

LET'S PULL TOGETHER FOR
GREENER
PAKISTAN



National Bank of Pakistan
نیشنل بینک آف پاکستان

QUARTERLY REPORT
SEPTEMBER 2019



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CORPORATE INFORMATION

Board of Directors

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

Audit 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

Mandviwalla & Zafar Advocates & Legal Consultants
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Registered & Head Office

NBP Building I.I. Chundrigar Road, Karachi, Pakistan.
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Registrar & Share Registration Office

CDC Share Registrar Services Limited 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
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Directors' Report to the Shareholders

Standalone Financial Statements of the Bank

On behalf of the Board of Directors, we are pleased to present the financial statements of National Bank of Pakistan "the bank" for the nine-months period ended September 30, 2019.

Summary Highlights:

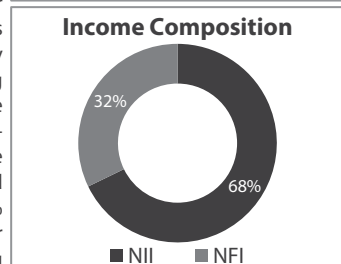
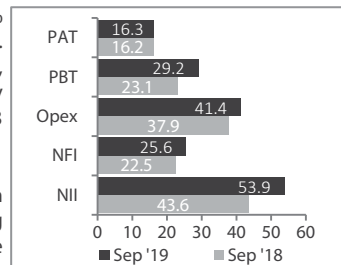
Financial Performance (PKR 'Bn)	Sep '19	Sep '18	Better/(Worse)	
Total Income	79.44	66.04	13.39	20.3%
Non-mark-up / interest expenses	41.36	37.94	(3.42)	(9.0%)
Profit before-provision	38.07	28.10	9.97	35.5%
Net Provision/Write-off	8.89	4.98	(3.91)	(78.4%)
Profit before-tax	29.18	23.12	6.06	26.2%
Taxation	12.85	6.94	(5.91)	(85.2%)
Profit after-tax	16.33	16.18	0.15	0.9%
EPS (Rs.)	7.68	7.60	0.08	1.1%

Financial Position(PKR 'Bn)	Sep '19	Dec '18	Better/(Worse)	
Deposits	1,938.03	2,011.38	(73.35)	(3.6%)
Advances	951.57	926.00	25.57	2.8%
Investments	1,560.41	1,284.32	276.10	21.5%
Total Assets	3,025.37	2,798.57	226.80	8.1%
Shareholders' Net Assets	220.86	206.87	13.99	6.8%

Financial Performance:

Total income of the bank amounted to PKR 79.44 billion which is 20.3% higher than PKR 66.04 billion for the corresponding period last year. While net interest income (NII) closed at PKR 53.86 billion, non-mark-up / interest income (NFI) closed at PKR 25.57 billion, up by 23.7% and 13.7% respectively. Profit after-tax amounted to PKR 16.33 billion being marginally higher by 0.9% YoY.

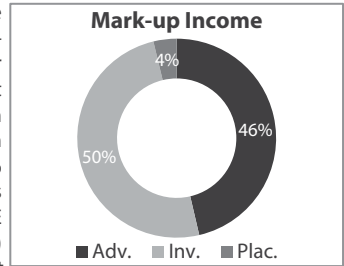
The bank's profit before provisions amounted to PKR 38.07 billion being 35.5% higher than PKR 28.10 billion for the corresponding period last year. With an increase of 26.2% YoY, the bank's profit before taxation amounted to PKR 29.18 billion as against PKR 23.12 billion for the corresponding period of 2018. After-tax profit for the nine-months period under review amounted to PKR 16.33 billion being marginally 1.0% higher than PKR 16.18 billion earned during the corresponding period of 2018. The drop in after-tax profit is mainly attributed to the higher taxation charge of 44% as compared to 30% for the corresponding period last year. This translates into after-tax return on average assets (RoA) of 0.7% (Dec'18: 0.8%), and translates into pre-tax and after-tax return on average equity of 25.0% (Sep '18: 23.0%) and 14.0% (Sep '18: 16.1%) respectively. Net profit translates into earnings per share of PKR 7.68 as against PKR 7.60 for the corresponding nine-months period of prior year.





Gross Mark-up/interest Income:

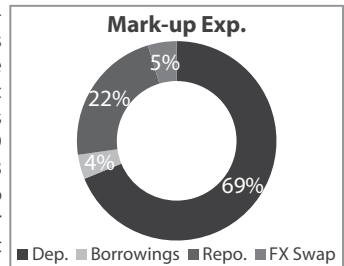
Net interest income is the bank's main driver in profitability. During the nine-months period under review, the bank earned gross mark-up/interest income amounting to PKR 167.39 billion which is 59.1% higher than PKR 105.22 billion earned during the corresponding period last year. This growth is attributed to both, a volumetric growth achieved in most of the loan products, as well as loan re-pricing due to increase in discount rates. During the period gross advances averaged 19.5% higher YoY at PKR 1,059.16 billion. While average corporate loans increased by 22.7% to PKR 508.55 billion, average Commercial/SME loans and Islamic finances amounted to PKR 60.45 billion (up 65.9%) and PKR 28.05 billion (up 26.6%), respectively. The volume-rate impact resulted into 67.4% growth in mark-up income on loans & advances that closed at PKR 77.57 billion. Yield on net advances for the period under review stood at 11.25% as compared to 8.1% for the similar period last year.



With a focus on trading strategy and better liquidity management, excess liquidity with the bank is mostly placed into HTM and AFS market securities. The recent rise in return on government securities was another contributor towards the higher interest income of the bank for the period. Despite the average investment being lower by 4.5% at PKR 1,061.4 billion, interest income on investments and placements amounted to PKR 83.52 billion, showing an increase of PKR 26.26 billion (up 45.9% YoY) and PKR 6.29 billion (up 288.8% YoY), respectively.

