





ANNUAL REPORT 2019

THE BANK OF PUNJAB AN INSPIRATIONAL JOURNEY OF 30 YEARS

The Bank of Punjab was established in 1989 under The Bank of Punjab Act, 1989 passed by Provincial Assembly of the Punjab, as a non-scheduled Commercial Bank with majority shareholding of Government of the Punjab. The Bank earned the status of a scheduled Commercial Bank in 1994 and currently carries a vast network of 624 online branches, strategically located across the Country along with an ATM network of 557 offering 24/7 banking services to its diverse clientele of over 2 million.

Since its inception, the BOP has seen many ups and downs and has also successfully weathered the waves of economic volatility, recessions and stiff market competition over the years. Current strong network base coupled with solid capital structure and phenomenal financial results posted during last few years has transformed the Bank to one of a leading financial institution of the Country. Now, the Bank standouts among peer group as a robust and rapidly growing commercial Bank.

Besides offering a range of products and services to meet the modern days' banking requirements of its clients, the Bank has also established its footprint in the areas of consumer financing, agriculture credit, corporate & investment banking, cash management and alternative delivery channels. While achieving the objective of financial inclusion through its presence in remote and unbanked areas of the Country with #HarFardKaKhayal the Bank is playing its due role in the economic growth of the Country through its various specially tailored and designed products and services.



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CORPORATE INFORMATION

Mr. Mohammad Jehanzeb Khan.....

Board of Directors

WIT. WOTATTITIAG SCHALIZED WHAT I	Director
Mr. Muhammad Abdullah Khan Sumbal	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Shaharyar Ahmad	Director
Mr. Khalid S. Tirmizey	Acting President / CEO
Mr. Muhammad Abdullah Khan Sumbal Khawaja Farooq Saeed Mr. Saeed Anwar Dr. Muhammad Amjad Saqib. Mr. Shaharyar Ahmad Mr. Khalid S. Tirmizey. Mr. Kamran Hafeez	Secretary to the Board
Central Audit Committee (CAC)	
Khawaia Faroog Saeed	Chairman
Mr. Saeed Anwar	Member
Khawaja Farooq Saeed Mr. Saeed Anwar Mr. Muhammad Abdullah Khan Sumbal	Member
Board Risk Management Committee (BRMC)	
Mr Mohammad Jehanzeb Khan	Chairman
Mr. Mohammad Jehanzeb Khan Mr. Saeed Anwar	Member
Dr Muhammad Amiad Sagib	Member
Dr. Muhammad Amjad Saqib Mr. Muhammad Abdullah Khan Sumbal	Member

Human Resource & Remuneration Committee (HR&RC)

Khawaja Farooq Saeed	Chairman
Mr. Mohammad Jehanzeb Khan	Member
Dr. Muhammad Amiad Sagib	Member

Research, Developement & Islamic Banking Committee (RDIBC)

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

Information Technology Review Committee (ITRC)

Mr. Mohammad Jehanzeb KhanChairr	nan
Mr. Saeed AnwarMem	ber

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

Website

www.bop.com.pk

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

VISION

To be a customer focused bank with service excellence.

MISSION

To exceed the expectation of our stakeholders by leveraging our relationship with the Government of Punjab and delivering a complete range of professional solutions with a focus on programme driven products and services in the agriculture and middle tier markets through a motivated team.









OUR CUSTOMERS

as our first priority

PROFITABILITY

for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed

CORPORATE SOCIAL RESPONSIBILITY

to enrich the lives of community where we operate

RECOGNITION AND RFWARD

for the talented and high performing employees

EXCELLENCE

in everything we do

INTEGRITY

in all our dealings

RESPECT

for our customers and each other

MANAGEMENT TEAM



Khalid S. Tirmizey
Acting President / CEO



Ijaz ur Rehman Qureshi Group Head Operations



Nadeem Amir Chief Financial Officer



Taimur Afzal Group Head Human Resource



Khawar S. Ansari Group Head Treasury & Fls



Asif Riaz Group Head Retail Lending



Arslan M. Iqbal Chief Risk Officer



Nofel Daud Group Head Retail Banking



Umer Iqbal Sheikh Head Islamic Banking



Asim Jahangir Seth Head Corporate Banking (Central)



Muhammad Rizwan Hameed Head Investment Banking



Sahibzada Rafat Rauf Group Head SAM & Legal



Waqas Anis Head Digital Banking



Imtiaz Sheikh Chief Information Office



Aalya Mawaz Head Corporate Communication & QA



Asadullah Khan Chief Internal Auditor



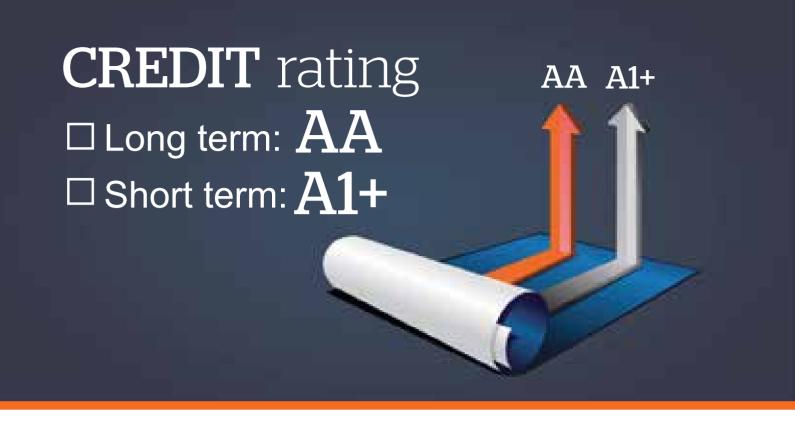
Khalid Munir Head Compliance & Internal Control



Umer Sami Hayat Head Legal



Brig (R) Sadiq Rahi Head Administrative Support



CREDIT RATING

Entity Ratings by PACRA

Long Term: AA Short Term: A1+

Rating Definition

Long Term Rating

AA: Very High Credit Quality. AA Ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable for foreseeable events.

Short Term Rating

A1+: Obligations supported by the highest capacity for timely repayment.



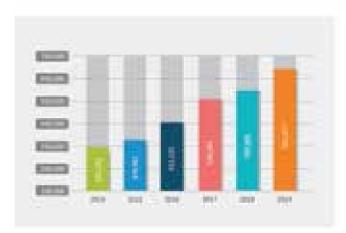
	Criteria	2019	2018	2017	2016	2015	2014
BALANCE SHEET Total Assets Advances (net) Investments (net) Shareholders' Equity Revaluation Reserves Deposits Borrowings	Rs in m Rs in m Rs in m Rs in m Rs in m Rs in m Rs in m	868,928 383,313 361,453 41,311 5,371 691,017 77,045	714,380 381,877 210,071 34,460 3,260 595,582 41,793	657,737 295,752 242,506 26,845 2,887 556,281 38,949	547,424 262,068 199,742 24,248 3,607 453,220 39,829	472,284 219,399 176,043 19,397 3,282 374,961 55,236	420,370 170,313 154,875 15,256 4,071 342,291 44,743
OPERATING RESULTS Markup/ return/ interest earned Markup/ return/ interest expensed Net markup income Non-markup based income Non-markup based expenses* Provision against NPLs Net profit/(loss) before tax Net profit/(loss) after tax	Rs in m d Rs in m	80,867 54,110 26,757 3,940 14,876 1,655 14,044 8,249	46,908 26,845 20,063 3,663 12,666 (2,099) 12,208 7,564	34,668 19,095 15,573 4,591 10,132 14,132 (4,698) (3,322)	29,674 17,430 12,244 5,294 8,380 922 8,050 4,858	31,266 20,199 11,068 7,624 7,410 3,431 7,529 4,748	29,522 20,526 8,996 2,790 6,235 1,119 4,307 2,787
Other Information (Loss)/Earning per share Dividend - Cash Dividend - Bonus issue-Interim - Bonus issue-Final No. of branches	Rs. Per share % % % No.	3.12 7.50% - - - 624	2.86 7.50% - - 576	(1.62) - - - - 536	3.12 - - - - 453	3.05 - - - - 406	1.94 - - - - 364
Staff Strength Bank's owned staff strength Outsourced	No. No.	9,640 924	8,634 766	7,371 1,309	6,397 991	5,699 1,040	5,468 712
Total Staff Strength	No.	10,564	9,400	8,680	7,388	6,739	6,180
Break up value per share**	Rs. Per share	15.63	13.03	10.15	10.75	8.60	6.77

^{*}excluding provision against other assets and off-balance sheet items.

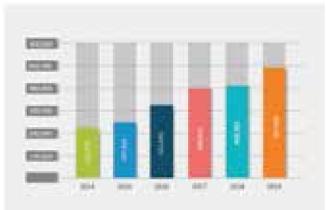
^{**}including impact of share deposit money at par value.

GROWTH TRENDS

Deposits (Rs. in million)



Demand & Saving Deposits (Rs. in million)

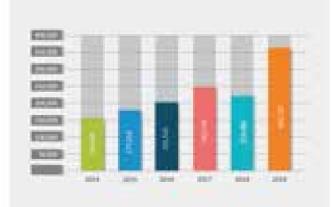


Advances (Rs. in million)



Investments

(Rs. in million):

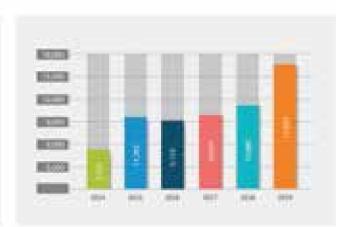


GROWTH TRENDS

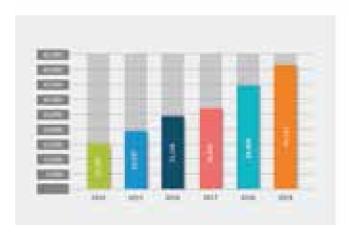
Net Interest Margin

Dis. in million)

Profit Before Provision & Tax (Rs. in million)

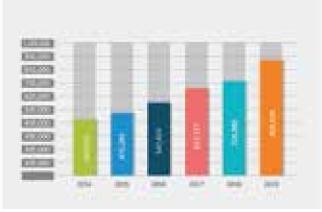


Shareholders' Equity (Rs. in million)



Total Assets

(Rs. in million)





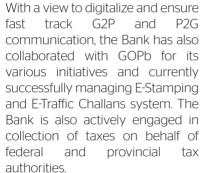
CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a progressive and one of the leading commercial Bank of the Country with majority shareholding of Government of the Punjab (GOPb), The Bank of Punjab stands fully committed to its obligations towards social and financial uplift of every segment of society. Being a developing Country, the challenge of improving financial inclusion remains the major focus point of Bank's Corporate Social Responsibility (CSR) initiatives.



While expanding branch network under Bank's annual business expansion plan, due weightage is given to under developed areas and Bank now has a well-balanced and strategically located branch network providing easy access to modern banking facilities to majority of the population of the Country. The Bank is also facilitating GOPb in disbursement financial assistance

thousands of needy persons under various initiatives of Punjab Social Protection Authority through its specially designed Branchless banking operations and Cash Management services. Besides redefining and improving G2P communication, the Bank also ensures timely and seamless disbursement of funds to needy persons.





order encourage to entrepreneurship in the Country, the Bank has specially designed products for extending loans to small farmers, retailers, women, and unemployed youth. The Bank has successfully completed many schemes directed towards encouraging self-employment in society thereby generating thousands of employments in last few years. Recently, the Bank has joined federal government for disbursement of concessional loans to unemployed youth of the Country under Prime Minister's Kamyab Jawan -Youth Entrepreneurship Scheme. The



said loans could be availed for setting up of new business or expansion of existing venture. The said scheme would generate thousands of more employments across the Country and would also lead to a socio-economic uplift of the society.

During the year 2019, the Bank continued its endeavor for promoting culture, sports and local heritage in the Country. The Bank has sponsored 72nd Punjab

Games 2019 organized by Sports Board of Punjab. Further, the Bank has been actively participating in sponsorship activities directed towards promotion of education in the Country. During the year 2019, the Bank has also organized a blood donation campaign in the premises of the Bank's Head Office to encourage staff members to participate in this noble cause.

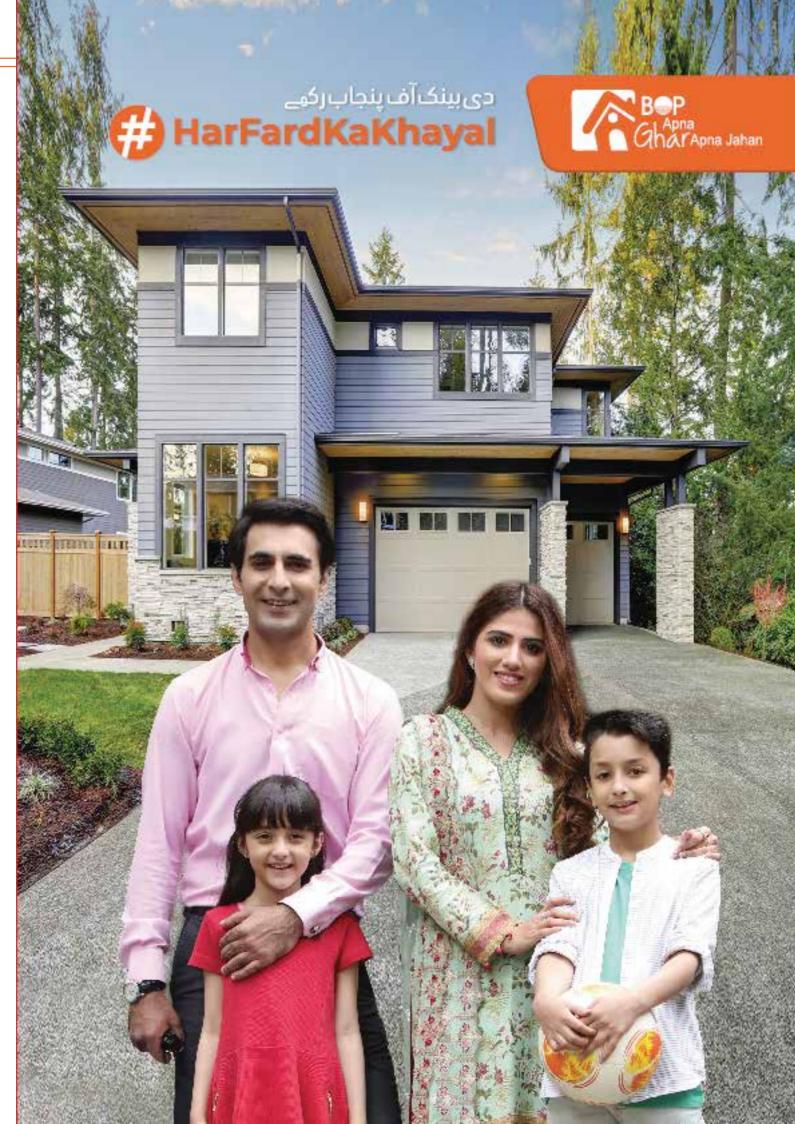
In order to augment Goverment of Pakistan initiatives for a greener

Pakistan, The Bank of Punjab in collaboration with World Wide Fund for Nature (WWF) - Pakistan arranged a plantation drive in the city of Lahore. The said initiative would help improve overall environment in the city.

The Bank has been playing its due role in providing best services to the beneficiaries of home remittances thereby supporting the Pakistan Remittance Initiative. Also, for last several years, the Bank has been playing key role in GOPb's drive for wheat procurement providing farmers and growers easy and timely reimbursement for their crops.

The Bank ensure timely disbursement of pension to thousands of pensioners through its vast network under direct pension credit system. As per directives of Government of Pakistan and State Bank of Pakistan, the Bank ensure provision of personalized and priority services to all specialized persons visiting its branches/ offices.







PRESIDENT'S MESSAGE

The year 2019 has yet again proved to be a very prolific year for The Bank of Punjab and continuing the legacy of last few years, the Bank has achieved remarkable financial results despite very challenging operating and economic conditions. Besides posting highest ever annual profit in the history of the Bank, all key performance indicators remained positive and your Bank continued its march towards glory. The decision of dividend payment for continuous second year is a testimonial to the great progress made in last few years and I am glad that our valued shareholders are now well placed to reap the benefits of their persistence and patience.

It is heartening to note that your Bank has achieved all set strategic business targets and continuous improvement in all facets of operations is very much visible. With a well chalked out and professionally executed annual business expansion plan, BOP has expanded its outreach in most parts of the Country. In order to achieve the objective of financial inclusion and offer state of the art banking services to all segments of society, your Bank has made its presence felt where others could only imagine. Besides opening of new branches with a modern look to meet growing business requirements of its diverse clients, gradually outlook of old branches have also been upgraded and transformed. The TAQWA Islamic Banking operation of the Bank has also been steadily growing offering range of Shariah compliant products and services to clients.

During the year 2019, the Bank continued to improve profile of its Assets & Liabilities thereby significantly enhancing Bank's spread. While new business relationships



with top notch creditworthy borrowers have been established with a negligible non-performing ratio, however, the Bank has created provision against certain loans during the year on prudent basis.

Every possible legal efforts are being made to recover the outstanding Non-Performing Loans (NPLs). It is encouraging that despite various legal impediments, the Bank has successfully recovered/ regularized NPLs portfolio worth billions of rupees in last few years. Considering the importance of recovery of NPLs in further improving overall assets profile and its direct impact on Bank's future profitability, the management shall continue to remain focused on this front.

During the year 2019, the Bank has made cautious efforts to further improve its deposit mix. In view of prevalent high rate interest regime and fierce market competition, the Bank continued to revamp its product basket to meet customers' requirements. Further, introduction of new products and services enabled the Bank to garnish new business lines through better and personalized services to the clients.

Due to remarkable financial performance, balance sheet cleansing measures and steps to improve capital structure, the Bank now stands fully compliant with all regulatory capital and provisioning requirements of State Bank of Pakistan. Now, we can proudly claim that BOP has become a self-reliant entity standing tall amongst the peer group.

Realizing the importance and future prospects, during the year 2019, the Bank has merged Alternative Delivery Channels, Cash Management and Branchless Banking Operations under the umbrella of Digital Banking Group. Besides ATM/ Debit Card operations bearing the signature of international brand MasterCard, the Bank has also launched Mobile Banking, Phone Banking, SMS Banking and FonePay QR based payment system. Under Cash Management Operations, the Bank is handling numerous Government and Private sectors mandates including payment/ disbursement on behalf of GOPb, E-Stamping, E-Challans and Tax collection. Further, the Bank has been facilitating G2P contacting through its Branchless Operations ensuring disbursement of financial assistance to thousands of needy persons on behalf of GOPb.

In line with State Bank of Pakistan vision 2020 to enhance and promote financial inclusion, 1LINK launched Pakistan's first domestic payment scheme -

PayPak in April. 2016, with an aim to provide efficient. low cost & robust payment solution. The Bank of Punjab has also joined hand with 1LINK to make PayPak a success and issuance of cards under brand name of PayPak has been initiated by the Bank.

During the year 2019, your Bank also invested vigorously in modern technology to meet ever growing regulatory requirements. The Bank has successfully migrated all its branches to new core banking system Flexcube which has also paved the way for centralization of numerous banking operations to help improve operational oversight. In order to ensure compliance with regulatory requirements of AML/KYC regime, Bank's Internal Control function has also been strengthened and equipped with desired latest modern monitoring tools. The Bank has also initiated implementation of newly procured Human Resource Management System (HRMS) which will revolutionize the entire HR function of the Bank.

The Management fully recognize its responsibility towards retaining and continuously training its human resource. To achieve this end, the Bank has further strengthened its Learning and Development Center (L&DC) to ensure imparting modern banking training to all new as well as existing staff members. During the year 2019, the entire staff of the Bank has successfully undergone training related to AML/ KYC. Your Bank has made great progress in the year 2019 and the tone set during last couple of years shall take the Bank to new heights in near future. The Bank has now been put on the course of rapid growth and bright future is ahead. Continuing at this pace and at current growth trajectory, Your Bank shall surely outperform all peers in future.

It has been a great honor for me to lead such a dedicated & hard working team and contribution of every staff, irrespective of their grade and rank, counts towards the progress of the Bank. I wish to thank the Government of Punjab, Board of Directors and State Bank of Pakistan for their continuing support and guidance which has proved instrumental in Bank's performance. Also, I wish my heartiest thanks to all depositors, customers and shareholders for their patience and persistence.

> Khalid S. Tirmizey Acting President / CEO



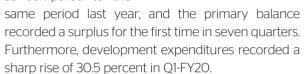
ECONOMIC REVIEW

The Monetary Policy Committee (MPC) decided to leave the policy rate unchanged at 13.25 percent in its meeting dated 22nd November 2019. The said decision reflected that recent developments have had offsetting implications for the inflation outlook. However, during the year 2019, upward revision in SBP Policy rate was witnessed which stood at 13.25% as on December 31, 2019 as against 10.0% as on December 31 2018

During the first quarter of FY20, Pakistan's economy moved progressively and the policy mix appears adequate to address the macroeconomic imbalances and push the economy towards stability. The macroeconomic stabilization process picked up momentum with the start of the IMF's Extended Fund Facility (EFF) program. While the SBP continued to keep the monetary policy consistent with the medium-term inflation target. consolidation efforts were also visible on the fiscal front, both on the revenue and expenditure sides. The system of a market-based exchange rate was also implemented, to which the interbank foreign exchange market has adjusted well now. The government remained committed to avoid deficit monetization, including rollover of SBP debt, which is instrumental for ensuring effective monetary management. Also, the government actively pursued documentation efforts, including asset revaluations, tight financial scrutiny and introduction of structured mechanisms to formalize businesses' value-chains.

The success of documentation measures depends upon consistency of policy and would manifest in revenue mobilization over the medium term. The benefits of ongoing stabilization efforts has become visible in the form of declining deficits. Specifically, the current account deficit (CAD) in Q1-FY20 fell to less than half of last year's level. This improvement came on the back of significant import compression and the ongoing shift towards renewables and indigenous coal in the energy mix, whereas volumetric gains were also visible in the country's exports. With the payments gap narrowing in the interbank, the available financial inflows helped the SBP to accumulate foreign exchange reserves.

The improvement on the fiscal front came from a healthy growth in both tax and non-tax collections and containment in current spending. As a result, the overall fiscal deficit remained lower as compared to the



However, despite above mentioned stability gains, the overall confidence among businesses and consumers remained weak, as they struggled to preserve their purchasing powers and dealt with operational constraints stemming from the adjustment process. The increase in inflationary pressures in the economy (especially food items) was particularly disconcerting for the consumers as it impacted real incomes. The high inflation outcome was driven largely by the pass-through of the exchange rate depreciation, correction in energy prices, shortage of food items, and revenue measures taken by the government.

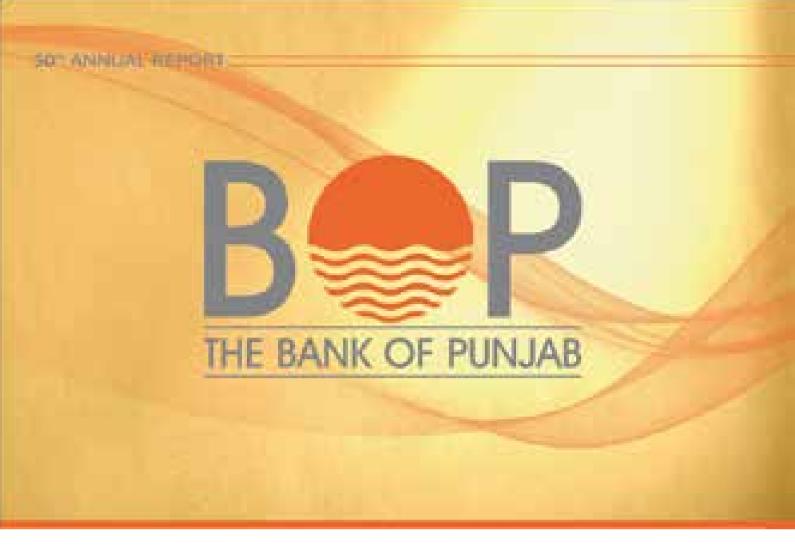
While large businesses, especially export-oriented and import-competing industries, remained bullish on fundamentals, both refrained from taking a long-term view. This cautious behavior, coupled with tapering demand and the compression of unregistered businesses, which dominate the network of dealership and wholesale infrastructure of registered firms, reinforced the economic slowdown. As a whole. a number of industries within the large-scale manufacturing (LSM) struggled with inventory build-ups amid rising input costs during the guarter. With gross margins squeezed and financing costs rising, firms scaled back their operations to save their bottom



lines from dropping further. As a result, a contraction was observed in a majority of LSM sub-sectors.

During Q1-FY20, the balance of payments continued to improve which was led by a sharp decline in the import bill, the current account deficit decreased to less than half of the level witnessed during Q1-FY19. With the receipt of the first Extended Fund Facility (EFF) tranche from IMF and increase in Foreign Portfolio Investment (FPI), the current account gap was easily plugged by the available financial flows. These inflows also helped to increase its foreign exchange reserves by US\$ 656.2 million and reduce its net forward liabilities by US\$ 1.3 billion during the quarter. The Pak rupee appreciated by 2.4 percent against the US dollar during Q1-FY20.

The current account balance is expected to improve over the projections which mainly reflects a more-than-expected contraction in imports. With the industrial sector under stress, its demand for imported raw material is expected to stay low. Commodity prices are also subdued, amid the slowdown in the world economy and the absence of key triggers such as resolution of the US-China trade dispute and Brexit. The global growth outlook and commodity prices may also weigh on both exports and remittances. The current account deficit for FY20 is likely to stay within the range of 1.5 to 2.5 percent of GDP.



DIRECTORS' REPORT

For the year ended December 31, 2019

The Board of Directors is pleased to present the 30th Annual Report of The Bank of Punjab together with the audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2019.

Performance at a Glance

Year 2019 witnessed significant progress of the Bank towards achieving the business targets. The Bank was able to drive sustainable, client-led revenue growth by deepening relationships with current clients and capturing new ones in different market segments. The Bank successfully enhanced its outreach from 576 to 624 Branches with focus on unbanked areas. Concomitantly, use of scale and enhanced technology enabled the Bank to serve clients within desired parameters.

As of December 31, 2019, the Deposits of the Bank reached at the level of Rs. 691.0 billion as against Rs. 595.6 billion as of December 31, 2018 showing a growth of 16%. The Bank focused on growth in low cost CASA Deposits and efficient repricing of Assets & Liabilities which helped the Bank to improve its Net Interest Margin.

As on December 31, 2019, the Advances portfolio stood at Rs. 428.8 billion while the NPLs remained at the level of Rs. 51.4 billion. The Bank stands fully compliant with the provisioning requirement under Prudential Regulations of SBP, while all possible legal measures are being taken to ensure recovery of legacy NPLs portfolio. The Investments & Lending to FIs stood at Rs. 365.5 billion mainly comprising of Government Securities (97%) with



substantial unrealized capital gains. The Total Assets of the Bank also increased to Rs. 868.9 billion as against Rs. 714.4 Billion as of December 31, 2018 thereby registering a growth of 22%.

During the year 2019, overall improvement in low cost CASA Deposits, repricing of Assets & Liabilities and efficient deployment of available funds resulted in significant improvement in Net Interest Margin. which touched the level of Rs. 26.76 billion as against Rs. 20.06 billion during year 2018 thereby registering a substantial growth of 33%. The Non-Interest/Mark-up Income (excluding Capital Gains & Compensation on Tax Refund) remained at Rs. 3.65 billion as against Rs. 3.56 billion during year 2018. During the year 2019, the Bank continued to introduce new products and services to facilitate its clientele and to improve Non-Markup Income and, during year 2020, more products and services have been planned to further improve revenue stream from this segment of operation.

The Operating Expenses of the Bank for the year 2019 remained at Rs. 14.45 billion as against Rs. 12.61 billion for preceding year. The Compensation Expense increased by Rs. 0.95 billion mainly on account of increase in branch network, staff strength and annual increments/awards to staff in line with Human Resource Policy of the Bank. The increase in IT related expenses was imperative to meet digitalization of systems to compete in prevailing operating environment.

During the year 2019, on account of prudent assessment of loan portfolio, net provision charge of Rs. 1.78 billion was recorded, mainly on account of provision against NPLs, as against net provision reversal of Rs. (1.15) billion during year 2018. The profit before provisions and gains improved to Rs. 15.53 billion against Rs. 11.00 billion during year 2018, thereby registering a noteworthy rise of 41%. The Profit Before Tax also improved to Rs. 14.04 billion as against Rs. 12.21 billion for year 2018. The Earnings per share also improved to Rs. 3.12 per share as against Rs. 2.86 per share during year 2018.

The tremendous financial results exhibited by the Bank throughout the year 2019 has created enough financial viability for the Bank to remain fully compliant with SBP's regulatory capital and provisioning requirements and also share the fruit of good performance with its worthy shareholders. Accordingly, the Board is pleased to announce cash dividend payout @ 7.50% to shareholders for the year 2019.

Financial Highlights 2019

Rs. in Million Profit before taxation 14,043.886 5,795.358 Taxation-net Profit after taxation 8.248.528 Earnings per share (Rupees) 312

Capital Adequacy and Minimum Capital Requirements

As on December 31, 2019, paid-up capital (net of losses) amounted to Rs. 28.4 billion and the Bank stands compliant with SBP's minimum capital requirement of Rs. 10.0 billion. Further, the Bank's Capital Adequacy Ratio (CAR) stood at 14.80% (2018: 13.17%) against the regulatory requirement of 12.50%. Similarly, the Leverage Ratio also improved to 3.57% as against 3.40% as on December 31, 2018.

Human Resource Management

The significance of an accomplished and well-trained human capital cannot be over-emphasized in present times. Going by its vision of "Fulfilling Lifetime Employment" and its mission of "Welfare of all Employees", the Human Resource Department at The Bank of Punjab, in 2019, adopted a multi-pronged strategy in terms of human resource training, information technology infrastructure revamping recruitment and selection procedures. A comprehensive and effective Human Resource Management System is imperative for ensuring sustained and balanced organizational growth. As such, during 2019, the Bank procured the Human Resource Management System (HRMS), and implementation of the same is presently underway. The new HRMS would provide a three-dimensional view of all Human Resource related information of staff members on a single click.

The Management fully recognizes the need for continuous training of existing human resource to ensure effective implementation of the evolving control regime. To such end, the HRD took a mammoth initiative to hold the Compliance Training Program on KYC/Anti-Money Laundering (AML)/ Combating Financial Terrorism (CFT) to train all the staff members, whereby 7,147 staff members were trained in three months by conducting 215 sessions across Pakistan in 22 in-house training centers. Other initiatives in the ambit of training include launching of the Management Trainee Program, Executive MBA program from the Lahore University of Management Sciences (LUMS), Executive Certificate in Agriculture Business Management Program, International Certification Program and the induction program.



Realizing the importance of recruitment, the hiring and selection procedures were revamped to improve the quality of fresh resource, whereby the hiring of fresh staff (up to OG-III) has been made conditional with clearance of written test, all vacant positions (AVP & above) are announced through internal job postings and interviews by cross-functional Departments have been made mandatory for hiring.

The Human Resource & Remuneration Committee (HR & RC) of the Board maintains oversight of the Human Resource framework of the Bank. As per guidelines of the HR & RC, a performance-based appraisal system has been implemented. Further, in view of transparency, Employees' Grievances & Redressal Unit has been established to redress the employees' grievances.

Risk Management Framework

Risk Management is the process of identification, evaluation, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events, or to maximize the realization of opportunities.

Financial Institutions encounter various threats to its capital and earnings, which could stem from wide ranging sources, including but not limited to financial uncertainty, economic conditions, inadequate risk management, legal liabilities, accidents and natural disasters. Risk is a fundamental part of business and decision-making process. The Bank's performance depends on its ability to manage risk at every level. As a consequence, the Bank has a robust risk management governance structure and framework that allows to maintain a crucial balance between risk and reward.

Globally. Operational Risk has emerged as the most important risk category for financial institutions, as operational risks can simultaneously trigger many other risk categories resulting into a domino effect, thereby enhancing the magnitude of the risk integration manifold. IT security threats, data-related risks, and the risk management strategies to mitigate them, have become a top priority with the increasing use of digital banking.

The core of the Bank's Risk Management philosophy lies in a clear understanding of risks across all levels within the organization, institution of judicious risk assessment and measurement procedures, and continuous monitoring thereof. The Bank has actively fostered an organization-wide culture of prudent risk management across the entire landscape of its

operations. The risk awareness culture and Bank's risk management capabilities are continuously nurtured through on-going formal coaching as well as on the job training(s) to all categories of Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) on an entity wide basis. Conscious efforts are undertaken at the Bank level to acquire and deploy latest available risk models and technology(ies) to attain an optimal risk- reward tradeoff.

Board & Senior Management Oversight: The Bank's Board of Directors vested with the enterprise level ownership of the Bank's risk management architecture, plays a crucial role towards the implementation of a vibrant risk management and control framework across the entire genre of organization wide risks. BOD establishes its Oversight through effectively performing its envisaged role for approval of all Risk Management Policies and determination of Risk Tolerances by taking into account the Risk Appetite of the Bank.

All risk management reviews, decisions and actions are based on an approved enterprise-wide risk management strategy / framework supported by:

- documented risk-appetite statements,
- b) a comprehensive set of policies and procedures controlling the Risk assumption process,
- clearly enunciated broad underwriting criteria, and
- A risk governance structure incorporating necessary checks and balances.

The Board of Directors is assisted by a Board Risk Management Committee (BRMC) in the fulfillment of its fundamental responsibilities. The Bank's risk exposures in comparison to the risk appetite statements for Credit. Market, Liquidity, and Operational Risks duly approved by the Board, are regularly monitored through various Management Committees such as Credit Risk Management Committee, Investment Committee, and Assets and Liability Management Committee (ALCO); and are duly reported to the Board on periodic basis.

Risk Management Strategy: In consonance with the strategic direction provided by the Bank's Board of Directors, the Bank's Risk Management Strategy hinges upon a forward looking approach to the management of unique risk categories i.e. Credit, Market, Liquidity, Operational, Country, Legal, Reputational, AML, CFT/ Proliferation Financing (PF) and Information Systems Security Risks, not only on a stand-alone basis, but also through the interplay of all of these at the enterprise level.



Proactive Risk Management enables the Bank to prepare for the unexpected by minimizing risks and extra costs before they actually happen. The Bank continuously strives to refine its Risk Management Framework in light of International Best Practices and State Bank of Pakistan's Regulations / Guidelines, apart from learning from its accumulated experiences over successive credit cycles.

The Bank has adopted a systematic risk management approach for reckoning of multifaceted risks through self-assessment techniques, simulations and endurance tests to key downside risks, Portfolio Reviews, induction of a robust system of Early Warning Indicators/alerts, and dynamic monitoring.

Risk mitigation is bolstered by applying advanced risk management tools of Revaluation, Beta, Duration, Sensitivity Analysis, Value at Risk, Risk Rating Models, Probability of Default model, Estimation of Expected Credit Losses, Risk Control and Self Assessments (RCSAs), and development of Key Risk Indicators (KRIs)

etc., for assessment of the quantum of risks inherent in the Bank's operations. The Bank is also working to implement IFRS 9 on Bank wide basis.

Operational Loss Data pertaining to key risk events is also collected on Bank-wide basis. Moreover, the Bank is also working to develop an in-house system, i.e. Operational Risk Management Software (ORMS), for periodical regulatory and management reporting. Root cause analysis of significant risk events along with the recommended mitigation strategies are escalated to the Senior Management as well as BRMC for obtaining their buy-in for implementation.

The integrated impact of all enterprise level risks on the Bank's capital is being captured by the Bank's Enterprise Risk Management (ERM) Department through the Internal Capital Adequacy Assessment Process (ICAAP) which is a regular feature of the risk assessment process. Treasury and Equity Capital Markets (ECM) based risk processes and reporting (monitoring of limits) are automated. Furthermore, Bank has already purchased



Market, Liquidity and ALM Risk engines which will be implemented in 2020.

IFRS 9: IFRS-9 (Financial Instruments) is an International Accounting Standards Board's (IASB's) new accounting standard on financial instruments replacing IAS-39 (Financial Instruments: Recognition & Measurement). The new standard contains the following areas of accounting for financial instruments:

- Classification and Measurement.
- Hedge Accounting.
- Impairment.

IFRS-9 requires Banks to re-price / re-value their Assets and Liabilities at Fair Value, while routing the associated Surplus / Deficit impact through the P&L in the same guarter. With the introduction and possible implementation of this standard from 2021, the Bank has taken various steps to meet the timelines of this regulatory requirement, including carrying out an impact assessment.

Information Technology

During the year 2019, the Bank continued to aggressively invest in the development and growth of IT with a focus to provide technology based solutions and services to customers, comply regulatory requirements and achieve operational excellence.

After migration to new core banking system "Flexcube". Bank has upgraded its ATM Controller IRIS, enhanced its Mobile Banking platform and become pioneer by providing activation of international and ecommerce transactions using its Mobile Banking Services. State of the art Contact Center and CRM solutions have also been deployed in 2019. Under Oracle Enterprise Business Suite (EBS), the Bank has successfully implemented Oracle Property Manager Module to comply with requirement of IFRS-16 and has also put in place Oracle's FCCM to manage Basel Engine for Enterprise Risk Management.

To strengthen the reconciliation area, best of the breed system, CORONA has been implemented. One of the best accepted HRMS has also been deployed to fortify Human Resources Group. The Bank's Technology Group developed various systems to drive Home Remittance and Cash Management businesses.

The Bank has continued its focus on enhancing IT Security Policy and has also successfully performed Disaster Recovery Drill by operating its all IT services to all business segments from its DR site.

Special Assets Management (SAM)

Considering the importance of recovery of legacy non-performing portfolio and its positive impact on Bank's profitability, the Special Assets Management (SAM) has been strengthened to ensure recovery/regularization of Non-Performing Loans (NPLs) portfolio. In order to ensure gradual improvement in Bank's Assets' profile and reconvert infected portfolio in to revenue generating assets, SAM has implemented a comprehensive strategy to recover/restructure NPLs.

Branch Network

In order to improve upon Bank's market share, the Bank continued to aggressively expand its network. During year 2019, the Bank opened 48 new branches, including 4 sub-branches, with major focus on remote areas. Now, with a nationwide network of 624 branches, including 17 sub-branches, the Bank is providing modern banking facilities to its diverse client base. The network of "Smart Branches" opened in unbanked areas has also been enhanced to 120. During year 2020, the Bank intends to further expand its outreach and opening of 13 branches has been planned.

Islamic Banking

The Bank launched its Islamic Banking Operations during the year 2013 under the brand name of "Taqwa Islamic Banking" which is offering Shariah compliant products and services to the clients. Taqwa Islamic Banking (TIB) has been growing gradually and the network has now been enhanced to 100 Branches, including 2 sub-branches. The Bank is offering a wide range of Shariah compliant products and services to its valued clients through this platform. Considering the better market response, the Bank plans to further enhance its Islamic Banking network in coming year.

Payment Services

During the year 2019, following payment channels have been merged under the umbrella of Digital Banking Group:

- Alternate Distribution Channels
- Payment Card Products
- Cash Management Department
- Branchless Banking
- **BOP Contact Center**

The Digital Banking Group is offering full range of products and services specially tailored and designed to meet the requirements of each group of customers. These services broadly include commercial electronic banking activities, remote banking convenience, and financial inclusion initiatives. The solutions being offered by the Bank are at par with the global standards and enable quick, accurate, and convenient banking services to its valued clients.

The Bank has also taken various initiatives under Alternate Delivery Channels (ADC) to provide different services to its valuable clients, successfully introducing the following services:

- BOP Debit MasterCard
- SMS Banking
- BOP Mobile Banking
- Utility Bills Payment System
- Interbank Funds Transfer
- BOP Phone Banking & Telesales Unit
- Customer Relationship Management (CRM) solution
- Branchless Banking platform
- Cash Management payments system
- BOP FonePay for QR based payments

In order to support various initiatives of Government of Punjab (GOPb) for poverty alleviation and ensuring better governance in the province, The Bank of Punjab has paid specific attention to the areas of financial inclusion, documentation of economy, transparency and automation of disbursement system. The Bank has undergone significant transformation in areas of technology specifically designed for execution of GOPb's mandated programs, with an extensive outreach covering remote and unbanked areas of the country. This has been made possible via induction of Branchless Banking infrastructure at the Bank.

The Bank of Punjab is making every possible effort to support GOPb in the areas of healthcare, child education, direct subsidy disbursement, education and vocational training with an objective to uplift underprivileged segments of the society. In addition, the Bank has led from the front in digitizing GOPb collections and payments mechanism across various departments, collecting billions for the provincial exchequer while maintaining transparency, accuracy, and convenience for all parties involved. Some of the key initiatives in this respect are as under:

- Khidmat Card Program for poor & marginalized communities
- Disbursement of Scholarships under Punjab

- Education Endowment Fund
- Payments under Prime Minister's Kissan Package
- E-Stamping
- E-Challans
- PESSI

In the year 2019, the Payments Services have witnessed tremendous growth – introducing state of the art technological products and services, while maintaining global standards. BOP Debit Card's shift to EMV Chip based technology, introduction of the Mobile Banking application as a valuable alternate banking channel and enhancement of the BOP ATM footprint to over 550 ATMs are a few of the stellar accomplishments. All banking services are supported by the 24/7 available BOP Contact Center team, serving the customers in all spheres of their banking needs.

In 2019, BOP achieved another milestone by becoming the first public sector bank in the country's history to enable its customers to make payments and purchases via QR based channels, which is globally recognized as a state of the art payment technology.

Home Remittances

The Bank is following a cohesive strategy to help improve its market share in Home Remittances by offering automated efficient processes to facilitate beneficiaries. In this regard, integration with a number of new overseas Exchange Companies to facilitate Home Remittances in a secured and efficient manner has been accomplished. During the year 2019, the Bank handled about 1.3 million home remittance transactions aggregating to around Rs. 100 billion.

Wheat Procurement Program

During the year 2019, the Bank successfully managed syndicated financing arrangement for wheat procurement program of the Government of the Punjab as "Lead Arranger" to the tune of Rs. 250 billion.

Internal Controls

The Board of Directors of The Bank of Punjab has overall responsibility for ensuring existence of an adequate and effective system of internal controls that is designed to manage the Bank's risks within an acceptable risk profile. The Board is pleased to endorse the Statement on Internal Controls made by the Management, which is included in the annual report.



Statement of compliance with Corporate and Financial Reporting Framework

The Directors are pleased to give the following statement in respect of Code of Corporate Governance:

- The financial statements, together with notes thereon have been prepared in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017. These Statements present fair state of affairs, the result of its operations, cash flows and changes in equity and comprehensive income. Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting and Financial Reporting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed in the Annual Accounts. The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.
- Value of investment of Staff Provident Fund and Gratuity Fund, based on latest audited accounts is Rs. 2.61 billion & Rs. 0.76 billion, respectively.
- Statement showing pattern of shareholding as on December 31, 2019 is disclosed at page No.262 of the Annual Report.
- Statement showing key operating and financial data for the last six years is disclosed at page No. O9 of the Annual Report.
- Statement of compliance with code of corporate governance is presented at page No. 41 of the Annual Report.

 During the year, O9 meetings of Board of Directors were held with following attendance:

Name of Director	No. of Meetings
	attended

•	Dr. Pervez Tahir Retired on 30/08/2019	6
•	Mr. Mohammad Jehanzeb Khan	9
•	Mr. Hamed Yaqoob Sheikh Resigned on 15/04/2019	2
•	Khawaja Farooq Saeed (*)	9
•	Mr. Saeed Anwar (*)	8
•	Dr. Muhammad Amjad Saqib	8
•	Muhammad Abdullah Khan Sumbal Joined on 17/08/201	9 4
•	Mr. Shaharyar Ahmad Joined on 25/11/2019	1
•	Mr. Khalid Siddig Tirmizev (**)	8

(*) Elected Directors retired on 30.06.2018 are allowed to continue till their successors are elected.
(**) Acting President/CEO.

 During the year, O5 meetings of Central Audit Committee(CAC) of Board of Directors were held with following attendance:

Name of Dire	Clor	No. of Meetings
		attended
 Khawaja Faro 	oq Saeed	5
 Mr. Saeed And 	war	5

 During the year, O3 meetings of Board Risk Management Committee (BRMC) of Board of Directors were held with following attendance:

Mr. Hamed Yagoob Sheikh Resigned on 15/04/2019

Name of Director No. of Meetings attended

•	Dr. Muhammad Amjad Saqib	3
•	Mr. Saeed Anwar	3
•	Mr. Mohammad Jehanzeb Khan	2
•	Muhammad Abdullah Khan Sumbal Joined on 17/08/2019	1
•	Mr. Hamed Yaqoob Sheikh Resigned on 15/04/2019	1

(*) Reconstituted on 26/7/2019 & 01/10/2019 in the 26th & 262nd BOD meetings..

During the year, 07 meetings of Human Resource & Remuneration Committee (HR&RC) of Board of Directors were held with following attendance:

Name of Director	No. of Meetings
	attended

•	Khawaja Farooq Saeed	7
•	Mr. Mohammad Jehanzeb Khan	7
•	Dr. Muhammad Amjad Sagib	7



 During the year, O2 meetings of Research, Development & Islamic Banking Committee (RDIBC) of Board of Directors were held with following attendance:

Name of Director/Member No. of Meetings attended

•	Dr. Muhammad Amjad Saqib	2
•	Dr. Pervez Tahir retired on 30/08/2019	2
•	Khawaja Farooq Saeed	2
•	Mr. Khalid S. Tirmizey	2

 During the year, O1 meeting of Information Technology Review Committee (ITRC) of Board of Directors was held with following attendance:

Name of Director No. of Meetings attended

•	Mr. Mohammaed Jehanzeb Khan	1
•	Mr. Saeed Anwar	1
•	Dr. Pervez Tahir Retired on 30/08/2019	1

Subsidiaries

The detail of Bank's subsidiaries are as follows:

 Detail of Directors' training programs are given in the Statement of Compliance with Code of Corporate Governance.

Credit Rating

While acknowledging the improved risk profile of the Bank, M/s Pakistan Credit Rating Agency (PACRA) has maintained the Long-term Entity Rating of "AA", while the Short-term Entity Rating has been maintained at "A1+".

As per standard rating scale and definition "AA" long term rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments, not significantly vulnerable to foreseeable events. Similarly, "A1+" short term rating denotes obligations supported by the highest capacity for timely repayment.

Rs. In Million

Sr#	Name	Net Assets as of December 31, 2019	Net Assets as of December 31, 2018	
1 2 3	Punjab Modaraba Services Private Limited First Punjab Modaraba Punjab Capital Securities Private Limited	(21.504) 197.722 70.103	6.259 195.623 66.235	

Outlook for the year 2020

Keeping in view fabulous financial performance during last years, the Bank would continue to expand its outreach in unbanked areas and improving business volume & spread thereby ensuring better returns for the shareholders. The Bank shall also continue to invest in technologies to further improve operational oversight and effective monitoring development.

Auditors

The retiring auditors M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment for the year ending December 31, 2020.

The Board of Directors, on the suggestions of Audit

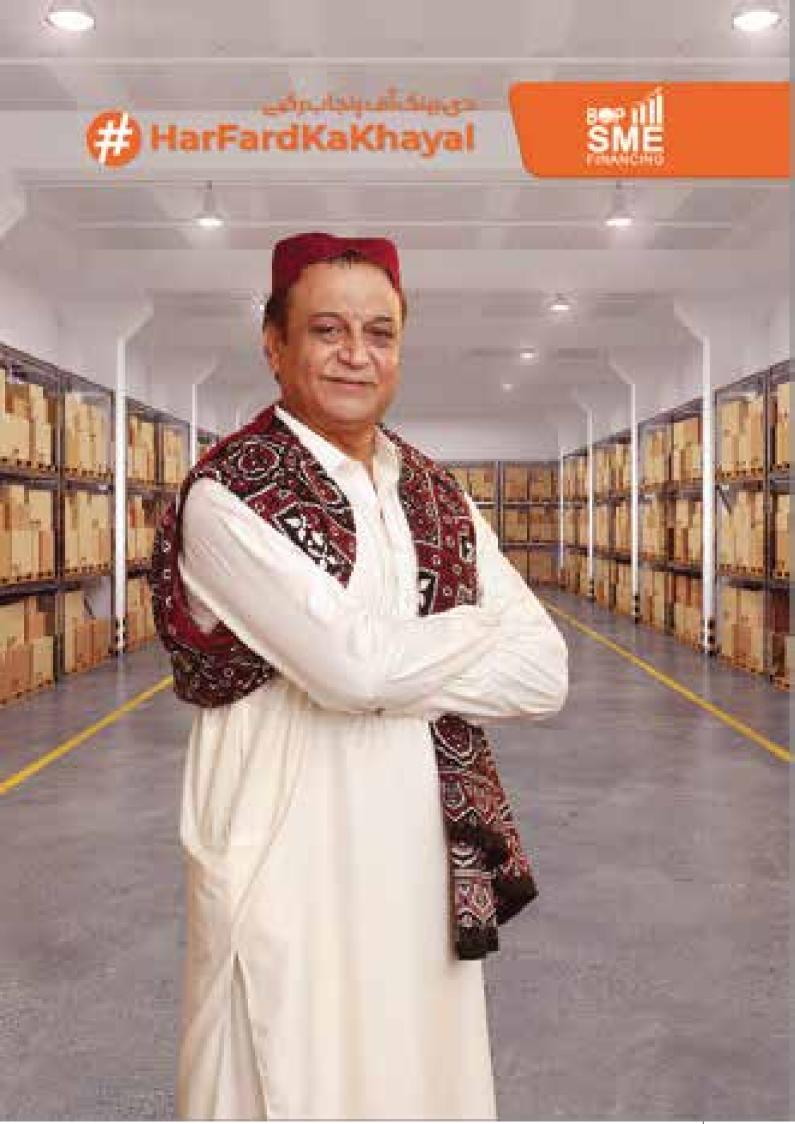
Committee, recommended the above firm as statutory auditors of the Bank for year 2020.

Acknowledgement

I acknowledge that valuable support and guidance of State Bank of Pakistan and Government of the Punjab proved pivotal in achieving desired results. I am also grateful to our shareholders and valued clients for their continued patronage and convey appreciation to Bank's management and staff for their teamwork.

For and on behalf of the Board

Khawaja Farooq Saeed Director



ڈائر یکٹرزر پورٹ

ايدا الساان كالأوك والرسيدان وكسا كسناب كرواه ويرمان وريد ادراه بالمساق مراوع والسام الرياح المراوي والموارة المراري الماري ميسارك الماري والمراوية العسام والموارك المناوي

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رک سے کا دراری اوال حاصل کرنے کے لیے سال 1990ء محتم اوراقال الحینان دیا۔ ولک نے اسپان انے صادفین کے ورمانت الحرب است ادکین کے ساتھ کے کسی کے ماتھ الشنان وسنود باكرة الرفواز في كرستك سناكام بال كرماه بعادي كي مواد بدريري ميان بركور الكرياع كرك والمحال كي المان كروه المواد كري معادات الكاوى كالمتول شاعران عكامة والمتوريكان

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STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

THE BANK OF PUNJAB - DECEMBER 31, 2019

The Bank has complied with the requirements of the Regulations in the following manner:

- The total number of directors are seven as per the followina:
 - a. Male: 7 b. Female: \bigcirc
- 2. The composition of board is as follows:
 - a) Independent Directors 2 b) Other Non-executive Directors c) Executive Directors
- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
- 4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures:
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- The Board has arranged Directors' Training program for the following:
- Mr. Khalid Siddig Tirmizey President / CEO (Acting)
- Mr. Nadeem Amir Chief Financial Officer
- iii) Mr. Arsalan Muhammad Igbal Chief Risk Officer
- 10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- 12. The Board has formed committees comprising of members given below.-

a) Audit Committee

j)	Khawaja Farooq Saeed	Chairman
iii)	Mr. Saeed Anwar	Member

b) HR and Remuneration Committee

i)	Khawaja Farooq Saeed	Chairman
ii)	Mr. Mohammad Jehanzeb Khan	Member
iii)	Dr. Muhammad Amjad Saqib	Member

c) Risk Management Committee

j)	Mr. Mohammad Jehanzeb Khan	Chairman
ii)	Dr. Muhammad Amjad Saqib	Member
iii)	Mr. Saeed Anwar	Member
i\/)	Mr Muhammad Abdullah Khan Sumbal	Memher

- 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- 14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following;
- a) Audit Committee

Ouarterly

b) HR and Remuneration Committee

Atleast once in a year

- c) Risk Management Committee Quarterly
- 15. The Board has set up an effective internal audit function and concerned staff is considered suitably qualified and experienced for the purpose and are conversant with the Policies & Procedures of the Bank.
- 16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International

Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Bank:

- 17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
- 18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
- 19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Reference Clauses from Listed Companies (Code of Corporate Governance) Regulations - 2019

9(2) Chairman of the Board

The Chairman shall be elected subject to such terms and conditions and responsibilities as provided under Section 192 of the Act and these Regulations.

Corresponding Provisions of The Bank of Puniah Act - 1989

Section 10(2) & 10(3)

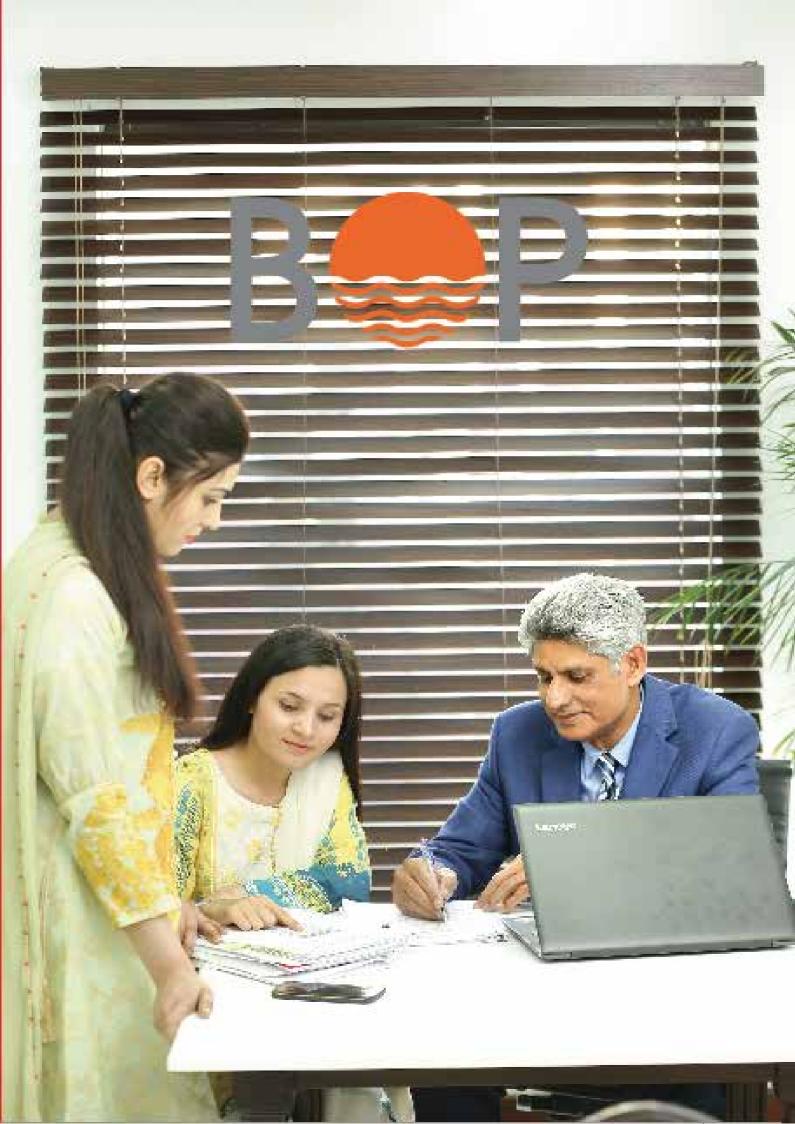
The Chairman of the Board shall be nominated by the Government from amongst official Directors.

Further, in terms of Section 10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.

The Chairman has not yet been nominated by Government after expiry of previous term.

For & on behalf of the Board

Khawaja Farooq Saeed Director/Chairman





EY Ford Rhodes Chartered Accountants 96–8–1. 4th Floor, Pace Mult Building M. M. Alam Road, Culberg–8 P.O. Box 104, Lahore-54660 Tel: +9242 3577 8402-111 Fax: +9242 3577 8412-11; ey.liv/lipk.ey.com ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF THE BANK OF PUNJAB

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Bank of Punjab (the Bank) for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2019.

Chartered Accountants Lahore: 05 March 2020



REPORT OF SHARIAH BOARD

(For The Financial Year 2019)

Alhamdulillah TIB BOP has completed another year of successful banking operations. The Shariah Board (SB) hereby presents its opinion on the affairs of TIB BOP operations. The Board of Directors (BOD) and the management is committed to providing an effective and comprehensive Shariah Governed environment to regulate the overall functions of the bank. During the year Shariah Board convened various SB meetings to discuss different matters referred to the Shariah Board including Internal/External Shariah Audit Reports, Shariah compliance review reports, SBP Inspection Report, policies and procedures, new products/ renewals of existing products, transaction structuring, business and marketing material etc.

Shariah Compliance:

- TIB BOP is equipped with a team of qualified personal in its Shariah Compliance Department (SCD), working under the supervision and guidance of the Shariah Board. The prime objective of this function is to ensure Shariah Compliance at various levels and take corrective measures.
- 2. The main modes of financing used for the bank's financing activities during the year consist of Murabaha, Ijarah, Diminishing Musharakah, Istisna and Running Musharakah.
- The Shariah Board supervised and analyzed various products, concepts, transactions, processes and their Shariah Compliance as an ongoing process to ensure that the transactions are valid and in conformity with Shariah injunctions.
- 4. The Internal Shariah Audit unit evaluates the adherence to Shariah guidelines by the Bank. During the year, Shariah Audit of various TIB BOP branches/departments was conducted, that enabled the Bank to improve the Shariah control environment.
- 5. To strengthen and broaden the functions of Shariah control, the Shariah Compliance Department (SCD) of the bank under the supervision of RSBM, facilitated the customers by formulating customized process flows after assessment of the customers' business models and determining the most suitable product. Further for

effective compliance, SCD performed random physical inspections to assess the purchases, evidences and invoices of financing transactions. As a part of the department's responsibilities SCD also reviewed the process of profit distribution to the depositors on monthly basis. During the course of on-site visit of branches, SCD also guided staff regarding day to day operations while dealing with general banking customers.

