018 (Audited) | | |
|--------------------------------|---------------------------------|--------------------------|-------------|-----------------------------|--------------------------|-------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| | Rupees in '000' | | | | | |
| Customers: | | | | | | |
| Current deposits | 119,242,331 | 2,899,112 | 122,141,443 | 119,614,715 | 2,343,451 | 121,958,166 |
| Savings deposits | 305,227,365 | 2,440,350 | 307,667,715 | 253,500,729 | 2,413,949 | 255,914,678 |
| Term deposits | 183,567,986 | 3,860,353 | 187,428,339 | 181,768,000 | 3,496,387 | 185,264,387 |
| Others | 16,811,226 | - | 16,811,226 | 25,541,626 | - | 25,541,626 |
| | 624,848,908 | 9,199,815 | 634,048,723 | 580,425,070 | 8,253,787 | 588,678,857 |
| Financial institutions: | | | | | | |
| Current deposits | 3,082,812 | 349,382 | 3,432,194 | 3,610,496 | 188,548 | 3,799,044 |
| Savings deposits | 1,330,736 | 201 | 1,330,937 | 2,166,684 | 186 | 2,166,870 |
| Term deposits | 680,000 | 872,519 | 1,552,519 | 755,000 | - | 755,000 |
| Others | 155,141 | - | 155,141 | 162,192 | - | 162,192 |
| | 5,248,689 | 1,222,102 | 6,470,791 | 6,694,372 | 188,734 | 6,883,106 |
| | 630,097,597 | 10,421,917 | 640,519,514 | 587,119,442 | 8,442,521 | 595,561,963 |

| | Note | (Un-audited) September 30, 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 | 2,497,500 | 2,498,000 |
| Privately placed term finance certificates - II | 20.3 | 4,298,280 | 4,299,140 |
| | | 8,795,780 | 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) September 30, 2019 | (Audited) December 31, 2018 |
|---|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| 21. OTHER LIABILITIES | | | |
| Mark-up / return / interest payable in local currency | | 11,765,687 | 7,234,452 |
| Mark-up / return / interest payable in foreign currency | | 81,902 | 44,506 |
| Lease key money | | 12,383,377 | 11,567,270 |
| Sundry creditors and accrued expenses | | 853,938 | 999,519 |
| Acceptances | | 1,646,827 | 4,888,386 |
| Mark-up payable on subordinated debts | | 401,638 | 97,913 |
| Unclaimed dividends | | 2,588 | 2,599 |
| Mark to market loss on forward foreign exchange contracts | | 89,765 | - |
| Payable to gratuity fund | | 86,086 | 287,512 |
| Gratuity payable to key management personnel | | 40,027 | 100,403 |
| Payable to charity fund | | 7 | 114 |
| Provision against off-balance sheet obligations | 21.1 | 62,183 | 62,183 |
| Provision for employees compensated absences | | 108,836 | 102,294 |
| Taxes / zakat / import fee payable | | 283,755 | 193,646 |
| Lease liability against right of use assets | 4.1 | 5,904,090 | - |
| Deferred income on sale of sukuk on bai - muajjal basis | | 780,296 | 1,044,888 |
| Others | | 249,181 | 476,964 |
| | | 34,740,183 | 27,102,649 |

| | | | |
|---|--|--------|--------|
| 21.1 Provision against off-balance sheet obligations | | 62,183 | 62,183 |
|---|--|--------|--------|

The above provision has been made against letters of guarantee issued by the Bank.

| | Note | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|--|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| 22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX | | | |
| Surplus / (deficit) on revaluation of : | | | |
| - Available for sale securities | 10.1 | 1,004,102 | (17,491) |
| - Fixed assets | | 2,324,552 | 2,374,212 |
| - Non-banking assets acquired in satisfaction of claims | 15 | 1,520,042 | 1,544,813 |
| | | 4,848,696 | 3,901,534 |
| Deferred tax on (surplus) / deficit on revaluation of : | | | |
| - Available for sale securities | | (351,436) | 6,122 |
| - Fixed assets | | (446,112) | (463,493) |
| - Non-banking assets acquired in satisfaction of claims | | (176,768) | (183,851) |
| | | (974,316) | (641,222) |
| | | 3,874,380 | 3,260,312 |
| 23. CONTINGENCIES AND COMMITMENTS | | | |
| Guarantees | 23.1 | 55,003,197 | 52,717,758 |
| Commitments | 23.2 | 133,693,923 | 91,698,462 |
| Other contingent liabilities | 23.3 | 8,975 | 1,464,824 |
| | | 188,706,095 | 145,881,044 |