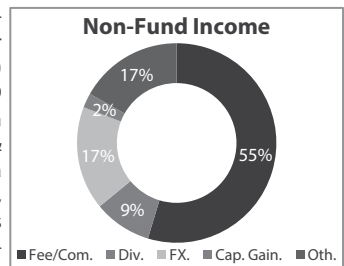
Mark-up/interest Expense:

During the period, the bank paid PKR 113.52 billion as profit to providers of funds, of which PKR 78.02 billion are paid to depositors. This is 84.1% higher than PKR 61.67 billion mark-up expense for the corresponding nine-months period, and was driven by rate-volumetric growth. During the period under review, the bank's average deposits remained higher by 9.0% at PKR 1,727.56 billion (Sep '18: 1,585.59 billion), and average borrowings were higher by 5.4% at PKR 357.8 billion (Sep '18: PKR 339.50 billion). Cost of deposits stood at 6.04% compared to 3.51% for the nine-months period ended September 2018. The bank also actively enters into repo transactions to benefit from the arbitrage opportunities. Interest expense on Repo/borrowing /swap transactions amounted to PKR 34.99 billion. Accordingly, the bank's net mark-up/interest income closed at PKR 53.86 billion, being 23.7% higher against PKR 43.55 billion earned during the corresponding nine-months period last year.



Non mark-up/interest income:

Representing ~one-third of the bank's total income, non-mark-up/interest income is an important contributor to the bank's earnings. For the period under review, the bank's non-mark-up/interest income (NFI) also increased by 13.7% to PKR 25.57 billion as against PKR 22.49 billion earned during the corresponding period last year. Despite a tough market competition, the bank increased its earnings from fee & commission by 11.4% to PKR 13.99 billion. This is achieved through a strong momentum across general banking services, debit card, bancassurance, home remittances and advisory fee. A slight drop is however observed in commission income on government transactions during the period.





Complementing objectives of the government and the central bank, the bank is continually promoting home remittances through banking channels, and has considerably increased its market share in home remittances business. Transaction volumes and remittances amount grew by 30.2% and 17.4% respectively against Sep '18 translating into market share of 12.5%. Also, income from dealing in foreign exchange has increased by 42.4% to PKR 4.32 billion. This is mainly attributed to an active build-up in FX volumes, sharp increase in the USD/PKR forward premium and proactive management of trading positions amidst volatility in the currency markets.

Dividend income for the period is also higher by 17.0% and amounted to PKR 2.40 billion as against PKR 2.05 billion for the nine-months ended September 30, 2018. The increase is mainly attributed to dividend on account of Bank Al Jazira (KSA) in which NBP has 3.7% shareholding. Given the lacklustre performance of the stock market during most of 2019, the bank's gain from sales & redemption on securities for the period under review dropped to PKR 592.22 million as compared to PKR 3.17 billion earned during the corresponding period prior year.

Provisions & Loan Losses:

Provision expense for the nine-months period under review amounted to PKR 8.89 billion as against PKR 4.98 billion for the corresponding nine-months period of 2018. This included (i) provision charge against loans & advances amounted to PKR 5.85 billion, being PKR 1.85 billion or 46.4% higher than the corresponding period last year, and (ii) provision charge against investment amounted to PKR 2.80 billion compared to PKR 440.91 million for the corresponding nine-months period last year. This is mainly on account of impairment in equity portfolio.

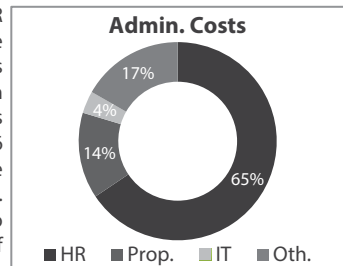
Expense Management:

As the bank is taking effective measures for efficiently managing its administrative expenses, overall non-mark-up/interest expenses to gross income as an efficiency indicator stands improved to 52.1% as against 57.4% for September 2018.

Operating expenses for the period under review amounted to PKR 41.24 billion, being 8.8% higher against PKR 37.92 billion for the corresponding period of 2018. This increase is in line with the bank's approved budget, as well as industry norms. HR compensation expenses that constitute 65.6% of the total operating expenses amounted to PKR 27.05 billion being 4.2% higher than PKR 25.96 billion of corresponding period. Property related expenses during the period recorded a 14.2% growth and amounted to PKR 5.76 billion. Growth is mainly due to adoption of IFRS-16 that requires the bank to recognise nearly all leases on the balance sheet under "right to use of asset" for a period of time and the associated liability to pay rentals.

Using the modified retrospective restatement approach, the bank has not restated comparative numbers for the 2018. During the year, the bank incurred an expense of PKR 1.51 billion on its IT systems; ~40.0% of this was spent on software maintenance. Other operating expenses increased by 18.0% to PKR 6.92 billion. Major increase under this category of expense was due to PKR 929.88 million paid on account of Depositor Protection Premium.

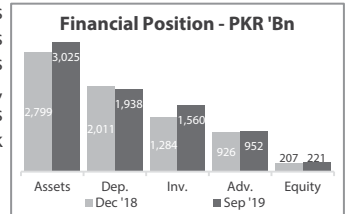
Going forwards, an increased focus on operational efficiencies and enhanced internal controls is expected to further benefit the institution.





Financial Position:

Total assets of the bank amounted to PKR 3,025.37 billion which is 8.1% higher than PKR 2,798.57 billion as at December 31, 2018. This represents ~13.8% of the banking industry total assets. The bank's market share in deposits, advances and investment is around ~14%, ~12%, and ~15% respectively. Strength of the bank's balance sheet is driven by the wide market outreach and branch banking network where the focus remains on low-cost deposit mobilization.