Product Development Department:

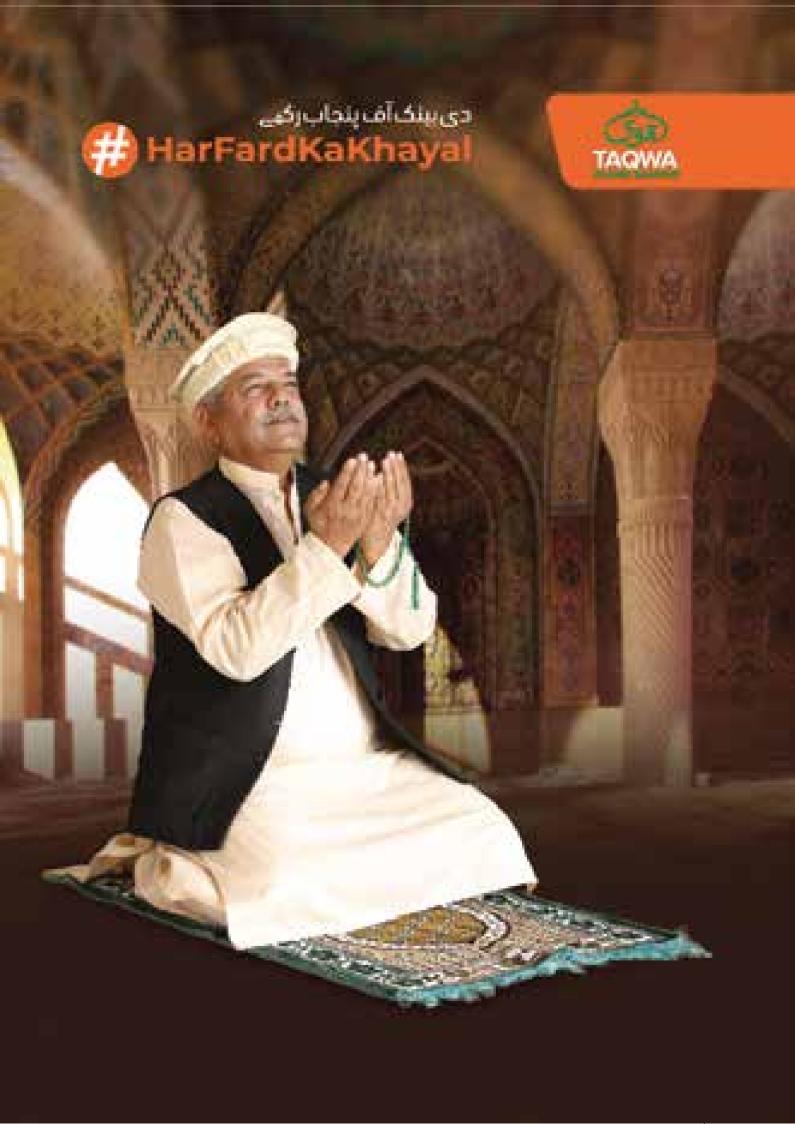
During Year 2019, Product Development department is strengthened with experience resources. As a result, during the year, TIB BOP has launched O4 new products along with the review and renewal of existing products. Additionally, Shariah Board has approved O3 new products and restructuring of O2 liability products which are under system development phase and will be launched in year 2020 after completing all pre-requisites.

Shariah Opinion

After review of reports of Shariah Compliance Department, Internal/External Shariah Audit and SBP inspection we are of the opinion that:

Category of TIB BOP operations is overall satisfactory as per details given below:

- 1. TIB BOP has by and large complied with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by the Shariah Board.
- 2. TIB BOP has by and large complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP.
- 3. TIB BOP has a satisfactory mechanism in place to ensure Shariah compliance in their overall operations.
- 4. TIB BOP has a proper system in place to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized. Detail of the charity fund is available in the statement of financial position of TIB BOP (annexure I of Annual Report 2019 BOP).



- 5. TIB BOP has overall acceptable system of profit / (loss) distribution and pool management. Profit is being properly distributed to all saving account holders on Mudarabah principles.
- 6. Bank's BoD and management is cognizant with respect to the importance of Shariah compliance in the products and processes of the bank. In this spirit bank is continuously focusing to enhance the Islamic Banking knowledge & skill set of the staff. Islamic Banking Training Unit and SCD with the coordination of Learning & Development Centre of the Bank has imparted training on Islamic banking products.
- 7. Shariah Board has been provided with adequate resources enabling it to discharge its duties effectively.

In Addition to above:

Recommendations:

There are following significant Shariah related issues which need to be addressed:

Staff/Human Resource related Matters

Bank achieved the target of migrating its existing staff finance portfolio from conventional banking system into Islamic mode of finance. Now all cases of staff finances are dealt under Islamic Mode of finance. Moving forward it is recommended that employment contracts, Staff Health Insurance and other benefits of the employees working under Taqwa Islamic banking need to be reviewed and brought in line with Shariah rulings available in the matter.

During the year 2019 bank enriched its Internal Shariah Audit Unit (ISAU) and Product Development Department (PD) with the addition of Shariah scholars as encouraged by SBP under SGF. While encouraging the efforts of ISAU, it is recommended that the strength of ISAU should be further increased and an independent internal Shariah audit unit should be formed due to increased number of branches and portfolio of the TIB BOP, in light of SBP directive mentioned in SGF.

Profit Distribution System

In order to ensure further transparency in profit distribution mechanism to its Investment Account Holders, the Bank has made its automated profit

distribution process live and bank has become largely compliant to the SBP directives on the matter, which is highly appreciated. We recommend to have a careful monitoring of newly automated system while matching the results with manual calculation till the confirmation of satisfactory functioning of the system.

Customer Awareness Sessions

In order to enhance customer awareness of Islamic Banking, the management has arranged public awareness session on Islamic Banking and Finance. The sessions were delivered by the Resident Shariah Board Member (RSBM) and was appraised by participants as highly interactive and informative. We recommend to arrange more sessions in the coming years.

Staff Training

While appreciating the management's efforts and focus on HR development, we recommend to the management to ensure compliance of recent updated guidelines issued by SBP on HR capacity building by taking necessary measures for imparting extensive training to staff at all levels involved in Islamic banking.

The Shariah Board of TIB BOP is satisfied with overall performance of Taqwa Islamic Banking - The Bank of Punjab and we expect that the management of the bank will continue adhering to the instructions issued by SBP and the Shariah Board of the bank that will further strengthen Shariah Compliance culture at TIB BOP.

Mufti Muhammad Zahid Chairman Shariah Board

Rafey Ashraf Usmani Resident Member Shariah Board

> **Dr. Ejaz Ahmed Samadani** Member Shariah Board

> > Date: 27-02-2020



شر العبد الوارق الوارث (براكالي سال-2019)

الكوف القراق من كالكون كالكون الدوار والتواكي أن الإي الكون المراكم في الإين من التواكي المن الكون الك البريل كالتلوي والمساول المساول المساول كالمراكز والمساول كالمراكز المساول كالمراكز المساول كالمراكز والمراكز المراكز كرا كرا المراج بيدل كروي والمراح والمراج والمراك والالماك المراك المراكم المراكم والمراكم والمراكم والمراكم والمراكم المراج هميا تنس ديوش النبت وكمدجا كالعربيدي والبرال العرب ويتكان الكن الايليس والتركاني والمتحادي والمراد المراد كالكساكا مواد وفي والأل جار

- مثر مركم النوران والمساقة في من الكريد كالكريد كالكريد المساوات المراوية ال これでありまでいっていましていることがありましていましましましましましましま
 - مراليبك في المالك كال المهيم والارادية المراحة المساعدة الماديك مالك المالك والمشاركة والمتحاركة و
- الرصوار المالات والكن الإندان المالات كالرجاء المالات كالرائد كالكالم فأكل كالم مسل بالدك بكا الرائع ما الديد ترجان الم موال الم ما ال المرافحا وباستأمالك
- معول الروال الدول المعالم و من الرائي معلى أن يال كوما الله يد الرمال كيدون "كوال من ك والكرد وي وك الدول العالم "كوال ما تحداد السارفين كالاستراك من تحريق وينك كالريم كالراب مولك كالرياس ما المساعد والمدين
- منوى خرورو كران كالرحاب والكن كمان واس فواكان بيرس فواكان بيدون بيدان مال كروران كالرح كالنوار والموات في فرويرا والساعات ن و کش اور براس البود کی متوری مامل کی معرب کی اعلی در بازاده در است مدار برا سال مراست کاروری از بازی مامل کی منافظ كي النواد عاد الماران والمران والم والمتأثبات كالمكاورين

مال 2018 كردوان جوري والروك في كراري والمناورة والمناورة ومهم والمناقطة القال مناكرة كالكروك المساورة المناسبة سكىدەن دەخىرى دولىلى ئىلىرى دەربىلانىدى ئىسانى ئەكىرى ئۇرى ھىدىنىدى ئالىرى بەردىن ئەردىن ئالىرى كىلىرى ئالىرى الإركاري والمراجع المراجع والمتعدم على إلى المرام عن المراجع ا

- الربي كم يا تشويل بالراح الدين في ويدول الربية كالشاعر مستوين ويكرا الفرياكية إن مها تامدي الرباع معا توكر سنة مشاعده والي السنة بدري ك
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 - وتول من كسيط للدي ولك المدون والموري تريي بداك بالبست وادى هدالة الدوم الدوارة والدورية
- و المراك والدين والديور و مود والدي التان ما الرياد المديدة المواد الموا
 - والإراء والمستان المستان المستان والمرادع والمرادع والمرادع والمنازك المرافق والمستان والمستان والمستان والمستان والمستان والمرادع والمستان والمستا
- من مارائے سے اس مرا وال سے کولی کا الدین اتال کے اس انکامی والات کے ایسا کے انتقال میں کے مقال ماریک کے الاسان المستعادة والمستعارة والمستعادة و
- متخذل المناكب وكالك وكالمداك والمساحر يشوالته الدائر أنسان كالتيم كرسا الدويل بخوارة كالمراق المام والديد وسيعتك الازان وسير متعاريب المعالات enverse en mountains
- يهزى كالوف منسل متيدي مهما ك وكالك أولك والعداميد مثر يوكم والنوار والمواد " في كال ك مثر الك بينز والمحادث كالمعاد المساعات المعادات علاك كارواكل والأكران (20 الأوالية المتعاركة والمساركة والمساركة والمساركة المساركة المساركة المساركة المساركة
 - الترابع إنها أنوادا مب وماكر ومنا كيدك إليها واكروه اليناء مدارين أواسي الدواؤ ترطر والدست والهام وسدانك

Self-Reg 2.4

المزاور سيختل المنساء المراسكان المهامين المائي والتواريخ كالمانوا المساحك المراسب

- على رواي مروس والمراجع والمراع 200
- استخرارا ولا كالك والديث الدواب التي وازمو كرف والداوي كالواري كالماري كما والدائر الما المراجي والمدار والمارية خا كان كنا الدين الرواد عاد من المناس كان المناسب كان المناسب كان المناسب كان المناسب كان المناسب كان المناسب
- سال ١٥٠١ كسيدى وكدر المعلم والمسائل والتحاوية كي ومن الوق كروري المدين الميد كالمعام الماري المدين والمعام وال البياد المناع "كاور م هي كري كالمراع المناف كالمناه المار الماري الرياة عد يان " كالإصابة في كالمان ما المريد و كالمان المان ا ا والدام كان الله كالعرامة والإصارات الدام كان في مناكب وكانك ويمك الله الاسام كان المراء والديدة أيُع كان المراء كان عرايا من المراء كان عرايا من المراء كان الله - يى ذكر مهنى دروك الله با كنان " كريدان عدك ما كانت اكدين من الانترازي از يديان " كالريم ك يروانها سة -

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- المراول والمراول المراول المرا والفيدكي تربيب بيناهل المورود وكليا كنها كالتاب كالمواحث كروموان تعاقبان والمنوا ومحفودا وكالكروا والسائد
- والقا في مراكب والكري والدا والدين والروي والماك والكراك المراك المراك والمراكب والمرام والمراكب والكروا والكر ره ب كي الكامر الربير بيدا مد من طبير ويك كريا كان من كي جاري كريون والمفراكر أن يريد والكريد في الكري المريد الم الريوكي المزياح لبابك ويعفظ فاحب ساكار

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المنابط والمتحارة المتحار المتحار

STATEMENT OF INTERNAL CONTROLS

The Management of The Bank of Punjab (the "Bank") acknowledges its responsibility for establishing and maintaining an adequate and effective system of internal control to provide reasonable assurance to achieve the following:

- Efficiency and effectiveness of the operations;
- Reliability of financial reporting;
- Compliance with applicable laws and regulations.

The internal control system encompasses policies and procedures relating to all processes, products and activities of the bank's operations. All significant policies and procedural manuals are in place, which are reviewed, revised, and improved to keep them current with latest activities and challenges.

Implementing State Bank of Pakistan (the "SBP") Guidelines on Internal Controls, to place an effective internal control system has been the Bank's top priority. Compliance & Internal Control Division (C&ICD) has been entrusted with remediation of internal control deficiencies and maintaining the system on an ongoing basis. During the year 2019, walkthrough of bank's significant processes/ sub-processes were conducted to update the related processes, risks and control documentation. C&ICD also ensures implementation of control design improvements recommended by Audit & RAR Group (A & RAR). SBP and External Auditors.

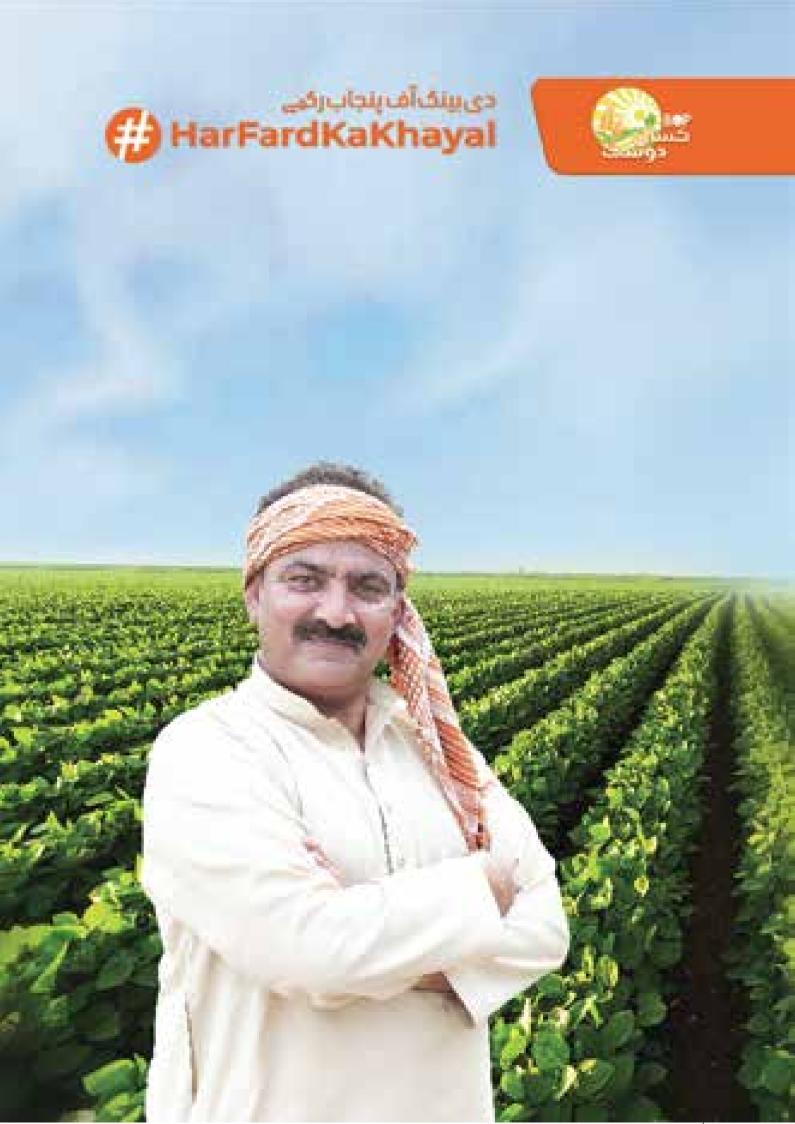
The A & RAR, independent from Management, is entrusted with the supervisory function with respect to the review of internal controls. A & RAR evaluates, validates, monitors and contributes to ongoing effectiveness of control systems as part of its scope. It periodically reports significant findings, directly to the Central Audit Committee (CAC) of the Board. The A & RAR is also entrusted with the function to assess adequacy and effectiveness of the control activities as well as testing implementation of and compliance with all the prescribed policies and procedures. The

management expeditiously takes up the findings and observations of Audit Group, SBP and Bank's External Auditors to ensure implementation of control design improvements.

The Bank had completed all stages of SBP roadmap on Internal Control over Financial Reporting (ICFR). External Auditor of the Bank also evaluates the effectiveness of ICFR system through a special review, and a Long Form Report (LFR) is submitted to SBP as per regulatory requirements. During the year under review, the SBP has granted exemption from the requirement of ICFR assessment by statutory auditors for the year 2019 and onwards. We have endeavored to follow the guidelines issued by SBP on ICFR for evaluation and management of significant risks and shall continue further improvements in Internal Controls System.

Internal Controls System evolves continuously and hence its evaluation is an ongoing process. This statement of internal controls is based on the management's assessment towards various aspects of the Internal Controls System of the Bank. The Internal Control Systems of the Bank are designed to minimize and manage risks rather than eliminate the risk of failure to achieve the desired objectives; hence it can only provide reasonable assurance and not absolute assurance, against material misstatement or loss. The system of internal control followed by the Bank is considered to be adequate in design and is being implemented and continuously monitored.

Khalid S. Tirmizey Acting President / CEO





NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the members of The Bank of Punjab will be held at the Avari Hotel, Shahra-e-Quaid-e-Azam, Lahore on Tuesday, 31st March, 2020 at 9:30 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1. To confirm the minutes of 28th Annual General Meeting held on March 29, 2019.
- 2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank of Punjab for the year ended December 31, 2019 together with the Director's and the Auditors' reports thereon.
- 3. To consider and approve Cash Dividend @ 7.5% i.e. PKR 0.75 per share on every share of Rs.10/- each as recommended by the Board of Directors.
- 4. To appoint Auditors for the year ending December 31, 2020 and to fix their remuneration.

SPECIAL BUSINESS

Lahore: March 10, 2020

- 5. To consider and approve the Board's Remuneration Policy-2020 of the Bank.
- 6. To consider and approve the scale of remuneration to be paid to the Board members for attending Board and its Committee(s) meetings of the Bank.
- 7. Any other item of business with the permission of the Chair.

By order of the Board

Kamran Hafeez Secretary to the Board



NOTES

- O1. The Register of Members and the Share Transfer Books of the Bank shall remain closed for transfer from 24-03-2020 to 30-03-2020 (both days inclusive).
- O2. All members are entitled to attend the meeting; however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per section 17(1) of The Bank of Punjab Act, 1989.
- O3. Proxies in order to be effective must be deposited at the Corporate Affairs Department of the Bank, BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore not less than 48 hours before the meeting. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- 04. A member is entitled to appoint another member as proxy to attend the meeting.
- O5. The members should quote their Folio number in all correspondence with the Bank and at the time of attending the Meeting.
- O6. Members are requested to promptly notify any change in their addresses to our Registrar M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore before book closure so that entitlement, if any, be dispatched at the correct addresses.
- O7. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular 01 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING

In case of individual, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors; resolution/power of attorney with specimen signature of the nominee shall have to be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES

- In case of individual, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meetina.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall have to be submitted (unless it has been provided earlier) along with proxy form to the Company.
- 08. Entry of the member/physical shareholder or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.
- 09. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if Bank receives consent form from the members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to the Corporate Affairs Department, Lahore.

I/We	of	being a member of
		ngordinary
shares as p	er registered	Folio/CDC Account
No	hereby opt for	r video conference
facility at	·	
Signature of	Member(s)	

The Bank will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

SPECIAL NOTES TO THE SHAREHOLDERS

Deduction of Withholding Tax on Dividend

Pursuant to the provisions of the Finance Act, 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

Filer 15% Non-Filer 30%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

Deduction of Withholding Tax on Dividend in case of loint Account Holders

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar Office M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore latest by 21-O3-2020, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		The Bank of Punjab
Folio No. / CDS A/c. No.		
No. of Shares Held		
Principal Shareholder Name & CNIC Shareholding Proportion (No. of Shares)		
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion	
	(No. of Shares)	

Signature of Shareholder

EXEMPTION OF WITHOLDING TAX:-

Withholding Tax exemption from dividend income, shall only be allowed if copy of valid tax exemption

certificate is made available to our Share Registrar Office M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore upto 21-03-2020.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. The shareholders while sending CNIC must quote their respective Folio numbers. It may be noted that in case of non-receipt the copy of CNIC, the Bank would be constrained to withhold dividend payment.

ZAKAT DECLARATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDS-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. CORPLINK (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. The shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective Folio numbers.

Shareholders should also notify our M/s. CORPLINK (Pvt) Limited regarding any change in their addresses.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provision of Section 242 of the Companies Act, 2017 requires the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The shareholders who have not provided their bank account details so far are advised to provide their below electronic dividend mandate information to Company's Share Registrar at the address given above and updates their CDC accounts/Sub-accounts as the case may be, enabling the Company to credit your future dividend promptly, if any.



Folio No./Investor Account Number /	
CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
CNIC No. (Mandatory)	
Email Address	

Signature of Shareholder___

UNCLAIMED DIVIDEND / SHARES

Shareholders who could not collect their previous dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

SPECIAL BUSINESS:

A Statement under Bank's Bye-Law # 18-IV(ii) and under Section 134(3) of the Companies Act, 2017.

This statement set out material facts concerning the special business to be transacted at 29th Annual General Meeting.

AGENDA ITEM NO.05 : BOARD'S REMUNERATION POLICY-2020 OF THE BANK.

The Board of Directors in its 266th meeting have approved the Board's Remuneration Policy-2020 of for attending the Board and its Committee(s) meetings in Compliance of State Bank of Pakistan BPRD Circular 03 of 2019 dated August 17, 2019. The Policy is being presented to the shareholders of the Bank for their approval as required by the SBP Circular. The salient features of the policy are as under:

- The Policy ensures a comprehensive and transparent remuneration structure for the Chairman and other Directors.
- This Policy has been formulated with clear mandate and charter keeping in view the ownership structure, governance mechanism, risk profile, scope of operations and performance of the bank.
- The Policy aims to set out the methodology for the determination of scale of the remuneration to

be paid to the Directors and Chairman other than President/CEO for attending the Board and its Committee(s) meetings.

- The Policy is applicable to Non-Executive/Independent Directors, President/Executive Director and the Chairman of the Board
- The terms & conditions of the Chairman shall be presented to the shareholders for approval in the Annual General Meeting on pre or post facto basis.
- The Bank shall facilitate the directors for travelling, board & lodging relating to the Board and Committee(s) meetings.
- No consultancy or allied work shall be awarded to a director or to the firm(s), institution(s), or company (ies) etc., in which he individually and/or in concert with other directors of the Bank hold substantial interest.
- Proper disclosure of remuneration and other benefits facilities provided to the Board of Directors shall be made in the Annual Financial Statements of the Bank
- The Board members shall be accountable for their conduct according to the scope of their responsibilities and Annual Performance Evaluation of the Board as a whole and its Committees will be carried out. Based on the evaluation of performance scale of remuneration may be reviewed/adjusted.

The shareholders are requested to consider and approve the Board's Remuneration Policy -2020 of the Bank by passing the following special resolution:

"Resolved that the Board's Remuneration Policy -2020 of the Bank as recommended by the Board of Directors in compliance with the requirement of SBP BPRD Circular No.03 of 2019 dated August 17, 2019 be and is hereby approved."

Directors of the Bank have no personal interest directly or indirectly in the above special business except to the extent of respective shareholding as disclosed in the Pattern of Shareholding and payment of remuneration as per remuneration policy.

30th ANNUAL REPORT

AGENDA ITEM NO.06: SCALE OF REMUNERATION FOR BOARD AND COMMITTEE MEETINGS

The Board of Directors in its 266th meeting have determined the scale of remuneration to be paid to Board members for attending the Board and its Committee meetings in accordance with the requirements of State Bank of Pakistan BPRD Circular No.03 of 2019 dated August 17, 2019.

In addition to above, the Bank shall facilitate the Directors for travelling, boarding and lodging relating to the Board and Committee meetings or reimburse such expenses to the Board members, on actual basis.

The following scale of remuneration has been recommended by the Board of Directors in connection with the "Board's Remuneration Policy-2020" which is being presented to the shareholders of the bank for their approval.

Directors Status	Board Meeting Fee	Committee Meeting Fee
Non-Executive/Independent Directors and Chairman	Rs.150,000/- per meeting	Rs.150,000/- per meeting

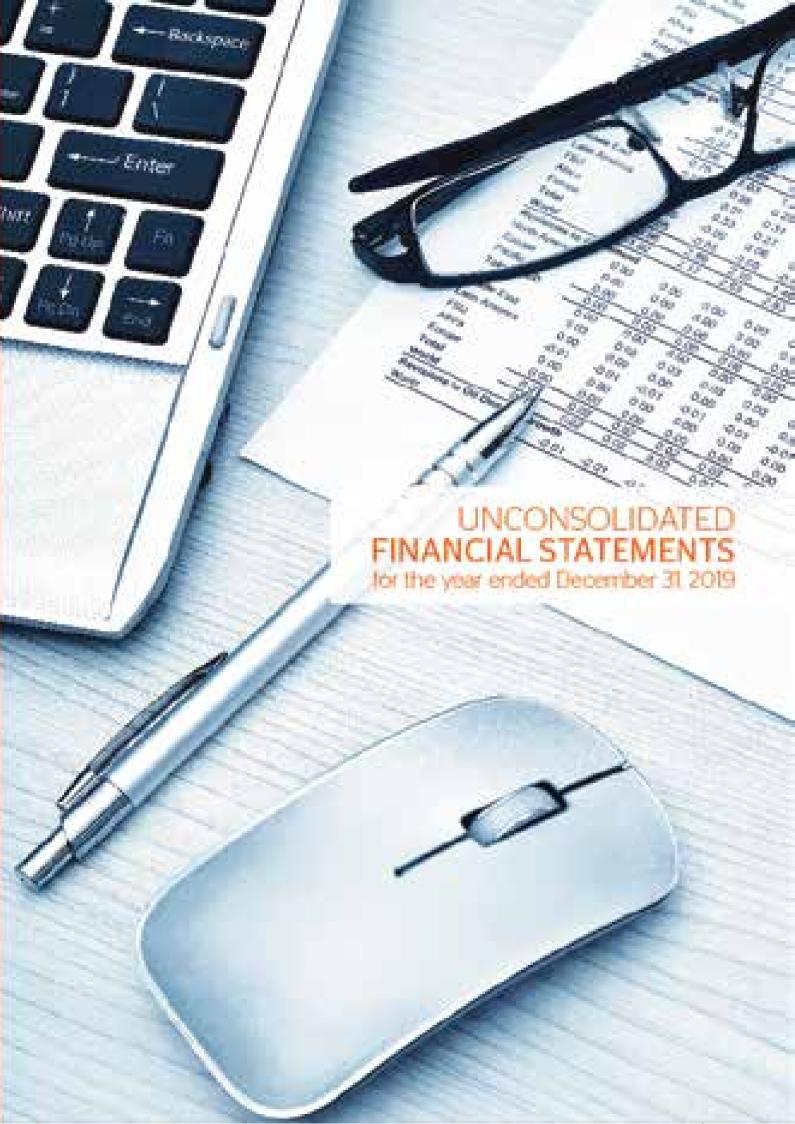
The payment of Board/Committee meeting fee to Directors is net of taxes.

The subject revision in Board/Committee fee shall be effective from August 23, 2019 as per the decision of the Board of Directors.

The shareholders are requested to consider and approve the scale of Board's Remuneration for attending Board and Committee meetings by passing the following special resolution:

"Resolved that the scale of director's remuneration including remuneration paid to Chairman for attending Board and Committee meetings other than the President/CEO be increased to Rs.150,000/- net of taxes with effect from August 23, 2019 as per decision of the Board in its 261st meeting be and is hereby approved."

Directors of the Bank have no personal interest directly or indirectly in the above special business except to the extent of payment of remuneration as per remuneration policy.





EY Ford Rhodes Chartered Accountants 96–B–I. 4th Floor, Pace Mall Building M. M. Alam Road, Gulberg–II P.O. Box 104, Lahore–54660 Tel: +9242 3577 8402-11 Fax: +9242 3577 8412-13 ey.lhr@pk.ey.com

ey.com/pk

INDEPENDENT AUDITOR'S REPORT To the members of The Bank of Punjab Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of The Bank of Punjab, which comprise the unconsolidated statement of financial position as at 31 December 2019, and the unconsolidated profit and loss account and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 16 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit and loss and the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2019 and of the profit and the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Following are the key audit matters:

Key audit matters

How the matter was addressed in our audit

Provision against non-performing advances

The Bank's credit portfolios include advances, debt securities and non-funded credit facilities. The portfolio is spread across various domestic branches and include corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals.

As per the Bank's accounting policy (refer note 5.5 to the financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against financing losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of financing loss provision against certain corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.

In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against loans and advances as a significant area of audit judgment and a key audit matter.

The disclosures relating to provisioning against non- performing advance and related assets are included in note 10 to the financial statements.

We applied a range of audit procedures including the following:

- We reviewed the Bank's process for identification and classification of non-performing financing including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within the different categories classified non-performing of accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financing and declassification of accounts from non-performing to regular, as the case may be.
- We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations;
- In addition, we selected a representative sample of borrowers from the financing portfolios across various branches including individually significant corporate financing and performed tests and procedures such as review of financing documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower;
- Based on the said credit reviews, we identified and discussed with the management the financing accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases;
- In respect of the level of general provision maintained by the Bank we discussed the approach and policy followed by the Bank with the management on consistent basis and checked the approval of Board of Directors in this regard.
- We also assessed adequacy of disclosures as included in note 10 to the financial statements regarding the non-performing financing and provisions made for the same in the financial statements in accordance with the requirements of the applicable financial reporting framework.



Key audit matters

How the matter was addressed in our audit

2. Adoption of IFRS 16 "Leases"

As referred to in note 5.1 to the financial statements, IFRS 16 'Leases' (the standard) has become effective for the current financial year.

The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Bank is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard are disclosed in note 5.1 to the unconsolidated financial statements.

The application of the new standard requires management to make significant estimates and judgements such as in related to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.

We applied a range of audit procedures including the following:

- We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the financial statements;
- We obtained an understanding of the process and controls in place for identification of in-scope and material lease contracts and capturing of relevant data regarding the terms and condition of the lease contracts;
- We corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with the list of branch properties in the use of the Bank and reviewing the rent expense ledgers for the year;
- We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts;
- We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and
- We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the unconsolidated financial statements of the Bank for the year.





Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures
 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the
 effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1. Based on our audit, we further report that in our opinion:
- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the statement of financial position, the statement of profit and loss and the statement of comprehensive income, statement of changes in equity and cash flow statement (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;





- investments made, expenditure incurred and guarantees extended during the year were in C) accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
- 2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Farooq Hameed.

Chartered Accountants

Date: 28 February 2020

Place: Lahore

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

		2019	2018
	Note	Rupees	s in '000'
ASSETS			
Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Investments - net Advances - net Fixed assets Intangible assets Deferred tax assets - net Other assets - net	6 7 8 9 10 11 12 13 14	53,414,628 10,310,569 4,059,771 361,452,930 383,313,380 15,218,893 793,285 6,567,783 33,796,541 868,927,780	43,589,007 5,802,312 27,843,153 210,071,483 381,877,256 8,787,928 891,489 7,965,267 27,551,697
LIABILITIES		000,027,700	7 1 1,07 0,002
Bills payable Borrowings Deposits and other accounts Liabilities against assets subject to finance lease Subordinated debts	16 17 18	3,421,083 77,044,955 691,017,447 - 8,794,420	3,577,677 41,793,201 595,581,962 - 8,797,140
Deferred tax liabilities Other liabilities	20	41,967,541	26,909,321
		822,245,446	676,659,301
NET ASSETS		46,682,334	37,720,291
REPRESENTED BY			
Share capital - net Reserves Surplus on revaluation of assets - net of tax Unappropriated profit	21 22	26,173,766 6,640,276 5,371,207 8,497,085	26,173,766 4,990,570 3,260,312 3,295,643
		46,682,334	37,720,291

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer	President	Chairman	Director	Director



UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

		2019	2018
	Note	Rupees	s in '000'
Mark-up / return / interest earned Mark-up / return / interest expensed	24 25	80,866,848 54,110,056	46,908,234 26,845,191
Net mark-up / interest income		26,756,792	20,063,043
NON MARK-UP / INTEREST INCOME			
Fee and commission income Dividend income Foreign exchange income Income / (loss) from derivatives	26	3,530,097 103,925 10,598	3,245,309 81,661 216,920
Gain on securities - net Other income - net	27 28	221,564 73,427	27,767 91,518
Total non-markup / interest income		3,939,611	3,663,175
Total income		30,696,403	23,726,218
NON MARK-UP / INTEREST EXPENSES			
Operating expenses Workers welfare fund	29	14,452,774 284,961	12,612,663
Other charges	30	138,697	53,565
Total non-markup / interest expenses		14,876,432	12,666,228
Profit before provisions Provisions / (reversals) and write offs - net Extra ordinary / unusual items	31	15,819,971 1,776,084	11,059,990 (1,148,365)
PROFIT BEFORE TAXATION		14,043,887	12,208,355
Taxation - net	32	5,795,358	4,644,662
PROFIT AFTER TAXATION		8,248,529	7,563,693
Basic earnings per share	33	3.12	2.86
Diluted earnings per share	34	3.12	2.86

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer	President	Chairman	Director	Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

		2019	2018
	Note	Rupees	s in '000'
Profit after taxation for the year		8,248,529	7,563,693
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	37.2.2	(54,429)	(172,731)
assets - net of tax Movement in surplus on revaluation of non-banking	22.1	599,529	-
assets - net of tax	22.2	(103,986)	509,790
		441,114	337,059
Items that may be reclassified to profit and loss account in subsequent periods:		8,689,643	7,900,752
Movement in surplus on revaluation of investments - net of tax	22	2,238,283	42,130
Total comprehensive income		10,927,926	7,942,882

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer	President	Chairman	Director	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2019

						Surplus / (Deficit) - net of tax on revaluation of	rplus / (Deficit) - net of tax on revaluation of		
	Share capital	Discount on issue of shares	n Share capital - net	Share premium	Statutory	Investments	Fixed / non banking assets	Fixed / non Unappropriated banking profit /(accumassets ulated loss)	Total
			Œ	s e e d n), ui s	,000,			
Balance as on January 01, 2018 - as restated	26,436,924	(263,158)	26,173,766	2,215,040	1,262,791	(53,499)	2,940,101	(2,806,439)	29,731,760
Profit after taxation for the year Other comprehensive income / (loss)	1 1	1 1	1 1	' '	1 1	42,130	- 209,790	7,563,693 (172,731)	7,563,693 379,189
Total comprehensive income for the year ended December 31, 2018 Transfer to statutory reserve	1 1	1 1	' '	' '	1,512,739	42,130	509,790	7,390,962 (1,512,739)	7,942,882
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	i	ı	ı	•		•	(45,652)	45,652	'
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	i			1	1		(3,440)	3,440	
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	1	1			•	1	(77,594)	119,375	41,781
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	•	ı	1		1	•	(51,524)	55,392	3,868
Balance as on December 31, 2018	26,436,924	(263,158)	26,173,766	2,215,040	2,775,530	(11,369)	3,271,681	3,295,643	37,720,291
Profit after taxation for the year Other comprehensive income / (loss)	1 1	1 1	1 1	1 1	1 1	2,238,283	495,543	8,248,529 (54,429)	8,248,529 2,679,397
Total comprehensive income for the year ended December 31, 2019	'	'	'	'	- 040 40	2,238,283	495,543	8,194,100	10,927,926
rialister to statutory reserve Transfer from surplus on revaluation of fixed assets to	ı	ı	1	ı	1,043,700	ı	1 3	(1,048,700)	
unappropriated profit / (accumulated loss) - net of tax Transfer from surplus on revaluation of non banking assets to	1	1	1	1		1	(42,861)	42,861	1
unappropriated profit / (accumulated loss) - net of tax Transfer from eurolus on more lustion of frod assorts to	1	1	1	1	1	1	(17,059)	17,059	1
raisser non suipus on evaluation of the assets to unappropriated profit / fecurulated loss) on disposal	1	1	1	İ	1	ı	(558,120)	574,814	16,694
raisse non supus or revaranto o nor roanni assets to unappropriated profit, (accumulated loss) on disposal Transactions with owners recognized directly in equity:	ı	ı	1	•	•	ı	(4,891)	5,083	192
Final cash dividend - December 31, 2018 declared subsequent to year end at 7.5%	ı	1	1	,	1	,	1	(1,982,769)	(1,982,769)
	'	1	'	'	1	'	'	(1,982,769)	(1,982,769)
Balance as on December 31, 2019	26,436,924	(263,158)	26,173,766	2,215,040	4,425,236	2,226,914	3,144,293	8,497,085	46,682,334

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.

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President

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2019

	Note	2019 Rupees	2018
	NOTE	nupees	111 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation Less: Dividend income		14,043,887 (103,925)	12,208,355 (81,661)
Adjustments:		13,939,962	12,126,694
Depreciation on fixed assets Depreciation on non banking assets acquired in satisfaction of claims Depreciation on ijarah assets under IFAS - 2 Depreciation on right-of-use assets Amortization on intangible assets Amortization of (discount) / premium on debt securities - net Markup expense on lease liability against right-of-use assets Unrealized loss on revaluation of investments classified as held for trading Provision / (reversal) and write-offs - net Loss on termination of lease liability against right-of-use assets (Gain) / loss on sale of fixed assets - net Gain on sale of non banking assets - net Realized gain on sale of securities - net Provision for employees compensated absences Gratuity expense	11.3 14.1.1 29 29 12.1 25 9.1 31 28 28 28 27.1 29.1 29.1	1,049,325 73,977 238,279 875,718 173,555 (2,600,497) 779,483 4,207 1,776,084 4,922 (65,146) (67) (225,771) 13,898 170,472	975,478 65,918 359,588 68,428 421,852 3,74* (1,148,365 78 (36,627 (31,508 10,457 215,184
		2,268,439	904,215
Ingresses) / Decreases in experting assets:		16,208,401	13,030,909
Increase) / Decrease in operating assets: Lendings to financial institutions Held for trading securities Advances - net Others assets - net		23,783,382 15,138,343 (2,905,026) (8,217,079) 27,799,620	(8,075,626) 7,221,663 (84,388,995) (589,161) (85,832,119)
ncrease / (Decrease) in operating liabilities: Bills Payable Borrowings from financial institutions Deposits Other liabilities		(156,594) 35,323,329 95,435,485 8,101,478 138,703,698	212,352 2,691,764 39,300,806 1,600,407 43,805,329
ncome tax paid		(3,974,141)	(2,842,575)
Net cash flow from / (used in) operating activities		178,737,578	(31,838,456)
CASH FLOW FROM INVESTING ACTIVITIES Net investment in available for sale securities Net investment in held to maturity securities Dividends received Investment in fixed assets Investment in non-banking assets Investment in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non banking assets Net cash (used in) / flow from investing activities CASH FLOW FROM FINANCING ACTIVITIES		(101,476,536) (59,182,166) 103,946 (1,062,693) (378,000) (75,351) 944,898 63,618 (161,062,284)	24,636,283 96,385 (1,528,974) (330,752) 150,725 397,237 23,420,904
Repayment of subordinated debts Dividend paid Payment of lease liability against right-of-use assets ssuance of privately placed term finance certificates - II Net cash (used in) / flow from financing activities Increase / (decrease) in cash and cash equivalents		(2,720) (1,982,769) (1,284,352) - (3,269,841) 14,405,453	(1,860) 4,300,000 4,298,140 (4,119,412)
Cash and cash equivalents at beginning of the year		49,180,556	53,299,968
Cash and cash equivalents at end of the year	35	63,586,009	49,180,556

Chairman

Director

Director

President

Chief Financial Officer



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

STATUS AND NATURE OF BUSINESS 1.

The Bank of Punjab (the Bank) was constituted 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 624 branches including 17 sub branches and 100 Islamic banking branches (2018: 576 branches including 13 sub branches and 72 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year 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 financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

These unconsolidated 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 financial statements of the Group are being issued separately.

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

2.1 Statement of compliance

- 2.1.1 These unconsolidated 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 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 financial statements.
- 2.1.3 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 unconsolidated financial statements of the Bank.
- 2.1.4 The SBP through BPRD Circular No. 04 of 2019 dated October 23, 2019 has deferred the applicability of IFRS-9 "Financial instruments" till January 01, 2021. Accordingly, the requirements of this standard has not been considered in preparation of these unconsolidated financial statements.
- 2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2019

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements except for IFRS-16 did not have any material effect on these unconsolidated financial statements of the Bank.

During the year, IFRS 16 - "Leases", became effective from January 01, 2019, the impact of adoption of this standard is disclosed in Note 5.1 to these unconsolidated 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.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2021
IFRS 9	Amendments regarding pre-replacement issues	
	in the context of the IBOR reform	January 01, 2020
IFRS 3	Amendments to clarify the definition of a business	January 01, 2020
IAS 1 & 8	Definition of Material	January 01, 2020
	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1,	
	IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC	20,
	IFRIC 22, and SIC-32 to update those pronouncements	
	with regard to references to and quotes from the framew	ork (
	or to indicate where they refer to a different version	
	of the Conceptual Framework	January 01, 2020

BASIS OF MEASUREMENT 3.

- 3.1 These unconsolidated 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 liabilities and certain staff retirement benefits at present value.
- 3.2 These unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's unconsolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

4.1 Classification of investments

In classifying investments as "held for trading" the Bank has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

4.2 Provision against non-performing advances and debt securities classified as investments

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances and debt securities is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

4.3 Impairment of available for sale investments

The Bank considers that available for sale equity investments are impaired when there has been a significant and prolonged decline in the fair value below its cost. Other factors will also need to be considered before deciding the permanent impairment of investment. This determination of what is significant and prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the statement of financial position date, the management has determined an impairment loss on available for sale securities, held to maturity securities and subsidiary companies as disclosed in Note 9.3 to these unconsolidated financial statements.

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4.4 Depreciation, amortization and revaluation of fixed assets

Estimates of useful life of fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of freehold land and buildings on freehold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

4.5 Income taxes

In making estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

4.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

4.7 Non banking assets acquired in satisfaction of claims

The Bank estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

4.8 Lease liability on right-of-use assets

During the year, the Bank applied IFRS-16 and used certain practical expedients, as permitted by the standard, and the significant judgments used are explained in Note 5.1 to these unconsolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of previous financial year, except for the change explained in Note 5.1. Significant accounting policies are enumerated as follows:

5.1 Impact of IFRS 16 - Leases

During the year, 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:

	December 31, 2019	January 01, 2019
	Rupee	s in '000'
Impact on unconsolidated statement of financial position:		
Increase in fixed assets - right-of-use assets	6,342,167	5,378,486
Decrease in advances, deposits, advance rent and		(107.014)
other prepayments Increase in deferred tax assets - net	129,797	(187,014)
Decrease in other assets - advance taxation - net	(144,631)	-
Net increase in total assets	6,327,333	5,191,472
Increase in other liabilities - lease liability against		
right-of-use assets	6,717,938	5,191,472
Net decrease in net assets	(390,605)	-
		January 01 - December 31, 2019
		Rupees in '000'
Impact on unconsolidated profit and loss account:		
Increase in mark-up/return/interest expensed		779,483
Increase/(Decrease) in operating expenses:		
Depreciation on right-of-use assets		875,718
Rent expense Loss on termination of lease liability against right-of-use assets		(1,284,352) 4,922
Decrease in profit before tax		375,771
Increase in taxation - net		14,834
Decrease in profit after taxation		390,605

Decrease in earnings per share for the year ended December 31, 2019 is 0.15 per share.

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

- 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.

5.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

5.3 Lendings / borrowings from financial institutions

The Bank enters into transactions of repo and reverse repo at contracted rates for a specified period of time. These are recorded as under:

5.3.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

5.3.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the contract and recorded as interest income.

5.4 Investments

Investments other than those categorized as held for trading are initially recognized at fair value which includes transaction costs associated with the investments. Investments classified at held for trading are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

Held for trading

These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account.



Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortized cost.

Available for sale

These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to 'Surplus / (deficit) on revaluation of assets' shown in equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as "Surplus / (Deficit) on revaluation of assets" in equity is included in the profit and loss account for the year.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

5.5 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

The rentals received / receivable on Ijarahs are recorded as income / revenue. Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of the delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

5.6 Fixed assets and depreciation

5.6.1 Owned

Property and equipment, other than freehold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles, leasehold improvements and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 11.3 to these unconsolidated financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus on Revaluation of Assets" in equity and any deficit arising on revaluation is taken to profit and loss account directly. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of fixed assets are included in profit and loss account currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.6.2 Right-of-use assets

During the year, the Bank has recognized right-of-use assets as explained in note 5.1 to these unconsolidated financial statements.

5.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method as per the rates given in note 12.1 to these unconsolidated financial statements. Amortization on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

Intangible-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.8 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

5.9 Subordinated debts

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.



5.10 Employee retirement and other benefits

Defined contribution plan - Provident fund

The Bank operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Bank are charged to profit and loss account.

Defined benefit plan - Gratuity scheme

The Bank operates an approved funded gratuity scheme for all its permanent employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

Defined benefit plan - Employees' compensated absences

The Bank makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to income in the year in which they occur.

5.11 Assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation except land which is carried at revalued amount. Revaluation by independent professionally qualified valuers, is carried out with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of non banking assets is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalized.

5.12 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

5.13 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized:

Mark-up / return / interest income

Mark-up / return / interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

Dividend income

Dividend income is recognized when the Bank's right to receive the dividend is established.

Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

Fees and commission income

Fee commission is recognized at amount that reflects consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognizes fees earned on transaction based arrangements at point in time, when the Bank has provided the services to customer. where the contract requires services to be provided over time, income is recognized on systematic basis over the period of arrangement.

5.14 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term as explained in note 5.1 to the financial statements.

5.14.1 Short-term leases and leases of low-value asset

The bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

5.15 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.



Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

5.16 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.17 Provisions

Provisions are recorded when the Bank has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

5.18 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

5.19 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the equity.

5.20 Acceptances

Acceptances comprise undertaking by the Bank to pay bills of exchange drawn on customer. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on balance sheet transactions.

Financial instruments

5.21.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

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5.21.2 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

5.22 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

5.22.1 Business segments

Corporate banking

This includes, loans, project finance, real estate finance, export finance, trade finance, investment banking, and other banking activities with corporate and public sector customers.

Retail banking

It includes deposits and banking services to customers of the Bank.

Retail finance lending

It includes loans of individuals, agriculture customers and SME. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

Islamic

The segment pertains to full scale Islamic Banking operations of the Bank.

Others

This includes head office related activities, and all other activities not tagged to the segments above.

5.22.2 Geographical segments

The Bank operates only in Pakistan.

5.23 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

5.24 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).



			2019	2018
		Note	Rupees	s in '000'
6.	CASH AND BALANCES WITH TREASURY BANKS			
	In hand:			
	Local currency Foreign currencies		10,744,173 1,862,526	8,558,512 1,567,982
			12,606,699	10,126,494
	With SBP in: Local currency current account Foreign currency current account Foreign currency deposit account	6.1 6.2 6.3	24,791,197 531,902 1,587,930	19,249,466 431,861 1,283,551
	With National Bank of Pakistan in: Local currency current account		26,911,029 13,526,747	20,964,878 12,451,416
	Prize bonds		370,153	46,219
			53,414,628	43,589,007

- This represents current account maintained with the SBP under the requirements of section 22 6.1 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.
- 6.2 This represents mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 This carries mark-up at the rate ranging from 0.70% to 1.51% per annum (2018: 0.56% to 1.35% per annum) as announced by SBP on monthly basis.

			2019	2018
		Note	Rupees	s in '000'
7.	BALANCES WITH OTHER BANKS			
	In Pakistan:			
	Current accounts		7,261,938	3,747,534
	Deposit accounts	7.1	2,763,609	1,517,470
			10,025,547	5,265,004
	Outside Pakistan:			
	Current accounts		205,569	435,886
	Deposit accounts	7.2	79,453	101,422
			285,022	537,308
			10,310,569	5,802,312

- 7.1 These carry mark-up at rates ranging from 5.01% to 12.25% per annum (2018: 3.07% to 8.90% per annum).
- These carry mark-up at rates ranging from 1.25% to 1.30% per annum (2018: 2.1% per annum).

			2019	2018
		Note	Rupees	in '000'
8.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Repurchase agreement lendings (Reverse Repo) Placements	8.2 8.3	564,771 3,495,000	22,093,153 5,750,000
			4,059,771	27,843,153
8.1	Particulars of lending			
	In local currency In foreign currencies		4,059,771 -	27,843,153 -
			4,059,771	27,843,153

8.2 Securities held as collateral against lendings to financial institutions

		2019	19			2018		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral			
	Rupees in '000'							
	504 774		504 774	00 000 150		00 000 150		
Pakistan investment bonds	564,771	-	564,771	22,093,153	-	22,093,153		

Market value of securities held as collateral as at December 31, 2019 amounted to Rs. 564,464 thousand (2018: Rs. 21,350,630 thousand). These carry mark-up at rate 13.75% per annum (2018: 10.00% to 10.50% per annum) with maturities upto January 27, 2020.

8.3 These carry profit at rate ranging from 11.00% to 13.75% per annum (2018: 9.00% to 9.80% per annum) with maturities upto February 24, 2020.

9. **INVESTMENTS - NET**

			2019			2018			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Note				Rupees in	n '000'			
9.1 Investments by type:									
Held-for-trading securities Federal government securities Ordinary shares	9.1.1	9,896,210 65,836	- -	(1,710) (2,497)	9,894,500 63,339	25,075,868 12,630	-	(1,892) (1,849)	25,073,976 10,781
Available for sale securities Federal government securities Shares Non government debt securities Foreign securities	9.1.1 & 9.2.1	9,962,046 279,471,832 2,605,974 9,755,954 4,019	(1,169,906) (2,360,803)	(4,207) 3,305,176 119,326 1,519	9,957,839 282,777,008 1,555,394 7,396,671 4,019	25,088,498 177,736,092 2,122,045 8,119,488 4,019	(1,024,880) (2,236,623)	(3,741) (44,199) 24,614 2,094	25,084,757 177,691,893 1,121,779 5,884,959 4,019
Held to maturity securities Federal government securities WAPDA bonds	9.1.1 & 9.6.1	291,837,779 59,762,000 400	(3,530,709) - (400)	3,426,021	291,733,091 59,762,000 -	187,981,644 250,329 400	(3,261,503) - (400)	(17,491) - -	184,702,650 250,329
		59,762,400	(400)	-	59,762,000	250,729	(400)	-	250,329
Subsidiaries	9.1.3	164,945	(164,945)	-	-	164,945	(131,198)	=	33,747
Total investments		361,727,170	(3,696,054)	3,421,815	361,452,930	213,485,816	(3,393,101)	(21,232)	210,071,483

- 9.1.1 Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.
- 9.1.2 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.
- 9.1.3 The Bank has three subsidiary companies i.e. Punjab Management Services (Private) Limited (PMSL), First Punjab Modaraba (FPM) and Punjab Capital Securities (Private) Limited (PCS). The wholly owned subsidiary company of the Group, PMSL exercises control over FPM, as its management company and also has a direct economic interest in it. Further, PCS is a wholly owned subsidiary of FPM. Key financial results of subsidiary companies are as follows.

			PMSL		FF	PM		PCS	
		2019	9 20)18	2019	2018	20	019	2018
					Rupees ii	n '000'			
	Total assets Total liabilities Equity	41,6 63,1 (21,5	22 48	4,851 3,592 6,259	2,159,216 1,961,493 197,722	2,094,47 1,898,85 195,62	50 1	5,788 5,684 0,103	78,081 11,846 66,235
	Revenue Profit / (loss) after tax Total comprehensive (loss) / income	(13,7)	77) (3	3,079 3,320) 3,637)	305,121 2,099 2,099	177,42 26,91 26,91	27 14	8,466 (207) 4,056	8,104 (5,448) (5,448)
			20	19			20	018	
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Note				Rupees i		an i i i i a i a i a i a i a i a i a i a		
9.2	Investments by segments:								
	Federal government securities: Market treasury bills 9.2.1 Pakistan investment bonds 9.2.1 ljarah sukuks Sukuk - bai muaijal with	133,425,140 210,962,957 1,985,749	- - -		133,654,084 214,043,228 1,980,000	197,432,162 250,329 2,623,602	- - -	(14,005) - (32,086)	197,418,157 250,329 2,591,516
	Government of Pakistan WAPDA bonds	2,756,196 400	(400)	-	2,756,196	2,756,196 400	(400)	-	2,756,196
		349,130,442	(400)	3,303,466	352,433,508	203,062,689	(400)	(46,091)	203,016,198
	Shares: Listed companies Unlisted companies	2,565,452 106,358	(1,148,551) (21,355)	116,829 -	1,533,730 85,003	2,028,317 106,358	(1,015,870) (9,010)	22,765 -	1,035,212 97,348
	Non government debt securities: Listed	2,671,810 1,992,459	(1,169,906)	116,829	1,618,733 1,978,128	2,134,675 867,573	(1,024,880)	22,765 2,094	1,132,560 852,319
	Unlisted	7,763,495	(2,344,953)	-	5,418,542		(2,219,275)	-	5,032,640
	Foreign securities:	9,755,954	(2,360,803)	1,519	7,396,670	8,119,488	(2,236,623)	2,094	5,884,959
	Equity securities Subsidiaries:	4,019	-	-	4,019	4,019	-	-	4,019
	Punjab modaraba services (Private) limited	164,945	(164,945)	-	-	164,945	(131,198)	-	33,747
	Total investments	361,727,170	(3,696,054)	3,421,814	361,452,930	213,485,816	(3,393,101)	(21,232)	210,071,483
						201	19 Rupees		018
							nupees	111 000	
9.2.1	Investments given as collater	al - at cos	st / amor	tized co	st				
	Market treasury bills Pakistan investment bonds					11,37 41,02	8,650 2,618	19,8	329,188
						52,40 ⁻	1,268	19,8	329,188

		Note	2019 Rupees	2018 s in '000'
		14010	Парсс	
9.3	Provision for diminution in value of investments			
9.3.1	Opening balance Charge / reversals :		3,393,101	3,145,347
	Charge for the year Reversals for the year	31	404,485 -	247,754
	Reversal on disposals		404,485 (101,532)	247,754
	Closing balance		3,696,054	3,393,101

9.3.2 Particulars of provision against debt securities

	20	19	2018	3
Category of classification	NPI	Provision	NPI	Provision
		Rupees		
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	308,606	125,678	-	-
Loss	2,235,525	2,235,525	2,237,023	2,237,023
Total	2,544,131	2,361,203	2,237,023	2,237,023

The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing investments as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing investments by Rs. 28,625 thousand (2018: Rs. Nil). The FSV benefit availed is not available for cash or stock dividend.

2019

2018

		_0.0	20.0
		Cost / Am	ortized cost
		Rupee	s in '000'
9.4	Quality of available for sale securities		
	Details regarding quality of Available for Sale (AFS) securities are as follows:		
	Federal government securities - government guaranteed		
	Market treasury bills Pakistan investment bonds Ijarah sukuks Sukuk bai-muajjal with Government of Pakistan	123,528,930 151,200,957 1,985,749 2,756,196	172,356,294 - 2,623,602 2,756,196
		279,471,832	177,736,092



				2	2019	2018
				C	cost / Amo	ortized cost
					Rupees	s in '000'
	Shares Cement Fertilizer Commercial banks Power generation & distribution Technology & telecommunication Textile composite Cable & electrical goods Textile spinning Oil & gas marketing companies Sugar & allied industries Paper & board Pharmaceuticals Food & personal care products Chemicals Insurance Leasing companies Glass & ceramics Others				160,183 885,978 340,575 512,427 87,894 104,834 181,726 2,067 102,288 89,448 11,310 41,783 18,283 51,375 12,317 168 43 3,275	74,957 877,838 258,827 388,039 85,415 73,008 265,475 2,067 3,398 89,448 85 - - - 168 43 3,277
				2,6	605,974	2,122,045
		201	9		2	018
	Unlisted Companies	Cost	Brea val		Cost	Breakup value
	Al - Baraka Bank Pakistan Limited Al - Arabia Sugar Mills Limited	25,000 81,358 106,358	15, 69,	382 582 421 003	25,000 25,000 81,358 106,358	3 106,498
				2	2019	2018
					C	ost
					Rupees	s in '000'
	Non government debt securities Listed - AAA - AA+, AA, AA Unrated Unlisted - AAA - AA+, AA, AA-			1,9	187,500 784,124 20,835 992,459 335,714 950,000	250,000 595,240 22,333 867,573 3,878,571 501,448
	- AA+, AA, AA- - A+, A, A- - BBB+, BBB, BBB- - Unrated			2,	700,000 249,900 527,881 763,495	306,943 - 2,564,953 7,251,915
9.5	Foreign equity securities					
	SWIFT shares				4,019	4,019

This represents 66 shares (2018: 66 shares) of SWIFT purchased by the Bank as per mandatory requirement of the SWIFT by-laws requiring its members to purchase shares allocated on the basis of financial contributions payable to SWIFT.

9.6 Particulars relating to Held to Maturity securities are as follows:

	2019	2018	
	Cost / Am	ortized cost	
	Rupees in '000'		
Federal government securities - government guaranteed			
Pakistan investment bonds WAPDA bonds	59,762,000 400	250,329 400	
	59,762,400	250,729	

9.6.1 Market value of held to maturity investments amounted to Rs. 64,466,364 thousand (2018: Rs. 248,902 thousand).

10. **ADVANCES - NET**

	Perf	orming	Non Pe	Perf orming Tota		otal	
	2019	2018	2019	2018	2019	2018	
No	te		Rupees	in '000'			
Loans, cash credits, running finances, etc. Net book value of assets in ijarah under IFAS 2 - In Pakistan Islamic financing and related assets Bills discounted and purchased	1 319,953,398 1,522,428 25,688,577 30,318,260	324,864,552 337,920 19,584,952 31,583,488	51,027,036 215,000 90,734 30,521	49,076,188 215,000 76,882 16,992	370,980,434 1,737,428 25,779,311 30,348,781	373,940,740 552,920 19,661,834 31,600,480	
Advances - gross	377,482,663	376,370,912	51,363,291	49,385,062	428,845,954	425,755,974	
Provision against advances: - Specific - General	(412,641)	(348,299)	(45,119,933)	(43,530,419)	(45,119,933) (412,641)	(43,530,419) (348,299)	
	(412,641)	(348,299)	(45,119,933)	(43,530,419)	(45,532,574)	(43,878,718)	
Advances - net of provision	377,070,022	376,022,613	6,243,358	5,854,643	383,313,380	381,877,256	

10.1 Includes net investment in finance lease as disclosed below:

		2019				2018		
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
		Rupees in '000'				Rupees i	n '000'	
Lease rentals receivable Residual value	5,567,432 5,469,299	19,391,488 7,062,183	,	25,003,769 12,541,675	2,965,571 887,435	24,128,949 10,679,835	-	27,094,520 11,567,270
Minimum lease payments Financial charges for future periods	11,036,731 905,496	26,453,671 3,640,011	55,042 4,077	37,545,444 4,549,584	3,853,006 970,028	34,808,784 2,641,092	-	38,661,790 3,611,120
Present value of minimum lease payments	10,131,235	22,813,660	50,965	32,995,860	2,882,978	32,167,692	-	35,050,670

10.2 Particulars of advances (gross)

	2019 Rupees	2018 s in '000'
In local currency In foreign currencies	428,085,025 760,929	425,610,828 145,146
	428,845,954	425,755,974



10.3 Advances include Rs. 51,363,291 thousand (2018: Rs. 49,385,062 thousand) which have been placed under non-performing status as detailed below:

	2019		20 ⁻	18
Category of classification	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	185,320	9,079	52,234	801
Substandard	1,131,078	139,457	351,004	65,741
Doubtful	8,204,461	4,808,487	9,722,789	5,247,064
Loss	41,842,432	40,162,910	39,259,035	38,216,813
Total	51,363,291	45,119,933	49,385,062	43,530,419

10.4 Particulars of provision against advances

			2019			2018		
			Specific	General	Total	Specific	General	Total
	N	lote			Rupee	s in '000'		
	Opening balance		43,530,419	348,299	43,878,718	45,558,411	425,283	45,983,694
	Charge for the year Reversals for the year		3,790,075 (2,199,509)	64,342 -	3,854,417 (2,199,509)	2,350,848 (4,372,439)	- (76,984)	2,350,848 (4,449,423)
	Amounts written off 10	0.5.1	1,590,566 (1,052)	64,342	1,654,908 (1,052)	(2,021,591) (6,401)	(76,984) -	(2,098,575) (6,401)
	Closing balance		45,119,933	412,641	45,532,574	43,530,419	348,299	43,878,718
10.4.1	Particulars of provision against advances with respect to current	cies						
	In local currency In foreign currencies		45,119,933 -	412,641 -	45,532,574 -	43,530,419	348,299 -	43,878,718 -
			45,119,933	412,641	45,532,574	43,530,419	348,299	43,878,718

- 10.4.2 General provision represents provision against consumer financing portfolio and unsecured SME portfolio as required by Prudential Regulations issued by the SBP.
- 10.4.3 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. 2,527,122 thousand (2018: Rs. 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

		2019	2018
	Note	Rupees	s in '000'
10.5 Particulars of write offs:			
10.5.1 Against provisions Directly charged to profit and loss account	10.4	1,052 13	6,401 2,450
		1,065	8,851

		2019	2018
	Note	Rupees	s in '000'
10.5.2 Domestic Write offs of Rs. 500,000 and above Write offs of below Rs. 500,000	10.6	740 325	7,820 1,031
		1,065	8,851

10.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2019 is given in Annexure-I.

