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**GREENER
PAKISTAN**



National Bank of Pakistan
نیشنل بینک آف پاکستان

QUARTERLY REPORT
MARCH 2019



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CORPORATE INFORMATION

Board of Director

Chairman	Zubyr Soomro
President / CEO	Arif Usmani
Director	Muhammad Naeem Farid Malik Muhammad Sohail Rajput Sadaf Abid Tawfiq A. Hussain Zafar Masud Imam Bakhsh Baloch

Audit & Compliance Committee

Chairman	Muhammad Naeem Muhammad Sohail Rajput Tawfiq A. Hussain
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Auditors

Deloitte Yousuf Adil
Chartered Accountants

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisors

Mandviwala & Zafar
Advocated & Legal Consultants

Registered & Head Office

NBP Building
I.I. Chundrigar Road, Karachi, Pakistan.

Registered & Share Registration Office

Central Depository Co. of Pakistan Ltd. (CDC),
CDC House, 99-B, Block-B,
S.M.C.H.S., Main Shara-e-Faisal
Karachi-74400, Pakistan.
111-111-500

Website

www.nbp.com.pk



Directors' Report to the Shareholders

On behalf of the Board of Directors, we are pleased to present the financial statements of National Bank of Pakistan for the quarter ended March 31, 2019.

These financial statements have been prepared on revised format as advised by the State Bank of Pakistan. For better clarity, understanding and comparison, the related numbers of 2018 have been accordingly restated where necessary into these Financial Statement. Although the State Bank of Pakistan has extended the implementation date of IFRS-16 till June 30, 2019, NBP has already adopted IFRS-16 effective January 2019 and accordingly prepared the instant financial statements.

Bank's Performance Highlights:

For the quarter ended March 31, 2019, the Bank's unconsolidated pre-provision profit amounted to PKR 10.98 billion which is 45.2% higher than PKR 7.57 billion for the corresponding period last year. Pre-tax profit of the Bank amounted to PKR 8.73 billion as against PKR 7.57 billion for the corresponding period of 2018, registering an increase of 15.3%. After-tax profit for the period under review amounted to PKR 4.18 billion being 14.5% lower than PKR 4.89 billion earned during the corresponding period of 2018 due to higher taxation charge of 52% as compared to 35% for the corresponding period last year. This represents after-tax return on average assets (RoA) of 0.7% (March '18 : 0.9%), and translates into pre-tax and after-tax return on average equity of 23.5% (March '18 : 23.6%) and 11.2% (March '18 : 15.3%) respectively. Earnings per share amounted to PKR 1.97 as against PKR 2.30 for the corresponding quarter ended March 31, 2018.

Mark-up/interest income: During the quarter under review, the Bank earned mark-up/interest income amounting to PKR 45.79 billion which is 45.9% higher than PKR 31.39 billion earned during the corresponding period last year. This growth is attributed to the increase in discount rate, as well as a volumetric growth in both investment and advances, YoY. On the back of increased minimum profit rates, the Bank's cost of deposits increased during the period and amounted to PKR 30.22 billion being 75% up against PKR 17.27 billion incurred during the corresponding period last year. Net mark-up/interest income earned during the quarter under review amounted to PKR 15.57 billion, being 10.2% higher against PKR 14.12 billion earned during the corresponding period last year. During the period under review, the Bank booked provision charge of PKR 2.25 billion against a net reversal of PKR 3 million during the same period last year.

Non mark-up/non-interest income: During the quarter under review, the Bank's non-mark-up/interest income also increased by 40.2% YoY and amounted to PKR 8.27 billion as against PKR 5.89 billion earned during the corresponding period last year. Despite tough market competition, the Bank improved its earnings from fee & commission (PKR 4.02 billion) by 2.2%, and income from dealing in foreign currencies (PKR 1.86 billion) by 521.1% due to sharp increase in the USD/PKR Forward Premium and proactive management of trading positions. Dividend income for the period is also higher by 220.9% and amounted to PKR 1.02 billion as against PKR 317.26 million for the corresponding period prior year. Given the lacklustre performance of stock market, the Bank's gain on sales & redemption on securities dropped to PKR 84.32 million as compared to PKR 888.72 million earned during the corresponding quarter of last year.

Expense Management: Administrative expenses for the quarter under review amounted to PKR 12.85 billion, marginally higher by 3.2% as compared to PKR 12.45 billion for the corresponding quarter of 2018. Administrative expenses remained well controlled within the approved budget, and the periodic growth



observed is in line with the industry norms. Increase in the operating costs during the period is mainly attributed to salaries & allowances, training & development and depositor's protection premium. Cost-to-Income ratio for the quarter stood at 53.9%, significantly lower than 62.2% recorded for the corresponding quarter of 2018.

Balance Sheet Review:

Total assets of the Bank as at March 31, 2019 stood at PKR 2,401.80 billion compared to PKR 2,798.57 billion as at December 31, 2018, registering a decline of 14.2%.

As of March 31, 2019 gross advances of the Bank amounted to PKR 1,046.11 billion which is slightly lower than PKR 1,059.48 billion as at December 31, 2018. However, YoY, total advances stand increased by PKR 176.65 billion or 20.3% as compared to PKR 869.46 billion of March 31, 2018. Domestic advances, constituting 92% of the Bank's total loan portfolio, amounted to PKR 963 billion (Dec '18: PKR 974 billion); whereas Overseas loans amounted to PKR 83.1 billion (Dec '18 : PKR 85.4 billion). Given the challenging economic environment and increasing interest costs, an accretion of PKR 5.27 billion is observed in non-performing loans (NPLs) during the quarter ended March 31, 2019 which amounted to PKR 138.63 billion as against PKR 133.36 billion at the end of year 2018. This translates into infection ratio of 13.25% as against 12.59% as of December 31, 2018. NPLs are adequately covered through the provisions as per regulatory requirements. As of March 31, 2019 total provisions amounted to PKR 133.81 billion of which specific provisions amounted to PKR 126.54 billion. Gross NPL Ratio, Net NPL Ratio (on the basis of specific provision) and provision coverage (on the basis of specific provision) stood at 13.3%, 1.3% and 91.3% respectively as compared to 12.6%, 0.8%, and 94.7% at the end of 2018.

As of March 31, 2019, the Bank's investments at cost amounted to PKR 908.72 billion, being 28.8% lower than PKR 1,276.28 billion as of December 31, 2018. Pursuant to the Bank's effective risk and capital management strategy, the investment portfolio is efficiently diversified across zero weighted risk treasury instruments & bonds, high dividend yielding equities and other interest bearing financial instruments.

Total deposits of the Bank as of March 31, 2019 amounted to PKR 1,778.67 billion, lower by PKR 232.72 billion (11.6%) as against PKR 2,011.38 billion as of December 31, 2018. The drop was observed due to withdrawal by certain financial institutions. Customer deposits that form the core of Bank's funding pool however remained stable. YoY, total deposits stand increased by PKR 110.1 billion or 6.6% as compared to March 31, 2018. CASA Ratio (domestic) improved from 81.4% at December 31, 2018 to 81.5% at March 31, 2019.

Capital Strength & Adequacy:

NBP, being recently designated as Domestic Systemically Important Bank (D-SIB) by the State Bank of Pakistan is required to comply with the enhanced minimum capital adequacy requirement that stand increased by 1.5% from 11.90% in December 2018 to 13.4% effective March 31, 2019. With a total capital ratio of 15.29% as of March 31, 2019, the Bank is compliant with the enhanced regulatory requirement with a buffer of 1.89%.

Credit Rating:

Bank's credit rating is carried out by both, JCR-VIS and PACRA credit rating agencies. In June 2018, they both reaffirmed Bank's credit rating at 'AAA/A-1+' (Triple A/A-One Plus) with a 'Stable' Outlook.

Contingency Regarding Pension Case:

Status of the case is same as disclosed in Note # 24.3.4.1 to the Annual Financial Statements for the year ended December 31, 2018. Hearing of the Bank's review petitions against the judgment of the Honorable Supreme Court of Pakistan in said case was last fixed for April 30, 2019; however, it was adjourned.



Compliance with regulatory matters in USA operations:

The Bank and its New York Branch has entered into a Written Agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators) in 2016. This Agreement inter-alia, requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also require implementation of the requisite systems and controls and allocation of adequate resources to ensure full compliance with such requirements. The Bank's management continues to address the matters highlighted in the Written Agreement and in the subsequent inspections and get them independently validated. The Bank seeks to comply with all laws and regulations.

Appropriation of Profits:

Profit for the quarter ended March 31, 2019 after carry forward of accumulated profit of 2018 is proposed to be appropriated as follows:

	PKR Million
Profit before tax for the quarter ended March 31, 2019	8,727
Taxation:	
- Current	3,508
- Prior Year	1,057
- Deferred	(21)
	4,544
Profit after tax for the quarter ended March 31, 2019	4,183
Un-appropriated profit brought forward	71,446
Other comprehensive income - net of tax	(276)
Transfer from surplus on revaluation of fixed assets	60
Profit available for appropriations	75,413
Appropriation:	
Transfer to Statutory Reserve (10% of after-tax profit)	(418)
Un-appropriated profit carried forward	74,995

Economic Environment:

During the first quarter of 2019, Pakistan's macroeconomic fundamentals demonstrated some signs of improvement. Current account deficit has improved as it closed at \$8.8 billion during 8MFY'19, a reduction of 22.6% over the same period last year. During the first 10 months of this fiscal year, the country's trade deficit shrank by 13.1% to nearly \$26.17 billion, from \$30.11 billion in corresponding period last year. This contraction is mainly attributable to a fall in import bill and increase in foreign remittances that amounted to \$17.88 billion in first 10 months (July to April) of FY '19, showing a growth of 8.45% as compared to \$16.48 billion received during the same period last year. During the quarter under review, the Government also managed to stem the falling FX reserves by signing medium-term funding arrangements with friendly countries. Pakistan and IMF have reached at a staff-level agreement for a 39-month Extended Fund Facility arrangement for about \$6 billion that aims to achieve economic stability by reducing domestic and external imbalances, removing impediments to economic growth, increasing transparency and strengthening social spending.

In the prevailing environment, the Country's Banking sector is expected to benefit from higher interest rates. However, the high discount rate environment may have some adverse impact on both the credit demand as well as debt service capacity of the borrowers. Total deposits in the system amounted to PKR 13.5 trillion at March'19, in line with December'18. Sector net advances ended the current quarter at PKR 7.4 trillion, marginally lower than the December'18 level as the high interest rate environment has impacted credit expansion.

**Future Outlook:**

Moving into its 70th year of untiring service to the Nation, the Bank remains committed to maintain its current momentum of delivering exceptional results to its shareholders in years to come. The Bank's business strategy is underpinned by a renewed focus on customer service supported by significant upgrade of its technology infrastructure which is a key enabler. We will exploit every digital channel to maximise our business outreach and meet our customers' expectations in both conventional and Islamic Banking products. Efforts will also be made for better expense management through operational efficiencies and enhanced internal controls. These all will further strengthen Bank's leading position in the industry.

For and on behalf of the Board of Directors

Arif Usmani
President & CEO
Karachi
Date: May 22, 2019

Zubyr Soomro
Chairman



ڈائریکٹرز رپورٹ برائے ممبران

ہم بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لیے نیشنل بینک آف پاکستان کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ مالیاتی گوشوارے اسٹیٹ بینک آف پاکستان کی طرف سے تجویز کردہ ترمیم شدہ فارمیٹ پر تیار کیے گئے ہیں۔ سمجھنے میں آسانی، وضاحت اور بہتر موازنے کے لیے 2018 کے اعداد و شمار کو ان گوشواروں میں جہاں ضروری تھا نئے سرے سے ترتیب دے دیا گیا ہے۔ اگرچہ اسٹیٹ بینک آف پاکستان نے 16-IFRS پر عمل درآمد میں 30 جون 2019 تک توسیع دے دی ہے، نیشنل بینک آف پاکستان نے 16-IFRS کو جنوری 2019 سے اختیار کر کے فوری مالیاتی گوشوارے اس کے مطابق تیار کئے ہیں۔

بینک کی کارکردگی کی جھلکیاں:

31 مارچ 2019 کو ختم ہونے والے سہ ماہی کے لیے بینک کا قلیل از پروڈیٹن منافع 10.98 ارب روپے رہا جو کہ پچھلے سال کے اسی عرصہ میں ہونے والے 7.57 ارب روپے سے 45.2% زائد ہے۔ بینک کا قلیل از ٹیکس منافع 8.73 ارب روپے رہا جو کہ 2018 کے اسی عرصہ میں بینک کا منافع 7.57 تھا۔ اس طرح 15.3% اضافہ نوٹ کیا گیا۔ زیر جائزہ عرصہ کے لیے بعد از ٹیکس منافع 14.18 ارب روپے رہا جو کہ 2018 کے اسی عرصہ میں ہونے والے 14.5 ارب روپے کے منافع سے 4.89% کم ہے۔ اس کی بنیادی وجہ سپرنٹنڈنٹ چارج میں اضافہ ہے جو اب 52% ہے جبکہ پچھلے سال کے اسی عرصہ میں ٹیلیفون چارج 35% تھا۔

فی حصص آمدنی 1.97 روپے رہی جو کہ 31 مارچ 2018 کو ختم ہونے والی سہ ماہی میں فی حصص آمدنی 2.30 روپے تھی۔

مارک اپ/سود سے آمدنی:

زیر جائزہ سہ ماہی میں بینک کی مارک اپ/سود سے کل آمدنی 45.79 ارب روپے رہی جو کہ پچھلے سال کے اسی عرصے میں 31.39 ارب روپے تھی۔ اس اضافے کی وجہ ڈسکاؤنٹ ریٹ میں اضافہ کے ساتھ سرمایہ کاری اور قرضوں کے حجم میں اسی عرصہ میں اضافہ بھی ہے۔ یہ ظاہر کرتا ہے کہ اوسط اثاثوں پر آفٹر ٹیکس ریٹرن (RoA) 0.7% پر (مارچ 18: 0.9%)، اور جبکہ 23.5% (مارچ 18: 23.6%) اور 11.2% (مارچ 18: 15.3%) پر ترتیب و اقراطوسطا ایکویٹی کی بنیاد پر پری ٹیکس اور آفٹر ٹیکس میں بدل جانے کا زیر جائزہ سہ ماہی میں مارک اپ/سود سے خالص آمدنی 15.57 ارب روپے رہی جو کہ پچھلے سال کے اسی عرصہ کی آمدنی 14.12 ارب روپے سے 10.2% فیصد زیادہ ہے۔ زیر جائزہ عرصہ میں بینک کا پروڈیٹن چارج 2.25 ارب روپے تھا جبکہ پچھلے سال کے اسی عرصہ میں 3 ملین روپے کا نیٹ ریورسل ہوا تھا۔

نان مارک اپ/بلا سود سے آمدنی:

زیر جائزہ سہ ماہی میں بینک کی نان مارک اپ/بلا سود آمدنی میں 40.2% فیصد اضافہ ہوا اور پچھلے سال کے اسی عرصہ کے مقابلے میں بڑھ کر 8.27 ارب روپے ہو گئی جو کہ پچھلے سال اسی عرصے میں 5.89 ارب روپے تھی۔ مارکیٹ میں سخت مقابلے کے باوجود بینک نے فیئیں اور کمیشن سے اپنی کمائی میں بہتری کی (4.02 ارب روپے) جو کہ 2.2% فیصد اضافہ ہے۔ غیر ملکی کرنسی کے کاروبار سے (1.86 ارب روپے) جو کہ 521.1% فیصد اضافہ ہے جس کی وجہ امریکی ڈالر اور پاکستانی روپے میں شرح تبادلہ میں بہت زیادہ اضافہ ہے۔ اس عرصہ کے لیے ڈیویڈنڈ سے آمدنی بھی زیادہ رہی جو کہ 220.9% سے بڑھ کر 1.02 ارب روپے ہو گئی جو کہ پچھلے سال کے اسی عرصہ میں 317.26 ملین روپے تھی۔ اسٹاک مارکیٹ کی غیر یقینی صورت حال کی وجہ سے بینک کی سیکورٹیز کے کاروبار سے آمدن میں کمی ہو کر 84.32 ملین روپے رہی جو کہ پچھلے سال کے اسی عرصہ میں 888.72 ملین روپے تھی۔

اخراجات کی نگرانی کا انتظام:

زیر جائزہ سہ ماہی میں انتظامی اخراجات 12.85 ارب روپے رہے جو کہ 2018 کے اسی عرصہ کے اخراجات 12.45 ارب روپے سے معمولی 3.2% زیادہ ہیں۔ انتظامی اخراجات منظور شدہ بجٹ کے اندر بہت حد تک قابو میں رہے اور وقتی اضافہ انڈسٹری کے رجحان کے مطابق ہے۔ آپریٹنگ لاگت میں اضافے کی بنیادی وجہ تنخواہوں اور الائنسوں میں اضافہ، ترقیاتی اور ترقیاتی پروگراموں میں اضافہ اور ڈیپازٹیز پر ویکیشن پیمائش میں اضافہ ہے۔ اس سہ ماہی کے لیے لاگت اور آمدنی کا تناسب 53.9% رہا جو کہ 2018 کی اس سہ ماہی کے تناسب 62.2% سے غیر معمولی طور پر کم ہے۔



نیلنس شیٹ کا جائزہ:

31 مارچ 2019 کو بینک کے اثاثے 2,401.80 ارب روپے تھے جو کہ 31 دسمبر 2018 کو 2,798.57 ارب روپے تھے اس طرح ان میں 14.2% کمی ہوئی۔ 31 مارچ 2019 کو بینک کے دیئے گئے قرضوں کی کل مالیت 1,046.11 ارب روپے تھی جو کہ 31 دسمبر 2018 تک دیئے گئے قرضوں 1,059.48 ارب روپے سے تھوڑا کم ہیں۔ لیکن اگر سال بہ سال قرضوں کی مالیت کو دیکھیں تو قرضوں میں 176.65 ارب روپے یعنی 20.3% اضافہ ہوا جو کہ 31 دسمبر 2018 کو 869.46 ارب روپے تھے۔ بینک کے کل دیئے گئے قرضوں میں سے اندرون ملک دیئے گئے قرضے 963 ارب روپے (دسمبر 2018 میں 974 ارب روپے) ہے جو کہ کل قرضوں کا 92% ہیں، جبکہ بیرون ملک دیئے گئے قرضوں کی مالیت 83.1 ارب روپے ہے (دسمبر 2018 میں 85.4 ارب)۔ مشکل معاشی صورت حال اور سود کی بڑھتی ہوئی لاگت کی وجہ سے ناغیر فعال قرضہ جات (NPLs) میں 5.27 ارب روپے کا اضافہ دیکھا گیا یہ اضافہ 31 مارچ 2019 کو ختم ہونے والی سہ ماہی میں ہوا جو کہ 138.68 ارب روپے ہے جبکہ سال 2018 کے اختتام پر یہ مالیت 133.36 ارب روپے تھی۔ اس سے انفلکشن کا تناسب بڑھ کر 13.25% ہو گیا ہے جو کہ 31 دسمبر 2018 کو 12.59% تھا۔ NPLs کو قانونی تقاضوں کے مطابق مناسب امداد میں Cover کیا جا رہا ہے۔ 31 مارچ 2019 کو کل پروویژن کی مالیت 133.81 ارب روپے تھی جن میں خصوصی Provisions کی مالیت 126.54 ارب روپے تھی۔ گراس NPL Ratio اور نیٹ NPL Ratio اور Provision Coverage بالترتیب 13.3%، 1.3% اور 91.3% رہی جو کہ 2018 کے اختتام پر بالترتیب 0.8%، 12.6% اور 94.7% تھی۔ 31 مارچ 2019 کو بینک کی سرمایہ کاری کی مالیت 908.72 ارب روپے رہی جو کہ 31 دسمبر 2018 کی مالیت 1,276.28 ارب روپے سے 28.8% کم ہے۔ بینک کی مؤثر عملی کے پیش نظر سرمایہ کاری کے Portfolio کو مؤثر طور پر متنوع رکھا گیا ہے جن میں زیرو Risk ٹریڈری اسٹرومنٹس اور ہیلڈز، زیادہ منافع بخش اکوئیز اور دیگر سود دینے والے مالیاتی انسٹرومنٹس شامل ہیں۔ 31 مارچ 2019 کو بینک کے کل ڈیپازٹس 1,778.67 ارب روپے تھے جو کہ 31 دسمبر 2018 کے کل ڈیپازٹس 2,011.38 ارب روپے سے 232.72 ارب روپے کم (11.6%) ہیں۔ ڈیپازٹس میں یہ کمی کچھ اداروں کی طرف سے رقم نکالنے کی وجہ سے ہوئی۔ کسٹمر ڈیپازٹس جو بینک کے فنڈنگ پول کا اصل ہیں وہ مستحکم رہے ہیں۔ تاہم سال بہ سال مارچ 2018 کا موازنہ کریں تو کل ڈیپازٹس میں 110.1 ارب روپے یا 6.6% اضافہ ہوا ہے۔ مقامی CASA Ratio 81.4% میں بہتری آئی ہے۔ 31 دسمبر 2018 کو CASA Ratio 81.4% تھا جو 31 مارچ 2018 کو 81.5% ہو گیا ہے۔