Loans & Advances:

Representing ~12.0% of the total industry loans, gross advances of the bank amounted to PKR 1,093.37 billion, marginally higher than PKR 1,059.48 billion as at December 31, 2018. However, compared to PKR 953.28 billion of September 2018, gross advances stand increased by PKR 140.1 billion or 14.7%. The loan portfolio's (net) contribution to total assets stood still low at 31.5% (2018: 33.1%). Loan growth during the period was quite broad but more in Corporate, Commercial/SME, Agri, and Commodity products.

Domestic advances constitute 91.0% of the bank's total loan portfolio and amounted to PKR 995.10 billion (Dec '18: PKR 974.1 billion); whereas overseas loans amounted to PKR 98.30 billion (Dec '18: PKR 85.4 billion). As discussed earlier, growth in domestic advances was mainly achieved in Corporate loans (PKR30.9 billion, 5.9%), Advance Salary (PKR 9.7 billion, 12.0%), Agriculture financing (PKR 6.8 billion, 14.6%) and Islamic finance (PKR 2.4 billion, 8.7%).

Given the challenging economic environment, non-performing loans of the bank have increased by PKR 19.13 billion. As of September 30, 2019 non-performing loans totaled to PKR 152.49 billion as against PKR 133.36 billion at the end of year 2018. This translates into loan infection ratio of 13.9% which is slightly higher than 12.6% as of December 31, 2018. At 86.7% (2018: 95.2%), most of NPLs are classified in the Loss category. Domestic NPLs of PKR 110.88 billion (2018: PKR 94.18 billion) represented 72.7% (2018: 70.6%) of total NPLs at end September 2018. Overseas NPLs rose by 6.2% during the period under review to PKR 41.61 billion, representing a higher 27.3% of total NPLs. Most of NBP's overseas NPLs are located in a single country. NPLs are adequately covered through the provisions as per the regulatory requirements. As of September 30, 2019 total provisions amounted to PKR 141.79 billion of which specific provisions amounted to PKR 133.47 billion. -Gross NPL Ratio, Net NPL Ratio and provision coverage stood at 13.9%, 2.0% and 87.5% respectively at end September 2019 as compared to 12.6%, 0.8%, and 94.7% as of Dec '18.

Investments:

As of September 30, 2019, the bank's investments at cost amounted to PKR 1,558.11 billion as against PKR 1,276.28 billion as of December 31, 2018. This depicts an increase of PKR 281.82 billion or 22.1% mainly in available-for-sale securities 'AFS' and held-to-maturity 'HTM'; securities that increased by PKR 215.45 billion (23.3%) and PKR 142.10 billion (76.1%) respectively. Investments constitute 51.6% of the bank's total assets (45.9% as on December 31, 2018) and ~15.0% of the total banking industry investments. NBP's AFS portfolio also includes a small but diversified portfolio of listed equities of PKR 30.8 billion (just over 1% of assets). Investment outside Pakistan includes the bank's 3.7% stake in Saudi Arabia's Bank Al-Jazira which is booked marked-to-market at PKR 17.1 billion.

The bank looks to maintain an efficient investment portfolio with good yield, shorter maturity and acceptable risk range. For focus on trading strategy and better liquidity management, excess liquidity with the Bank is placed into market treasury bills under HTM and AFS. Pursuant to the bank's effective risk and capital management strategy, the bank's investment portfolio is efficiently diversified across zero risk weighted treasury



instruments & bonds, high dividend yielding equities and other interest bearing financial instruments. During the period under review, investments averaged at PKR 1,061.42 billion being marginally lower than PKR 1,098.89 billion during the corresponding year last year. Given the rising interest rates, the bank is following a strategy of building a short-term portfolio. Yield on investments & placements during the nine-months period under review stand improved to 10.52% as compared to 6.97% for the corresponding period last year.

Deposits:

As of September 30, 2019 deposits of the bank amounted to PKR 1,938.03 billion, depicting a drop of PKR 73.35 billion or 3.6% as against PKR 2,011.38 billion as of December 31, 2018. Deposits constitute 69.10% of the bank's total liabilities and translate into ~13.5% share in total banking industry deposits. Customer deposits that form 87.5% of the bank's total funding pool remained stable during the period and amounted to PKR 1,694.98 billion (2018: PKR 1,674.12 billion). During the period, deposits averaged at PKR 1,727.56 billion as against PKR 1,585.58 billion during the corresponding period last year. On a positive note, the bank's CASA Ratio stands improved from 81.4% at December 31, 2018 to 83.7% at September 30, 2019. In the increasing discount rate environment, said increase in the CASA deposits helped in lowering overall mark-up expense.

Capital Strength & Adequacy:

The bank seeks to maintain strong capitalization levels to build a solid platform for business growth. The bank has been designated as "Category-B" Domestic Systemically Important Bank by the State Bank of Pakistan. Therefore, the bank is required to maintain an additional 1.5% loss absorbency surcharge over & above the minimum capital adequacy requirement. Hence, the bank's minimum capital adequacy requirement stands increased from 11.90% in December 2018 to 13.4% effective March 31, 2019. Further, effective March 31, 2020, the bank will be subject to enhanced loss absorbency surcharge of 2.0% in the form of additional common equity tier-1 capital (CET-1). At end of September 2019, Tier-I capital of the bank amounted to PKR 145.0 billion, whereas total capital stood at PKR 189.8 billion as against PKR 168.7 billion as of Dec '18. This translates into Common Equity Tier-1 (CET-1) ratio at 13.09% (Dec'18: 12.10%) and total Capital Ratio (CAR) at 17.13% up from 16.35% as of Dec '18. Hence, the bank is compliant with the enhanced regulatory requirement with a buffer of 3.74%.