			2019	2018
		Note	Rupees	in '000'
11.	FIXED ASSETS			
	Capital work-in-progress	11.1	192,270	231,947
	Right-of-use assets	11.2	6,342,167	-
	Property and equipment	11.3	8,684,456	8,555,981
			15,218,893	8,787,928
11.1	Capital work-in-progress			
	Civil works		192,270	201,487
	Equipment		-	30,460
			192,270	231,947
				2019
				Rupees in '000'
11.2	Right-of-use assets			
	At January 1, 2019			
	Cost Impact of IFRS-16			5,191,472
	Accumulated depreciation			5,191,472
	Net book value - adjusted			5,191,472
	<u> </u>			, ,
	Year ended December 31, 2019 Opening net book value - adjusted			5,191,472
	Additions during the year			2,106,596
	Terminations during the year - at cost			(106,430)
	Depreciation on terminations			26,247
	Termination during the year - at book value			(80,183)
	Depreciation charge during the year	11.2.1		(875,718)
	Closing net book value			6,342,167
	At December 31, 2019			
	Cost			7,191,638
	Accumulated depreciation			(849,471)
	Net book value			6,342,167

11.2.1 Right-of-use assets are being depreciated over the respective lease term.



				2019				
	Freehold land	Building on freehold land	Furniture and fixture			Computer equipment	Vehicles	Total
				Rupees ir	1 '000'			
Property and equipment								
At January 1, 2019 Cost / Revalued amount Accumulated depreciation	2,332,187	3,871,830 (291,099)	693,149 (274,598)	2,500,834 (1,938,411)	1,649,128 (824,712)	1,413,627 (678,185)	383,295 (281,064)	12,844,050 (4,288,069)
Net book value	2,332,187	3,580,731	418,551	562,423	824,416	735,442	102,231	8,555,981
Year ended December 31, 2019 Opening net book value Additions during the year Revaluation surplus during the year	2,332,187 - 55,376	3,580,731 99,693 418,078	418,551 71,516 -	562,423 313,020 -	824,416 256,640 -	735,442 320,451 -	102,231 41,050	8,555,981 1,102,370 473,454
Disposals during the year - at cost / revalued amount Depreciation on disposal	(775,959) -	(159,910) 57,651	(2,799) 2,105	-	(9,050) 8,210	(7,271) 7,271	(53,103) 53,103	(1,008,092) 128,340
Disposals during the year - at book value Depreciation charge during the year Depreciation adjustment on revaluation surface during the year	(775,959) - -	(102,259) (182,860)	(694) (47,085)	- (345,136) -	(840) (194,679)	- (230,086) -	- (49,479) -	(879,752) (1,049,325) 419,080
Transfers / adjustments Depreciation on transfers / adjustments	48,450 -	16,965 (2,772)	83 899	2,168 (75)	(4,099) 678	1,853 (1,502)	-	65,420 (2,772)
	48,450	14,193	982	2,093	(3,421)	351	-	62,648
Closing net book value	1,660,054	4,246,656	443,270	532,400	882,116	826,158	93,802	8,684,456
At December 31, 2019 Cost / Revalued amount Accumulated depreciation	1,660,054	4,246,656	762,848 (319,578)	2,815,947 (2,283,547)	1,893,297 (1,011,181)	1,727,158 (901,000)	371,242 (277,440)	13,474,430 (4,789,974)
Net book value	1,660,054	4,246,656	443,270	532,400	882,116	826,158	93,802	8,684,456
Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	
	Freehold land	Building on freehold land	and	hold improvements	and office equipment	Computer equipment	Vehicles	Total
				Rupees	in '000'			
At January 1, 2019 Cost / Revalued amount Accumulated depreciation	2,209,383	3,295,684 (148,335)	609,768 (236,054)	2,065,543 (1,612,848)	1,313,141 (670,974)	1,201,106 (494,831)	317,907 (228,602)	11,012,532 (3,391,644)
Net book value	2,209,383	3,147,349	373,714	452,695	642,167	706,275	89,305	7,620,888
Year ended December 31, 2019 Opening net book value Additions during the year Revaluation surplus during the year	2,209,383 122,804 -	3,147,349 256,891 -	373,714 86,915 -	452,695 429,849 -	642,167 342,925 -	706,275 237,591 -	89,305 88,838 -	7,620,888 1,565,813 -
Disposals during the year - at cost/ revalued amount Depreciation on disposal	-	(168,718) 28,247	(3,534) 2,588		(9,071) 8,023	(25,070) 24,563	(23,450) 15,632	(229,843) 79,053
Disposals during the year - at book value Depreciation charge during the year Depreciation adjustment on revaluation surfous during the year	- - -	(140,471) (171,011)	(946) (41,132)	(325,563)	(1,048) (161,761)	(507) (207,917)	(7,818) (68,094)	(150,790) (975,478)
, ,		407.070		5 440	0.400			405.546
· · · · · · · · · · · · · · · · · · ·	2 332 187		418 551			735 442	102 231	495,548 8,555,981
	2,002,107	0,000,701	110,001	002,720	024,410	700,772	102,201	0,000,001
At December 31, 2019 Cost / Revalued amount Accumulated depreciation	2,332,187	3,871,830 (291,099)	693,149 (274,598)	2,500,834 (1,938,411)	1,649,128 (824,712)	1,413,627 (678,185)	383,295 (281,064)	12,844,050
Net book value	2,332,187	3,580,731	418,551	562,423	824,416	735,442	102,231	8,555,981
Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	_
	At January 1, 2019 Cost / Revalued amount Accumulated depreciation Net book value Year ended December 31, 2019 Opening net book value Additions during the year Revaluation surplus during the year Disposals during the year - at cost / revalued amount Depreciation on disposal Disposals during the year - at book value Depreciation adjustment on revaluation surlpus during the year Transfers / adjustments Depreciation on transfers / adjustments Closing net book value At December 31, 2019 Cost / Revalued amount Accumulated depreciation Net book value Rate of depreciation (percentage) At January 1, 2019 Cost / Revalued amount Accumulated depreciation Net book value Year ended December 31, 2019 Opening net book value Additions during the year Revaluation surplus during the year Disposals during the year - at book value Depreciation on disposal Disposals during the year - at book value Depreciation charge during the year Depreciation surplus during the year Other adjustments / transfers Closing net book value At December 31, 2019 Cost / Revalued amount Accumulated depreciation Net book value At December 31, 2019 Cost / Revalued amount Accumulated depreciation Net book value	Property and equipment At January 1, 2019 Cost / Revalued amount Accumulated depreciation Year ended December 31, 2019 Opening net book value Additions during the year Revaluation surplus during the year Disposals during the year - at cost / revalued amount Depreciation adjustment on revaluation surplus during the year Transfers / adjustments Depreciation on transfers / adjustments Depreciation (percentage) At January 1, 2019 Cost / Revalued amount Accumulated depreciation Net book value At January 1, 2019 Cost / Revalued amount Accumulated depreciation Net book value 2,209,383 Year ended December 31, 2019 Opening net book value Additions during the year Disposals during the year Disposals during the year - at cost/ revalued amount Depreciation on disposal Disposals during the year - at book value Depreciation charge during the year Depreciation charge during the year Depreciation charge during the year Depreciation adjustment on revaluation surplus during the year Depreciation adjustment on revaluation surplus during the year Depreciation darge during the year Depreciation charge during the year Depreciation darge during the year Depreciation adjustment on revaluation surplus during the year Depreciation darge during the year Disposals during the year Disposals during the year - 2,209,383 122,804 2,209,383 122,804 2,209,383 122,80	Land Freehold Land Lan	Land Freehold Land Freehold Land Freehold Land Freehold Land Freehold Land Freehold Land Lanuary 1, 2019 (274,598) (27	Property and equipment	Property and equipment	Property and equipment Al January 1, 2019 Cost / Peraleute during the year alposition on reaveless of adjustment or reavele	Property and equipment Property and equipm

11.3.1 Freehold land and building on freehold land were revalued on December 31, 2019 by PBA approved independent valuer, on the basis of fair market value. The valuation resulted in surplus of Rs. 55,376 thousand and Rs. 837,158 thousand in respect of freehold land and building on freehold land respectively. Detailed particulars are as follows:

Revalued amount Rupees in '000'

Freehold land
1,660,054
Building on freehold land
1,660,054
4,246,656

11.3.2 Had the freehold land and building on freehold land not been revalued, their carrying amounts would have been as follows:

	2019	2018
	Rupees	s in '000'
Freehold land Building on freehold land	1,079,045 2,196,666	1,282,239 2,256,467

- **11.3.3** The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 657,104 thousand (2018: Rs. 533,889 thousand).
- **11.3.4** The carrying amount of fixed assets held for disposal is Rs. 8,700 thousand (2018: 889,792 thousand). The fair value of these fixed assets approximates their carrying amount.

		2019	2018
	Note	Rupee	s in '000'
12.	INTANGIBLE ASSETS		
	Intangible in progress Softwares 12.1	126,421 666,864	129,279 762,210
		793,285	891,489
12.1	Softwares		
	At January 01		
	Cost Accumulated amortization	900,745 (138,535)	113,502 (70,110)
	Net book value	762,210	43,392
	Year ended December 31		
	Opening net book value Capitalized during the year Amortization charge	762,210 78,209 (173,555)	43,392 787,243 (68,425)
	Closing net book value	666,864	762,210
	At December 31		
	Cost Accumulated amortization	978,954 (312,090)	900,745 (138,535)
	Net book value	666,864	762,210
	Rate of amortization (percentage)	10-33.33%	10-33.33%



12.1.1 The gross carrying amount (cost) of fully amortized intangible assets that are still in use is Rs. 86,134 thousand (2018: Rs. 71,452 thousand).

13. **DEFERRED TAX ASSETS - NET**

At Prior year Recognized Recognize	
January 01 adjustments in P&L in OCI	d At December 31
Rupees in '000'	
Deductible temporary differences on:	
- Deficit on revaluation of investments 6,122 (6,122	
- Right-of-use assets - 129,797	- 129,797
- Provision against advances 8,926,570 - (162,844)	- 8,763,726
8,932,692 - (33,047) (6,122	2) 8,893,523
Taxable temporary differences on:	
- Surplus on revaluation of fixed assets (463,493) - 23,078 (277,080	(717,498)
- Surplus on revaluation of investments - (1,199,10)	
- Accelerated tax depreciation (320,081) - 13,841	- (306,240)
- Surplus on revaluation of non banking assets (183,851) - 9,186 71,77 (967,425) - 46,105 (1,404,420	
7,965,267 - 13,058 (1,410,542	2) 6,567,783
2018	
At Prior year Recognized Recognize	d At
January 01 adjustments in P&L A/C in OCI	December 31
Rupees in '000'	
Deductible temporary differences on:	
- Post retirement employee benefits 44,182 (44,182) -	
- Deficit on revaluation of investments 28,808 - (22,686	6,122
- Provision against advances 11,525,114 (648,301) (1,950,243)	- 8,926,570
11,598,104 (692,483) (1,950,243) (22,686	8,932,692
Tayabla tamparany diffaranasa an	
Taxable temporary differences on: - Surplus on revaluation of fixed assets (513.360) - 24.583 25.28	1 (463,493)
Taxable temporary differences on: - Surplus on revaluation of fixed assets - Accelerated tax depreciation (513,360) - 24,583 (7,003) - (7,003)	4 (463,493) - (320,081)
- Surplus on revaluation of fixed assets (513,360) - 24,583 25,28	- (320,081)
- Surplus on revaluation of fixed assets (513,360) - 24,583 25,28 - Accelerated tax depreciation (313,078) - (7,003)	(320,081) (183,851)

			2019	2018
		Note	Rupees	s in '000'
14.	OTHER ASSETS - NET			
	Income / mark-up accrued in local currency Income / mark-up accrued in foreign currencies Profit paid in advance on pehlay munafa scheme Advances, deposits, advance rent and other prepayments Advance taxation (payments less provisions) Non-banking assets acquired in satisfaction of claims Acceptances Branch adjustment account Mark to market gain on forward foreign exchange contracts Stock of stationery Suspense account Zakat recoverable from NITL Unrealized gain on revaluation of foreign bills and trade loans Fraud and forgeries Unearned income on sale of sukuk on bai-muajjal basis Others	14.1 14.2	19,788,030 3,786 321 474,409 1,799,299 7,257,669 2,913,345 180,250 - 147,340 5,387 36,790 37,999 193,559 691,120 700,998	8,629,336 1,961 8,027 816,682 3,633,574 7,467,804 4,888,386 180,704 146,431 108,048 1,710 36,790 78,013 121,806 1,044,888 895,004
	Less: Provision held against other assets	14.3	34,230,302 (1,767,448)	28,059,164 (2,052,280)
	Other assets (net of provision) Surplus on revaluation of non-banking assets acquired in satisfaction of claims		32,462,854 1,333,687	26,006,884 1,544,813
	Other assets - total		33,796,541	27,551,697
14.1	Market value of non-banking assets acquired in satisfaction of claims - net of provision		7,392,801	7,436,947

The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These include assets which are in the process of sale and are stated at their respective sale prices. Latest full scope valuations are carried out by independent valuer as on December 31, 2019.

	2019	2018
Note	Rupees in '000'	
14.1.1 Non-banking assets acquired in satisfaction of claims		
Opening balance Additions during the year (Deficit) / surplus on revaluation during the year Disposals during the year Transfer from NBA to fixed assets Reversal from NBA on account of restoration of loan Depreciation charged during the year 29 Impairment reversed / (charged) during the year - net	7,436,947 378,000 (174,792) (63,551) (62,638) (424,303) (73,977) 377,115	8,044,187 260,477 668,714 (360,610) (495,507) - (65,918) (614,396)
Closing balance	7,392,801	7,436,947

Addition for the year represents amount paid for purchase of land as per the terms of settlement agreement entered with a borrower. As per the terms of the settlement agreement the piece of land purchased will be sold as a single unit along with the adjacent land being acquired in satisfaction of outstanding liabilities.



	2019 Rupee	2018 s in '000'
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds Less:	63,618	397,237
- Cost / revalued amount - Impairment / depreciation	64,028 (477)	363,945 (3,335)
	63,551	360,610
Gain on sale recognized during the year	67	36,627

14.2 This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.

			2019	2018
		Note	Rupees	s in '000'
14.3	Provision held against other assets			
	Advances, deposits, advance rent & other prepayments Non banking assets acquired in satisfaction of claims Zakat recoverable from NITL Fraud and forgeries Others		35,723 1,198,555 36,790 190,122 306,258	35,723 1,575,670 36,790 101,364 302,733
			1,767,448	2,052,280
14.3.1	Movement in provision held against other assets			
	Opening balance		2,052,280	1,352,353
	Charge for the year Reversals during the year		139,471 (424,303)	707,272 (7,266)
	Amount written off	31	(284,832)	700,006 (79)
	Closing balance		1,767,448	2,052,280
15.	CONTINGENT ASSETS			
	Contingent assets		Nil	Nil
16.	BILLS PAYABLE			
	In Pakistan Outside Pakistan		3,421,083	3,577,677
			3,421,083	3,577,677

			2019	2018
		Note	Rupees	in '000'
17.	BORROWINGS			
	Secured			
	Borrowings from SBP under:			
	Export refinance scheme (ERF)	17.1	16,701,300	13,451,606
	Long term financing facility (LTFF)	17.2	7,839,710	6,219,303
	Finance facility for storage of agricultural			
	produce (FFSAP)	17.3	37,048	25,991
	Finance facility for renewable energy performance			
	platform (REPP)	17.4	2,011,143	1,025,036
			26,589,201	20,721,936
	Repurchase agreement borrowings	17.5	11,374,535	2,497,905
	Call borrowings	17.6	38,942,031	17,251,702
	Total secured		76,905,767	40,471,543
	Unsecured			
	Overdrawn nostro accounts		139,188	210,763
	Foreign placement	17.7	-	1,110,895
	Total unsecured		139,188	1,321,658
			77,044,955	41,793,201

- 17.1 These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 2.00% per annum (2018: 1.00% to 2.00% per annum) with maturities upto June 30, 2020.
- 17.2 This amount is due to the SBP and has been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 9.00% per annum (2018: 1.00% to 9.70% per annum) with maturities upto July 15, 2029.
- 17.3 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at rates ranging from 2.50 % to 3.50% per annum (2018: 2.50% to 3.50% per annum) with maturities upto Feburary 10, 2020.
- 17.4 These represent borrowings from the SBP under scheme of financing facility renewable energy performance platform. Mark-up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2018: 2.00% per annum) with maturities upto December 06, 2027.
- 17.5 These are secured against market treasury bills, carrying mark-up at rates ranging from 13.10% to 13.20% per annum (2018: 10.25% to 10.40% per annum) maturing on January 02, 2020. The carrying value of market treasury bills given as collateral against these borrowings is Rs. 11,378,650 thousand (2018: Rs. 2,498,613 thousand).
- 17.6 These are secured against Pakistan investment bonds, carrying markup at 10.88% to 13.75% per annum (2018: Market treasury bills at 10.00% per annum) maturing on August 28, 2020. The carrying value of Pakistan investment bonds given as collateral against these borrowings is Rs. 41,022,618 thousand (2018: Market treasury bills Rs. 17,330,575 thousand).
- **17.7** This represents borrowings from Bank abroad carrying mark-up at rate of Nil (2018: 4.06% per annum).



		2019	2018
		Rupees	s in '000'
17.8	Particulars of borrowings with respect to currencies		
	In local currency In foreign currencies	76,905,767 139,188	40,471,543 1,321,658
		77,044,955	41,793,201

DEPOSITS AND OTHER ACCOUNTS

		2019			2018	
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
			Rupees	in '000'		
Customers:						
Current deposits	128,760,062	2,777,676	131,537,738	119,614,715	2,343,451	121,958,166
Savings deposits	328,444,179	2,683,909	331,128,088	253,500,729	2,413,949	255,914,678
Term deposits	198,611,751	3,210,224	201,821,975	181,768,000	3,496,387	185,264,387
Others	16,222,707	-	16,222,707	25,541,626	-	25,541,626
	672,038,699	8,671,809	680,710,508	580,425,070	8,253,787	588,678,857
Financial institutions:						
Current deposits	5,068,904	550,472	5,619,376	3,610,496	188,548	3,799,044
Savings deposits	3,295,307	209	3,295,516	2,186,683	186	2,186,869
Term deposits	405,000	864,050	1,269,050	755,000	-	755,000
Others	122,997	-	122,997	162,192	-	162,192
	8,892,208	1,414,731	10,306,939	6,714,371	188,734	6,903,105
	680,930,907	10,086,540	691,017,447	587,139,441	8,442,521	595,581,962

		2019 Rupees	2018 s in '000'
18.1	Composition of deposits:		
	 Individuals Private sector Government (federal and provincial) Public sector entities Banking companies Non-banking financial institutions 	152,925,128 107,087,010 352,520,837 68,177,533 5,692,942 4,613,997	155,825,503 83,340,638 335,274,213 14,238,503 4,547,275 2,355,830
		691,017,447	595,581,962

18.2 Deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounts to Rs. 219,977,447 thousand (2018: Rs. 210,859,766 thousand).

			2019	2018
		Note	Rupees in '000'	
19.	SUBORDINATED DEBTS			
	Loan from GoPb Privately placed term finance certificates - I Privately placed term finance certificates - II	19.1 19.2 19.3	2,000,000 2,497,000 4,297,420	2,000,000 2,498,000 4,299,140
			8,794,420	8,797,140

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19.1 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.

19.2 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).



The TFC has been structured to redeem 0.02% of the issue amount Repayment:

> 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.

Neither profit nor principal may be paid (even at maturity) if such Lock in clause:

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.

19.3 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

April 23, 2018 Issue date: Maturity date: April 23, 2028

Rating: AA-10 Years. Tenor:

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).

The TFC has been structured to redeem 0.02% of the issue amount Repayment:

> 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.

			2019	2018
		Note	Rupees	in '000'
20.	OTHER LIABILITIES			
	Mark-up / return / interest payable in local currency		16,670,871	7,260,038
	Mark-up / return / interest payable in foreign currency		82,589	44,506
	Lease key money		12,541,675	11,567,270
	Sundry creditors and accrued expenses		708,533	996,944
	Acceptances		2,913,345	4,888,386
	Mark-up payable on privately placed term finance certific	ates	130,626	97,913
	Unclaimed dividends		2,588	2,599
	Mark to market loss on forward foreign exchange contra	cts	155,671	-
	Payable to gratuity fund		211,782	287,512
	Gratuity payable to key management personnel	42.4	53,145	100,403
	Payable to charity fund	00.4	-	114
	Provision against off-balance sheet obligations	20.1	62,183	62,183
	Provision for employees compensated absences		111,612	102,294
	Taxes / zakat / import fee payable		372,905	193,646
	Deferred income on sale of sukuk on bai - muajjal basis	20.2	691,120	1,044,888
	Lease liability against right-of-use assets Workers welfare fund	20.2	6,717,938 284,961	-
	Others		255,997	260,625
	Others		,	<u>, </u>
			41,967,541	26,909,321
20.1	The above provision has been made against letters of guarantee issued by the Bank.			
20.2	Lease liability against right-of-use assets			
	Not later than one year		28,857	-
	Later than one year and less than five years		898,387	-
	Over five years		5,790,694	-
			6,717,938	-

21. SHARE CAPITAL - NET

21.1 Authorized Capital

2019	2018		2019	2018
Number of shares		Rupees	in '000'	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.

21.2 Issued, subscribed and paid up capital

 2019	2018		2019	2018
Number of	of shares		Rupees	s in '000'
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each		
526,315,789	526,315,789	paid in cash Ordinary shares of Rs. 10 each	16,079,125	16,079,125
509,464,036	509,464,036	issued at discount Issued as bonus shares	5,263,158 5,094,641	5,263,158 5,094,641
2,643,692,380	2,643,692,380		26,436,924	26,436,924
-	-	Less: Discount on issue of shares	(263,158)	(263,158)
2,643,692,380	2,643,692,380		26,173,766	26,173,766

GoPb held 57.47% shares in the Bank as at December 31, 2019 (December 31, 2018: 57.47%).

			2019	2018
		Note	Rupees	s in '000'
22.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus / (deficit) on revaluation of: - Available for sale securities	9.1	3,426,021	(17,491)
	- Fixed assets- Non-banking assets acquired in satisfaction of claims	22.1 22.2	2,630,999 1,333,687	2,374,212 1,544,813
	Deferred tax on (surplus) / deficit on revaluation of:		7,390,707	3,901,534
	Available for sale securitiesFixed assetsNon-banking assets acquired in satisfaction of claims	22.1 22.2	(1,199,107) (717,498) (102,895)	6,122 (463,493) (183,851)
			(2,019,500)	(641,222)
			5,371,207	3,260,312

		2019	2018
	Note	Rupees	in '000'
22.1	Surplus on revaluation of fixed assets - net of tax		
	At January 01 Recognized during the year Surplus on building transferred from non banking	2,374,212 892,534	2,516,691
	assets during the year Surplus realized on disposal during the year Transferred to unappropriated profit in respect of incremental depreciation charged during the year	5,006 (574,814)	47,130 (119,375)
	- net of deferred tax Related deferred tax liability on incremental	(42,861)	(45,652)
	depreciation charged during the year	(23,078)	(24,582)
	At December 31	2,630,999	2,374,212
	Less: related deferred tax liability on: - revaluation as at January 01 - revaluation recognized during the year	(463,493) (293,005)	(513,360)
	surplus transferred from non banking asset during the yearsurplus realized on disposal during the year	(772) 16,694	(16,496) 41,781
	- incremental depreciation charged during the year	23,078	24,582
	13	(717,498)	(463,493) 1,910,719
22.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net of tax		
	At January 01 (Deficit) / surplus recognized during the year Surplus realized on disposal during the year Surplus on building transferred to fixed assets during the year Transferred to unappropriated profit in respect of	1,544,813 (174,792) (5,083) (5,006)	983,913 668,714 (55,392) (47,130)
	incremental depreciation charged during the year - net of deferred tax Related deferred tax liability on incremental	(17,059)	(3,440)
	depreciation charged during the year	(9,186)	(1,852)
	At December 31	1,333,687	1,544,813
	Less: related deferred tax liability on: - revaluation as at January 01 - revaluation recognized during the year - surplus transferred to fixed assets during the year - surplus realized on disposal during the year - incremental depreciation charged during the year	(183,851) 70,806 772 192 9,186	(47,143) (158,924) 16,496 3,868 1,852
	13	(102,895)	(183,851)
		1,230,792	1,360,962



			2019	2018
		Note	Rupees	s in '000'
23.	CONTINGENCIES AND COMMITMENTS			
	Guarantees	23.1	57,676,022	52,717,758
	Commitments Other contingent liabilities	23.2 23.3	137,405,985 142,633	91,625,902 1,464,824
	Other Contingent habilities	20.0		145,808,484
			195,224,640	145,000,404
23.1	Guarantees:			
	Financial guarantees		18,399,059	18,743,220
	Performance guarantees		16,411,708	18,257,988
	Other guarantees		22,865,255	15,716,550
			57,676,022	52,717,758
23.2	Commitments:			
	Documentary credits and short-term			
	trade-related transactions - letters of credit		60,718,682	44,621,896
	Commitments in respect of:		00,7 10,002	44,021,090
	- forward foreign exchange contracts	23.2.1	53,180,523	22,172,986
	- forward lending	23.2.2	23,449,998	14,675,323
	 operating leases Commitments for acquisition of: 	23.2.3	-	9,937,311
	- fixed assets		50,934	56,437
	- intangible assets		5,848	161,949
			137,405,985	91,625,902
23.2.1	Commitments in respect of forward			
	foreign exchange contracts			
	Purchase		28,416,586	13,420,469
	Sale		24,763,937	8,752,517
			53,180,523	22,172,986
00.04	Commitments in respect of familiary			
23.2.2	2 Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines			
	and other commitments to lend	23.2.2.1	23,449,998	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.

	2019	2018
	Rupees in '000'	
23.2.3 Commitments in respect of operating leases		
Not later than one year Later than one year and not later than five years	-	878,342 3,357,036
Later than five years	_	5,701,933
	-	9,937,311
23.3 Other contingent liabilities	142,633	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.
- 23.3.2 During the year tax authorities of AJK made amendment under section 122(1) of for tax year 2013 to 2018 and created an additional demand of Rs. 133,658 thousands against which the Bank has filed appeal before Commissioner (Appeals) AJK. The management of the Bank, as per opinion of its tax consultant, is confident that the decision for aforementioned tax years will be decided in Bank's favour.

			2019	2018
		Note	Rupees	s in '000'
23.4	Claims against the Bank not acknowledged as debts	23.4.1	53,806,237	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.

			2019	2018
			Rupees	s in '000'
24.	MA	RK-UP / RETURN / INTEREST EARNED		
	a) b)	On loans and advances On investments:	46,189,727	28,853,255
		Available for sale securities Held for trading securities Held to maturity securities	26,239,963 2,609,982 2,964,846	13,826,666 2,007,688 20,652
	c)	On lendings to financial institutions: Securities purchased under resale agreements Call lending Letters of placement	2,273,526 2,438 429,093	1,498,792 27,278 633,235
	d)	On balances with banks	157,273	40,668
			80,866,848	46,908,234



Borrowings: Securities sold under repurchase agreements			2019	2018
Deposits Borrowings: Securities sold under repurchase agreements 1,559,555 1,140,98 3,190,785 1,154,75 3,190,785 1,154,75 3,190,785 1,154,75 3,190,785 1,154,75 3,190,785 3,190,785 1,154,75 3,190,785 3,190,785 1,154,75 3,190,785 3,190,794,83 3,190,785 3,190,794,83 3,190,794		Note	Rupees	s in '000'
Borrowings Securities sold under repurchase agreements 1,559,555 1,140,98 Call borrowings 3,190,785 1,154,77 SBP borrowing 440,021 401,77 Foreign currency borrowing 46,546 5,08 SUbordinated debts: Mark-up on subordinated loan from GoPb Mark-up on privately placed term finance certificates Mark-up on lease liability against right-of-use assets 779,483 459,00 779,483 459,0	25.	MARK-UP / RETURN / INTEREST EXPENSED		
Securities sold under repurchase agreements			46,983,925	23,531,356
Mark-up on subordinated loan from GoPb Mark-up on privately placed term finance certificates Markup on lease liability against right-of-use assets 359,933 (459,03) (459,0		Securities sold under repurchase agreements Call borrowings SBP borrowing Foreign currency borrowing	3,190,785 440,021	1,140,951 1,154,779 401,719 5,081
26. FEE AND COMMISSION INCOME Branch banking customer fees 559,831 524,13 Consumer finance related fees 208,667 236,44 Card related fees 539,952 372,73 Credit related fees 443,188 446,55 Branchless banking fees 51,663 45,55 Commission on trade 581,298 553,55 Commission on guarantees 167,443 273,90 Commission on cash management 178,591 154,66 Commission on remittances including home remittances 277,979 203,9 Commission on bancassurance 156,628 207,33 Commission on wheat financing 134,878 82,93 SMS banking income 229,979 143,53 27. GAIN ON SECURITIES - NET Realized gain on sale of securities - net 27.1 225,771 31,50 27.1 Realized gain on sale of securities - net: 90,024 44,44 Shares / units 126,490 37,18 Term finance certificates 9,257 (1,19 28. OTHER INCOME - NET		Mark-up on subordinated loan from GoPb Mark-up on privately placed term finance certificates	859,933	152,274 459,031 -
Branch banking customer fees 559,831 524,13 Consumer finance related fees 208,667 236,44 Card related fees 539,952 372,73 Credit related fees 443,188 446,53 Branchless banking fees 51,663 45,53 Commission on trade 581,298 553,53 Commission on guarantees 167,443 273,90 Commission on remittances including home remittances 277,979 203,91 Commission on bancassurance 156,628 207,33 Commission on wheat financing 134,878 82,99 SMS banking income 229,979 143,54 27. GAIN ON SECURITIES - NET Realized gain on sale of securities - net 27.1 225,771 31,50 27.1 Realized gain on sale of securities - net: 90,024 (4,44 Shares / units 126,490 37,18 Term finance certificates 9,257 (1,19 28. OTHER INCOME - NET			54,110,056	26,845,191
Consumer finance related fees	26.	FEE AND COMMISSION INCOME		
27. GAIN ON SECURITIES - NET Realized gain on sale of securities - net 27.1 225,771 31,50 Unrealized loss - held for trading 9.1 (4,207) 221,564 27,76 27.1 Realized gain on sale of securities - net: Federal government 90,024 (4,44 Shares / units 90,024 37,18 37,18 Term finance certificates 9,257 (1,19 28. OTHER INCOME - NET OTHER INCOME - NET		Consumer finance related fees Card related fees Credit related fees Branchless banking fees Commission on trade Commission on guarantees Commission on cash management Commission on remittances including home remittances Commission on bancassurance Commission on wheat financing	208,667 539,952 443,188 51,663 581,298 167,443 178,591 277,979 156,628 134,878	524,130 236,484 372,759 446,529 45,577 553,528 273,908 154,651 203,911 207,325 82,959 143,548
Realized gain on sale of securities - net 27.1 225,771 31,50 (3,74 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 221,564 27,76 27,			3,530,097	3,245,309
Unrealized loss - held for trading 9.1 (4,207) (3,74) 27.1 Realized gain on sale of securities - net: Federal government Shares / units Term finance certificates 9,257 28. OTHER INCOME - NET	27.	GAIN ON SECURITIES - NET		
27.1 Realized gain on sale of securities - net: Federal government Shares / units 90,024 126,490 37,18 126,490 37,19 126,490 37,19 126,490 37,19 126,490 37,19 126,490 37,19 126,490 37,19 126,490 37,19 126,49 126,49 126,49 126,49 126,49 126,49 1				31,508 (3,741)
Federal government 90,024 (4,44 Shares / units 126,490 37,15 Term finance certificates 9,257 (1,19 225,771 31,50			221,564	27,767
Shares / units Term finance certificates 126,490 9,257 (1,19) 225,771 31,50	27.1	Realized gain on sale of securities - net:		
28. OTHER INCOME - NET		Shares / units	126,490	(4,444) 37,150 (1,198)
			225,771	31,508
Rent on property 1,520 4,93	28.	OTHER INCOME - NET		
Loss on termination of lease liability against right-of-use assets Gain / (loss) on sale of fixed assets - net Gain on sale of non banking assets - net Compensation on tax refund (4,922) 65,146 (7 36,62 36,29		Loss on termination of lease liability against right-of-use assets Gain / (loss) on sale of fixed assets - net Gain on sale of non banking assets - net Compensation on tax refund	(4,922) 65,146 67	4,937 - (75) 36,627 36,295 13,734
			·	91,518

			2019	2018
		Note	Rupees	in '000'
29.	OPERATING EXPENSES			
	Total compensation expense	29.1	7,212,656	6,259,644
	Property expenses:			
	Rent and taxes		70,939	969,945
	Insurance		18,974	13,529
	Utilities cost		636,774	493,716
	Security Repair and maintenance including ignitorial charges		2,172 16,874	7,642 28,130
	Repair and maintenance including janitorial charges Depreciation		527,996	496,574
	Depreciation on right-of-use assets	11.2	875,718	490,374
	Others	11.2	4,632	-
		L	2,154,079	2,009,536
	Information technology expenses:	ſ	070.000	100 717
	Software maintenance		376,222	199,717
	Hardware maintenance		107,255	96,159
	Depreciation Amortization	12.1	230,086	207,917
	Network charges	12.1	173,555 331,442	68,425 320,661
	Notwork or larges	l	1,218,560	892,879
	Other operating expenses:	Г		
	Director's fees and allowances	38.2	8,550	4,175
	Fees and allowances to shariah board		3,805	3,164
	Legal and professional charges		117,043	150,420
	Subscription charges	00.4	16,089	15,636
	Outsourced staff services costs	36.1	236,497	241,494
	Travelling and conveyance NIFT clearing charges		584,319 58,994	476,039 49,899
	Depreciation		291,243	270,987
	Depreciation on non banking assets	14.1.1	73,977	65,918
	Depreciation on ijarah assets		238,279	359,585
	Training and development		36,678	15,687
	Postage and courier charges		143,809	109,996
	Stationery and printing		239,198	241,694
	Marketing, advertisement and publicity		102,522	139,423
	Donations	29.2	1,000	-
	Auditors remuneration	29.3	12,200	11,925
	Insurance		140,017	100,675
	Deposit protection fee		337,376	159,680
	Repair and maintenance		169,902	137,814
	Entertainment expenses		100,452	90,008
	Fuel for generator Commission and brokerage		108,054 141,454	94,795 119,757
	Bank charges		80,028	52,420
	SMS banking charges		38,669	33,900
	ATM charges including ATM maintenance charges		140,012	97,645
	Cash remittance charges		181,062	190,182
	Branch license fee		14,641	17,983
	CNIC verification / ECIB charges		70,947	33,688
	Miscellaneous expenses		180,662	166,015
		l	3,867,479	3,450,604



Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 410,912 thousand (2018: Rs 428,323 thousand). This expense represents payments made to companies incorporated in Pakistan.

			2019	2018
		Note	Rupees in '000'	
29.1	Total compensation expense			
	Managerial remuneration: Fixed Variable cash bonus / awards etc. Provision for gratuity Provision for compensated absences Gratuity expense of key management personnel Contribution to defined contribution plans Rent & house maintenance Utilities Medical Medical insurance Conveyance Liveries Scholarship Others	37.2.1 37.9.4 42.4	6,233,655 386,447 157,354 13,898 13,118 215,964 153 600 421 138,627 22,008 23,684 6,715 12	5,334,405 331,341 114,781 10,457 100,403 177,315 888 150 318 145,798 20,884 17,339 5,561 4
	Grand Total		7,212,656	6,259,644

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

			2019	2018
		Note	Rupees	s in '000'
29.3	Auditors remuneration			
	Audit fee Fee for half year review and other statutory certification Special certifications and sundry advisory services Out of pocket expenses	S	3,025 7,065 1,260 850	2,750 7,065 1,260 850
			12,200	11,925
30.	OTHER CHARGES			
	Penalties imposed by SBP		138,697	53,565
31.	PROVISIONS AND WRITE OFFS - NET			
	Provision for diminution in value of investments Provision / (reversal) against advances - net (Reversal) / provision against other assets - net Bad debts written off directly Other assets written off directly	9.3.1 10.4 14.3.1 10.5.1	404,485 1,654,908 (284,832) 13 1,510	247,754 (2,098,575) 700,006 2,450
			1,776,084	(1,148,365)

			2019	2018
		Note	Rupees	s in '000'
32.	TAXATION			
	Current Prior years Deferred	32.1	5,558,068 250,348 (13,058)	2,666,334 47,516 1,930,812
			5,795,358	4,644,662

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

		2019	2018
		Rupees	s in '000'
32.2	Relationship between tax expense and accounting profit		
	Accounting profit before tax for the year	14,043,887	12,208,355
	Tax on income @ 35% Tax effect of permanent differences Tax effect of super tax Others	4,915,360 48,544 569,922 261,532	4,272,924 18,748 273,470 79,520
	Tax charge for the year	5,795,358	4,644,662
		2019	2018
33.	BASIC EARNINGS / (LOSS) PER SHARE		
	Profit after tay for the year (Rs in '000')	8 2/18 520	7 563 693

33.	BASIC EARNINGS / (LOSS) PER SHARE		
	Profit after tax for the year (Rs in '000')	8,248,529	7,563,693
	Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
	Basic earnings per share (Rs)	3.12	2.86

34. DILUTED EARNINGS / (LOSS) PER SHARE

There is no dilution effect on basic earnings per share.

		2019	2018
		Rupees	in '000'
35.	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks Balance with other banks Overdrawn nostro accounts	53,414,628 10,310,569 (139,188)	43,589,007 5,802,312 (210,763)
		63,586,009	49,180,556



		2019 Nui	2018
36.	STAFF STRENGTH		
	Permanent On Bank contract Daily wages	6,620 3,020	4,277 4,315 42
	Bank's own staff strength at the end of the year	9,640	8,634

In addition to the above, 924 (2018: 766) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

37. **EMPLOYEE BENEFITS**

37.1 Defined benefit plan - gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement / resignation which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008, subject to minimum of five years of service. The Bank makes annual provision in these unconsolidated financial statements for its liabilities on the basis of actuarial valuation.

37.1.1 Number of employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2019	2018
	Number	
- Eligible employees under gratuity scheme	6,555	4,275

37.1.2 Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2019 using the "Projected Unit Credit Method". The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The principal assumptions used in the valuation were as follows:

	2019	2018
	Per annum	
Discount rate Expected rate of return on plan assets Expected rate of salary increase Average expected remaining working life (years)	11.00% 11.00% 10.00%	9.00% 9.00% 8.00%

		2019	2018
	Note	Rupees	in '000'
37.1.3 Reconciliation of payable to defined benefit plan			
Present value of obligations Fair value of plan assets Benefits payable	37.1.4 37.1.5	1,284,100 (1,088,236) 15,919	1,030,585 (760,528) 17,455
Payable to defined benefit plan		211,783	287,512
37.1.4 Movement in present value of defined benefit obligations			
Obligations at the beginning of the year Current service cost Interest cost Benefits paid during the year Re-measurement loss		1,030,585 145,917 90,025 (60,624) 78,197	777,084 106,692 61,042 (74,389) 160,156
Obligations at the end of the year		1,284,100	1,030,585
37.1.5 Movement in fair value of plan assets			
Fair value at the beginning of the year Interest income on plan assets Contribution by the Bank during the year Benefits paid during the year Return on plan assets excluding interest income		760,528 78,588 287,512 (62,160) 23,768	563,526 52,952 233,841 (77,217) (12,574)
Fair value at the end of the year		1,088,236	760,528
37.1.6 Movement in (receivable) / payable under defined benefit schemes			
Opening balance Charge for the year Contribution by the Bank during the year Re-measurement loss recognized in other	37.2.1	287,512 157,354 (287,512)	233,841 114,781 (233,841)
comprehensive income during the year	37.2.2	54,429	172,731
Closing balance		211,783	287,512
37.2 Charge for defined benefit plans			
37.2.1 Cost recognized in profit and loss			
Current service cost Net interest on defined benefit plan		145,917 11,437	106,692 8,089
		157,354	114,781



	2019	2018
	Rupees in '000'	
37.2.2 Re-measurements recognized in other comprehensive income during the year		
Loss on obligation experience adjustment Return on plan assets over interest income	78,197 (23,768)	160,156 12,575
Total re-measurement loss recognized in other comprehensive income	54,429	172,731
37.3 Components of plan assets		
Cash and cash equivalents - net Shares / units	795,590 292,646	481,883 278,645
	1,088,236	760,528

These assets are mostly contained in the form of cash and cash equivalents so there is no significant risk associated with it. However, investments in shares/units may be adversely affected by movement in equity and interest rate markets.

37.4 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations. The increase / (decrease) in the present value of defined benefit obligations as a result of change in discount rate and salary growth is summarized below:

		2019 Rupees	2018 s in '000'
	1% increase in discount rate 1% decrease in discount rate 1 % increase in expected rate of salary increase 1 % decrease in expected rate of salary increase	1,188,302 1,393,361 1,393,361 1,186,656	950,479 1,122,241 1,122,241 949,079
37.5	Expected contributions to be paid to the fund in the next financial year	211,783	287,512
37.6	Expected charge for the next financial year	186,125	170,223
37.7	Maturity profile		
	The weighted average duration of the obligation (in years)	7	7

37.8 Funding policy

There is no statutory minimum funding requirements. However, contributions to the scheme are made on the basis of actuarial valuations carried in each year.

The Bank's gratuity scheme is mainly subject to following risks:

Asset volatility	The majority of the gratuity fund assets are invested in cash or cash-equivalent. Therefore, there is insignificant investment risk to the scheme due to fluctuation in interest rate environment or changes in bond yields. Also, there is no liquidity investment risk to the scheme. However, investments in shares/ units may be adversely affected by movement in equity and interest rate markets.
Inflation risk	Higher than expected growth in inflation may result in higher than assumed salary increases which will lead to increase in liability. However, assets of the scheme may not be at significant risk due to changes in inflation rate.
Life expectancy / Withdrawal rate	Actuarial valuation assumes heavy withdrawals for younger ages but moderate withdrawal rates are used for older ages. Significant withdrawals of employees having reasonable years of service would cause large benefit payments. Consequently, deficit position of the scheme would deteriorate further. However, availability of cash for benefit payments will not be an issue due to the liquid nature of assets of the Gratuity Fund.

37.9 Defined benefit plan - compensated absences

The Bank makes annual provision in these unconsolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

37.9.1 Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2019. The principal assumptions used in the valuation were as follows:

	2019	2018
Discount rate (%)	11.00%	9.00%
Expected rate of eligible salary increase in future years (%)	10.00%	8.00%
Average number of leaves accumulated per annum		
by the employees (days)	18	20



	2019 Rupee	2018 s in '000'
	Пароо	
37.9.2 Present value of defined benefit obligation	111,612	102,294
37.9.3 Movement in payable to defined benefit plan:		
Opening balance Charge for the year Benefit paid	102,294 13,898 (4,580)	93,523 10,457 (1,686)
Closing balance	111,612	102,294
37.9.4 Charge for defined benefit plan:		
Current service cost Interest cost Actuarial loss / (gain) recognized	3,722 9,001 1,175	3,697 7,646 (886)
	13,898	10,457

37.9.5 Sensitivity analysis:

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit plan. The increase / (decrease) in the present value of defined benefit plan as a result of change in discount rate and salary growth is summarized below:

	2019	2018
	Rupees	s in '000'
Increase in discount rate by 1% Decrease in discount rate by 1% Increase in expected future increment in salary by 1% Decrease in expected future increment in salary by 1%	100,872 124,251 124,251 100,690	92,185 114,225 114,225 92,012

37.9.6 Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2019	2018	2017	2016	2015
		F	Rupees in '00	0'	
Opening net liability Net charge for the year	102,294 9,318	93,523 8,771	91,181 2,342	228,742 (137,561)	223,672 5,070
	111,612	102,294	93,523	91,181	228,742
Actuarial (loss) / gain on obligation	(1,175)	886	1,617	162,677	29,003

37.10 Defined contribution plan

The Bank operates and approved provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Bank and employees at the rate of 8.33% of basic salary.

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38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

		2019				20	18	
	Chairman	Members shariah board	President / CEO	Key management personnel	Chairman	Members shariah board	President / CEO	Key management personnel
				Rupees	in '000'			
Fees and allowances etc. Managerial remuneration	950	3,805	-	-	675	3,164	-	-
Fixed	807	553	75,115	186,440	576	-	81,996	239,318
Variable cash bonus / awards	-	-	16,104	18,766	-	-	42,263	34,128
Charge for defined benefit plan	-	-	13,118	5,607	-	-	60,376	44,128
Contribution to defined								
contribution plan	-	-	-	5,912	-	-	-	4,247
Utilities	291	-	-	-	-	-	-	-
Medical	421	-	-	-	384	-	-	-
LFA	-	-	-	-	-	-	-	-
Relocation allowance	-	-	-	720	-	-	1,782	-
Servant salary	-	-	-	-	-	-	673	-
Others	21	-	264	370	36	-	116	708
Total	2,490	4,358	104,601	217,815	1,671	3,164	187,206	322,529
Number of persons	1	3	1	22	1	3	1	20

- **38.1.1** Total compensation paid during the year to President / CEO represents amount paid to acting President / DCEO.
- **38.1.2** Total compensation expense of key management personnel includes amount paid to key material risk takers / controllers.

38.2 Remuneration paid to directors for participation in board and committee meetings

				20)19			
				Rupees	s in '000'			
				For Board	Committees			
Name of Director	Board Meetings	Islamic Banking Review Committee	Non Performing Loans Committee	Central Audit Committee	Human Resource & Remuneration Committee	Information Technology Review Committee	Risk Management Committee	Total amount paid
Dr. Pervaiz Tahir	800	100	_	_	_	50	_	950
Mohammad Jehanzeb Khan	1,100	-	_	_	350	50	100	1,600
Abdullah khan Sumbal	400	-	-	-	-	-	50	450
Hamed Yagoob Sheikh	400	-	-	50	-	-	100	550
Khawaja Farooq Saeed	1,100	100	-	250	350	-	-	1,800
Saeed Anwar	1,000	-	-	250	-	50	200	1,500
Dr. Muhammad Amjad Saqib	1,000	100	-	-	350	-	150	1,600
Shaharyar Ahmad	100	-	-	-	-	-	-	100
Total	5,900	300	-	550	1,050	150	600	8,550

				20	18			
				Rupees	in '000'			
				For Board (Committees			
Name of Director	Board Banking Performing Central Audit Resource & Technology Review Committee Committee Committee Committee Committee Committee Resource & Technology Review Committee						Management	Total amount paid
Dr. Pervaiz Tahir	550	125	-	-	-	-	-	675
Mohammad Jehanzeb Khan	300	-	-	_	50	-	-	350
Hamed Yagoob Sheikh	500	-	-	-	-	25	-	525
Khawaja Faroog Saeed	500	125	25	100	_	-	25	775
Saeed Anwar	500	-	25	100	_	25	50	700
Dr. Muhammad Amjad Sagib	450	125	-	_	_	-	-	575
Dr. Umar Saif	100	-	25	-	-	25	-	150
Syed Maratib Ali	150	-	-	-	50	-	50	250
Mr. Mohammad Afzaal Bhatti	100	-	-	25	50	-	-	175
Total	3,150	375	75	225	150	75	125	4,175

38.3 Remuneration paid to Shariah board members

		2019				201	18	
	Chairman	Resident member	Non- resident member	Total amount paid	Chairman	Resident member	Non- resident member	Total amount paiod
				Rupees	s in '000'			
Meeting fees and allowances Salary & festival bonus paid to resident member through	1,935	-	1,870	3,805	1,380	-	1,784	3,164
bank's payroll	-	553	-	553	-	-	-	-
Total amount	1,935	553	1,870	4,358	1,380	-	1,784	3,164
Number of persons	1	1	1		1	1	1	

39. 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.

- The Bank measures fair vale using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:
 - Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2: Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly. (i.e. derived from prices).
 - Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

			2019		
	Carrying		Fair va	lue	
	value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		F	Rupees in '000'	,	
Financial assets measured at fair value :					
Government securities Shares Non-Government debt securities Foreign securities Subsidiary company	292,671,508 1,618,733 1,978,127 4,019	1,533,730 - - -	292,671,508 - 1,978,127 - -	85,003 - 4,019	292,671,508 1,618,733 1,978,127 4,019
nancial assets disclosed but not measured at fair value:					
Government securities	59,762,000	_	64,466,364	-	64,466,364
Ion Financial assets measured at fair value :					
Operating fixed assets (land & building) Ion banking assets acquired in satisfaction of claims	5,906,710 7,392,801	-	5,906,710 7,392,801	-	5,906,710 7,392,801
inancial liabilities measured at fair value:					
Payable to gratuity fund Provision for employees compensated absences	211,782 111,612	-	211,782 111,612	-	211,782 111,612
Off balance sheet financial instruments: forward purchase of foreign exchange contracts forward sale of foreign exchange contracts	27,819,676 24,322,698	-	27,819,676 24,322,698		27,819,676 24,322,698
			2018		
	0 - '				
	Carrying		Fair va	llue	
	value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				Level 3	Total
			Level 2	Level 3	Total
Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities			Level 2	Level 3	202,765,869 1,132,560 852,320
Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities Subsidiary company	value 202,765,869 1,132,560 852,320 4,019	F	Level 2 Rupees in '000' 202,765,869	- 97,348 - 4,019	202,765,869 1,132,560 852,320 4,019
Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities Subsidiary company Financial assets disclosed but not measured at fair value:	value 202,765,869 1,132,560 852,320 4,019	F	Level 2 Rupees in '000' 202,765,869	- 97,348 - 4,019	202,765,869 1,132,560 852,320 4,019 33,747
Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities Subsidiary company Financial assets disclosed but not measured at fair value: Government securities	value 202,765,869 1,132,560 852,320 4,019 33,747	F	Level 2 Rupees in '000' 202,765,869 - 852,320	- 97,348 - 4,019	202,765,869 1,132,560 852,320 4,019 33,747
Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities Subsidiary company Financial assets disclosed but not measured at fair value: Government securities Non Financial assets measured at fair value: Operating fixed assets (land & building)	value 202,765,869 1,132,560 852,320 4,019 33,747	F	Level 2 Rupees in '000' 202,765,869 - 852,320	- 97,348 - 4,019	202,765,869 1,132,560 852,320 4,019 33,747 248,902 5,912,918
Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities Subsidiary company Financial assets disclosed but not measured at fair value: Government securities Non Financial assets measured at fair value: Operating fixed assets (land & building) Non banking assets acquired in satisfaction of claims	value 202,765,869 1,132,560 852,320 4,019 33,747 250,329 5,912,918	F	Level 2 Rupees in '000' 202,765,869 - 852,320 248,902 5,912,918	- 97,348 - 4,019	202,765,869 1,132,560 852,320 4,019 33,747 248,902
Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities Subsidiary company Financial assets disclosed but not measured at fair value: Government securities Non Financial assets measured at fair value: Operating fixed assets (land & building) Non banking assets acquired in satisfaction of claims Financial liabilities measured at fair value: Payable to gratuity fund	value 202,765,869 1,132,560 852,320 4,019 33,747 250,329 5,912,918	F	Level 2 Rupees in '000' 202,765,869 - 852,320 248,902 5,912,918	- 97,348 - 4,019	202,765,869 1,132,560 852,320 4,019 33,747 248,902 5,912,918 7,436,947
On balance sheet financial instruments Financial assets measured at fair value: Government securities Shares Non-Government debt securities Foreign securities Subsidiary company Financial assets disclosed but not measured at fair value: Government securities Non Financial assets measured at fair value: Operating fixed assets (land & building) Non banking assets acquired in satisfaction of claims Financial liabilities measured at fair value: Payable to gratuity fund Provision for employees compensated absences Off balance sheet financial instruments:	value 202,765,869 1,132,560 852,320 4,019 33,747 250,329 5,912,918 7,436,947	F	Level 2 Rupees in '000' 202,765,869 - 852,320 248,902 5,912,918 7,436,947	Level 3 97,348 - 4,019 33,747	202,765,869 1,132,560 852,320 4,019 33,747 248,902 5,912,918



40. SEGMENT INFORMATION

Segment details with respect to business activities 40.1

				2019			
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
; ;			R	Rupees in '000'			
Profit & loss Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income	36,036,686 (26,140,587) 1,042,276	- 56,878,503 815,300	6,875,475 (5,138,037) 299,214	32,832,790 (27,459,663) 1,618,108	4,824,953 (10,665) 93,993	296,944 1,870,449 70,720	80,866,848
Total income	10,938,375	57,693,803	2,036,652	6,991,235	4,908,281	2,238,113	84,806,459
Segment direct expenses Inter segment expense allocation	965,228 3,063,030	53,137,874 (2,258,567)	581,293 57,238	5,094,762 16,263	3,594,765	5,612,566 (877,964)	68,986,488
Total expenses Provisions	4,028,258 1,457,907	50,879,307 87,315	638,531 180,864	5,111,025 404,485	3,594,765 28,083	4,734,602 (382,570)	68,986,488 1,776,084
Profit / (loss) before tax	5,452,210	6,727,181	1,217,257	1,475,725	1,285,433	(2,113,919)	14,043,887
Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing - non-performing - net Others	2,569,293 - 290,116,157 5,302,696 14,081,124	36,534,123 - 625,626,216 - 5,727,520	54,477,738 862,781 1,169,369	20,093,277 349,947,441 - 664,771 - 7,888,965	7,097,797 8,936,196 2,342,604 3,395,000 27,211,005 59,967 4,221,371	24,456,858 - 5,265,122 17,914 23,288,153	63,725,197 361,452,930 652,425,678 4,059,771 377,070,022 6,243,358 56,376,502
Total assets	312,069,270	667,887,859	56,509,888	378,594,454	53,263,940	53,028,047 1	1,521,353,458
Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others	26,589,201 - 282,566,724 2,913,345	- 644,928,438 - 22,959,421	- - 43,904,084 12,605,804	50,455,754 - 325,954,870 2,183,830	- 46,089,009 - 3,419,840	8,794,420 - - 1,306,384	77,044,955 8,794,420 691,017,447 652,425,678 45,388,624
Total liabilities	312,069,270	667,887,859	56,509,888	378,594,454	49,508,849	10,100,804 1	1,474,671,124
Equity Total equity & liabilities						-	46,682,334 1,521,353,458
Contingencies & commitments	124,290,688		746,379	53,180,523	16,807,634	199,416	195,224,640

				2018			
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
Profit & loss			Œ	Rupees in '000'			
Net mark-up / return / profit	23,120,442	ı	4,068,307	16,738,943	2,874,347	106,195	46,908,234
Inter segment revenue - net	(19,197,210)	35,555,736	(3,021,010)	(14,326,092)	(48,042)	1,036,618	1
Non mark-up / return / interest income	1,187,615	905,749	237,551	1,029,019	67,763	235,478	3,663,175
Total income	5,110,847	36,461,485	1,284,848	3,441,870	2,894,068	1,378,291	50,571,409
Segment direct expenses Inter segment expense allocation	(1,029,067)	33,455,222 (1,596,683)	520,868 6,239	2,552,341	2,289,116	1,722,939 (315,240)	39,511,419
Total expenses Provisions	876,617 (2,071,416)	31,858,539 77	527,107 (188,580)	2,552,341 247,754	2,289,116	1,407,699	39,511,419 (1,148,365)
Profit / (loss) before tax	6,305,646	4,602,869	946,321	641,775	448,321	(736,577)	12,208,355
Cash & Bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing - non-performing Others Total assets Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others Total liabilities Equity	1,300,966 297,334,000 5,547,455 12,294,712 316,477,133 20,721,936 20,721,936 290,866,811 4,888,386 316,477,133	29,988,766 - 538,723,277 - 1,471,919 570,183,962 - 559,080,851 - 11,103,111 570,183,962	55,742,713 199,217 1,398,214 57,340,144 - - 45,772,874 11,567,270 57,340,144	15,006,379 199,171,357 - 22,493,153 - 1,545,708 238,216,597 - 21,071,265 - 217,061,999 83,333 238,216,597	4,396,174 9,599,160 - 5,350,000 19,922,874 72,752 2,039,876 41,380,836 - 36,501,111 187,187 2,295,659 38,983,957	15,165,594 3,023,025 35,220 26,445,952 44,669,791 1 8,797,140 - 549,239 9,346,379 1	49,391,319 210,071,483 553,888,871 27,843,153 376,022,612 5,854,644 45,196,381 1,268,268,463 41,793,201 8,797,140 595,581,962 553,888,871 30,486,998 1,230,548,172
Contingencies & commitments	108,373,498	10,482,058	ı	22,172,986	3,096,732	1,683,210	145,808,484

TRUST ACTIVITIES 41

The Bank is not engaged in any significant trust activities. However, the Bank arranges and maintain government securities on behalf of its customers.

42. **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. Remuneration of key management personnel is disclosed in Note 38.1. In addition key management personnel are paid terminal and short-term terminal benefits.