سرمائے کی منبوی اور مطلوبہ فراہمی:

جیسا کہ نیشنل بینک آف پاکستان کو اسٹیٹ بینک آف پاکستان نے حال ہی میں D-SIB یعنی Domestic Systemically Important Bank قرار دیا ہے اس لیے ضروری ہے کہ نیشنل بینک آف پاکستان سرمائے کی کم از کم مطلوبہ مالیت میں دستیابی کو یقینی بنائے دسمبر 2018 میں کم از کم مطلوبہ شرح 11.90% تھی جو کہ 31 مارچ 2019 کو 1.5% اضافے کے بعد 13.40% کر دی گئی ہے۔ 31 مارچ 2019 کو بینک Capital Adequacy Ratio 15.29% تھا اس لیے بینک مطلوبہ قانونی تقاضوں کو نہ صرف پورا کر رہا ہے بلکہ مطلوبہ شرح سے 1.89% اوپر ہے۔

کرڈٹ ریٹنگ:

بینک کی کرڈٹ ریٹنگ دونوں کرڈٹ ریٹنگ ایجنسیز JCR-VIS اور PACRA کرتی ہیں۔ جن 2018 دونوں بینک کی کرڈٹ ریٹنگ +1 AAA/A- (نرپل اے) / اے ون پلس) کی تصدیق کی اور آؤٹ لک کو مستحکم قرار دیا۔

مبٹن کے مقدمے میں امکانی صورتحال:

31 دسمبر 2018 کو ختم ہونے والے مالیاتی سال کے سالانہ مالیاتی گوشوارے میں نوٹ نمبر 1-4-3-24 میں جو صورتحال بتائی گئی تھی وہی صورتحال اب بھی برقرار ہے۔ سپریم کورٹ آف پاکستان کے فیصلے کے خلاف بینک نے جو نظر ثانی کی درخواست دی ہے اس کے شنوائی کی تاریخ 30 اپریل 2019 مقرر ہوئی تھی لیکن وہ ملتوی ہو گئی ہے۔

امریکا میں قانونی تقاضوں کی تعمیل:

2016 میں بینک اور اس کی نیویارک برانچ نے فیڈرل ریزرو بینک آف نیویارک اور نیویارک اسٹیٹ ڈیپازٹمنٹ آف فنانشل سروسز سے ایک تحریری معاہدہ کیا تھا اس معاہدے کے تحت بینک کو کچھ قانونی تقاضوں اور سرکسٹنٹس کے معاملات کی تعمیل کرنا ہے جو کہ ایف بی سی من لائڈرنگ اور معلومات کو ذخیرہ رکھنے سے متعلق امریکی قوانین کی ضرورتوں کو پورا کرنا اور ان کو پورا کرنے کے لیے مطلوبہ نظام ترتیب دینا اور مطلوبہ وسائل فراہم کرنا تاکہ ان تقاضوں کی تعمیل ہو سکے۔ بینک کی انتظامیہ تحریری معاہدے میں اٹھائے گئے معاملات پر مسلسل عمل درآمد کے لیے کام کر رہی ہے نتیجتاً معائنے اور ان کی آزادانہ تصدیق کے لیے کام ہو رہا ہے۔ بینک تمام قوانین اور ضابطوں کی پابندی کرنا چاہتا ہے۔



منافع کا تصرف و تخصیص:

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے منافع اور 2018 کے غیر تصرف شدہ منافع جن کے سامنے لایا گیا ہے اس منافع کو درج ذیل انداز میں تصرف میں لانے کی تجویز ہے۔

ملین پاکستان روپے

8,727

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لیے قبل از ٹیکس منافع

ٹیکسیشن:

3,508
1,057
(21)

- موجودہ

- گزشتہ سال

- مؤخر شدہ

4,544

4,183

71,446

(276)

60

75,413

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کا بعد از ٹیکس منافع

غیر تصرف شدہ سامنے لایا جانے والا منافع

دیگر جامع آمدنی ٹیکس کے بعد

اثاثوں کی نظر ثانی شدہ قدر پر ذخائر سے منتقلی

تصرف کے لیے دستیاب منافع

تخصیص:

(418)

74,995

قانونی ذخائر میں منتقلی (بعد از ٹیکس کا 10 فیصد)

غیر تصرف شدہ سامنے لایا جانے والا منافع

معاشی ماحول:

2019 کی پہلی سہ ماہی میں پاکستان کی میکرو اکنامک مبادیات میں بہتری کے کچھ آثار نظر آنے لگے ہیں۔ کرنٹ اکاؤنٹ خسارے میں بہتری آئی ہے اور مالیاتی سال کے پہلے آٹھ مہینے میں کرنٹ اکاؤنٹ خسارہ 8.8 ارب ڈالر رہا جو پچھلے سال کے اسی عرصے کے مقابلے میں 22.6% کم ہے۔ اس مالیاتی سال کے پہلے دس مہینے میں ملک کا تجارتی خسارہ 13.1% کم ہو کر 26.17 ارب ڈالر رہا جو پچھلے سال کے اسی عرصے میں 30.11 ارب ڈالر تھا۔ اس کمی کی بڑی وجہ درآمدات پر اخراجات میں کمی اور بیرون ملک سے بھیجی جانے والی رقم میں اضافہ ہے۔ پہلے دس مہینے (جولائی تا اپریل) میں بیرون ملک سے 17.88 ارب ڈالر بھیجے گئے جو پچھلے سال اسی عرصے میں وصول ہونے والی 16.48 ارب ڈالر کی رقم سے 8.45% زیادہ ہے۔ زبردست سہ ماہی میں حکومت دوست ممالک سے درمیانہ مدت کے فنڈنگ انتظامات کے ذریعے گرتے ہوئے زرمبادلہ کے ذخائر کو سہارا دینے میں کامیاب رہی پاکستان اور IMF میں 13 ارب ڈالر کی سطح کا ایک معاہدہ ہوا ہے جو ایک 39 مہینے طویل توسیع شدہ فنڈ کی سہولت ہے، یہ معاہدہ تقریباً 6 ارب ڈالر کا ہے جس کا مقصد اندرونی اور بیرونی عدم توازن میں کمی لانا، معاشی ترقی کی راہ کی راہ کو یقین دہانہ کرنا، شفافیت بڑھانا اور سماجی ترقی پر اخراجات بڑھانا ہے ان سب کا ایک ہی مقصد ہے کہ معاشی استحکام حاصل کیا جائے۔ اس ماحول میں توقع ہے کہ بڑھتی ہوئی شرح سود کی وجہ سے ملک کے بینکنگ سیکٹر کو فائدہ ہوگا۔ البتہ اونچی شرح سود کی وجہ سے قرضوں کی طلب اور قرضداروں کی طرف سے قرضوں کی واپسی پر کمزور طور پر برا اثر پڑ سکتا ہے۔

مارچ 2019 تک سسٹم میں ڈپازٹس کی کل رقم 13.5 کھرب روپے ہے جو کم و بیش دسمبر 2018 جتنی ہی ہے۔ موجودہ سہ ماہی کے اختتام پر سیکٹر کے خالص قرضوں کی رقم 7.4 کھرب روپے ہے جو دسمبر 2018 سے معمولی کم ہے کیونکہ اونچی شرح سود نے قرضوں کے پھیلاؤ پر اثر ڈالا ہے۔



مستقبل بنی:

قوم کی انتھک خدمت کے 70 ویں سال میں داخل ہوتے ہوئے بینک کا یہ عہد ہے کہ وہ آنے والے سالوں میں اپنے شیئر ہولڈرز کو غیر معمولی نتائج دینے کا سلسلہ جاری رکھے گا۔ ہم نے حال ہی میں اپنی ڈیٹ کارڈ پراڈکٹ شروع کی ہے اور ہماری کاروباری حکمت عملی بڑھتی ہوئی ای۔ بینکنگ کے گرومکنز ہوگی۔ کیونکہ کاروبار میں اضافہ اس بات کا تقاضہ کرتا ہے کہ ڈیجیٹل بینکنگ پر خصوصی توجہ دے کر جامع بینکنگ سلوشنز دینے جائیں۔

ہم اپنے کاروبار کی وسعت کے لیے ہر ڈیجیٹل چینل کو استعمال کریں گے تاکہ ہم اپنے کسٹمرز کی روایتی بینکنگ پراڈکٹس اور اسلامی بینکنگ پراڈکٹس دونوں کے بارے میں توقعات پر پورا اتر سکیں۔ نیشنل بینک آف پاکستان اپنی افرادی قوت کی صلاحیتوں میں اضافے، اپنے نظر آنے والے اور دانشورانہ سرمائے میں اضافے کے لیے غیر معمولی صلاحیتوں والے افراد کا حصول ان کی تربیت اور ترقی اور اسٹیٹ آف دی آرٹ آئی ٹی سسٹم کو کام میں لائے گا۔ اخراجات کو قابو میں رکھنے کے لیے بھی کوشش جاری رکھی جائیں گی یہ مقصد بہتر آپریشنل کارکردگی اور اندرونی کنٹرول کے ذریعے حاصل کیا جائے گا۔ ان سب کے ذریعے انڈسٹری میں بینک کی قائدانہ حیثیت کو مضبوط کیا جائے گا۔

منجانب اور یورڈ آف ڈائریکٹرز کے لیے

عارف عثمانی

زیر سومرو

چیئرمین

صدر اور سی ای او،

کراچی۔

مورخہ 22 مئی 2019



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Note		Rupees in '000	
ASSETS			
	6	173,481,584	247,518,270
Cash and balances with treasury banks			
Balances with other banks	7	15,850,645	12,202,020
Lendings to financial institutions	8	120,925,617	106,391,667
Investments	9	919,240,568	1,284,319,388
Advances	10	912,297,371	926,007,004
Fixed assets	11	53,777,643	53,859,883
Intangible assets	12	325,879	245,658
Right of use assets	13	3,135,342	-
Other assets	14	202,760,644	168,022,298
		2,401,795,292	2,798,566,188
LIABILITIES			
	15	26,797,088	9,944,178
Bills payable			
Borrowings	16	174,209,182	392,739,396
Deposits and other accounts	17	1,778,666,102	2,011,385,201
Lease Liability against right-of-use assets	18	4,059,657	-
Deferred tax liabilities	19	7,095,646	6,985,042
Other liabilities	20	198,114,384	170,643,836
		2,188,942,059	2,591,697,653
NET ASSETS			
		212,853,233	206,868,535
REPRESENTED BY			
		21,275,131	21,275,131
Share capital			
Reserves		54,474,196	53,274,402
Surplus on revaluation of assets	21	62,108,666	59,986,125
Unappropriated profit		74,995,240	72,332,877
		212,853,233	206,868,535

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	Quarter Ended March 31, 2019	Quarter Ended March 31, 2018
		Rupees in '000	
Mark-up / return / interest earned	23	45,792,928	31,390,415
Mark-up / return / interest expensed	24	30,224,816	17,265,965
Net mark-up / return / interest income		15,568,112	14,124,450
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	4,024,812	3,937,216
Dividend income		1,017,955	317,261
Foreign exchange income		1,857,177	299,007
Gain on securities - net	26	84,319	888,718
Other income	27	1,282,477	452,368
Total non-mark-up / interest income		8,266,740	5,894,570
Total income		23,834,852	20,019,020
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	12,845,637	12,452,389
Workers welfare fund		-	-
Other charges	29	6,796	972
Total non-markup / interest expenses		12,852,433	12,453,361
Profit before provisions		10,982,419	7,565,659
Provisions and write offs - net	30	2,254,911	(2,990)
PROFIT BEFORE TAXATION		8,727,508	7,568,649
Taxation	31	4,544,025	2,674,726
PROFIT AFTER TAXATION		4,183,483	4,893,923
Basic earnings per share			
	32	1.97	2.30
Diluted earnings per share			
	33	1.97	2.30

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

	Quarter Ended March 31, 2019	Quarter Ended March 31, 2018
	Rupees in '000	
	Restated	
Profit after taxation for the period	4,183,483	4,893,923
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Exchange gain on translation of net assets of foreign branches	781,446	404,730
Movement in deficit on revaluation of investments - net of tax	2,182,637	832,900
	2,964,083	1,237,630
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(275,890)	(366,973)
Movement in surplus on revaluation of fixed assets - net of tax	-	62,937
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	(275,890)	(304,036)
Total comprehensive income	6,871,676	5,827,517

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

	Reserve						Surplus on revaluation of assets				Unappropriated profit	Total
	Share capital	Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total		
Rupees in '000												
Opening Balance as at January 01, 2018	21,275,131	8,002,438	29,489,317	343,802	12,000,000	521,338	50,356,895	25,970,733	23,718,669	49,689,402	54,060,653	175,382,081
Profit after taxation for the three months period ended March 31, 2018	-	-	-	-	-	-	-	-	-	-	4,893,923	4,893,923
Other comprehensive income - net of tax	-	404,730	-	-	-	-	404,730	832,900	62,937	895,837	(366,973)	933,594
Transfer to statutory reserve	-	-	489,392	-	-	-	489,392	-	-	-	(489,392)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(25,707)	(25,707)	25,707	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2017 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Opening Balance as at April 01, 2018	21,275,131	8,407,168	29,978,709	343,802	12,000,000	521,338	51,251,017	26,803,633	23,755,899	50,559,532	58,123,918	181,209,598
Profit after taxation for the nine months period ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	15,121,199	15,121,199
Other comprehensive income - net of tax	-	511,265	-	-	-	-	511,265	(10,528,013)	20,031,728	9,503,715	522,758	10,537,738
Transfer to statutory reserve	-	-	1,512,120	-	-	-	1,512,120	-	-	-	(1,512,120)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(77,122)	(77,122)	77,122	-
Opening Balance as at January 01, 2019 as previously reported	21,275,131	8,918,433	31,490,829	343,802	12,000,000	521,338	53,274,402	16,275,620	43,710,505	59,986,125	72,332,877	206,868,535
Impact of change in accounting policy (Note# 3.1)	-	-	-	-	-	-	-	-	-	-	(886,978)	(886,978)
Opening Balance as at January 01, 2019 as restated	21,275,131	8,918,433	31,490,829	343,802	12,000,000	521,338	53,274,402	16,275,620	43,710,505	59,986,125	71,445,899	205,981,557
Profit after taxation for the three months period ended March 31, 2019	-	-	-	-	-	-	-	-	-	-	4,183,483	4,183,483
Other comprehensive income - net of tax	-	781,446	-	-	-	-	781,446	2,182,637	-	2,182,637	(275,890)	2,688,193
Transfer to statutory reserve	-	-	418,348	-	-	-	418,348	-	-	-	(418,348)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(60,096)	(60,096)	60,096	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance as at March 31, 2019	21,275,131	9,699,879	31,909,177	343,802	12,000,000	521,338	54,474,196	18,458,257	43,650,409	62,108,666	74,995,240	212,853,233

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
Note	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,727,508	7,568,649
Less: dividend income	(1,017,955)	(317,261)
	7,709,553	7,251,388
Adjustments:		
Depreciation	630,187	518,044
Depreciation on right-of-use assets	184,530	-
Amortization	50,891	81,504
Provision and write-offs	2,254,911	(2,990)
Gain on sale of fixed assets	(367)	(41)
Financial charges on leased assets	4,765	199
Financial charges on right-of-use assets	105,018	-
Unrealized loss on revaluation of investments classified as held-for-trading	12,279	13,391
Charge for defined benefit plans - net	1,822,506	1,361,881
	5,064,720	1,971,988
	12,774,273	9,223,376
(Increase) / decrease in operating assets		
Lendings to financial institutions	(22,633,950)	(23,135,467)
Held-for-trading securities	124,946,933	431,815,726
Advances	11,586,905	(11,105,278)
Other assets (excluding advance taxation)	(38,308,245)	(6,345,490)
	75,591,643	391,229,491
Increase / (decrease) in operating liabilities		
Bills payable	16,852,910	1,283,415
Borrowings from financial institutions	(222,732,185)	(182,375,812)
Deposits	(232,719,099)	(58,557,002)
Other liabilities (excluding current taxation)	29,897,837	(1,524,342)
	(408,700,537)	(241,173,741)
Financial charges paid	(109,783)	(199)
Income tax paid	(2,380,787)	(83,231)
Benefits paid	(359,995)	(606,122)
Net cash flows generated from / (used in) operating activities	(323,185,186)	158,589,574
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	255,857,851	(198,721,117)
Net investments in held-to-maturity securities	(13,239,645)	(2,531,993)
Dividends received	1,017,955	317,261
Investments in fixed assets	(3,791,787)	(920,122)
Proceeds from sale of fixed assets	367	30,967
Effect of translation of net investment in foreign branches	781,446	404,730
Net cash flows (used in) / generated from investing activities	240,626,187	(201,420,274)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(129,983)	(2,947)
Dividend paid	(1,050)	-
Net cash flow used in financing activities	(131,033)	(2,947)
Increase in cash and cash equivalents	(82,690,032)	(42,833,647)
Cash and cash equivalents at beginning of the period	227,752,888	166,631,774
Cash and cash equivalents at end of the period	145,062,856	123,798,127

The annexed notes 1 to 40 form an integral part of these unconsolidated condensed interim financial statements.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,509 (2018: 1,504) branches in Pakistan and 21 (2018: 21) overseas branches (including the Export Processing Zone branch, Karachi).

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.1.2 The SBP vide BSD Circular letter No.10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments (IAS 39): Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular No.4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards IFAS 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I) /2008 dated April 28, 2008, International Financial Reporting Standard IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.



- 2.1.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.1.4** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the bank for the year ended December 31, 2018.
- 2.1.5** These unconsolidated condensed interim financial statements are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees.

2.1.6 Amendments to approved accounting standards that are not effective in the current period

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 1, 2020
IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank has already adopted IFRS 9 in respect of certain overseas branches.

The Bank is in the process of assessing the full impact of this standard.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

2.1.7 Standards, interpretations of and amendments to approved accounting standards that are effective

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

During the current period, IFRS 16, Leases, became applicable for the Bank. The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 3.1



There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2019. These are considered either not to be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adapted for presentation of these unconsolidated condensed interim financial statements are same as those followed in presentation of the unconsolidated financial statements of the Bank for the year ended December 31, 2018 except as disclosed in note 3.1 to these unconsolidated condensed interim financial statements.