First priority of the Board is to maintain continuity of the bank's business which is much dependent upon strong capital base of the bank. Given the increasing minimum capital requirements, the bank aims at efficient capital allocation through conservative portfolio growth, quality lending to low-risk customers/sectors, enhanced credit monitoring and de-risking from higher capital allocation avenues.

Compliance with regulatory matters in USA operations:

In 2016 the bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). 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 requires 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. NBP has made considerable progress and seeks to comply with all applicable laws and regulations.

This heightened attention to compliance is expected across the bank's international franchise which will also gain from the development and implementation of an integrated strategy.



Appropriation of Profit:

Profit for the nine-months ended September 30, 2019 after carry forward of accumulated profit of 2018 is proposed to be appropriated as follows:

	(PKR Million)
Profit before tax for the nine-months ended September 30, 2019	29,182.3
Taxation:	
- Current	13,778.1
- Prior Year	1,056.8
- Deferred	(1,983.3)
	12,851.6
Profit after tax for the nine-months period ended September 30, 2019	16,330.7
Un-appropriated profit brought forward	72,332.9
Other comprehensive income - net of tax	(194.7)
Transfer from surplus on revaluation of fixed assets	179.7
Profit available for appropriations	88,648.6
Appropriation:	
Transfer to Statutory Reserve (10% of after-tax profit)	(1,633.1)
Transfer from general loan loss reserves to un-appropriated profits	4,000.0
Un-appropriated profit carried forward	91,015.4

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 Honourable Supreme Court of Pakistan in said case was last fixed for September 16, 2019; however, it was adjourned.

Credit Rating:

The bank's credit rating is carried out by both, the JCR-VIS and PACRA credit rating agencies. In June 2019, they both reaffirmed the bank's credit rating at 'AAA/A-1+' (Triple A/A-One Plus) with a 'Stable' Outlook.

Economic Environment:

Overall, 2019 has been a challenging year for the country's economy as the macro-economic challenges, including the inflationary pressure and twin deficit, remain a concern within the overall economy. Headline CPI inflation rate increased to 12.5% (highest since June of 2011) in September of 2019 from 11.6% in the previous month. GDP growth for the FY19 is decelerated to 3.3% as against 5.5% in previous fiscal year. Policy adjustments, including the tightened monetary stance, cut in public sector development expenditure and enhanced tax reforms contracted growth in all major sector including LSM, Agriculture as well as Service sector. GDP growth forecasts are further downgraded at 2.4% for the FY20.





Corrective measures taken by the central bank and Government on the back of agreement with IMF have lately started portraying some signs for improvement. As result of general economic slowdown and other corrective measures, the current account deficit for July-September FY20 clocked in at \$1.54 billion compared to \$4.29 billion in the same period last fiscal year. Also the trade deficit stood at \$5.727 billion during the quarter ending September 30 as compared to a \$8.79 billion deficit during the same period last year. The decline was largely driven by fall in imports of non-essential luxury items, which reduced by 20.6% to \$11.25 billion in July-September 2019 in contrast with \$14.17 billion during the same period last year. While, despite a major devaluation in Pak Rupee, exports during the quarter increased marginally by 2.7% YoY, remittances dropped by 1.4% to \$5.47 billion. The country's FX reserves closed at \$15.0 billion at Sep'19, up 9% over \$13.8 billion in Dec'18, and exchange rates remained fairly stable during the 1st fiscal quarter.

After several consecutive increases from 5.75% in January 2018, in September 2019 the central bank decided to leave the policy rate unchanged at 13.25%. The decision reflected the view that inflation outcomes have been largely as expected. This, along with recent reduction of 31 basis points in the cut-off yield of 12-month treasury bills may be taken as a positive omen. Outlook for external financing has also strengthened with disbursement of the IMF extended fund facility, and other commitments of support from multilateral and bilateral partners. The Government of Pakistan is taking steps to achieve the strategic objectives set in Budget-FY20 to improve fiscal sustainability through tax base, re-build reserves, reform the energy sector and improve efficiency of the state owned enterprises.

In the prevailing economic environment, the country's banking sector is expected to benefit from higher interest rates. However, the high interest rate environment and inevitable inflationary pressures lead to higher NPLs and an adverse impact on both credit demand and asset quality.

Outlook:

2019 is NBP's 70th year of service to the Nation, and it continues to deliver strong results. Its business strategy is evolving to ensure a focus on inclusive development through reaching and supporting underserved sectors including SME, Microfinance, Agriculture Finance, and finance for Micro-Housing on a priority basis. This is in addition to the bank's dominant role in dealing with public sector enterprises and its employees. Building a digital banking capability and a technology platform will be a central part of this strategy as will the inculcation of a performance driven culture within the institution. For achieving the strategic goals of the bank, certain functions at the Head Office level have been re-organized to create synergies and enhance risk controls.

Acknowledgement & Appreciation:

We would like to take this opportunity to acknowledge & appreciate the contributions of the Directors for their leadership & guidance in building a sustainable platform for growth. We also appreciate the role played by the Bank's employees who performed resolutely throughout the year under challenging conditions.