		20	19			2018		
	Key management personnel		Employee funds d	Other related parties	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Other related parties
		R	upees in '00	0		R	upees in '000)
Lendings to financial institutions: Opening balance Addition during the year Repaid during the year	- - -	400,000 1,300,000 1,600,000	- - -	- - -	- - -	400,000 1,600,000 1,600,000	- - -	- - -
Closing balance	-	100,000	-	-	-	400,000	-	
Investments (gross)	-	164,945	-	-	-	164,945	-	
Provision for diminution in value of investments	-	164,945	-	-	-	131,198	-	-
Advances: Opening balance Addition during the year Repaid during the year Closing balance	197,801 219,850 109,418 308,233	1,287,780 1,300,324 1,329,578 1,258,526	- - -	- - -	182,129 90,341 74,669 197,801	1,199,047 1,132,228 1,043,495 1,287,780	- - -	- - -
	000,200				137,001			
Provision held against advances	-	56,301	-	-	-	46,199	-	-
Advance rent Right of use asset Lease liability against right-of-use assets	-	-	- -	93,381 38,502	-	-	-	67,317 - -
Deposits and other accounts: Opening balance Received during the year Withdrawn during the year	37,682 528,282 552,755		2,398,389 1,148,293 981,772	7,753 85,894 92,771	24,414 553,084 539,816	98,198 1,236,350 1,314,549	2,770,528 791,508 1,163,647	2,396 156,480 151,123
Closing balance	13,209	1,588	2,564,910	876	37,682	19,999	2,398,389	7,753
Income: Mark-up / return / interest earned	20,246	200,624	-	-	8,817	112,902	-	-
Provisions: Charge of provision - investment Charge of provision - advances	-	33,747 10,102	- -	-	- -	- 822	-	- -
Expense: Mark-up / return / interest paid Mark-up on lease liability against right-of-use assets	1,120	-	301,539	1,024 4,826	960	-	169,425	146
Depreciation on right-of-use assets Commission expense	- -	- 62	- -	7,373 -	-	437	- -	- - -

- 42.1 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.
- 42.2 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. 43,767,706 thousand (2018: Rs. 55,256,269 thousand), Rs. 357,426,911 thousand (2018: Rs. 306,110,933 thousand) and Rs. 29,655,042 thousand (2018: Rs. 30,682,028 thousand) respectively. Further, during the year, the Bank has incurred markup expense of Rs. 249,808 thousand (2018: Rs. 152,274 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

- 42.3 The Bank made contribution of Rs. 184,477 thousand (2018: Rs. 139,739 thousand) to employees provident fund during the year.
- **42.4** During the year, the Bank has recorded Rs. 13,118 thousand (2018: Rs 60,376 thousand and Rs. 40,027 thousand) as gratuity payable to President / CEO and DCEO.
- 42.5 First Punjab Modaraba and Punjab Modaraba Services (Pvt) Limited are using The Bank of Punjab premises free of cost.
- 42.6 Advances to employees as at December 31, 2019, other than key management personnel, amounts to Rs. 5,494,198 thousand (2018: Rs. 3,914,070 thousand).

		2019 Rupees	2018 in '000'
43.	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 Eligible Additional Tier 1 (ADT 1) Capital	37,926,403	28,930,901
	Total Eligible Tier 1 Capital Eligible Tier 2 Capital	37,926,403 11,742,487	28,930,901 9,731,042
	Total Eligible Capital (Tier 1 + Tier 2)	49,668,890	38,661,943
	Risk Weighted Assets (RWAs): Credit Risk Market Risk Operational Risk Total	286,447,542 3,381,838 45,712,499 335,541,879	255,252,014 2,335,178 35,907,591 293,494,783
	Common Equity Tier 1 Capital Adequacy ratio	11.30%	9.86%
	Tier 1 CAR (%)	11.30%	9.86%
	Total CAR (%)	14.80%	13.17%

Capital adequacy framework 43.1

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The paid-up capital requirement (net of losses) as at December 31, 2019 is Rs.10.0 billion.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% plus capital conservation buffer of 2.50% of the risk weighted assets of the Bank. The Bank's capital adequacy ratio as at December 31, 2019 under Basel III is 14.80%.

The capital adequacy ratio of the Bank was subject to Basel III capital adequacy guidelines stipulated by the SBP through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis.

Phase-in arrangement and full implementation of the minimum capital requirements:

			As of December					
Sr. No.	Ratio	2014	2015	2016	2017	2018	2019	2020
1	CET1	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-1	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB (consisting of CET1 only)	0.00%	0.25%	0.65%	1.28%	1.900%	2.50%	2.50%
6	Total capital plus CCB	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%	12.50%

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

The deductions from Tier 1 capital include mainly:

- i) Book value of goodwill / intangibles;
- ii) Shortfall in provision
- iii) Deficit on revaluation of available for sale investments AFS & fixed assets;
- iv) Defined benefit pension fund asset

- v) Investment in own shares
- vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
- vii) Investment in mutual funds above a prescribed ceiling
- viii)Threshold deductions applicable from 2014 on deferred tax assets and certain investments; ix) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position during transition phase
- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

The deductions from Tier 2 include mainly

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;
- ii) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk Standardized Approach
Market risk Standardized Approach
Operational risk Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank.

		2019	2018
		Rupees	s in '000'
43.2	Leverage Ratio (LR): Eligible Tier-1 Capital Total Exposures	37,926,403 1,063,176,213	28,930,901 851,906,956
	LR (%)	3.57%	3.40%
43.3	Liquidity Coverage Ratio (LCR): Total High Quality Liquid Assets Total Net Cash Outflow	346,077,837 293,511,879	272,221,864 203,539,146
	LCR (%)	117.91%	133.74%
	Net Stable Funding Ratio (NSFR): Total Available Stable Funding Total Required Stable Funding	474,402,901 441,990,495	417,010,019 371,740,462
	NSFR (%)	107.33%	112.18%

43.4 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time are available on http://bop.com.pk.

44. **RISK MANAGEMENT**

The Bank has established market, credit, liquidity and operational risk appetite under the supervision of Board of Directors, where the Bank has already implemented new core business system and web based obligor risk rating system. The Bank has implemented a system of reporting risks and exceptions on various frequencies to business groups, Asset and Liabilities Committee, Investment Committee, Board Risk Management Committee and Board of Directors.

Credit risk 44.1

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Bank manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Bank's credit process currently entails assessment of credit worthiness of potential customers, presanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Bank will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

The Bank's risk management involves the identification, measurement, monitoring, mitigation and controlling of risks to ensure that following primary objectives are adhered:

- a. Individuals who take or manage risks clearly understand it in the entire credit value chain.
- b. The Bank's risk exposure is within the risk appetite limits duly defined by the regulator or established by Board of Directors.
- c. Risk taking decisions are in line with business strategy and objectives set by the management.
- d. Business decisions optimize the risk-reward trade-off.
- e. Risk taking decisions are explicit and clear.
- f. Sufficient capital as a buffer is available to take risk.

Further, assessment of following obligor risk rating factors are in place for effective risk management:

Adjusted net worth, current ratio, net profit margin, adjusted leverage, relationship with the Bank, quality of financial reporting, ownership structure, account behavior, internal quality and buyer / supplier concentration.

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44.1.1 Lendings to financial institutions

Credit risk by public / private sector

		GIUSS	lendings	Non-penom	ing lendings	1 100131	on neid
		2019	2018	2019	2018	2019	2018
				Rupees	in '000'		
	Public / Government	_	_	_	_	_	_
	Private	4,059,771	27,843,153	_	-	-	_
		4,059,771	27,843,153	-	-	-	-
4440	The section of the deleter of the section						
44.1.2	Investment in debt securities						
	011.0	407 500	050 000				
	Oil & gas Textile	187,500	250,000	E00 201	- 582,301	- 	E00 201
	Cement	582,301 20,000	582,301 20,000	582,301 20,000	20,000	582,301 20,000	582,301 20,000
	Sugar	308,606	317,811	308,606	20,000	125,678	20,000
	Electronics and electrical appliances	427,862	284,855	27,862	27,862	27,862	27,862
	Construction	47,387	47,387	47,387	47,387	47,387	47,387
	Power (electricity), gas, water, sanitary	3,335,714	3,878,571	, -	· -	· -	-
	Transport, storage and communication	5,488	34,852	5,488	6,986	5,488	6,986
	Financial	349,790,707	203,427,547	34,808	34,808	34,808	34,808
	Services	950,000	501,448	-	-	-	-
	Chemical and Pharmaceuticals	1,500,000					
	Fertilizer	1,730,831	1,837,405	1,518,079	1,517,679	1,518,079	1,517,679
		358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023
	Credit risk by public / private sector						
	Public/ Government	3/19/216 156	203,427,547	400	400	400	400
	Private	9,670,240	7,754,630	2,544,131	2,236,623	2,361,203	2,236,623
		358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023
		Gross	advances	Non-perforn	ning advances	Provisi	on held
		2019	2018	2019	2018	2019	2018
				Rupees	in '000'		
4419	Advances						
44.1.0	Advances						
	Agriculture, Forestry, Hunting and Fishing	14,260,967	12,005,293	1,104,290	881,184	856,027	804,745
	Oil & Gas	1,609,520	2,929,676	86,131	77,781	74,134	72,781
	Textile	72,594,898	69,374,545	25,074,925	24,225,200	22,467,710	20,807,249
	Chemical and Pharmaceuticals	9,913,675	9,049,220	117,630	68,734	83,935	68,734
	Cement	18,241,013 14,195,669	16,177,409 14,035,366	423,980 2,019,841	1,490,129 1,171,500	364,013 1,596,099	914,875 1,144,701
	Sugar Footwear and Leather garments	1,183,400	733,435	517,610	517,610	516,066	200,115
	Automobile and transportation equipment	2,574,879	2,555,900	1,986,465	1,985,001	1,982,999	1,985,001
	Electronics and electrical appliances	4,008,717	4,971,541	37,720	37,764	37,720	37,764
	Cable, electrical & Engineering	6,429,908	7,162,896	2,127,649	1,839,829	1,817,804	1,835,208
	Production & transmission of energy	72,264,093	66,011,429	1,863,385	1,562,787	1,561,765	1,555,016
	Construction	6,142,392	7,684,052	1,868,215	1,450,980	1,592,760	1,287,928
	Trading & Commerce	46,286,350	51,092,229	6,979,645	6,900,288	6,470,028	6,274,051
	Food & Allied	37,663,811	50,716,076	3,241,565	3,034,783	3,005,118	2,733,790
	Transport, Storage and Communication	39,193,270	31,536,555	184,877	195,567	168,797	163,407
	Financial	1,954,778	1,846,403	602,553	361,714	602,553	361,714
	Fertilizer	10,688,089	5,253,412	71,814	119,464	71,814	96,939
	Services	8,799,311	11,762,370	1,264,556	976,584	1,243,770	967,525
	Individuals Others	42,252,583	42,364,144	666,204	748,749	433,723 173,098	590,933
	Others	18,588,631	18,494,023	1,124,236	1,739,414	· ·	1,627,943
		428,845,954	425,755,974	51,363,291	49,385,062	45,119,933	43,530,419
	Credit risk by public / private sector						
	Public/ Government	108 488 179	107,907,134	_	-	_	_
	Fublic/ Government	100, 100, 110					
	Private	320,357,775		51,363,291	49,385,062	45,119,933	43,530,419
			317,848,840	51,363,291 51,363,291	49,385,062 49,385,062	45,119,933 45,119,933	43,530,41 43,530,41

Gross lendings

Non-performing lendings

Provision held



	2019	2018
	Rupees	s in '000'
44.1.4 Contingencies and commitments		
Textile and ginning Cement Sugar Financial Construction and real estate Oil and gas Auto and allied Food and allied Chemical and pharmaceuticals Fertilizers Cable, electrical and engineering Production and transmission of energy Transport, storage and communication Individuals Trading and commerce Services	6,986,694 1,496,748 67,674 68,807,739 11,916,521 5,337,217 1,540,729 2,156,197 1,569,381 775,473 3,204,888 48,213,526 4,543,928	6,345,358 5,853,118 1,046,522 34,160,855 12,558,773 4,972,657 811,305 2,530,882 1,462,319 687,074 2,392,473 42,042,722 952,594 9,261,997 2,251,009 1,627,785
Others	34,019,132	16,851,041
	195,224,640	145,808,484
Credit risk by public / private sector		
Public/ Government Private	56,259,659 138,964,981	38,890,141 106,918,343
	195,224,640	145,808,484

44.1.5 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 184,799,160 thousand (2018: Rs. 171,650,837 thousand).

	2019	2018
	Rupees	s in '000'
Funded Non funded	135,670,438 49,128,722	143,474,249 28,176,588
Total exposure	184,799,160	171,650,837

The sanctioned limits against these top 10 exposures aggregated to Rs. 224,430,459 thousand (2018: Rs. 197,377,856 thousand).

Total funded classified therein

	2019		201	8
	Amount	Provision held	Amount	Provision held
		Rupe	es in '000'	
OAEM Substandard Doubtful Loss	- - 6,151,699 -	- - 4,595,850 -	- - 6,390,871 -	- - 3,895,436 -
Total	6,151,699	4,595,850	6,390,871	3,895,436

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

44.1.6 Advances - province / region-wise disbursement and utilization

				2019			
	Disbursement	ts		Utilization			
Province / Region		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK includin Gilgit- Baltista
			I	Rupees in '000	,		
Punjab Sindh KPK including FATA Baluchistan	167,474,617 66,819,458 806,887	155,444,593 1,744,827 32,939	8,875,926 64,701,698 -	180,831 372,932 773,948	474,329 - - -	2,489,884 1 -	9,0
Islamabad AJK including Gilgit-Baltistan	24,718,591 55,256	- -	- -	3,025,632 -	- -	21,692,955 -	55,2
Total	259,874,809	157,222,359	73,577,624	4,353,343	474,329	24,182,840	64,3
	Disbursement	s		2018 Utilization			
Province / Region	Disbursement	s Punjab	Sindh		Baluchistan	Islamabad	includir Gilgit
Province / Region	Disbursement			Utilization KPK including		Islamabad	AJK includir Gilgit- Baltista
Punjab Sindh KPK including FATA	Disbursement 168,841,108 71,345,255 1,521,655	Punjab	5,095,631	Utilization KPK including FATA		Islamabad 999,874 3	includi Gilgit Baltista
Punjab Sindh	168,841,108 71,345,255	Punjab 161,921,242 704,500	5,095,631	Utilization KPK including FATA Rupees in '000' 164,225 366,958		999,874	includir Gilgit

44.1.7 Credit risk - general disclosures

The Bank follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the

SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company - Vital Information Systems), Fitch Moody's and Standard & Poors . Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	J	$\sqrt{}$			
Banks	J	V	J	V	\checkmark
Sovereigns		√			
PSEs	J	√			
SMEs	J	J			

Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long term ratings grades mapping

	•					
SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	Α	A2	Α	Α	Α	
	A-	А3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	В	B2	В	В	В	6
	B-	B3	B-	B-	B-	
6	CCC+	Caa1	CCC+	CCC+	CCC+	7
	and below					

Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

Credit exposures subject to standardized approach

			2019			2018	
Exposures	Rating	Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		<u> </u>	OT III		es in '000	O1 11V1	arriodite
Corporate	1 2 3,4 5,6 Unrated-125%	30,265,905 73,762,423 13,141,502 - 57,746,100	(5,821,265) (1,321,057) (28,724) - (16,237,564)	24,444,640 72,441,366 13,112,778 - 41,508,536	36,639,351 59,171,775 10,985,907 - 66,332,367	(11,989,689) (424,547) - (22,361,098)	24,649,662 58,747,228 10,985,907 - 43,971,269
Bank	1 2,3 4,5 6 Unrated	49,866,743 27,471,538 25,550 - -	(1,139,090) (553,175) - - - -	48,727,653 26,918,363 25,550 - -	45,392,771 41,186,893 - 90,185 -	(1,470,380) (17,422,279) - - - - -	43,922,391 23,764,614 - 90,185 -
Public sector enterprises in Pakistan	1 2,3 4,5 6 Unrated	20,431,083 - - - 57,943,992	- - - (56,415,159)	20,431,083 - - - - 1,528,833	15,451,040 - - - 50,180,349	- - - (49,330,975)	15,451,040 - 849.374
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0 1 2 3 4,5 6 Unrated	412,403,060 - - - 136,933	(28,435,835) - - - - - -	383,967,225 - - - 136,933 -	251,342,893 - - - 36,318 -	(39,150,264)	212,192,629 - - - 36,318
Listed equity investments	100%	320,711	-	320,711	320,393	-	320,393
Un-listed equity investments	150%	15,582	-	15,582	15,990	-	15,990
Non performing loans	150% 100% 50%	3,458,604 902,232 1,882,521	- - -	3,458,604 902,232 1,882,521	1,274,139 1,843,634 2,736,868	- - -	1,274,139 1,843,634 2,736,868
Mortgage	35%	4,586,060	-	4,586,060	3,202,861	-	3,202,861
Retail	75%	47,166,141	(13,158,889)	34,007,252	57,175,835	(12,702,477)	44,473,358
Fixed assets	100%	15,218,892	-	15,218,892	8,787,927	-	8,787,927
Deferred tax assets	100%	-	-	-	-	-	-
Deferred tax assets	250%	4,044,926	-	4,044,926	3,354,197	-	3,354,197
Significant investments	250%	-	-	-	33,747	-	33,747
Others	100%	33,796,541	(636,600)	33,159,941	27,551,697	(2,141,878)	25,409,819
Total		854,587,039	(123,747,358)	730,839,681	683,107,137	(156,993,587)	526,113,550

44.1.8 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Bank has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Bank's exposure to an obligor is secured by eligible collaterals, the Bank reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

44.1.8.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.



44.1.8.2 Equity position risk in the banking book

The Bank takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2019 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
		Rs. In '000'	
Ordinary shares (listed) - net of impairment held Ordinary shares (un-listed) - net of impairment held Preference shares - net of impairment held	63,339 - -	1,470,391 19,601 69,421	1,533,730 19,601 69,421
Total	63,339	1,559,413	1,622,752

The Bank classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments Held for trading
- · Investments Available for Sale
- · Investments in subsidiaries

44.2 Market risk

Market risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, foreign exchange rates and equity position risk.

Interest rate risk is risk to the earnings or market value of a portfolio due to uncertain future interest rates. Interest rate risks can be categorized in different ways, and there is usually some overlap between categories. Interest rate risk can be categorized into the following components:

- a. Repricing or maturity mismatch risk or yield curve risk
- b. Basis risk
- c. Options risk
- d. Price risk

Equity price risk is the risk that the value of a security or portfolio of securities will decline in the future. It is risk to earnings or capital that results from adverse changes in the value of equity related portfolios of a financial institution.

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss to the institution.

Foreign exchange risk arises from two factors: currency mismatches in an institution's assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate, and currency cash flow mismatches. Such risk continues until the foreign exchange position is covered.

The Bank's market risk management structure consists of Board Risk Management Committee, Assets and Liabilities Committee, Market Risk Management Committee and independent Enterprise Risk Management unit (ERM). Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. ERM unit seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency in reporting the Bank's market risk profile to the senior management, the Board of Directors and the SBP.

The Bank is using following techniques for mitigation of market risk:

- -Hedging the open positions i.e. taking offsetting positions
- -Portfolio diversification
- -Limits setting, monitoring and reporting

The Bank is using following techniques for measurement of market risk and all the reports along with suggestive strategies which are escalated to senior management for their review and corrective actions:

- Daily mark to market revaluation of equity, foreign exchange and bonds portfolio
- Estimated value at risk on equity and foreign exchange exposures.
- Interest rate gap analysis
- Duration analysis
- Stress testing of market risk exposures.
- Scenarios based analysis

44.2.1 Balance sheet split by trading and banking books

		2019			2018	
	Banking book	Trading book	Total	Banking book	Trading book	Total
			Rupees	in '000'		
Cash and balances with						
treasury banks	53,414,628	-	53,414,628	43,589,007	-	43,589,007
Balances with other banks	10,310,569	-	10,310,569	5,802,312	-	5,802,312
Lendings to financial institutions	4,059,771	-	4,059,771	27,843,153	-	27,843,153
Investments	350,020,681	11,432,249	361,452,930	183,958,278	26,113,205	210,071,483
Advances	383,313,380	-	383,313,380	381,877,256	-	381,877,256
Fixed assets	15,218,893	-	15,218,893	8,787,928	-	8,787,928
Intangible assets	793,285	-	793,285	891,489	-	891,489
Deferred tax assets	6,567,783	-	6,567,783	7,965,267	-	7,965,267
Other assets	33,796,541	-	33,796,541	27,551,697	-	27,551,697
	857,495,531	11,432,249	868,927,780	688,266,387	26,113,205	714,379,592

44.2.2 Foreign exchange risk

The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities. Foreign exchange exposure and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration. Market risk charge calculates on FEEL and forward contracts (interest rate) and credit risk charge manage by Bank on all forward contracts.

		20)19			2018	В	
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	e Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
				Rupees	in '000			
United States Dollar	3,341,446	5,976,241	1,229,367	(1,405,428)	2,362,917	6,138,839	2,709,608	(1,066,313)
Great Britain Pound Sterling	900,210	3,013,573	2,114,558	1,195	901,919	2,546,288	1,623,063	(21,306)
Euro	692,362	1,164,322	265,480	(206,480)	552,558	995,396	252,015	(190,823)
Japanese Yen	-	67,173	68,564	1,390	-	1,185	-	(1,185)
Other currencies	94,289	4,419	(25,320)	64,550	148,454	82,471	83,266	149,247
	5,028,307	10,225,728	3,652,649	(1,544,773)	3,965,848	9,764,179	4,667,952	(1,130,380)



	20	19	2018	3
	Banking book	Trading book	Banking book	Trading book
		Rupees	s in '000'	
Impact of 1% change in foreign exchange rates on - Profit and loss account - Other comprehensive income	-	(2,675)	- -	(4,072)

44.2.3 Equity position risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behavior similar to equities. The Bank's strategy is to invest in equity securities for increase in dividend income and capital gains through market volatility.

	20	19	2018	3
	Banking book	Trading book	Banking book	Trading book
		Rupees	s in '000'	
Impact of 5% change in equity prices on - Profit and loss account	-	(70,720)	-	(62,606)
 Other comprehensive income 	-	-	-	-

44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II specific

Interest rate risk is the potential that the value of the on-balance sheet and the off-balance sheet positions of the bank would be negatively affected with the change in the market interest rates. The vulnerability of the Bank towards the adverse movements of the interest rate can be gauged by using duration GAP analysis.

Interest rate risk in the banking book is the risk to interest income arising from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. The banking book activities that give rise to interest rate risk include lending activities, balance sheet funding and capital management. Interest rate risk in banking book can be measured by both, changes in net interest income and changes in market value of interest bearing AFS investments. This also refers to the non-trading market risk. To adjust the effective rate sensitivity, the Bank is using following strategies after proper analysis of the Bank's gaps and prevailing interest rate:

- Reduced asset sensitivity
- Increased asset sensitivity
- Reduced liability sensitivity
- Increased liability sensitivity

The Bank's interest rate risk management policy includes following techniques to mitigate potential risks:

- a) Monitoring and management of interest rate volatility in terms of percentage change in net income through interest sensitive gaps.
- b) Key consideration in investing in interest rate driven financial instruments.
- c) Managing volatility in the trading on category / instrument wise basis.

	20	19	2018	3
	Banking book	Trading book	Banking book	Trading book
		Rupee	s in '000'	
Impact of 1% change in interest rates on - Profit and loss account - Other comprehensive income	6,807,925 -	98,945 -	1,277,000	261,000 -

44.2.5 Mismatch of interest rate sensitive assets and liabilities

					Expose	Exposed to Yield / Interest risk	terest risk					
	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
						r	Rupees In 1000					
On-balance sheet financial instruments Assets												
Cash and balances with treasury banks	2000	53,414,628	1,587,930	1	ľ	I	1	1	ľ	1	ľ	51,826,698
Lending to financial institutions	11.07%	4,059,771	3,759,771	300,000								- , , , , ,
Investments - net	12.09%	361,452,930		799,887	10,899,246	94,713,229	56,146,242	7,546,577	7,546,577 68,871,711	80,904,775	1	1,553,332
Advances - net Other assets	%10.11	383,313,380 23,637,717	63,515,669	319,779,016	1 1	1 1			1 1	1 1	1 1	18,695 23,637,717
		836,188,995	111,724,363	320,878,903	10,899,246	94,713,229	56,146,242	7,546,577	7,546,577 68,871,711	80,904,775	ı	84,503,949
Liabilities Bills navable		3 421 083	1		1	1	1	1	1	1	1	3 421 083
Borrowings	12 09%	77 044 955	27 480 316	23 223 666	13 697 909	4 744 105	505 239	521 664	777 076	5 762 091	1	1.39 188
Deposits and other accounts	7.68%	691,017,447	22,009,025	399,304,872	32,730,526	78,032,305	127,650	4,700,300	609,950			153,502,819
Subordinated debts	12.62%	8,794,420	1	1	8,794,420	1	1	1	1	1	1	1
Other liabilities		41,214,238	1,385	2,418	5,690	19,364	104,544	224,307	569,536	2,539,286	3,251,408	34,496,300
		821,492,143	49,490,726	422,530,956	55,228,545	82,795,774	737,433	5,446,271	2,150,263	8,301,377	3,251,408	191,559,390
On-balance sheet gap		14,696,852	62,233,637	(101,652,053)	(44,329,299)	11,917,455	55,408,809	2,100,306	66,721,448	72,603,398 ((3,251,408)	(107,055,441)
Off-balance sheet financial instruments Documentary credits and short-term trade-related transactions		118,394,704			,			1	T		1	118,394,704
Commitments in respect of: - forward foreign exchange contracts - net		3,652,649	ı	ı	1	I.	ı	ı	1	ı	1	3,652,649
- forward lending Other commitments		23,449,998	1 1	1 1	1 1	1 1		1 1	1 1	1 1	1 1	23,449,998
Off-balance sheet gap		145,554,133	1	1	1	1	1	1	1	1	1	145,554,133
Total yield / interest risk sensitivity gap			62,233,637	(101,652,053)	(44,329,299)	11,917,455	55,408,809	2,100,306	2,100,306 66,721,448	72,603,398 ((3,251,408)	38,498,692
Cos vivilations de tampet de la constituit de la constitu			00000	0	1			1	0			0

						2018						
					Exposed	Exposed to Yield / Interest risk	rest risk					
	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to t year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
							Rupees in '000	`	`	`		
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		43,589,007	1,283,852	1	ı	1	1	i	1	1	1	42,305,155
Balances with other banks	6.50%	5,802,312	1,666,992	ı	1	1	•	•	•	ı	'	4,135,320
Lending to financial institutions	7.44%	27,843,153	4,850,000	22,993,153	1	ı	1	•	•	1	•	1
Investments - net	6.88%	210,071,483	133,571,800	65,579,802	9,749,559	1	•	•	•	1	1	1,170,322
Advances - net	7.44%	381,877,256	53,822,412	328,054,844	1	1	•	•	•	ı	'	1
Other assets		14,760,937	•	ı	ı	•	•	1	,	•	,	14,760,937
		683,944,148	195,195,056	416,627,799	9,749,559	'	'	'			'	62,371,734
Liabilities												
Bills payable		3,577,677	1	1	ı	1	1	i	1	1	1	3,577,677
Borrowings	7.24%	41,793,201	20,603,995	9,458,357	5,630,752	575,941	681,040	771,515	1,133,300	2,727,538	'	210,763
Deposits and other accounts	4.17%	595,581,962	30,247,121	325,638,558	20,598,274	64,607,651	1,514,226	734,795	377,809	1	•	151,863,528
Subordinated debts	8.06%	8,797,140	2,000,000	ı	6,797,140	1	1	1	1	ı	1	ı
Other liabilities		25,802,250	,	1	1	'	'	1	,	,	1	25,802,250
		675,552,230	52,851,116	335,096,915	33,026,166	65,183,592	2,195,266	1,506,310	1,511,109	2,727,538	1	181,454,218
On-balance sheet gap		8,391,918	142,343,940	81,530,884	(23,276,607)	(65, 183, 592)	(2,195,266)	(1,506,310)	(1,511,109)	(2,727,538)	'	(119,082,484)
Off-balance sheet financial instruments												
trade-related transactions		97,339,654	•	•	1	ī	i	1	i	ı	1	97,339,654
Commitments in respect of:												
- forward foreign exchange contracts - net		4,667,952	ı	1	ı	1	•	•	•	1	1	4,667,952
- forward lending		14,675,323	ı	ı	1	1	1	•	•	ı	•	16,297,428
Other commitments		10,155,697	1	1	1	1	1	ı	1	ı	1	10,155,697
Off-balance sheet gap		126,838,626	1	,	,	,	1	1	1	1	1	128,460,731
Total yield / interest risk sensitivity gap			142,343,940	81,530,884	(23,276,607)	(65,183,592)	(2, 195,266)	(1,506,310) (1,511,109)	(1,511,109)	(2,727,538)	'	9,378,247
Cumulative yield / interest risk sensitivity gap			142,343,940	223,874,824	200,598,217	135,414,625	133,219,359	131,713,049	130,201,940	127,474,402	127,474,40	135,414,625 133,219,359 131,713,049 130,201,940 127,474,402 127,474,402 136,852,649

Reconciliation of financial assets and liabilities with total assets and liabilities:

	2019	2018
	Rupees	s in '000'
Financial assets	836,188,995	683,944,148
Non financial assets:		
Fixed assets Intangibles Deferred tax assets - net Other assets	15,218,893 793,285 6,567,783 10,158,824	8,787,928 891,489 7,965,267 12,790,760
	32,738,785	30,435,444
Total assets as per statement of financial position	868,927,780	714,379,592
Financial liabilities	821,492,143	675,552,230
Non financial liabilities:		
Other liabilities	753,303	1,107,071
Total liabilities as per statement of financial position	822,245,446	676,659,301

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Bank has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

The Bank uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

In accordance with the operational risk policy and framework, a database covering losses, control breaches and near misses is being maintained. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. quarterly updates on operational risk events are presented to senior management and the Board Risk Management Committee (BRMC).



44.3.1 Operational risk disclosures Basel-II specific

Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Bank took a number of initiatives with respect to operational risk management. The Bank will initiate further steps for improvement in operational risk management to adopt next approach of capital charge i.e. Alternative Standardized Approach (ASA).

44.4 Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Bank's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Bank manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Bank are given significant importance.

The Bank is using following strategies for mitigation of liquidity risk:

- Invest key liquid deposit providers in liquid investment.
- Contingency funding plan
- Monitoring of advances to deposits ratio.
- Diversification of portfolio
- Maintaining desirable level of currency wise liquidity
- Identify situations or events that may trigger a crisis situation in terms of liquidity

44.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

						2019								
	Total	Upto	Over 1 to	Over 7 to	Over 14 days	Over 1	Over 2 to	Over 3 to	Over 6 to Over 9 months		Over 1 to	Over 2	Over 3 to	Over
		1 Day	7 days	14 days	to 1 Month	to 2 Months	3 Months	6 Months	9 Months	to 1 year	2 years	to 3 years	5 Years	5 Years
					<u>.</u>	Rupees in '000								
Assets														
Cash and balances with treasury banks	53,414,628	53,414,628	ı	1		1	1	ı	1	ı	ı	1		1
Balances with other banks	10,310,569	10,310,569	ı	ı	1	1	1	1	1	ı	ı	1	ı	1
Lendings to financial institutions	4,059,771	1	530,000	1	3,229,771	300,000	1	1	1	ı	1	1	ı	1
Investments - net	361,452,930	1	1	1	39,583,112	14	728,111	2,324,372	76,359,325	18,128,392	60,183,668	8,207,913	72,467,710	83,470,313
Advances - net	383,313,380	34,492,195	6,344,253	8,203,237	14,475,984	16,302,428	45,839,149	32,721,138	17,872,550	18,166,633	17,384,760	25,084,301	91,269,605	55,157,147
Fixed assets	15,218,893	3,430	16,404	19,138	48,089	86,856	85,052	261,230	258,638	267,729	1,111,813	1,223,113	2,549,294	9,288,107
Intangible assets	793,285	875	5,250	6,125	14,875	27,125	27,126	81,376	81,376	81,376	324,733	143,048		•
Deferred tax assets - net	6,567,783	•	ı	1	1	1	1	ı	1	ı	ı	1	6,567,783	1
Other assets - net	33,796,541	12,420,511	327,580	649,445	8,324,475	354,175	508,045	853,242	125,297	9,171,404	1,062,367	1		1
	868,927,780	110,642,208	7,223,487	8,877,945	65,676,306	17,070,598	47,187,483	36,241,358	94,697,186	45,815,534	80,067,341	34,658,375 172,854,392		147,915,567
Liabilities														
Bills payable	3,421,083	3,421,083	ı	1	1	1	1	ı	1	ı	ı	1	ı	
Borrowings	77,044,955	139,187	11,660,187	4,715,872	11,104,257	11,886,472	11,337,194 13,697,909	13,697,909	4,647,362	96,743	505,239	521,664	970,777	5,762,092
Deposits and other accounts	691,017,447	490,014,656	3,569,043	4,623,973	11,727,776	18,683,692	26,949,782	39,307,964	41,265,743	44,857,581	2,378,523	5,327,065	2,311,649	
Subordinated debts	8,794,420	1	ı	1	1	1	1	1,360	1	1,360	2,002,720	2,720	5,440	6,780,820
Other liabilities	41,967,541	16,937,870	361,663	790,898	1,057,177	878,996	628,481	2,870,518	1,860,141	2,031,673	3,091,307	1,549,098	4,108,201	5,801,518
	822,245,446	510,512,796	15,590,893	10,130,743	23,889,210	31,449,160	38,915,457	55,877,751	47,773,246	46,987,357	7,977,789	7,400,547	7,396,067	18,344,430
Net assets	46,682,334 (399,870,588)	399,870,588)	(8,367,406)	(1,252,798)	41,787,096	(14,378,562)	8,272,026 (19,636,393)	19,636,393)	46,923,940	(1,171,823)	72,089,552	27,257,828	27,257,828 165,458,325	129,571,137
Share capital - net	26,173,766													
Reserves	6,640,276													
Surplus on revaluation of assets - net of tax	5,371,207													
Unappropriated profit	8,497,085													
	46,682,334													

						2018								
	Total	Upto	Over 1 to	Over 7 to	Over 14 days	Over 1	Over 2 to	Over 3 to	Over 6 to Ov	Over 9 months	Over 1 to	Over 2	Over 3 to	Over
		1 Day	7 days	14 days	to 1 Month	to 2 Months	3 Months	6 Months	9 Months	to 1 year	2 years t	to 3 years	5 Years	5 Years
					Œ	Rupees in '000								
Assets														
Cash and balances with treasury banks	43,589,007	43,589,007	•	•	•	1	1	•	1	•	ı	,	•	1
Balances with other banks	5,802,312	5,802,312	1	ı	•	ı	1	•	,	•	ı	ı	•	ı
Lendings to financial institutions	27,843,153	•	1,750,000	900,000	2,200,000	22,993,153	1	1	•	•	1	1	•	ı
Investments - net	210,071,483	1	133,463,353	100,329	8,118	64,251,440	859,900	731,492	202,571	202,571	2,277,941	3,604,896	2,261,384	2,107,488
Advances - net	381,877,256	33,629,728	2,520,769	1,762,999	15,908,916	10,672,271	59,108,990	23,153,601	8,884,784	20,738,592	40,933,087	27,974,752	82,257,471	54,331,296
Fixed assets	8,787,928	2,799	16,794	19,593	47,597	86,783	86,783	260,349	260,349	260,349	1,041,396	1,041,396	2,082,792	3,580,948
Intangible assets	891,489	325	1,950	2,275	5,525	9,587	9,588	29,575	29,900	29,900	118,625	118,625	152,570	383,044
Deferred tax assets - net	7,965,267	1	1	1	1	ı	1	1	1	1	1	ı	7,965,267	ı
Other assets - net	27,551,697	10,176,030	621,859	1,347,949	1,682,318	435,369	332,916	248,905	299,318	11,362,145	1	1,044,888	1	
	714,379,592	93,200,201	138,374,725	4,133,145	19,852,474	98,448,603	60,398,177	24,423,922	9,676,922	32,593,557	44,371,049	33,784,557	94,719,484	60,402,776
Liabilities														
Bills payable	3,577,677	3,577,677	1	1	1	1	1	1	1	1	1	ı	1	1
Borrowings	41,793,201	210,763	20,103,557	1	500,438	1,353,688	8,104,669	5,630,752	566,941	000'6	681,040	771,515	1,133,300	2,727,538
Deposits and other accounts	595,581,962	411,648,481	11,528,009	4,877,020	11,756,185	15,267,953	18,584,836 45,181,017	45,181,017	39,399,268	31,469,171	1,999,775	3,071,221	799,026	1
Subordinated debts	8,797,140	1	1	1	1	ı	1	1,360	1	1,360	2,720	2,002,720	5,440	6,783,540
Other liabilities	26,909,321	9,507,430	768,137	1,334,116	1,567,544	431,313	261,738	430,762	166,601	615,156	5,406,974	3,351,163	3,068,387	1
	676,659,301	424,944,351	32,399,703	6,211,136	13,824,167	17,052,954	26,951,243	51,243,891	40,132,810	32,094,687	8,090,509	9,196,619	5,006,153	9,511,078
Net assets	37,720,291	(331,744,150)	105,975,022	(2,077,991)	6,028,307	81,395,649	33,446,934 ((26,819,969)	(30,455,888)	498,870	36,280,540	24,587,938	89,713,331	50,891,698
Share capital - net	26,173,766													
Reserves	4,990,570													
Surplus on revaluation of assets - net of tax	3,260,312													
Unappropriated profit	3,295,643													
	37,720,291													

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
					E	Rupees in '000	0			
Assets										
Cash and balances with treasury banks	53,414,628	53,414,628	•	•	•	•	•	•	•	1
Balances with other banks	10,310,569	10,310,569	•	•	•	•	•	•	•	•
Lendings to financial institutions	4,059,771	3,759,771	300,000	•	•	1	•	1	•	1
Investments - net	361,452,930	39,583,112	728,125	2,324,372	94,487,717	60,183,668	8,207,913	72,467,710	83,470,313	1
Advances - net	383,313,380	63,515,669	62,141,577	32,721,138	36,039,183	17,384,760	25,084,301	91,269,605	43,202,579	11,954,568
Fixed assets	15,218,893	87,061	171,908	261,230	526,367	1,111,813	1,223,113	2,549,294	7,461,002	1,827,105
Intangible assets	793,285	27,125	54,251	81,376	162,752	324,733	143,048	•	•	1
Deferred tax assets - net	6,567,783	•	•	•	•	•	•	6,567,783	•	•
Other assets - net	33,796,541	21,722,011	862,220	853,242	9,296,701	1,062,367	•		•	•
	868,927,780 192,419,946	192,419,946	64,258,081	36,241,358	36,241,358 140,512,720	80,067,341	34,658,375	34,658,375 172,854,392	134,133,894	13,781,673
Liabilities										
Bills payable	3,421,083	3,421,083	•	•	•	1	1	1	•	'
Borrowings	77,044,955	27,619,503	23,223,666	13,697,909	4,744,105	505,239	521,664	970,777	5,762,092	•
Deposits and other accounts	691,017,447	109,091,836 116,370,582	116,370,582	86,466,037	86,466,037 133,281,396	49,536,596	52,485,138	49,469,723	47,158,073	47,158,066
Subordinated debts	8,794,420	•	•	1,360	1,360	2,002,720	2,720	5,440	6,780,820	1
Other liabilities	41,967,541	19,147,608	1,507,477	2,870,518	3,891,814	3,091,307	1,549,098	4,108,201	2,550,110	3,251,408
	822,245,446	159,280,030	159,280,030 141,101,725 103,035,824		141,918,675	55,135,862	54,558,620	54,554,141	62,251,095	50,409,474
Net assets	46,682,334	33,139,916	(76,843,644)	(66,794,466)	(1,405,955)	24,931,479	(19,900,245) 118,300,251	118,300,251	71,882,799	(36,627,801)
Share capital - net Reserves Surplus on revaluation of assets - net of tax	26,173,766 6,640,276 5,371,207									
Unappropriated profit	8,497,085									

Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

46,682,334

						2018				
	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
					Œ	Rupees in '000	0			
Assets										
Cash and balances with treasury banks	43,589,007	43,589,007	•	1	•	1	1	1	1	1
Balances with other banks	5,802,312	5,802,312	•	1	•	1	1	1	1	1
Lendings to financial institutions	27,843,153	4,850,000	22,993,153	1	•	,	1	ı	1	1
Investments - net	210,071,483	133,571,800	65,111,339	731,492	405,142	2,277,941	3,604,896	2,261,384	2,107,489	ı
Advances - net	381,877,256	53,822,412	69,781,261	23,153,601	29,623,376	40,933,087	27,974,752	82,257,471	47,243,734	7,087,562
Fixed assets	8,787,928	86,783	173,566	260,349	520,698	1,041,396	1,041,396	2,082,792	3,580,948	ı
Intangible assets	891,489	10,075	19,175	29,575	59,800	118,625	118,625	152,570	383,044	ı
Deferred tax assets - net	7,965,267	1	•	1	•	,	1	7,965,267	1	1
Other assets - net	27,551,697	13,828,156	768,285	248,905	11,661,463	1	1,044,888	1	ı	ı
	714,379,592	255,560,545	158,846,779	24,423,922	42,270,479	44,371,049	33,784,557	94,719,484	53,315,215	7,087,562
Liabilities										
Bills payable	3,577,677	3,577,677	1	ı	1	1	1	ı	ı	ı
Borrowings	41,793,201	20,814,758	9,458,357	5,630,752	575,941	681,040	771,515	1,133,300	2,727,538	ı
Deposits and other accounts	595,581,962	113,939,840	91,359,234	83,518,648	109,206,066	40,337,406	41,408,851	39,136,656	38,337,630	38,337,631
Subordinated debts	8,797,140	1	1	1,360	1,360	2,720	2,002,720	5,440	6,783,540	ı
Other liabilities	26,909,321	13,177,227	693,051	430,762	781,757	5,406,974	3,351,163	3,068,387	ı	ı
	676,659,301	151,509,502	101,510,642	89,581,522	110,565,124	46,428,140	47,534,249	43,343,783	47,848,708	38,337,631
Net assets	37,720,291	104,051,043	57,336,137	(65,157,600)	(68,294,645)	(2,057,091)	(13,749,692)	51,375,701	5,466,507	(31,250,069)
Share capital - net	26,173,766									
Reserves	4,990,570									
Surplus on revaluation of assets - net of tax	3,260,312									
Unappropriated profit / (accumulated loss)	3,295,643									
	37,720,291	l 1								

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45. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on February 28, 2020 has proposed a cash dividend of 7.5 percent (2018: 7.5%). These appropriations will be approved in the forthcoming Annual General Meeting. These unconsolidated financial statements for the year ended December 31, 2019 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2020.

46. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on February 28, 2020 by the Board of Directors of the Bank.

47. GENERAL

- **47.1** Figures have been rounded off to the nearest thousand rupees.
- **47.2** Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

Annexure I

Total (9+10+11)

Other financial relief provided

Interest / Mark-up written-off/ waived

Principal written-off

Total

Other than Interest / Mark-up

Interest / Mark-up

Principal

Father's / Husband's

Name of individuals / partners / directors (with CNIC No.)

Name and address of the borrower

s, S

Outstanding Liabilities at beginning of year

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED

DURING THE YEAR ENDED DECEMBER 31, 2019

12		7,825														112,172								
11		ı														ı								
10		7,825														112,172								
6		ı														ı								
8	Rupees in '000	7,825														139,550								
7	Rupee																							
		1														- 20								
9		7,825														139,550								
2																ı								
4		Sulman Ayub	Irfan Ahmad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Allah Dita	Mirza Muhammad Inayat Ullah	Muhammad Imtiaz Ahmed	Furgan Ahmad Ayub		Muhammad Aizaz Ahmed	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Furgan Ahmed Ayub	Irfan Ahmed Ayub	Usman Ayub	
3		Kiran Salman (34201-0569089-0)	Ammara Irfan (34201-0569088-8)	(34201-2979426-3)	Úsman Ahmed Ayub (34201-0301984-7)	Sulman Ayub (34201-5142059-9)	Irfan Ahmed Ayub (34201-0301995-3)	Uzma Ayub (34201-1500552-2)	Sajida Khanum (34301-0569088-4)	Mirza Muhammad Inayat Ullah	(34201-0301980-5) Muhammad Aizaz Ahmed	(34201-0319430-3) Nighat Imtiaz	(34201-0352876-4) Agsa Furgan	(34201-3859949-4)	Farzana Aizaz (34201-0325892-4) Ayub Engineering Company	Sajida Khanum	(3-1201 0000000000000000000000000000000000	(3.201 3.202 3) Furgan A. Ayub (34201-2979426-3)	(34201-5142059-9)	(3-201-0301984-7)	Aqsa Furqan (34201-3859949-4)	Ammara Irfan	(34201-0569088-8) Aasma Usman	(34 104-2188985-4) Ayub Engineering Company
2		Sufia Traders (Yunas Colony, G.T. Boad, Guirat.)														Yunas Metal Works (Pvt) Ltd Winas Colony G T Brad Guiret								
-		-														7								

					1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2						
				Ouisia		Outstanding Liabilities at beginning of year	year		Interest/	Other	Ä
Name and address of the borrower		Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	Principal written-off	Mark-up written-off/ waived	relief provided	lotal (9+10+11)
Ø			4	5	9	7	ω	6	10	=	12
						Rup	Rupees in '000				
Rana Textile Mills Ltd (Rafhan Mill Road, Faisalabad.)	ш е	Rana Zahid Tauseef (33100-0672286-7)	Rana Tousif Ali Khan	ı	60,920	ı	60,920	ı	50,837		50,837
	m e	Rana Asif Tauseef	Rana Tousif Ali Khan								
2 0 0	2 <u>m</u> c	(20100-06/2190-3) Rizwana Arif (33100-0670508-4)	Arif Touseef								
2≥ €	2≥9	(35 100-007 0508-4) Maha Arif (25100-027 2520-4)	Arif Touseef								
	3 D 8	(33100-0747272-4) Daniyal Abid	Atif Touseef								
2 6 6	2 Å 9	(33100-5978024-1) Rana Arif Tauseef	Rana Tousif Ali Khan								
<u> </u>	2 Å ((33100-0708556-3) (Deceased) Rana Atif Tauseef	Rana Tousif Ali Khan								
	∑ W §	(33100-0695537-3) (Deceased) Rana Usman Zahid	Rana Zahid Tousif								
2 V &	න් ග් නි	(33100-06/2287-1) Shariq Ahmed (33100-3791126-9)	Rana Arif								
Allied Developers	Asi	Asif kamal	Muhammad Azam	ı	57,187	ı	57,187	1	44,745	ı	44,745
	Za	(3202-230483-3) Zahid Rafiq (2500-386082-4)	Muhammad Rafiq								
Tari	S E	(32202-200083-1) Tariq Nasir 25203 2332288 5)	Sheikh Nazir Ahmed								
Ahr Ahr	(35 A)	(32202-7577418-5) (35202-7577418-5)	Sheikh Khalil ur Rehman								
A.B.M. Gravure (Private) Ltd.	€ :	Abdul Wassay Mehta	Abdul Basit Mehta	,	17,051	,	17,051		16,824	,	16,824
	4 A S	(42301-1145243-3) Abdul Adeel Mehta (46304-656204-4-0)	Abdul Basit Mehta								
142 Na (42)	(42 Na (42 Na (42 Na (4	(42301-3307011-9) Naseem Mirza (42301-8173275-8)	Abdul Basit Mehta								
Al-Nafay International (14-G, Leeds Centre, 11-E/2 Main Boulevard Gulberg, (3 Lahore.)	<u>0</u> ©	Chaudhry Faisal Majeed Dhillon (35202-1436853-9)	Chodhry Abdul Majeed Dhillon	ı	6,330	1	6,330	ı	6,016	ı	6,016
Sadiq Traders (Ghalla Mondi Pattoki,)		Muhammad Khalid (35103-1375218-9)	Muhammad Sadiq		4,864		4,864		2,240		2,240
Muhammad Tufail & Co. (Hafizabad Road Rasoolpur Tarar Teh. Pindi Bhattian (Distt. Hafizabad)		Muhammad Tufail (34302-5361243-9)	Ghulam Rasool	12,286	21,809	ı	34,095	ı	10,829		10,829
Asad Corporation (Thanna Road, Jakipur Bhattian Teh. Pindi Bhattian Distt. Hafizabad)		Nasir Abbas (34302-1209338-5)	Malik Zafar Ali	416	2,261	ı	2,677	1	289	ı	637
	4										

				Outstai	nding Liabilities	Outstanding Liabilities at beginning of year	year		Interest/	Other	
o, o O	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	Principal written-off	Mark-up written-off/ waived	financial relief provided	Total (9+10+11)
-	2	ю	4	5	9	7	80	6	10	Ħ	12
						Rup	Rupees in '000				

				Outsta	nding Liabilitie	Outstanding Liabilities at beginning of year	year		Interest/	Other	
ος ος O	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	Principal written-off	Mark-up written-off/ waived	financial relief provided	Total (9+10+11)
-	2	ဇ	4	5	9	7	ω	6	10	11	12
						Rup	Rupees in '000				
10	Inran Welding Material & Mill Store (Odean Mkt. Shop No.5 Summandri Road, Faisalabad.)	Malik Bashir Ahmed (33100-6141083-5)	Malik Faqeer Muhammad	965	8,435		9,400	,	2,980	ı	2,980
Ξ	Fair Timber Merchants (Plot - 35, Timber Market I/11-2 Islamabad)	Mushatq Hussain Shah (61101-2591231-5)	Pir Imam Shah	950	1,650	ı	2,600	,	974	,	974
12	Estate One Builders (187 Y DHA Lahore Cantt.)	Rashid Mehmood Tariq (35201-1170848-3)	Chaudhary Bashir Ahmed		72,200	ı	72,200	,	22,155	,	22,155
13	Mudsar & Brothers (Warn Market Lodhran.)	Bashir Ahmad Shaboo (36203-0513231-5)	Allah Yar	2,000	8,596	1	10,596	,	3,263	,	3,263
41	Safdar Pottery Works (Tring Road, Mohalla Chah Tring Gujrat.)	Chaudhry Muhammad Safdar Warrich (34201-0572151-9)	Chaudhry Niaz Ahmed	382	2,261	ı	2,643	,	519	,	519
15	Ali Cloth Merchant (House No.241 Kamran Block Allama Iqbal Town Lahore.)	Ali Akbar (35202-2811342-3)	Muhammad Latif	2,306	2,578	1	4,884		2,390		2,390
16	Hashan Motors (Opposite Wapda Office Watta Kh El Chowk Tehsil - Distt Manwali Mianwali)	Muhammad Safdar Khan (38302-8704280-3)	Muhammad Khan	1,702	2,166	1	3,868	1	884		884
17	Sadiqabad Ong Filling Station (Bye Pass Road Near Taj Chowk Sadiqabad)	Shabbir Ahmad (31304-1228455-1)	Nazir Ahmad	2,472	8,998		11,470	ı	3,406		3,406
18	Imran Wood Line Furniture (Imran Plaza Fazal Mosque Road Opposite Crown Ice Factory Moh Tirkhana Chiniot)	Muhammad Imran Khan (33201-1534271-9)	Liaquat Ali Khan	2,127	2,852	1	4,979		918	1	918
9	Riaz Cotton Factory (Indus High Way By Pass D G Khan)	Abdul Ghafoor (32102-5847176-1) Abdul Karim (32102-9467910-1) Muhammad Ishaq (32102-2141258-3) Gamman (32102-0309075-5) Muhammad iqbal (32102-0126333-7)	Wassan Haji Wasan Wassan Khan Wassan Wassan Khan	1,027	2,778		3,805	,	768	,	768
20	Javaid Traders (Mzg Permit Road Jatoi Distt Muzaffar Garh)	Rana Muhammad Javed (32302-1712276-3)	Muhammad Yousaf	1,287	8,494	ı	9,781	,	8,257	1	8,257

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	Total (9+10+11)	12
Other	financial relief provided	Ħ
Interest/	Mark-up written-off/ waived	10
	Principal written-off	6
year	Total	8
s at beginning of	Other than Interest/ Mark-up	7
Outstanding Liabilities	Interest/ Mark-up	9
Outstar	Principal	5
	Father's/ Husband's name	4
	Name of individuals / partners / directors (with CNIC No.)	င
	Name and address of the borrower	Ø
	ŵ ö	-

3,958	7,793	505	4	519	0;	535	538	E	576	588
); (*)	7,7	20	514	51	520	23	23	571	55	28
	1						1	ı		
3,958	7,793	505	514	519	520	535	538	571	576	588
	ı	ı				1	ı	1	ı	ı
22,119	36,632	1,112	1,264	4,909	520	595	1,086	1,241	987	1,069
· .	10	•	•	•	•	,	1	1	•	'
15,359	22,835	631	582	98	520	595	673	069	280	588
6,760	13,797	481	682	4,823	ı	1	413	551	407	481
Haji Ghulam Rasool Haji Ghulam Rasool Haji Ghulam Rasool Haji Mehr Din	Ghulam Mustafa Sohail Muhammad Arwar	Nazar Muhammad	Sakhi Muhammad	Rana Shafi Ullah Khan	Raj Muhammad	Syed Ali Ameer	Muhammad Khan	Ch Sardar Ali	Shamsher Ali	Sardar Bagh Ali
Sh. Khalid Mehmood (33100-4152249-1) Muhammad Naeem (33100-5615560-3) Muhammad Asii (33100-603537-3) Haji Ghulam Rasool (33100-8127121-1)	Muhammad Aslam Sohail (31303-6092772-9) Hafeez ur Rehman (31303-9047284-7)	Abid Ali (34301-8766715-7) Faisal Abbas (34301-177306-9) Shahmawaz (34301-5031581-3)	Muhammad Naeem Akhtar Khan (35301-1970635-7)	Saad Habib Rana (35202-9126097-9)	Maqsood Ahmed (35103-1344091-9)	Syed Mukhtar Hussain (34302-1258110-9)	Atta Ullah (34302-7589536-3)	Zaheer Ahmad Rana (31302-6126777-5)	Samreen Nasir (35202-7189268-8)	Muhammad Arif (35103-7227330-3)
United Textile Printing Ind (Pvt) Ltd (Plot - 720 Street No.04 Sharif Pura Maqbool Road Faisalabad)	Sohail Hafeez Hatchery (Abuzahbi Rd Same Rahimyar Khan)	Abid Ali Faisal Abbas Shahnawaz (Chak Kharal P/O Same Tehsil & Distt Hafizabad)	Muhammad Naeem Akhtar Khan (Mouza Bakhu Shah Tehsil Depalpur Dist Okara)	Saad Habib Rana (277 J Dha Eme Multan Road Lahore)	Maqsood Ahmed (Ojla Kalan P/O Bath Kalan Pattoki)	Syed Mukhtar Hussain (Thatha Noor Shah Po Rasoolpur Teh Pindi Bhattian Hafizabad)	Atta Ullah (Post Office Sukheki Mandi Jandoi Tehsil Pindi Bhatiyan Dist Hafizabad)	Zaheer Ahmad Rana (Rana Market Ghazi Pur Taranda Muhammad Pannah K.L.P Road Tehsil Liaqat Pur Distt Rahim Yar Khan)	Samreen Nasir (Kathrani P.O. Kot Sarwar Teh. Pindi Bhattian Hafizabad)	Muhammad Arif (Mouza Khudian Chak # 41 P/O Same Tehsil Pattoki Distt Kasur)
72	22	23	24	25	26	27	28	29	30	31

Other	financial Total relief (9+10+11)	11 12
Interest/	Mark-up written-off/ waived	10
	Principal written-off	6
year	Total	8
at beginning of	Other than Interest/ Mark-up	7
nding Liabilities	Interest/ Mark-up	9
Outsta	Principal	5
	Father's/ Husband's name	4
	Name of individuals / partners / directors (with CNIC No.)	п
	Name and address of the borrower	2
	vi Š	-

Rupees in '000

32	Shan Muhammad (Vpo Bhekho Tehsil Phalia)	Shan Muhammad (34403-5940899-1)	Ahmed Din	ı	269		269	,	627	,	627
33	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	421	716	·	1,137		644	1	644
34	Salim Akhtar Khan (Chak-5/M, Mouza Chowki Ranco Khan Tehsil Dunyapur)	Salim Akhtar Khan (36202-6114050-1)	Allah Buksh	402	806	ı	1,208	ı	645	1	645
35	Fiaz Ahmad (Masjid Zakria, Qazi Park Distt. Sheikhupura)	Flaz Ahmad (35404-8246269-1)	Pir Muhammad		920		920	-	647		647
36	Muhammad Asif Maneka Shatqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (35301-6737506-3) Shafqat Naheed (35301-8379864-4)	Muhammad Aslam	469	813		1,282	-	650	1	650
37	Fayyaz Ahmed (Post Office Khas Jokalian Teh Phalia Distt Mandi Bahauddin)	Fayyaz Ahmed (34403-1946855-9)	Ghulam Rasool	1	729		729	ı	929	1	656
38	Muhammad Anwar (Bhooti Pur, P/O Sharaq Pur Tehsil Ferozwala Distt. Sheikhupura)	Muhammad Anwar (35401-8406093-7)	Muhammad Salar	909	3,845	ı	4,451	ı	699	ı	699
39	Muhammad Yasin (Bhotipur Po Mandi Faizabad Tehsil Ferozewala Sheikhupura)	Muhammad Yasin (35401-1758558-5)	Muhammad Hanif		712		712		712	1	712
40	Muhammad Asif Maneka Shafqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (85301-6737506-3) Shafqat Naheed (85301-8379864-4)	Muhammad Aslam	567	871		1,438	1	722	ı	722
41	Syed Riaz Hussain Shah (Khudian Chak # 41 Pattoki)	Syed Riaz Hussain Shah (35101-2510718-7)	Syed Qutab Nawaz	1,051	1,661		2,712	740	ı	ı	740
42	Muhammad Riaz Asad (Mouza Bath Kallan Tehsil Pattoki Distt Kasur)	Muhammad Riaz Asad (35103-9916759-5)	Jhanda	560	911	1	1,471	ı	742	ı	742
43	Syed Taiib Hussain (Subhan Shah Teh Depalpur Okara Dist Okara)	Syed Tailb Hussain (35301-0120259-5)	Syed Tajammal Hussain Shah	545	768		1,313	-	766	ı	992
44	Muhammad Mansha (Chak # 47/4-L Tehsil & Dist Okara)	Muhammad Mansha (35302-6242694-1)	Noora	522	958		1,480	-	792	ı	767
45	Ohannan Begum (Mehmood Nagar Lodhokay Post Office Ganda Singh Tehsil Depalpur Dist Okara)	Ohannan Begum (35301-5728015-2)	Khizar Hayat	562	856	ı	1,418	1	778		778

				o total	iiiida Laaloo	gov to solitation of the solitation of solitations	, con				
0			of Land of Land 1 April 1 Apri	Bisino	idilig Elabilitik	as at beginning o	year		Interest/	Other	
ų S	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	rathers/ Husband's name	Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	Principal written-off	written-off/ written-off/ waived	inancial relief provided	(9+10+11)
-	2	3	4	5	9	7	8	6	10	11	12
						Ru	Rupees in '000				
46	Abdul Razzak (Bherwal Kalan Teh Pattok Pattoki)	Abdul Razzak (35103-8915550-7)	Haji Abdul Ghafoor		062	,	790		791	1	791
47	Muhammad Aslam Hamid Nasir (Kot Ratta Wazirabad Gujranwala)	Muhammad Aslam (34104-1078944-1) Hamid Nasir (34104-2217567-7)	Muhammad Anayat	64	847	·	911		849		849
48	Casir Majeed Asim Majeed Casim Majeed (Mouza Majra Tehsil Chunian Distt Kasur.)	Qasir Majeed (35101-3258785-7) Asim Majeed (35101-7103932-1) Qasim Majeed (35101-826803-9)	Muhammad Majeed	999	1,002		1,668		870	ı	870
49	Ashfaq Ahmed Rukhsar Ahmed (V.P.O. Kang Chanan Teh. & Distt. Gujrat)	Ashfaq Ahmed (34201-0484343-7) Rukhsar Ahmed (34201-0484343-5)	Ghulam Muhammad	215	689		904		892	1	892
20	Rahilah Nawaz (Khathrani P.O. Kot Sarwar Pindi Bhattian Hafizabad)	Rahilah Nawaz (34302-4468678-8)	Shahid Nawaz Bhatti	412	934		1,346		930		930
51	Muhammad Mehdi Hassan (Mouza Jatoi Shumali The Jatoi Distt Muzaffargarh)	Muhammad Mehdi Hassan (32302-0243968-3)	Lal Hussain	542	1,115		1,657		948		948
52	Ghulam Baqir (R.O Sarai Sidhu Village Kund Sergana)	Ghulam Baqir (36102-1327161-9)	Nazar Muhammad	1,308	1,069		2,377		957	ı	957
53	Hamza Poultry Farm (Hamza Poultry Farm Po.Dargapurteh.Kamoke Distt. Gujranwala 0300-4477816)	Hamza Poultry Farm (34101-2418713-1)	Anwar Ul Haq	5,013	1,026	ı	6,039	ı	974	1	974
54	Muhammad Irshad (Udhwana P.O Ikhlaspur Shakargarh Distt. Narowal Shakargarh)	Muhammad Irshad (34502-1605832-9)	Ghulam Rasool	1,660	806	ı	2,568	ı	1,008	ı	1,008
55	Bashir Ulah Khan Abbasi (E-1 Street -1 Gulshan Qadeer Islam Abad)	Bashir Ullah Khan Abbasi (61101-2002176-9)	Sardar Hameed Ullah Khan	248	1,020		1,268	-	1,017	-	1,017
56	Ali Aun Shah (Rajoa Po Khas Tehsil And Distt Chiniot)	Ali Aun Shah (33100-0949925-3)	Syed Safdar Hussain Shah	-	2,013		2,013		1,096		1,096
22	Tayyab Ali (Naroki P.O Siddique Abad The Nankana Sahib.)	Tayyab Ali (35402-7476471-9)	Khan Bahader	751	1,266		2,017		1,259		1,259
28	Zulfiqar Ali (Bhoti Pur Kot Salar Po Mandi Faizabad Dist Sheikhupura.)	Zulfiqar Ali (35402-8989002-5)	Muhammad Sarwar	707	1,278	·	1,985		1,328	1	1,328