3.1 This note explains the impact of the adoption of IFRS 16 Leases (IFRS 16) on the Banks's financial statements and discloses the new accounting policies that have been applied from January 01, 2019 as disclosed in note 13 as below.

The Bank has adopted IFRS 16 retrospectively from January 01, 2019, but has not restated comparatives for the reporting period, as permitted under the specific transitional provisions in the IFRS 16. The reclassifications and the adjustments arising from the IFRS 16 are therefore recognised in the opening balance sheet on January 01, 2019.

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 01, 2019 was 10%.

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

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

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

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.



The change in accounting policy affected the following items in the balance sheet as on January 01, 2019:

	January 01, 2019	Adjustments	January 01, 2019 (Adjusted)
	-----Rupees in 000'-----		
Right-of-use assets	-	3,319,872	3,319,872
Deferred tax asset related to IFRS-16	-	481,519	481,519
Advance deposit related to previous recognised lease as per IAS-17	(498,728)	(498,728)	(498,728)
Lease liabilities	-	4,189,640	4,189,640
Impact on Retained Earnings	-	(886,978)	(886,978)

The Bank leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this unconsolidated condensed interim financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2018.

5. FINANCIAL RISK MANAGEMENT

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



		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		36,999,960	39,549,448
Foreign currency		5,347,865	4,415,703
		42,347,825	43,965,151
With State Bank of Pakistan in			
Local currency current account	6.1	61,663,575	130,180,519
Foreign currency current account	6.2	7,320,591	7,029,780
Foreign currency deposit account	6.2	22,264,860	21,240,971
Foreign currency collection account		1,084,113	1,812,339
		92,333,139	160,263,609
With other central banks in			
Foreign currency current account	6.3	35,099,380	41,438,832
Foreign currency deposit account	6.3	3,341,431	1,455,866
		38,440,811	42,894,698
Prize bonds		359,809	394,812
		173,481,584	247,518,270

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.49% per annum (2018: 0% to 0.75% per annum).

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	Rupees in '000	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit account	7.1	4,307	4,307
		4,307	4,307
Outside Pakistan			
In current account		5,313,810	6,437,346
In deposit account	7.2	10,532,528	5,760,367
		15,846,338	12,197,713
		15,850,645	12,202,020



- 7.1** These include various deposits with banks and carry interest at rates ranging from 3% to 9.5% per annum (2018: 4% to 9.25% per annum).
- 7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 3.45% per annum (2018: 0% to 2.16% per annum).

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

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	140,800	8,240,800
Repurchase agreement lendings (reverse repo)	8.2	109,365,321	96,733,168
Bai Muajjal receivable with State Bank of Pakistan	8.3	11,419,496	1,417,699
Letters of placement	8.4	176,150	176,150
	8.5	121,101,767	106,567,817
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		120,925,617	106,391,667

- 8.1** This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (2018: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 9.49% to 10.6% per annum (2018: 8.45% to 10.41% per annum) with maturities ranging from April 1, 2019 to April 12, 2019.
- 8.3** This represents Bai Muajjal agreement entered into with SBP and carries mark-up rate of 12.77% per annum.
- 8.4** These are overdue placements and full provision has been made against these placements as at March 31, 2019.

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

8.5 Particulars of lending

In local currency	121,101,767	106,567,817
In foreign currencies	-	-
	121,101,767	106,567,817

8.6 Movement in provision held against lendings is as follows:

Opening balance	176,150	176,150
Charge for the year	-	-
Closing balance	176,150	176,150



8.7 Securities held as collateral against Lendings to financial institutions

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Rupees in '000						
Market Treasury Bills	69,354,844	-	69,354,844	70,283,168	-	70,283,168
Pakistan Investment Bonds	40,010,477	-	40,010,477	26,450,000	-	26,450,000
Total	109,365,321	-	109,365,321	96,733,168	-	96,733,168

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 108,185 million (2018: Rs. 95,739 million).

8.8 Category of classification

	March 31, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
Rupees in '000				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	176,150	176,150	176,150	176,150
	176,150	176,150	176,150	176,150
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
Total	176,150	176,150	176,150	176,150

9. INVESTMENTS

9.1 Investments by type:

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000								
Held-for-trading securities								
Market Treasury Bills	26,910,590	-	(7,287)	26,903,303	149,885,647	-	(973)	149,884,674
Pakistan Investment Bonds	42,663	-	31	42,694	2,333,574	-	(67)	2,333,507
Ordinary shares of listed companies	319,113	-	(5,024)	314,089	1,190	-	7	1,197
	27,272,366	-	(12,279)	27,260,087	152,220,411	-	(1,033)	152,219,378
Available-for-sale securities								
Pakistan Investment Bonds	239,964,195	-	(10,761,282)	229,202,913	207,581,489	-	(12,318,101)	195,263,388
Market Treasury Bills	305,756,426	-	(74,574)	305,681,852	592,123,867	-	(28,707)	592,095,160
Ijarah Sukuks	2,000,000	-	(21,200)	1,978,800	9,740,000	-	(56,116)	9,683,884
Ordinary shares of listed companies	26,027,018	(4,389,070)	15,906,123	37,544,071	26,005,893	(3,978,333)	17,031,223	39,058,783
Ordinary shares of unlisted companies	2,005,182	(410,893)	-	1,594,289	2,005,182	(410,893)	-	1,594,289
Preference shares	570,535	(433,444)	(11,719)	125,372	570,535	(433,444)	(11,155)	125,936
Investments in mutual funds	819,646	(40,642)	1,285,027	2,064,031	819,646	(40,642)	1,248,404	2,027,408
Ordinary shares of a bank outside Pakistan	463,295	-	18,643,297	19,106,592	463,295	-	15,570,989	16,034,284
Term Finance Certificates / Musharika and Sukuk Bonds	63,568,263	(4,754,170)	576,875	59,390,968	58,762,773	(4,761,669)	2,264,936	56,266,040
GoP Foreign Currency Bonds	26,767,960	-	345,207	27,113,167	25,462,626	-	(515,692)	24,946,934
Foreign Government Securities	963,360	-	(1,999)	961,361	968,567	-	(148,117)	820,450
Foreign Currency Debt Securities	1,292,045	-	1,887	1,293,932	1,551,903	-	(94,342)	1,457,561
	670,197,925	(10,028,219)	25,887,642	686,057,348	926,055,776	(9,624,981)	22,943,322	939,374,117
Held-to-maturity securities								
Pakistan Investment Bonds	170,277,900	-	-	170,277,900	157,346,442	-	-	157,346,442
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	696,956	(412,384)	-	284,572	696,956	(412,384)	-	284,572
GoP Foreign Currency Bonds	2,885,979	-	-	2,885,979	2,859,233	-	-	2,859,233
Foreign Government Securities	26,147,501	-	-	26,147,501	25,866,066	-	-	25,866,066
Foreign Currency Debt Securities	538	-	-	538	532	-	-	532
	200,008,874	(412,384)	-	199,596,490	186,769,229	(412,384)	-	186,356,845
Associates	4,970,863	(3,835,810)	-	1,135,053	4,970,863	(3,793,405)	-	1,177,458
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	3,906,750	(1,077,593)	-	2,829,157	3,906,750	(1,077,593)	-	2,829,157
Total investments	908,719,211	(15,354,006)	25,875,363	919,240,568	1,276,285,462	(14,908,363)	22,942,289	1,284,319,388



	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	-----Rupees in '000-----	
9.1.1 Investments given as collateral		
Pakistan Investment Bonds	23,549,358	9,500,000
Market Treasury Bills	60,612,179	274,350,000
	84,161,537	283,850,000

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	14,908,363	14,679,566
Charge / reversals		
Charge for the year	453,194	1,599,536
Reversals for the year	(7,552)	(1,370,739)
	445,642	228,797
Transfers - net	-	-
Others movement	-	-
Closing balance	15,354,006	14,908,363

9.2.2 Particulars of provision against debt securities

Category of classification

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

Domestic

Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,175,317	5,166,554	5,182,817	5,174,053
	5,175,317	5,166,554	5,182,817	5,174,053

Overseas

Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	5,175,317	5,166,554	5,182,817	5,174,053

- 9.3** The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 187,341 million (2018: Rs. 172,738 million).


10. ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Rupees in '000						
Loans, cash credits, running finances, etc.	854,371,319	879,806,247	132,064,248	127,099,303	986,435,567	1,006,905,550
Islamic financing and related assets	27,783,432	26,914,764	204,842	191,794	27,988,274	27,106,558
Net Investment in Finance Lease	99,517	104,647	-	-	99,517	104,647
Bills discounted and purchased	25,227,190	19,294,694	6,358,276	6,068,698	31,585,466	25,363,392
Advances - gross	907,481,459	926,120,352	138,627,365	133,359,795	1,046,108,824	1,059,480,147
Provision against advances						
- Specific	-	-	126,543,791	126,266,039	126,543,791	126,266,039
- General	7,267,662	7,207,104	-	-	7,267,662	7,207,104
	7,267,662	7,207,104	126,543,791	126,266,039	133,811,453	133,473,143
Advances - net of provision	900,213,797	918,913,248	12,083,574	7,093,756	912,297,371	926,007,004

10.1 Net investment in finance lease

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	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								
Lease rentals receivable	29,137	23,125	-	52,262	29,146	27,840	-	56,986
Residual value	47,207	10,480	-	57,687	41,211	16,477	-	57,688
Minimum lease payments	76,344	33,605	-	109,949	70,357	44,317	-	114,673
Financial charges for future periods	8,059	2,373	-	10,432	7,516	2,510	-	10,026
Present value of minimum lease payments	68,285	31,232	-	99,517	62,841	41,807	-	104,647

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.92% to 15.36% (2018: 10.19% to 14.47%) per annum.

10.2 Particulars of advances (Gross)

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Rupees in '000		
In local currency	960,729,889	969,752,303
In foreign currencies	85,378,935	89,727,844
	1,046,108,824	1,059,480,147



10.3 Advances includes Rs.138,627 million (2018: Rs.133,360 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000				
Domestic				
Other Assets Especially Mentioned	3,202,170	115,121	1,272,606	64,543
Substandard	7,448,284	1,563,578	3,783,452	923,008
Doubtful	2,554,620	1,236,417	1,398,861	689,032
Loss	87,683,155	87,015,783	87,723,307	86,518,782
	100,888,229	89,930,899	94,178,226	88,195,365
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	37,739,136	36,612,892	39,181,569	38,070,674
	37,739,136	36,612,892	39,181,569	38,070,674
Total	138,627,365	126,543,791	133,359,795	126,266,039

10.4 Particulars of provision against advances

Note	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	126,266,039	7,207,104	133,473,143	110,650,722	6,515,067	117,165,789
Exchange adjustments	393,382	2,982	396,364	7,687,525	111,207	7,798,732
Charge for the year	2,765,035	158,749	2,923,784	14,157,878	1,330,247	15,488,125
Reversals	(1,096,247)	(101,173)	(1,197,420)	(5,956,687)	(749,416)	(6,706,103)
	1,668,788	57,576	1,726,364	8,201,191	580,831	8,782,022
Amounts written off	(7,685)	-	(7,685)	(12,118)	-	(12,118)
Amounts charged off	(1,776,733)	-	(1,776,733)	(261,281)	-	(261,281)
Closing balance	126,543,791	7,267,661	133,811,452	126,266,039	7,207,104	133,473,143

10.4.1 Particulars of provision against advances

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	89,930,899	6,870,484	96,801,383	88,195,365	6,949,253	95,144,618
In foreign currencies	36,612,892	397,177	37,010,069	38,070,674	257,851	38,328,525
	126,543,791	7,267,661	133,811,452	126,266,039	7,207,104	133,473,143

10.4.2 The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

10.4.3 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019.

10.4.4 This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the bank's right to pursue recovery against these loans.



		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	2,010,580	1,934,605
Property and equipment	11.2	51,767,063	51,925,278
		<u>53,777,643</u>	<u>53,859,883</u>
11.1 Capital work-in-progress			
Civil works		1,906,594	1,863,208
Equipment		16,062	15,884
Advances to suppliers and contractors		87,924	55,513
		<u>2,010,580</u>	<u>1,934,605</u>
		March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
		Rupees in '000	
11.2 Additions to fixed assets			
The following material additions have been made to fixed assets during the period:			
Capital work-in-progress		75,975	62,971
Property and equipment			
Furniture and fixture		130,448	283,215
Electrical office		112,933	253,793
Computer equipment		81,632	127,732
Vehicles		87,178	165,988
Total		<u>412,191</u>	<u>830,728</u>
		<u>488,166</u>	<u>893,699</u>
11.3 Disposal of fixed assets			
The net book value of material fixed assets disposed off during the period is as follows:			
Building on freehold land		-	31,008
Total		<u>-</u>	<u>31,008</u>
		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		Rupees in '000	
12. INTANGIBLE ASSETS			
Core Banking Application		62,134	113,026
Computer Software		263,745	132,632
		<u>325,879</u>	<u>245,658</u>



12.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Directly purchased
Total

March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
Rupees in '000	
165,685	26,423
165,685	26,423

13 RIGHT OF USE ASSETS

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

Balance as at initial application i.e. January 01, 2019
Depreciation charged for the period
Balance as at March 31, 2019

March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Rupees in '000	
3,319,872	-
184,530	-
3,135,342	-

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

14. OTHER ASSETS

Income / return / mark-up accrued in local currency - net of provision
Income / return / mark-up accrued in foreign currency
Advances, deposits, advance rent and other prepayments
Advance taxation (payments less provisions)
Income tax refunds receivable
Compensation for delayed tax refunds
Non-banking assets acquired in satisfaction of claims
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)
Unrealized gain on forward foreign exchange contracts
Commission receivable on Government. treasury transactions
Stationery and stamps on hand
Barter trade balances
Receivable on account of Government transactions
Receivable from Government under VHS scheme
Receivable against sale of shares
Acceptances
Others

Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Rupees in '000		
	36,285,953	31,149,949
	3,177,944	2,478,075
	5,448,387	7,039,988
	8,423,066	11,743,706
	45,668,031	45,531,634
	9,348,234	8,082,559
	3,789,134	3,796,527
	228,484	228,484
	1,276,846	6,929,960
	6,476,764	4,627,921
	421,120	381,722
	195,399	195,399
	323,172	323,172
	418,834	418,834
	85,318	311,383
	80,428,189	45,884,978
	9,915,697	7,984,535
	211,910,572	177,108,826
14.1	8,948,061	8,884,661
	202,962,511	168,224,165
	(201,867)	(201,867)
Other assets - total	202,760,644	168,022,298



	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Rupees in '000	
14.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	2,431,823	2,405,689
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets Acquired from CIRC	228,484	228,484
Others	1,994,487	1,957,221
	8,948,061	8,884,661
14.1.1 Movement in provision held against other assets		
Opening balance	8,884,661	8,772,698
Charge for the year	63,400	2,289,554
Adjustment of compensation claimed by SBP to SBP balances	-	(2,174,278)
Amount written off	-	(3,314)
Closing balance	8,948,061	8,884,661
15. BILLS PAYABLE		
In Pakistan	26,668,196	9,838,706
Outside Pakistan	128,892	105,472
	26,797,088	9,944,178
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	1,780,299	1,553,200
Under Export Refinance Scheme (New Scheme)	17,348,061	15,711,423
Refinance Facility for Modernization of SMEs	-	-
Financing Facility for storage of Agriculture Produce (FFSAP)	281,727	222,727
Under Long-Term Financing Facility (LTFF)	5,734,804	5,418,613
	25,144,891	22,905,963
Repurchase agreement borrowings	84,212,179	278,631,608
Bai Muajjal	20,344,701	45,954,085
Total secured	129,701,771	347,491,656
Unsecured		
Call borrowings	43,167,951	36,400,855
Overdrawn nostro accounts	1,242,222	3,807,347
Bai Muajjal	97,238	5,039,538
Total unsecured	44,507,411	45,247,740
	174,209,182	392,739,396
16.1 Particulars of borrowings with respect to currencies		
In local currency	131,745,134	356,338,554
In foreign currencies	42,464,048	36,400,842
	174,209,182	392,739,396



16.2 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3% (2018: 3.0%).
- Repurchase agreement borrowings carry mark-up ranging from 9.49% to 10.55% per annum (2018: 8.4% to 10.16% per annum) having maturity on ranging from April 1, 2019 to April 12, 2019.
- Call borrowings carry interest ranging from 0.1% to 9.0% per annum (2018: 0% to 4.22% per annum).

16.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

16.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 84,162 million (2018: Rs. 283,850 million).

17. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits - remunerative	283,400,404	-	283,400,404	323,623,737	-	323,623,737
Current deposits - non-remunerative	347,863,781	113,670,550	461,534,331	342,557,322	122,864,545	465,421,867
Savings deposits	508,692,618	38,010,938	546,703,556	498,375,321	37,724,865	536,100,186
Term deposits	240,423,818	63,647,567	304,071,385	273,475,804	66,124,944	339,600,748
Others	2,350,894	3,522	2,354,416	9,377,504	3,409	9,380,913
	1,382,731,515	215,332,577	1,598,064,092	1,447,409,688	226,717,763	1,674,127,451
Financial Institutions						
Current deposits	155,548,041	5,125,644	160,673,685	285,775,752	27,312,676	313,088,428
Savings deposits	3,037,940	-	3,037,940	812,330	778	813,108
Term deposits	-	4,404,238	4,404,238	7,335,635	1,814,815	9,150,450
Others	2,723,803	9,762,344	12,486,147	4,523,363	9,682,401	14,205,764
-	161,309,784	19,292,226	180,602,010	298,447,080	38,810,670	337,257,750
	1,544,041,299	234,624,803	1,778,666,102	1,745,856,768	265,528,433	2,011,385,201

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 90,485 million (2018: Rs. 104,127 million)



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

18 LEASE LIABILITY

Lease liabilities included in the statement of financial position

As at March 31, 2019

4,059,657	-
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Of which are:

Current lease liability

940,005	-
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Non-current lease liability

3,119,652	-
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4,059,657	-
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Maturity analysis - contractual undiscounted cashflows

Less than one year

878,009	-
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One to five years

3,139,684	-
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More than five years

2,083,124	-
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Total undiscounted lease liabilities as at March 31, 2019

6,100,817	-
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19. DEFERRED TAX LIABILITIES

Deductible Temporary Differences on

- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Provision against loans and advances
- Provision against off-balance sheet obligations
- Other provisions
- Right of Use Assets

(10,705)	(10,705)
(2,916,078)	(2,767,522)
(236,751)	(236,751)
(622,390)	(622,390)
(115,222)	(115,222)
(105,416)	(105,416)
(500,611)	-
(4,507,173)	(3,858,006)

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Other

1,803,394	1,805,306
7,429,385	6,667,702
55,208	55,208
2,314,832	2,314,832
11,602,819	10,843,048
7,095,646	6,985,042



		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	Rupees in '000 -----	
20. OTHER LIABILITIES			
Mark-up / Return / Interest payable in local currency		24,077,353	31,324,102
Mark-up / Return / Interest payable in foreign currencies		558,545	555,608
Unearned commission and income on bills discounted		4,100,191	635,699
Accrued expenses		10,083,230	11,629,326
Advance payments		305,203	339,788
Unclaimed dividends		187,818	188,868
Unrealized loss on forward foreign exchange contracts		122	-
Unrealized loss on put option		306,339	306,339
Branch adjustment account		1,941,093	5,864,695
Employee benefits:			
Pension fund		13,454,841	13,069,665
Post retirement medical benefits		15,820,930	15,371,225
Benevolent fund		1,722,714	1,604,689
Gratuity scheme		1,851,184	1,730,265
Compensated absences		7,753,920	7,541,419
Staff welfare fund		371,257	371,257
Liabilities relating to Barter trade agreements		18,282,296	18,034,813
Provision against off-balance sheet obligations		627,494	627,494
Provision against contingencies		3,759,889	3,734,889
Payable to brokers		190,883	180,594
PIBs shortselling		278,370	366,896
Acceptances		80,428,189	45,884,978
Others		12,012,523	11,281,227
		198,114,384	170,643,836
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of			
- Available for sale securities	9.1	25,887,642	22,943,322
- Fixed assets		44,199,563	44,292,018
- Non-banking assets		2,062,480	2,062,480
		72,149,685	69,297,820
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(7,429,385)	(6,667,702)
- Fixed assets		(2,556,426)	(2,588,785)
- Non-banking assets		(55,208)	(55,208)
		(10,041,019)	(9,311,695)
		62,108,666	59,986,125



		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	Rupees in '000	
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	143,341,996	94,340,275
Commitments	22.2	1,484,055,602	1,286,438,703
Other contingent liabilities	22.3	29,599,561	29,259,673
		<u>1,656,997,159</u>	<u>1,410,038,651</u>
22.1 Guarantees			
Financial guarantees		87,578,167	55,505,600
Performance guarantees		55,763,829	38,834,676
		<u>143,341,996</u>	<u>94,340,275</u>
22.2 Commitments			
Documentary credits and short-term trade-related transactions			
Letters of credit		865,992,186	716,304,478
Commitments in respect of:			
Forward foreign exchange contracts	22.2.1	607,506,218	512,873,075
Forward government securities transactions	22.2.2	10,309,638	56,816,129
Commitments for acquisition of:			
Fixed assets		234,060	431,521
Other commitments	22.2.3	13,500	13,500
		<u>1,484,055,602</u>	<u>1,286,438,703</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		359,589,563	312,710,160
Sale		247,916,655	200,162,915
		<u>607,506,218</u>	<u>512,873,075</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these condensed unconsolidated interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.