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|---|----------|--|-----------------------------------|
| 23.1 Guarantees: | | | |
| Financial guarantees | | 18,231,354 | 18,743,220 |
| Performance guarantees | | 16,521,637 | 18,257,988 |
| Other guarantees | | 20,250,206 | 15,716,550 |
| | | 55,003,197 | 52,717,758 |
| 23.2 Commitments: | | | |
| Documentary credits and short-term trade-related transactions | | | |
| - letters of credit | | 51,528,860 | 44,621,896 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 23.2.1 | 56,703,582 | 22,172,986 |
| - forward lending | 23.2.2 | 25,290,358 | 14,747,883 |
| - operating leases | 23.2.3 | - | 9,937,311 |
| Commitments for acquisition of: | | | |
| - fixed assets | | 77,036 | 56,437 |
| - intangible assets | | 94,087 | 161,949 |
| | | 133,693,923 | 91,698,462 |
| 23.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 30,092,544 | 13,420,469 |
| Sale | | 26,611,038 | 8,752,517 |
| | | 56,703,582 | 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 | 25,290,358 | 14,747,883 |
| 23.2.1 | | | |
| 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) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
| 23.2.3 Commitments in respect of operating leases | | | |
| Not later than one year | | - | 878,342 |
| Later than one year and not later than five years | | - | 3,357,036 |
| Later than five years | | - | 5,701,933 |
| | | - | 9,937,311 |
| 23.3 Other contingent liabilities | | 8,975 | 1,464,824 |

23.3.1 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.

| | Note | (Un-audited) September 30, 2019 Rupees in '000' | (Audited) December 31, 2018 |
|---|--------|--|-----------------------------------|
| 23.4 Claims against the Bank not acknowledged as debts | 23.4.1 | 54,482,977 | 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) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
|---|------|--|---------------------------------------|
| 24. MARK-UP / RETURN / INTEREST EARNED | | | |
| a) On loans and advances | | 33,515,772 | 19,912,277 |
| b) On investments: | | | |
| Available for sale securities | | 17,931,590 | 10,365,764 |
| Held for trading securities | | 2,044,545 | 1,430,393 |
| Held to maturity securities | | 1,375,759 | 15,447 |
| c) On lendings to financial institutions: | | | |
| Securities purchased under resale agreements | | 1,865,124 | 409,476 |
| Certificates of investment | | | |
| Call lending | | 2,062 | 27,278 |
| Letters of placement | | 353,883 | 497,340 |
| d) On balances with banks | | 99,078 | 26,032 |
| | | 57,187,813 | 32,684,007 |

| | | | |
|--|--|------------|------------|
| 25. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| Deposits and other accounts | | 32,569,683 | 16,140,593 |
| Borrowings: | | | |
| Securities sold under repurchase agreements | | 1,176,753 | 907,666 |
| Foreign placements | | 42,231 | - |
| Call borrowings | | 1,844,913 | 728,540 |
| SBP refinance borrowing | | 326,643 | 313,520 |
| Subordinated debts: | | | |
| Mark-up on subordinated loan from GoPb | | 180,493 | 104,520 |
| Mark-up on privately placed term finance certificates | | 617,073 | 295,424 |
| Mark-up on lease liability against right of use assets | | 544,920 | - |
| | | 37,302,709 | 18,490,263 |