	Total 9+10+11)	12
Other		-
 	<u> </u>	-
Interest	Mark-up written-of waived	10
	Principal written-off	6
year	Total	8
at beginning of	Other than Interest/ Mark-up	7
nding Liabilities	Interest/ Mark-up	9
Outsta	Principal	5
	Father's/ Husband's name	4
	Name of individuals / partners / directors (with CNIC No.)	3
	Name and address of the borrower	2
	رن <u>ن</u>	_

Rupees in '000

Part	2,102 - 2,102 - 2,189 - 2,189 - 2,963
Delication Control Calcar Navioral Councies Rab Newaz 1,940 1,562 - 8,224 - 1,482 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,482 - 1,788 - 1,788 - 1,788 - 1,788 - 1,788 - 1,788 - 1,788 - 1,788 - 1,589 - 1,788 - 1,599 - 1,788 - 1,599 - 1,788 - 1,599 - 1,788 - 1,599 - 1,788 - 1,599 - 1,788 - 1,599 - 1,788 - 1,599 - 1,798 - 1,599 - 1,798 - 1,599 - 1,798 - 1,599 - 1,798 - 1,599 - 1,798 <th< td=""><td>2,102 - 2,102 - 2,189 - 2,431 - 2,963 - 3,284 - 3,424 - 4,144 - 4,144</td></th<>	2,102 - 2,102 - 2,189 - 2,431 - 2,963 - 3,284 - 3,424 - 4,144 - 4,144
Defence Officers Colicy Each Navezz Each Navez Each Na	
Defence Officers Coliny Exercic National Armed Quresh Java	
Detence Officers Colony Zafer Navaz G6202-0259409-7) Rab Navaz Amned Oureshi Rab Navaz	00
Determob Officers Colony Se202-U259409-7 Seb Nawaz 1,940 1,562	3,76 3,77 5,66 6,66 6,66 6,66 6,66 6,66 6,66 6
Dist Mountain Results Zaffar Nawaz Rab Nawaz 1,940 1,582 Lobelence Officers Colony (38202-0259409-7) Jawad Ahmed Qureshi - 2,240 a Dist Mb Din) (36202-6369663-1) Irshad Ahmed Cureshi Ghulam Haider 311 1,598 Dist Okara) (34003-4093073-7) Ghulam Haider 311 1,598 Dist Okara) (34003-4093073-7) Sardar Khyzer Hayat 2,024 2,223 Dist Okara) (34003-4093073-7) Sardar Khyzer Hayat 1,177 2,523 un Muhammad Khawar Hayat Haji Ghulam Mehboob 1,443 2,945 Ambhammad Baleam Akhtar Hayat 2,077 3,622 (34302-5574604-3) Muhammad Bhana Markaban Markaban Markaban Markaban Markaban Markaban Markaban Markaban 1,337 3,425 Bist Okara) (35202-6366863-1) Jawaid Ahmed Qureshi 2,846 4,446 Dist Okara) (35201-6432840-9) Sardar Khyzer Hayat 2,846 4,446	
Dist Okara) Zafar Nawaz (36202-0259409-7) Rab Nawaz (36202-0259409-7) 1,940 a Dist Mb Din) Jawad Ahmed Qureshi (35202-056868-1) Jawad Ahmed Qureshi (35202-056868-1) - Dist Okara) (34003-408070-7) Ghulam Haider 311 Dist Okara) (34003-408070-7) Sardar Khyzer Hayat 2,024 Dist Okara) (35301-6432840-9) Muhammad Saleem Akhtar Haji Ghulam Mehboob 1,443 An Muhammad Boota (35200-438684-7) Muhammad Boota (34302-6620631-6) Hayat (34302-6620631-6) 2,077 An Muhammad Bhsan (35501-0106440-3) Muhammad Bhsan (35501-0106440-3) Jawad Ahmed Qureshi (35501-0106440-3) Jawad Ahmed Qureshi (35501-6432840-9) Jawad Ahmed Qureshi (35501-6432840-9) Dist Okara) (35301-6432840-9) Sardar Khyzer Hayat (35301-6432840-9) 2,846	
Dist Mb Din) Zafar Nawaz (36202-0259409-7) Rab Nawaz (36202-0259409-7) a Dist Mb Din) Jawad Ahmed Qureshi (35202-6368863-1) Jawaid Ahmed Qureshi (35202-6368863-1) Dist Okara) Irshad Ahmed Ahmed Khawar Hayat (35301-6432840-9) Ghudam Haider (34403-4093073-7) Dist Okara) Muhammad Khawar Hayat (35301-64328684-7) Raid Ghudam Merboob (34302-6574604-3) Muhammad Bosta (34302-6574604-3) Muhammad Bhsan (34302-6574604-3) Hayat (34302-6574604-3) Muhammad Bhsan (35201-0106440-3) Muhammad Rhaar (34302-6536883-1) Marsib Ali (35201-6432840-9) Dist Okara) Jawaid Ahmed Qureshi (35301-6432840-9) Jawaid Ahmed Qureshi (35301-6432840-9)	2,223 2,523 3,622 3,425 4,446 4,446
Dist May Dist More Colony Zafar Nawaz Rab Nawaz a Dist Mb Din) Jawad Ahmed Oureshi Jawaid Ahmed Oureshi a Dist Mb Din) Irshad Ahmed Ahmed Ahmed Gureshi Ghulam Haider Dist Okara) (35202-6368863-1) Ghulam Haider Dist Okara) (35301-6432840-9) Ghulam Haider Muhammad Khawar Hayat Sardar Khyzer Hayat Muhammad Saleem Akhtar Haji Ghulam Merboob Muhammad Boota (34302-5370676-3) Muhammad Boota Hayat (34302-5574604-3) Hayat Muhammad Bhsan Muhammad Bhsan (34302-5574604-3) Marsib Ali Mased Ahmed Oureshi Jawaid Ahmed Oureshi (35201-6432863-1) Jawaid Ahmed Oureshi (35301-6432840-9) Sardar Khyzer Hayat	2,024 1,177 2,077 2,587 1,337 2,846
Zafar Nawaz (36202-0259409-7) Jawad Ahmed Qureshi (35202-6368863-1) Irshad Ahmed Ahmed (34403-4093073-7) Irshad Ahmed Khawar Hayat (35301-6432840-9) Mukhammad Khawar Hayat (35301-6432840-9) Mukhammad Saleem Akhtar (34302-6574604-3) Muhammad Bhaan (34302-6574604-3) Muhammad Bhaan (35200-0106440-3) Jawad Ahmed Qureshi (35201-0106440-3) Jawad Ahmed Chreshi (35202-6368863-1) Muhammad Khawar Hayat (35301-6432840-9) Muhammad Khawar (35301-6432840-9) Muhammad Khawar (3	Sardar Khyzer Hayat Makhdoom Ghulam Jaffar Shah Hayat Hayat Sardar Khyzer Hayat
afer Nawaz sher Shah Road H # 142, Defence Officers Colony Jultan Cant) awad Ahmed Qureshi 93-A-1 Township Lahore) shed Ahmed foo Dhaul Ranjha Teh Phalia Distt Mb Din) uhammad Khawar Hayat affar Abad Tehsil Depalpur Dist Okara) akhdoom Muhammad Ishaq Hashmi affar Abad Tehsil Depalpur Mureed Wala Tehsil & listrict Rahim Yar Khan) uhammad Solean Akhtar abar P/O Sikandar Abad Tehsil & Distt Multan) uhammad Boota ateh Sher or Rehmat P/O Buchiki Distt Nankana) wad Ahmed Qureshi 93-A-1 Township Lahore) uhammad Khawar Hayat affar Abad Tehsil Depalpur Dist Okara)	Muhammad Bota (3500-67) Muhammad Saleem Akttar (35200-4385684-7) Muhammad Bota (34302-6620631-5) Fater Sher (34302-5674604-3) Muhammad Bhsan (35501-010640-3) Muhammad Bhsan (35501-010640-3) Muhammad Chrean (35501-010640-3) Muhammad Khawar Hayat (35302-6356863-1) Muhammad Khawar Hayat (35301-6432840-9)
요요 보는 토의 돈의 돈집만 돈의 돈때중 돈옷 모든 물길	Muhammad Khawar Hayit Muhammad Khawar Hayit Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara) Makindoom Muhammad Ishaq Hashmi Makindoom Muhammad Ishaq Hashmi District Rahim Yar Khan) Muhammad Saleem Akhtar (Labar P/O Sikandar Abad Tehsil & Distt Mutan) Muhammad Boota Fateh Sher (Mouza Syedawala) Muhammad Bhsan (Kot Pehrnat P/O Buchiki Distt Nankana) Muhammad Chreshi (193-A-1 Township Lahore) Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)
65 69 69 69 69 69 69 69 69 69 69 69 69 69	2 2 8 8 8 8 6 7 8 8 8

Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

* Principal includes insurance and ECIB charges debited.

* Insurance and ECIB charges already debited to principal were written off

* Penal charges waived off.

ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the December 31, 2019, The Bank is operating 98 Islamic banking branches and 02 sub Islamic banking branches (2018: 72 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

		2019	2018
	Note	Rupees	in '000'
ASSETS			
Cash and balances with treasury banks Balances with other banks Due from financial institutions Investments - net Islamic financing and related assets - net Fixed assets Intangible assets Due from head office Other assets	1 2 3	3,742,675 3,355,122 3,395,000 8,936,196 27,270,972 1,757,599 4,428 2,342,604 2,459,344	2,753,286 1,642,888 5,350,000 9,599,160 19,995,626 309,063 - - 1,730,813
Total assets		53,263,940	41,380,836
LIABILITIES			
Bills payable Due to financial institutions Deposits and other accounts Due to head office Subordinated debt Other liabilities	4	250,213 - 46,089,009 - - 3,169,627	209,762 - 36,501,111 187,187 - 2,085,897
		49,508,849	38,983,957
NET ASSETS		3,755,091	2,396,879
REPRESENTED BY			
Islamic banking fund Reserves Surplus on revaluation of assets Unappropriated profit	5	1,500,000 32,768 67,698 2,154,625	1,500,000 7,313 20,372 869,194
		3,755,091	2,396,879



ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

		2019	2018
	Note	Rupees	in '000'
Profit / return earned Profit / return expensed	7 8	4,824,953 2,186,851	2,874,347 1,075,232
Net profit / return		2,638,102	1,799,115
Fee and commission income Dividend income Foreign exchange income Income / (loss) from derivatives Loss on securities Other income		91,077 - 849 - (634) 2,701 93,993	68,172 - (402) - - (7) 67,763
Total income		2,732,095	1,866,878
Other expenses Operating expenses Workers welfare fund Other charges		1,417,871 - 710	1,260,634 - 1,292
		1,418,581	1,261,926
Profit before provisions		1,313,514	604,952
Provisions and write offs - net		28,083	156,631
		1,285,431	448,321

ISLAMIC BANKING BUSINESS CASH FLOW STATEMENT

For the year ended December 31, 2019

	2019	2018
	Rupees	s in '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,285,431	448,321
Less: dividend income	-	-
	1,285,431	448,321
Adjustments for:	00.040	00.001
Depreciation on fixed assets Amortization on intangible assets	90,348 564	90,961
Depreciation on ijarah assets under IFAS - 2	238,279	359,585
Depreciation right-of-use assets	147,208	-
Markup on lease liability against right-of-use assets	146,890	-
Amortization of (discount) / premium on debt securities - net	(8,232)	27,406
Gain on termination of lease liability against right-of-use assets Provision / (reversal) and write-offs - net	(433) 28,083	- 156,631
Flovision / (leversal) and write-ons - Het		
	642,707	634,583
(lacusace) / decrease in exercting accets.	1,928,138	1,082,904
(Increase) / decrease in operating assets: Lendings to financial institutions	1,955,000	4,507,000
Advances - net	(7,541,708)	(8,737,995)
Others assets - net	(3,071,135)	(1,099,248)
	(8,657,843)	(5,330,243)
Increase / (decrease) in operating liabilities: Bills payable	40,451	21,447
Deposits and other accounts	9,587,898	3,489,547
Other liabilities	(465,928)	2,008,331
	9,162,421	5,519,325
Net cash flow from operating activities	2,432,716	1,271,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	718,522	(2,027,426)
Investments in operating fixed assets	(238,917)	(111,230)
Net cash flow from / (used in) investing activities	479,605	(2,138,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Islamic banking fund	-	500,000
Payment against lease liability against right-of-use assets	(210,698)	-
Net cash (used in) / flow from financing activities	(210,698)	500,000
Net increase / (decrease) in cash and cash equivalents	2,701,623	(366,670)
Cash and cash equivalents at beginning of the year	4,396,174	4,762,844
Cash and cash equivalents at end of the year	7,097,797	4,396,174
	. , ,	.,500,



Notes to the Annexure

DUE FROM FINANCIAL INSTITUTIONS (Unsecured)

(0110001100)		2019			2018				
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total			
		Rupees in '000'							
Unsecured	3,395,000	-	3,395,000	5,350,000	-	5,350,000			

2. **INVESTMENTS BY SEGMENTS**

		20	019			20	018	
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost es in '000'	Provision for diminution	Surplus / (Deficit)	Carrying value
Federal government securities: - ljarah sukuks	1.985.749		(5.749)	1,980,000	2,623,602		(32,086)	2,591,516
- Sukuk - bai muajjal with Government of Pakistan	2,756,196		(5,749)	2,756,196	2,756,196	-	, , ,	2,756,196
Non government debt securities	4,741,945	-	(5,749)	4,736,196	5,379,798	-	(32,086)	5,347,712
- Unlisted	4,200,000	-	-	4,200,000	4,251,448	-	-	4,251,448
Total investments	8,941,945	-	(5,749)	8,936,196	9,631,246	-	(32,086)	9,599,160

			2019	2018
		Note	Rupees	in '000'
3.	ISLAMIC FINANCING AND RELATED ASSETS			
	Ijarah Murabaha Musharaka Diminishing musharaka Istisna Payment against documents	3.1 3.2	1,737,428 1,272,740 10,684,948 10,599,650 3,166,670 55,303	552,920 1,004,602 8,340,625 7,630,222 2,686,385
	Gross islamic financing and related assets		27,516,739	20,214,754
	Less: provision against islamic financings - Specific - General		245,767 - 245,767	219,128 - 219,128
	Islamic financing and related assets - net of provision		27,270,972	19,995,626

3.1 Ijarah

		С	ost			Deprecia	ation		Book value
	As at Jan	Additions	Deletion /	As at Dec	As at Jan	Deletion /	Charge for	As at Dec	as at Dec
	01, 2019		adjustment	31, 2019	01, 2019	adjustment	the year	31, 2019	31, 2019
		Rupees in '000'							
Plant and machinery	125,415	_	-	125,415	26,770	-	21,723	48,493	76,922
Vehicles	368,933	237,553	(84,553)	521,933	220,050	(75,953)	67,947	212,044	309,889
Equipment	762,428	-	(547,905)	214,523	457,036	(506,221)	148,609	99,424	115,099
Service Ijarah	-	1,235,518	-	1,235,518	-	-	-	-	1,235,518
Total	1,256,776	1,473,071	(632,458)	2,097,389	703,856	(582,174)	238,279	359.961	1.737.428

							2018			
				Cost			Deprec			Book value
		As at Ja 01, 201		ns Deletion / adjustment	As at Dec 31, 2018	As at Jan 01, 2018	Deletion / adjustment	Charge for the year	As at Dec 31, 2018	as at Dec 31, 2018
						Rupee	s in '000'			
	Plant and machinery Vehicles Equipment	46,52 392,82 762,42	190,065		125,415 368,933 762,428	177,484	- (8,820) -	18,923 51,386 289,276	26,770 220,050 457,036	98,645 148,883 305,392
	Total	1,201,77	'5 268,956	6 (213,955)	1,256,776	353,091	(8,820)	359,585	703,856	552,920
3.1.1	Future ijarah paymer	nts receival	ole							
				2019				2018		
			Not later than 1 year	Later than 1 & less than 5 years	Over five years	Total	Not later than 1 year	Later than one & less than 5 years	Over five years	Total
				Rupees ir	n '000'			Rupees	s in '000'	
	ljarah rental receivables		355,326	1,029,099	353,003	1,737,428	214,512	338,408	-	552,920
							20)18
						Note		Rupees	in '000'	
3.2	Murabaha									
	Murabaha financir Advances for mur	-				3.2.1		01,934 70,806		23,757 80,845
							1,27	2,740	1,0	04,602
3.2.1	Murabaha receiva Less: Deferred mu Profit receiva	urabaha ii	ncome	r assets		3.2.2 3.2.4	2	46,741 29,784 15,023		068,565 25,772 19,036
	Murabaha financir	ngs					1,00	1,934	Ç	23,757
3.2.2	The movement in the year is as fo Opening balance Sales during the Adjusted during t	llows: year	a financinç	g during			2,00	68,565 01,983 23,807	2,5	94,048 603,463 628,946
	Closing balance						1,04	6,741	9	68,565
3.2.3	Murabaha sale pri Murabaha purcha							61,235 59,301		315,985 350,119
							1,00	1,934	9	65,866
3.2.4	Deferred murabal Opening balance Arised during the Less: recognized	year					(25,772 98,645 94,633		11,355 79,379 64,962

^{3.3} Islamic financing and related assets include Rs. 305,734 thousand (2018: Rs. 291,882 thousand) which have been placed under non-performing status.

29,784

25,772

Closing balance



4. **DEPOSITS AND OTHER ACCOUNTS**

		2019			2018	
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
			Rupees	in '000'		
Customers						
Current deposits	9,093,509	330,022	9,423,531	7,790,792	119,378	7,910,170
Savings deposits	33,025,303	98,310	33,123,613	26,524,845	7,704	26,532,549
Term deposits	1,092,240	-	1,092,240	771,556	-	771,556
Others	1,125,855	-	1,125,855	1,031,913	-	1,031,913
	44,336,907	428,332	44,765,239	36,119,106	127,082	36,246,188
Financial institutions						
Current deposits	200,243	-	200,243	106,572	-	106,572
Savings deposits	1,122,998	-	1,122,998	148,351	-	148,351
Term deposits	-	-	-	-	-	-
Others	529	-	529	-	-	_
	1,323,770	-	1,323,770	254,923	-	254,923
	45,660,677	428,332	46,089,009	36,374,029	127,082	36,501,111

		2019	2018
		Rupee	s in '000'
4.1	Composition of deposits		
	 Individuals Government Public sector entities Banking companies Non-banking financial institutions Private sector 	14,264,657 21,875,177 224,962 258,495 1,065,275 8,400,443	11,579,075 18,155,538 - 215,334 39,589 6,511,575
		46,089,009	36,501,111

4.2 This includes deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounting to Rs. 20,556,009 thousand (2018: Rs 15,527,082 thousand).

		2019	2018
		Rupees	s in '000'
5.	ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
	Opening balance Add: Islamic banking profit for the year	869,194 1,285,431	420,873 448,321
	Closing balance	2,154,625	869,194
6.	CONTINGENCIES AND COMMITMENTS		
	- Guarantees - Commitments	1,095,316 15,712,318	1,420,734 1,675,998
		16,807,634	3,096,732

		2019	2018
		Rupees	s in '000'
7.	PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
	Profit earned on: Financing Investments Placements Deposits with financial institutions	3,299,327 1,076,755 384,550 64,321	1,678,258 586,806 604,496 4,787
		4,824,953	2,874,347
8.	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
	Deposits and other accounts Markup on lease liability against right-of-use assets Profit on deposits from conventional HO	2,029,295 146,890 10,666	1,027,190 - 48,042
		2,186,851	1,075,232
9.	CHARITY FUND		
	Opening balance	45,844	1,125
	Additions during the year Received from customers on account of delayed payment Profit on charity saving account	41,052 2,526	52,172 247
		43,578	52,419
	Payments / utilization during the year Education Health Welfare works	25,000 24,159 -	7,500 200
		49,159	7,700
	Closing balance	40,263	45,844

10. POOL MANAGEMENT

- **10.1** BOP TAQWA islamic banking division is maintaining following pools for profit declaration and distribution.
 - i) General pool
 - ii) Special pool-I
 - iii) Special pool-II
 - iv) Special pool-III*
 - v) Special pool-IV
 - vi) Special pool-V*
 - vii) Special pool-VII (PER)
 - viii) Special pool-IX
 - ix) Special pool-X*
 - x) Special pool-XI*
 - xi) Special pool-XII*
 - xii) Special pool-XIII



xiii) Special pool-XIV

xiv) Special pool-XV

xv) USD special pool-I

* (Special pool-X closed w.e.f 01.08.2019, Special Pool-III, Special Pool-V, Special Pool-XI closed w.e.f September 01, 2019, Special Pool-XII closed w.e.f October 01, 2019)

10.2 General pool

The general pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

10.3 Special pools

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-TAQWA as Mudarib.

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, islamic banking institutions and shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

10.4 Avenues / sectors of economy / business where mudaraba based deposits have been deployed:

	2019	2018
	Rupees	s in '000'
Federal and provincial governments Due from GOP - bai muajjal ljara sukuk Transport, storage, logistics and communication Manufacturing and trading of food items Manufacture of pesticides and other agro-chemical product Power generation Manufacture of paper, paperboard and products thereof Consumer car ljarah	7,836,261 2,756,196 1,985,749 245,269 713,311 98,944 10,954,848 640,842 23,074	4,142,000 2,756,196 2,622,000 152,763 729,828 60,379 9,666,937 250,000 51,030
Textile composite / other Cement & allied Iron & steel industry Rubber / plastic products etc. Others	1,138,879 3,127,597 647,524 199,910 12,236,148	1,308,423 3,619,289 500,000 - 10,978,441
	42,604,552	36,837,286



10.5 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

	2019	2018	
	Rupees in '000'		
Provisions			
Murabaha Ijarah Diminishing Musharika	47,067 185,000 13,700	34,128 185,000	
	245,767	219,128	

10.6 Mudarib share (in amount and percentage of distributable income):

	2019		201	8	
	Rupees in Percentage '000' %		Rupees in '000'	Percentage %	
	Rupees in '000'				
Rabbul mal Mudarib	1,960,390 1,259,103	60.89% 39.11%	1,038,576 762,126	57.68% 42.32%	
Distributable income	3,219,493	100.00%	1,800,702	100.00%	

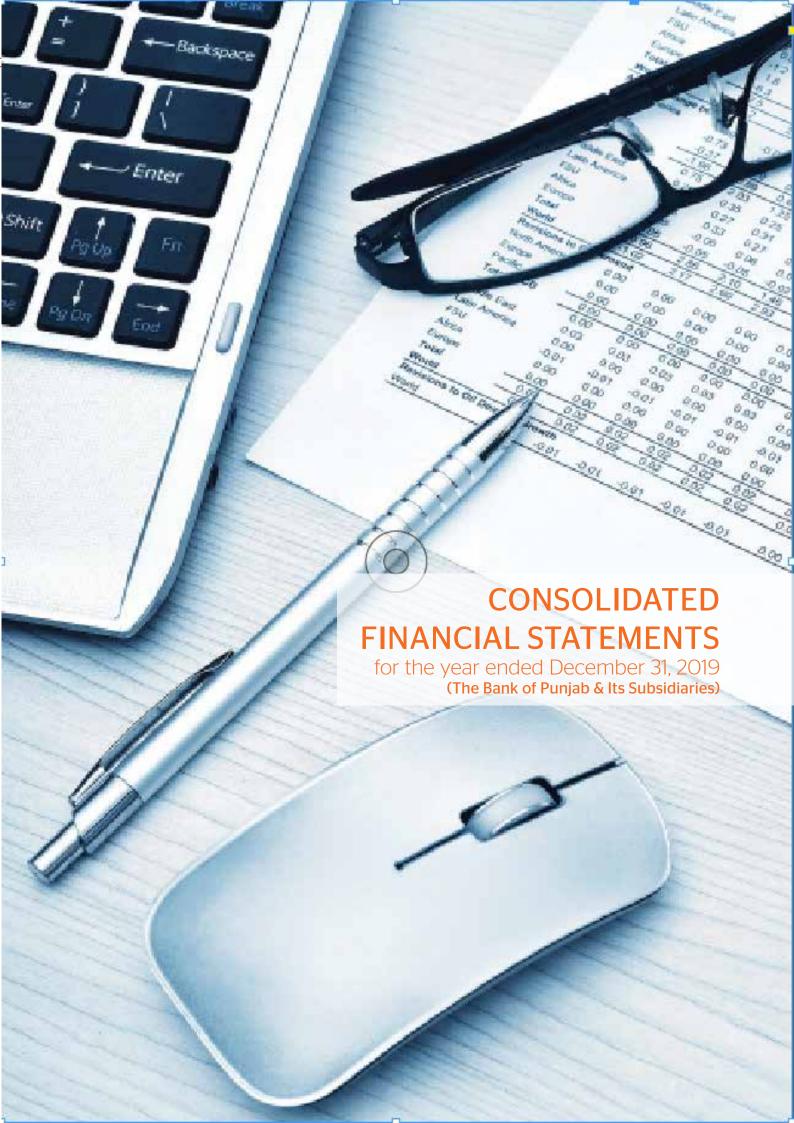
10.7 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2019	2018
	Rupees	s in '000'
Mudarib share	1,259,103	762,126
Hiba	60,123	45,427
Hiba percentage of mudarib share	4.78%	5.96%

This is not a special hiba as such. This hiba has been distributed across the board to all the investment account holders.

Profit rate earned vs. profit rate distributed to the depositors during the year:

Profit rate earned	12.71%	7.89%
Profit rates distributed to depositors	5.27%	3.16%





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INDEPENDENT AUDITOR'S REPORT To the members of The Bank of Punjab Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of The Bank of Punjab and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit and loss account and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Following are the key audit matters:

Key audit matters

How the matter was addressed in our audit

Provision against non-performing advances

The Bank's credit portfolios include advances, debt securities and non-funded credit facilities. The portfolio is spread across various domestic branches and include corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals.

As per the Bank's accounting policy (refer note 5.5 to the consolidated financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against financing losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of financing loss provision against certain corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions. borrowers repayment behaviours and realisability of collateral held by the Bank.

In view of the significance of this area in terms of its impact on the Consolidated Financial Statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against loans and advances as a significant area of audit judgment and a kev audit matter.

The disclosures relating to provisioning against non-performing advance and related assets are included in note 10 to the consolidated financial statements.

We applied a range of audit procedures including the following:

- We reviewed the Bank's process for identification and classification of non-performing financing including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financing and declassification of accounts from non-performing to regular, as the case may be.
- We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations;
- In addition, we selected a representative sample of borrowers from the financing portfolios across various branches including individually significant corporate financing and performed tests and procedures such as review of financing documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower;
- Based on the said credit reviews, we identified and discussed with the management the financing accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases;
- In respect of the level of general provision maintained by the Bank we discussed the approach and policy followed by the Bank with the management on consistent basis and checked the approval of Board of Directors in this regard.
- We also assessed adequacy of disclosures as included in note 10 to the consolidated financial statements regarding the non-performing financing and provisions made for the same in the financial statements in accordance with the requirements of the applicable financial reporting framework.



Key audit matters

How the matter was addressed in our audit

2. Adoption of IFRS 16 "Leases"

As referred to in note 5.1 to the consolidated financial statements, IFRS 16 'Leases' (the standard) has become effective for the current financial year.

The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Bank is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard are disclosed in note 5.1 to the consolidated financial statements.

The application of the new standard requires management to make significant estimates and judgements such as in related to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.

We applied a range of audit procedures including the following:

- We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the consolidated financial statements;
- We obtained an understanding of the process and controls in place for identification of in-scope and material lease contracts and capturing of relevant data regarding the terms and condition of the lease contracts;
- We corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with the list of branch properties in the use of the Bank and reviewing the rent expense ledgers for the year;
- We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts:
- We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and
- We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the consolidated financial statements of the Bank for the year.





Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

 Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of



not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures
 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the
 effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Farooq Hameed.

Chartered Accountants

Date: 28 February 2020

Place: Lahore

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

		2019	2018
	Note	Rupees	in '000'
ASSETS			
Cash and balances with treasury banks	6	53,414,645	43,589,610
Balances with other banks	7	10,374,371	5,837,962
Lendings to financial institutions	8	3,959,771	27,443,153
Investments - net	9	361,467,822	210,052,628
Advances - net	10	383,646,616	382,109,763
Fixed assets	11	15,223,601	8,793,191
Intangible assets	12	800,425	897,990
Deferred tax assets - net	13	6,632,182	8,027,104
Other assets - net	14	34,162,404	27,965,012
		869,681,837	714,716,413
LIABILITIES			
Bills payable	16	3,421,083	3,577,677
Borrowings	17	77,358,612	41,801,240
Deposits and other accounts	18	691,015,859	595,561,963
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	8,794,420	8,797,140
Deferred tax liabilities		-	-
Other liabilities	20	42,225,055	27,102,649
		822,815,029	676,840,669
NET ASSETS		46,866,808	37,875,744
REPRESENTED BY			
Share capital - net	21	26,173,766	26,173,766
Reserves		6,725,228	5,074,930
Non Controlling Interest		445,331	328,052
Surplus on revaluation of assets - net of tax	22	5,371,207	3,260,312
Unappropriated profit		8,151,276	3,038,684
		46,866,808	37,875,744

CONTINGENCIES AND COMMITMENTS

23

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

Chief Financial Officer President Chairman Director Director



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

		2019	2018
	Note		in '000'
Mark-up / return / interest earned Mark-up / return / interest expensed	24 25	80,961,051 54,113,537	46,972,906 26,842,449
Net mark-up / interest income		26,847,514	20,130,457
NON MARK-UP / INTEREST INCOME			
Fee and commission income Dividend income Foreign exchange income Income / (loss) from derivatives	26	3,554,915 103,925 10,598	3,266,117 82,083 216,920
Gain on securities - net Other income - net	27 28	221,564 72,173	27,767 97,092
Total non-markup / interest income		3,963,175	3,689,979
Total income		30,810,689	23,820,436
NON MARK-UP / INTEREST EXPENSES			
Operating expenses Workers welfare fund	29	14,587,962 284,961	12,716,976
Other charges	30	138,697	53,565
Total non-markup / interest expenses Profit before provisions Provisions / (reversals) and write offs - net Extra ordinary / unusual items	31	15,011,620 15,799,069 1,727,088	12,770,541 11,049,895 (1,222,149)
PROFIT BEFORE TAXATION		14,071,981	12,272,044
Taxation - net	32	5,794,431	4,650,666
PROFIT AFTER TAXATION		8,277,550	7,621,378
PROFIT ATTRIBUTABLE TO: Equity holders of the parent Non controlling Interest		8,160,271 117,279	7,537,296 84,082
Tron controlling interest		8,277,550	7,621,378
Paris comings are about attails stable to a with		5,=,555	.,,
Basic earnings per share attributable to equity holders of the parent	33	3.09	2.85
Diluted earnings per share attributable to equity holders of the parent	34	3.09	2.85
The annexed notes 1 to 47 and annexures I and II for statements.	orm an integral p	art of these cons	olidated financia
Chief Financial Officer President	Chairman	Director	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

		2019	2018
	Note	Rupees	s in '000'
Profit after taxation for the year		8,277,550	7,621,378
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		(54,429)	(172,731)
assets - net of tax Movement in surplus on revaluation of non-banking		599,529	-
assets - net of tax	22.2	(103,986)	509,790
		441,114 8,718,664	337,059 7,958,437
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus on revaluation of investments - net of t	tax	2,238,283	42,130
Total comprehensive income		10,956,947	8,000,567
Total comprehensive income attributable to:			
Equity holder of the parent Non- controlling interest		10,839,668 117,279	7,916,485 84,082
		10,956,947	8,000,567
The annexed notes 1 to 47 and annexures I and II form an intestatements.	egral pa	art of these cons	solidated financial
Chief Financial Officer President Chairm	nan	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Surplus / (Deficit) - net of

For the year ended December 31, 2019

3,868 16,694 29,839,878 8,277,550 192 46,866,808 7,621,378 379,189 41,781 2,679,397 10,956,947 (1,982,769) 8,000,567 (10,350)(10,350)37,875,744 (1,982,769) Total Controlling 117,279 84,082 254,320 (10,350)117,279 445,331 84,082 (10,350)328,052 Unappropriated (accumulated) 8,105,842 (1,650,298) 7,537,296 45,652 3,440 119,375 55,392 17,059 5,083 8,151,276 (3,034,749)7,364,565 (54.429)42,861 574,814 (1,982,769) (172,731)(1,514,991)3,038,684 8,160,271 (1,982,769) profit / (77,594)(3,440)495,543 509,790 509,790 (51,524)495,543 (17,059)(4,891)3,144,293 banking 2,940,101 (42,861)(45,652)3,271,681 (558, 120)tax on revaluation of Fixed/ assets non Investments 2,238,283 2,226,914 42,130 2,238,283 (53,499)42,130 (11,369),000, 1,344,899 2,859,890 4,510,188 Statutory reserve 1,514,991 1,650,298 _ b e e s 2,215,040 2,215,040 2,215,040 premium Share 5 26,173,766 26,173,766 26,173,766 Share capital - net Discount on issue of (263,158) shares (263, 158)(263, 158)26,436,924 Share capital 26,436,924 26,436,924 Total comprehensive income for the year ended December 31, 2018 Total comprehensive income for the year ended December 31, 2018 -inal cash dividend - December 31, 2018 declared subsequent Transfer from surplus on revaluation of non banking assets to Fransfer from surplus on revaluation of non banking assets to fransfer from surplus on revaluation of non banking assets to Fransfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax Fransactions with owners, recorded directly in equity unappropriated profit / (accumulated loss) on disposal unappropriated profit / (accumulated loss) on disposal unappropriated profit / (accumulated loss) - net of tax unappropriated profit / (accumulated loss) on disposal unappropriated profit / (accumulated loss) - net of tax unappropriated profit / (accumulated loss) - net of tax unappropriated profit / (accumulated loss) - net of tax Transfer from surplus on revaluation of fixed assets to Fransfer from surplus on revaluation of fixed assets to Fransfer from surplus on revaluation of fixed assets to Fransfer from surplus on revaluation of fixed assets to Final dividend for the year ended June 30, 2017 at Rs. 0.5 per certificate by subsidiary Balance as on December 31, 2018 Balance as on December 31, 2019 Balance as on January 01, 2018 Profit after taxation for the year Profit after taxation for the year Other comprehensive income Fransfer to statutory reserve Transfer to statutary reserve Other comprehensive loss to year end at 7.5%

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

Director

Director

Chairman

President

Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2019

		2019	2018
	Note	Rupees	in '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation Less: Dividend income		14,071,981 (103,925)	12,272,044 (82,083)
Adjustments:		13,968,056	12,189,961
Depreciation on fixed assets Depreciation on non banking assets acquired in satisfaction of claims Depreciation on ijarah assets under IFAS - 2 Depreciation on right-of-use assets Amortization and impairment loss on intangible assets Amortization of premium on debt securities - net Markup expense on lease liability against right-of-use assets Unrealized loss on revaluation of investments classified as held for trading Reversal / (provision) and write-offs - net Loss on termination of lease liability against right-of-use assets Gain on sale of fixed assets - net Gain on sale of non banking assets - net Realized Gain on sale of securities - net Provision for employees compensated absences Gratuity expense	11.3 14.1.1 29 29 12.1 25 9.1 31 28 28 28 27 29.1 29.1	1,050,391 73,977 312,990 875,718 173,590 (2,600,497) 779,483 4,207 1,727,088 4,922 (63,892) (67) (225,771) 13,898 170,472 2,296,509	976,672 65,918 405,213 70,925 421,852 3,741 (1,222,149 (4,785 (36,777 (31,508 10,457 215,854
		16,264,565	13,065,374
(Increase) / Decrease in operating assets: Lendings to financial institutions Held for trading securities Advances - net Others assets - net		23,483,382 15,138,343 (3,065,217) (8,169,614) 27,386,894	(8,075,626) 7,222,030 (84,526,743) (603,298) (85,983,637)
ncrease / (Decrease) in operating liabilities: Bills Payable Borrowings from financial institutions Deposits Other liabilities		(156,594) 35,628,947 95,453,896 8,165,669 139,091,918	212,352 2,699,803 39,370,090 1,649,509 43,931,754
ncome tax paid		(3,975,779)	(2,848,638)
Net cash flow generated from / (used in) operating activities		178,767,598	(31,835,147)
CASH FLOW FROM INVESTING ACTIVITIES Net investments in available for sale securities Net investments in held to maturity securities Dividends received nvestments in fixed assets nvestment in non-banking assets nvestments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non banking assets Net cash (used in) / flow from investing activities		(101,476,536) (59,182,166) 103,946 (1,063,224) (378,000) (76,025) 943,649 63,618 (161,064,738)	24,636,284 96,807 (1,530,587) - (330,453) 155,587 397,387 23,425,025
CASH FLOW FROM FINANCING ACTIVITIES Repayment of subordinated debts Dividend paid Payment of lease liability against right of use assets ssuance of privately placed term finance certificates - II Net cash (used in) / flow from financing activities		(2,720) (1,982,769) (1,284,352) - (3,269,841)	(1,860) (10,350) - 4,300,000 4,287,790
ncrease / (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of the year		14,433,019 49,216,809	(4,122,332) 53,339,141
	35	63,649,828	49,216,809

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

Chief Financial Officer President Chairman Director Director





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

- 1. STATUS AND NATURE OF BUSINESS
- 1.1 The Bank of Punjab Group ("the Group") comprises of The Bank of Punjab ("the Bank") ("BOP") ("the Parent"), Punjab Modaraba Service (Private) Limited ("PMSL") (the Management Company), First Punjab Modaraba ("FPM") ("the Modaraba"), Punjab Capital Securities (Private) Limited ("PCSL") (100% owned by First Punjab Modaraba). For the purpose of these financial statements, The Bank of Punjab and consolidated subsidiaries are referred to as the Group.

The Group consists of:

Parent

The Bank of Punjab

	% age of holding 2019	% age of holding 2018
	Rupees	in '000'
Subsidiaries Punjab Modaraba Service (Private) Limited First Punjab Modaraba Punjab Capital Securities (Private) Limited	100.00% 39.16% 39.16%	100.00% 39.16% 39.16%

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

The Bank of Punjab was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 576 branches including 13 sub branches and 72 Islamic banking branches (2017: 536 branches including 06 sub branches and 64 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year 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.

It has accumulated losses of Rs.41.697 million as at December 31, 2018. Further, the Company's current liabilities exceeded its current assets by Rs. 41.026 million. These losses are mainly due to drying up of revenue streams. The management fee and dividend from First Punjab Modaraba (the Managed Modaraba) are the main sources of revenue of the Company. The financial statements of PMSL, however, have been prepared under the going concern assumption due to following reasons:

- The Managed Modaraba has earned profit and declared dividend consecutively in last few years.
- With continued support of the Bank of Punjab (the Holding Company), the Modaraba is expected to show better performance going forward yielding returns for the Bank.

First Punjab Modaraba

First Punjab Modaraba was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab). The registered office of the Modaraba is situated at 3rd floor, National Tower Edgerton Road, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

Punjab Capital Securities (Private) Limited

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

1.2 Basis of Consolidation

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

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

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

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

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

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



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

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

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

2. BASIS OF PRESENTATION

These financial statements are the consolidated financial statements of the Group in which investments in subsidiaries is accounted for on the basis of acquisitions method. Standalone financial statements of the 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 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 Annexure-II to these consolidated financial statements.

2.1 Statement of compliance

- **2.1.1** These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
 - 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 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 financial statements.
- 2.1.3 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 financial statements of the Bank.
- **2.1.4** The SBP through BPRD Circular No. 04 of 2019 dated October 23, 2019 has deferred the applicability of IFRS-9 "Financial instruments" till January 01, 2021. Accordingly, the requirements of this standard has not been considered in preparation of these consolidated financial statements.
- 2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2019

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements except for IFRS-16 did not have any material effect on these consolidated financial statements of the Group.

During the year, IFRS 16 - "Leases", became effective from January 01, 2019, the impact of adoption of this standard is disclosed in Note 5.1 to these consolidated 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.

Effective date

Interpretations		(accounting periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2021
IFRS 9	Amendments regarding pre-replacement issues	
	in the context of the IBOR reform	January 01, 2020
IFRS 3	Amendments to clarify the definition of a business	January 01, 2020
IAS 1 & 8	Definition of Material	January 01, 2020
	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1,	
	IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC	20,
	IFRIC 22, and SIC-32 to update those pronouncements	
	with regard to references to and quotes from the framew	vork
	or to indicate where they refer to a different version	
	of the Conceptual Framework	January 01, 2020

Standard or



3. BASIS OF MEASUREMENT

- 3.1 These consolidated 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 liabilities and certain staff retirement benefits at present value.
- 3.2 These consolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

4.1 Classification of investments

In classifying investments as "held for trading" the Group has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Groupevaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

4.2 Provision against non-performing advances and debt securities classified as investments

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances and debt securities is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

4.3 Impairment of available for sale investments

The Group considers that available for sale equity investments are impaired when there has been a significant and prolonged decline in the fair value below its cost. Other factors will also need to be considered before deciding the permanent impairment of investment. This determination of what is significant and prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the consolidated statement of financial position date, the management has determined an impairment loss on available for sale securities, held to maturity securities and subsidiary companies as disclosed in Note 9.3 to these consolidated financial statements.

4.4 Depreciation, amortization and revaluation of fixed assets

Estimates of useful life of fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Group estimates the revalued amount of freehold land and buildings on freehold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

4.5 Income taxes

In making estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Group's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

4.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

4.7 Non banking assets acquired in satisfaction of claims

The Group estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

4.8 Lease liability on right-of-use assets

During the year, the Bank applied IFRS-16 and used certain practical expedients, as permitted by the standard, and the significant judgments used are explained in Note 5.1 to these consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of previous financial year, except for the change explained in note 5.1. Significant accounting policies are enumerated as follows:

5.1 Impact of IFRS 16 - Leases

During the year, IFRS 16 - Leases became applicable to the Group. 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 Group 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 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 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:

	December 31, 2019	January 01, 2019	
	Rupee	in '000'	
Impact on unconsolidated statement of financial position:			
Increase in fixed assets - right-of-use assets	6,342,167	5,378,486	
Decrease in advances, deposits, advance rent and other prepayments	_	(187,014)	
Increase in deferred tax assets - net	129,797	-	
Decrease in other assets - advance taxation - net	(144,631)	-	
Net increase in total assets	6,327,333	5,191,472	
Increase in other liabilities - lease liability against right-of-use assets	6,717,938	5,191,472	
		5,191,472	
Net decrease in net assets	(390,605)	-	
		January 01 - December 31, 2019	
		Rupees in '000'	
Impact on unconsolidated profit and loss account:			
Increase in mark-up/return/interest expensed Increase/(Decrease) in operating expenses:		779,483	
Depreciation on right-of-use assets		875,718	
Rent expense		(1,284,352)	
Loss on termination of lease liability against right-of-use assets		4,922	
Decrease in profit before tax Increase in taxation - net		375,771 14,834	
Decrease in profit after taxation		390,605	

Decrease in earnings per share for the year ended December 31, 2019 is 0.15 per share.

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

- 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.

5.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

5.3 Lendings / borrowings from financial institutions

The Group enters into transactions of repo and reverse repo at contracted rates for a specified period of time. These are recorded as under:

5.3.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

5.3.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the consolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the contract and recorded as interest income.

5.4 Investments

Investments other than those categorized as held for trading are initially recognized at fair value which includes transaction costs associated with the investments. Investments classified at held for trading are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account.

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

Held for trading

These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account.



Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortized cost.

Available for sale

These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to 'Surplus / (deficit) on revaluation of assets' shown in equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as "Surplus / (Deficit) on revaluation of assets" in equity is included in the profit and loss account for the year.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

5.5 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

The rentals received / receivable on Ijarahs are recorded as income / revenue. Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of the delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

5.6 Fixed assets and depreciation

5.6.1 Owned

Property and equipment, other than freehold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles, leasehold improvements and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 11.2 to these consolidated financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus on Revaluation of Assets" in equity and any deficit arising on revaluation is taken to profit and loss account directly. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of fixed assets are included in profit and loss account currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.6.2 Right of use assets

During the year, the Group has recognized right-of-use assets as explained in note 5.1 to these consolidated financial statements.

5.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method as per the rates given in note 12.1 to these consolidated financial statements. Amortization on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

Intangible-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.8 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

5.9 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.



5.10 Employee retirement and other benefits

Defined contribution plan - Provident fund

The Group operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Group and the employees at the rate of 8.33% of basic salary. Contributions by the Group are charged to profit and loss account.

Defined benefit plan - Gratuity scheme

The Group operates an approved funded gratuity scheme for all its permanent employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

Defined benefit plan - Employees' compensated absences

The Group makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to income in the year in which they occur.

5.11 Assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation except land which is carried at revalued amount. Revaluation by independent professionally qualified valuers, is carried out with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of non banking assets is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalized.

5.12 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

5.13 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized:

Mark-up / return / interest income

Mark-up / return / interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

Dividend income

Dividend income is recognized when the Group's right to receive the dividend is established.

Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as

to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

Fees and commission income

Fee commission is recognized at amount that reflects consideration to which the Group expects to be entitled in exchange for providing the services. The Bank recognizes fees earned on transaction based arrangements at point in time, when the Bank has provided the services to customer. where the contract requires services to be provided over time, income is recognized on systematic basis over the period of arrangement.

5.14 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term as explained in note 5.1 to the consolidated financial statements.

5.14.1 Short-term leases and leases of low-value asset

The bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

5.15 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.



The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

5.16 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each consolidated statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.17 Provisions

Provisions are recorded when the Group has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

5.18 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Group has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

5.19 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the equity.

5.20 Acceptances

Acceptances comprise undertaking by the Group to pay bills of exchange drawn on customer. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on balance sheet transactions.

5.21 Financial instruments

5.21.1 Financial assets and liabilities

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.21.2 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

5.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

5.22.1 Business segments

Corporate banking

This includes, loans, project finance, real estate finance, export finance, trade finance, investment banking, and other banking activities with corporate and public sector customers.

Retail banking

It includes deposits and banking services to customers of the Group.

Retail finance lending

It includes loans of individuals, agriculture customers and SME. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

Islamic

The segment pertains to full scale Islamic Banking operation of the Group.

Others

This includes head office related activities, and all other activities not tagged to the segments above.

5.22.2 Geographical segments

The Group operates only in Pakistan.

5.23 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the consolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

5.24 Earnings per share

The Group presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).



		Note	2019 Rupees	2018 s in '000'
6.	CASH AND BALANCES WITH TREASURY BANKS			
	In hand: Local currency Foreign currencies		10,744,190 1,862,526 12,606,716	8,558,995 1,567,982 10,126,977
	With SBP in: Local currency current account Foreign currency current account Foreign currency deposit account	6.1 6.2 6.3	24,791,197 531,902 1,587,930	19,249,586 431,861 1,283,551
	With National Bank of Pakistan in: Local currency current account		26,911,029 13,526,747	20,964,998
	Prize bonds		370,153	46,219
			53,414,645	43,589,610

- 6.1 This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.
- 6.2 This represents mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 This carries mark-up at the rate ranging from 0.70% to 1.51% per annum (2018: 0.56% to 1.35% per annum) as announced by SBP on monthly basis.

			2019	2018	
		Note	Rupees in '000'		
7.	BALANCES WITH OTHER BANKS				
	In Pakistan:				
	Current accounts		7,300,725	3,759,621	
	Deposit accounts	7.1	2,788,624	1,541,033	
			10,089,349	5,300,654	
	Outside Pakistan :				
	Current accounts		205,569	435,886	
	Deposit account	7.2	79,453	101,422	
			285,022	537,308	
			10,374,371	5,837,962	

- 7.1 These carry mark-up at rates ranging from 5.01% to 12.25% per annum (2018: 3.07% to 8.90% per annum).
- 7.2 These carry mark-up at rates ranging from 1.25% to 1.30% per annum (2018: 2.1% per annum).

			2019	2018
		Note	Rupees	s in '000'
8.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Repurchase agreement lendings (Reverse Repo) Placements	8.2 8.3	564,771 3,395,000	22,093,153 5,350,000
			3,959,771	27,443,153
8.1	Particulars of lending			
	In local currency In foreign currencies		3,959,771	27,443,153 -
			3,959,771	27,443,153

8.2 Securities held as collateral against lendings to financial institutions

	2019			2018				
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral			
	Rupees in '000'							
	504 774		504 774	00 000 150		00 000 150		
Pakistan investment bonds	564,771	-	564,771	22,093,153	-	22,093,153		

Market value of securities held as collateral as at December 31, 2019 amounted to Rs. 564,464 thousand (2018: Rs. 21,350,630 thousand). These carry mark-up at rate 13.75% per annum (2018: 10.00% to 10.50% per annum) with maturities upto January 27, 2020.

8.3 These carry profit at rate ranging from 11.00% to 13.75% per annum (2018: 9.00% to 9.80% per annum) with maturities upto February 24, 2020.

9. INVESTMENTS - NET

			2019			2018				
			Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		Note				Rupees in	n '000'			
9.1	Investments by type:									
	Held-for-trading securities Federal government securities Ordinary shares	9.1.1	9,896,210 65,836	- -	(1,710) (2,497)	9,894,500 63,339	25,075,868 12,630	-	(1,892) (1,849)	25,073,976 10,781
			9,962,046	-	(4,207)	9,957,839	25,088,498	-	(3,741)	25,084,757
	Available for sale securities Federal government securities Shares Non government debt securities Foreign securities	9.1.1 & 9.2.1	279,471,832 2,620,866 9,755,954 4,019	(1,169,906) (2,360,803)	3,305,176 119,326 1,519	282,777,008 1,570,286 7,396,670 4,019	177,736,092 2,136,937 8,119,488 4,019	(1,024,880) (2,236,623)	(44,199) 24,614 2,094	177,691,893 1,136,671 5,884,959 4,019
			291,852,671	(3,530,709)	3,426,021	291,747,983	187,996,536	(3,261,503)	(17,491)	184,717,542
	Held-to-maturity securities Federal government securities WAPDA bonds	9.1.1 & 9.6.1	59,762,000 400	(400)	-	59,762,000	250,329 400	(400)	-	250,329
			59,762,400	(400)	-	59,762,000	250,729	(400)	-	250,329
	Total investments		361,577,117	(3,531,109)	3,421,814	361,467,822	213,335,763	(3,261,903)	(21,232)	210,052,628



- 9.1.1 Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.
- 9.1.2 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

		2019			2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Note				Rupees i	n '000'			
9.2 Investments by segments:								
Federal government securities: Market treasury bills 9.2.1 Pakistan investment bonds Ijarah sukuks Sukuk - bai muaijal with	133,425,140 210,962,957 1,985,749	- - -		133,654,084 214,043,228 1,980,000	197,432,162 250,329 2,623,602	- - -	(14,005) - (32,086)	197,418,157 250,329 2,591,516
Government of Pakistan WAPDA bonds	2,756,196 400	(400)	-	2,756,196	2,756,196 400	(400)	-	2,756,196
	349,130,442	(400)	3,303,466	352,433,508	203,062,689	(400)	(46,091)	203,016,198
Shares: Listed companies Unlisted companies	2,565,452 121,250	(1,148,551) (21,355)	116,829	1,533,730 99,895	2,028,317 121,250	(1,015,870) (9,010)	22,765	1,035,212 112,240
	2,686,702	(1,169,906)	116,829	1,633,625	2,149,567	(1,024,880)	22,765	1,147,452
Non government debt securities: Listed Unlisted	1,992,459 7,763,495	(15,850) (2,344,953)	1,519 -	1,978,128 5,418,542	867,573 7,251,915	(17,348) (2,219,275)	2,094	852,319 5,032,640
	9,755,954	(2,360,803)	1,519	7,396,670	8,119,488	(2,236,623)	2,094	5,884,959
Foreign securities: Equity securities	4,019	-	-	4,019	4,019	-	-	4,019
Total investments	361,577,117	(3,531,109)	3,421,814	361,467,822	213,335,763	(3,261,903)	(21,232)	210,052,628

		2019 Rupees	2018 s in '000'
9.2.1	Investments given as collateral		
	Pakistan Investment Bonds Market treasury bills	11,378,650 41,022,618	- 19,829,188
		52,401,268	19,829,188
9.3 9.3.1	Provision for diminution in value of investments Opening balance	3,261,903	3,014,149
	Charge / reversals : Charge for the year Reversals for the year	370,738 -	247,754 -
	Reversal on disposals	370,738 (101,532)	247,754
	Closing Balance	3,531,109	3,261,903

9.3.2 Particulars of provision against debt securities

	20	19	2018	3
Category of classification	NPI	Provision	NPI	Provision
		Rupees	s in '000'	
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	308,606	125,678	-	-
Loss	2,235,925	2,235,525	2,237,023	2,237,023
Total	2,544,531	2,361,203	2,237,023	2,237,023

The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing investments as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing investments by Rs. 28,625 thousand (2018: Rs. Nil). The FSV benefit availed is not available for cash or stock dividend.

	THE FSV Deficill availed is flot available for Cash of Stock divident	2019	2018	
		Cost / Am	ortized cost	
		Rupees in '000'		
9.4	Quality of available for sale securities			
	Details regarding quality of Available for Sale (AFS) securities are as follows:			
	Federal government securities - government guaranteed			
	Market treasury bills Pakistan investment bonds Ijarah sukuks Sukuk bai-muajjal with Government of Pakistan	123,528,930 151,200,957 1,985,749 2,756,196	172,356,294 - 2,623,602 2,756,196	
		279,471,832	177,736,092	
	Shares			
	Cement Fertilizer Commercial banks Power generation & distribution Technology & telecommunication Textile composite Cable & electrical goods Textile spinning Oil & gas marketing companies Sugar & allied industries Paper & board Pharmaceuticals Food & personal care products Chemicals Insurance Leasing companies Glass & ceramics Others	160,183 885,978 340,575 512,427 87,894 104,834 181,726 2,067 102,288 89,448 11,310 41,783 18,283 51,375 12,317 168 43	74,957 877,838 258,827 388,039 85,415 73,008 265,475 2,067 3,398 89,448 85 - - 168 43 18,169	
		2,620,866	2,136,937	



4,019

4,019

	20	2019		018
Unlisted Companies	Cost	Breakup value	Cost	Breakup value
		Rupee	s in '000'	
Al - Baraka Bank Pakistan limited Al - Arabia Sugar Mills Limited LSE Financial Services Limited	25,000 81,358 14,892	15,582 69,421 14,892	25,000 81,358 14,892	106,498 14,892
	121,250	99,895	121,250	137,380
			2019	2018
			Co	ost
	Rupees ir			in '000'
Non government debt securities				
Listed - AAA - AA+, AA, AA Unrated		1	187,500 ,784,124 20,835	250,000 595,240 22,333
		1,	992,459	867,573
Unlisted - AAA - AA+, AA, AA A+, A, A Unrated		2	,335,714 950,000 700,000 ,527,881 763,495	3,878,571 501,448 306,943 2,564,953 7,251,915
9.5 Foreign equity securities				

This represents 66 shares (2018: 66 share) of SWIFT purchased by the Bank as per mandatory requirment of the SWIFT by-laws requiring its members to purchase shares allocated on the basis of financial contributions payable to SWIFT.

9.6 Particulars relating to Held to Maturity securities are as follows:

SWIFT shares

	2019	2018	
	Cost / Amortized cost		
	Rupees in '000'		
Federal government securities - government guaranteed			
Pakistan investment bonds WAPDA bonds	59,762,000 400	250,329 400	
	59,762,400	250,729	

9.6.1 Market value of held to maturity investments amounted to Rs. 64,466,364 thousand (2018: Rs. 248,902 thousand).

10. ADVANCES - NET

	Perf	orming	Non Perf orming		Tota	al
	2019	2018	2019	2018	2019	2018
Note	е		Rupees	in '000'		
Loans, cash credits, running finances, etc. 10.1 Net book value of assets in ijarah under	320,238,315	324,935,141	51,293,677	49,471,677	371,531,992	374,406,818
IFAS 2 - In Pakistan	1,522,428	337,920	215,000	215,000	1,737,428	552,920
Islamic financing and related assets	25,688,577	19,584,952	90,734	76,882	25,779,311	19,661,834
Bills discounted and purchased	30,318,260	31,583,488	30,521	16,992	30,348,781	31,600,480
Advances - gross	377,767,580	376,441,501	51,629,932	49,780,551	429,397,512	426,222,052
Provision against advances:						
- Specific	-	-	(45,338,255)	(43,763,990)	(45,338,255)	(43,763,990)
- General	(412,641)	(348,299)	-	-	(412,641)	(348,299)
	(412,641)	(348,299)	(45,338,255)	(43,763,990)	(45,750,896)	(44,112,289)
Advances - net of provision	377,354,939	376,093,202	6,291,677	6,016,561	383,646,616	382,109,763

10.1 Includes net investment in finance lease as disclosed below:

	2019			2018				
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000'			Rupees in '000'				
Lease rentals receivable Residual value	5,567,432 5,469,299	19,391,488 7,062,183	,	25,003,769 12,541,675	2,965,571 887,435	24,128,949 10,679,835	-	27,094,520 11,567,270
Minimum lease payments Financial charges for future periods	11,036,731 905,496	26,453,671 3,640,011	55,042 4,077	37,545,444 4,549,584	3,853,006 970,028	34,808,784 2,641,092	-	38,661,790 3,611,120
Present value of minimum lease payments	10,131,235	22,813,660	50,965	32,995,860	2,882,978	32,167,692	-	35,050,670

10.2 Particulars of advances (gross)

	2019	2018
	Rupee	s in '000'
In local currency In foreign currencies	428,636,583 760,929	426,076,906 145,146
	429,397,512	426,222,052

10.3 Advances include Rs. 51,629,932 thousand (2018: 49,780,551 thousand) which have been placed under non-performing status as detailed below:

	2019		2018	3
Category of classification	Non performing loans	Provision	Non performing loans	Provision
		Rupe	es in '000'	
Domestic				
Other assets especially mentioned	185,320	9,079	52,234	801
Substandard	1,179,397	139,457	351,004	65,741
Doubtful	8,204,461	4,808,487	9,722,789	5,247,064
Loss	42,060,754	40,381,232	39,654,524	38,450,384
Total	51,629,932	45,338,255	49,780,551	43,763,990



10.4 Particulars of provision against advances

				2019			2018	
			Specific	General	Total	Specific	General	Total
		Note			Rupee	s in '000'		
	Opening balance		43,763,990	348,299	44,112,289	45,842,665	425,283	46,267,948
	Charge for the year Reversals for the year		3,774,826 (2,199,509)	64,342	3,839,168 (2,199,509)	2,364,557 (4,436,831)	- (76,984)	2,364,557 (4,513,815)
	Amounts written off	10.5.1	1,575,317 (1,052)	64,342	1,639,659 (1,052)	(2,072,274) (6,401)	(76,984) -	(2,149,258) (6,401)
	Closing balance		45,338,255	412,641	45,750,896	43,763,990	348,299	44,112,289
10.4.1	Particulars of provision against advances with respect to curre							
	In local currency In foreign currencies		45,338,255 -	412,641 -	45,750,896 -	43,763,990	348,299 -	44,112,289
			45,338,255	412,641	45,750,896	43,763,990	348,299	44,112,289

- **10.4.2** General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.
- 10.4.3 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. 2,527,122 thousand (2018: Rs. 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

		2019	2018
	Note	Rupees	s in '000'
10.5 Particulars of write offs:			
10.5.1 Against provisions Directly charged to profit and loss account	10.4 31	1,052 13	6,401 2,450
		1,065	8,851
10.5.2 Domestic Write offs of Rs. 500,000 and above Write offs of below Rs. 500,000	10.6	740 325	7,820 1,031
		1,065	8,851

10.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2019 is given in Annexure-I.