	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- Rupees in '000 -----	
22.2.2 Commitments in respect of forward government securities transactions		
Purchase	5,612,696	50,950,025
Sale	4,696,943	5,866,104
	10,309,638	56,816,129

Commitments for outstanding forward government securities transactions are disclosed in these unconsolidated financial statements at contracted rates.

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- Rupees in '000 -----	
22.2.3 Professional services to be received	13,500	13,500

22.3 Other contingent liabilities

22.3.1 Claim against the Bank not acknowledged as debt	29,599,561	29,259,673
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Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (2018: Rs. 1,597 million).

22.3.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018, except for

- The tax returns of the Bank have been filed upto tax year 2018 and amended by the tax authorities up to Tax Year 2018. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2018.
- During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2018 vide order dated March 28, 2019 through add back / additions and imposed Super Tax under Section 4B read with Finance Supplementary (Second Amendment) Act 2019 through which super tax on Banking companies levied retrospectively at the rate of four percent of taxable income for the tax year 2018. As a result thereof the net demand of Rs.724.695 million raised against the Bank which is paid. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.
- The aggregate effect of contingencies as on March 31, 2019 amounts to Rs. 10,732 million (December 31, 2018: Rs. 12,065 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.



22.3.3 Barter Trade Agreements

Same as disclosed in Annual Financial Statements of the bank for the year ended Dec 31, 2018.

22.3.4 Contingencies in respect of employees benefits and related matters

The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018 except for that the hearing of pension case was fixed on April 30, 2019, however, it was adjourned.

22.4 Foreign Exchange repatriation case

The current status of these contingencies is same as disclosed in the annual financial statements of the Bank for the year ended December 31, 2018.

22.5 Compliance and risk matters relating to anti-money laundering

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2018.

		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
	Note	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		22,842,290	14,394,563
Investments		21,332,283	16,603,460
On securities purchased under resale agreements		1,373,553	233,594
Balances with other banks		244,802	158,798
		45,792,928	31,390,415
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		22,637,579	12,529,108
Borrowings		1,402,799	376,503
Cost of foreign currency swaps against foreign currency deposits		2,095,563	906,592
Securities sold under repurchase agreements		4,088,875	3,453,762
		30,224,816	17,265,965
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		300,055	311,977
Consumer finance related fees		210,403	175,892
Card related fees		158,179	111,876
Credit related fees		72,643	65,738
Investment banking fees		48,217	19,878
Commission on trade		858,685	943,249
Commission on guarantees		91,119	109,585
Commission on cash management		7,047	3,927
Commission on remittances including home remittances		225,389	169,193
Commission on bancassurance		98,786	60,950
Commission on government transactions		1,913,750	1,932,270
Others		40,539	32,681
		4,024,812	3,937,216



		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
	Note	Rupees in '000	
26. GAIN / (LOSS) ON SECURITIES			
Realised	26.1	96,598	902,109
Unrealised - held for trading	9.1	(12,279)	(13,391)
		84,319	888,718
26.1 Realised gain on			
Federal Government Securities		59,136	236,078
Shares		20,249	578,531
Ijarah Sukuks		17,213	87,500
		96,598	902,109
27. OTHER INCOME			
Rent on property		11,915	12,413
Gain on sale of fixed assets - net		367	41
Compensation for delayed tax refunds	27.1	1,265,675	436,317
Others		4,520	3,597
		1,282,477	452,368
27.1	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		


28. OPERATING EXPENSES
Total compensation expenses
8,842,902
8,521,385
Property expenses

Rent and taxes	
Insurance	
Utilities cost	
Security (including guards)	
Repair and maintenance (including janitorial charges)	
Financial charges on Right-of-Use assets	
Depreciation	
Depreciation on non banking assets	
Depreciation on Ijarah assets	
Depreciation on Right-of-Use assets	

Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
337,008	616,975
128,080	48,740
177,993	154,762
463,695	473,761
335,935	432,953
105,018	-
105,841	53,677
7,394	9,879
50,589	54,017
184,530	-
1,896,083	1,844,764

Information technology expenses

Software maintenance	
Hardware maintenance	
Depreciation	
Amortisation	
Network charges	
Others	

57,286	114,885
3,327	6,126
106,129	86,478
50,891	81,504
89,280	85,567
16,954	11,658
323,867	386,218

Other operating expenses

Directors' fees and reimbursement of other expenses	
Legal & professional charges	
Outsourced services costs	
Travelling and conveyance	
NIFT clearing charges	
Depreciation	
Training and development	
Postage and courier charges	
Communication	
Stationery and printing	
Marketing, advertisement & publicity	
Contributions for other Corporate and Social Responsibility	
Auditors' remuneration	
Entertainment	
Clearing, verification, licence fee charges	
Brokerage	
Financial charges on Leased assets	
Deposit Premium expense	
Others	

8,670	9,659
110,176	148,935
145,630	275,113
129,939	212,562
30,587	27,064
360,234	313,992
31,430	13,614
36,952	86,919
61,933	65,513
157,998	174,854
57,417	54,017
9,756	5,044
53,684	45,793
74,841	36,658
76,656	104,231
21,677	30,568
4,765	3,691
309,960	-
100,480	91,795
1,782,785	1,700,022
12,845,637	12,452,389



		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
	Note	Rupees in '000	
29. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		6,796	972
		6,796	972
30. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	445,642	(241,697)
Provisions against loans and advances	10.4	1,726,364	57,787
Provision against other assets		82,905	180,920
		2,254,911	(2,990)
31. TAXATION			
Current		3,508,189	2,695,404
Prior years		1,056,841	-
Deferred		(21,005)	(20,678)
		4,544,025	2,674,726
31.1	The Federal Government vide The Finance Supplementary (Second Amendment) Bill, 2019 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2017 (Tax Year 2018). Accordingly, provisions of Rs. 1,057 million for Super tax has been made in prior year.		
		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
		Rupees	
32. BASIC EARNINGS PER SHARE			
Profit for the year (in 000's)		4,183,483	4,893,923
Weighted average number of ordinary shares (in 000's)		2,127,513	2,127,513
Basic earnings per share		1.97	2.30
33. DILUTED EARNINGS PER SHARE			
Profit for the year (in 000's)		4,183,483	4,893,923
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares) (in 000's)		2,127,513	2,127,513
Diluted earnings per share		1.97	2.30
34. FAIR VALUE MEASUREMENTS			

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.

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



34.1 Fair value of financial assets

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

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

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

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

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

	Carrying Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000				
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	332,585,155	-	332,585,155	-	332,585,155
Pakistan Investment Bonds	229,245,607	-	229,245,607	-	229,245,607
Ijarah Sukuks	1,978,800	-	1,978,800	-	1,978,800
Ordinary shares of listed companies	37,858,160	37,858,160	-	-	37,858,160
Ordinary shares of unlisted companies	1,594,289	-	-	1,594,289	1,594,289
Preference shares	125,372	38,508	-	86,864	125,372
Investments in mutual funds	2,064,031	2,064,031	-	-	2,064,031
Term Finance Certificates / Musharika and Sukuk Bonds	59,390,968	-	59,390,968	-	59,390,968
GoP Foreign Currency Bonds	27,113,167	-	27,113,167	-	27,113,167
Foreign Government Securities	961,361	-	961,361	-	961,361
Foreign Currency Debt Securities	1,293,932	-	1,293,932	-	1,293,932
Ordinary shares of a bank outside Pakistan	19,106,592	19,106,592	-	-	19,106,592
	713,317,435	59,067,291	652,568,990	1,681,153	713,317,435
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	173,481,584	-	-	-	-
Balances with other banks	15,850,645	-	-	-	-
Lending to financial instruments	120,925,617	-	-	-	-
Investments					
Pakistan Investment Bonds	170,277,900	-	-	-	-
GoP Foreign Currency Bonds	2,885,979	-	-	-	-
Foreign Government Securities	26,147,501	-	-	-	-
Foreign Currency Debt Securities	538	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	284,572	-	-	-	-
Advances	912,297,371	-	-	-	-
Other assets	202,760,644	-	-	-	-
	1,624,912,351	-	-	-	-
	2,338,229,786	59,067,291	652,568,990	1,681,153	713,317,435
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	607,506,218	-	1,276,846	-	1,276,846
Forward government securities transactions	10,309,638	-	2,181,177	-	2,181,177



On balance sheet financial instruments

Financial assets - measured at fair value

Investments					
Market Treasury Bills	741,979,834	-	741,979,834	-	741,979,834
Pakistan Investment Bonds	197,596,895	-	197,596,895	-	197,596,895
Ijarah Sukuks	9,683,884	-	9,683,884	-	9,683,884
Ordinary shares of listed companies	39,059,980	39,059,980	-	-	39,059,980
Ordinary shares of unlisted companies	1,594,289	-	-	1,594,289	1,594,289
Preference shares	125,936	39,072	-	86,864	125,936
Investments in mutual funds	2,027,408	2,027,408	-	-	2,027,408
Term Finance Certificates / Musharika					
and Sukuk Bonds	56,266,040	-	56,266,040	-	56,266,040
GoP Foreign Currency Bonds	24,946,934	-	24,946,934	-	24,946,934
Foreign Government Securities	820,450	-	820,450	-	820,450
Foreign Currency Debt Securities	1,457,561	-	1,457,561	-	1,457,561
Ordinary shares of a bank outside Pakistan	16,034,284	16,034,284	-	-	16,034,284
	<u>1,091,593,495</u>	<u>57,160,744</u>	<u>1,032,751,598</u>	<u>1,681,153</u>	<u>1,091,593,495</u>

Financial assets - disclosed but not measured at fair value

Cash and balances with treasury banks	247,518,270	-	-	-	-
Balances with other banks	12,202,020	-	-	-	-
Lending to financial instruments	106,391,667	-	-	-	-
Investments					
Pakistan Investment Bonds	157,346,442	-	-	-	-
GoP Foreign Currency Bonds	2,859,233	-	-	-	-
Foreign Government Securities	25,866,066	-	-	-	-
Foreign Currency Debt Securities	532	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	284,572	-	-	-	-
Advances	926,007,004	-	-	-	-
Other assets	168,022,298	-	-	-	-
	1,646,498,104	-	-	-	-
	2,738,091,599	57,160,744	1,032,751,598	1,681,153	1,091,593,495

Off-balance sheet financial instruments - measured at fair value

Foreign exchange contracts purchase and sale	512,873,075	-	6,929,960	-	6,929,960
Forward government securities transactions	56,816,120	-	(2,662,847)	-	(2,662,847)

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

34.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

	March 31, 2019 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
			Rupees in '000		
Land & building (property and equipment)	47,892,459	-	47,892,459	-	47,892,459
Non-banking assets acquired in satisfaction of claims	3,789,134	-	3,789,134	-	3,789,134
Right-of-Use-Assets	3,135,342		3,135,342		3,135,342
	54,816,935	-	54,816,935	-	54,816,935
	December 31, 2018 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
			Rupees in '000		
Land & building (property and equipment)	47,995,831	-	47,995,831	-	47,995,831
Non-banking assets acquired in satisfaction of claims	3,796,527	-	3,796,527	-	3,796,527
Right-of-Use-Assets	-		-		-
	51,792,358	-	51,792,358	-	51,792,358



35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Quarter Ended March 31, 2019 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
Profit and loss account						
Net mark-up / return / profit	12,930,394	9,706,439	15,495,706	696,265	862,817	1,737,280
Inter segment revenue - net	(16,919,050)	(9,511,260)	(18,677,854)	-	(138,351)	1,708,415
Non mark-up / return / interest income	3,164,549	436,822	2,954,645	340,831	91,743	1,278,151
Total income	16,853,205	632,000	(227,503)	1,037,096	816,208	4,723,845
Segment direct expenses	6,943,089	151,108	84,849	942,200	618,003	159,057
Inter segment expense allocation	-	-	-	-	3,954,127	3,954,127
Total expenses	6,943,089	151,108	84,849	942,200	618,003	12,852,433
Provisions Charge / (Reversal)	373,990	1,676,906	453,142	61,913	(82,911)	(228,129)
Profit / (loss) before tax	9,536,126	(1,196,013)	(765,495)	32,983	281,117	8,727,508

March 31, 2019 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
Statement of financial position						
Cash and balances with treasury & other banks	38,291,267	291,294	91,904,149	54,195,674	4,649,845	-
Investments	-	-	792,737,733	58,402,477	19,673,723	48,426,635
Net inter segment lending	1,204,834,236	-	-	-	-	84,507,216
Lendings to financial institutions	-	-	109,503,471	-	11,419,496	2,650
Advances - performing	324,474,860	498,526,302	18,253	45,409,295	27,783,051	11,269,698
Advances - non-performing	23,233,254	25,448,180	-	37,739,136	204,842	52,001,954
Provision against Advances	(20,522,261)	(21,117,916)	-	(37,010,069)	(196,084)	(54,965,123)
Advances - Net	327,185,852	502,856,566	18,253	46,138,362	27,791,809	8,306,529
Others	31,269,296	85,322,754	4,882,412	6,216,150	5,886,616	126,422,280
Total assets	1,601,580,653	588,470,614	999,046,018	164,952,663	69,421,488	267,665,310
Borrowings	1,970,572	23,174,319	105,896,340	43,167,951	-	-
Deposits and other accounts	1,563,447,857	69,284,561	-	90,485,229	55,448,455	-
Net inter segment borrowing	-	406,005,950	845,082,335	29,212,268	9,040,899	-
Others	36,162,224	90,005,784	23,080,471	1,742,121	4,723,994	80,352,182
Total liabilities	1,601,580,653	588,470,614	974,059,146	164,607,569	69,213,348	80,352,182
Equity	-	-	24,986,872	345,095	208,139	187,313,127
Total equity and liabilities	1,601,580,653	588,470,614	999,046,018	164,952,663	69,421,488	267,665,310
Contingencies and commitments	750,730,347	232,249,291	-	25,952,339	-	402,204

Quarter Ended March 31, 2018 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
Profit and loss account						
Net mark-up / return / profit	(5,117,131)	5,727,120	11,500,356	607,159	468,117	938,828
Inter segment revenue - net	13,575,641	(3,914,750)	(9,941,894)	-	(95,517)	194,520
Non mark-up / return / interest income	3,110,515	477,022	1,427,467	349,230	66,545	463,792
Total income	11,571,024	2,289,393	2,985,929	956,389	439,146	1,597,139
Segment direct expenses	6,269,979	100,045	126,656	742,542	499,702	137,246
Inter segment expense allocation	-	-	-	-	-	4,577,191
Total expenses	6,269,979	100,045	126,656	742,542	499,702	4,714,437
Provisions charge / (reversal)	112,054	1,216,665	32,373	(95,594)	-	(1,268,488)
Profit / (loss) before tax	5,368,991	972,683	2,826,900	309,442	(60,556)	(1,848,810)

December 31, 2018 (Un-audited)						
Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Altemaad & Islamic Banking	Head Office / Others	Total
Rupees in '000						
Statement of financial position						
Cash and balances with treasury & other banks	121,763,323	189,794	78,372,622	54,739,132	4,655,330	89
Investments	-	-	1,139,600,282	55,950,776	23,914,372	64,853,958
Net inter segment lending	1,321,328,484	-	-	-	-	79,158,614
Lendings to financial institutions	-	-	104,971,318	-	1,417,699	2,650
Advances - performing	341,581,933	500,111,019	17,990	46,230,666	26,741,353	11,437,390
Advances - non-performing	19,917,069	22,069,620	-	39,181,569	364,825	51,826,711
Provision against Advances	(20,155,956)	(50,141,547)	-	(38,328,525)	(278,995)	(54,568,120)
Advances - net	341,343,046	502,039,092	17,990	46,827,710	26,827,183	8,695,981
Others	28,212,221	50,731,814	9,761,367	3,904,176	2,142,202	127,376,060
Total assets	1,812,647,074	552,960,700	1,332,723,579	161,677,794	58,956,786	280,087,352
Borrowings	1,041,673	21,864,290	333,432,591	36,400,842	-	-
Deposits and other accounts	1,775,438,318	80,797,441	-	104,127,206	51,022,237	-
Net inter segment borrowing	-	404,994,021	969,156,574	20,257,431	6,079,071	-
Others	36,167,083	45,304,947	24,212,749	1,650,467	1,146,690	79,091,120
Total liabilities	1,812,647,074	552,960,699	1,326,801,914	162,435,946	58,247,998	79,091,120
Equity	-	-	5,921,665	(758,151)	708,789	200,996,233
Total equity and liabilities	1,812,647,074	552,960,699	1,332,723,579	161,677,795	58,956,787	280,087,353
Contingencies and commitments	579,228,336	203,590,159	-	27,725,864	-	100,394



36. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

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

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

March 31, 2019 (Un-audited)										December 31, 2018 (Audited)									
Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A A/c)	Provident Fund	Other related parties
Rupees in '000																			
Balances with other banks																			
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,836	-	-	-	-
In deposit accounts	-	-	-	-	-	4,804	-	-	-	-	-	-	-	-	8,780	-	-	-	-
	-	-	-	-	-	4,804	-	-	-	-	-	-	-	-	25,616	-	-	-	-
Investments																			
Opening balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-
Provision for diminution in value of investments	-	-	-	3,835,810	-	-	-	-	-	-	-	-	-	3,793,405	-	-	-	-	-
Advances																			
Opening balance	-	222,967	528,198	3,105,907	-	-	-	-	217,063	-	145,369	398,914	3,314,085	-	-	-	-	-	-
Addition during the year	-	31,901	-	-	-	-	-	-	-	-	20,224	129,655	-	-	-	-	-	-	33,958
Repaid during the year	-	(17,372)	(224,991)	(21,652)	-	-	-	-	-	-	(22,052)	(371)	(208,178)	-	-	-	-	-	(35,503)
Adjustment*	-	-	-	-	-	-	-	-	-	-	84,416	-	-	-	-	-	-	-	222,608
Closing balance	-	247,496	303,207	3,084,255	-	-	-	-	217,063	-	222,967	528,198	3,105,907	-	-	-	-	-	217,063
March 31, 2019 (Un-audited)										December 31, 2018 (Audited)									
Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.L.D.A A/c)	Provident Fund	Other related parties
Rupees in '000																			
Other Assets																			
Interest / mark-up accrued	-	-	194,370	1,709,819	-	-	-	-	-	-	-	197,827	1,704,892	-	-	-	-	-	-
Other receivable	-	-	79,224	-	-	-	-	-	-	-	-	79,258	-	-	-	-	-	-	-
	-	-	275,594	1,709,819	-	-	-	-	-	-	-	275,285	1,704,892	-	-	-	-	-	-
Borrowings																			
Opening balance	-	-	-	38,248	-	-	-	-	-	-	-	-	-	87,920	-	-	-	-	-
Borrowings during the year	-	-	-	34,482	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(69,672)	-	-	-	-	-
Closing balance	-	-	-	72,730	-	-	-	-	-	-	-	-	-	38,248	-	-	-	-	-
Deposits and other accounts																			
Opening balance	10,732	80,688	1,120,160	-	-	1,085	11,100,000	458,328	12,465,939	-	15,614	62,047	885,251	-	1,248	10,300,000	574,539	12,749,309	-
Received during the year	2,700	288,106	49,919	-	-	27,550,822	-	9,315,663	232,412	-	26,447	485,525	267,651	-	4,300,229	28,800,000	16,639,785	14,268,653	-
Withdrawn during the year	(1,263)	(223,800)	(226,670)	-	-	(27,551,891)	(8,800,000)	(9,142,635)	(158,368)	-	(33,087)	(454,453)	(32,742)	-	(4,300,392)	(28,000,000)	(16,695,996)	(14,552,023)	-
* Adjustment	-	(3,897)	-	-	-	-	-	-	-	-	(242)	(12,429)	-	-	-	-	-	-	-
Closing balance	12,238	141,097	944,009	-	-	16	2,301,000	631,356	12,539,982	-	10,732	80,688	1,120,160	-	1,085	11,100,000	458,328	12,465,939	-
Other Liabilities																			
Other payables to subsidiaries	-	-	2,520	-	-	-	-	-	-	-	-	5,874	-	-	-	-	-	-	-
Lease Finance liabilities paid to subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	2,520	-	-	-	-	-	-	-	-	5,874	-	-	-	-	-	-	-

* Adjustment due to retirement / appointment of directors and changes in key management executives.