| | Note | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|---|------|---------------------------------------|---------------------------------------|
| | | Rupees in '000' | |
| 26. FEE AND COMMISSION INCOME | | | |
| Branch banking customer fees | | 435,899 | 463,914 |
| Consumer finance related fees | | 174,465 | 202,090 |
| Card related fees | | 387,072 | 264,533 |
| Credit related fees | | 295,180 | 430,780 |
| Branchless banking fees | | 50,538 | 40,654 |
| Commission on trade | | 428,317 | 395,630 |
| Commission on guarantees | | 110,668 | 243,774 |
| Commission on cash management | | 147,973 | 23,983 |
| Commission on remittances including home remittances | | 193,075 | 203,764 |
| Commission on bancassurance | | 96,177 | 91,196 |
| Commission on wheat financing | | 133,977 | 79,438 |
| SMS banking income | | 169,155 | 97,676 |
| | | 2,622,496 | 2,537,432 |
| 27. GAIN ON SECURITIES - NET | | | |
| Realized gain / (loss) on sale of securities - net | 27.1 | 83,057 | 31,217 |
| Unrealized gain / (loss) - held for trading | | 25,466 | (4,372) |
| | | 108,523 | 26,845 |
| 27.1 Realized gain / (loss) on sale of securities - net: | | | |
| Federal Government | | 59,299 | (2,051) |
| Shares and certificates | | 14,501 | 34,099 |
| Term finance certificates | | 9,257 | (1,198) |
| | | 83,057 | 30,851 |
| 28. OTHER INCOME - NET | | | |
| Rent on property | | 1,169 | 3,619 |
| Gain / (loss) on sale of fixed assets - net | | 38,272 | 732 |
| Gain on sale of non banking assets - net | | 67 | 36,335 |
| Notice pay on resignations | | 8,072 | 10,638 |
| Others | | - | 8,997 |
| | | 47,580 | 60,321 |

| | (Un-audited) September 30, 2019 | (Un-audited) September 30, 2018 |
|---|---------------------------------------|---------------------------------------|
| | Rupees in '000' | |
| 29. OPERATING EXPENSES | | |
| Total compensation expense | 5,388,418 | 4,574,453 |
| Property expense: | | |
| Rent and taxes | 36,433 | 705,021 |
| Insurance | 14,282 | 10,065 |
| Utilities cost | 461,039 | 368,513 |
| Security | 911 | 987 |
| Repair and maintenance including janitorial charges | 12,455 | 17,364 |
| Depreciation | 396,789 | 324,819 |
| Depreciation on right of use assets | 607,092 | - |
| Others | 3,443 | - |
| | 1,532,444 | 1,426,769 |
| Information technology expenses: | | |
| Software maintenance | 246,695 | 136,866 |
| Hardware maintenance | 79,810 | 59,305 |
| Depreciation on computer equipment | 167,564 | 161,408 |
| Amortization on intangible assets | 128,190 | 36,135 |
| Network charges | 236,015 | 203,894 |
| | 858,274 | 597,608 |
| Other operating expenses: | | |
| Directors' fees and allowances | 6,368 | 2,645 |
| Fees and allowances to shariah board | 3,205 | 2,084 |
| Legal and professional charges | 72,650 | 122,173 |
| Subscription charges | 13,394 | 15,496 |
| Outsourced staff services costs | 179,258 | 198,841 |
| Travelling and conveyance | 419,816 | 341,683 |
| NIFT clearing charges | 43,045 | 38,007 |
| Depreciation | 223,146 | 190,689 |
| Depreciation on non banking assets | 55,546 | 52,173 |
| Depreciation on ijarah assets | 239,179 | 306,689 |
| Training and development | 16,391 | 11,631 |
| Postage and courier charges | 113,481 | 77,855 |
| Stationery and printing | 134,910 | 127,861 |
| Marketing, advertisement and publicity | 68,347 | 110,991 |
| Donations | 29.1 1,000 | - |
| Insurance | 97,469 | 74,892 |
| Deposit protection fee | 253,032 | 79,840 |
| Repair and maintenance | 123,583 | 102,009 |
| Entertainment expenses | 73,692 | 66,815 |
| Fuel for generator | 78,407 | 70,277 |
| Commission and brokerage | 99,104 | 85,201 |
| Bank charges | 65,540 | 51,043 |
| SMS banking charges | 30,041 | 18,233 |
| ATM charges including ATM maintenance charges | 96,244 | 54,161 |
| Cash remittance charges | 141,634 | 150,386 |
| Branch license fee | 13,060 | 13,032 |
| CNIC verification / ECIB charges | 59,999 | 25,231 |
| Miscellaneous expenses | 136,009 | 118,548 |
| | 2,857,550 | 2,508,486 |
| | 10,636,686 | 9,107,316 |