			2019	2018
		Note	Rupees	in '000'
11.	FIXED ASSETS			
	Capital work-in-progress Right-of-use assets Property and equipment	11.1 11.2 11.3	192,270 6,342,167 8,689,164	231,947 - 8,561,244
	- 1 - 1		15,223,601	8,793,191
11.1	Capital work-in-progress			
	Civil works Equipment		192,270 -	201,487 30,460
			192,270	231,947
		Note		2019 Rupees in '000'
11.2	Right-of-use assets			
	At January 1, 2019 Cost Impact of IFRS-16 Accumulated depreciation			5,191,472 -
	Net book value - adjusted			5,191,472
	Year ended December 31, 2019 Opening net book value - adjusted Additions during the year			5,191,472 2,106,596
	Terminations during the year - at cost Depreciation on terminations			(106,430) 26,247
	Termination during the year - at book value Depreciation charge during the year	11.2.1		(80,183) (875,718)
	Closing net book value			6,342,167
	At December 31, 2019 Cost Accumulated depreciation			7,191,638 (849,471)
	Net book value			6,342,167

11.2.1 Right-of-use assets are being depreciated over the respective lease term.



Accumulated depreciation - (148,335) (236,950) (1,612,848) (673,694) (495,180) (228,749) Net book value 2,209,383 3,147,349 375,441 452,695 643,765 707,102 89,999 Year ended December 31, 2018 Opening net book value 2,209,383 3,147,349 375,441 452,695 643,765 707,102 89,999 Additions during the year 122,804 256,891 86,990 429,849 343,099 237,591 90,212 Disposals during the year - at cost Depreciation on disposal - (168,718) (3,534) - (10,346) (25,070) (23,489) Disposals during the year - at book value - (140,471) (946) - (1,067) (507) (7,811) Depreciation charge during the year - (171,011) (41,453) (325,563) (162,251) (208,165) (68,229) Other adjustments / transfers - 487,973 - 5,442 2,133 Closing net book value 2,332,187 3,580,731 420,032 562,423 825,679 736,021 104,171 At December 31, 2018						2019				
At January 1, 2019 Cost / Revalued amount At January 1, 2019 Cost / Revalued amount Accumulated depreciation 2,332,187 3,891,830 695,947 2,500,834 1,652,345 1,414,803 385,471 (281,300) Nat book value 2,332,187 3,580,731 420,032 562,423 825,679 736,021 104,171 Year ended December 31, 2019 Opening net book value Adultions during the year Revaluation surplis of time year 1,800 55,376 416,078 71,805 313,020 256,740 320,489 41,049 1,800 1,80				freehold	and	hold	and office		Vehicles	Total
At January 1, 2019 Cost. / Revalued amount			Rupees in '000'							
Cost / Pevalued amount	1.3	Property and equipment								
Vear ended December 31, 2019 Opening net book value 2,332,187 3,580,731 420,032 562,423 825,679 736,021 104,177 Additions during the year 55,376 418,078 718,95 313,020 256,740 320,489 41,049 24,040 25,040 24,040 2		Cost / Revalued amount	2,332,187		,					12,853,317 (4,292,073)
Opening net book value		Net book value	2,332,187	3,580,731	420,032	562,423	825,679	736,021	104,171	8,561,244
Depreciation or disposal Disposal furning the year		Opening net book value Additions during the year	-	99,693	,		,	,-		8,561,244 1,102,886 473,454
- at book value Depreciation adjustment or revaluation surpus during the year Depreciation adjustment or revaluation surpus during the year Depreciation adjustment or revaluation surpus during the year Tirnsters / adjustments Depreciation on transfers / adjustments Depreciation (percentage) Depreciation (percenta		Depreciation on disposal	(775,959) -		,	-	,			(1,008,103) 128,346
Transfers / adjustments 48,450 16,965 83 2,168 (4,099) 1,853 48,450 14,193 982 2,093 3,421 351 - -		- at book value Depreciation charge during the year Depreciation adjustment on	(775,959) - -	(182,860)	. ,	- (345,136) -		- (230,260) -	- (49,717) -	(879,757 (1,050,391) 419,080
At January 1, 2018 Cost / Revalued amount		Transfers / adjustments	48,450	16,965		1	, , ,		-	65,420
Closing net book value		Depreciation on transfers / adjustments	- 40, 450						-	(2,772)
At December 31, 2019 Cost / Revalued amount Accumulated depreciation 1,660,054		Closing net book value								62,648 8,689,164
Rate of depreciation (percentage)		At December 31, 2019 Cost / Revalued amount Accumulated depreciation	1,660,054	4,246,656	765,026 (320,189)	2,816,022 (2,283,622)	1,895,925 (1,012,812)	1,729,874 (903,273)	373,417 (277,914)	13,486,974 (4,797,810) 8,689,164
Freehold		THOSE BOOK VALUE	1,000,001	1,2 10,000	111,001	002,100	000,110	020,001	00,000	0,000,10
Freehold Building on freehold Iand Furniture Lease Iand office Iand offi		Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	=
Land Freehold Land						2018				
At January 1, 2018 Cost / Revalued amount				freehold	and	hold	and office		Vehicles	Total
Cost / Revalued amount Accumulated depreciation 2,209,383 3,295,684 (148,335) 612,391 (236,950) 2,065,543 (1,612,848) 1,317,459 (673,694) 1,202,282 (495,180) 318,748 (228,749) Net book value 2,209,383 3,147,349 375,441 452,695 643,765 707,102 89,999 Year ended December 31, 2018 Opening net book value 2,209,383 3,147,349 375,441 452,695 643,765 707,102 89,999 Additions during the year 122,804 256,891 86,990 429,849 343,099 237,591 90,212 Disposals during the year - at cost Depreciation on disposal - (168,718) - 28,247 (3,534) - 2,588 - (10,346) - 9,279 (25,070) - 24,563 (23,489) - 15,678 Disposals during the year - at book value Depreciation charge during the year Other adjustments / transfers - (140,471) - (171,011) (946) - (141,453) - (1,067) - (10,677) (507) - (208,165) (68,229) - (108,165) (68,229) - (208,165) (68,229) - (208,165) (28,						Rupees	in '000'			
Accumulated depreciation - (148,335) (236,950) (1,612,848) (673,694) (495,180) (228,749) Net book value 2,209,383 3,147,349 375,441 452,695 643,765 707,102 89,999 Year ended December 31, 2018 Opening net book value 2,209,383 3,147,349 375,441 452,695 643,765 707,102 89,999 Additions during the year 122,804 256,891 86,990 429,849 343,099 237,591 90,212 Disposals during the year - at cost Depreciation on disposal - (168,718) (3,534) - (10,346) (25,070) (23,489) Disposals during the year - at book value - (140,471) (946) - (1,067) (507) (7,811) Depreciation charge during the year - (171,011) (41,453) (325,563) (162,251) (208,165) (68,229) Other adjustments / transfers - 487,973 - 5,442 2,133 Closing net book value 2,332,187 3,580,731 420,032 562,423 825,679 736,021 104,171 At December 31, 2018 Cost / Revalued amount 2,332,187 3,871,830 695,847 2,500,834 1,652,345 1,414,803 385,471 Accumulated depreciation - (291,099) (275,815) (1,938,411) (826,666) (678,782) (281,300)										
Year ended December 31, 2018 Opening net book value 2,209,383 3,147,349 375,441 452,695 643,765 707,102 89,999 Additions during the year 122,804 256,891 86,990 429,849 343,099 237,591 90,212 Disposals during the year - at cost Depreciation on disposal - (168,718) (3,534) - (10,346) (25,070) (23,489) Disposals during the year - at book value - (140,471) (946) - (1,067) (507) (7,811) Disposals during the year - at book value - (140,471) (946) - (1,067) (507) (7,811) Disposals during the year - at book value - (171,011) (41,453) (325,563) (162,251) (208,165) (68,229) Other adjustments / transfers - 487,973 - 5,442 2,133 - - - Closing net book value 2,332,187 3,580,731 420,032 562,423 825,679 736,021 104,171 At December 31, 2018 Cost / Revalued amount 2,332,187 3,871,830 695,		Accumulated depreciation	<u> </u>	(148,335)	(236,950)	(1,612,848)	(673,694)	(495,180)	(228,749)	11,021,490 (3,395,756)
Opening net book value Additions during the year 2,209,383 122,804 3,147,349 256,891 375,441 86,990 452,695 429,849 643,765 343,099 707,102 237,591 89,999 90,212 Disposals during the year - at cost Depreciation on disposal - (168,718) 28,247 (3,534) 2,588 - (10,346) 9,279 (25,070) 24,563 (23,489) 15,678 Disposals during the year - at book value Depreciation charge during the year Other adjustments / transfers - (140,471) (171,011) (946) (41,453) - (10,67) (325,563) (507) (162,251) (208,165) (68,229) Other adjustments / transfers - 487,973 - 5,442 2,133 - - Closing net book value 2,332,187 3,580,731 420,032 562,423 825,679 736,021 104,171 At December 31, 2018 Cost / Revalued amount Accumulated depreciation 2,332,187 3,871,830 (291,099) 695,847 (275,815) 2,500,834 (1,938,411) 1,652,345 (826,666) 1,414,803 (678,782) 385,471 (281,300)		Net book value	2,209,383	3,147,349	3/5,441	452,695	643,765	707,102	89,999	7,625,734
Depreciation on disposal - 28,247 2,588 - 9,279 24,563 15,678 Disposals during the year - at book value Depreciation charge during the year - (140,471) (41,453) (325,563) (162,251) (208,165) (68,229) (17,811) (17,011) (41,453) (325,563) (162,251) (208,165) (68,229) (17,011) (17,01		Opening net book value								7,625,734 1,567,436
Depreciation charge during the year Other adjustments / transfers - 487,973 - 5,442 2,133		. 0 ,	- -			-				(231,157) 80,355
At December 31, 2018 Cost / Revalued amount 2,332,187 3,871,830 695,847 2,500,834 1,652,345 1,414,803 385,471 Accumulated depreciation - (291,099) (275,815) (1,938,411) (826,666) (678,782) (281,300)		Depreciation charge during the year	- - -	(171,011)			(162,251)		. , ,	(150,802) (976,672) 495,548
Cost / Revalued amount 2,332,187 3,871,830 695,847 2,500,834 1,652,345 1,414,803 385,471 Accumulated depreciation - (291,099) (275,815) (1,938,411) (826,666) (678,782) (281,300)		Closing net book value	2,332,187	3,580,731	420,032	562,423	825,679	736,021	104,171	8,561,244
		Cost / Revalued amount	2,332,187							12,853,317 (4,292,073)
		<u>'</u>	2,332,187							8,561,244
Rate of depreciation (percentage) - 5% 10% 33.33% 20% 20% 33.33%			-					,		=

11.3.1 Freehold land and building on freehold land were revalued on December 31, 2019 by PBA approved independent valuer, on the basis of fair market value. The valuation resulted in surplus of Rs. 55,376 thousand and Rs. 837,158 thousand in respect of freehold land and building on freehold land respectively. Detailed particulars are as follows:

Revalued	amount
Rupees	in '000'

Freehold land

1,660,054

Building on freehold land

4,246,656

11.3.2 Had the freehold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2019	2018
	Rupees	s in '000'
Freehold land Building on freehold land	1,079,045 2,196,666	1,282,239 2,256,467

- **11.3.3** The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 657,104 thousand (2018: Rs. 533,889 thousand).
- **11.3.4** The carrying amount of fixed assets held for disposal is Rs. 8,700 thousand. The fair value of these fixed assets approximates their carrying amount.

		2019	2018
	Note	Rupees	s in '000'
12.	INTANGIBLE ASSETS		
	Intangible in progress Softwares 12.1	126,421 674,004	129,279 768,711
		800,425	897,990
12.1	Softwares		
	At January 01		
	Cost	936,395	149,151
	Accumulated amortization	(167,684)	(96,759)
	Net book value	768,711	52,392
	Year ended December 31		
	Opening net book value	768,711	52,392
	Purchases capitalized during the year	78,883	787,244
	Amortization charge	(173,555)	(68,425)
	Impairment loss recognized in the profit and loss account - net	(35)	(2,500)
	Closing net book value	674,004	768,711
	At December 31		
	Cost	1,015,278	936,395
	Accumulated amortization and impairement	(341,274)	(167,684)
	Net book value	674,004	768,711
	Rate of amortization (percentage)	10-33.33%	10-33.33%



- 12.1.1 The gross carrying amount (cost) of fully amortized intangible assets that are still in use is Rs. 86,134 thousand (2018: Rs. 72,747 thousand).
- **12.1.2** Intangibles includes room at LSE Financial Services Limited and Trading Rights Entitlement Certificate (TREC), which have indefinite useful life.

13. **DEFERRED TAX ASSETS - NET**

			2019		
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
			Rupees in '000)'	
Deductible temporary differences on:					
- Deficit on revaluation of investments	6,122	-	-	(6,122)	-
- Right-of-use assets	-	-	129,797	-	129,797
- Provision against advances	8,926,570	-	(162,844)	-	8,763,726
- Business loss - Subsidiaries	61,834	-	2,565	-	64,399
	8,994,526	-	(30,482)	(6,122)	8,957,922
Taxable temporary differences on:					
- Surplus on revaluation of fixed assets	(463,493)	-	23,078	(277,083)	(717,498)
- Surplus on revaluation of investments		-		(1,199,107)	(1,199,107)
- Accelerated tax depreciation	(320,078)	-	13,841		(306,240)
- Surplus on revaluation of non banking assets	(183,851)	-	9,186	71,770	(102,895)
	(967,422)	-	46,105	(1,404,420)	(2,325,740)
	8,027,104	-	15,623	(1,410,542)	6,632,182
			2018		
	At	Prior year	Recognized	Recognized	At
	January 01	adjustments	in P&L A/C	in OCI	December 31
			Rupees in '000)'	
Deductible temporary differences on:					
- Post retirement employee benefits	44,182	(44,182)	-	-	-
- Deficit on revaluation of investments	28,808	- (0.40.00.4)	- (4, 0, 0, 0, 10)	(22,686)	6,122
- Provision against advances	11,525,114	(648,301)	(1,950,243)	-	8,926,570
- Business loss - Subsidiaries	62,640	(000, 100)	(806)	(00,000)	61,834
Taxable temporary differences on:	11,660,744	(692,483)	(1,951,049)	(22,686)	8,994,526
- Surplus on revaluation of fixed assets	(513,360)	_	24,583	25,284	(463,493)
- Surplus on revaluation of investments	(110)	-	110	-	(100,100)
- Accelerated tax depreciation	(313,847)	-	(6,231)	-	(320,078)
- Surplus on revaluation of non banking assets	(47,143)	-	1,851	(138,559)	(183,851)
	(874,460)	-	20,313	(113,275)	(967,422)
	10,786,284	(692,483)	(1,930,736)	(135,961)	8,027,104

			2019	2018
		Note	Rupees	s in '000'
14.	OTHER ASSETS - NET			
	Income / mark-up accrued in local currency		20,059,765	8,896,935
	Income / mark-up accrued in foreign currency Profit paid in advance on pehlay munafa scheme		3,786 321	1,961 8,027
	Advances, deposits, advance rent and other prepayments		610,934	816,682
	Advance taxation (payments less provisions)		1,799,299	3,633,574
	Non-banking assets acquired in satisfaction of claims	14.1	7,257,669	7,467,804
	Acceptances		2,913,345	4,888,386
	Branch adjustment account		180,250	180,704
	Mark to market gain on forward foreign exchange contracts		-	146,431
	Stock of stationery		147,340	108,048
	Suspense account		5,387	1,710
	Zakat recoverable from NITL	14.2	36,790	36,790
	Unrealized gain on revaluation of foreign bills and trade loans	3	37,999	78,013
	Fraud and forgeries		193,559	121,806
	Unearned income on sale of sukuk on bai-muajjal basis Others		691,120 658,601	1,044,888 1,195,952
	Others		· · · · · · · · · · · · · · · · · · ·	
	Lasar Duanisian hald anningt athernal	110	34,596,165	28,627,711
	Less: Provision held against other assets	14.3	(1,767,448)	(2,207,512)
	Other assets (net of provision)		32,828,717	26,420,199
	Surplus on revaluation of non-banking assets acquired in			
	satisfaction of claims		1,333,687	1,544,813
	Other assets - total		34,162,404	27,965,012
14.1	Market value of non-banking assets acquired in			
	satisfaction of claims - net of provision		7,392,801	7,436,947

The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These include assets which are in the process of sale and are stated at their respective sale prices. Latest full scope valuations are carried out by independant valuer as on December 31, 2019.

		2018
Note	Rupees	s in '000'
14.1.1 Non-banking assets acquired in satisfaction of claims		
Opening balance Additions during the year (Deficit) / surplus on revaluation during the year Disposals during the year Transfer from NBA to fixed assets Reversal from NBA on account of restoration of loan Depreciation charged during the year 29 Impairment reversed / (charged) during the year - net	7,436,947 378,000 (174,792) (63,551) (62,638) (424,303) (73,977) 377,115	8,044,187 260,477 668,714 (360,610) (495,507) - (65,918) (614,396)
Closing balance	7,392,801	7,436,947

Addition for the year represents amount paid for purchase of land as per the terms of settlement agreement entered with a borrower. As per the terms of the settlement agreement the piece of land purchased will be sold as a single unit along with the adjacent land being acquired in satisfaction of outstanding liabilities.



	2019	2018
	Rupee	s in '000'
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds Less:	63,618	397,387
Cost / revalued amountImpairment / depreciation	64,028 (477)	363,945 (3,335)
	63,551	360,610
Gain on sale recognized during the year	67	36,627

14.2 This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.

			2019	2018
		Note	Rupees	s in '000'
14.3	Provision held against other assets			
	Advances, deposits, advance rent & other prepayments Non banking assets acquired in satisfaction of claims Zakat recoverable from NITL Fraud and forgeries Others		35,723 1,198,555 36,790 190,122 306,258	35,723 1,575,670 36,790 101,364 302,733
			1,767,448	2,052,280
14.3.1	Movement in provision held against other assets			
	Opening balance		2,052,280	1,352,353
	Charge for the year Reversals during the year		139,471 (424,303)	707,272 (7,266)
	Amount written off	31	(284,832)	700,006 (79)
	Closing balance		1,767,448	2,052,280
15.	CONTINGENT ASSETS			
	Contingent assets		Nil	Nil
16.	BILLS PAYABLE			
	In Pakistan Outside Pakistan		3,421,083	3,577,677
			3,421,083	3,577,677

			2019	2018
		Note	Rupees	s in '000'
17.	BORROWINGS			
	Secured			
	Borrowings from SBP under:			
	Export refinance scheme (ERF)	17.1	16,701,300	13,451,606
	Long term financing facility (LTFF)	17.2	7,839,710	6,219,303
	Finance facility for storage of agricultural			
	produce (FFSAP)	17.3	37,048	25,991
	Finance facility for renewable energy performance			
	platform (REPP)	17.4	2,011,143	1,025,036
			26,589,201	20,721,936
	Repurchase agreement borrowings	17.5	11,688,192	2,497,905
	Call borrowings	17.6	38,942,031	17,251,702
	Total secured		77,219,424	40,471,543
	Unsecured			
	Overdrawn nostro accounts		139,188	210,763
	Foreign placement	17.7	-	1,110,895
	Reedemable capital - Musharika certificate		-	8,039
	Total unsecured		139,188	1,329,697
			77,358,612	41,801,240

- 17.1 These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 2.00% per annum (2018: 1.00% to 2.00% per annum) with maturities upto June 30, 2020.
- 17.2 This amount is due to the SBP and has been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 9.00% per annum (2018: 1.00% to 9.70% per annum) with maturities upto July 15, 2029.
- 17.3 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at rates ranging from 2.50 % to 3.50% per annum (2018: 2.50% to 3.50% per annum) with maturities upto Feburary 10, 2020.
- 17.4 These represent borrowings from the SBP under scheme of financing facility renewable energy performance platform. Mark-up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2018: 2.00% per annum) with maturities upto December 06, 2027.
- 17.5 These are secured against market treasury bills, carrying mark-up at rates ranging from 13.10% to 13.20% per annum (2018: 10.25% to 10.40% per annum) maturing on January 02, 2020. The carrying value of market treasury bills given as collateral against these borrowings is Rs. 11,378,650 thousand (2018: Rs. 2,498,613 thousand).
- 17.6 These are secured against Pakistan investment bonds, carrying mark-up at 10.88% to 13.75% per annum (2018: Market treasury bills at 10.00% per annum) maturing on August 28, 2020. The carrying value of Pakistan investment bonds given as collateral against these borrowings is Rs. 41,022,618 thousand (2018: Market treasury bills Rs. 17,330,575 thousand).
- 17.7 This represents borrowings from Bank abroad carrying mark-up at rate of Nil (2018: 4.06% per annum).



		2019 Rupees	2018 s in '000'
17.8	Particulars of borrowings with respect to currencies		
	In local currency In foreign currencies	76,108,529 1,250,083	40,479,582 1,321,658
		77,358,612	41,801,240

DEPOSITS AND OTHER ACCOUNTS

		2019			2018	
	In local	In foreign	Total	In local	In foreign	Total
	currency	currencies		currency	currencies	
			Rupees	in '000'		
Customers:						
Current deposits	128,760,062	2,777,676	131,537,738	119,614,715	2,343,451	121,958,166
Savings deposits	328,444,179	2,683,909	331,128,088	253,500,729	2,413,949	255,914,678
Term deposits	198,611,751	3,210,224	201,821,975	181,768,000	3,496,387	185,264,387
Others	16,222,707	-	16,222,707	25,541,626	-	25,541,626
	672,038,699	8,671,809	680,710,508	580,425,070	8,253,787	588,678,857
Financial institutions:						
Current deposits	5,068,904	550,472	5,619,376	3,610,496	188,548	3,799,044
Savings deposits	3,293,719	209	3,293,928	2,166,684	186	2,166,870
Term deposits	405,000	864,050	1,269,050	755,000	-	755,000
Others	122,997	-	122,997	162,192	-	162,192
	8,890,620	1,414,731	10,305,351	6,694,372	188,734	6,883,106
	680,929,319	10,086,540	691,015,859	587,121,030	8,442,521	595,561,963

		2019	2018
		Rupees	s in '000'
18.1	Composition of deposits:		
	 Individuals Private sector Government (federal and provincial) Public sector entities Banking companies Non-banking financial institutions 	152,925,128 107,087,010 352,520,837 68,177,533 5,692,942 4,612,409	155,825,503 83,340,638 335,274,213 14,238,503 4,547,275 2,335,831
		691,015,859	595,561,963

18.2 Deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounts to Rs. 219,977,447 thousand (2018: Rs. 210,859,766 thousand).

			2019	2018
		Note	Rupees	s in '000'
19.	SUBORDINATED DEBTS			
	Loan from GoPb Privately placed term finance certificates - I Privately placed term finance certificates - II	19.1 19.2 19.3	2,000,000 2,497,000 4,297,420	2,000,000 2,498,000 4,299,140
			8,794,420	8,797,140

19.1 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.

19.2 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.

19.3 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.

			2019	2018
	N	lote	Rupees	s in '000'
20.	OTHER LIABILITIES			
	Mark-up / return / interest payable in local currency		16,670,871	7,234,452
	Mark-up / return / interest payable in foreign currency Lease key money		82,589 12,541,675	44,506 11,567,270
	Sundry creditors and accrued expenses		851,407	996,944
	Acceptances		2,913,345	4,888,386
	Mark-up payable on privately placed term finance certificates		130,626	97,913
	Unclaimed dividends		2,588	2,599
	Mark to market loss on forward foreign exchange contracts		155,671	_,000
	Payable to gratuity fund		211,782	287,512
	,	12.4	53,145	100,403
	Payable to charity fund		-	114
		20.1	62,183	62,183
	' '	7.9.2	111,612	102,294
	Taxes / zakat / import fee payable		372,905	193,646
	Deferred income on sale of sukuk on bai - muajjal basis		691,120	1,044,888
	, 9	20.2	6,717,938	-
	Workers welfare fund		286,007	470.500
	Others		369,591	479,539
			42,225,055	27,102,649
20.1	The above provision has been made against letters of guarantee issued by the Bank.			
20.2	Lease liability against right-of-use assets			
	Not later than one year		28,857	-
	Later than one year and less than five years		898,387	-
	Over five years		5,790,694	-
			6,717,938	-

21. SHARE CAPITAL - NET

21.1 Authorized Capital

2019	2018		2019	2018
Number o	of shares		Rupees	s in '000'
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.



21.2 Issued, subscribed and paid up capital

 2019	2018		2019	2018
Number of	of shares		Rupees	s in '000'
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each		
526,315,789	526,315,789	paid in cash Ordinary shares of Rs. 10 each	16,079,125	16,079,125
509,464,036	509,464,036	issued at discount Issued as bonus shares	5,263,158 5,094,641	5,263,158 5,094,641
2,643,692,380	2,643,692,380		26,436,924	26,436,924
-	-	Less: Discount on issue of shares	(263,158)	(263,158)
2,643,692,380	2,643,692,380		26,173,766	26,173,766

GoPb held 57.47% shares in the Bank as at December 31, 2019 (December 31, 2018: 57.47%).

			2019	2018
		Note	Rupees	s in '000'
22.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus / (deficit) on revaluation of: - Available for sale securities	9.1	2 426 021	(17.401)
	- Available for sale securities- Fixed assets- Non-banking assets acquired in satisfaction of claims	9.1 22.1 22.2	3,426,021 2,630,999 1,333,687	(17,491) 2,374,212 1,544,813
	Deferred tax on (surplus) / deficit on revaluation of:		7,390,707	3,901,534
	 Available for sale securities Fixed assets Non-banking assets acquired in satisfaction of claims 		(1,199,107) (717,498) (102,895)	6,122 (463,493) (183,851)
			(2,019,500)	(641,222)
			5,371,207	3,260,312

		2019	2018
	Note	Rupees	in '000'
22.1	Surplus on revaluation of fixed assets - net of tax		
	At January 01 Recognized during the year Surplus on building transferred from non banking assets during the year	2,374,212 892,534 5,006	2,516,691 - 47,130
	Surplus realized on disposal during the year Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(574,814)	(119,375)
	- net of deferred tax Related deferred tax liability on incremental	(42,861)	(45,652)
	depreciation charged during the year	(23,078)	(24,582)
	At December 31	2,630,999	2,374,212
	Less: related deferred tax liability on: - revaluation as at January 01	(463,493)	(513,360)
	revaluation recognized during the yearsurplus transferred from non banking asset during the year	(293,005) (772)	(16.406)
	- surplus transferred from non banking asset during the year - surplus realized on disposal during the year	16,694	(16,496) 41,781
	- incremental depreciation charged during the year	23,078	24,582
	13	(717,498)	(463,493)
		1,913,501	1,910,719
22.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net of tax		
	At January 01 Surplus recognized during the year Surplus realized on disposal during the year Surplus on building transferred to fixed assets during the year Transferred to unappropriated profit in respect of	1,544,813 (174,792) (5,083) (5,006)	983,913 668,714 (55,392) (47,130)
	incremental depreciation charged during the year - net of deferred tax Related deferred tax liability on incremental	(17,059)	(3,440)
	depreciation charged during the year	(9,186)	(1,852)
	At December 31	1,333,687	1,544,813
	Less: related deferred tax liability on: - revaluation as at January 01 - revaluation recognized during the year - surplus transferred to fixed assets during the year - surplus realized on disposal during the year	(183,851) 70,806 772 192	(47,143) (158,924) 16,496 3,868
	- incremental depreciation charged during the year	9,186	1,852
	13	(102,895)	(183,851)
		1,230,792	1,360,962



			2019	2018
		Note	Rupees	s in '000'
23.	CONTINGENCIES AND COMMITMENTS			
	Guarantees Commitments Other contingent liabilities	23.1 23.2 23.3	57,676,022 137,405,985 142,633	52,717,758 91,698,462 1,464,824
			195,224,640	145,881,044
23.1	Guarantees:			
	Financial guarantees Performance guarantees Other guarantees		18,399,059 16,411,708 22,865,255	18,743,220 18,257,988 15,716,550
			57,676,022	52,717,758
23.2	Commitments:			
	Documentary credits and short-term trade-related transactions - letters of credit Commitments in respect of:		60,718,682	44,621,896
	- forward foreign exchange contracts - forward lending - operating leases Commitments for acquisition of:	23.2.1 23.2.2 23.2.3	53,180,523 23,449,998 -	22,172,986 14,747,883 9,937,311
	- fixed assets - intangible assets		50,934 5,848	56,437 161,949
			137,405,985	91,698,462
23.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase Sale		28,416,586 24,763,937	13,420,469 8,752,517
			53,180,523	22,172,986
23.2.2	2 Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	23,449,998	14,747,883

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.

	2019 Rupees	2018 s in '000'
23.2.3 Commitments in respect of operating leases		
Not later than one year Later than one year and not later than five years Later than five years	- - -	878,342 3,357,036 5,701,933
	-	9,937,311
23.3 Other contingent liabilities	142,633	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.t
- 23.3.2 During the year tax authorities of AJK made amendment under section 122(1) of for tax year 2013 to 2018 and created an additional demand of Rs. 133,658 thousands against which the Bank has filed appeal before Commissioner (Appeals) AJK. The management of the Bank, as per opinion of its tax consultant, is confident that the decision for aforementioned tax years will be decided in Bank's favour.

			2019	2018
		Note	Rupees	s in '000'
23.4	Claims against the Bank not acknowledged as debts	23.4.1	53,806,237	57,300,059

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

			2019	2018
			Rupee	s in '000'
24.	MA	RK-UP / RETURN / INTEREST EARNED		
	a)	On loans and advances	46,282,500	28,940,909
	b)	On investments: Available for sale securities Held for trading securities Held to maturity securities	26,239,963 2,609,982 2,964,846	13,826,666 2,007,688 20,652
	c)	On lendings to financial institutions: Securities purchased under resale agreements Call lending Letters of placement	2,273,526 2,438 429,093	1,498,792 27,278 607,984
	d)	On balances with banks	158,703	42,937
			80,961,051	46,972,906



		2019	2018
	Note	Rupees	s in '000'
25.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits Borrowings:	46,981,075	23,550,468
	Securities sold under repurchase agreements Call borrowings SBP borrowing Foreign currency borrowing Subordinated debts:	1,559,555 3,197,116 440,021 46,546	1,140,951 1,132,925 401,719 5,081
	Mark-up on subordinated loan from GoPb Mark-up on privately placed term finance certificates Markup on lease liability against right-of-use assets	249,808 859,933 779,483	152,274 459,031 -
		54,113,537	26,842,449
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees Consumer finance related fees Card related fees Credit related fees Branchless banking fees Commission on trade Commission on guarantees Commission on cash management Commission on remittances including home remittances Commission on bancassurance Commission on wheat financing SMS banking income	559,831 224,166 539,952 443,188 51,663 590,617 167,443 178,591 277,979 156,628 134,878 229,979	567,779 238,323 372,759 446,529 1,935 572,490 273,908 154,651 203,911 207,325 82,959 143,548
		3,554,915	3,266,117
27.	GAIN ON SECURITIES - NET		
	Realized gain on sale of securities - net 27.1 Unrealized loss - held for trading 9.1	225,771 (4,207)	31,508 (3,741)
		221,564	27,767
27.1	Realized gain on sale of securities - net:		
	Federal government Shares / units Term finance certificates	90,024 126,490 9,257	(4,444) 37,150 (1,198)
		225,771	31,508
28.	OTHER INCOME - NET		
	Rent on property Loss on termination of lease liability against right-of-use assets Gain on sale of fixed assets - net Gain on sale of non banking assets - net Compensation on tax refund Notice pay on resignations	1,520 (4,922) 63,892 67 - 11,616	4,937 - 4,785 36,777 36,295 14,298
		72,173	97,092

			2019	2018
		Note	Rupees i	n '000'
29.	OPERATING EXPENSES			
	Total compensation expense	29.1	7,256,680	6,299,384
	Property expense:			
	Rent and taxes		71,363	971,978
	Insurance		18,974	13,529
	Utilities cost		637,731	494,984
	Security		2,172	7,642
	Repair and maintenance including janitorial charges		16,874	28,130
	Depreciation		527,996	496,574
	Depreciation on right-of-use assets		875,718	-
	Others		4,632	-
			2,155,460	2,012,837
	Information technology expenses: Software maintenance		376,222	199,717
	Hardware maintenance		107,255	96,159
	Depreciation		231,117	207,917
	Amortization		173,590	70,925
	Network charges		331,442	320,661
	-		1,219,626	895,379
	Other operating expenses:		0.005	4.075
	Director's fees and allowances		8,625	4,375
	Fees and allowances to shariah board		3,805	3,164
	Legal and professional charges		104,205	152,343
	Subscription charges	00.4	18,653	17,599
	Outsourced staff services costs	36.1	236,497	241,494
	Travelling and conveyance		584,319	476,375
	NIFT clearing charges		58,994	49,899 272,181
	Depreciation Depreciation on non banking assets		291,278 73,977	65,918
	Depreciation on ijarah assets		312,990	405,213
	Training and development		36,678	15,687
	Postage and courier charges		143,809	110,468
	Stationery and printing		230,641	242,858
	Marketing, advertisement and publicity		103,928	140,868
	Donations		1,000	140,000
	Auditors remuneration	29.2	12,200	11,925
	Insurance	20.2	140,896	101,088
	Deposit protection fee		337,376	159,680
	Repair and maintenance		159,208	138,897
	Entertainment expenses		95,574	90,567
	Fuel for generator		108,054	94,795
	Commission and brokerage		141,506	119,832
	Bank charges		63,414	52,420
	SMS banking charges		38,669	33,900
	ATM charges including ATM maintenance charges		140,012	97,645
	Cash remittance charges		181,062	190,182
	Branch license fee		14,641	17,983
	CNIC verification / ECIB charges		70,947	33,688
	Miscellaneous expenses		243,238	168,332
	·		3,956,196	3,509,376



Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 410,912 thousand (2018: Rs 428,323 thousand). This expense represents payments made to companies incorporated in Pakistan.

			2019	2018
		Note	Rupees	in '000'
29.1	Total compensation expense			
	Managerial remuneration: Fixed Variable cash bonus / awards etc. Provision for gratuity Provision for compensated absences Gratuity expense of key management personnel Contribution to defined contribution plans Rent & house maintenance Utilities Medical Medical insurance Conveyance Liveries Scholarship Others	37.2.1 37.9.4 42.4	6,277,410 386,447 157,354 13,898 13,118 215,964 153 600 421 138,627 22,277 23,684 6,715 12	5,697,067 7,524 114,781 10,457 100,403 178,210 888 150 318 145,798 20,884 17,339 5,561
			7,256,680	6,299,384
29.2	Auditors remuneration			
	Audit fee Fee for half year review and other statutory certification Special certifications and sundry advisory services Out of pocket expenses	S	3,025 7,065 1,260 850	2,750 7,065 1,260 850
30.	OTHER CHARGES		12,200	11,920
	Penalties imposed by SBP		138,697	53,565
31.	PROVISIONS AND WRITE OFFS - NET			
	Provisions for diminution in value of investments Provisions / (Reversal) against advances Provision against other assets - net Bad debts written off directly Other assets written off directly	9.3.1 10.4 14.3.1 10.5.1	370,738 1,639,659 (284,832) 13 1,510	247,754 (2,149,258) 676,905 2,450 - (1,222,149)
			, .,	(, -=, : : 0)

			2019	2018
		Note	Rupees	s in '000'
32.	TAXATION			
	Current Prior years Deferred	32.1	5,559,706 250,348 (15,623)	2,672,397 47,533 1,930,736
			5,794,431	4,650,666

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

		2019 Rupees	2018 s in '000'
32.2	Relationship between tax expense and accounting profit		
	Accounting profit before tax for the year	14,071,981	12,272,044
	Tax on income @ 35% Tax effect of permanent differences Tax effect of super tax Others	4,925,193 48,544 569,922 250,772	4,295,215 18,748 273,470 63,233
	Tax charge for the year	5,794,431	4,650,666
		2019	2018

		2019	2010
33.	BASIC EARNINGS PER SHARE		
	Profit after tax for the year (Rs in '000')	8,160,271	7,537,296
	Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
	Basic earnings per share (Rs)	3.09	2.85

34. DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

		2019	2018
		Rupees in '000'	
35.	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks Balance with other banks Overdrawn nostro accounts	53,414,645 10,374,371 (139,188)	43,589,610 5,837,962 (210,763)
		63,649,828	49,216,809



		2019	2018
		Number	
36.	STAFF STRENGTH		
	Permanent Contractual employees Daily wages	6,649 3,032	4,318 4,315 42
	Bank's own staff strength at the end of the year	9,681	8,675

36.1 In addition to the above, 924 (2018: 766) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

37. EMPLOYEE BENEFITS

37.1 Defined benefit plan - gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement / resignation which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008, subject to minimum of five years of service. The Bank makes annual provision in these unconsolidated financial statements for its liabilities on the basis of actuarial valuation.

37.1.1 Number of employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2019	2018
	Number	
- Eligible employees under gratuity scheme	6,555	4,275

37.1.2 Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2019 using the "Projected Unit Credit Method". The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The principal assumptions used in the valuation were as follows:

	2019	2018	
	Per a	Per annum	
Discount rate Expected rate of return on plan assets	11.00% 11.00%	9.00% 9.00%	
Expected rate of salary increase	10.00%	8.00%	
Average expected remaining working life (years)	7	8	

		2019	2018
	Note	Rupees	in '000'
37.1.3 Reconciliation of payable to defined benefit plan			
Present value of obligations	37.1.4	1,284,100	1,030,585
Fair value of plan assets Benefits payable	37.1.5	(1,088,236) 15,919	(760,528) 17,455
Payable to defined benefit plan		211,783	287,512
37.1.4 Movement in present value of defined benefit obligations			
Obligations at the beginning of the year Current service cost Interest cost Benefits paid during the year		1,030,585 145,917 90,025 (60,624)	777,084 106,692 61,042 (74,389)
Re-measurement loss		78,197	160,156
Obligations at the end of the year		1,284,100	1,030,585
37.1.5 Movement in fair value of plan assets			
Fair value at the beginning of the year Interest income on plan assets Contribution by the Bank during the year Benefits paid during the year Return on plan assets excluding interest income		760,528 78,588 287,512 (62,160) 23,768	563,526 52,952 233,841 (77,217) (12,574)
Fair value at the end of the year		1,088,236	760,528
37.1.6 Movement in (receivable) / payable under defined benefit schemes			
Opening balance Charge for the year Contribution by the Bank - net Re-measurement loss recognized in other	37.2.1	287,512 157,354 (287,512)	233,841 114,781 (233,841)
comprehensive income during the year	37.2.2	54,429	172,731
Closing balance		211,783	287,512
37.2 Charge for defined benefit plans			
37.2.1 Cost recognized in profit and loss			
Current service cost Net interest on defined benefit plan		145,917 11,437	106,692 8,089
		157,354	114,781



	2019	2018
	Rupees in '000'	
37.2.2 Re-measurements recognized in other comprehensive income during the year		
Loss on obligation experience adjustment Return on plan assets over interest income	78,197 (23,768)	160,156 12,575
Total re-measurement loss recognized in other comprehensive income	54,429	172,731
37.3 Components of plan assets		
Cash and cash equivalents - net Shares / units	795,590 292,646	481,883 278,645
	1,088,236	760,528

These assets are mostly contained in the form of cash and cash equivalents so there is no significant risk associated with it. However, investments in shares/ units may be adversely affected by movement in equity and interest rate markets.

37.4 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations. The increase / (decrease) in the present value of defined benefit obligations as a result of change in discount rate and salary growth is summarized below:

		2019	2018
		Rupees in '000'	
	1% increase in discount rate	1,188,302	950,479
	1% decrease in discount rate	1,393,361	1,122,241
	1 % increase in expected rate of salary increase	1,393,361	1,122,241
	1 % decrease in expected rate of salary increase	1,186,656	949,079
37.5	Expected contributions to be paid to the		
	fund in the next financial year	211,783	287,512
37.6	Expected charge for the next financial year	186,125	170,223
37.7	Maturity profile		
	The weighted average duration of the obligation (in years)	7	7

37.8 Funding policy

There is no statutory minimum funding requirements. However, contributions to the scheme are made on the basis of actuarial valuations carried in each year.

The Bank's gratuity scheme is mainly subject to following risks:

Asset volatility	The majority of the gratuity fund assets are invested in cash or cash-equivalent. Therefore, there is insignificant investment risk to the scheme due to fluctuation in interest rate environment or changes in bond yields. Also, there is no liquidity investment risk to the scheme. However, investments in shares/ units may be adversely affected by movement in equity and interest rate markets.
Inflation risk	Higher than expected growth in inflation may result in higher than assumed salary increases which will lead to increase in liability. However, assets of the scheme may not be at significant risk due to changes in inflation rate.
Life expectancy / Withdrawal rate	Actuarial valuation assumes heavy withdrawals for younger ages but moderate withdrawal rates are used for older ages. Significant withdrawals of employees having reasonable years of service would cause large benefit payments. Consequently, deficit position of the scheme would deteriorate further. However, availability of cash for benefit payments will not be an issue due to the liquid nature of assets of the Gratuity Fund.

37.9 Defined benefit plan - compensated absences

The Bank makes annual provision in these consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

37.9.1 Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2019. The principal assumptions used in the valuation were as follows:

	2019	2018
Discount rate (%) Expected rate of eligible salary increase in future years (%)	11.00% 10.00%	9.00% 8.00%
Average number of leaves accumulated per annum by the employees (days)	18	20



	2019	2018
	Rupee	s in '000'
37.9.2 Present value of defined benefit obligation	111,612	102,294
37.9.3 Movement in payable to defined benefit plan:		
Opening balance Charge for the year Benefit paid	102,294 13,898 (4,580)	93,523 10,457 (1,686)
Closing balance	111,612	102,294
37.9.4 Charge for defined benefit plan:		
Current service cost Interest cost Actuarial gain recognized	3,722 9,001 1,175	3,697 7,646 (886)
	13,898	10,457

37.9.5 Sensitivity analysis:

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit plan. The increase / (decrease) in the present value of defined benefit plan as a result of change in discount rate and salary growth is summarized below:

	2019	2018
	Rupees	s in '000'
Increase in discount rate by 1% Decrease in discount rate by 1% Increase in expected future increment in salary by 1% Decrease in expected future increment in salary by 1%	100,872 124,251 124,251 100,690	92,185 114,225 114,225 92,012

37.9.6 Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2019	2018	2017	2016	2015
		R	lupees in '00	0'	
Opening net liability Net charge for the year	102,294 9,318	93,523 8,771	91,181 2,342	228,742 (137,561)	223,672 5,070
	111,612	102,294	93,523	91,181	228,742
Actuarial gain on obligation	(1,175)	886	1,617	162,677	29,003

37.10 Defined contribution plan

The Bank operates and approved provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Bank and employees at the rate of 8.33% of basic salary.

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38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

		2019				20 ⁻	18	
	Chairman	Members shariah board	President / CEO	Key management personnel	Chairman	Members shariah board	President / CEO	Key managemen personnel
				Rupees	in '000'			
Fees and allowances etc. Managerial remuneration	950	3,805	-	-	675	3,164	-	-
Fixed	807	553	75,115	195,000	576	-	81,996	246,447
Variable cash bonus / awards	-	-	16,104	18,785	-	-	42,263	35,137
Charge for defined benefit plan	-	-	13,118	6,358	-	-	60,376	
Contribution to defined								
contribution plan	-	-	-	6,281	-	-	-	4,616
Utilities	291	-	-	442	-	-	-	443
Medical	421	-	-	442	384	-	-	443
LFA	-	-	-	-	-	-	-	
Relocation allowance	-	-	-	720	-	-	1,782	
Servant salary	-	-	-	-	-	-	673	
Others	21	-	264	1,249	36	-	116	2,260
Total	2,490	4,358	104,601	229,277	1,671	3,164	187,206	333,843
Number of persons	1	3	1	24	1	3	1	20

- **38.1.1** Total compensation paid during the year to President / CEO represents amount paid to acting President / DCEO.
- **38.1.2** Total compensation expense of key management personnel includes amount paid to key material risk takers / controllers.

38.2 Remuneration paid to directors for participation in board and committee meetings

				20	19			
				Rupees	in '000'			
				For Board	Committees			
Name of Director	Board Meetings	Islamic Banking Review Committee	Non Performing Loans Committee	Central Audit Committee	Human Resource & Remuneration Committee	Information Technology Review Committee	Risk Management Committee	Total amount paid
Dr. Pervaiz Tahir	800	100	_	_	_	50	_	950
Mohammad Jehanzeb Khan	1,100	-	_	_	350	50	100	1,600
Abdullah Khan Sumbal	400	-	-	-	-	-	50	450
Hamed Yagoob Sheikh	400	-	-	50	-	-	100	550
Khawaja Farooq Saeed	1,100	100	-	250	350	-	-	1,800
Saeed Anwar	1,000	-	-	250	-	50	200	1,500
Dr. Muhammad Amjad Saqib	1,000	100	-	-	350	-	150	1,600
Shaharyar Ahmad	100	-	-	-	-	-	-	100
Total	5,900	300	-	550	1,050	150	600	8,550

				20	18			
				Rupees	in '000'			
				For Board (Committees			
Name of Director	Board Meetings	Islamic Banking Review Committee	Non Performing Loans Committee	Central Audit Committee	Human Resource & Remuneration Committee	Information Technology Review Committee	Risk Management Committee	Total amount paid
Dr. Pervaiz Tahir	550	125	_	_	_	_	-	675
Mohammad Jehanzeb Khan	300	-	-	_	50	-	-	350
Hamed Yagoob Sheikh	500	-	-	-	-	25	-	525
Khawaja Faroog Saeed	500	125	25	100	-	-	25	775
Saeed Anwar	500	-	25	100	-	25	50	700
Dr. Muhammad Amjad Saqib	450	125	-	-	-	-	-	575
Dr. Umar Saif	100	-	25	-	-	25	-	150
Syed Maratib Ali	150	-	-	-	50	-	50	250
Mr. Mohammad Afzaal	100	-	-	25	50	-	-	175
Total	3,150	375	75	225	150	75	125	4,175

38.3 Remuneration paid to Shariah board members

		2019				201	18	
	Chairman	Resident member	Non- resident member	Total amount paid	Chairman	Resident member	Non- resident member	Total amount paid
				Rupees	in '000'			
Meeting fees and allowances Salary & festival bonus paid to resident member through bank's payroll	1,935	- 553	1,870	3,805 553	1,380	-	1,784	3,164
Total amount	1,935	553	1,870	4,358	1,380	-	1,784	3,164
Number of persons	1	1	1		1	1	1	

39. 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.

- 39.1 The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:
 - Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2: Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly. (i.e. derived from prices).
 - Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

			2019		
	Carrying		Fair va	llue	
	value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		R	lupees in '000	,	
Financial assets measured at fair value :					
Government securities Shares Preference shares of listed companies Non-Government debt securities	292,671,508 1,633,625 - 1,978,127	1,533,730 - -	292,671,508 - - 1,978,127	- 99,895 -	292,671,508 1,633,625 - 1,978,127
Foreign securities Subsidiary company	4,019	-		4,019 -	4,019
Financial assets disclosed but not measured at fair value :					
Government securities	59,762,000	-	64,466,364	-	64,466,364
Non Financial assets measured at fair value :					
Operating fixed assets (land & building) Non banking assets acquired in satisfaction of claims	5,906,710 7,392,801	-	5,906,710 7,392,801	-	5,906,710 7,392,801
Financial liabilities measured at fair value:					
Payable to gratuity fund Provision for employees compensated absences	211,782 111,612	-	211,782 111,612	-	211,782 111,612
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts Forward sale of foreign exchange contracts	27,819,676 24,322,698	-	27,819,676 24,322,698	-	27,819,676 24,322,698



			2018		
	Carrying		Fair va	lue	
	value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		F	Rupees in '000'		
Financial assets measured at fair value :					
Government securities Shares Non-Government debt securities Foreign securities	202,765,869 1,066,094 852,320 4,019	1,050,104 - -	202,765,869 - 852,320 -	15,990 - 4,019	202,765,869 1,066,094 852,320 4,019
Financial assets disclosed but not measured at fair value:					
Government securities	250,329	-	248,902	-	248,902
Non Financial assets measured at fair value:					
Operating fixed assets (land & building) Non banking assets acquired in satisfaction of claims	5,912,918 7,436,947	-	5,912,918 7,436,947	-	5,912,918 7,436,947
Financial liabilities measured at fair value:					
Payable to gratuity fund Provision for employees compensated absences	287,512 102,294	-	287,512 102,294	-	287,512 102,294
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts Forward sale of foreign exchange contracts	13,823,439 9,009,056	-	13,823,439 9,009,056	-	13,823,439 9,009,056

SEGMENT INFORMATION

Segment details with respect to business activities

				2019			
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
;			Œ	Rupees in '000'			
Profit & loss Net mark-in / ret im / profit	36 130 889	ı	6 875 475	32 832 790	4 824 953	296 944	80 961 051
Inter segment revenue - net	(26.140,587)	56,878,503	(5.138.037)	(27.459,663)	(10,665)	1.870,449	
Non mark-up / return / interest income	1,065,840	815,300	299,214	1,618,108	93,993	70,720	3,963,175
Total income	11,056,142	57,693,803	2,036,652	6,991,235	4,908,281	2,238,113	84,924,226
Segment direct expenses Inter segment expense allocation	1,103,898	53,137,874	581,293	5,094,762	3,594,765	5,612,565	69,125,157
Total expenses Provisions	4,166,928	50,879,307	638,531 180,864	5,111,025	3,594,765	4,734,601 (382,570)	69,125,157
Profit / (loss) before tax	5,480,303	6,727,181	1,217,257	1,475,725	1,285,433	(2,113,918)	14,071,981
Balance sheet							
Cash & bank balances	' ()	36,597,942		20,093,277	767,760,7	1	63,789,016
Investments - net	2,569,293	- 0 0 0	1	349,962,333	8,936,196	, ()	361,467,822
Net Inter segment lending I cadiaca to financial inatit: tions	1	625,626,216	1	- 664 774	2,342,604	24,456,858	652,425,678
Advances - performing	290 401 074		EA A77 A38	- ','+00	27 211 005	5 265 100	377 357 030
Advances - penoming - net - non-performing - net	5.351.015		862.781		59 967	7,500,122	6.291.677
Others	14,081,124	6,169,630	1,169,369	7,888,965	4,221,371	23,288,153	56,818,612
Total assets	312,402,506	668,393,788	56,509,888	378,609,346	53,163,940	53,028,047 1,	1,522,107,515
Borrowings	26,589,201	1	ı	50,769,411	1	1	77,358,612
Subordinated debts	1	ı	ı	ı	1	8,794,420	8,794,420
Deposits & other accounts	1	644,926,850	•	•	46,089,009	•	691,015,859
Net inter segment borrowing	282,566,724	1	43,904,084	325,954,870	1	1	652,425,678
Others	2,913,345	23,216,935	12,605,804	2,183,830	3,419,840	1,306,384	45,646,138
Total liabilities	312,069,270	668,143,785	56,509,888	378,908,111	49,508,849	10,100,804 1,	1,475,240,707
Equity							46,866,808
Total equity & liabilities						T-	1,522,107,515
Contingencies & commitments	124,290,688	,	746,379	53,180,523	16,807,634	199,416	195,224,640

				2018			
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
Profit & loss			Œ	Rupees in '000'			
Net mark-up / return / profit	23,170,278	İ	4,068,307	16,738,943	2,874,347	106,195	46,958,070
Inter segment revenue - net	(19,197,210)	35,555,736	(3,021,010)	(14,326,092)	(48,042)	1,036,618	ı
Non mark-up / return / interest income	1,224,174	905,749	237,551	1,029,019	67,763	235,478	3,699,734
Total income	5,197,242	36,461,485	1,284,848	3,441,870	2,894,068	1,378,291	50,657,804
Segment direct expenses Inter segment expense allocation	(932,577)	33,455,222 (1,596,683)	520,868 6.239	2,552,341	2,289,116	1,722,939 (315,240)	39,607,909
Total expenses	973,107	31,858,539	527,107	2.552.341	2.289.116	1,407,699	39,607,909
Provisions	(2,145,200)	77	(188,580)	247,754	156,631	707,169	(1,222,149)
Profit / (loss) before tax	6,369,335	4,602,869	946,321	641,775	448,321	(736,577)	12,272,044
Balance sheet Cash & Bank halances	1	30 025 019	1	15 006 379	4.396.174	1	49 427 572
Investments - net	1.300.966		1	199,152,502	9.599,160	1	210,052,628
Net inter segment lending		538,723,277	,			15,165,594	553,888,871
Lendings to financial institutions	•	1	1	22,093,153	5,350,000		27,443,153
Advances - performing	297,566,507	İ	55,742,713	1	19,922,874	3,023,025	376,255,119
- non-performing	5,547,455	ı	199,217	1	72,752	35,220	5,854,644
Others	12,294,712	1,958,835	1,398,214	1,545,708	2,039,876	26,445,952	45,683,297
Total assets	316,709,640	570,707,131	57,340,144	237,797,742	41,380,836	44,669,791	1,268,605,284
Borrowings	20,721,936	1	ı	21,079,304	1	1	41,801,240
Subordinated debts	•	1	1	1	1	8,797,140	8,797,140
Deposits & other accounts	•	559,060,852	1	•	36,501,111	•	595,561,963
Net inter segment borrowing Others	290,866,811 4.888.386	11,296,439	45,772,874 11.567.270	217,061,999 83,333	187,187 2.295,659	549.239	553,888,871 30,680,326
Total liabilities	316,477,133	570,357,291	57,340,144	238,224,636	38,983,957		1,230,729,540
Equity							37,875,744
Total equity & liabilities						-	1,268,605,284
Contingencies & commitments	108,373,498	10,482,058	ı	22,172,986	3,096,732	1,683,210	145,808,484

41. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, the Bank arranges and maintain government securities on behalf of its customers.

42. 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. Remuneration of key management personnel is disclosed in Note 38.1. In addition key management personnel are paid terminal and short-term terminal benefits.

		2019			2018	
	Key manageme personne	Employee ent funds el		Key management personnel	Employee funds	Others related parties
		Rupees in	' 000		Rupees in	'000
Advances						
Opening balance Addition during the year Repaid during the year	210,446 221,225 112,797	- - -	- - -	189,636 98,028 77,218	- - -	- - -
Closing balance	318,874	-	-	210,446	-	-
Provision held against advances	-	-	-	-	-	-
Advance rent Deposits and other accounts: Opening balance	- 38,172	2,398,389	- 7,753	- 24,423	- 2,770,528	67,317 2,396
Received during the year Withdrawn during the year	544,807 569,556	1,148,293 981,772	85,894 92,771	561,535 547,786	791,508 1,163,647	156,480 151,123
Closing balance	13,423	2,564,910	876	38,172	2,398,389	7,753
Income: Mark-up / return / interest earned	20,359	-	-	10,112	-	-
Reversal of provision - investment	-	-	-	-	-	-
Reversal of provision - advances Net gain on sale of fixed asset (Note 11.2.4)	-	-	-	-	-	-
Expense: Mark-up / return / interest paid Mark-up on lease liability against right of use asset	1,166	301,539	1,024 4,826	965	169,425	146
Depreciation on right of use asset Commission expense	-	-	7,373	-	-	-

42.1 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.

42.2 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. 43,767,706 thousand (2018: Rs. 55,256,269 thousand), Rs. 357,426,911 thousand (2018: Rs. 306,110,933 thousand) and Rs. 29,655,042 thousand (2018: Rs. 30,682,028 thousand) respectively. Further, during the year, the Bank has incurred markup expense of Rs. 249,808 thousand (2018: Rs. 152,274 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

- 42.3 The Bank made contribution of Rs. 184,477 thousand (2018: Rs. 139,739 thousand) to employees provident fund during the year.
- **42.4** During the year, the Bank has recorded Rs. 13,118 thousand (2018: Rs 60,376 thousand and Rs. 40,027 thousand) as gratuity payable to President / CEO and DCEO.
- 42.5 Advances to employees as at December 31, 2019, other than key management personnel, amounts to Rs. 5,494,198 thousand (2018: Rs. 3,914,070 thousand).

		2019	2018	
		Rupees in '000'		
43.	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS			
	Minimum Capital Requirement (MCR): Paid-up capital (net of losses)	28,388,806	34,287,380	
	Capital Adequacy Ratio (CAR): Eligible Common Equity Tier 1 (CET 1) Capital Eligible Additional Tier 1 (ADT 1) Capital	37,567,213 -	28,672,062	
	Total Eligible Tier 1 Capital Eligible Tier 2 Capital	37,567,213 11,742,487	28,672,062 9,616,982	
	Total Eligible Capital (Tier 1 + Tier 2)	49,309,700	38,289,044	
	Risk Weighted Assets (RWAs): Credit Risk Market Risk Operational Risk	287,094,506 3,411,622 45,898,636	255,838,950 2,364,970 36,075,151	
	Total	336,404,764	294,279,071	
	Common Equity Tier 1 Capital Adequacy ratio	11.17%	9.74%	
	Tier 1 CAR (%)	11.17%	9.74%	
	Total CAR (%)	14.66%	13.01%	

43.1 Capital adequacy framework

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The paid-up capital requirement (net of losses) as at December 31, 2019 is Rs.10.0 billion.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% plus capital conservation buffer of 2.50% of the risk weighted assets of the Bank. The Group capital adequacy ratio as at December 31, 2019 under Basel III is 14.80%.

The capital adequacy ratio of the Bank was subject to Basel III capital adequacy guidelines stipulated by the SBP through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis.