	March 31, 2019 (Un-audited)							March 31, 2018 (Un-audited)						
	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others
Rupees in '000														
Income														
Mark-up / return / interest earned	-	6,640	-	14	-	-	6,041	-	2,731	-	13	-	-	14,733
Expense														
Mark-up / return / interest paid	-	4,955	-	100	138,912	420,981	-	-	3,159	-	467	185,252	280,102	-
Transaction Fee paid to company in which director of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	-	-	2,755
Finance charges paid on lease assets to subsidiary	-	-	-	-	-	-	-	-	190	-	-	-	-	-
Remuneration to key management executives including charge for defined benefit plan	120,909	-	-	-	-	-	-	86,862	-	-	-	-	-	-
Commission paid to subsidiaries	-	1,205	-	-	-	-	-	-	2,574	-	-	-	-	-

36.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government 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 service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,914 million for the quarter ended March 31, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 312,659 million, Rs. 704,223 million and Rs 795,508 million respectively. Income earned on advances and profit paid on deposits amounted to Rs. 5,947 million and Rs. 11,058 million respectively.



37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Rupees in '000	
Minimum Capital Requirement		
Paid-up capital	150,744,567	146,882,410
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	127,858,500	124,818,200
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	127,858,500	124,818,200
Eligible Tier 2 Capital	37,914,528	43,840,140
Total Eligible Capital (Tier 1 + Tier 2)	165,773,028	168,658,340
Risk Weighted Assets		
Credit Risk	836,911,118	795,527,135
Market Risk	92,234,735	81,071,227
Operational Risk	155,078,622	155,078,622
Total	1,084,224,475	1,031,676,984
Common Equity Tier 1 Capital Adequacy ratio	11.79%	12.10%
Tier 1 Capital Adequacy Ratio	11.79%	12.10%
Total Capital Adequacy Ratio	15.29%	16.35%
Leverage Ratio		
Tier-1 Capital	127,858,500	124,818,200
Total Exposures	3,362,224,454	3,645,020,976
Leverage Ratio	3.80%	3.42%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	641,997,614	949,424,482
Total Net Cash Outflow	399,630,326	560,346,109
Liquidity Coverage Ratio	161%	169%
Net Stable Funding Ratio		
Total Available Stable Funding	1,612,070,802	1,745,679,890
Total Required Stable Funding	653,219,600	544,123,198
Net Stable Funding Ratio	247%	321%



38. ISLAMIC BANKING BUSINESS

The bank is operating 192 (December 31, 2018: 192) Islamic banking branches and no Islamic banking windows at the three months period ended March 31, 2019.

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		4,644,482	4,649,968
Balances with other banks		4,307	4,319
Due from financial institutions	38.1	11,419,496	1,417,699
Investments	38.2	19,673,723	23,914,372
Islamic financing and related assets - net	38.3	27,791,902	26,827,280
Fixed assets		196,930	275,435
Intangible assets		-	-
Due from Head Office		-	-
Other assets		5,722,642	1,998,587
Total Assets		69,453,482	59,087,660
LIABILITIES			
Bills payable		192,745	228,382
Due to financial institutions		-	-
Deposits and other accounts	38.4	55,448,485	51,022,121
Due to Head Office		6,325,806	3,920,506
Subordinated debt		-	-
Other liabilities		4,797,194	1,065,012
		66,764,230	56,236,021
NET ASSETS		2,689,252	2,851,639
REPRESENTED BY			
Islamic Banking Fund		2,200,000	2,200,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		208,139	708,789
Unappropriated/ Unremitted loss	38.5	281,113	(57,150)
		2,689,252	2,851,639



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

		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
		Rupees in '000	
Profit / return earned	38.6	1,346,518	616,662
Profit / return expensed	38.7	(672,994)	(298,123)
Net Profit / return		673,524	318,539
Other income			
Fee and Commission Income		75,073	46,660
Dividend Income		-	-
Foreign Exchange Income		14,992	8,291
Gain / (loss) on securities		-	-
Other Income		2,031	11,594
Total other income		92,096	66,545
Total Income		765,620	385,084
Other expenses			
Operating expenses		(567,412)	(445,641)
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		(567,412)	(445,641)
Profit / (loss) before provisions		198,208	(60,557)
Provisions and write offs - net		82,905	-
Profit / (loss) before taxation		281,113	(60,557)
Taxation		-	-
Profit / (loss) after taxation		281,113	(60,557)



38.1 Due from Financial Institutions

Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----					
-	-	-	-	-	-
11,419,496	-	11,419,496	1,417,699	-	1,417,699
11,419,496	-	11,419,496	1,417,699	-	1,417,699

This represent Bai Muajjal agreement with Government of Pakistan and carries profit rate 12.77% (2018:12.82%) per annum.

38.2 Investments by segments:

Federal Government Securities:

-Ijarah Sukuks

March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----							
2,000,000		(21,200)	1,978,800	9,740,000		(56,116)	9,683,884
2,000,000	-	(21,200)	1,978,800	9,740,000	-	(56,116)	9,683,884

Non Government Debt Securities

-Listed

-Unlisted

600,000		4,574	604,574	600,000	-	5,211	605,211
16,996,391	(130,807)	224,765	17,090,349	12,996,390	(130,807)	759,694	13,625,277
17,596,391	(130,807)	229,339	17,694,923	13,596,390	(130,807)	764,905	14,230,488
19,596,391	(130,807)	208,139	19,673,723	23,336,390	(130,807)	708,789	23,914,372

Total Investments



38.3 Islamic financing and related assets

Ijarah	
Murabaha	
Musawama	
Diminishing Musharaka	
Istisna	
Other Islamic Modes (Wakala tul Istismar)	
Advances against Islamic assets (Ijarah, Murbaha, DM, Istasna)	
Gross Islamic financing and related assets	

Less: provision against Islamic financings

- Specific
- General

Islamic financing and related assets - net of provision

March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Rupees in '000	
380,749	436,069
2,849,717	2,024,071
25,478	69,867
11,866,852	11,971,073
-	525,434
8,500,000	8,500,000
4,365,478	3,580,044
27,988,274	27,106,558
(196,084)	(278,995)
(288)	(283)
(196,372)	(279,278)
27,791,902	26,827,280

38.4 Deposits

Customers

Current deposits	14,148,944	16,347,155
Savings deposits	31,219,189	26,885,268
Term deposits	5,204,373	2,608,640
	50,572,506	45,841,063

Financial Institutions

Current deposits	653,082	505,685
Savings deposits	122,897	126,897
Term deposits	4,100,000	4,548,476
	4,875,979	5,181,058
	55,448,485	51,022,121

38.5 Islamic Banking Business Unappropriated Profit

Opening Balance	
Add: Islamic Banking profit / (loss) for the period	
Less: Transferred / Remitted to Head Office	
Closing Balance	

(57,150)	(228,135)
281,113	(57,150)
57,150	228,135
281,113	(57,150)



Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
----- Rupees in '000 -----	

38.6 Profit/Return Earned of Financing, Investments and Placement

Profit earned on:

Financing	671,468	340,421
Investments	549,920	269,836
Placements	1,299	6,405
Others (Bai Muajjal)	123,831	-
	<u>1,346,518</u>	<u>616,662</u>

38.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	534,643	202,606
Others (General Account)	138,351	95,517
	<u>672,994</u>	<u>298,123</u>

39. GENERAL**39.1** Figures have been rounded off to the nearest thousand rupees.**40. DATE OF AUTHORIZATION FOR ISSUE**

The unconsolidated condensed interim financial statements were authorized for issue on May 22, 2019 by the Board of Directors of the Bank.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



Consolidated Financial Statements of NBP and its Subsidiary Companies





Directors' Report to the Shareholders

Consolidated Financial Statements

We are pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the Bank and its Subsidiaries for the quarter ended March 31, 2019.

These consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards, Islamic Financial Accounting Standards, and other applicable regulatory directives.

Consolidated after-tax profit for the quarter ended March 31, 2019 amounted to PKR 4.28 billion which is 16.26% lower than PKR 5.11 billion earned for the corresponding period last year. During the period under review, our subsidiaries contributed PKR 41.3 million to the Bank's consolidated profitability; whereas share of profit/(loss) from the associates amounted to PKR 25.4 million, and from joint venture amounted to PKR (16) million. The Bank's Consolidated assets registered a 14.1% decrease and amounted to PKR 2,407.6 billion as of March 31, 2019 as against PKR 2,803.9 billion as of December 31, 2018. Drop in balance sheet size is due to lower deposits. Consolidated Earnings per Share for the period under review amounted to Rs. 2.00 as against Rs. 2.38 for the same period of 2018.

The consolidated operating results and appropriation of profits as recommended by the Board are given below:

	PKR Million
Pre-tax profit for the quarter ended March 31, 2019	8,858
Taxation:	
- Current	3,545
- Prior Year(s)	1,057
- Deferred	(21)
	4,581
After-tax profit for the quarter ended March 31, 2019	4,277
Un-appropriated profit brought forward	75,353
Other comprehensive income - net of tax	(276)
Non-controlling interest	(22)
Transfer from surplus on revaluation of fixed assets	60
Profit available for appropriation	79,392
Appropriation:	
Transfer to Statutory Reserve	(418)
Un-appropriated profit carried forward	78,974
Basic and diluted earnings per share (Rupees)	2.00

For and on behalf of the Board of Directors

Arif Usmani
President & CEO
Karachi
Date: May 22, 2019

Zubyr Soomro
Chairman



شیئر ہولڈرز کو ڈائریکٹرز کی رپورٹ مجموعی مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لیے نیشنل بینک آف پاکستان اور اس کے ذیلی اداروں کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ مجموعی مالیاتی گوشوارے بین الاقوامی مالیاتی رپورٹنگ کے معیارات، اسلامی مالیاتی حسابات کے معیارات اور دیگر لاگو ہونے والے ریگولیٹری احکامات کے مطابق تیار کیے گئے ہیں۔

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لیے ٹیکس کی کٹوتی کے بعد ہونے والا مجموعی منافع 4.28 ارب روپے رہا جو کہ پچھلے سال اسی عرصے کے دوران ہونے والے 5.11 ارب روپے کے مقابلے میں 16.26 فیصد کم رہا۔ زیر جائزہ عرصے کے دوران ہمارے ذیلی اداروں نے بینک کے منافع میں 41.3 ملین روپے کا حصہ ڈالا جبکہ نفع / نقصان میں منسلک اداروں کا حصہ 25.4 ملین روپے رہا۔ جبکہ مشترکہ منصوبوں سے منافع (16) ملین روپے رہا۔ بینک کے مجموعی اثاثوں میں 14.1 فیصد کمی کے بعد 31 مارچ 2019 کو اثاثوں کی مالیت 2,407.6 روپے رہی جبکہ 31 دسمبر 2018 کو اثاثوں کی مالیت 2,803.9 ارب روپے تھی۔ بیلنس شیٹ کے حجم میں کمی کی وجہ ڈپازٹس میں کمی ہے۔ زیر جائزہ عرصے کے لیے فی شخص مجموعی آمدنی 2.00 روپے جبکہ 2018 کے اسی عرصے کے دوران آمدنی 2.38 روپے فی شخص تھی۔

بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مجموعی آپریٹنگ نتائج ذیل میں دیئے جا رہے ہیں۔

ملین پاکستانی روپے

8,858

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لیے قبل از ٹیکس منافع

ٹیکسیشن:

- موجودہ

- گزشتہ سال / سالوں

- مؤخر شدہ

3,545

1,057

(21)

4,581

4,277

75,353

(276)

(22)

60

79,392

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے بعد از ٹیکس منافع

غیر تصرف شدہ سامنے لایا جانے والا منافع

دیگر جامع آمدنی - ٹیکس کے بعد

نان کنٹرولنگ انٹرسٹ

اثاثوں کی نظر ثانی شدہ قدر پر ذخائر سے منتقلی

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ سامنے لایا جانے والا منافع

بنیادی اور صل شدہ فی شخص آمدنی (روپے)

(418)

78,974

2.00

منحاسب اور بورڈ آف ڈائریکٹرز کے لیے

زیر سومرو

چیرمین

عارف عثمانی

صدر ادارہ سی ای او

کراچی

مورخہ: 22 مئی 2019



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Note		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	173,930,108	247,917,421
Balances with other banks	7	16,654,870	13,049,725
Lendings to financial institutions	8	120,925,617	106,391,667
Investments	9	920,246,226	1,284,974,506
Advances	10	912,889,761	926,339,789
Fixed assets	11	54,294,760	54,338,676
Intangible assets	12	953,009	856,900
Right-of-use assets	13	3,135,342	-
Other assets	14	204,584,917	170,017,572
		2,407,614,610	2,803,886,256
LIABILITIES			
Bills payable	15	26,797,088	9,944,178
Borrowings	16	174,209,182	392,739,396
Deposits and other accounts	17	1,778,616,495	2,011,312,625
Liabilities against assets subject to finance lease	18	146,272	121,077
Lease liabilities against right-of-use assets	19	4,059,657	-
Deferred tax liabilities	20	7,056,372	6,945,767
Other liabilities	21	199,124,881	171,761,918
		2,190,009,947	2,592,824,961
NET ASSETS		217,604,663	211,061,295
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		54,812,251	53,442,643
Surplus on revaluation of assets	22	61,679,411	59,262,177
Unappropriated profit		78,974,481	76,239,599
		216,741,274	210,219,550
Non-controlling interest		863,389	841,745
		217,604,663	211,061,295

CONTINGENCIES AND COMMITMENTS

23

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

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

		Quarter Ended March 31, 2019	Quarter Ended March 31, 2018
	Note	Rupees in '000	Rupees in '000
Mark-up / return / interest earned	24	45,834,763	31,452,921
Mark-up / return / interest expensed	25	30,220,126	17,263,619
Net mark-up / return / interest income		15,614,637	14,189,302
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	4,398,051	4,345,152
Dividend income		1,017,955	317,261
Foreign exchange income		1,900,284	351,046
Gain on securities - net	27	101,907	909,967
Share of (loss) / profit from joint venture - net of tax		(16,015)	43,296
Share of profit from associates - net of tax		25,423	53,075
Other income	28	1,282,017	448,642
Total non-mark-up / interest income		8,709,622	6,468,440
Total income		24,324,259	20,657,742
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	13,244,195	12,822,536
Workers welfare fund		-	-
Other charges	30	8,598	2,244
Total non-markup / interest expenses		13,252,793	12,824,780
Profit before provisions		11,071,466	7,832,962
Provisions and write offs - net	31	2,213,244	(2,552)
PROFIT BEFORE TAXATION		8,858,222	7,835,514
Taxation	32	4,580,576	2,727,397
PROFIT AFTER TAXATION		4,277,646	5,108,117
Attributable to:			
Shareholders of the Bank		4,256,002	5,061,645
Non-controlling interest		21,644	46,472
		4,277,646	5,108,117
----- Rupees -----			
Basic earnings per share	33	2.00	2.38
Diluted earnings per share	34	2.00	2.38

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

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

	Quarter Ended March 31, 2019	Quarter Ended March 31, 2018
	Rupees in '000	
		Restated
Profit after taxation for the period	4,277,646	5,108,117
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	951,260	671,403
Movement in surplus on revaluation of investments - net of tax	2,477,330	776,397
	3,428,590	1,447,800
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(275,890)	(366,973)
Movement in surplus on revaluation of fixed assets - net of tax	-	62,937
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	(275,890)	(304,036)
Total comprehensive income	7,430,346	6,251,881
Total comprehensive income attributable to:		
Shareholders of the Bank	7,408,702	6,205,409
Non-controlling interest	21,644	46,472
	7,430,346	6,251,881

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

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total
	Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total				
Rupees in '000												
21,275,131	7,779,628	29,586,362	12,000,000	521,338	49,887,328	25,511,867	24,120,568	49,632,435	58,069,393	178,864,287	811,427	179,675,714
-	-	-	-	-	-	-	-	-	5,061,645	5,061,645	46,472	5,108,117
-	671,403	-	-	-	671,403	776,397	62,937	839,335	(366,973)	1,143,764	-	1,143,764
-	-	489,392	-	-	489,392	-	-	-	(489,392)	-	-	-
-	-	-	-	-	-	-	(25,707)	(25,707)	25,707	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
21,275,131	8,451,031	30,075,754	12,000,000	521,338	51,048,123	26,288,264	24,157,798	50,446,062	62,300,380	185,069,696	857,899	185,927,595
-	-	-	-	-	-	-	-	-	14,851,459	14,851,459	75,724	14,927,183
-	882,400	-	-	-	882,400	(11,138,490)	20,031,727	8,893,236	522,758	10,298,395	-	10,298,395
-	-	1,512,120	-	-	1,512,120	-	-	-	(1,512,120)	-	-	-
-	-	-	-	-	-	-	(77,122)	(77,122)	77,122	-	-	-
-	-	-	-	-	-	-	-	-	-	-	(91,878)	(91,878)
21,275,131	9,333,431	31,587,874	12,000,000	521,338	53,442,643	15,149,774	44,112,403	59,262,177	76,239,599	210,219,550	841,745	211,061,295
-	-	-	-	-	-	-	-	-	(886,978)	(886,978)	-	(886,978)
21,275,131	9,333,431	31,587,874	12,000,000	521,338	53,442,643	15,149,774	44,112,403	59,262,177	75,352,621	209,332,572	841,745	210,174,317
-	-	-	-	-	-	-	-	-	4,256,002	4,256,002	21,644	4,277,646
-	951,260	-	-	-	951,260	2,477,330	-	2,477,330	(275,890)	3,152,700	-	3,152,700
-	-	418,348	-	-	418,348	-	-	-	(418,348)	-	-	-
-	-	-	-	-	-	-	(60,096)	(60,096)	60,096	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
21,275,131	10,284,691	32,006,222	12,000,000	521,338	54,812,251	17,627,103	44,052,308	61,679,411	78,794,481	216,741,274	863,389	217,604,663