For and on behalf of the Board of Directors

Arif Usmani
President & CEO
Karachi
Date: October 29, 2019

Zubyr Soomro
Chairman



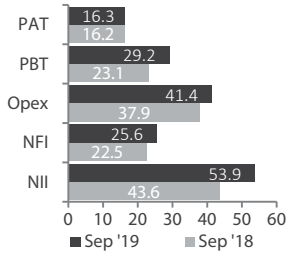
ڈائریکٹرز رپورٹ برائے حصص یافتگان بینک کے مالیاتی گوشوارے کا خلاصہ

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019 کو ختم ہونے والے نو مہینے کے لئے ٹریڈنگ بینک آف پاکستان ”دی بینک“ کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔
اہم جھلکیاں:

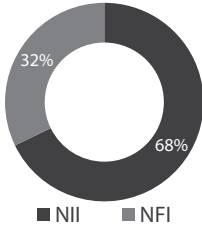
مالیاتی کارکردگی (ارب روپے)	ستمبر 2019	ستمبر 2018	بہتری / ابتری
کل آمدنی	79.44	66.04	13.39 (20.3%)
ٹران مارک اپ/سودی اخراجات	41.36	37.94	(3.42) (9.0%)
قبل از تعرف منافع	38.07	28.10	9.97 (35.5%)
خالص تعرف/تعمزد	8.89	4.98	(3.91) (78.4%)
قبل از ٹیکس منافع	29.18	23.12	6.06 (26.2%)
ٹیکس	12.85	6.94	(5.91) (85.2%)
بعد از ٹیکس منافع	16.33	16.18	0.15 (0.9%)
فی حصص آمدنی (روپے)	7.68	7.60	0.08 (1.1%)
مالیاتی حالت	ستمبر 2019	دسمبر 2018	بہتری / ابتری
ڈیپازٹس	1,938.03	2,011.38	(73.35) (3.6%)
دینے گئے قرضے	951.57	926.00	25.57 (2.8%)
سرماہ کاری	1,560.41	1,284.32	276.10 (21.5%)
کل اثاثے	3,025.37	2,798.57	226.80 (8.1%)
حصص یافتگان کے خالص اثاثے	220.86	206.87	13.99 (6.8%)

مالیاتی کارکردگی:

بینک کی کل آمدنی کی مالیت 79.44 ارب روپے رہی جو کہ پچھلے سال کے اسی عرصے میں ہونے والی 66.04 ارب روپے کے مقابلے میں 20.3% زیادہ ہے۔ خالص سودی آمدنی (NII) 53.86 ارب روپے پر بند ہوئی جبکہ ٹران مارک اپ/ غیر سودی آمدنی (NFI) 25.57 ارب روپے پر بند ہوئی، ان میں بالترتیب 23.7% اور 13.7% اضافہ ہوا۔ بعد از ٹیکس منافع 16.33 ارب روپے رہا جو کہ پچھلے سال کے اسی عرصے کے مقابلے میں معمولی 0.9% زیادہ رہا۔



Income Composition



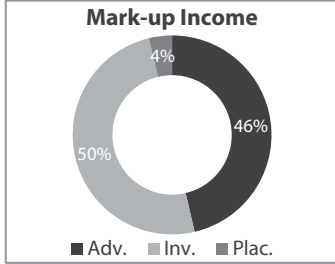
بینک کا تصرف سے پہلے منافع 38.07 ارب روپے رہا جو کہ پچھلے سال کے اسی عرصے کے 28.10 ارب روپے کے مقابلے میں 35.5% زیادہ ہے۔ بینک کا قبل از ٹیکس منافع 29.18 ارب روپے رہا جبکہ 2018 کے اسی عرصے کے دوران قبل از ٹیکس منافع 23.12 ارب روپے تھا اس طرح سال بہ سال موازنہ کرتے ہوئے 26.2% اضافہ ہوا۔ 9 مہینے کے زیر جائزہ عرصے کے لئے بعد از ٹیکس منافع 16.33 ارب روپے رہا جو کہ 2018 کے اسی عرصے میں ہونے والے بعد از ٹیکس منافع 16.18 ارب روپے سے معمولی 1.0% زیادہ ہے۔ بعد از ٹیکس منافع میں کمی کی بنیادی وجہ ٹیکس چارج میں اضافہ ہے جو پچھلے سال کے اسی عرصے میں 30% تھا لیکن اب 44% ہو گیا ہے۔ اس کے نتیجے میں اوسط اثاثوں پر بعد از ٹیکس آمدنی (ROA) 0.7% ہوئی (دسمبر 2018 میں 0.8%) اور اسی طرح قبل از ٹیکس اور بعد از ٹیکس ریٹرن آن ایکویٹی بالترتیب 25% (ستمبر 2018 میں 23.0%) اور 14.0% (ستمبر 2018 میں 16.1%) رہی خالص منافع فی حصص آمدنی میں بدل کر 7.68 روپے رہا جو کہ پچھلے سال کے اسی عرصے میں 7.60 روپے فی حصص تھا۔

16.1% (ستمبر 2018 میں 14.0%) اور 23.0% (ستمبر 2018 میں 25.0%) اور 14.0% (ستمبر 2018 میں 16.1%) رہی خالص منافع فی حصص آمدنی میں بدل کر 7.68 روپے



مجموعی مارک اپ/سودی آمدنی

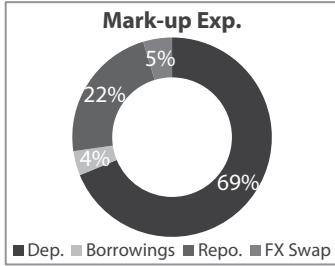
خالص سودی آمدنی بینک کے منافع کا سب سے بڑا ذریعہ ہے زیر جائزہ نو مہینے کے عرصہ میں بینک کے سودی آمدنی نے مجموعی طور پر 167.39 ارب روپے کمائے جو کہ پچھلے سال کے اسی عرصہ میں کمائے گئے 105.22 ارب روپے سے 59.1% زیادہ ہیں۔ یہ اضافہ قرضوں کا بڑھنا اور ڈسکاؤنٹ ریٹ میں اضافے کی وجہ سے قرضوں پر سود کی شرح میں تبدیلی کی وجہ سے ممکن ہوا ہے۔