Phase-in arrangement and full implementation of the minimum capital requirements:

			Year end						
Sr. No.	Ratio	2014	2015	2016	2017	2018	2019	2020	
1	CET1	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
3	Tier-1	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	
4	Total capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
5	CCB (consisting of CET1 only)	0.00%	0.25%	0.65%	1.28%	1.900%	2.50%	2.50%	
6	Total capital plus CCB	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%	12.50%	

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

The deductions from Tier 1 capital include mainly:

- i) Book value of goodwill / intangibles;
- ii) Shortfall in provision
- iii) Deficit on revaluation of available for sale investments AFS & fixed assets;
- iv) Defined benefit pension fund asset



- v) Investment in own shares
- vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
- vii) Investment in mutual funds above a prescribed ceiling
- viii)Threshold deductions applicable from 2014 on deferred tax assets and certain investments; ix) 10% of investments in majority capital instruments or other financial subsidiaries not
- consolidated in the statement of financial position during transition phase
- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

The deductions from Tier 2 include mainly

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;
- ii) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk Standardized Approach
Market risk Standardized Approach
Operational risk Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank.

		2019	2018
		Rupees	s in '000'
43.2	Leverage Ratio (LR): Eligible Tier-1 Capital Total Exposures	37,567,213 1,063,747,831	28,672,062 852,478,531
	LR (%)	3.53%	3.36%
43.3	Liquidity Coverage Ratio (LCR): Total High Quality Liquid Assets Total Net Cash Outflow	346,077,837 293,511,879	272,221,864 203,539,146
	LCR (%)	117.91%	133.74%
	Net Stable Funding Ratio (NSFR): Total Available Stable Funding Total Required Stable Funding	474,402,901 441,990,495	417,010,019 371,740,462
	NSFR (%)	107.33%	112.18%

43.4 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time are available on http://bop.com.pk.

44. RISK MANAGEMENT

The Group has established market, credit, liquidity and operational risk appetite under the supervision of Board of Directors, where the Group has already implemented new core business system and web based obligor risk rating system. The Group has implemented a system of reporting risks and exceptions on various frequencies to business groups, Asset and Liabilities Committee, Investment Committee, Board Risk Management Committee and Board of Directors.

44.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Group manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Group credit process currently entails assessment of credit worthiness of potential customers, presanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Group will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

The Group's risk management involves the identification, measurement, monitoring, mitigation and controlling of risks to ensure that following primary objectives are adhered:

- a. Individuals who take or manage risks clearly understand it in the entire credit value chain.
- b. The Bank's risk exposure is within the risk appetite limits duly defined by the regulator or established by Board of Directors.
- c. Risk taking decisions are in line with business strategy and objectives set by the management.
- d. Business decisions optimize the risk-reward trade-off.
- e. Risk taking decisions are explicit and clear.
- f. Sufficient capital as a buffer is available to take risk.

Further, assessment of following obligor risk rating factors are in place for effective risk management:

Adjusted net worth, current ratio, net profit margin, adjusted leverage, relationship with the Bank, quality of financial reporting, ownership structure, account behavior, internal quality and buyer / supplier concentration.

44.1.1 Lendings to financial institutions

Credit risk by public / private sector

		Gross	lendings	Non-performing lendings Provi			ision held	
		2019	2018	2019	2018	2019	2018	
				Rupees	in '000'			
	B.18.70							
	Public / Government Private	3,959,771	27,443,153	-	-	-	-	
	Tivato	3,959,771	27,443,153	_		_	_	
		0,000,111	27,110,100					
44.1.2	Investment in debt securities							
	Oil & gas	187,500	250,000	-	-	-	F00 001	
	Textile Cement	582,301 20,000	582,301 20,000	582,301 20,000	582,301 20,000	582,301 20,000	582,301 20,000	
	Sugar	308,606	317,811	308,606	-	125,678	-	
	Electronics and electrical appliances	427,862	284,855	27,862	27,862	27,862	27,862	
	Construction	47,387	47,387	47,387	47,387	47,387	47,387	
	Power (electricity), gas, water, sanitary	3,335,714	3,878,571	-	-		-	
	Transport, storage and communication Financial	5,488	34,852	5,488	6,986	5,488	6,986	
	Services	349,790,707 950,000	203,427,547 501,448	34,808	34,808	34,808	34,808	
	Chemical and Pharmaceuticals	1,500,000	-	_	-	_		
	Fertilizer	1,730,831	1,837,405	1,518,079	1,517,679	1,518,079	1,517,679	
		358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023	
	Credit risk by public / private sector							
	, panier pri and coord							
	Public/ Government		203,427,547	400	400	400	400	
	Private	9,670,240	7,754,630	2,544,131	2,236,623	2,361,203	2,236,623	
		358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023	
		Gross	advances	Non-perforn	ning advances	Provisi	on held	
		2019	2018	2019	2018	2019	2018	
				Rupees	s in '000'			
44.1.3	Advances							
	Agriculture, Forestry, Hunting and Fishing	14,260,967	12,005,293	1,104,290	979,463	856,027	903,024	
	Oil & Gas	1,609,520	2,929,676	86,131	89,702	74,134	74,753	
	Textile	72,594,898	69,374,545	25,074,925	24,225,200	22,467,710	20,807,249	
	Chemical and Pharmaceuticals	9,913,675	9,049,220	117,630	68,734	83,935	68,734	
	Cement Sugar	18,241,013	16,177,409 14,035,366	423,980 2,019,841	1,522,129 1,171,500	364,013 1,596,099	933,816 1,144,701	
	Footwear and Leather garments	14,195,669 1,183,400	733,435	517,610	517,610	516,066	200,115	
	Automobile and transportation equipment	2,574,879	2,555,900	1,986,465	2,078,025	1,982,999	2,012,317	
	Electronics and electrical appliances	4,008,717	4,971,541	37,720	105,264	37,720	75,784	
	Cable, electrical & Engineering	6,429,908	7,162,896	2,127,649	1,839,829	1,817,804	1,835,208	
	Production & transmission of energy	72,264,093	66,011,429	1,863,385	1,562,787	1,561,765	1,555,016	
	Construction	6,142,392	7,684,052	1,868,215	1,450,980	1,592,760	1,287,928	
	Trading & Commerce	46,286,350	51,092,229	6,979,645	6,939,448	6,470,028	6,283,841	
	Food & Allied	37,663,811	50,716,076	3,241,565	3,034,783	3,005,118	2,733,790	
	Transport, Storage and Communication	39,193,270	31,536,555	184,877	195,567	168,797	163,407	
	Financial	1,954,778	1,846,403	602,553	315,517	602,553	315,515	
	Fertilizer Services	10,688,089 8,799,311	5,253,412 11,762,370	71,814 1,264,556	119,464 1,017,584	71,814 1,243,770	96,939 999,325	
	Individuals	42,252,583	42,364,144	666,204	748,749	433,723	590,933	
	Others	19,140,189	18,960,101	1,390,877	1,798,216	391,420	1,681,595	
		429,397,512	426,222,052	51,629,932	49,780,551	45,338,255	43,763,990	
	Credit risk by public / private sector							
		100 100 155	107.000.00=					
	Public/ Government Private		107,860,937 318,361,115	51,629,932	- 49,780,551	45,338,255	43,763,990	
	1 117440	020,000,000	010,001,110	200,020,10	TU, 1 UU, UU I	TU,UUU,ZUU	TU,, UU, USU	
		400 207 540	426,222,052	51,629,932	49,780,551	45,338,255	43,763,990	

	2019	2018
	Rupee	s in '000'
44.1.4 Contingencies and commitments		
Textile and ginning	6,986,694	6,345,358
Cement	1,496,748	5,853,118
Sugar	67,674	1,046,522
Financial	68,807,739	34,160,855
Construction and real estate	11,916,521	12,290,435
Oil and gas	5,337,217	4,972,657
Auto and allied	1,540,729	811,305
Food and allied	2,156,197	2,530,882
Chemical and pharmaceuticals	1,569,381	1,462,319
Fertilizers	775,473	687,074
Cable, electrical and engineering	3,204,888	2,392,473
Production and transmission of energy	48,213,526	14,654,291
Transport, storage and communication	4,543,928	390,778
Individuals	-	9,334,557
Trading and commerce	3,024,711	2,251,009
Services	1,564,082	345,822
Others	34,019,132	46,351,589
	195,224,640	145,881,044
Credit risk by public / private sector		
Public/ Government	56,259,659	38,890,141
Private	138,964,981	106,990,903
	195,224,640	145,881,044

44.1.5 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 184,799,160 thousand (2018: Rs. 171,650,837 thousand).

	2019	2018
	Rupees in '000'	
Funded Non funded	135,670,438 49,128,722	143,474,249 28,176,588
Total exposure	184,799,160	171,650,837

The sanctioned limits against these top 10 exposures aggregated to Rs. 224,430,459 thousand (2018: Rs. 197,377,856 thousand).



Total funded classified therein

	20	019	201	8
	Amount	Provision held	Amount	Provision held
		Rupe	es in '000'	
OAEM Substandard Doubtful Loss	- - 6,151,699 -	- - 4,595,850 -	- - 6,390,871 -	- - 3,895,436 -
Total	6,151,699	4,595,850	6,390,871	3,895,436

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

44.1.6 Advances - province / region-wise disbursement and utilization

				2019			
	Disbursemen	ts		Utilization			
Province / Region		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit- Baltistan
			I	Rupees in '000	,		
Punjab Sindh KPK including FATA Baluchistan	291,246,424 66,819,458 806,887	279,216,400 1,744,827 32,939	8,875,926 64,701,698 - -	180,831 372,932 773,948	474,329 - - -	2,489,884 1 -	9,054 - - -
Islamabad AJK including Gilgit-Baltistan	24,718,591 55,256	-	- -	3,025,632 -	- -	21,692,955 -	4 55,256
	000 040 040	000 004 400	70 577 004	4.050.040	474,329	24,182,840	64,314
Total	383,646,616	280,994,166	73,577,624	4,353,343	474,329	24,102,040	04,514
Total	<u> </u>	, ,	73,577,624	2018	474,329	24,102,040	04,314
Total	Disbursement	, ,	73,577,624		474,529	24,102,040	,
Total Province / Region	<u> </u>	, ,	Sindh	2018	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
	<u> </u>	s	Sindh	2018 Utilization KPK including	· · ·		AJK including Gilgit-
	<u> </u>	s	Sindh	2018 Utilization KPK including FATA	· · ·		AJK including Gilgit-
Province / Region Punjab Sindh KPK including FATA	Disbursement 169,149,765 71,345,255	Punjab 162,229,899 704,500	Sindh 5,095,631	2018 Utilization KPK including FATA Rupees in '000' 164,225 366,958	Baluchistan	Islamabad 999,874	AJK including Gilgit- Baltistan

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44.1.7 Credit risk - general disclosures

The Group follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company – Vital Information Systems), Fitch Moody's and Standard & Poors . Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	J	√			
Banks	J	√	√	√	\checkmark
Sovereigns		√			
PSEs	J	√			
SMEs	J	J			

Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long term ratings grades mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+ AA	Aa1 Aa2	AA+ AA	AA+ AA	AA+ AA	1
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A A-	A2 A3	A A-	A A-	A A-	
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	4
5	B+	B1	B+	B+	B+	5
	B B-	B2 B3	B B-	B B-	B B-	6
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others



Credit exposures subject to standardized approach

Exposures									
	Rating	Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount		
				Rupe	es in '000				
	1 2 3,4 5,6 Unrated-125% Unrated-100%	30,241,089 73,762,423 13,141,502 - 57,746,100 50,124,795	(5,796,449) (1,321,057) (28,724) - (16,237,564) (1,037,636)	24,444,640 72,441,366 13,112,778 - 41,508,536 49,087,159	36,639,351 59,171,775 10,985,907 - 66,332,367 45,225,278	(11,989,689) (424,547) - (22,361,098) (1,070,380)	24,649,662 58,747,228 10,985,907 - 43,971,269 44,154,898		
Bank	1 2,3 4,5 6 Unrated	27,535,339 25,550 - - -	(553,175) - - -	26,982,164 25,550 - -	41,222,542 - 90,185 - -	(17,422,279)	23,800,263 - 90,185 -		
Public sector enterprises in Pakistan	1 2,3 4,5 6 Unrated	20,431,083 - - - 57,943,992	- - - (56,415,159)	20,431,083 - - - 1,528,833	15,451,040 - - - 50,180,349	- - - - (49,330,975)	15,451,040 - - - - 849,374		
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0 1 2 3 4,5 6 Unrated	412,403,077 - - - 136,933 - -	(28,435,835) - - - - - -	383,967,242 - - - 136,933 - -	251,343,496 - - - 36,318 - -	(39,150,264) - - - - - - -	212,193,232 - - - - 36,318 -		
Listed equity investments	100%	320,711	-	320,711	320,393	-	320,393		
Un-listed equity investments	150%	15,582	-	15,582	15,990	-	15,990		
Non performing loans	150% 100% 50%	3,458,604 902,232 1,882,521	- - -	3,458,604 902,232 1,882,521	1,274,139 1,843,634 2,736,868	- - -	1,274,139 1,843,634 2,736,868		
Mortgage	35%	4,586,060	-	4,586,060	3,202,861	-	3,202,861		
Retail	75%	47,166,141	(13,158,889)	34,007,252	57,175,835	(12,702,477)	44,473,358		
Fixed assets	100%	15,223,605	-	15,223,605	8,793,191	-	8,793,191		
Deferred tax assets	100%	-	-	-	-	-	-		
Deferred tax assets	250%	4,018,127	-	4,018,127	3,286,288	-	3,286,288		
Significant investments	250%	-	-	-	-	-	-		
Others	100%	34,162,402	(636,600)	33,525,802	27,965,015	(2,141,878)	25,823,137		
Total		855,227,868	(123,621,088)	731,606,780	683,292,822	(156,593,587)	526,699,235		

44.1.8 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Group has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Group's exposure to an obligor is secured by eligible collaterals, the Group reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

44.1.8.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

44.1.8.2 Equity position risk in the banking book

The Group takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2019 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
		Rs. In '000'	
Ordinary shares (listed) - net of impairment held Ordinary shares (un-listed) - net of impairment held Preference shares - net of impairment held	63,339 - -	1,485,283 19,601 69,421	1,548,622 19,601 69,421
Total	63,339	1,574,305	1,637,644

The Group classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments Held for trading
- · Investments Available for Sale
- · Investments in subsidiaries

44.2 Market risk

Market risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, foreign exchange rates and equity position risk.

Interest rate risk is risk to the earnings or market value of a portfolio due to uncertain future interest rates. Interest rate risks can be categorized in different ways, and there is usually some overlap between categories. Interest rate risk can be categorized into the following components:

- a. Repricing or maturity mismatch risk or yield curve risk
- b. Basis risk
- c. Options risk
- d. Price risk

Equity price risk is the risk that the value of a security or portfolio of securities will decline in the future. It is risk to earnings or capital that results from adverse changes in the value of equity related portfolios of a financial institution.

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss to the institution.

Foreign exchange risk arises from two factors: currency mismatches in an institution's assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate, and currency cash flow mismatches. Such risk continues until the foreign exchange position is covered.

The Group's market risk management structure consists of Board Risk Management Committee, Assets and Liabilities Committee, Market Risk Management Committee and independent Enterprise Risk Management unit (ERM). Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Group and to define market risk policies and procedures. ERM unit seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency in reporting the Group's market risk profile to the senior management, the Board of Directors and the SBP.



The Group is using following techniques for mitigation of market risk:

- -Hedging the open positions i.e. taking offsetting positions
- -Portfolio diversification
- -Limits setting, monitoring and reporting

The Group is using following techniques for measurement of market risk and all the reports along with suggestive strategies which are escalated to senior management for their review and corrective actions:

- Daily mark to market revaluation of equity, foreign exchange and bonds portfolio
- Estimated value at risk on equity and foreign exchange exposures.
- Interest rate gap analysis
- Duration analysis
- Stress testing of market risk exposures.
- Scenarios based analysis

44.2.1 Balance sheet split by trading and banking books

		2019			2018	
	Banking book	Trading book	Total	Banking book	Trading book	Total
			Rupees	in '000'		
Cash and balances with						
treasury banks	53,414,645	-	53,414,645	43,589,610	-	43,589,610
Balances with other banks	10,374,371	-	10,374,371	5,837,962	-	5,837,962
Lendings to financial institutions	3,959,771	-	3,959,771	27,443,153	-	27,443,153
Investments	350,020,681	11,447,141	361,467,822	183,939,423	26,113,205	210,052,628
Advances	383,646,616	-	383,646,616	382,109,763	-	382,109,763
Fixed assets	15,223,601	-	15,223,601	8,793,191	-	8,793,191
Intangible assets	800,425	-	800,425	897,990	-	897,990
Deferred tax assets	6,632,182	-	6,632,182	8,027,104	-	8,027,104
Other assets	34,162,404	-	34,162,404	27,965,012	-	27,965,012
	858,234,696	11,447,141	869,681,837	688,603,208	26,113,205	714,716,413

44.2.2 Foreign exchange risk

The Group's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Group manages its foreign exchange exposure by matching foreign currency assets and liabilities. Foreign exchange exposure and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration. Market risk charge calculates on FEEL and forward contracts (interest rate) and credit risk charge manage by Group on all forward contracts.

		20	019			201	3	
	Foreign currency assets	Foreign currency liabilities	items	e Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	e Net foreign currency exposure
		Rupees	s in '000			Rupees	in '000	
United States Dollar Great Britain Pound Sterling Euro Japanese Yen Other currencies	3,341,446 900,210 692,362 - 94,289	5,976,241 3,013,573 1,164,322 67,173 4,419	1,229,367 2,114,558 265,480 68,564 (25,320)	(1,405,428) 1,195 (206,480) 1,390 64,550	2,362,917 901,919 552,558 - 148,454	6,138,839 2,546,288 995,396 1,185 82,471	2,709,608 1,623,063 252,015 - 83,266	(1,066,313) (21,306) (190,823) (1,185) 149,247
	5,028,307	10,225,728	3,652,649	(1,544,773)	3,965,848	9,764,179	4,667,952	(1,130,380)

	20	19	2018	3
	Banking book	Trading book	Banking book	Trading book
		Rupees	s in '000'	
Impact of 1% change in foreign exchange rates on - Profit and loss account - Other comprehensive income	-	(2,675)	-	(4,072)

44.2.3 Equity position risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behavior similar to equities. The Group's strategy is to invest in equity securities for increase in dividend income and capital gains through market volatility.

	20	19	2018	3
	Banking book	Trading book	Banking book	Trading book
		Rupees	s in '000'	
Impact of 5% change in equity prices on				
 Profit and loss account 	-	(77,431)	-	(62,606)
 Other comprehensive income 	-	-	-	-

44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II specific

Interest rate risk is the potential that the value of the on-balance sheet and the off-balance sheet positions of the group would be negatively affected with the change in the market interest rates. The vulnerability of the Group towards the adverse movements of the interest rate can be gauged by using duration GAP analysis.

"Interest rate risk in the banking book is the risk to interest income arising from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. The banking book activities that give rise to interest rate risk include lending activities, balance sheet funding and capital management. Interest rate risk in banking book can be measured by both, changes in net interest income and changes in market value of interest bearing AFS investments. This also refers to the non-trading market risk. To adjust the effective rate sensitivity, the Group is using following strategies after proper analysis of the Group's gaps and prevailing interest rate:

- Reduced asset sensitivity
- Increased asset sensitivity
- Reduced liability sensitivity
- Increased liability sensitivity

The Group's interest rate risk management policy includes following techniques to mitigate potential risks:

- a) Monitoring and management of interest rate volatility in terms of percentage change in net income through interest sensitive gaps.
- b) Key consideration in investing in interest rate driven financial instruments.
- c) Managing volatility in the trading on category / instrument wise basis.

	20	19	2018	3
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on		Rupee	s in '000'	
 Profit and loss account Other comprehensive income 	6,807,925 -	98,945 -	1,277,000 -	261,000 -



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						2019	Jorost rick					
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	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 vear	Over 1 to 2 vears	Over 2 to 3 vears	Over 3 to 5	Over 5 to 10 vears	Above 10 years	Non-interest bearing financial instruments
						Γ	Rupees in '000					
On-balance sheet financial instruments												
Assets Cash and balances with treasury banks Balances with other banks	11.25%	53,414,645	1,587,930 2,868,077	1 1	1 1	1 1	1 1	1 1	1 1	1 1	1 1	51,826,715 7,506,294
Lending to financial institutions Investments - net Advances - net Other assets	11.07% 12.09% 11.01%	3,959,771 361,467,822 383,646,616 23,867,055	3,659,771 40,017,931 63,665,669	300,000 799,887 319,962,252	- 10,899,246 -	- 94,713,229 -	- 56,146,242 -	7,546,577 68,871,711		80,904,775	1 1 1 1	- 1,568,224 18,695 23,867,055
::::\doi:		836,730,280	111,799,378	321,062,139	10,899,246	94,713,229	56,146,242	7,546,577 68,871,711	68,871,711	80,904,775	I	84,786,983
Eills payable Borrowings Deposits and other accounts	12.09% 7.68%	3,421,083 77,358,612 691,015,859	- 27,505,766 22,009,025	- 23,249,166 399,304,872	- 13,726,439 32,730,526	- 4,886,605 78,032,305	- 596,916 127,650	- 521,664 4,700,300	970,777 609,950	5,762,092	1 1	3,421,083 139,187 153,501,231
Liabilities against assets subject to finance lease	%0	1 (0	1	,	1 0	1	1	ī	1	1	1	'
Subordinated debts Other liabilities	72.62%	8,794,420 41,471,752	1,385	2,418	8,794,420	- 19,364	104,544	224,307	569,536	2,539,286	3,251,408	34,753,814
		822,061,726	49,516,176	422,556,456	55,257,075	82,938,274	829,110	5,446,271	2,150,263	8,301,378	3,251,408	191,815,315
On-balance sheet gap		14,668,554	62,283,202	(101,494,317)	(44,357,829)	11,774,955	55,317,132	2,100,306	66,721,448	72,603,397 ((3,251,408)	(107,028,332)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		118,394,704	1	1		1	1		1		1	118,394,704
Commitments in respect of: - forward foreign exchange contracts - net - forward lending Other commitments		3,652,649 23,449,998 56,782	1 1 1	1 1 1	1 1 1	1 1 1	1 1 1	1 1 1	1 1 1	1 1 1		3,652,649 23,449,998 56,782
Off-balance sheet gap		145,554,133	1	'	1	1	1	1	1	1	1	145,554,133
Total yield / interest risk sensitivity gap			62,283,202	(101,494,317)	(44,357,829)	11,774,955	55,317,132	2,100,306 66,721,448	66,721,448	72,603,397 ((3,251,408)	38,525,801
Cumulative vield / interest risk sensitivity gap			62.283.202	(39.211.115)	(83.568.944)	(71 793 989)	(16,476,857) (14,376,551) 52,344,897 124,948,294 121,696,886 160,222,687	14.376.551)	52.344.897	124 948 294 1	121 696 886	160 222 687

Effective yield / Total Upto 1 to 3 interest month nonth nonths rate						T	7401 / 5/0/5/ 04 F	voot riol					
inancial instruments with treasury banks 6.50% 6.50% 6.50% 6.837.962 1,702,642		Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 vears	Over 2 to 3	Over 3 to 5	Over 5 to 10 vears	Above 10 years	Non-interest bearing financial instruments
riancial instruments with treasury banks 6.50% 6.50% 6.50% 6.837,962 1,702,642								000, ui səədn	1	2			
with treasury banks 6.50% 5,837,962 1,702,642 - banks 6.50% 5,837,962 1,702,642 - nstitutions 6.50% 27,443,153 4,750,000 22,693,153 6.88% 210,052,628 133,571,800 65,579,802 7.44% 382,109,763 53,822,412 328,054,844 14,760,937 - 683,794,053 195,131,309 416,327,799 3,577,677 - 683,794,053 195,131,309 416,327,799 3,577,677 - 7,24% 41,801,240 20,603,995 9,458,357 8.06% 8,797,140 2,000,000 - 25,995,578 8 52,851,116 335,096,915 9ap sand short-term actions spect of: hange contracts - net	On-balance sheet financial instruments												
haritutions 6.50% 5,89,610 1,284,455 banks 6.50% 5,837,962 1,702,642 nstitutions 7.44% 27,443,153 4,750,000 22,693,153 6.88% 210,052,628 133,571,800 65,579,802 7.44% 382,109,763 53,822,412 328,054,844 14,760,337 683,794,053 195,131,309 416,327,799 3,577,677 683,794,053 195,131,309 416,327,799 3,577,677 683,794,053 195,131,309 416,327,799 3,577,677 25,995,561,963 30,247,121 325,638,588 8,06% 8,797,140 20,603,995 9,458,357 675,733,598 52,881,116 335,096,915 8,06% 8,7339,654 142,280,193 81,230,884 trisk sensitivity gap 126,911,186 10,155,697 10,155,997 10,155,	Assets												
banks 6.50% 5,837,962 1,702,642 - nstitutions 7,44% 27,443,153 4,750,000 22,693,153 6.88% 210,052,628 133,571,800 65,579,802 7,44% 382,109,763 53,822,412 328,054,844 14,760,337 - 683,794,053 195,131,309 416,327,799 3,577,677 - 7,24% 41,801,240 20,603,995 9,458,357 20,000 1 25,995,578 536,096,915 340,844 114,747,863 52,861,116 335,096,915 10,000 1 14,747,883 112,30,884 112,30,884 114,747,883 112,30,884 112,30,884 112,30,884 112,30,884 114,747,883 112,30,884 112,30,884 114,747,883 112,30,884	Cash and balances with treasury banks		43,589,610	1,284,455	1	ı	1	ı	•	•		1	42,305,155
nestitutions 7.44% 27,443,153 4,750,000 22,693,153 6.88% 210,052,628 133,571,800 65,579,802 7.44% 382,109,763 53,822,412 328,054,844 14,760,337 - 683,794,053 195,131,309 416,327,799 3,577,677 - 7.24% 41,801,240 20,603,995 9,458,357 25,995,578 8.06% 8,797,140 2,000,000 - 25,995,578 8,797,140 2,000,000 - 675,733,598 62,851,116 335,096,915 8 and short-term 8,060,455 142,280,193 81,230,884 inancial instruments 87,339,654 - 142,280,193 81,230,884 14,747,883 - 10,155,697 - 10,155,697 - 10,155,697 - 10,155,697 - 10,155,697 - 10,155,697 - 10,155,697 - 10,155,997 - 1	Balances with other banks	6.50%	5,837,962	1,702,642	1	ı	1	ı	•	•	ı	,	4,135,320
6.88% 210,052,628 133,571,800 65,579,802 7.44% 382,109,763 53,822,412 328,054,844 14,760,937	Lending to financial institutions	7.44%	27,443,153	4,750,000	22,693,153	ı	•	•	•	•	•	•	•
7.44% 382,109,763 53,822,412 328,054,844 14,760,937	Investments - net	6.88%	210,052,628	133,571,800	65,579,802	9,749,555	1	ı	1	1	1	1	1,151,471
14,760,937	Advances - net	7.44%	382,109,763	53,822,412	328,054,844	232,507	1	1	1	1	1	1	1
3,577,677	Other assets		14,760,937	1	1	1	1	1	1	1	1	'	14,760,937
3,577,677			683,794,053	195,131,309	416,327,799	9,982,062	ı	ı	ı	ı	1	ı	62,352,883
3,577,677	Liabilities												
7.24% 41,801,240 20,603,995 9,458,357 accounts 4.17% 595,561,963 30,247,121 325,638,558 8.06% 8,797,140 2,000,000 - - 25,995,578 - - - - 675,733,598 52,851,116 335,096,915 - - s and short-term 8,060,455 142,280,193 81,230,884 pect of: 4,667,952 - - - shange contracts - net 4,667,952 - - - 10,155,697 - - - - 10,155,697 - - - 10,155,977 - - - 10,155,977 - - - 10,155,977 - - - 10,155,977 - - - 10,155,977 - - - 10,155,977 - - - 10,155,977 - - - 10,155,977 - - - 10,155,977	Bills payable		3,577,677	1	1	ı	1	1	•	•	•	•	3,577,677
accounts 4.17% 595,561,963 30,247,121 325,638,558 8.06% 8.797,140 2,000,000 - 25,995,578 675,733,598 52,851,116 335,096,915 8.060,455 142,280,193 81,230,884 actions and short-term 97,339,654 14,747,883 - 10,155,697 10,155,697 10,155,697 - 1 14,747,883 - 126,911,186 1 126,911,186	Borrowings	7.24%	41,801,240	20,603,995	9,458,357	5,638,791	575,941	681,040	771,515	1,133,300	2,727,538	1	210,763
8.06% 8,797,140 2,000,000 - 25,995,578 - 675,733,598 52,851,116 335,096,915 8,060,455 142,280,193 81,230,884 inancial instruments s and short-term actions pect of: hange contracts - net 4,667,952 - 14,747,883 - 10,155,697 - 126,911,186 - t risk sensitivity gap 126,911,186 - 126,913,884	Deposits and other accounts	4.17%	595,561,963	30,247,121	325,638,558	20,598,274	64,607,651	1,514,226	734,795	377,809	•	'	151,843,529
25,995,578 675,733,598 62,851,116 335,096,915 8,060,455 142,280,193 81,230,884 eximancial instruments sand short-term actions pect of:	Subordinated debts	8.06%	8,797,140	2,000,000	1	6,797,140	1	1	•	•	1	•	1
gap 675,733,598 52,851,116 335,096,915 financial instruments 8,060,455 142,280,193 81,230,884 s and short-term 97,339,654 - - pect of: 4,667,952 - - dange contracts - net 14,747,883 - - gap 126,911,186 - - t risk sensitivity gap 126,911,186 - -	Other liabilities		25,995,578	1	1	1	1	ı	1	1	ı	1	25,995,578
gap 8,060,455 142,280,193 81,230,884 inancial instruments 97,339,654 - - pect of: 4,667,952 - - shange contracts - net 14,747,883 - - 10,155,697 - - 126,911,186 - - t risk sensitivity gap 142,280,193 81,230,884			675,733,598	52,851,116	335,096,915	33,034,205	65,183,592	2,195,266	1,506,310	1,511,109	2,727,538	1	181,627,547
inancial instruments s and short-term actions pect of: A,667,952	On-balance sheet gap		8,060,455	142,280,193	81,230,884	(23,052,143)	(65,183,592)		(1,506,310)	(1,511,109)	(2,727,538)	1	(119,274,664)
actions pect of: thange contracts - net	Off-balance sheet financial instruments												
actions 97,339,654 pect of: shange contracts - net 4,667,952 14,747,883 10,155,697 10,155,697 126,911,186 126,911,186 126,911,186 126,911,186 126,911,186 126,911,186 1	Documentary credits and short-term												
pect of: 4,667,952 14,747,883 10,155,697 10,155,697 126,911,186 t risk sensitivity gap 142,280,193 81,230,884	trade-related transactions		97,339,654	1	1	ı	1	ı	•	•	ı	,	97,339,654
hange contracts - net 4,667,952	Commitments in respect of:												
14,747,883 10,155,697 126,911,186 126,911,186 142,280,193 81,230,884	- forward foreign exchange contracts - net		4,667,952	1	1	ı	1	ı	•	•	ı	1	4,667,952
10,155,697 126,911,186	- forward lending		14,747,883	1	1	1	1	1	1	1	1	1	16,297,428
K sensitivity gap 11,280,193 81,230,884	Other commitments		10,155,697	1	1	1	1	1		•	1	'	10,155,697
142,280,193 81,230,884	Off-balance sheet gap		126,911,186	1	ı	ı	ı	1	1	1	1	1	128,460,731
	Total yield / interest risk sensitivity gap			142,280,193	81,230,884	(23,052,143)	(65,183,592)	(2,195,266)	(1,506,310)	(1,511,109)	(2,727,538)	1	9,186,067
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Reconciliation of financial assets and liabilities with total assets and liabilities:

	2019	2018 s in '000'
	nupees	5 111 000
Financial assets	836,730,280	683,794,053
Non financial assets:		
Fixed assets Intangibles Deferred tax assets - net Other assets	15,223,601 800,425 6,632,182 10,295,349	8,793,191 897,990 8,027,104 13,204,079
	32,951,557	30,922,364
Total assets as per statement of financial position	869,681,837	714,716,417
Financial liabilities	822,061,726	675,733,598
Non financial liabilities:		
Other liabilities	753,303	1,107,071
Total liabilities as per statement of financial position	822,815,029	676,840,669

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Group has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

The Group uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Group's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Group. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

In accordance with the operational risk policy and framework, a database covering losses, control breaches and near misses is being maintained. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. quarterly updates on operational risk events are presented to senior management and the Board Risk Management Committee (BRMC).

44.3.1 Operational risk disclosures Basel-II specific

Currently, the Group is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Group took a number of initiatives with respect to operational risk management. The Group will initiate further steps for improvement in operational risk management to adopt next approach of capital charge i.e. Alternative Standardized Approach (ASA).

44.4 Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Group's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Group manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Group are given significant importance.

The Bank is using following strategies for mitigation of liquidity risk:

- Invest key liquid deposit providers in liquid investment.
- Contingency funding plan
- Monitoring of advances to deposits ratio.
- Diversification of portfolio
- Maintaining desirable level of currency wise liquidity
- Identify situations or events that may trigger a crisis situation in terms of liquidity

44.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

						2019								
	Total	Upto	Over 1 to	Over 7 to	Over 14 days	Over 1	Over 2 to	Over 3 to	Over 6 to Ov	Over 6 to Over 9 months Over 1 to	Over 1 to	Over 2	Over 3 to	Over
		1 Day	7 days	14 days	to 1 Month	to 2 Months	3 Months	6 Months	9 Months	to 1 year	2 years	to 3 years	5 Years	5 Years
					Ж	Rupees in '000								
Assets														
Cash and balances with treasury banks	53,414,645	53,414,645	•	•	•		1	1	1	1	1		•	1
Balances with other banks	10,374,371	10,374,371		•	1	•	•	1			1		1	1
Lendings to financial institutions	3,959,771	1	530,000	1	3,129,771	300,000	1	1	1	1	1	1	1	1
Investments - net	361,467,822			1	39,583,112	14	728,111	2,324,372	76,359,325	18,128,392	60,183,668	8,207,913	72,482,602	83,470,313
Advances - net	383,646,616	34,492,195	6,344,253	8,203,237	14,625,984	16,427,580	45,839,149	32,779,222	17,872,550	18,166,633	17,384,760	25,084,301	91,269,605	55,157,147
Fixed assets	15,223,601	3,430	16,404	19,138	48,089	86,856	85,052	261,230	258,638	267,729	1,111,813	1,223,113	2,549,294	9,292,815
Intangible assets	800,425	875	5,250	6,125	15,073	27,323	27,323	81,969	81,969	81,969	327,876	144,673	1	1
Deferred tax assets - net	6,632,182	•	•	•	1	•	1	1	1	•	1	•	6,632,182	1
Other assets - net	34,162,404	12,786,373	327,580	649,445	8,324,475	354,175	508,045	853,242	125,297	9,171,404	1,062,368	•	•	•
	869,681,837 111,071,889	111,071,889	7,223,487	8,877,945	65,726,504	17,195,948	47,187,680 36,300,035	36,300,035	94,697,779	45,816,127	80,070,485	34,660,000	34,660,000 172,933,683 147,920,275	147,920,275
Liabilities														
Bills payable	3,421,083	3,421,083		•	1	1	1	1	i	1	i	1	1	1
Borrowings	77,358,612	139,187	11,660,187	4,715,872	11,129,707	11,911,972	11,337,194 13,726,439	13,726,439	4,789,862	96,743	596,916	521,664	970,777	5,762,092
Deposits and other accounts	691,015,859	490,013,068	3,569,043	4,623,973	11,727,776	18,683,692	26,949,782	39,307,964	41,265,743	44,857,581	2,378,523	5,327,065	2,311,649	1
Subordinated debts	8,794,420	1			1		•	1,360	1	1,360	2,002,720	2,720	5,440	6,780,820
Other liabilities	42,225,055	17,195,382	361,663	790,898	1,057,177	878,996	628,481	2,870,518	1,860,141	2,031,673	3,091,307	1,549,098	4,108,201	5,801,520
	822,815,029	510,768,720	15,590,893	10,130,743	23,914,660	31,474,660	38,915,457	55,906,281	47,915,746	46,987,357	8,069,466	7,400,547	7,396,067	18,344,432
Net assets	46,866,808	(399,696,831)	(8,367,406)	(1,252,798)	41,811,844	(14,278,712)	8,272,223 (19,606,246)	19,606,246)	46,782,033	(1,171,230)	72,001,019	27,259,453	27,259,453 165,537,616	129,575,843
Share capital - net	26,173,766													
Reserves	6,725,228													
Non controlling interest	445,331													
Surplus on revaluation of assets - net of tax	5,371,207													
Unappropriated profit	8,151,276													
	46,866,808													

						2018								
	Total	Upto	Over 1 to	Over 7 to	Over 14 days	Over 1	Over 2 to	Over 3 to	Over 6 to Ov	Over 6 to Over 9 months Over 1 to		Over 2	Over 3 to	Over
		1 Day	7 days	14 days	to 1 Month	to 2 Months	3 Months (6 Months	9 Months	to 1 year 2	2 years to	to 3 years	5 Years	5 Years
					æ	Rupees in '000								
Assets														
Cash and balances with treasury banks	43,589,610	43,589,610	•	ı	•	•	1	ı	1	1	,	1	•	1
Balances with other banks	5,837,962	5,837,962	•	1	•	•	1	1	1	•		1	•	
Lendings to financial institutions	27,443,153		1,750,000	200,000	2,200,000	22,993,153		1	1			1		
Investments - net	210,052,628	1	133,444,498	100,329	8,118	64,251,440	859,900	731,492	202,571	202,571 2,277,941	277,941	3,604,896	2,261,384	2,107,488
Advances - net	382,109,763	33,862,235	2,520,769	1,762,999	15,908,916	10,672,271	59,108,990	23,153,601	8,884,784	20,738,592 40,933,087		27,974,752 8	82,257,471	54,331,296
Fixed assets	8,793,191	2,799	16,794	19,593	47,597	86,783	86,783	260,349	260,349	265,612 1,041,396	396,140	1,041,396	2,082,792	3,580,948
Intangible assets	897,990	325	1,950	2,275	5,525	9,587	9,588	29,575	29,900	29,900 118,625	18,625	118,625	152,570	389,545
Deferred tax assets - net	8,027,104	1	1	1	1	1	1	1		1		1	8,027,104	1
Other assets - net	27,965,012	10,589,349	621,859	1,347,949	1,682,318	435,369	332,916	248,905	299,318	11,362,145		1,044,884	٠	
	714,716,413	93,882,280	138,355,870	3,733,145	19,852,474	98,448,603	60,398,177	24,423,922	9,676,922	32,598,820 44,371,049		33,784,553	94,781,321	60,409,277
Liabilities														
Bills payable	3,577,677	3,577,677	•	1	•	•	1	1	1	1		1	•	
Borrowings	41,801,240	210,763	20,103,557	•	500,438	1,353,688	8,104,669	5,630,752	574,980	9,000 681,040	81,040	771,515	1,133,300	2,727,538
Deposits and other accounts	595,561,963	411,628,482	11,528,009	4,877,020	11,756,185	15,267,953	18,584,836	45,181,017	39,399,268	31,469,171 1,999,775	399,775	3,071,221	799,026	
Subordinated debts	8,797,140	1	1	ı	1	1	1	1,360	1	1,360	2,720	2,002,720	5,440	6,783,540
Other liabilities	27,102,649	9,539,014	768,137	1,334,116	1,567,544	431,313	261,738	430,762	196,657	708,971 5,406,974	406,974	3,389,036	3,068,387	1
	676,840,669	424,955,936	32,399,703	6,211,136	13,824,167	17,052,954	26,951,243	51,243,891	40,170,905	32,188,502	8,090,509	9,234,492	5,006,153	9,511,078
Net assets	37,875,744	37,875,744 (331,073,656)	105,956,167	(2,477,991)	6,028,307	81,395,649	33,446,934 (2	(26,819,969)	(30,493,983)	410,318 36	36,280,540	24,550,061	89,775,168	50,898,199
Share capital - net	26,173,766													
Reserves	5,074,930													
Non controlling interest	328,052													
Surplus on revaluation of assets - net of tax	3,260,312													
Unappropriated profit / (accumulated loss)	3,038,684													
	37,875,744													

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

						2019				
	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
						Rupees in '000	0			
Assets										
Cash and balances with treasury banks	53,414,645	53,414,645	1	1	ı	1	1	1	1	ı
Balances with other banks	10,374,371	10,374,371	•	•	i	1	1	•	1	1
Lendings to financial institutions	3,959,771	3,659,771	300,000	1	1	1	1	•	ı	•
Investments - net	361,467,822	39,583,112	728,125	2,324,372	94,487,717	60,183,668	8,207,913	72,482,602	83,470,313	•
Advances - net	383,646,616	63,665,669	62,266,729	32,779,222	36,039,183	17,384,760	25,084,301	91,269,605	43,202,579	11,954,568
Fixed assets	15,223,601	87,061	171,908	261,230	526,367	1,111,813	1,223,113	2,549,294	7,465,711	1,827,104
Intangible assets	800,425	27,323	54,646	81,969	163,938	327,876	144,673	ı	ı	1
Deferred tax assets - net	6,632,182	1	1	1	1	ı	1	6,632,182	ı	ı
Other assets - net	34,162,404	22,087,873	862,220	853,242	9,296,701	1,062,368	•	•	•	•
	869,681,837	192,899,825	64,383,628	36,300,035	36,300,035 140,513,906	80,070,485	34,660,000	34,660,000 172,933,683 134,138,603	134,138,603	13,781,672
Liabilities										
Bills payable	3,421,083	3,421,083	•	•	•	•	1	•	ı	1
Borrowings	77,358,612	27,644,953	23,249,166	13,726,439	4,886,605	596,916	521,664	970,777	5,762,092	•
Deposits and other accounts	691,015,859	_	09,091,599 116,370,344	86,465,878	86,465,878 133,281,237	49,536,437	52,484,979	49,469,564	47,157,914	47,157,907
Subordinated debts	8,794,420	1	1	1,360	1,360	2,002,720	2,720	5,440	6,780,820	•
Other liabilities	42,225,055	19,405,120	1,507,477	2,870,518	3,891,814	3,091,307	1,549,098	4,108,201	2,550,110	3,251,410
	822,815,029	-	59,562,755 141,126,987 103,064,195 142,061,016	103,064,195	142,061,016	55,227,380	54,558,461	54,553,982	62,250,936	50,409,317
Net assets	46,866,808	33,337,070	33,337,070 (76,743,359) (66,764,160)	(66,764,160)	(1,547,110)	24,843,105	(19,898,461) 118,379,701	118,379,701	71,887,667	(36,627,645)
Share capital - net	26,173,766									
Reserves	6,725,228									
Surplus on revaluation of assets - net of tax	5,371,207									
Non Controling Interest	445,331									
Unappropriated profit	8,151,276									
-										

Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

46,866,808

						2018				
	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
					ш	Rupees in '000				
Assets										
Cash and balances with treasury banks	43,589,610	43,589,610	•	•	•	1	•	•	1	•
Balances with other banks	5,837,962	5,837,962	1	1	1	1	1	1	1	1
Lendings to financial institutions	27,443,153	4,750,000	22,693,153	•	•	•	•	•	1	•
Investments - net	210,052,628	133,552,949	65,111,339	731,492	405,142	2,277,941	3,604,896	2,261,380	2,107,489	•
Advances - net	382,109,763	53,822,412	69,781,261	23,153,601	29,623,376	40,933,087	27,974,752	82,257,471	47,243,734	7,320,069
Fixed assets	8,793,191	86,783	173,566	260,349	520,698	1,046,659	1,041,396	2,082,792	3,580,948	•
Intangible assets	897,990	9,775	19,175	29,575	66,601	118,625	118,625	152,570	383,044	•
Deferred tax assets - net	8,027,104	•	•	•	•	1	•	8,027,104	1	•
Other assets - net	27,965,012	14,241,471	768,285	248,905	11,661,463	1	1,044,888	1	1	1
	714,716,413	255,890,962	158,546,779	24,423,922	42,277,280	44,376,312	33,784,557	94,781,317	53,315,215	7,320,069
Liabilities										
Bills payable	3,577,677	3,577,677	1	1	1	ı	1	1	1	
Borrowings	41,801,240	20,814,758	9,458,357	5,630,752	575,941	681,040	771,515	1,133,300	2,727,538	8,039
Deposits and other accounts	595,561,963	113,919,841	91,359,234	83,518,648	109,206,066	40,337,406	41,408,851	39,136,656	38,337,630	38,337,631
Subordinated debts	8,797,140	1	1	1,360	1,360	2,720	2,002,720	5,440	6,783,540	
Other liabilities	27,102,649	13,370,555	693,051	430,762	781,757	5,406,974	3,351,163	3,068,387	1	1
	676,840,669	151,682,831	101,510,642	89,581,522	110,565,124	46,428,140	47,534,249	43,343,783	47,848,708	38,345,670
Net assets	37,875,744	104,208,131	57,036,137	(65,157,600)	(68,287,844)	(2,051,828)	(13,749,692)	51,437,534	5,466,507	(31,025,601)
Share capital - net	26,173,766									
Reserves	5,074,930									
Non controlling interest	328,052									
Surplus on revaluation of assets - net of tax	3,260,312									
Unappropriated profit	3,038,684									
	37,875,744									
		ı								



45. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on February 28, 2020 has proposed a cash dividend of 7.5 percent (2018: 7.5%). These appropriations will be approved in the forthcoming Annual General Meeting. These consolidated financial statements for the year ended December 31, 2019 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2020.

46. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 28, 2020 by the Board of Directors of the Bank.

47. GENERAL

- **47.1** Figures have been rounded off to the nearest thousand rupees.
- 47.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

Chief Financial Officer	President	 Chairman	Director	Director

Annexure I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2019

			1																_										
	Total (9+10+11)	12		7,825																112,172									
Other	financial relief provided	Ξ		1																ı									
Interest /	Mark-up written-off/ waived	10		7,825																112,172									
	Principal written-off	6																		ı									
ear	Total	8	Rupees in '000	7,825																139,550									
Outstanding Liabilities at beginning of year	Other than Interest / Mark-up	7	Bupe																										
ding Liabilities a	Interest / Mark-up	9		7,825																139,550 -									
Outstand	Principal	5																		1									
	Father's / Husband's name	4		Sulman Ayub	Irfan Ahmad Ayub	Muhammad Ayub	A A boommod M	Munaimiliad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Muhammad Ayub	Allah Dita	Mirza Muhammad Inayat Ullah	Muhammad Imtiaz Ahmed		rurqalı Allınau Ayub	Muhammad Aizaz Ahmed		Muhammad Ayub	Muhammad Ayub	Mishammad Arab	viuriariiiiiau Ayub	Muhammad Ayub	Muhammad Ayub	Furqan Ahmed Ayub	Irfan Ahmed Ayub	Usman Avub	
	Name of individuals / partners / directors (with CNIC No.)	က					6-3)		Sulman Ayub (34201-5142059-9)				(34201-0569088-4) Mirza Muhammad Inavat Ullah	Muhammad Aizaz Ahmed (34201-0319438-5)		376-4)	Aqsa Furqari (34201-3859949-4)	Farzana Aizaz (34201-0325892-4)	Ayub Engineering Company	Sajida Khanum		(34201-0301995-3)	26-3)	Sulman Ayub (34201-5142059-9)	Usman Ahmed Ayub (34201-0301984-7)			(34201-0569088-8) Aasma Usman	15-4) ng Company
	Name and address of the borrower	0		Sufia Traders	(Yunas Colony, G. 1. Road, Gujrat.)															Yunas Metal Works (Pvt) Ltd	(Tulkas Cololly, G. 1. noad, Gujat.)								
	o, o	1		-																2									

	Total (9+10+11)	12		50,837	44,745	16,824	16	40	10,829	
			-	. G	4,	16,	6,016	2,240	10,	637
Other	financial relief provided	Ξ				1	ı		ı	1
Interest/	Mark-up written-off/ waived	10		50,837	44,745	16,824	6,016	2,240	10,829	637
	Principal written-off	6			·	,	ı	ı	ı	
/ear	Total	80	Rupees in '000	60,920	57,187	17,051	6,330	4,864	34,095	2,677
Outstanding Liabilities at beginning of year	Other than Interest/ Mark-up	7	Rup					1	ı	·
nding Liabilities	Interest/ Mark-up	9	-	60,920	57,187	17,051	6,330	4,864	21,809	2,261
Outstar	Principal	5					1	-	12,286	416
	Father's/ Husband's name	4		Rana Tousif Ali Khan Rana Tousif Ali Khan Arif Touseef Arif Touseef Alif Touseef Rana Tousif Ali Khan Rana Zahid Tousif Rana Arif	Muhammad Azam Muhammad Rafiq Sheikh Nazir Atmed Sheikh Khaii ur Rehman	Abdul Basit Menta Abdul Basit Menta Abdul Basit Menta	Chodhry Abdul Majeed Dhillon	Muhammad Sadiq	Ghulam Rasool	Malik Zafar Ali
	Name of individuals / partners / directors (with CNIC No.)	8		Rana Zahid Tauseef (33100-0672286-7) Rana Asif Tauseef (33100-0672190-5) Rixwana Arif (33100-0672190-5) Rixwana Ahid (33100-0747272-4) Maha Akid Abid (33100-0747272-4) Sano -0770856-3) (Deceased) Rana Arif Tauseef (33100-0708565-3) (Deceased) Rana Arif Tauseef (33100-0695657-3) (Beceased) Rana Usman Zahid (33100-0695657-3) (Beceased) Rana Usman Zahid (33100-069587-1) Shariq Ahmed (33100-0672887-1)	Asif kamal (35202-2550469-9) Zahid Raifq (35202-2860883-1) Tarif Nasir (35202-7337788-5) Ahmad Khali (35202-7577418-5)	Abdul Wassay Mehta (42301-1145243-3) Abdul Adeel Mehta (42301-3567011-9) Nassem Mirza (42301-8173275-8)	Chaudhry Faisal Majeed Dhillon (35202-1436853-9)	Muhammad Khalid (35103-1375218-9)	Muhammad Tufail (34302-5361243-9)	Nasir Abbas (34302-1209338-5)
	Name and address of the borrower	2		Rarna Textile Mills Ltd (Rafhan Mill Road, Faisalabad.)	Allied Developers (8-K, Main Boulevard, Gulberg-II, Lahore.)	A.B.M. Gravure (Private) Ltd. (LA/10, Btock - 22, F.B. Area Karachi)	Al-Nafay International (14-G, Leeds Centre, 11-E/2 Main Boulevard Gulloerg, Lahore.)	Sadiq Traders (Ghalla Mondi Pattoki.)	Muhammad Tufail & Co. (Hafizabad Road Rasoolpur Tarar Teh. Pindi Bhattian Distt. Hafizabad)	Asad Corporation (Thanna Road, Jalalpur Bhattian Teh. Pindi Bhattian
	o, o,	-	-	n	4	3	9	2	8	6

				C	odina Liabilitio	ortetandina prijetje og teneraliste og seneraliste 100%					
o, o	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
-	2	က	4	5	9	7	æ	6	10	Ξ	12
						Rul	Rupees in '000				
01	Imran Welding Material & Mill Store (Odean Mkt. Shop No.5 Summandri Road, Faisalabad.)	Malik Bashir Ahmed (33100-6141083-5)	Malik Faqeer Muhammad	965	8,435	ı	9,400	1	2,980	ı	2,980
£	Fair Timber Merchants (Plot - 35, Timber Market I/11-2 Islamabad)	Mushatq Hussain Shah (61101-2591231-5)	Pir Imam Shah	950	1,650		2,600		974		974
12	Estate One Builders (187 Y DHA Lahore Cantt.)	Rashid Mehmood Tariq (35201-1170848-3)	Chaudhary Bashir Ahmed	1	72,200		72,200		22,155		22,155
13	Mudsar & Brothers (Warn Market Lodhran.)	Bashir Ahmad Shaboo (36203-0513231-5)	Allah Yar	2,000	8,596	·	10,596		3,263		3,263
14	Safdar Pottery Works (Tring Road, Mohalla Chah Tring Gujrat.)	Chaudhry Muhammad Safdar Warrich (34201-0572151-9)	Chaudhry Niaz Ahmed	382	2,261	·	2,643		519		519
15	All Cloth Merchant (House No.241 Kamran Block Allama Iqbal Town Lahore.)	Ali Akbar (35202-2811342-3)	Muhammad Latif	2,306	2,578		4,884		2,390		2,390
16	Hashan Motors (Opposite Wapda Office Watta Kh El Chowk Tehsil - Distt Mianwali Mianwali)	Muhammad Safdar Khan (38302-8704280-3)	Muhammad Khan	1,702	2,166		3,868		884	1	884
17	Sadiqabad Ong Filling Station (Bye Pass Road Near Taj Chowk Sadiqabad)	Shabbir Ahmad (31304-1228455-1)	Nazir Ahmad	2,472	8,998		11,470		3,406		3,406
18	Imran Wood Line Furniture (Imran Plaza Fazal Mosque Road Opposite Crown Ice Factory Moh Tirkhana Chiniot)	Muhammad Imran Khan (33201-1534271-9)	Liaquat Ali Khan	2,127	2,852	ı	4,979		918		918
19	(Indus High Way By Pass D G Khan)	Abdul Ghafoor (32102-5847176-1) Abdul Karim (32102-9467910-1) Muhammad Ishaq (32102-0309075-5) Gamman (32102-0309075-5) (Whammad iqpal (32102-03393-7)	Wassan Haji Wasan Wassan Khan Wassan Wassan Khan	1,027	2,778		3,805		768		768
20	Javaid Traders (Mzg Permit Road Jatoi Distt Muzaffar Garh)	Rana Muhammad Javed (32302-1712276-3)	Muhammad Yousaf	1,287	8,494	·	9,781	,	8,257	,	8,257

	Total (9+10+11)	12
Other	financial relief provided	Ξ
Interest/	Mark-up written-off/ waived	10
	Principal written-off	6
g of year	Total	æ
s at beginning of	Other than Interest/ Mark-up	7
Outstanding Liabilities	Interest/ Mark-up	9
Outsta	Principal	5
	Father's/ Husband's name	4
	Name of individuals / partners / directors (with CNIC No.)	п
	Name and address of the borrower	2
	رة N O	-

Rupees in '000

3,958	7,793	505	514	519	520	535	538	571	929	588
, m			1	'	'	1	1	1	'	'
3,958	7,793	505	514	519	520	535	538	571	576	288
1	ı	ı	1	1	1	1	1	1	ı	ı
<u></u>	32	01	+	6			9	_		6
22,119	36,632	1,112	1,264	4,909	520	595	1,086	1,241	887	1,069
, o			1	1	1	1	1	1	ı	•
15,359	22,835	631	582	98	520	595	673	069	580	288
6,760	13,797	481	682	4,823		1	413	551	407	481
	ie.									
Haji Ghulam Rasool Haji Ghulam Rasool Haji Ghulam Rasool	Ghulam Mustafa Sohail Muhammad Anwar	nammad	nammad	Rana Shafi Ullah Khan	nmad	meer	ad Khan	. Ali	. Ali	gh Ali
Haji Ghulam F Haji Ghulam F Haji Ghulam F Haji Mehr Din	Ghulam Mustafa So Muhammad Anwar	Nazar Muhammad	Sakhi Muhammad	Rana Sha	Raj Muhammad	Syed Ali Ameer	Muhammad Khan	Ch Sardar Ali	Shamsher Ali	Sardar Bagh Ali
			ر							
	ohail		Muhammad Naeem Akhtar Khan (35301-1970635-7)			Œ				
Sh. Khalid Mehmood (33100-4152249-1) Muhammad Naeem (33100-5615560-3) Muhammad Asii (33100-0603537-3) Haji Ghulam Rasool (33100-8127121-1)	Muhammad Aslam Sohaii (31303-6092772-9) Hafeez ur Rehman (31303-9047284-7)	Abid Ali (34301-8766715-7) Faisal Abbas (34301-1777306-9) Shahnawaz (34301-5031581-3)	Muhammad Naeem / (35301-1970635-7)	Saad Habib Rana (35202-9126097-9)	Maqsood Ahmed (35103-1344091-9)	Syed Mukhtar Hussain (34302-1258110-9)	Atta Ullah (34302-7589536-3)	Zaheer Ahmad Rana (31302-6126777-5)	Samreen Nasir (35202-7189268-8)	Muhammad Arif (35103-7227330-3)
Sh. Khalid Mehm (33100-4152249 Muhammad Nae (33100-5615560 Muhammad Asif (33100-0603537 Haji Ghulam Ras (33100-8127121	Muhammad Aslam (31303-6092772-9 Hafeez ur Rehman (31303-9047284-7	Abid Ali (34301-8766' Faisal Abbas (34301-1777' Shahnawaz (34301-5031!)	Muhamm (35301-19	Saad Habib Rana (35202-9126097-	Maqsood Ahmed (35103-1344091-	Syed Muk (34302-12	Atta Ullah (34302-75	Zaheer Al (31302-6	Samreen (35202-7	Muhammad Arif (35103-7227330
oool Road		ad)	ra)			i Bhattian	i Bhatiyan	d Pannah Khan)	Hafizabad	sil Pattoki
Pura Maqt	an)	istt Hafizab	ur Dist Oka	ore)	()	ır Teh Pind	Tehsil Pind	Muhamma Rahim Yar	di Bhattian l	Same Teh:
nd (Pvt) Ltc .04 Sharif	/ ahimyar Kha	e Tehsil & ⊡	thtar Khan hsil Depalp	ו Road Lah	alan Pattok	7 Rasoolpu	andi Jandoi	ur Taranda at Pur Distt	rar Teh. Pin	# 41 P/O
Street No	ez Hatcher Id Same R	s 1 P/O Sam	I Naeem Ał hu Shah Te	Rana Eme Multar	hmed 7/0 Bath K	tar Hussain or Shah P	Sukheki M ad)	nad Rana et Ghazi P Tehsil Liaq	asir J. Kot Sarv	I Arif Jdian Chak
United Textile Printing Ind (Pvt) Ltd Plot - 720 Street No.04 Sharif Pura Maqbool Road Faisalabad)	Sohail Hafeez Hatchery (Abuzahbi Rd Same Rahimyar Khan)	Abid Ali Faisal Abbas Shahnawaz (Chak Kharal P/O Same Tehsil & Distt Hafizabad)	Muhammad Naeem Akhtar Khan (Mouza Bakhu Shah Tehsil Depalpur Dist Okara)	Saad Habib Rana (277 J Dha Eme Multan Road Lahore)	Maqsood Ahmed (Ojla Kalan P/O Bath Kalan Pattoki)	Syed Mukhtar Hussain (Thatha Noor Shah Po Rasoolpur Teh Pindi Bhattian Hafizabad)	Atta Ullah (Post Office Sukheki Mandi Jandoi Tehsil Pindi Bhatiyan Dist Hafizabad)	Zaheer Ahmad Pana (Rana Market Ghazi Pur Taranda Muhammad Pannah K.L.P Road Tehsil Laqat Pur Distt Rahim Yar Khan)	Samreen Nasir (Kathrani P.O. Kot Sarwar Teh. Pindi Bhattian Hafizabad)	Muhammad Arif (Mouza Khudian Chak # 41 P/O Same Tehsil Pattoki Distt Kasur)
2	22	23	24	25	26	27	28	29	30 (31