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

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
Note	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,858,222	7,835,514
Less: Dividend income	(1,017,955)	(317,261)
	7,840,267	7,518,253
Adjustments:		
Depreciation	658,915	545,612
Depreciation on right-of-use assets	184,530	-
Amortization	51,385	81,957
Provision and write-offs	2,213,244	(2,552)
Gain on sale of fixed assets	(3,925)	(1,031)
Financial charges on leased assets	8,950	199
Financial charges on right-of-use assets	105,018	-
Unrealized loss / (gain) on revaluation of investments classified as held-for-trading	1,992	(4,184)
Charge for defined benefit plans - net	1,822,506	1,361,881
Share of loss / (profit) from joint venture - net of tax	16,015	(43,296)
Share of loss from associates - net of tax	(25,423)	(53,075)
	5,033,207	1,885,511
	12,873,474	9,403,764
(Increase) / decrease in operating assets		
Lendings to financial institutions	(22,633,950)	(23,135,467)
Held-for-trading securities	125,080,046	431,615,179
Advances	11,325,552	(11,004,801)
Others assets (excluding advance taxation)	(38,236,206)	(5,885,899)
	75,535,442	391,589,013
Increase/ (decrease) in operating liabilities		
Bills payable	16,852,910	1,283,414
Borrowings from financial institutions	(222,732,185)	(182,375,812)
Deposits	(232,696,130)	(58,564,025)
Other liabilities	29,790,252	(2,081,194)
	(408,785,153)	(241,737,616)
Financial charges paid	(113,968)	(199)
Income tax paid	(2,416,852)	(219,059)
Benefits paid	(359,995)	(606,122)
Net cash flow from / (used in) operating activities	(323,267,053)	158,429,779
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	255,865,042	(198,839,710)
Net investments in held-to-maturity securities	(13,239,885)	(2,647,509)
Dividends received	1,017,955	317,261
Investments in fixed assets	(3,882,928)	(952,725)
Proceeds from sale of fixed assets	15,199	59,892
Effect of translation of net investment in foreign branches	951,260	671,403
Net cash flow (used in) / generated from investing activities	240,726,642	(201,391,388)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(142,678)	(45,237)
Dividend paid	(1,050)	-
Net cash flow used in financing activities	(143,728)	(45,237)
Increase in cash and cash equivalents	(82,684,139)	(43,006,846)
Cash and cash equivalents at beginning of the period	228,999,744	167,535,611
Cash and cash equivalents at end of the period	146,315,605	124,528,765

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

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

- CJSC Subsidiary Bank of NBP in Kazakhstan
- CJSC Subsidiary Bank of NBP in Tajikistan
- NBP Exchange Company Limited, Pakistan
- National Bank Modaraba Management Company Limited, Pakistan
- First National Bank Modaraba, Pakistan
- Taurus Securities Limited, Pakistan
- NBP Fund Management Limited, Pakistan
- Cast-N-Link Products Limited

The subsidiary company of the Group, National Bank Modaraba Management Company Limited, Pakistan exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the Ultimate Holding Company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset.

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,509 (2018: 1,504) branches in Pakistan and 21 (2018: 21) overseas branches (including the Export Processing Zone branch, Karachi).

CJSC Subsidiary Bank of NBP in Kazakhstan, CJSC Subsidiary Bank of NBP in Tajikistan, NBP Exchange Company Limited, National Bank Modaraba Management Company Limited are wholly owned subsidiaries of the holding company while the controlling interest in Taurus Securities Limited is 58.32%, NBP Fund Management Limited is 54%, First National Bank Modaraba 30% and Cast-N-Link Products Limited 76.51%.

1.2 BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Bank (Holding Company) and its subsidiary companies together - "the Group".



- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of the comprehensive income from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.
- The financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 228 of the Companies Act, 2017 (the Act) in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-291 dated November 27, 2018, based on the fact that investment of the Group in CNL is not material and comprise of 0.000050% of the total assets of the Bank and the investment have been fully provided for, granted the exemption from consolidation of CNL in its consolidated financial statements.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.



- 2.1.2** The SBP vide BSD Circular letter No.10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments (IAS 39): Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular No.4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards IFAS 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I) /2008 dated April 28, 2008, International Financial Reporting Standard IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.1.3** The SECP vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 2.1.4** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2018.
- 2.1.5 Amendments to approved accounting standards that are not effective in the current period**

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

	Effective date (annual periods beginning on or after)
Standard, Interpretation or Amendment	
IFRS 3 - Definition of a Business (Amendments)	January 1, 2020
IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank has already adopted IFRS 9 in respect of certain overseas branches.

The Bank is in the process of assessing the full impact of this standard.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.



2.1.6 Standards, interpretations of and amendments to approved accounting standards that are effective

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

During the current period, IFRS 16, Leases, became applicable for the Bank. The impact of the adoption of IFRS 16 on the Group's condensed interim financial statements is disclosed in note 3.1

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2019. These are considered either not to be relevant or not to have any significant impact on the Bank's condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adapted for presentation of these consolidated condensed interim financial statements are same as those followed in presentation of the consolidated financial statements of the Group for the year ended December 31, 2018 except as disclosed in note 3.1 to these consolidated condensed interim financial statements.

3.1 This note explains the impact of the adoption of IFRS 16 Leases (IFRS 16) on the Banks's financial statements and discloses the new accounting policies that have been applied from January 01, 2019 as disclosed in note 13 as below:

The Bank has adopted IFRS 16 retrospectively from January 01, 2019, but has not restated comparatives for the reporting period, as permitted under the specific transitional provisions in the IFRS 16. The reclassifications and the adjustments arising from the IFRS 16 are therefore recognised in the opening balance sheet on January 01, 2019.

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 01, 2019 was 10%.

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

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



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

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The change in accounting policy affected the following items in the balance sheet as on January 01, 2019:

	January 1, 2019	Adjustments	January 01, 2019 (Adjusted)
	-----Rupees in 000'-----		
Right-of-use assets	-	3,319,872	3,319,872
Deferred tax asset related to IFRS-16	-	481,519	481,519
Advance deposit related to previous recognised	(498,728)	(498,728)	(498,728)
Lease liabilities	-	4,189,640	4,189,640
Impact on Retained Earnings	-	(886,978)	(886,978)

The Bank leases various offices / branches for the purpose of its operational activities. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this consolidated condensed interim financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

5. FINANCIAL RISK MANAGEMENT

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



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

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency	37,234,223	39,696,873
Foreign currency	5,561,901	4,661,530
	42,796,124	44,358,402

With State Bank of Pakistan in

Local currency current account	6.1	61,663,800	130,186,419
Foreign currency current account	6.2	7,320,591	7,029,780
Foreign currency deposit account	6.2	22,264,860	21,240,971
Foreign currency collection account		1,084,113	1,812,339
		92,333,364	160,269,509

With other central banks in

Foreign currency current account	6.3	35,099,380	41,438,832
Foreign currency deposit account	6.3	3,341,431	1,455,866
		38,440,811	42,894,698

Prize bonds

	359,809	394,812
	173,930,108	247,917,421

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 2.49% per annum (2018: 0% to 0.75% per annum).

7. BALANCES WITH OTHER BANKS

In Pakistan

In current account		65,966	25,813
In deposit account	7.1	148,404	155,631
		214,370	181,444

Outside Pakistan

In current account		5,907,972	7,107,914
In deposit account	7.2	10,532,528	5,760,367
		16,440,500	12,868,281
		16,654,870	13,049,725



- 7.1** These include various deposits with banks and carry interest at rates ranging from 3% to 9.5% per annum (2018: 4% to 9.25% per annum).
- 7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 3.45% per annum (2018: 0% to 2.16% per annum).

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

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	140,800	8,240,800
Repurchase agreement lendings (Reverse Repo)	8.2	109,365,321	96,733,168
Bai Muajjal receivable with State Bank of Pakistan	8.3	11,419,496	1,417,699
Letters of placement	8.4	176,150	176,150
	8.5	121,101,767	106,567,817
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		120,925,617	106,391,667

- 8.1** This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (2018: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 9.49% to 10.6% per annum (2018: 8.45% to 10.41% per annum) with maturities ranging from April 1, 2019 to April 12, 2019.
- 8.3** This represents Bai Muajjal agreement entered into with SBP and carries mark-up rate of 12.77% per annum.
- 8.4** These are overdue placements and full provision has been made against these placements as at March 31, 2019.

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

8.5 Particulars of lending

In local currency	121,101,767	106,567,817
In foreign currencies	-	-
	121,101,767	106,567,817

8.6 Movement in provision held against lendings is as follows:

Opening balance	176,150	176,150
Charge for the year	-	-
Closing balance	176,150	176,150



8.7 Securities held as collateral against Lendings to financial institutions

	March 31, 2019 (Un-Audited)			December 31, 2018 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Rupees in '000						
Market Treasury Bills	69,354,844	-	69,354,844	70,283,168	-	70,283,168
Pakistan Investment Bonds	40,010,477	-	40,010,477	26,450,000	-	26,450,000
Total	109,365,321	-	109,365,321	96,733,168	-	96,733,168

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 108,185 million (2018: Rs. 95,739 million).

8.8 Category of classification

	March 31, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
Rupees in '000				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	176,150	176,150	176,150	176,150
	176,150	176,150	176,150	176,150
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	176,150	176,150	176,150	176,150

9. INVESTMENTS

9.1 Investments by type:

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Held-for-trading securities								
Market Treasury Bills	26,910,590	-	(7,287)	26,903,303	149,885,647	-	(973)	149,884,674
Pakistan Investment Bonds	42,663	31	42,694	42,694	2,333,574	-	(67)	2,333,507
Ordinary shares of listed companies	402,838	(4,983)	397,855	397,855	158,277	-	197	158,474
Investment In mutual funds	320,576	-	10,246	330,822	404,747	-	(21,181)	383,566
Foreign Government Securities	976,553	-	976,553	971,052	971,052	-	-	971,052
	28,653,220	-	(1,992)	28,651,228	153,753,297	-	(22,024)	153,731,274
Available-for-sale securities								
Market Treasury Bills	305,849,975	-	(74,574)	305,775,401	592,215,863	-	(28,707)	592,187,156
Pakistan Investment Bonds	239,964,195	-	(10,761,282)	229,202,913	207,581,489	-	(12,318,101)	195,263,388
Jjarah Sukus	2,064,099	-	(21,200)	2,042,899	9,789,374	-	(56,116)	9,733,258
Ordinary shares of listed companies	26,055,207	(4,389,070)	15,896,428	37,562,565	26,042,551	(3,978,334)	17,017,036	39,081,253
Ordinary shares of unlisted companies	2,005,182	(410,893)	-	1,594,289	2,005,182	(410,893)	-	1,594,289
Preference shares	570,535	(433,444)	(11,719)	125,372	570,535	(433,444)	(11,155)	125,936
Term Finance Certificates / Musharika and Sukuk Bonds	63,578,263	(4,754,170)	576,875	59,400,968	58,787,773	(4,761,669)	2,264,936	56,291,040
GoP Foreign Currency Bonds	26,767,960	-	345,207	27,113,167	25,462,626	-	(515,692)	24,946,934
Foreign Government Securities	963,360	-	(1,999)	961,361	968,567	-	(148,117)	820,450
Foreign Currency Debt Securities	1,292,045	-	1,887	1,293,932	1,551,903	-	(94,342)	1,457,561
Investments in mutual funds	819,646	(40,641)	1,285,027	2,064,032	819,646	(40,642)	1,248,405	2,027,408
Ordinary shares of a bank outside Pakistan	463,295	-	18,643,297	19,106,592	463,295	-	15,570,989	16,034,284
	670,393,762	(10,028,219)	25,877,947	686,243,490	926,258,804	(9,624,982)	22,929,135	939,562,957
Held-to-maturity securities								
Market Treasury Bills	70,000	-	-	70,000	69,967	-	-	69,967
Pakistan Investment Bonds	170,423,700	-	-	170,423,700	157,492,035	-	-	157,492,035
Debentures, Bonds, Sukus, Participation Term Certificates and Term Finance Certificates	696,956	(412,384)	-	284,572	696,956	(412,384)	-	284,572
GoP Foreign Currency Bonds	2,885,979	-	-	2,885,979	2,859,233	-	-	2,859,233
Foreign Government Securities	26,147,501	-	-	26,147,501	25,866,066	-	-	25,866,066
Foreign Currency Debt Securities	538	-	-	538	532	-	-	532
	200,224,674	(412,384)	-	199,812,290	186,984,789	(412,384)	-	186,572,405
Associates	1,216,575	(626,069)	-	590,505	1,190,599	(626,069)	-	564,531
Joint Venture	4,948,713	-	-	4,948,713	4,543,339	-	-	4,543,339
Subsidiaries	1,245	(1,245)	-	-	1,245	(1,245)	-	-
Total Investments	905,438,189	(11,067,917)	25,875,955	920,246,226	1,272,732,074	(10,664,680)	22,907,111	1,284,974,506



9.1.1 Investments given as collateral

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- Rupees in '000 -----	
Pakistan Investment Bonds	23,549,358	9,500,000
Market Treasury Bills	60,612,179	274,350,000
	84,161,537	283,850,000

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	10,664,680	10,521,310
Charge / reversals		
Charge for the year	410,789	1,514,109
Reversals for the year	(7,552)	(1,370,739)
	403,237	143,370
Transfers - net	-	-
Other transfers	-	-
Closing Balance	11,067,917	10,664,680

9.2.2 Particulars of provision against debt securities Category of classification

	March 31, 2019 (Un-audited)		December 31, 2018 (Audited)	
	NPI	Provision	NPI	Provision
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,175,317	5,166,554	5,182,817	5,174,053
	5,175,317	5,166,554	5,182,817	5,174,053
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	5,175,317	5,166,554	5,182,817	5,174,053

9.3 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 187,341 million (2018: Rs. 172,738 million).



10. ADVANCES

		Performing		Non Performing		Total	
		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Note		-----Rupees in '000-----					
Loans, cash credits, running finances, etc.		854,466,313	879,651,507	133,238,089	128,261,528	987,704,402	1,007,913,034
Islamic financing and related assets		27,783,432	26,914,764	204,842	191,794	27,988,274	27,106,558
Net Investment in finance lease	10.1	99,517	104,647	28,944	28,944	128,461	133,591
Bills discounted and purchased		25,227,190	19,294,694	6,358,276	6,068,698	31,585,466	25,363,392
Advances - gross	10.2	907,576,452	925,965,612	139,830,151	134,550,963	1,047,406,603	1,060,516,575
Provision against advances		-	-	127,249,179	126,969,680	127,249,179	126,969,680
- Specific		7,267,662	7,207,106	-	-	7,267,662	7,207,106
- General	10.4	7,267,662	7,207,106	127,249,179	126,969,680	134,516,841	134,176,786
Advances - net of provision		900,308,790	918,758,506	12,580,971	7,581,283	912,889,761	926,339,789

10.1 Net Investment in Finance Lease

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	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								
Lease rentals receivable	79,977	23,125	-	103,102	79,987	27,840	-	107,826
Residual value	49,475	10,480	-	59,955	43,479	16,477	-	59,956
Minimum lease payments	129,452	33,605	-	163,057	123,465	44,317	-	167,782
Financial charges for future periods	32,223	2,373	-	34,596	31,680	2,510	-	34,190
Present value of minimum lease payments	97,229	31,232	-	128,461	91,785	41,807	-	133,591

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Bank requires the lessee to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.92% to 15.36% (2018: 10.19% to 14.47%) per annum.

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

10.2 Particulars of advances (Gross)

In local currency	960,995,981	969,830,010
In foreign currencies	86,410,622	90,686,565
	1,047,406,603	1,060,516,575



10.3 Advances include Rs. 139,830 million (2018: Rs. 134,551 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000				
Domestic				
Other Assets Especially Mentioned	3,211,131	115,121	1,281,567	64,543
Substandard	7,448,284	1,563,578	3,783,451	923,008
Doubtful	2,603,908	1,236,417	1,448,149	689,033
Loss	88,072,979	87,353,967	88,113,131	86,856,965
	101,336,302	90,269,083	94,626,299	88,533,549
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	1,196	1,154	-	-
91 to 180 days	-	-	-	-
181 to 365 days	744,284	356,819	733,217	355,579
> 365 days	37,748,367	36,622,123	39,191,446	38,080,551
	38,493,847	36,980,096	39,924,663	38,436,130
Total	139,830,151	127,249,179	134,550,963	126,969,680

10.4 Particulars of provision against advances

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	126,969,680	7,207,106	134,176,786	111,347,775	6,515,068	117,862,843
Exchange adjustments	394,391	2,982	397,373	7,701,151	111,207	7,812,358
Charge for the year	2,786,946	158,749	2,945,695	14,178,781	1,330,247	15,509,029
Reversals	(1,117,420)	(101,173)	(1,218,593)	(5,987,047)	(749,416)	(6,736,463)
	1,669,526	57,576	1,727,102	8,191,734	580,831	8,772,565
Amounts written off	(7,685)	-	(7,685)	(12,118)	-	(12,118)
Amounts charged off	(1,776,733)	-	(1,776,733)	(261,281)	-	(261,281)
Other adjustments	-	-	-	2,419	-	2,419
Closing balance	127,249,179	7,267,662	134,516,841	126,969,680	7,207,106	134,176,786

10.4.1 Particulars of provision against advances

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	90,269,083	6,870,484	97,139,567	88,533,549	6,949,255	95,482,804
In foreign currencies	36,980,096	397,177	37,377,273	38,436,131	257,851	38,693,982
	127,249,179	7,267,662	134,516,841	126,969,680	7,207,106	134,176,786



- 10.4.2** The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.
- 10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2019.
- 10.4.4** This includes fully provided loans granted outside Pakistan which are charged-off as per local regulations of the host country. Charging-off does not affect the bank's right to pursue recovery against these loans.

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	----- Rupees in '000 -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	2,010,580	1,934,605
Property and equipment	11.2	52,284,180	52,404,071
		<u>54,294,760</u>	<u>54,338,676</u>
11.1 Capital work-in-progress			
Civil works		1,906,594	1,863,208
Equipment		16,062	15,884
Advances to suppliers and contractors		87,924	55,513
		<u>2,010,580</u>	<u>1,934,605</u>
		March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
		----- Rupees in '000 -----	
11.2 Additions to fixed assets			
The following material additions have been made to fixed assets during the period:			
Capital work-in-progress		75,975	62,971
Property and equipment			
Furniture and fixture		153,960	284,206
Computer and peripheral equipment		89,262	131,877
Electrical, office equipment		120,019	260,875
Vehicles		87,848	184,263
Assets held under finance lease - Vehicles		37,890	-
		<u>488,979</u>	<u>861,221</u>
Total		<u>564,954</u>	<u>924,192</u>



11.3 Disposal of fixed assets

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

	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
	----- Rupees in '000 -----	
Buidling on freehold land	-	31,008
Assets held under finance lease - Vehicles	21,167	7,381
Assets held under Ijarah - Machinery	1,501	53,585
Assets held under Ijarah - Vehicle	4,664	64,160
Total	27,332	156,134

12. INTANGIBLE ASSETS

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- Rupees in '000 -----	
Core Banking Application	62,134	113,027
Computer Software	328,323	179,289
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
	953,009	856,900

12.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
	----- Rupees in '000 -----	
Directly purchased	180,038	26,556
Total	180,038	26,556

13. RIGHT-OF-USE ASSETS

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

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- Rupees in '000 -----	
Balance as at initial application i.e. January 01, 2019	3,319,872	-
Depreciation charged for the period	184,530	-
Balance as at March 31, 2019	3,135,342	-

The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.