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) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
|---|--------|--|---------------------------------------|
| 30. OTHER CHARGES | | | |
| Penalties imposed by SBP | | 106,067 | 52,238 |
| 31. PROVISIONS AND WRITE OFFS - NET | | | |
| Provisions for diminution in value of investments | 10.3.1 | 254,572 | 22,228 |
| Provisions / (reversal) against advances | 11.3 | 1,080,988 | (1,107,853) |
| Provision against other assets - net | 15.1 | 120,358 | 62,154 |
| | | 1,455,918 | (1,023,471) |
| 32. TAXATION | | | |
| Current | 32.1 | 3,525,151 | 2,083,583 |
| Prior years | 32.2 | 250,348 | - |
| Deferred | | 559,629 | 1,327,527 |
| | | 4,335,128 | 3,411,110 |

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) September 30, 2019 Rupees in '000' | (Un-audited) September 30, 2018 |
|--|--|--|---------------------------------------|
| 33. BASIC EARNINGS PER SHARE | | | |
| Profit after taxation for the period (Rs in '000') | | 6,172,748 | 5,507,970 |
| Weighted average number of ordinary shares (No.) | | 2,643,692,380 | 2,643,692,380 |
| Basic earnings per share (Rs). | | 2.33 | 2.08 |

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 categorized:

| September 30, 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 | 306,010,860 | - | 306,010,860 | - | 306,010,860 |
| Shares and certificates | 1,440,210 | 1,409,328 | - | 30,882 | 1,440,210 |
| Non-Government debt securities | 2,327,107 | - | 2,327,107 | - | 2,327,107 |
| Foreign securities | 4,019 | - | - | 4,019 | 4,019 |
| Financial assets disclosed but not measured at fair value : | | | | | |
| Government securities | 47,298,469 | - | 19,240,920 | - | 19,240,920 |
| Financial liabilities measured at fair value: | | | | | |
| Payable to gratuity fund | 86,086 | - | 86,086 | - | 86,086 |
| Provision for employees compensated absences | 108,836 | - | 108,836 | - | 108,836 |
| Off balance sheet financial instruments: | | | | | |
| Forward purchase of foreign exchange contracts | 29,911,993 | - | 29,911,993 | - | 29,911,993 |
| Forward sale of foreign exchange contracts | 26,520,252 | - | 26,520,252 | - | 26,520,252 |

| 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 and certificates | 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

| September 30, 2019 (Un-audited) | | | | | |
|---|-----------|---------|-----------|-------|-----------|
| Fair value | | | | | |
| Carrying value | Level 1 | Level 2 | Level 3 | Total | |
| Rupees in '000' | | | | | |
| Non Financial assets measured at fair value : | | | | | |
| Fixed assets (land & building) | 5,875,221 | - | 5,875,221 | - | 5,875,221 |
| Non banking assets acquired in satisfaction of claims | 7,296,861 | - | 7,296,861 | - | 7,296,861 |