زیر جائزہ عرصہ میں قرضوں میں مجموعی اضافہ 19.5% ہو جو کہ سال بہ سال موازنہ پر 1059.16 ارب روپے رہا۔ کارپوریٹ قرضوں میں اوسط اضافہ 22.7% رہا اور یہ بڑھ کر 508.55 ارب روپے ہونے تجارتی SMB/ قرضوں میں اوسط اضافہ 65.9% ہوا اور یہ بڑھ کر 60.45 ارب روپے ہو گئے۔ اسی طرح اسلاک فنانسز میں 26.6% اضافہ کے بعد یہ بڑھ کر 28.05 ارب روپے ہو گئے۔ اور شرح سود میں اضافے کی وجہ سے قرضوں پر سودی آمدنی میں 67.4% اضافہ ہوا اور یہ بڑھ کر 77.57 ارب روپے ہو گئی خالص قرضوں پر آمدنی زیر جائزہ عرصہ میں بڑھ کر 11.25 ہو گئی جو کہ پچھلے سال کے اسی عرصہ میں 8.1% تھی۔

ٹریڈنگ اسٹریٹجی اور بہتر لکویڈٹی مینیجمنٹ پر توجہ HTM اور AFS مارکیٹ سیکورٹیز میں رکھا گیا اس عرصہ میں حکومتی سیکورٹیز پر آمدنی میں حالیہ اضافہ بھی بینک کی سودی آمدنی بڑھانے کی ایک وجہ ہے۔ اوسط سرمایہ کاری میں 4.5% کمی ہو کر 11,061.4 ارب روپے رہ گئی لیکن اس کے باوجود سرمایہ کاری اور سیکورٹیز پر سودی آمدنی بڑھ کر 83.52 ارب روپے ہو گئی۔ سرمایہ کاری پر سودی آمدنی میں 26.26 ارب روپے کا اضافہ ہوا (سال بہ سال اضافہ 45.9%) جبکہ سیکورٹیز کے لئے رکھی گئی رقم سے 6.29 ارب روپے کی آمدنی ہوئی (سال بہ سال اضافہ 288.8%)۔

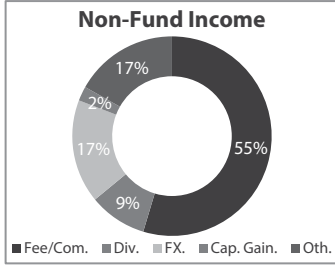
مارک اپ/سود پر اخراجات:



اس عرصہ میں بینک نے فنڈز فراہم کرنے والوں کو 113.52 ارب روپے بطور منافع ادا کئے جن میں سے 78.02 ارب روپے ڈیپازٹرز کو ادا کئے گئے 61.67 ارب روپے سے 84.1% زیادہ ہے جو حجم اور شرح میں اضافے کی وجہ سے ہے۔ زیر جائزہ عرصہ میں بینک کے اوسط ڈیپازٹس 1,727.56 ارب روپے رہے جو کہ ستمبر 2018 کے اوسط 1,585.59 ارب روپے کے مقابلے میں 9.0% زیادہ ہیں۔ اور اوسط قرضے 357.8 ارب روپے رہے جو کہ ستمبر 2018 کے اوسط 339.50 ارب روپے کے مقابلے میں 5.4% زیادہ ہیں۔ ڈیپازٹس پر آنے والی لاگت 6.04% ہے جو کہ ستمبر 2018 میں ختم ہونے والے نو ماہ کے عرصہ میں 3.51% تھی۔ بینک ہنڈلی کے کاروبار سے پیدا ہونے والے مواقع سے فائدہ اٹھانے کے لئے Repo transaction میں بھی سرگرمی سے داخل ہوا ہے۔ ریپوزٹرانزیکشنز سوپ رائزڈ ایکٹس اور قرض کے لین دین پر اٹھنے والے سودی اخراجات 34.99 ارب روپے رہے۔ اس کے نتیجے میں بینک کی خالص مارک اپ/سود سے آمدنی 53.86 ارب پر بند ہوئی جو کہ پچھلے سال کے اسی عرصہ میں ہونے والی 43.55 ارب روپے سے 23.7% زیادہ ہے۔



نان مارک اپ/غیر سودی آمدنی:



نان مارک اپ یا غیر سودی آمدنی بینک کی ایک تہائی آمدنی کے برابر ہے اور اس کی آمدنی کا ایک بہت اہم ذریعہ ہے۔ زیر جائزہ عرصہ میں بینک کی نان مارک اپ/غیر سودی آمدنی (NFI) میں بھی 13.7% اضافہ ہو کر وہ 25.57 ارب روپے ہو گئی جبکہ پچھلے سال کے اسی عرصہ میں یہ آمدنی 22.49 ارب روپے تھی۔ مارکیٹ میں سخت مقابلے کی صورت حال کے باوجود بینک نے اپنی فیس اور کمیشن سے ہونے والی آمدنی میں 11.4% اضافہ کر کے اس کو 13.99 ارب روپے کر لیا۔ یہ اضافہ جنرل بینکنگ سروسز ڈیپٹ کارڈ bancassurance بیرون ملک سے ترسیلات زراور ایڈوائزری فیس میں تسلسل کے ساتھ تحریک کے ذریعے حاصل کیا گیا۔ البتہ اس عرصہ میں حکومتی لین دین پر کمیشن میں معمولی کمی دیکھی گئی ہے۔