S. Name and address of the borrower No. Name of individuals / partners / directors (with CNIC No.) Name of individuals / partners / directors (with CNIC No.) Name of individuals / partners / directors (with CNIC No.) Name and address of the borrower (with CNIC No.) Name and address of the borrower (with CNIC No.) Name and address of the borrower (with CNIC No.) Name and address of the borrower (with CNIC No.) Name of individuals / partners / directors (with CNIC No.) Name of individuals / partners / interest / interest / written-off (written-off) Nark-up (Interest) Nar
Name and address of the borrower (with CNIC No.) 2 Outstanding Liabilities at beginning of year Outstanding Liabilities at beginning of year Other than (Other than written-off written-off written-off written-off and written-off written-off written-off written-off and written-off written-of
Name and address of the borrower Name of individuals / partners / directors (with CNIC No.) 2 3 4 5 6 6 7 8
Name and address of the borrower Name of individuals / partners / directors
Name and address of the borrower Name of individuals / partners / directors (with CNIC No.) Principal Mark-up
Name of individuals / partners / directors Father's/ Husband's Princip (with CNIC No.) 2 3 4 5 5
Name of individuals / partners / directors Father's/ Husband's Princip (with CNIC No.) 2 3 4 5 5
Name and address of the borrower (with CNIC No.) 2 3
Name and address of the borrower (with CNIC No.) 2 3
Name and address o
o, o, o ⊢

				Principal	Mark-up	Interest/ Mark-up	Total		waived	provided	
	1 2	3	4	5	9	7	8	6	10	11	12
						Ŗ	Rupees in '000				
32	2 Shan Muhammad (Vpo Bhekho Tehsil Phalia)	Shan Muhammad (34403-5940889-1)	Ahmed Din	-	697		269		627	1	627
33	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	421	716		1,137		644		644
34	Salim Akhter Khan (Chak-5/M, Mouza Chowki Ranco Khan Tehsil Dunyapur.)	Salim Akhtar Khan (36202-6114050-1)	Allah Buksh	402	806		1,208	1	645		645
ró	35 Fiaz Ahmad (Masjid Zakria, Qazi Park Distt. Sheikhupura)	Fiaz Ahmad (35404-8246269-1)	Pir Muhammad	-	920		920		647		647
36	Muhammad Asif Maneka Shafqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (35301-6737506-3) Shafqat Naheed (35301-8379864-4)	Muhammad Aslam	469	813		1,282		650	1	650
37	77 Fayyaz Ahmed (Post Office Khas Jokalian Teh Phalia Distt Mandi Bahauddin)	Favyaz Ahmed (34403-1946855-9)	Ghulam Rasool	ı	729	-	729	ı	656	1	656
က	38 Muhammad Anwar (Bhooti Pur, P/O Sharaq Pur Tehsil Ferozwala Distt. Shelkhupura)	Muhammad Anwar (35401-8406093-7)	Muhammad Salar	909	3,845		4,451		699	1	699
က	39 Muhammad Yasin (Bhotipur Po Mandi Faizabad Tehsil Ferozewala Sheikhupura)	Muhammad Yasin (35401-1758558-5)	Muhammad Hanif		712		712	1	712	1	712
4	40 Muhammad Asif Maneka Shafqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (35301-6737506-3) Shafqat Naheed (35301-8379864-4)	Muhammad Aslam	567	871		1,438		722	1	722
41	Syed Riaz Hussain Shah (Khudian Chak # 41 Pattoki)	Syed Riaz Hussain Shah (35101-2510718-7)	Syed Qutab Nawaz	1,051	1,661		2,712	740			740
4	42 Muhammad Riaz Asad (Mouza Bath Kallan Tehsil Pattoki Distt Kasur.)	Muhammad Riaz Asad (35103-9916759-5)	Jhanda	560	911		1,471		742		742
4	43 Syed Talib Hussain (Subhan Shah Teh Depalpur Okara Dist Okara)	Syed Talib Hussain (35301-0120259-5)	Syed Tajammal Hussain Shah	545	768		1,313		766		992
4	44 Muhammad Mansha (Chak # 47/4-L Tehsil & Dist Okara)	Muhammad Mansha (35302-6242694-1)	Noora	522	958		1,480		767		767
4	45 Channan Begum (Mehmood Nagar Lodhokay Post Office Ganda Singh Tehsil Depalpur Dist Okara)	Ohannan Begum (35301-5728015-2)	Khizar Hayat	562	856	,	1,418	1	778		778

			Outsta	Jutstanding Liabilities	s at beginning of y	of year		Interest/	Other	
Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	Principal written-off	Mark-up written-off/ waived	financial relief provided	Total (9+10+11)
Ø	б	4	S	9	7	æ	6	10	1	12

J														
!		791	849	870	892	930	948	957	974	1,008	1,017	1,096	1,259	1,328
		ı				ı	ı	ı	1	1	ı	ı	ı	1
		791	849	870	892	930	948	957	974	1,008	1,017	1,096	1,259	1,328
		32	8		88	6	76	36	.6	+,	1,	1,	1,	-,
				1	1	ı	ı	ı	1	1			ı	
	Rupees in '000	790	911	1,668	904	1,346	1,657	2,377	6:039	2,568	1,268	2,013	2,017	1,985
	Rup													
		- 200	- 847	1,002	- 689	934	1,115	1,069	1,026	806	1,020	2,013	1,266	- 1,278
			64	999	215	412	542	1,308	5,013	1,660	248		751	707
		Haji Abdul Ghafoor	Muhammad Anayat	Muhammad Majeed	Ghulam Muhammad	Shahid Nawaz Bhatti	Lal Hussain	Nazar Muhammad	Anwar Ul Haq	Ghulam Rasool	Sardar Hameed Ullah Khan	Syed Safdar Hussain Shah	Khan Bahader	Muhammad Sarwar
_		Haji /	Muh	Muha	Ghul	Shah	LalH	Naza	Anwa	Ghuli	Sard	Syed	Khan	Muh
		Abdul Razzak (35103-8915550-7)	Muhammad Aslam (34104-1078944-1) Hamid Nasir (34104-2217567-7)	Casir Majeed (35101-3258785-7) Asim Majeed (35101-7103932-1) Casim Majeed (35101-8266803-9)	Ashfaq Ahmed (34201-0484343-7) Rukhsar Ahmed (34201-0484343-5)	Rahilah Nawaz (34302-4468678-8)	Muhammad Mehdi Hassan (32302-0243968-3)	Ghulam Baqir (36102-1327161-9)	Hamza Poulity Farm (34101-2418713-1)	Muhammad Irshad (34502-1605832-9)	Bashir Ullah Khan Abbasi (61101-2002176-9)	Ali Aun Shah (33100-0949925-3)	Tayyab Ali (35402-7476471-9)	Zulfiqar Ali (35402-8989002-5)
		Abdul Razzak (Bherwal Kalan Teh Pattok Pattoki)	Muhammad Aslam Hamid Nasir (Kot Ratta Wazirabad Gujranwala)	Qasir Majeed Asim Majeed Qasim Majeed (Mouza Majra Tehsil Chunian Distt Kasur.)	Ashfaq Ahmed Rukhsar Ahmed (V.P.O. Kang Chanan Teh. & Distt. Gujrat)	Rahilah Nawaz (Khathrani P.O. Kot Sarwar Pindi Bhattian Hafizabad)	Muhammad Mehdi Hassan (Mouza Jatoi Shumali The Jatoi Distt Muzaffargarh)	Ghulam Baqir (P.O Sarai Sidhu Village Kund Sergana)	Hamza Poultry Farm (Hamza Poultry Farm Po.Dargapurteh.Kamoke Distt. Gujranwala 0300-4477816)	Muhammad Irshad (Udhwana P.O. Ikhlaspur Shakargarh Distt. Narowal Shakargarh.)	Bashir Ullah Khan Abbasi (E-1 Street -1 Gulshan Qadeer Islam Abad)	Ali Aun Shah (Rajoa Po Khas Tehsil And Distt Chiniot)	Tayyab Ali (Naroki P.O Siddique Abad The Nankana Sahib.)	Zulfigar Ali (Bhoti Pur Kot Salar Po Mandi Faizabad Dist Shelikhupura)
		46	47	48	49	90	51	52	53	54	55	56	57	58

				Outstar	nding Liabilitie	Outstanding Liabilities at beginning of year	year		Interest/	Other	
o. So.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	Principal written-off	Mark-up written-off/ waived	financial relief provided	Total (9+10+11)
-	2	п	4	5	9	7	80	6	10	Ξ	12
						Rup	Rupees in '000				
59	Zafar Nawaz (Sher Shah Road H # 142, Defence Officers Colony Multan Cant)	Zafar Nawaz (36202-0259409-7)	Rab Nawaz	1,940	1,582	1	3,522	ı	1,482	ı	1,482
09	Jawad Ahmed Qureshi (193-A-1 Township Lahore)	Jawad Ahmed Qureshi (35202-6365863-1)	Jawaid Ahmed Qureshi		2,240	1	2,240		1,788	ı	1,788
61	Irshad Ahmed (Vpo Dhaul Ranjha Teh Phalia Distt Mb Din)	Irshad Ahmed (34403-4093073-7)	Ghulam Haider	311	1,598		1,909		1,909	ı	1,909
62	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	2,024	2,223		4,247		2,102	ı	2,102
63	Makhdoom Muhammad Ishaq Hashmi (Adda Sheikh Wahan, Tajpur Mureed Wala Tehsil & District Rahim Yar Khan)	Makhdoom Muhammad Ishaq Hashmi (31303-2370676-3)	Makhdoom Ghulam Jaffar Shah	1,177	2,523		3,700	ı	2,189	ı	2,189
64	Muhammad Saleem Akhtar (Labar P/O Sikandar Abad Tehsil & Distt Multan)	Muhammad Saleem Akhtar (35200-4385684-7)	Haji Ghulam Mehboob	1,443	2,345		3,788		2,431	ı	2,431
92	Muhammad Boota Fateh Sher (Mouza Syedawala)	Muhammad Boota (34302-6620631-5) Fateh Sher (34302-5574604-3)	Hayat	2,077	3,622	1	5,699	1	2,963	1	2,963
99	Muhammad Ehsan (Kot Rehmat P/O Buchiki Distt Nankana)	Muhammad Ehsan (35501-0106440-3)	Mansib Ali	2,587	4,104	-	6,691		3,284	ı	3,284
29	Jawad Ahmed Qureshi (193-A-1 Township Lahore)	Jawad Ahmed Qureshi (35202-6365863-1)	Jawaid Ahmed Qureshi	1,337	3,425	-	4,762		3,424	ı	3,424
89	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	2,846	4,446	1	7,292	,	4,144	ı	4,144

Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

* Principal includes insurance and ECIB charges debited.

* Insurance and ECIB charges already debited to principal were written off

* Penal charges waived off.

363,656

362,916

740

628,620

539,272

89,348



ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the December 31, 2019, The Bank is operating 98 Islamic banking branches and 02 sub Islamic banking branches (2018: 72 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

		2019	2018
	Note	Rupees	in '000'
ASSETS			
Cash and balances with treasury banks Balances with other banks Due from financial institutions Investments - net Islamic financing and related assets - net Fixed assets Intangible assets Due from head office Other assets	1 2 3	3,742,675 3,355,122 3,395,000 8,936,196 27,270,972 1,757,599 4,428 2,342,604 2,459,344	2,753,286 1,642,888 5,350,000 9,599,160 19,995,626 309,063 - - 1,730,813
Total assets		53,263,940	41,380,836
LIABILITIES			
Bills payable Due to financial institutions Deposits and other accounts Due to head office Subordinated debt Other liabilities	4	250,213 - 46,089,009 - 3,169,627	209,762 - 36,501,111 187,187 - 2,085,897
		49,508,849	38,983,957
NET ASSETS		3,755,091	2,396,879
REPRESENTED BY			
Islamic banking fund Reserves Surplus on revaluation of assets Unappropriated profit	5	1,500,000 32,768 67,698 2,154,625 3,755,091	1,500,000 7,313 20,372 869,194 2,396,879

CONTINGENCIES AND COMMITMENTS

ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

		2019	2018
	Note	Rupees	in '000'
Profit / return earned Profit / return expensed	7 8	4,824,953 2,186,851	2,874,347 1,075,232
Net profit / return		2,638,102	1,799,115
Fee and commission income Dividend income Foreign exchange income Income / (loss) from derivatives Loss on securities Other income		91,077 - 849 - (634) 2,701 93,993	68,172 - (402) - - (7) 67,763
Total income		2,732,095	1,866,878
Other expenses Operating expenses Workers welfare fund Other charges		1,417,871 - 710 1,418,581	1,260,634 - 1,292 1,261,926
Profit before provisions		1,313,514	604,952
Provisions and write offs - net		28,083	156,631
Profit before taxation		1,285,431	448,321



ISLAMIC BANKING BUSINESS CASH FLOW STATEMENT

For the year ended December 31, 2019

	2019	2018
	Rupees	s in '000'
CASH FLOWS FROM OPERATING ACTIVITIES Profit before taxation Less: dividend income	1,285,431	448,321 -
	1,285,431	448,321
Adjustments for: Depreciation on fixed assets Amortization on intangible assets Depreciation on ijarah assets under IFAS - 2 Depreciation right-of-use assets Markup on lease liability against right-of-use assets Amortization of (discount) / premium on debt securities - net Gain on termination of lease liability against right-of-use assets Provision / (reversal) and write-offs - net	90,348 564 238,279 147,208 146,890 (8,232) (433) 28,083	90,961 - 359,585 - - 27,406 - 156,631
	642,707	634,583
	1,928,138	1,082,904
(Increase) / decrease in operating assets: Lendings to financial institutions Advances - net Others assets - net	1,955,000 (7,541,708) (3,071,135)	4,507,000 (8,737,995) (1,099,248)
Increase / (decrease) in operating liabilities:	(8,657,843)	(5,330,243)
Bills payable Deposits and other accounts Other liabilities	40,451 9,587,898 (465,928)	21,447 3,489,547 2,008,331
	9,162,421	5,519,325
Net cash flow from operating activities	2,432,716	1,271,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities Investments in operating fixed assets	718,522 (238,917)	(2,027,426) (111,230)
Net cash flow from / (used in) investing activities	479,605	(2,138,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Islamic banking fund Payment against lease liability against right-of-use assets	(210,698)	500,000
Net cash (used in) / flow from financing activities	(210,698)	500,000
Net increase / (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of the year	2,701,623 4,396,174	(366,670) 4,762,844
Cash and cash equivalents at end of the year	7,097,797	4,396,174

Notes to the Annexure

1. DUE FROM FINANCIAL INSTITUTIONS (Unsecured)

(3.333.32)		2019			2018			
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total		
		Rupees in '000'						
Unsecured	3,395,000	-	3,395,000	5,350,000	-	5,350,000		

2. INVESTMENTS BY SEGMENTS

		20	019			20	018	
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value		Provision for diminution	Surplus / (Deficit)	Carrying value
				Rupee	s in '000'			
Federal government securities: - ljarah sukuks - Sukuk - bai muajjal with	1,985,749		(5,749)	1,980,000	2,623,602	-	(32,086)	2,591,516
Government of Pakistan	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
Non government debt securities	4,741,945	-	(5,749)	4,736,196	5,379,798	-	(32,086)	5,347,712
-Unlisted	4,200,000	-	-	4,200,000	4,251,448	-	-	4,251,448
Total investments	8,941,945	-	(5,749)	8,936,196	9,631,246	-	(32,086)	9,599,160

			2019	2018
		Note	Rupees	s in '000'
3.	ISLAMIC FINANCING AND RELATED ASSETS			
	Ijarah Murabaha Musharaka Diminishing musharaka Istisna Payment against documents	3.1 3.2	1,737,428 1,272,740 10,684,948 10,599,650 3,166,670 55,303	552,920 1,004,602 8,340,625 7,630,222 2,686,385
	Gross islamic financing and related assets Less: provision against islamic financings Specific General		27,516,739 245,767 - 245,767	20,214,754 219,128 - 219,128
	Islamic financing and related assets - net of provision		27,270,972	19,995,626

3.1 ljarah

					2019				
		С	ost			Deprecia	tion		Book value
	As at Jan	Additions	Deletion /	As at Dec	As at Jan	Deletion /	Charge for	As at Dec	as at Dec
	01, 2019		adjustment	31, 2019	01, 2019	adjustment	the year	31, 2019	31, 2019
					Rupees i	n '000'			
d machinery	125,415	-	-	125,415	26,770	-	21,723	48,493	76,922
	368,933	237,553	(84,553)	521,933	220,050	(75,953)	67,947	212,044	309,889
ent	762,428	-	(547,905)	214,523	457,036	(506,221)	148,609	99,424	115,099
jarah	-	1,235,518	-	1,235,518	-	-	-	-	1,235,518
	1,256,776	1,473,071	(632,458)	2,097,389	703,856	(582,174)	238,279	359,961	1,737,428
	d machinery ent jarah	As at Jan 01, 2019 d machinery 125,415 368,933 762,428 jarah -	As at Jan Additions 01, 2019 d machinery 125,415 - 368,933 237,553 762,428 - 1,235,518	As at Jan Additions Deletion / 01, 2019 Deletion / adjustment d machinery 125,415 368,933 237,553 (84,553) 762,428 - (547,905) jarah - 1,235,518 -	As at Jan Additions Deletion / As at Dec adjustment 31, 2019 d machinery 125,415 125,415 368,933 237,553 (84,553) 521,933 ent 762,428 - (547,905) 214,523 jarah - 1,235,518 - 1,235,518	Cost Cost	Cost Deprecial	Cost Depreciation Charge for adjustment 125,415 Charge for adjustment 125,415 Charge for adjustment 125,415 Charge for adjustment Cost	



							2018			
		As at J	an Additions	Cost Deletion /	As at Dec	As at Jan	Depreci Deletion /	iation Charge for	As at Doc	Book value as at Dec
		01, 20		adjustment		01, 2018	adjustment	the year	31, 2018	31, 2018
						Rupee	es in '000'		<u> </u>	
	Plant and machinery	46,52	24 78,891	_	125,415	7,847	_	18,923	26,770	98,645
	Vehicles	392,82		(213,955)	368,933		(8,820)	51,386	220,050	148,883
	Equipment	762,42		-	762,428		-	289,276	457,036	305,392
	Total	1,201,7	75 268,956	(213,955)	1,256,776	353,091	(8,820)	359,585	703,856	552,920
3.1.1	Future ijarah paymen	ts receiva	ble							
				2019				2018		
			Not later	Later than	Over		Not later	Later than	Over	
			than 1	1 & less than	five	Total	than 1	one & less than	five	Total
			year	5 years	years		year	5 years	years	
				Rupees ir	ո '000'			Rupees	s in '000'	
	ljarah rental receivables		355,326	1,029,099	353,003	1,737,428	214,512	338,408	-	552,920
			<u></u>							
						Note	20)18
						Note		Rupees	in '000'	
3.2	Murabaha									
	Murabaha financin					3.2.1		01,934		23,757
	Advances for mura	abaha					27	70,806		80,845
							1,27	2,740	1,0	04,602
3.2.1	Murabaha receivable - gross 3.2.2						1,04	16,741	g	68,565
	Less: Deferred mu	_				3.2.4		29,784		25,772
	Profit receiva	able sho	wn in other	assets				15,023		19,036
	Murabaha financin	ıgs					1,00	1,934	g	23,757
3.2.2	The movement in	murahah	na financino	ı durina						
3.2.2	The movement in the year is as fol		ia ili iai icii iç	during						
	Opening balance	10445.					96	68,565	C	94,048
	Sales during the y	/oar						01,983		603,463
	Adjusted during the y							23,807		28,946
		ie yeai								
	Closing balance						1,04	6,741		68,565
3.2.3	Murabaha sale pri	ce					1,06	51,235	1,3	15,985
	Murabaha purchas	se price					5	59,301	3	50,119
							1,00	1,934	S	65,866
3.2.4	Deferred murabah	a incom	<u> </u>							
0.2.4	Opening balance	a ii iCOHII	5					25,772		11,355
	Arised during the	ıρar						98,645		79,379
	Less: recognized (0.1/02r					96,643		64,962
		Julii 19 ti i	o yoal					-		
	Closing balance						2	9,784		25,772

^{3.3} Islamic financing and related assets include Rs. 305,734 thousand (2018: Rs. 291,882 thousand) which have been placed under non-performing status.

4. DEPOSITS AND OTHER ACCOUNTS

		2019			2018	
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
			Rupees	in '000'		
Customers						
Current deposits	9,093,509	330,022	9,423,531	7,797,340	119,378	7,916,718
Savings deposits	33,025,303	98,310	33,123,613	26,557,886	7,704	26,565,590
Term deposits	1,092,240	-	1,092,240	771,556	-	771,556
Others	1,125,855	-	1,125,855	1,031,913	-	1,031,913
	44,336,907	428,332	44,765,239	36,158,695	127,082	36,285,777
Financial institutions						
Current deposits	200,243	-	200,243	100,024	-	100,024
Savings deposits	1,122,998	-	1,122,998	115,310	-	115,310
Term deposits	-	-	-	-	-	-
Others	529	-	529	-	-	_
	1,323,770	-	1,323,770	215,334	-	215,334
	45,660,677	428,332	46,089,009	36,374,029	127,082	36,501,111

		2019	2018
		Rupees	s in '000'
4.1	Composition of deposits		
	 Individuals Government Public sector entities Banking companies Non-banking financial institutions Private sector 	14,264,657 21,875,177 224,962 258,495 1,065,275 8,400,443	11,579,075 18,155,538 - 215,334 39,589 6,511,575
		46,089,009	36,501,111

4.2 This includes deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounting to Rs. 20,556,009 thousand (2018: Rs 15,527,082 thousand).

		2019	2018
		Rupees	s in '000'
5.	ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
	Opening balance Add: Islamic banking profit for the year	869,194 1,285,431	420,873 448,321
	Closing balance	2,154,625	869,194
6.	CONTINGENCIES AND COMMITMENTS		
	- Guarantees - Commitments	1,095,316 15,712,318	1,420,734 1,675,998
		16,807,634	3,096,732



		2019 Rupees	2018 s in '000'
7.	PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
	Profit earned on: Financing Investments Placements Deposits with financial institutions	3,299,327 1,076,755 384,550 64,321	1,678,258 586,806 604,496 4,787
		4,824,953	2,874,347
8.	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
	Deposits and other accounts Markup on lease liability against right-of-use assets Profit on deposits from conventional HO	2,029,295 146,890 10,666 2,186,851	1,027,190 - 48,042 1,075,232
9.	CHARITY FUND	,,	,,,,,,
	Opening balance	45,844	1,125
	Additions during the year Received from customers on account of delayed payment Profit on charity saving account	41,052 2,526	52,172 247
		43,578	52,419
	Payments / utilization during the year Education Health Welfare works	25,000 24,159 -	7,500 200
		49,159	7,700
	Closing balance	40,263	45,844

10. **POOL MANAGEMENT**

- 10.1 BOP TAQWA islamic banking division is maintaining following pools for profit declaration and distribution.
 - i) General pool
 - ii) Special pool-I
 - iii) Special pool-II
 - iv) Special pool-III*
 - v) Special pool-IV

 - vi) Special pool-V*
 - vii) Special pool-VII (PER)
 - viii) Special pool-IX
 - ix) Special pool-X*
 - x) Special pool-XI*
 - xi) Special pool-XII*
 - xii) Special pool-XIII

- xiii) Special pool-XIV
- xiv) Special pool-XV
- xv) USD special pool-I
- * (Special pool-X closed w.e.f 01.08.2019, Special Pool-III, Special Pool-V, Special Pool-XI closed w.e.f September 01, 2019, Special Pool-XII closed w.e.f October 01, 2019)

10.2 General pool

The general pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

10.3 Special pools

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.



The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-TAQWA as Mudarib.

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages. While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, islamic banking institutions and shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

10.4 Avenues / sectors of economy / business where mudaraba based deposits have been deployed:

	2019	2018
	Rupees	s in '000'
Federal and provincial governments	7 006 061	4 1 40 000
Federal and provincial governments	7,836,261	4,142,000
Due from GOP - bai muajjal	2,756,196	2,756,196
ljara sukuk	1,985,749	2,622,000
Transport, storage, logistics and communication	245,269	152,763
Manufacturing and trading of food items	713,311	729,828
Manufacture of pesticides and other agro-chemical product	98,944	60,379
Power generation	10,954,848	9,666,937
Manufacture of paper, paperboard and products thereof	640,842	250,000
Consumer car ljarah	23,074	51,030
Textile composite / other	1,138,879	1,308,423
Cement & allied	3,127,597	3,619,289
Iron & steel industry	647,524	500,000
Rubber / plastic products etc.	199,910	-
Others	12,236,148	10,978,441
	42,604,552	36,837,286

10.5 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

	2019	2018
	Rupee	s in '000'
Provisions		
Murabaha Ijarah Diminishing Musharika	47,067 185,000 13,700	34,128 185,000 -
	245,767	219,128

10.6 Mudarib share (in amount and percentage of distributable income):

	20	2019 2018		
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
Rabbul mal Mudarib	1,960,390 1,259,103	60.89% 39.11%	1,038,576 762,126	57.68% 42.32%
Distributable income	3,219,493	100.00%	1,800,702	100.00%

10.7 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2019	2018
	Rupees	s in '000'
Mudarib share	1,259,103	762,126
Hiba	60,123	45,427
Hiba percentage of mudarib share	4.78%	5.96%

This is not a special hiba as such. This hiba has been distributed across the board to all the investment account holders.

Profit rate earned vs. profit rate distributed to the depositors during the year:

Profit rate earned	12.71%	7.89%
Profit rates distributed to depositors	5.27%	3.16%



CONSUMER GRIEVANCES HANDLING:

The Bank's Complaints Management Unit fully adheres to the guidelines of State Bank of Pakistan to ensure resolution of customer's grievances within prescribed Turn Around Time (TAT). During the year 2019, the Complaint Management Unit focused on reducing the TAT for complaints, along with enhanced focus on customer engagement via more efficient communication along with following achievements;

- 1. Provisioning of new CRM (Genesys) for automation of complaint handling.
- 2. New Organogram for enhanced productivity.
- 3. Escalation Matrix induction in order to control Turn Around Time of complaints.
- 4. Revised Complaint Headers for better understanding of stakeholders.
- 5. Revision of CMU Policy & SOP.
- 6. Complaint closure Within TAT percentage improved by and above 90%.

During the year 2019, total number of complaints received were 22,640. The Complaint Types as per SBP's Consumer Grievances Handling Mechanism (CGHM) and average TAT is given hereunder:

Product /Service Area	Average Time taken to resolve a complaint			
Personal Loan / overdraft / Agri loans	3 Working Days			
Auto Loan	6WD			
House Loan	7WD			
Account Maintenance	9WD			
ATM/Debit Card	5WD			
Over the counter issues	6WD			
Remittance / Clearing (Inland)	7WD			
e- banking	5WD			
Home Remittances	2WD			

PATTERN OF SHAREHOLDING OF SHARES

As on December 31, 2019

No. of Shar	eholders	5			-Sharel	nolding	To	otal Shares He	ld F	Percentage	
Physical	CDC	Total		From		То	Physical	CDC	Total		
1050	1181	2231	FROM	1	TO	100	38,091	44,437	82,528	0.0031	
1517	1939	3456	FROM	101	TO	500	397,503	752,928	1,150,431	0.0031	
630	1715	2345	FROM	501	TO	1000	467,616	1,579,297	2,046,913	0.0433	
950	3699	4649	FROM	1001	TO	5000	2,016,795	10,555,254	12,572,049	0.4755	
149	1332	1481	FROM	5001	TO	10000	1,016,296	10,635,423	11,651,719	0.4407	
47	574	621	FROM	10001	TO	15000	568,297	7,438,344	8,006,641	0.3029	
33	431	464	FROM	15001	TO	20000	584,380	7,907,438	8,491,818	0.3212	
17	284	301	FROM	20001	TO	25000	372,516	6,600,655	6,973,171	0.2638	
47	231	278	FROM	25001	TO	30000	1,231,891	6,606,711	7,838,602	0.2965	
7	127	134	FROM	30001	TO	35000	223,398	4,227,778	4,451,176	0.1684	
5	137	142	FROM	35001	TO	40000	189,771	5,265,937	5,455,708	0.2064	
2	74	76	FROM	40001	TO	45000	84,016	3,194,558	3,278,574	0.1240	
2	162	164	FROM	45001	TO	50000	97,708	8,009,302	8,107,010	0.3067	
2	69	71	FROM	50001	TO	55000	103,068	3,641,136	3,744,204	0.1416	
1	56	57	FROM	55001	TO	60000	57,936	3,304,149	3,362,085	0.1272	
2	32	34	FROM	60001	TO	65000	122,497	2,016,266	2,138,763	0.0809	
1	37	38	FROM	65001	TO	70000	65,923	2,536,194	2,602,117	0.0984	
	45	45	FROM	70001	TO	75000	00,020	3,325,537	3,325,537	0.1258	
1	36	37	FROM	75001	TO	80000	79,812	2,835,008	2,914,820	0.1103	
	26	26	FROM	80001	TO	85000	70,012	2,172,842	2,172,842	0.0822	
1	33	34	FROM	85001	TO	90000	89,454	2,914,970	3,004,424	0.1136	
1	13	14	FROM	90001	TO	95000	91,457	1,204,172	1,295,629	0.0490	
	98	98	FROM	95001	TO	100000	01,101	9,779,793	9,779,793	0.3699	
	23	23	FROM	100001	TO	105000		2,354,774	2,354,774	0.0891	
	18	18	FROM	105001	TO	110000		1,958,187	1,958,187	0.0741	
1	18	19	FROM	110001	TO	115000	114,528	2,040,376	2,154,904	0.0815	
	21	21	FROM	115001	TO	120000	111,020	2,486,595	2,486,595	0.0941	
	13	13	FROM	120001	TO	125000		1,611,210	1,611,210	0.0609	
1	9	10	FROM	125001	TO	130000	127,406	1,157,000	1,284,406	0.0486	
·	12	12	FROM	130001	TO	135000	.2.,.00	1,596,500	1,596,500	0.0604	
	9	9	FROM	135001	TO	140000		1,245,950	1,245,950	0.0471	
	11	11	FROM	140001	TO	145000		1,579,364	1,579,364	0.0597	
	32	32	FROM	145001	TO	150000		4,775,309	4,775,309	0.1806	
	3	3	FROM	150001	TO	155000		461,500	461,500	0.0175	
	9	9	FROM	155001	TO	160000		1,424,028	1,424,028	0.0539	
	9	9	FROM	160001	TO	165000		1,477,381	1,477,381	0.0559	
	5	5	FROM	165001	TO	170000		843,102	843,102	0.0319	
	7	7	FROM	170001	TO	175000		1,216,251	1,216,251	0.0460	
	9	9	FROM	175001	TO	180000		1,607,394	1,607,394	0.0608	
	6	6	FROM	180001	TO	185000		1,104,366	1,104,366	0.0418	
1	3	4	FROM	185001	TO	190000	189,640	563,000	752,640	0.0285	
·	4	4	FROM	190001	TO	195000	.00,0.0	772,112	772,112	0.0292	
	42	42	FROM	195001	TO	200000		8,399,530	8,399,530	0.3177	
	6	6	FROM	200001	TO	205000		1,223,166	1,223,166	0.0463	
	2	2	FROM	205001	TO	210000		413,500	413,500	0.0156	
	5	5	FROM	210001	TO	215000		1,074,500	1,074,500	0.0406	
	10	10	FROM	215001	TO	220000		2,192,500	2,192,500	0.0829	
	7	7	FROM	220001	TO	225000		1,566,000	1,566,000	0.0592	
	6	6	FROM	225001	TO	230000		1,370,368	1,370,368	0.0518	
	4	4	FROM	230001	TO	235000		932,887	932,887	0.0353	
	2	2	FROM	235001	TO	240000		478,039	478,039	0.0181	
	3	3	FROM	240001	TO	245000		729,279	729,279	0.0276	
	19	19	FROM	245001	TO	250000		4,740,821	4,740,821	0.0270	

No. of Shar	reholder	S			-Shareh	olding	To	otal Shares Held	P	ercentage
Physical	CDC	Total		From		То	Physical	CDC	Total	
	3	3	FROM	250001	TO	255000		756,408	756,408	0.0286
	3	3	FROM	260001	TO	265000		783,500	783,500	0.0296
	5	5	FROM	265001	TO	270000		1,340,357	1,340,357	0.0507
	7	7	FROM	270001	TO	275000		1,914,040	1,914,040	0.0724
	4	4	FROM	275001	TO	280000		1,115,689	1,115,689	0.0422
	1	1	FROM	280001	TO	285000		281,500	281,500	0.0106
	6	6	FROM	285001	TO	290000		1,730,591	1,730,591	0.0655
	3	3	FROM	290001	TO	295000		879,500	879,500	0.0333
	15	15	FROM	295001	TO	300000		4,496,974	4,496,974	0.1701
	3	3	FROM	300001	TO	305000		909,714	909,714	0.0344
	3	3	FROM	310001	TO	315000		942,000	942,000	0.0356
	2	2	FROM	320001	TO	325000		641,741	641,741	0.0243
	1	1	FROM	325001	TO	330000		329,769	329,769	0.0125
	2	2	FROM	330001	TO	335000		663,968	663,968	0.0251
	1	1	FROM	335001	TO	340000		339,500	339,500	0.0128
	6	6	FROM	345001	TO	350000		2,100,000	2,100,000	0.0794
	6	6	FROM	350001	TO	355000		2,118,697	2,118,697	0.0801
	3	3	FROM	355001	TO	360000		1,074,787	1,074,787	0.0407
	2	2	FROM	360001	TO	365000		728,216	728,216	0.0275
	1	1	FROM	365001	TO	370000		369,500	369,500	0.0140
	2	2	FROM	380001	TO	385000		767,500	767,500	0.0290
	2	2	FROM	390001	TO	395000		787,776	787,776	0.0298
	5	5	FROM	395001	TO	400000		2,000,000	2,000,000	0.0290
	9	9	FROM	400001	TO	405000		3,606,078	3,606,078	0.1364
	2	2	FROM	405001	TO	410000		819,053	819,053	0.0310
	1	1	FROM	410001	TO	415000		410,500	410,500	0.0155
	1	1	FROM	415001	TO	420000		417,000	417,000	0.0158
	3	3	FROM	420001	TO	425000		1,272,000	1,272,000	0.0481
	1	1	FROM	425001	TO	430000		425,800	425,800	0.0161
	2	2	FROM	430001	TO	435000		866,000	866,000	0.0328
	1	1	FROM	440001	TO	445000		444,000	444,000	0.0168
	4	4	FROM	445001	TO	450000		1,787,500	1,787,500	0.0676
	1	1	FROM	455001	TO	460000		459,000	459,000	0.0174
	2	2	FROM	465001	TO	470000		937,735	937,735	0.0355
	2	2	FROM	470001	TO	475000		943,251	943,251	0.0357
	1	1	FROM	475001	TO	480000		480,000	480,000	0.0182
	1	1	FROM	480001	TO	485000		481,887	481,887	0.0182
	1	1	FROM	485001	TO	490000		487,500	487,500	0.0184
	1	1	FROM	490001	TO	495000		495,000	495,000	0.0187
	15	15	FROM	495001	TO	500000		7,500,000	7,500,000	0.2837
	2	2	FROM	500001	TO	505000		1,001,604	1,001,604	0.0379
	1	1	FROM	515001	TO	520000		516,000	516,000	0.0195
	2	2	FROM	520001	TO	525000		1,044,000	1,044,000	0.0395
	2	2	FROM	525001	TO	530000		1,057,000	1,057,000	0.0400
	1	1	FROM	535001	TO	540000		535,500	535,500	0.0203
	3	3	FROM	545001	TO	550000		1,650,000	1,650,000	0.0624
	1	1	FROM	555001	TO	560000		560,000	560,000	0.0212
	2	2	FROM	560001	TO	565000		1,125,993	1,125,993	0.0426
	1	1	FROM	565001	TO	570000		570,000	570,000	0.0216
	2	2	FROM	570001	TO	575000		1,145,500	1,145,500	0.0433
	1	1	FROM	575001	TO	580000		576,500	576,500	0.0433
	1									
		1	FROM	585001	TO	590000		590,000	590,000	0.0223
	1	1	FROM	590001	TO	595000		595,000	595,000	0.0225
	7	7	FROM	595001	TO	600000		4,200,000	4,200,000	0.1589
	1	1	FROM	605001	TO	610000		605,500	605,500	0.0229
	1	1	FROM	620001	TO	625000		625,000	625,000	0.0236

ivo. Oi Silai	reholders	5			-Sharel	nolding	To	otal Shares Held	d P	ercentag
Physical	CDC	Total		From		То	Physical	CDC	Total	
	2	2	FROM	650001	TO	655000		1,307,955	1,307,955	0.0495
	1	1	FROM	665001	TO	670000		669,500	669,500	0.0253
	1	1	FROM	690001	TO	695000		691,500	691,500	0.0262
	1	1	FROM	695001	TO	700000		700,000	700,000	0.0265
	1	1	FROM	720001	TO	725000		722,000	722,000	0.0273
	2	2	FROM	725001	TO	730000		1,455,166	1,455,166	0.0550
	2	2	FROM	730001	TO	735000		1,469,000	1,469,000	0.0556
	1	1	FROM	735001	TO	740000		740,000	740,000	0.0280
	3	3	FROM	745001	TO	750000		2,250,000	2,250,000	0.0851
	1	1	FROM	775001	TO	780000		779,500	779,500	0.0295
	5	5	FROM	795001	TO	800000		4,000,000	4,000,000	0.1513
	1	1	FROM	810001	TO	815000		814,000	814,000	0.0308
	1	1	FROM	815001	TO	820000		818,000	818,000	0.0309
	1	1	FROM	835001	TO	840000		840,000	840,000	0.0318
	3	3	FROM	845001	TO	850000		2,550,000	2,550,000	0.0965
	1	1	FROM	865001	TO	870000		866,818	866,818	0.0328
	1	1	FROM	870001	TO	875000		875,000	875,000	0.0320
	2	2	FROM	895001	TO	900000		1,797,500		0.0680
	1	1	FROM	900001		905000		905,000	1,797,500 905,000	0.0000
					TO				905,000	
	1	1	FROM	920001	TO	925000		925,000	,	0.0350
	1	1	FROM	925001	TO	930000		930,000	930,000	0.0352
	1	1	FROM	935001	TO	940000		936,958	936,958	0.0354
	1	1	FROM	955001	TO	960000		960,000	960,000	0.0363
	1	1	FROM	960001	TO	965000		963,000	963,000	0.0364
	1	1	FROM	970001	TO	975000		971,500	971,500	0.0367
	11	11	FROM	995001	TO	1000000		11,000,000	11,000,000	0.4161
	1	1	FROM	1000001	TO	1005000		1,001,000	1,001,000	0.0379
	1	1	FROM	1010001	TO	1015000		1,012,500	1,012,500	0.0383
	1	1	FROM	1020001	TO	1025000		1,021,062	1,021,062	0.0386
	2	2	FROM	1045001	TO	1050000		2,094,512	2,094,512	0.0792
	1	1	FROM	1050001	TO	1055000		1,054,000	1,054,000	0.0399
	1	1	FROM	1060001	TO	1065000		1,063,000	1,063,000	0.0402
	1	1	FROM	1080001	TO	1085000		1,082,000	1,082,000	0.0409
	1	1	FROM	1095001	TO	1100000		1,100,000	1,100,000	0.0416
	1	1	FROM	1120001	TO	1125000		1,125,000	1,125,000	0.0426
	1	1	FROM	1125001	TO	1130000		1,127,500	1,127,500	0.0426
	1	1	FROM	1130001	TO	1135000		1,132,605	1,132,605	0.0428
	1	1	FROM	1145001	TO	1150000		1,150,000	1,150,000	0.0435
	1	1	FROM	1155001	TO	1160000		1,159,000	1,159,000	0.0438
	1	1	FROM	1215001	TO	1220000		1,217,000	1,217,000	0.0460
	1	1	FROM	1220001	TO	1225000		1,222,000	1,222,000	0.0462
	2	2	FROM	1255001	TO	1260000		2,516,500	2,516,500	0.0952
	1	1	FROM	1280001	TO	1285000		1,285,000	1,285,000	0.0486
	1	1	FROM	1300001	TO	1305000		1,300,500	1,300,500	0.0492
	1	1	FROM	1335001	TO	1340000		1,338,584	1,338,584	0.0506
	1	1	FROM	1395001	TO	1400000		1,400,000	1,400,000	0.0530
	2	2	FROM	1445001	TO	1450000		2,896,000	2,896,000	0.1095
	1	1	FROM	1495001	TO	1500000		1,500,000	1,500,000	0.0567
	1	1	FROM	1530001	TO	1535000		1,531,334	1,531,334	0.0579
	1	1	FROM	1570001	TO	1575000		1,571,271	1,571,271	0.0594
	1	1	FROM	1585001	TO	1590000		1,590,000	1,590,000	0.0601
	1	1	FROM	1590001	TO	1595000		1,592,500	1,592,500	0.0602
	1	1	FROM	1640001	TO	1645000		1,642,561	1,642,561	0.0621
	1	1	FROM	1665001	TO	1670000		1,666,336	1,666,336	0.0630
	1	1	FROM	1680001	TO	1685000		1,682,500	1,682,500	0.0636
	1	1	FROM	1725001	TO	1730000		1,729,850	1,729,850	0.0654
	1	1	FROM	1725001	TO	1740000		1,737,000	1,729,650	0.0657
	1	1	FROM	1735001	TO	1740000		1,737,000	1,737,000	0.0657



Percenta		tal Shares Held	To	nolding	Sharel			5	eholders	No. of Shar
	Total	CDC	Physical	То		From		Total	CDC	Physical
0.06	1,800,000	1,800,000		1800000	ТО	1795001	FROM	1	1	
	1,818,000	1,818,000		1820000	TO	1815001	FROM	1	1	
	1,903,500	1,903,500		1905000	TO	1900001	FROM	1	1	
	1,908,500	1,908,500		1910000	TO	1905001	FROM	1	1	
	1,906,000	1,976,000		1980000	TO	1975001	FROM	1	1	
									4	
	8,000,000	8,000,000		2000000	TO	1995001	FROM	4		
	6,148,000	6,148,000		2050000	TO	2045001	FROM	3	3	
	2,097,000	2,097,000		2100000	TO	2095001	FROM	1	1	
	2,200,000	2,200,000		2200000	TO	2195001	FROM	1	1	
	2,250,000	2,250,000		2250000	TO	2245001	FROM	1	1	
	2,325,500	2,325,500		2330000	TO	2325001	FROM	1	1	
	2,375,000	2,375,000		2375000	TO	2370001	FROM	1	1	
	2,471,500	2,471,500		2475000	TO	2470001	FROM	1	1	
	7,500,000	7,500,000		2500000	TO	2495001	FROM	3	3	
0.10	2,644,000	2,644,000		2645000	TO	2640001	FROM	1	1	
0.10	2,735,000	2,735,000		2735000	TO	2730001	FROM	1	1	
0.10	2,750,000	2,750,000		2750000	TO	2745001	FROM	1	1	
0.10	2,814,500	2,814,500		2815000	TO	2810001	FROM	1	1	
0.10	2,819,025	2,819,025		2820000	TO	2815001	FROM	1	1	
0.45	12,000,000	12,000,000		3000000	TO	2995001	FROM	4	4	
	3,007,500	3,007,500		3010000	TO	3005001	FROM	1	1	
0.11	3,110,500	3,110,500		3115000	TO	3110001	FROM	1	1	
	3,498,500	3,498,500		3500000	TO	3495001	FROM	1	1	
	7,124,653	7,124,653		3565000	TO	3560001	FROM	2	2	
	3,613,500	3,613,500		3615000	TO	3610001	FROM	1	1	
	3,650,000	3,650,000		3650000	TO	3645001	FROM	1	1	
	3,677,000	3,677,000		3680000	TO	3675001	FROM	1	1	
	3,697,000	3,697,000		3700000	TO	3695001	FROM	1	1	
	3,750,000	3,750,000		3750000	TO	3745001	FROM	1	1	
				3755000	TO	3750001	FROM	1	1	
	3,753,000	3,753,000							1	
	3,835,376	3,835,376		3840000	TO	3835001	FROM	1	1	
	4,040,000	4,040,000		4040000	TO	4035001	FROM	1		
	4,219,000	4,219,000		4220000	TO	4215001	FROM	1	1	
	4,340,000	4,340,000		4340000	TO	4335001	FROM	1	1	
	5,152,500	5,152,500		5155000	TO	5150001	FROM	1	1	
	5,250,000	5,250,000		5250000	TO	5245001	FROM	1	1	
	5,313,000	5,313,000		5315000	10	5310001	FROM	1	1	
	5,454,000	5,454,000		5455000	TO	5450001	FROM	1	1	
	5,517,000	5,517,000		5520000	TO	5515001	FROM	1	1	
	6,058,500	6,058,500		6060000	TO	6055001	FROM	1	1	
	6,510,000	6,510,000		6510000	TO	6505001	FROM	1	1	
0.25	6,753,500	6,753,500		6755000	TO	6750001	FROM	1	1	
0.28	7,465,000	7,465,000		7465000	TO	7460001	FROM	1	1	
0.28	7,500,000	7,500,000		7500000	TO	7495001	FROM	1	1	
0.29	7,700,000	7,700,000		7700000	TO	7695001	FROM	1	1	
0.30	8,000,000	8,000,000		8000000	TO	7995001	FROM	1	1	
0.32	8,678,000	8,678,000		8680000	TO	8675001	FROM	1	1	
0.33	8,750,857	8,750,857		8755000	TO	8750001	FROM	1	1	
	8,928,383	8,928,383		8930000	TO	8925001	FROM	1	1	
	9,250,000	9,250,000		9250000	TO	9245001	FROM	1	1	
	9,253,500	9,253,500		9255000	TO	9250001	FROM	1	1	
	9,346,564	9,346,564		9350000	TO	9345001	FROM	1	1	
	10,000,000			10000000	TO	9995001	FROM	1	1	
	10,712,434			10715000	TO	10710001	FROM	1	1	
	11,342,500			11345000	TO	11340001	FROM	1	1	
				11845000	TO	11840001	FROM	1	1	
	11,844,000			14125000	TO	14120001	FROM			
0.53	14,123,000 15,287,500			15290000	TO			1	1	
0.57		111 787 500		エンスタけしけし	TO.	15285001	FROM	1	1	

No. of Shar	reholders	;			-Share	eholding	Total Shares Held			Percentage	
Physical	CDC	Total		From		То	Physical	CDC	Total		
	1	1	FROM	15320001	TO	15325000		15,322,789	15,322,789	0.5796	
	1	1	FROM	16525001	TO	16530000		16,526,500	16,526,500	0.6251	
	1	1	FROM	16710001	TO	16715000		16,715,000	16,715,000	0.6323	
	1	1	FROM	17015001	TO	17020000		17,020,000	17,020,000	0.6438	
	1	1	FROM	19105001	TO	19110000		19,108,500	19,108,500	0.7228	
	1	1	FROM	19550001	TO	19555000		19,553,231	19,553,231	0.7396	
	1	1	FROM	29835001	TO	29840000		29,839,500	29,839,500	1.1287	
	1	1	FROM	30185001	TO	30190000		30,190,000	30,190,000	1.1420	
	1	1	FROM	32500001	TO	32505000		32,500,001	32,500,001	1.2293	
	1	1	FROM	36585001	TO	36590000		36,589,500	36,589,500	1.3840	
	1	1	FROM	38495001	TO	38500000		38,500,000	38,500,000	1.4563	
	1	1	FROM	70695001	TO	70700000		70,697,465	70,697,465	2.6742	
	1	1	FROM	130875001	TO	130880000		130,880,000	130,880,000	4.9507	
1		1	FROM 1	1519400001	TO	1519405000	1,519,404,845		1,519,404,845	57.4728	
4489	12986	17455					1,527,734,844	1,115,957,53	6 2,643,692,3	 80 100.000C	



CATEGORIES OF SHAREHOLDERS

As on December 31, 2019

Shareholder Category	No. of Sha	areholders		Total No. of Sha		%Age	
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	0	2	2	0	17,995	17,995	0.0007%
PROVINCIAL GOVERNMENT	1	0	1	1,519,404,845	0	1,519,404,845	57.4728%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN FUNDS	29	9	38	63,134	45,001,086	45,064,220	1.7046%
INDIVIDUALS (FOREIGN)	0	14	14	0	2,075,245	2,075,245	0.0785%
INDIVIDUALS (LOCAL)	4,403	12,713	17,116	8,110,458	605,790,195	613,900,653	23.2213%
BANK/NBFI/FIN.INST./INSURANCE CO./							
MODARABAS MUTUAL FUNDS	19	62	81	87,741	248,094,021	248,181,762	9.3877%
LEASING COMPANIES	0	2	2	0	3,175	3,175	0.0001%
CHARITABLE TRUSTS	0	4	4	0	258,087	258,087	0.0098%
COOPERATIVE SOCIETIES	0	0	0	0	0	0	0.0000%
NIT	0	1	1	0	495,000	495,000	0.0187%
ICP	1	0	1	975	0	975	0.0000%
JOINT STOCK COMPANIES	16	157	173	67,691	139,635,921	139,703,612	5.2844%
OTHERS	0	22	22	0	74,586,811	74,586,811	2.8213%
TOTAL	4,469	12,986	17,455	1,527,734,844	1,115,957,536	2,643,692,380	100.0000%

CATAGORIES OF SHAREHOLDING

As on December 31, 2019

Sr. No.	Name	No. of Shares Held	Percentage
Banks,	Development Finance Institutions, Non Banking Finance Companies,		
	nce Companies and Mutual Funds:		
Mutual	Funds (Name Wise Detail)		
1	BEAR STEARNS JAHANGIR SIDDIQUI LTD.	378	0.0000%
2	KARACHI INVESTMENT COMPANY(PVT)LTD	32,417	0.0012%
3	SECRETARY THE BANK OF PUNJAB	1,953	0.0001%
4	FIDELITY INVESTMENT BANK LTD	1,385	0.0001%
5	SECURITY INVESTMENT BANK LTD.	612	0.0000%
6	NATIONAL DEVELOPMENT FINANCE CORP (INVESTOR)	9,528	0.0004%
7	ALTOWFEEK INVESTMENT BANK LTD.	213	0.0000%
8	CRESCENT INVESTMENT BANK LTD.	15,525	0.0006%
9	INDUS BANK LTD.	12,956	0.0005%
10	TRUST INVESTMENT BANK LTD.	4,372	0.0002%
11	THE BANK OF KHYBER	20	0.0000%
12	NATIONAL BANK OF PAKISTAN INVESTOR A/C (FORMER NDFC)	1,242	0.0000%
13	ASKARI BANK LIMITED	19,553,231	0.7396%
14	ESCORTS INVESTMENT BANK LIMITED	1,844	0.0001%
15	FAYSAL BANK LIMITED	30,190,000	1.1420%
16	HABIB BANK LIMITED - LSE BRANCH	36	
17	NATIONAL BANK OF PAKISTAN		0.0000%
		38,500,000	1.4563%
18	NATIONAL BANK OF PAKISTAN	12	0.0000%
19	PAIR INVESTMENT COMPANY LIMITED	350,000	0.0132%
20	SAMBA BANK LIMITED	5,250,000	0.1986%
21	SAMBA BANK LIMITED - MT	9,250,000	0.3499%
22	SAUDI PAK INDUSTRIAL & AGRICULTURAL		
	INVESTMENT CO. LTDPMD	8,000,000	0.3026%
23	SECURITY INVESTMENT BANK LIMITED	1	0.0000%
24	SONERI BANK LIMITED - MT	4,219,000	0.1596%
25	SUMMIT BANK LIMITED	19,108,500	0.7228%
26	THE BANK OF KHYBER	500,000	0.0189%
27	FIRST CREDIT & INVESTMENT BANK LIMITED	22,000	0.0008%
28	PAK-OMAN INVESTMENT COMPANY LTD MT	3,561,500	0.1347%
29	SILVER STAR INSURANCE CO.LTD.	14	0.0000%
30	PRIME INSURANCE CO LTD	4,406	0.0002%
31	ADAMJEE LIFE ASSURANCE CO.LTD-DGF	15,000,000	0.5674%
32	ADAMJEE LIFE ASSURANCE COMPANY LIMITD- NUIL FUND	500	0.0000%
33	ADAMJEE LIFE ASSURANCE COMPANY LIMITD-IMF	1,976,000	0.0747%
34	ALFALAH INSURANCE COMPANY LIMITED	433,000	0.0164%
35	CENTURY INSURANCE COMPANY LTD.	425,800	0.0161%
36	EFU LIFE ASSURANCE LTD	1	0.0000%
37	IGI LIFE ASSURANCE LIMITED	6,500	0.0002%
38	IGI LIFE ASSURANCE LIMITED	103,000	0.0039%
39	PROGRESSIVE INS.C.L.FORMERLY PRIME INS.	1,700	0.0001%
40	PROGRESSIVE INSURANCE COMPANY CO.LTD.	5,000	0.0001%
41	STATE LIFE INSURANCE CORP. OF PAKISTAN	8,928,383	0.3377%
42	THE CRESCENT STAR INSURANCE CO. LTD.	250	0.0000%
42	THE CRESCENT STAR INSURANCE CO. LTD. TPL INSURANCE LIMITED		
		7,731	0.0003%
44	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	249,500	0.0094%
45	CDC - TRUSTEE AND INDEX TRACKED FUND	8,678,000	0.3283%
46	CDC - TRUSTEE AKD INDEX TRACKER FUND	271,659	0.0103%
47	CDC - TRUSTEE AKD OPPORTUNITY FUND	3,753,000	0.1420%
48	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	444,000	0.0168%
49	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	3,110,500	0.1177%
50	CDC - TRUSTEE ALFALAH GHP STOCK FUND	4,340,000	0.1642%

Sr. No.	Name	No. of Shares Held	Percentage
51	CDC - TRUSTEE ALFALAH GHP VALUE FUND	1,590,000	0.0601%
52	CDC - TRUSTEE ALLIED FINERGY FUND	1,046,000	0.0396%
53	CDC - TRUSTEE APF-EQUITY SUB FUND	530,000	0.0200%
54	CDC - TRUSTEE ATLAS STOCK MARKET FUND	7,700,000	0.2913%
55	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	417,000	0.0158%
56	CDC - TRUSTEE FAYSAL MTS FUND - MT	2,814,500	0.1065%
57	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	500	0.0000%
58	CDC - TRUSTEE FAYSAL STOCK FUND	897,500	0.0339%
59	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	590,000	0.0223%
60	CDC - TRUSTEE HBL - STOCK FUND	5,313,000	0.2010%
61	CDC - TRUSTEE HBL EQUITY FUND	734,000	0.0278%
62	CDC - TRUSTEE HBL MULTI - ASSET FUND	132,000	0.0050%
63	CDC - TRUSTEE HBL PF EQUITY SUB FUND	516,000	0.0195%
64	CDC - TRUSTEE LAKSON EQUITY FUND	15,322,789	0.5796%
65	CDC - TRUSTEE LAKSON TACTICAL FUND	1,338,584	0.0506%
66	CDC - TEUSTEE NBP BALANCED FUND	410,500	0.0155%
67	CDC - TEUSTEE NBP FINANCIAL SECTOR FUND	2,050,000	0.0775%
68	CDC - TEUSTEE NBP SARMAYA IZAFA FUND	369,500	0.0140%
69	CDC - TEUSTEE NBP SAVING FUND - MT	605,500	0.0229%
70	CDC - TEUSTEE NBP STOCK FUND	9,253,500	0.3500%
71	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,257,500	0.0476%
72	CDC - TRUSTEE PICIC GROWTH FUND	5,152,500	0.1949%
73	CDC - TRUSTEE PICIC INVESTMENT FUND	3,677,000	0.1391%
74	CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	57,500	0.0022%
75	CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	68,000	0.0026%
76	TRUSTEE-BMA CHUNDRIGAR ROAD SAVINGS FUND	10,000	0.0004%
NIT		248,179,042	9.3876%
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	495,000	0.0187%
ICP			
1	INVESTMENT CORPORATION OF PAK	975	0.0000%
Directo	rs and their Spouse and Minor Children (Name Wise Detail):		
1	MR. SAEED ANWAR (CDC)	3,000	0.0001%
2	KHAWAJA FAROOQ SAEED (CDC)	14,995	0.0006%
Public	Sector Companies & Corporations:	1,519,404,845	57.4728%
011-		(b.) 14.0°	D

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	Name	Holding	Percentage
1	GOVERNMENT OF THE PUNJAB	1,519,404,845	57.4728%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	Name	Sale	Purchase
1	Khawaja Farooq Saeed		100,000
2	Khawaja Faroog Saeed		100,000
3	Khawaja Farooq Saeed	200,000	

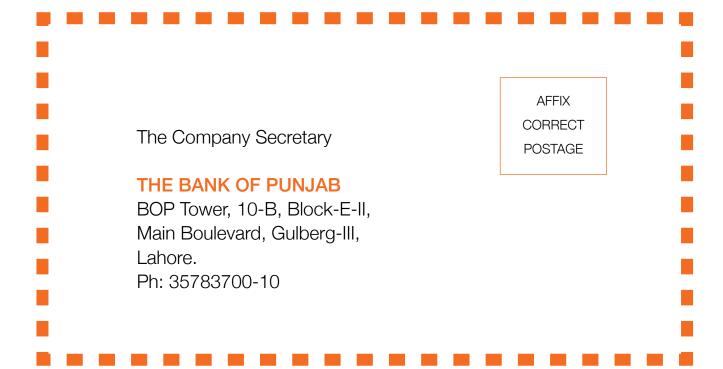


FORM OF PROXY

I/We		
(Name and Folio N	No./Participant Account No. & Sub	-Account No.)
of		
being a membe	(Place) er(s) of THE BANK OF PUNJAB hei	reby appoint
3.5 0	(-,	and altitude
(Name and Folio N	No./Participant Account No. & Sub	-Account No.)
of		
	(Place)	
another member of the Bank as my Annual General Meeting of the Bank Shahra-e-Quaid-e-Azam, Lahore and	to be held on Tuesday, 31st March	
Signed this	Day	2020.
In local		Signature of Member(s) Five Rupees Revenue Stamp
WITNESSES:		
1. Signature:	2. Signature: _	
Name:	Name:	
Address:		
CNIC or Passport No	CNIC or	

NOTE:

This form of proxy duly completed must be deposited at Corporate Affairs Department of the Bank at BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore by not less than 48 hours before the time fixed for the Meeting.





ارم	افا	سی	يرا

	شارى ساكن
	بىطانق ئىيئرز رچىژ نوليونېر/coc ا كا دَنت نېر/ د يلى ا كا دَنت نېر
	يحيثيت مبروى ويك آف وخباب محترم أمحترمه
کواینے/اپنی ایما پر بطور ہی	فوليونمبر/ CDC الكاونث نمبر/ لا يلي الكاونث نمبر
عادی طرف سے ویک کے اجلاس عام جومورو۔ 31 باری 2020	(پرانسی)مقرد کرنا اکرتی اکرتے ہوں اوجی نا کدیمری اوہ اری جکدیمری او
ہور میں مخار(پراکمی) شرکت کرے، بولے اور کل رائے واؤ	بروز منظل نسج 9:30 بيج بمقام آواري بوشل، شارع قائد اعظم، لا
	استعال کرے۔
د الإعام 2020 الإعام الم	گاه نبر1:
4×64	
ارچىدىسى دىنتى دىمىدەشرۇلىموند	شاختی کاروانسر:
و طویف بربروم در سے مطابقت دکتے جا ایکن	
• • •	کا وفبر2:
	<u>:</u>
	شاخق كارونبر:
س واقع كاريوريث الميمرز فرياد شعث ،BOP ناور، B-10	فٹ: باضا بلاطور پریکشدہ اور وسخفاشدہ برائسی قارم ہینک کے رہنر ڈ آ
	لاک-E-2 من بلیوارڈ گلبرگ-3 والا مورے دجنر ڈ وفتر میں سالانہ اجا





THE BANK OF PUNJAB

10-B, E-II, Main Boulevard, Gulberg III, Lahore. www.bop.com.pk | 111 267 200