| 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 : | | | | | |
| 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) September 30, 2019 | | | | | | | |
|--|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|----------------------|
| | Wholesale | Retail | Consumer & Agri | Treasury | Islamic | Others | Total |
| Rupees in '000' | | | | | | | |
| Profit & loss | | | | | | | |
| Net mark-up / return / profit | 26,814,600 | 1,351,370 | 3,363,979 | 22,350,671 | 3,274,431 | 32,762 | 57,187,813 |
| Inter segment revenue - net | (22,467,305) | 39,273,262 | (2,515,232) | (18,529,192) | (9,205) | 4,247,672 | - |
| Non mark-up / return / interest income | 924,850 | 400,556 | 115,627 | 1,114,683 | 57,101 | 208,626 | 2,821,443 |
| Total income | 5,272,145 | 41,025,188 | 964,374 | 4,936,162 | 3,322,327 | 4,489,060 | 60,009,256 |
| Segment direct expenses | 2,469,164 | 38,055,620 | 427,036 | 3,285,088 | 2,536,349 | 1,272,205 | 48,045,462 |
| Inter segment expense allocation | - | - | - | - | - | - | - |
| Total expenses | 2,469,164 | 38,055,620 | 427,036 | 3,285,088 | 2,536,349 | 1,272,205 | 48,045,462 |
| Provisions | 909,999 | 77,003 | 91,034 | 256,270 | 13,506 | 108,106 | 1,455,918 |
| Profit / (loss) before tax | 1,892,982 | 2,892,565 | 446,304 | 1,394,804 | 772,472 | 3,108,749 | 10,507,876 |
| Balance sheet | | | | | | | |
| Cash & bank balances | 6,325,006 | 20,724,673 | - | 23,700,922 | 4,785,362 | - | 55,535,963 |
| Investments - net | 2,565,438 | - | - | 350,780,971 | 9,146,996 | - | 362,493,405 |
| Net inter segment lending | 5,618,061 | 549,835,211 | - | - | 905,513 | 58,222,057 | 614,580,842 |
| Lendings to financial institutions | - | - | - | 1,553,336 | 2,095,000 | - | 3,648,336 |
| Advances - performing | 280,364,877 | 15,307,855 | 38,856,916 | - | 25,897,424 | 3,684,154 | 364,111,226 |
| - non-performing - net | 5,170,051 | 427,701 | 426,466 | - | 1,634,292 | 6,093 | 7,664,603 |
| Others | 11,228,558 | 1,279,291 | 1,192,894 | 2,684,924 | 3,567,697 | 31,099,688 | 51,053,052 |
| Total assets | 311,271,991 | 587,574,731 | 40,476,276 | 378,720,153 | 48,032,284 | 93,011,992 | 1,459,087,427 |
| Borrowings | 21,027,424 | 5,000 | - | 93,437,746 | - | - | 114,470,170 |
| Subordinated debts | - | - | - | - | - | 8,795,780 | 8,795,780 |
| Deposits & other accounts | 32,769,805 | 564,677,463 | 971,131 | 10,110 | 42,021,988 | 69,017 | 640,519,514 |
| Net inter segment borrowing | 291,737,319 | 8,208,906 | 27,965,747 | 281,980,832 | - | 4,688,038 | 614,580,842 |
| Others | 5,150,168 | 10,995,204 | 12,451,736 | 1,469,826 | 2,829,299 | 5,094,938 | 37,991,171 |
| Total liabilities | 350,684,716 | 583,886,573 | 41,388,614 | 376,898,514 | 44,851,287 | 18,647,773 | 1,416,357,477 |
| Equity | (39,412,725) | 3,688,158 | (912,338) | 1,821,639 | 3,180,997 | 74,364,219 | 42,729,950 |
| Total equity & liabilities | 311,271,991 | 587,574,731 | 40,476,276 | 378,720,153 | 48,032,284 | 93,011,992 | 1,459,087,427 |
| Contingencies & commitments | 113,579,620 | 1,619,176 | - | 56,703,582 | 16,623,619 | 180,098 | 188,706,095 |
| (Un-audited) September 30, 2018 | | | | | | | |
| | Wholesale | Retail | Consumer & Agri | Treasury | Islamic | Others | Total |
| Rupees in '000' | | | | | | | |
| Profit & loss | | | | | | | |
| Net mark-up / return / profit | 15,641,040 | 395,201 | 2,698,532 | 11,809,656 | 2,034,605 | 104,973 | 32,684,007 |
| Inter segment revenue - net | (13,999,949) | 25,194,504 | (1,556,727) | (9,388,916) | (46,855) | (202,057) | - |
| Non mark-up / return / interest income | 1,032,993 | 569,543 | 155,646 | 802,143 | 43,341 | 257,753 | 2,861,419 |
| Total income | 2,674,084 | 26,159,248 | 1,297,451 | 3,222,883 | 2,031,091 | 160,669 | 35,545,426 |
| Segment direct expenses | 2,966,543 | 20,165,912 | 383,518 | 1,826,823 | 1,613,226 | 693,801 | 27,649,823 |
| Inter segment expense allocation | - | - | - | - | - | - | - |
| Total expenses | 2,966,543 | 20,165,912 | 383,518 | 1,826,823 | 1,613,226 | 693,801 | 27,649,823 |
| Provisions | (471,681) | (545,051) | (204,932) | 22,228 | 105,153 | 70,812 | (1,023,471) |
| Profit / (loss) before tax | 179,222 | 6,538,387 | 1,118,865 | 1,373,832 | 312,712 | (603,944) | 8,919,074 |
| (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.