حکومت اور مرکزی بینک کی مشترکہ کوششوں میں اچھا حصہ ڈالنے ہوئے بینک مسلسل اس کی تشہیر کر رہا ہے کہ یہ وہ ملک سے ترسیلات زر بینکنگ جھنڈے کے ذریعے کی جائیں اس کے نتیجے میں ترسیلات زر میں بینک کا حصہ بڑھا ہے۔ کاروباری حجم اور ترسیلات زر کی رقم میں بالترتیب 130.2% اور 17.4% اضافہ ہوا ہے۔ ستمبر مقابلے میں اب مارکیٹ شیئر 12.5% ہے۔ زرمبادلہ میں لین دین سے ہونے والی آمدنی میں بھی اضافہ ہوا ہے اور اس میں 42.4% کا اضافہ ہو کر 14.32 ارب روپے ہو گئی ہے۔ اس کی بڑی وجوہات میں زرمبادلہ کا حجم بڑھانا پاکستانی روپے کے مقابلے میں امریکی ڈالر کی قدر میں تیزی سے فارورڈ پریمیم اضافہ اور کرنسی مارکیٹس میں غیر یقینی صورتحال کے باوجود ریڈنگ پوزیشنز کا پیش بنانا نظام شامل ہے۔

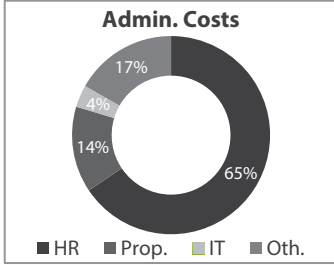
زیر جائزہ عرصہ میں قابل تقسیم آمدنی میں بھی 17.0% کا اضافہ ہو کر وہ 2.40 ارب روپے ہو گئی ہے جبکہ ستمبر 2018 کو ختم ہونے والے اسی عرصہ میں یہ آمدنی 2.05 ارب روپے تھی۔ اس اضافے کی بڑی وجہ بینک الجزائرہ (سعودی عرب) سے ہونے والی آمدنی ہے جس میں نیشنل بینک آف پاکستان کے 3.7% شیئر ہولڈنگ ہے۔ 2019 میں اسٹاک مارکیٹ کی صورتحال زیادہ تر خراب رہی جس کی وجہ سے بینک کی سیکوریٹیز کی فروخت اور ری ڈیمپشن سے ہونے والی آمدنی زیر جائزہ عرصہ میں 592.22 کروڑ روپے گئی جبکہ پچھلے سال کے اسی عرصہ میں یہ آمدنی 3.17 ارب روپے تھی۔

قرضوں کے لئے مختص رقم اور قرضوں سے ہونے والا نقصان:

زیر جائزہ نمونے کے عرصہ میں قرضوں کے لئے مختص رقم پر ہونے والے اخراجات 8.89 ارب روپے رہے جبکہ 2018 کے اسی عرصہ میں یہ اخراجات 4.98 ارب روپے تھے۔ ان اخراجات میں درج ذیل شامل ہیں۔ (i) قرضوں کے لئے مختص رقم پر چارج 5.85 ارب روپے، جو کہ پچھلے سال کے اسی عرصہ سے 1.85 ارب روپے یا 46.4% زیادہ ہے۔ (ii) سرمایہ کاری کے لئے مختص پروڈن چارج کی رقم 2.80 ارب روپے ہے جو کہ پچھلے سال کے اسی عرصہ کے لئے 440.91 ملین روپے تھی یہ بنیادی طور پر ایکویٹی فورٹ فولیو میں نقصان سے بچنے کے لئے ہے۔

اخراجات کا انتظام و انصرام:

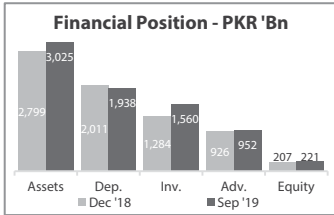
جیسا کہ بینک اپنے انتظامی اخراجات کو قابو میں رکھنے کے لئے موثر اقدامات اٹھا رہا ہے، مجموعی طور پر نان مارک اپ/غیر سودی اخراجات اور مجموعی آمدنی کا تناسب ایک موثر اشارہ ہے۔ یہ اشارہ بہتر ہو کر 52.1% ہو گیا ہے جبکہ ستمبر 2018 میں یہ 57.4% تھا۔



زیر جائزہ عرصہ میں آپریٹنگ اخراجات 41.24 ارب روپے رہے جو کہ 2018 کے اسی عرصہ میں ہونے والے 37.92 ارب روپے کی اخراجات سے 8.8% زیادہ ہیں۔ اخراجات میں یہ اضافہ بینک کے منظور شدہ بجٹ اور انڈسٹری فارمز کے مطابق ہے۔ ملازمین کو ادائیگی جو کلکل آپریٹنگ اخراجات کا 65.6% ہوتے ہوئے 27.05 ارب روپے رہے جو کہ پچھلے سال کے اسی عرصہ میں ہونے والے 25.96 ارب روپے کے اخراجات سے 4.2% زیادہ ہیں۔ زیر جائزہ عرصہ میں پراپرٹی / جائیداد سے متعلق اخراجات میں 14.2% کا اضافہ ہو کر وہ 5.76 ارب روپے ہو گئے۔ اضافے کی بڑی وجہ IFRS-16 پر عمل درآمد ہے جس کے تحت بینک کو ہر طرح کی لین قبول کرنا ہوگا اور اپنی پبلنٹس شیٹ پر "لائٹ کو استعمال کرنے کا حق" کے تحت دکھانا ہوگا کہ لائٹ کو کتنے وقت کے لئے استعمال کیا جاسکتا ہے اور اس کے ساتھ جڑے کرایہ کی ادائیگی کی ذمہ داری ظاہر کرنا ہوگی۔ اس معاملے میں ماضی کے معاہدوں کے لئے ترمیم شدہ طریقہ کار استعمال کرتے ہوئے بینک نے 2018 کے تقابلی اعداد و شمار متب نہیں کئے۔ اس سال کے دوران بینک کو IT سسٹمز پر 1.51 ارب روپے کے اخراجات کرنا پڑے جس میں سے 40.0% اخراجات سوفٹ ویئر کو قابل استعمال رکھنے پر ہوئے دیگر آپریٹنگ اخراجات میں 18.0% کا اضافہ ہو کر وہ 6.92 ارب روپے ہو گئے۔ اس کیٹیگری میں سب سے بڑا خرچہ 929.88 ملین روپے کا ہے جو کہ ڈیپازٹرز پر ٹیکس پر پیمائش کی مد میں کیا گیا۔