	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Note	Rupees in '000	
14. OTHER ASSETS		
Income / return / mark-up accrued in local currency - net of provision	36,296,318	31,164,399
Income / return / mark-up accrued in foreign currency	3,179,757	2,481,428
Advances, deposits, advance rent and other prepayments	5,641,306	7,239,676
Advance taxation (payments less provisions)	8,558,204	11,879,329
Income tax refunds receivable	45,668,031	45,531,634
Compensation for delayed tax refunds	9,348,234	8,082,559
Non-banking assets acquired in satisfaction of claims	3,789,134	3,796,527
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	228,484	228,484
Unrealized gain on forward foreign exchange contracts	1,276,846	6,929,960
Commission receivable on Government treasury transactions	6,476,764	4,627,921
Stationery and stamps on hand	421,120	381,722
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale / purchase of shares	173,578	580,632
Receivable against sale of foreign currencies	156,624	160,496
Receivable from Pakistan Stock Exchange	53,107	127,579
Receivable from mutual funds	663,562	674,504
Acceptances	80,428,189	45,884,978
Others	10,438,183	8,394,867
	213,734,845	179,104,100
Less: Provision held against other assets	14.1 8,948,061	8,884,661
Other assets (net of provision)	204,786,784	170,219,439
Deficit surplus on revaluation of non-banking assets acquired in satisfaction of claims	(201,867)	(201,867)
Other assets - total	204,584,917	170,017,572
14.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	2,431,823	2,405,689
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets acquired from CIRC	228,484	228,484
Others	1,994,487	1,957,221
	8,948,061	8,884,661



	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Rupees in '000	
14.1.1 Movement in provision held against other assets		
Opening balance	8,884,661	8,772,698
Charge for the year	63,400	2,289,554
Adjustment of compensation claimed by SBP to SBP balances	-	(2,174,278)
Amount Written off	-	(3,314)
Closing balance	8,948,061	8,884,661
15. BILLS PAYABLE		
In Pakistan	26,668,196	9,838,706
Outside Pakistan	128,892	105,472
	26,797,088	9,944,178
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	1,780,299	1,553,200
Under Export Refinance Scheme (New Scheme)	17,348,061	15,711,423
Refinance Facility for Modernization of SMEs	-	-
Financing Facility for storage of Agriculture Produce (FFSAP)	281,727	222,727
Under Long-Term Financing Facility (LTFF)	5,734,804	5,418,613
	25,144,891	22,905,963
Repurchase agreement borrowings	84,212,179	278,631,608
Bai Muajjal	20,344,701	45,954,085
Total secured	129,701,771	347,491,656
Unsecured		
Call borrowings	43,167,951	36,400,855
Overdrawn nostro accounts	1,242,222	3,807,347
Bai Muajjal	97,238	5,039,538
Total unsecured	44,507,411	45,247,740
	174,209,182	392,739,396
16.1 Particulars of borrowings with respect to currencies		
In local currency	131,745,134	356,338,554
In foreign currencies	42,464,048	36,400,842
	174,209,182	392,739,396


16.2 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3% (2018: 3.0%).
- Repurchase agreement borrowings carry mark-up ranging from 9.49% to 10.55% per annum (2018: 8.4% to 10.16% per annum) having maturity on ranging from April 1, 2019 to April 12, 2019.
- Call borrowings carry interest ranging from 0.1% to 9.0% per annum (2018: 0% to 4.22% per annum).

16.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

16.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 84,162 million (2018: Rs. 283,850 million).

17. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits - remunerative	283,400,404	-	283,400,404	323,623,737	-	323,623,737
Current deposits - non-remunerative	347,887,634	114,419,604	462,307,239	342,571,453	123,766,119	466,337,572
Savings deposits	508,692,618	38,115,328	546,807,946	498,375,321	37,821,597	536,196,918
Term deposits	240,424,353	63,662,889	304,087,242	273,492,139	66,143,486	339,635,626
Others	2,350,894	3,522	2,354,416	9,377,504	3,409	9,380,913
	1,382,755,903	216,201,344	1,598,957,247	1,447,440,155	227,734,611	1,675,174,765
Financial Institutions						
Current deposits	155,493,643	4,568,133	160,061,776	285,716,351	26,528,709	312,245,060
Savings deposits	2,847,868	-	2,847,868	812,330	778	813,108
Term deposits	-	4,263,457	4,263,457	7,197,975	1,675,953	8,873,928
Others	2,723,803	9,762,344	12,486,147	4,523,362	9,682,401	14,205,763
	161,065,314	18,593,934	179,659,248	298,250,018	37,887,841	336,137,859
	1,543,821,218	234,795,278	1,778,616,495	1,745,690,173	265,622,452	2,011,312,625

17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 90,485 million (2018: Rs. 104,127 million)



18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000					
Not later than one year	52,491	12,727	39,764	41,968	9,328	32,640
Later than one year and upto five years	117,975	11,467	106,508	97,404	8,967	88,437
Over five years	-	-	-	-	-	-
	170,466	24,194	146,272	139,372	18,295	121,077

The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in quarterly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 1.75% to KIBOR + 3.5% per annum (2018: KIBOR + 1.75% to KIBOR + 3.5% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

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

19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

Lease liabilities included in the statement of financial position

As at March 31, 2019	4,059,657	-
Of which are:		
Current lease liability	940,005	-
Non-current lease liability	3,119,652	-
	4,059,657	-

Maturity analysis - contractual undiscounted cashflows

Less than one year	878,009	-
One to five years	3,139,684	-
More than five years	2,083,124	-
Total undiscounted lease liabilities as at March 31, 2019	6,100,817	-



20. DEFERRED TAX LIABILITIES

**March 31,
2019
(Un-audited)**

**December 31,
2018
(Audited)**

----- Rupees in '000 -----

Deductible Temporary Differences on

- Tax losses carried forward	(10,705)	(10,705)
- Post retirement employee benefits	(2,964,805)	(2,816,109)
- Provision for diminution in the value of investments	(236,751)	(236,751)
- Provision against loans and advances	(622,390)	(622,390)
- Provision against off-balance sheet obligations	(115,222)	(115,222)
- Excess of accounting book value of leased assets over lease liabilities	2,477	2,477
- Other provisions	(105,416)	(111,576)
- Right-of-use assets	(500,611)	-
- Others	(3,904)	(3,904)
	(4,557,327)	(3,914,180)

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets	1,814,274	1,822,205
- Surplus on revaluation of investments	7,429,385	6,667,702
- Surplus on revaluation of non-banking assets	55,208	55,208
- Other	2,314,832	2,314,832
	11,613,699	10,859,947
	7,056,372	6,945,767



21. OTHER LIABILITIES

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Rupees in '000	
Mark-up / Return / Interest payable in local currency	24,077,353	31,324,102
Mark-up / Return / Interest payable in foreign currencies	558,545	555,608
Unearned commission and income on bills discounted	4,112,004	643,869
Accrued expenses	10,098,915	11,651,136
Advance payments	336,096	370,498
Acceptances	80,428,189	45,884,978
Unclaimed dividends	187,818	188,868
Unrealized loss on forward foreign exchange contracts	122	-
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,941,093	5,864,695
Employee benefits:		
Pension fund	13,454,841	13,069,665
Post retirement medical benefits	15,820,930	15,371,225
Benevolent fund	1,722,714	1,604,689
Gratuity scheme	2,010,406	1,881,355
Compensated absences	7,753,920	7,541,419
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	18,282,296	18,034,813
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,759,889	3,734,889
Payable to brokers	190,883	180,594
Payable to customers	121,950	190,335
PIBs shortselling	278,370	366,896
Others	12,683,457	11,997,194
	199,124,881	171,761,918



		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Note		Rupees in '000 -----	
22.	SURPLUS ON REVALUATION OF ASSETS		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	9.1 25,877,947	22,929,135
	- Fixed Assets	44,601,462	44,693,917
	- Non-banking assets	2,062,480	2,062,480
	- On securities of associates and joint venture	(821,460)	(1,111,660)
		<u>71,720,430</u>	<u>68,573,872</u>
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Available for sale securities	(7,429,385)	(6,667,702)
	- Fixed Assets	(2,556,426)	(2,588,785)
	- Non-banking assets	(55,208)	(55,208)
		<u>(10,041,019)</u>	<u>(9,311,695)</u>
		<u>61,679,411</u>	<u>59,262,177</u>
23.	CONTINGENCIES AND COMMITMENTS		
	Guarantees	23.1 143,341,996	94,340,275
	Commitments	23.2 1,484,055,602	1,286,438,703
	Other contingent liabilities	23.3 29,599,561	29,259,673
		<u>1,656,997,159</u>	<u>1,410,038,651</u>
23.1	Guarantees:		
	Financial guarantees	87,578,167	55,505,600
	Performance guarantees	55,763,829	38,834,676
		<u>143,341,996</u>	<u>94,340,275</u>
23.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	Letters of credit	865,992,186	716,304,478
	Commitments in respect of:		
	Forward foreign exchange contracts	23.2.1 607,506,218	512,873,075
	Forward government securities transactions	23.2.2 10,309,638	56,816,129
	Commitments for acquisition of:		
	Fixed assets	234,060	431,521
	Other commitments	23.2.3 13,500	13,500
		<u>1,484,055,602</u>	<u>1,286,438,703</u>



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

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	359,589,563	312,710,160
Sale	247,916,655	200,162,915
	607,506,218	512,873,075

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

23.2.2 Commitments in respect of forward government securities transactions

Purchase	5,612,696	50,950,025
Sale	4,696,943	5,866,104
	10,309,638	56,816,129

Commitments for outstanding forward government securities transactions are disclosed in these consolidated condensed interim financial statements at contracted rates.

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

23.2.3 Professional services to be received	13,500	13,500
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23.3 Other contingent liabilities

23.3.1 Claim against the Group not acknowledged as debt	29,599,561	29,259,673
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Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2018: Rs. 1,597 million).

23.3.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018, except for

- The tax returns of the Bank have been filed upto tax year 2018 and amended by the tax authorities up to Tax Year 2018. For Azad Kashmir and Gilgit Baltistan branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2018.



- b) During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2018 vide order dated March 28, 2019 through add back / additions and imposed Super Tax under Section 4B read with Finance Supplementary (Second Amendment) Act 2019 through which super tax on Banking companies levied retrospectively at the rate of four percent of taxable income for the tax year 2018. As a result thereof the net demand of Rs.724.695 million raised against the Bank which is paid. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.
- c) The aggregate effect of contingencies as on March 31, 2019 amounts to Rs. 10,732 million (December 31, 2018: Rs. 12,065 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

23.3.3 Barter Trade Agreements

Same as disclosed in annual financial statements of the Group for the year ended Dec 31, 2018.

23.3.4 Contingencies in respect of employees benefits and related matters

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018 except for that the hearing of pension case was fixed on April 30, 2019, however, it was adjourned.

23.4 Foreign Exchange repatriation case

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018.

23.5 Compliance and risk matters relating to anti-money laundering

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2018.

		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
		Rupees in '000	
24. MARK-UP / RETURN / INTEREST EARNED	Note		
Loans and advances		22,850,539	14,421,125
Investments		21,340,282	16,616,009
On securities purchased under resale agreements		1,395,573	254,227
Balances with other banks		248,369	161,560
		45,834,763	31,452,921
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		22,632,889	12,526,762
Borrowings		1,402,799	376,503
Cost of foreign currency swaps against foreign currency deposits		2,095,563	906,592
Securities sold under repurchase agreements		4,088,875	3,453,762
		30,220,126	17,263,619



		Quarter Ended March 31, 2019 (Un-audited) ----- Rupees in '000 -----	Quarter Ended March 31, 2018 (Un-audited) -----
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		300,055	311,977
Consumer finance related fees		210,403	175,892
Card related fees		158,179	111,876
Credit related fees		72,643	65,738
Investment banking fees		48,217	19,878
Commission on trade		858,685	943,249
Commission on guarantees		91,119	109,585
Commission on cash management		7,047	3,927
Commission on remittances including home remittances		232,470	177,402
Commission on bancassurance		98,786	60,950
Commission on government transactions		1,913,750	1,932,270
Management Fee & Sale Load		344,060	370,103
Brokerage Income		19,526	24,964
Others		43,111	37,341
		4,398,051	4,345,152
27. GAIN ON SECURITIES - NET			
Realised	27.1	103,899	905,783
Unrealised - held for trading	9.1	(1,992)	4,184
		101,907	909,967
27.1 Realised gain on:			
Federal Government Securities		59,136	236,078
Shares and mutual funds		27,550	582,205
Ijarah Sukuks		17,213	87,500
		103,899	905,783
28. OTHER INCOME			
Rent on property		8,165	9,590
Gain on sale of fixed assets - net		3,925	1,031
Compensation for delayed tax refunds	28.1	1,265,675	436,317
Others		4,252	1,70
		1,282,017	448,642
28.1	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

**29. OPERATING EXPENSES****Total compensation expense****Property expense**

Rent and taxes
Insurance
Utilities cost
Security (including guards)
Repair and maintenance (including janitorial charges)
Financial charges on right-of-use assets
Depreciation
Depreciation on non banking assets
Depreciation on Ijarah assets
Depreciation on right-of-use assets

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
Others

Other operating expenses

Directors' fees and reimbursement of other expenses
Directors' fees and allowances - Subsidiaries
Legal & professional charges
Outsourced services costs
Travelling and conveyance
NIFT clearing charges
Depreciation
Training and development
Postage and courier charges
Communication
Stationery and printing
Marketing, advertisement & publicity
Donations
Contributions for other Corporate and Social Responsibility
Auditors' Remuneration
Financial charges on leased assets
Entertainment
Clearing, verification, licence fee charges
Brokerage
Deposit premium expense
Others

Note

Quarter Ended
March 31,
2019
(Un-audited)

Quarter Ended
March 31,
2018
(Un-audited)

----- Rupees in '000 -----

9,091,120

8,757,603

365,310

647,604

136,830

57,010

182,874

160,266

471,396

481,731

342,545

438,574

105,018

-

106,076

53,880

7,394

9,879

50,589

54,017

184,530

-

1,952,562

1,902,961

57,286

114,885

4,755

7,450

107,852

91,419

51,385

81,957

89,280

85,567

16,954

11,658

327,512

392,936

8,670

9,659

1,865

1,375

119,979

158,536

145,630

275,113

140,021

220,984

30,587

27,064

387,004

336,416

31,473

13,614

40,767

90,456

72,083

74,201

166,904

177,444

57,887

54,538

-

95

9,756

5,044

55,492

46,788

8,950

4,370

80,395

41,985

79,317

104,231

21,951

31,083

309,960

-

104,309

96,039

1,873,001

1,769,036

13,244,195

12,822,536



		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
	Note	Rupees in '000	
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		6,796	972
Penalties imposed by other regulatory bodies (Central Bank of subsidiaries)		1,802	1,272
		8,598	2,244
31. PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	403,237	(241,709)
Provisions against loans and advances	10.4	1,727,102	58,237
Provision against other assets		82,905	180,920
		2,213,244	(2,552)
32. TAXATION			
Current		3,544,740	2,748,075
Prior years		1,056,841	-
Deferred		(21,005)	(20,678)
		4,580,576	2,727,397
32.1	The Federal Government vide The Finance Supplementary (Second Amendment) Bill, 2019 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2017 (Tax Year 2018). Accordingly, provisions of Rs. 1,057 million for Super tax has been made in prior year.		
		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
33. BASIC EARNINGS PER SHARE		Rupees	
Profit for the year (000's)		4,256,002	5,061,645
Weighted average number of ordinary shares (000's)		2,127,513	2,127,513
Basic earnings per share		2.00	2.38
34. DILUTED EARNINGS PER SHARE			
Profit for the year (000's)		4,256,002	5,061,645
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares) (000's)		2,127,513	2,127,513
Diluted earnings per share		2.00	2.38



35. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost.

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

35.1 Fair value of financial assets

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

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

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

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



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

	At March 31, 2019 (Un-audited)			
	Carrying Value	Level 1	Level 2 Rupees in '000	Level 3 Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Market Treasury Bills	332,678,704	-	332,678,704	332,678,704
Pakistan Investment Bonds	229,245,607	-	229,245,607	229,245,607
Ijarah Sukuks	2,042,899	-	2,042,899	2,042,899
Ordinary shares of listed companies	37,960,420	37,960,420	-	37,960,420
Ordinary shares of unlisted companies	1,594,289	-	-	1,594,289
Investment In mutual funds	2,394,854	2,394,854	-	2,394,854
Preference shares	125,372	38,508	-	86,864
Term Finance Certificates / Musharika and Sukuk Bonds	59,400,968	-	59,400,968	59,400,968
GoP Foreign Currency Bonds	27,113,167	-	27,113,167	27,113,167
Foreign Government Securities	1,937,914	-	1,937,914	1,937,914
Foreign Currency Debt Securities	1,293,932	-	1,293,932	1,293,932
Ordinary shares of a bank outside Pakistan	19,106,592	19,106,592	-	19,106,592
	714,894,719	59,500,374	653,713,192	1,681,153
				714,894,718

Financial assets - disclosed but not measured at fair value

Cash and balances with treasury banks	173,930,108	-	-	-	-
Balances with other banks	16,654,870	-	-	-	-
Lendings to financial institutions	120,925,617	-	-	-	-
Investments					
Market Treasury Bills	70,000	-	-	-	-
Pakistan Investment Bonds	170,423,700	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	284,572	-	-	-	-
GoP Foreign Currency Bonds	2,885,979	-	-	-	-
Foreign Government Securities	26,147,501	-	-	-	-
Foreign Currency Debt Securities	538	-	-	-	-
Advances	912,889,761	-	-	-	-
Other Assets	204,584,917	-	-	-	-
	1,628,797,563	-	-	-	-
	2,343,692,282	59,500,374	653,713,192	1,681,153	714,894,718

Off-balance sheet financial instruments - measured at fair value

Foreign exchange contracts purchase and sale	607,506,218	-	1,276,846	-	1,276,846
Forward government securities transactions	10,309,638	-	2,181,177	-	2,181,177

	December 31, 2018 (Audited)			
	Carrying Value	Level 1	Level 2 Rupees in '000	Level 3 Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Market Treasury Bills	742,071,830	-	742,071,830	742,071,830
Pakistan Investment Bonds	197,596,895	-	197,596,895	197,596,895
Ijarah Sukuks	9,733,258	-	9,733,258	9,733,258
Ordinary shares of listed companies	39,239,727	39,239,727	-	39,239,727
Ordinary shares of unlisted companies	1,594,289	-	-	1,594,289
Investments in mutual funds	2,410,974	2,410,974	-	2,410,974
Preference shares	125,936	39,072	-	86,864
Term Finance Certificates / Musharika and Sukuk Bonds	56,291,040	-	56,291,040	56,291,040
GoP Foreign Currency Bonds	24,946,934	-	24,946,934	24,946,934
Foreign Government Securities	1,791,502	-	1,791,502	1,791,502
Foreign Currency Debt Securities	1,457,561	-	1,457,561	1,457,561
Ordinary shares of a bank outside Pakistan	16,034,284	16,034,284	-	16,034,284
	1,093,294,231	57,724,057	1,033,889,021	1,681,153
				1,093,294,231