| | September 30, 2019 (Un-audited) | | | December 31, 2018 (Audited) | | |
|---|---------------------------------|---------------|-----------------------|-----------------------------|----------------|-----------------------|
| | Key management personnel | Employee fund | Other related parties | Key management personnel | Employee funds | Other related parties |
| | Rupees in '000' | | | Rupees in '000' | | |
| Advances: | | | | | | |
| Opening balance | 210,446 | - | - | 189,636 | - | - |
| Addition during the period | 134,547 | - | - | 98,028 | - | - |
| Repaid during the period | 94,403 | - | - | 77,218 | - | - |
| Transfer in / (out) - net | - | - | - | - | - | - |
| Closing balance | 250,590 | - | - | 210,446 | - | - |
| Provision held against advances | - | - | - | - | - | - |
| Advance Rent | - | - | - | - | - | 67,317 |
| Right of use asset | - | - | 94,397 | - | - | - |
| Lease liability against right of use asset | - | - | 34,279 | - | - | - |
| Deposits and other accounts : | | | | | | |
| Opening balance | 38,172 | 2,398,389 | 7,753 | 24,423 | 2,770,528 | 2,396 |
| Received during the period | 432,114 | 936,643 | 70,379 | 561,535 | 791,508 | 156,480 |
| Withdrawn during the period | 453,405 | 728,715 | 76,258 | 547,786 | 1,163,647 | 151,123 |
| Closing balance | 16,881 | 2,606,317 | 1,874 | 38,172 | 2,398,389 | 7,753 |

| | September 30, 2019 (Un-audited) | | | September 30, 2018 (Un-audited) | | |
|---|---------------------------------|---------------|-----------------------|---------------------------------|----------------|-----------------------|
| | Key management personnel | Employee fund | Other related parties | Key management personnel | Employee funds | Other related parties |
| | Rupees in '000' | | | Rupees in '000' | | |
| Income : | | | | | | |
| Mark-up / return / interest earned | 11,655 | - | - | 7,169 | - | - |
| Net gain on sale of fixed assets | - | - | - | - | - | 6,505 |
| Mark-up on lease liability against right of use asset | - | - | 3,548 | - | - | - |
| Expense : | | | | | | |
| Mark-up / return / interest paid | 1,149 | 220,566 | 960 | 914 | 117,240 | 100 |
| Depreciation on right of use asset | - | - | 3,860 | - | - | - |
| Compensation expense | 175,873 | - | - | 192,294 | - | - |

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 year 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. 51,728,607 thousand (December 31, 2018: Rs. 55,256,269 thousand), Rs. 347,603,173 thousand (December 31, 2018: Rs. 306,110,933 thousand) and Rs. 30,762,585 thousand (December 31, 2018: Rs. 30,682,028 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 180,493 thousand (September 30, 2018: Rs. 104,520 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

37.3 The Bank made contribution of Rs. 134,008 thousand (September 30, 2018: Rs. 102,829 thousand) to employees provident fund during the period.

37.4 Advances to employees as at September 30, 2019, other than key management personnel, amounts to Rs. 5,390,785 thousand (December 31, 2018: Rs. 3,914,070 thousand).

| | (Un-audited) September 30, 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 | 34,141,156 | 28,672,062 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 34,141,156 | 28,672,062 |
| Eligible Tier 2 Capital | 10,517,184 | 9,616,982 |
| Total Eligible Capital (Tier 1 + Tier 2) | 44,658,340 | 38,289,044 |
| Risk Weighted Assets (RWAs): | | |
| Credit risk | 268,626,313 | 255,838,950 |
| Market risk | 3,093,863 | 2,364,970 |
| Operational risk | 36,075,151 | 36,075,151 |
| Total | 307,795,327 | 294,279,071 |
| Common equity tier I capital adequacy ratio | 11.09% | 9.74% |
| Tier I CAR (%) | 11.09% | 9.74% |
| Total CAR (%) | 14.51% | 13.01% |
| 38.1 Leverage Ratio (LR): | | |
| Eligible Tier-I Capital | 34,141,156 | 28,672,062 |
| Total exposures | 1,034,398,566 | 852,478,531 |
| LR (%) | 3.30% | 3.36% |
| 38.2 Liquidity Coverage Ratio (LCR): | | |
| Total high quality liquid assets | 312,393,869 | 272,221,864 |
| Total net cash outflow | 273,626,484 | 203,539,146 |
| LCR (%) | 114.17% | 133.74% |
| Net Stable Funding Ratio (NSFR): | | |
| Total available stable funding | 460,412,567 | 417,010,019 |
| Total required stable funding | 449,733,003 | 371,740,462 |
| NSFR (%) | 102.37% | 112.18% |

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the September 30, 2019, the Bank is operating 88 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 September 30, 2019

| | Note | (Un-audited) September 30, 2019 | (Audited) December 31, 2018 |
|--|------|---------------------------------------|-----------------------------------|
| | | Rupees in '000' | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 3,205,119 | 2,753,286 |
| Balances with other banks | | 1,580,243 | 1,642,888 |
| Due from financial institutions | 39.1 | 2,095,000 | 5,350,000 |
| Investments - net | 39.2 | 9,146,996 | 9,599,160 |
| Islamic financing and related assets - net | 39.3 | 27,531,716 | 19,995,626 |
| Fixed assets | | 1,515,514 | 309,063 |
| Intangible assets | | 3,834 | - |
| Due from head office | | 905,513 | - |
| Other assets | | 2,048,349 | 1,730,813 |
| Total assets | | 48,032,284 | 41,380,836 |
| LIABILITIES | | | |
| Bills payable | | 170,145 | 209,762 |
| Due to financial institutions | | - | - |
| Deposits and other accounts | 39.4 | 42,021,988 | 36,501,111 |
| Due to head office | | - | 187,187 |
| Subordinated debt | | - | - |
| Other liabilities | | 2,659,154 | 2,085,897 |
| | | 44,851,287 | 38,983,957 |
| NET ASSETS | | 3,180,997 | 2,396,879 |
| REPRESENTED BY | | | |
| Islamic banking fund | | 1,500,000 | 1,500,000 |
| Reserves | | 24,578 | 7,313 |
| Surplus on revaluation of assets | | 14,753 | 20,372 |
| Unappropriated profit | 39.5 | 1,641,666 | 869,194 |
| | | 3,180,997 | 2,396,879 |
| CONTINGENCIES AND COMMITMENTS | 39.6 | | |

ISLAMIC BANKING BUSINESS

Profit and Loss Account

For the Nine Months Ended September 30, 2019 (Un-audited)

| | Note | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|-----------------------------------|------|--|--|---|---|
| Rupees in '000' | | | | | |
| Profit / return earned | 39.7 | 1,208,235 | 756,184 | 3,274,431 | 2,034,605 |
| Profit / return expensed | 39.8 | 612,152 | 262,150 | 1,498,216 | 720,929 |
| Net profit / return | | 596,083 | 494,034 | 1,776,215 | 1,313,676 |
| Fee and commission income | | 17,059 | 11,391 | 54,868 | 43,473 |
| Dividend income | | - | - | - | - |
| Foreign exchange income | | 45 | (205) | 884 | (154) |
| Income / (loss) from derivatives | | - | - | - | - |
| Loss on securities | | - | - | (634) | - |
| Other income | | 421 | (2) | 1,983 | 22 |
| | | 17,525 | 11,184 | 57,101 | 43,341 |
| Total income | | 613,608 | 505,218 | 1,833,316 | 1,357,017 |
| Other expenses | | | | | |
| Operating expenses | | 357,586 | 320,221 | 1,046,643 | 939,152 |
| Workers welfare fund | | - | - | - | - |
| Other charges | | - | - | 695 | - |
| | | 357,586 | 320,221 | 1,047,338 | 939,152 |
| Profit before provisions | | 256,022 | 184,997 | 785,978 | 417,865 |
| Provisions against advances - net | | - | 1,237 | 13,506 | 105,153 |
| Profit before taxation | | 256,022 | 183,760 | 772,472 | 312,712 |

39.1 DUE FROM FINANCIAL INSTITUTIONS

| | September 30, 2019 (Un-audited) | | | December 31, 2018 (Audited) | | |
|------------|---------------------------------|-----------------------|-----------|-----------------------------|-----------------------|-----------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| | Rupees in '000' | | | | | |
| Placements | 2,095,000 | - | 2,095,000 | 5,350,000 | - | 5,350,000 |