	December 31, 2018 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----				
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	247,917,421	-	-	-	-
Balances with other banks	13,049,725	-	-	-	-
Lending to financial instruments	106,391,667	-	-	-	-
Investments					
- Market Treasury Bills	69,967	-	-	-	-
- Pakistan Investment Bonds	157,492,035	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term					
Certificates and Term Finance Certificates	284,572	-	-	-	-
- GoP Foreign Currency Bonds	2,859,233	-	-	-	-
- Foreign Government Securities	25,866,066	-	-	-	-
- Foreign Currency Debt Securities	532	-	-	-	-
Advances	926,339,789	-	-	-	-
Other assets	170,017,572	-	-	-	-
	1,650,288,579	-	-	-	-
	2,743,582,810	57,724,057	1,033,889,021	1,681,153	1,093,294,231
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	512,873,075	-	6,929,960	-	6,929,960
Forward government securities transactions	56,816,129	-	(2,662,847)	-	(2,662,847)

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills	PKRV (MUFAP)
Pakistan Investment Bonds	PKRV (MUFAP)
Ijarah Sukuks	MUFAP
Ordinary shares of unlisted companies	Breakup value as per latest available audited financial statements
Term Finance Certificates / Musharika and Sukuk Bonds	MUFAP
GoP Foreign Currency Bonds	Reuter page
Foreign Government Securities	Reuter page
Foreign Currency Debt Securities	Reuter page

35.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

	At March 31, 2019 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Land & building (property and equipment)	47,896,818	-	47,896,818	-	47,896,818
Non-banking assets acquired in satisfaction of claims	3,789,134	-	3,789,134	-	3,789,134
Right-of-use assets	3,135,342	-	3,135,342	-	3,135,342
	54,821,294	-	54,821,294	-	54,821,294
	December 31, 2018 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Land & building (property and equipment)	48,000,422	-	48,000,422	-	48,000,422
Non-banking assets acquired in satisfaction of claims	3,796,527	-	3,796,527	-	3,796,527
Right-of-use assets	-	-	-	-	-
	51,796,949	-	51,796,949	-	51,796,949



36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Quarter Ended March 31, 2019 (Un-audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total
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Rupees in '000

Profit and loss account

Net mark-up / return / profit	(12,930,394)	9,706,439	15,495,706	696,265	862,817	1,783,805	15,614,637
Inter segment revenue - net	26,619,050	(9,511,260)	(18,677,854)	-	(138,351)	1,708,415	-
Non mark-up / return / interest income	3,164,549	436,822	2,954,645	340,831	91,743	1,721,032	8,709,622
Total Income	16,853,205	632,000	(227,503)	1,037,096	816,208	5,213,252	24,324,259
Segment direct expenses	6,943,089	151,108	84,849	942,200	618,003	559,417	9,298,665
Inter segment expense allocation	-	-	-	-	-	3,954,127	3,954,127
Total expenses	6,943,089	151,108	84,849	942,200	618,003	4,513,544	13,252,793
Provisions	373,990	1,676,906	453,142	61,913	(82,911)	(269,796)	2,213,244
Profit / (loss) before tax	9,536,126	(1,196,013)	(765,495)	32,983	281,117	969,505	8,858,222

March 31, 2019 (Un-audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total
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Rupees in '000

Statement of financial position

Cash and balances with treasury and other banks

	37,347,258	291,294	91,904,149	54,195,674	4,649,845	2,196,757	190,584,978
Investments	-	-	792,737,733	58,402,477	19,673,723	49,432,293	920,246,226
Net inter segment lending	1,204,834,236	-	-	-	-	84,507,216	1,289,341,452
Lendings to financial institutions	-	-	109,503,471	-	11,419,496	2,650	120,925,617
Advances - performing	324,243,155	498,526,302	18,253	45,409,295	27,783,051	11,596,397	907,576,452
- non-performing	23,233,254	25,448,180	-	37,739,136	204,842	53,204,739	139,830,151
Provision against advances	(20,522,261)	(21,117,916)	-	(37,010,069)	(196,084)	(55,670,513)	(134,516,841)
	326,954,147	502,856,566	18,253	46,138,362	27,791,809	9,130,623	912,889,761
Others	31,269,296	85,322,754	4,882,412	6,216,150	5,886,616	129,390,798	262,968,028
Total Assets	1,600,404,938	588,470,614	999,046,018	164,952,663	69,421,488	274,660,337	3,696,956,063

Borrowings	1,738,867	23,174,319	105,896,340	43,167,951	-	231,705	174,209,182
Deposits & other accounts	1,562,503,849	69,284,561	-	90,485,229	55,448,455	894,402	1,778,616,495
Net inter segment borrowing	-	406,005,950	845,082,335	29,212,268	9,040,899	-	1,289,341,452
Others	36,162,223	90,005,784	23,080,471	1,742,121	4,723,994	81,469,677	237,184,270
Total liabilities	1,600,404,938	588,470,614	974,059,146	164,607,569	69,213,348	82,595,784	3,479,351,399
Equity	-	-	24,986,872	345,095	208,139	192,064,559	217,604,663
Total Equity & liabilities	1,600,404,938	588,470,614	999,046,018	164,952,663	69,421,488	274,660,343	3,696,956,063

Contingencies & Commitments

	750,730,347	232,249,291	-	25,952,339	-	402,204	1,009,334,182
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Quarter Ended March 31, 2018 (Un-audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total
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Rupees in '000

Profit and loss account

Net mark-up / return / profit	(5,117,131)	5,727,120	11,500,356	607,159	468,117	1,003,680	14,189,302
Inter segment revenue - net	13,757,641	(3,914,750)	(9,941,894)	-	(95,517)	194,520	-
Non mark-up / return / interest income	3,110,515	477,022	1,427,467	349,230	66,545	1,037,661	6,468,440
Total Income	11,751,024	2,289,393	2,985,929	956,389	439,146	2,235,861	20,657,742
Segment direct expenses	6,269,979	100,045	126,656	742,542	499,702	508,665	8,247,589
Inter segment expense allocation	-	-	-	-	-	4,577,191	4,577,191
Total expenses	6,269,979	100,045	126,656	742,542	499,702	5,085,857	12,824,780
Provisions	112,054	1,216,665	32,373	(95,594)	-	(1,268,050)	(2,552)
Profit / (loss) before tax	5,368,991	972,683	2,826,900	309,442	(60,556)	(1,581,945)	7,835,514

December 31, 2018 (Audited)

Commercial & Retail Banking	Corporate Banking	Treasury	International Banking	Aitemaad & Islamic Banking	Head Office / Others	Total
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Rupees in '000

Statement of financial position

Cash and balances with treasury and

other banks	120,643,163	189,794	78,372,622	54,739,132	4,655,330	2,367,105	260,967,146
Investments	-	-	1,139,600,282	55,950,776	23,914,372	65,509,075	1,284,974,506
Net inter segment lending	1,321,328,484	-	-	-	-	79,158,614	1,400,487,097
Lendings to financial institutions	-	-	104,971,318	-	1,417,699	2,650	106,391,667
Advances - performing	341,125,237	500,111,019	17,990	46,230,666	26,741,353	11,739,346	925,965,612
- non-performing	19,917,069	22,069,620	-	39,181,569	364,825	53,017,880	134,550,963
Provision against advances	(20,155,956)	(20,141,547)	-	(38,328,525)	(278,995)	(55,271,763)	(134,176,786)
	340,886,350	502,039,092	17,990	47,083,710	26,827,183	9,485,463	926,339,789
Others	28,212,221	50,731,814	9,761,367	3,904,176	2,142,202	130,461,368	225,213,148
Total Assets	1,811,070,218	552,960,699	1,332,723,580	161,677,794	58,956,786	286,984,275	4,204,373,353
Borrowings	584,977	21,864,290	333,432,591	36,400,842	-	456,696	392,739,396
Deposits & other accounts	1,774,318,158	80,797,441	-	104,127,206	51,022,237	1,047,584	2,011,312,625
Net inter segment borrowing	-	404,994,021	969,156,574	20,257,431	6,079,071	-	1,400,487,097
Others	36,167,083	45,304,947	24,212,749	1,650,467	1,146,690	80,291,002	188,772,940
Total liabilities	1,811,070,218	552,960,699	1,326,801,914	162,435,945	58,247,998	81,795,282	3,993,312,058
Equity	-	-	5,921,665	(758,151)	708,789	205,188,993	211,061,295
Total Equity & liabilities	1,811,070,218	552,960,699	1,332,723,580	161,677,794	58,956,786	286,984,275	4,204,373,353
Contingencies & Commitments	579,228,336	203,590,159	-	27,725,864	-	100,394	810,644,753



37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

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

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

March 31, 2019 (Un-audited)										December 31, 2018 (Audited)									
Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties		Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	
Rupees in '000																			
Balances with other banks																			
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	16,836	-	-	-	-	-
In deposit accounts	-	-	4,804	-	-	-	-	-	-	-	-	-	8,780	-	-	-	-	-	-
	-	-	4,804	-	-	-	-	-	-	-	-	-	25,616	-	-	-	-	-	-
Investments																			
Opening balance	-	-	4,970,863	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	4,970,863	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-	-
Provision for diminution in value of investments																			
	-	-	3,835,810	-	-	-	-	-	-	-	-	3,793,405	-	-	-	-	-	-	-
Advances																			
Opening balance	-	222,967	3,105,907	-	-	-	-	217,063	-	-	145,369	3,314,085	-	-	-	-	-	-	-
Addition during the period / year	-	31,901	-	-	-	-	-	-	-	-	20,234	-	-	-	-	-	-	-	33,958
Repaid during the period / year	-	(7,372)	(21,652)	-	-	-	-	-	-	-	(27,052)	(208,178)	-	-	-	-	-	-	(39,503)
* Adjustment	-	-	-	-	-	-	-	-	-	-	84,416	-	-	-	-	-	-	-	222,608
Closing balance	-	247,496	3,084,255	-	-	-	-	217,063	-	-	222,967	3,105,907	-	-	-	-	-	-	217,063
Other Assets																			
Interest / mark-up accrued	-	-	1,709,819	-	-	-	-	-	-	-	-	1,704,892	-	-	-	-	-	-	-
Borrowings																			
Opening balance	-	-	38,248	-	-	-	-	-	-	-	-	87,920	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	34,482	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	(49,672)	-	-	-	-	-	-	-
Closing balance	-	-	72,731	-	-	-	-	-	-	-	-	38,248	-	-	-	-	-	-	-
Deposits and other accounts																			
Opening balance	10,733	80,688	-	-	1,085	11,100,000	458,328	12,465,939	-	15,614	62,047	-	-	1,248	10,300,000	514,539	12,749,309	-	-
Received during the period / year	2,709	288,106	-	-	27,550,822	-	9,315,663	232,412	-	28,447	485,525	-	-	4,300,229	28,800,000	16,639,785	14,268,653	-	-
Withdrawn during the period / year	(1,203)	(223,800)	-	-	(27,551,891)	(8,800,000)	(9,142,635)	(158,369)	-	(33,087)	(454,455)	-	-	(4,300,392)	(28,000,000)	(16,695,996)	(14,552,023)	-	-
* Adjustment	(3,897)	-	-	-	-	-	-	-	-	(242)	(12,429)	-	-	-	-	-	-	-	-
Closing balance	12,239	141,096	-	-	16	2,300,000	631,356	12,539,982	-	10,733	80,688	-	-	1,085	11,100,000	458,328	12,465,939	-	-

* Adjustment due to retirement / appointment of directors and changes in key management executives.



	March 31, 2019 (Un-audited)						March 31, 2018 (Un-audited)					
	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Funds / Others
Rupees in '000												
Income												
Mark-up / return / interest earned	-	-	14	-	-	6,041	-	-	13	-	-	14,733
Expense												
Mark-up / return / interest paid	-	-	100	138,912	420,981	-	-	-	467	185,252	280,102	-
Transaction Fee paid to company in which director of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	2,755
Remuneration to key management executives including charge for defined benefit plan	120,909	-	-	-	-	-	86,862	-	-	-	-	-

37.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government 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 service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,914 million for the quarter ended March 31, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 312,659 million, Rs. 704,223 million and Rs 795,508 million respectively. Income earned on advances and profit paid on deposits amounted to Rs. 5,947 million and Rs. 11,058 million respectively.



38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- Rupees in '000-----	
Minimum Capital Requirement		
Paid-up capital	<u><u>155,061,863</u></u>	<u><u>150,957,373</u></u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	<u><u>131,110,957</u></u>	<u><u>128,017,400</u></u>
Eligible Additional Tier 1 Capital	<u><u>-</u></u>	<u><u>-</u></u>
Total Eligible Tier 1 Capital	<u><u>131,110,957</u></u>	<u><u>128,017,400</u></u>
Eligible Tier 2 Capital	<u><u>39,191,475</u></u>	<u><u>45,126,290</u></u>
Total Eligible Capital (Tier 1 + Tier 2)	<u><u>170,302,432</u></u>	<u><u>173,143,690</u></u>
Risk Weighted Assets		
Credit Risk	<u><u>839,372,780</u></u>	<u><u>798,236,578</u></u>
Market Risk	<u><u>92,402,185</u></u>	<u><u>81,385,782</u></u>
Operational Risk	<u><u>157,972,625</u></u>	<u><u>157,972,625</u></u>
Total	<u><u>1,089,747,589</u></u>	<u><u>1,037,594,984</u></u>
Common Equity Tier 1 Capital Adequacy ratio	<u><u>12.03%</u></u>	<u><u>12.34%</u></u>
Tier 1 Capital Adequacy Ratio	<u><u>12.03%</u></u>	<u><u>12.34%</u></u>
Total Capital Adequacy Ratio	<u><u>15.63%</u></u>	<u><u>16.69%</u></u>
Leverage Ratio		
Tier-1 Capital	<u><u>131,110,957</u></u>	<u><u>128,017,400</u></u>
Total Exposures	<u><u>3,364,771,771</u></u>	<u><u>3,650,341,045</u></u>
Leverage Ratio	<u><u>3.90%</u></u>	<u><u>3.51%</u></u>
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	<u><u>641,997,614</u></u>	<u><u>949,424,482</u></u>
Total Net Cash Outflow	<u><u>399,630,326</u></u>	<u><u>560,346,109</u></u>
Liquidity Coverage Ratio	<u><u>161%</u></u>	<u><u>169%</u></u>
Net Stable Funding Ratio		
Total Available Stable Funding	<u><u>1,612,070,802</u></u>	<u><u>1,745,679,890</u></u>
Total Required Stable Funding	<u><u>653,219,600</u></u>	<u><u>544,123,198</u></u>
Net Stable Funding Ratio	<u><u>247%</u></u>	<u><u>321%</u></u>



39. ISLAMIC BANKING BUSINESS

The bank is operating 192 (December 31, 2018: 192) Islamic banking branches and no Islamic banking windows at the three months period ended March 31, 2019.

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks		4,644,482	4,649,968
Balances with other banks		4,307	4,319
Due from financial institutions	39.1	11,419,496	1,417,699
Investments	39.2	19,673,723	23,914,372
Islamic financing and related assets - net	39.3	27,791,902	26,827,280
Fixed assets		196,930	275,435
Intangible assets		-	-
Due from Head Office		-	-
Other assets		5,722,642	1,998,587
Total Assets		69,453,482	59,087,660
LIABILITIES			
Bills payable		192,745	228,382
Due to financial institutions		-	-
Deposits and other accounts	39.4	55,448,485	51,022,121
Due to Head Office		6,325,806	3,920,506
Subordinated debt		-	-
Other liabilities		4,797,194	1,065,012
		66,764,230	56,236,021
NET ASSETS		2,689,252	2,851,639
REPRESENTED BY			
Islamic Banking Fund		2,200,000	2,200,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		208,139	708,789
Unappropriated/ Unremitted loss	39.5	281,113	(57,150)
		2,689,252	2,851,639



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

		Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
		----- Rupees in '000 -----	
Profit / return earned	39.6	1,346,518	616,662
Profit / return expensed	39.7	(672,994)	(298,123)
Net Profit / return		673,524	318,539
Other income			
Fee and Commission Income		75,073	46,660
Dividend Income		-	-
Foreign Exchange Income		14,992	8,291
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other Income		2,031	11,59
Total other income		92,096	66,545
Total Income		765,620	385,08
Other expenses			
Operating expenses		(567,412)	(445,641)
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		(567,412)	(445,641)
Profit / (loss) before provisions		198,208	(60,557)
Provisions and write offs - net		82,905	-
Profit / (loss) before taxation		281,113	(60,557)
Taxation		-	-
Profit / (loss) after taxation		281,113	(60,557)


39.1 Due from Financial Institutions
Unsecured

Bai Muajjal Receivable from State Bank of Pakistan

March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----					
11,419,496	-	11,419,496	1,417,699	-	1,417,699
11,419,496	-	11,419,496	1,417,699	-	1,417,699

This represent Bai Muajjal agreement with Government of Pakistan and carries profit rate 12.77% (2018: 12.82%) per annum.

39.2 Investments by segments:
Federal Government Securities:

-Ijarah Sukuks

March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----							
2,000,000		(21,200)	1,978,800	9,740,000		(56,116)	9,683,884
2,000,000	-	(21,200)	1,978,800	9,740,000	-	(56,116)	9,683,884

Non Government Debt Securities

-Listed

-Unlisted

600,000	-	4,574	604,574	600,000	-	5,211	605,211
16,996,391	(130,807)	224,765	17,090,349	12,996,390	(130,807)	759,694	13,625,277
17,596,391	(130,807)	229,339	17,694,923	13,596,390	(130,807)	764,905	14,230,488
19,596,391	(130,807)	208,139	19,673,723	23,336,390	(130,807)	708,789	23,914,372

Total Investments

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

39.3 Islamic financing and related assets

Ijarah

Murabaha

Musawama

Diminishing Musharaka

Istisna

Other Islamic Modes (Wakala tul Istismar)

Advances against Islamic assets (Ijarah, Murbaha, DM, Istasna)

Gross Islamic financing and related assets

380,749	436,069
2,849,717	2,024,071
25,478	69,867
11,866,852	11,971,073
-	525,434
8,500,000	8,500,000
4,365,478	3,580,044
27,988,274	27,106,558

Less: provision against Islamic financings

- Specific

- General

(196,084)	(278,995)
(288)	(283)
(196,372)	(279,278)
27,791,902	26,827,280

Islamic financing and related assets - net of provision



39.4 Deposits

Customers

Current deposits

Savings deposits

Term deposits

Financial Institutions

Current deposits

Savings deposits

Term deposits

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	----- Rupees in '000 -----	
14,148,944		16,347,155
31,219,189		26,885,268
5,204,373		2,608,640
50,572,506		45,841,063
653,082		505,685
122,897		126,897
4,100,000		4,548,476
4,875,979		5,181,058
55,448,485		51,022,121

39.5 Islamic Banking Business Unappropriated Profit

Opening Balance

Add: Islamic Banking loss for the period

Less: Transferred / Remitted to Head Office

Closing Balance

(57,150)	(228,135)
281,113	(57,150)
57,150	228,135
281,113	(57,150)

Quarter Ended March 31, 2019 (Un-audited)	Quarter Ended March 31, 2018 (Un-audited)
----- Rupees in '000 -----	

39.6 Profit/Return Earned of Financing, Investments and Placement

Profit earned on:

Financing

Investments

Placements

Others (Bai Muajjal)

671,468	340,421
549,920	269,836
1,299	6,405
123,831	-
1,346,518	616,662

39.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts

Others (General Account)

534,643	202,606
138,351	95,517
672,994	298,123

**40. GENERAL**

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

41. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on May 22, 2019 by the Board of Directors of the Bank.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Tawfiq A. Hussain
Director

Muhammad Naeem
Director



National Bank of Pakistan

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