39.2 INVESTMENTS - NET

Investments by segment:

| | (Un-audited) September 30, 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 sukuk | 1,978,506 | - | (37,706) | 1,940,800 | 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 |
| | 4,734,702 | - | (37,706) | 4,696,996 | 5,379,798 | - | (32,086) | 5,347,712 |
| Non government debt securities | | | | | | | | |
| -Unlisted | 4,450,000 | - | - | 4,450,000 | 4,251,448 | - | - | 4,251,448 |
| Total investments | 9,184,702 | - | (37,706) | 9,146,996 | 9,631,246 | - | (32,086) | 9,599,160 |

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

39.3 ISLAMIC FINANCING AND RELATED ASSETS

| | | |
|---|------------|------------|
| Ijarah | 1,791,762 | 552,920 |
| Murabaha | 1,266,197 | 1,004,602 |
| Musharaka | 11,778,782 | 8,340,625 |
| Diminishing musharaka | 10,154,216 | 7,630,222 |
| Payment against documents | 8,069 | - |
| Istisna | 2,765,322 | 2,686,385 |
| Gross islamic financing and related assets | 27,764,348 | 20,214,754 |
| Less: provision against islamic financings | | |
| - Specific | 232,632 | 219,128 |
| - General | - | - |
| | 232,632 | 219,128 |
| Islamic financing and related assets - net of provision | 27,531,716 | 19,995,626 |

39.4 DEPOSITS AND OTHER ACCOUNTS

| | September 30, 2019 (Un-audited) | | | December 31, 2018 (Audited) | | |
|---------------------------------|---------------------------------|-----------------------|------------|-----------------------------|-----------------------|------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| Rupees in '000' | | | | | | |
| Customers : | | | | | | |
| Current deposits | 8,139,106 | 282,819 | 8,421,925 | 7,797,340 | 119,378 | 7,916,718 |
| Savings deposits | 31,661,695 | 92,483 | 31,754,178 | 26,557,886 | 7,704 | 26,565,590 |
| Term deposits | 828,454 | - | 828,454 | 771,556 | - | 771,556 |
| Others | 850,678 | - | 850,678 | 1,031,913 | - | 1,031,913 |
| | 41,479,933 | 375,302 | 41,855,235 | 36,158,695 | 127,082 | 36,285,777 |
| Financial institutions : | | | | | | |
| Current deposits | 110,920 | - | 110,920 | 100,024 | - | 100,024 |
| Savings deposits | 47,544 | - | 47,544 | 115,310 | - | 115,310 |
| Others | 8,289 | - | 8,289 | - | - | - |
| | 166,753 | - | 166,753 | 215,334 | - | 215,334 |
| | 41,646,686 | 375,302 | 42,021,988 | 36,374,029 | 127,082 | 36,501,111 |

| | (Un-audited) September 30, 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 / year | 772,472 | 448,321 |
| Closing balance | 1,641,666 | 869,194 |

39.6 CONTINGENCIES AND COMMITMENTS

| | | |
|--------------|------------|-----------|
| -Guarantees | 1,169,199 | 1,420,734 |
| -Commitments | 15,454,420 | 2,981,746 |
| | 16,623,619 | 4,402,480 |

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

39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT

| | | |
|--------------------------------------|-----------|-----------|
| Profit earned on: | | |
| Financing | 2,140,539 | 1,145,561 |
| Investments | 792,775 | 411,669 |
| Placements | 318,494 | 477,190 |
| Deposits with financial institutions | 22,623 | 185 |
| | 3,274,431 | 2,034,605 |

39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

| | | |
|--|-----------|---------|
| Deposits and other accounts | 1,394,001 | 674,074 |
| Markup on lease liability against right-of-use asset | 95,010 | - |
| Profit on deposits from conventional head office | 9,205 | 46,855 |
| | 1,498,216 | 720,929 |

39.9 During the period, following pools have been closed by the Islamic banking:

Special Pool-III
Special Pool-V
Special Pool-X
Special Pool-XI

Further, Special Pool-XIV has been created during the period. The main characteristics of the pool are as under:

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 40:60.
- ii) Profit equalization reserve upto 2% of net income will be created, if needed.
- iii) Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

40. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 18, 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 statements. However, no other significant reclassifications have been made.

Chief Financial Officer

President

Director



THE BANK OF PUNJAB

Passion Reborn

Head Office
BOP Tower, 10-B block E/II,
Main boulevard, Gulberg-III, Lahore
UAN: 111-200-100
www.bop.com.pk