آگے بڑھتے ہوئے، بہتر استعداد کار اور زیادہ انٹرنل کنٹرول پر توجہ مرکوز رکھی جائے گی جس سے توقع ہے کہ ادارے کو مزید فائدہ ہوگا۔

مالی حالت:



بینک کے کل اثاثوں کی مالیت 3,025.37 ارب روپے ہے جو کہ 31 دسمبر 2018 کو اثاثوں کی مالیت 2,798.57 ارب روپے سے 8.1% زیادہ ہے یہ مالیت بینکنگ انڈسٹری کے کل اثاثوں کا تقریباً 13.8% ہے بینک کا مارکیٹ ٹریڈیبل سٹیٹس (جمع شدہ قوم) دیئے گئے قرضوں اور سرمایہ کاری میں بالترتیب تقریباً 14% تقریباً 12% اور تقریباً 15% ہے۔ بینک کی پبلنٹس شیٹ کو طاقت اس کی وسیع پہنچ اور براج بینکنگ نیٹ ورک سے ملتی ہے جہاں توجہ کم لاگت کے ڈیپازٹس جمع کرنے پر مرکوز ہے۔

قرضہ جات:

انڈسٹری کے کل قرضوں کا تقریباً 12.0% نیشنل بینک نے دیا ہے۔ بینک کے کل دیئے گئے قرضوں کی مالیت 1,093.37 ارب روپے ہے۔ جو کہ 31 دسمبر 2018 تک دیئے گئے 1,059.48 ارب روپے کے قرضوں سے معمولی زیادہ ہے۔ البتہ ستمبر 2018 تک دیئے گئے 953.28 ارب روپے کے قرضوں میں 140.1 ارب روپے یا 14.7% کا اضافہ ہوا۔ لون پورٹ فولیو (نیٹ) کا کل اثاثوں میں حصہ اب بھی کم 31.5% ہے (2018 میں یہ تناسب 33.1% تھا) اس عرصہ میں قرضوں میں اضافہ خاصا پچھلا ہوا رہا لیکن کارپوریٹ،

بینک کے کل قرضوں میں اندرون ملک دیئے گئے قرضوں کا تناسب 91.0% ہے جن کی مالیت 995.10 ارب روپے تھی (دسمبر 2018 میں یہ مالیت 974.1 ارب روپے تھی) دوسری طرف بیرون ملک دیئے گئے قرضوں کی مالیت 198.30 ارب روپے ہے (دسمبر 2018 میں یہ مالیت 85.4 ارب روپے تھی) جیسا کہ پہلے بتایا گیا ہے، اندرون ملک دیئے گئے قرضوں میں سے زیادہ تر کارپوریٹ قرضے (30.9 ارب روپے (5.9%) بینکنگ تنخواہ (9.7 ارب روپے (12.0%) زرعی قرضے (6.8 ارب روپے (14.6%) اور اسلامک فنانس (2.4 ارب روپے (8.7%)۔



مشکل معاشی صورتحال کی وجہ سے بینک کے نان پرفارمنگ قرضے 19.13 ارب روپے بڑھ گئے ہیں 30 ستمبر 2019 تک نان پرفارمنگ قرضوں کی کل مالیت 152.49 ارب روپے ہو گئی ہے جبکہ 2018 کے آخر میں ان کی کل مالیت 133.36 ارب روپے تھی اس صورتحال کی وجہ سے لون انفیکشن ریشٹو 13.9% ہو گیا ہے جو کہ 31 دسمبر 2018 کے 12.6% سے معمولی زیادہ ہے۔ زیادہ تر نان پرفارمنگ لونز (NPL) کوڈوبے ہوئے قرضوں یا لاس کیٹیگری میں رکھا گیا ہے، یہ تناسب اس وقت 86.7% ہے جبکہ 2018 میں یہ تناسب 95.2% تھا۔ اندرون ملک NPLs کی مالیت 110.88 ارب روپے ہے (2018 میں 94.18 ارب روپے تھی) یکل NPLs 72.7% ہے (2018 میں 70.6% تھا)۔ بیرون ملک دیئے گئے NPLs میں 6.2% کا اضافہ زیر جائزہ عرصے میں ہوا اور یہ بڑھ کر 41.61 ارب روپے ہو گئے جو کل NPLs کا 27.3% ہے۔ نیشنل بینک آف پاکستان بیرون ملک دیئے گئے NPLs میں سے زیادہ تر ایک ہی ملک میں واقع ہیں۔ NPLs پاڈوبے ہوئے قرضوں کے لئے قانونی تقاضوں کے مطابق گنجائش موجود ہے اور اس کے لئے رقم مختص کی گئی ہیں۔ 30 ستمبر 2019 تک NPLs کے لئے کل 141.79 ارب روپے رکھے گئے ہیں جس میں سے 133.47 ارب روپے مخصوص قرضوں کے لئے رکھے گئے ہیں گراس NPL ریشٹو، نیٹ NPL ریشٹو اور پرویزون کو رینج بالترتیب 13.9%، 2.0% اور 87.5% ہیں یہ اعداد و شمار ستمبر 2019 آخر کے ہیں جبکہ دسمبر 2018 میں یہ بالترتیب 12.6%، 0.8% اور 94.7% تھے۔

سرماہ کاری:

30 ستمبر 2019 تک بینک کی سرماہ کاری کی لاگت 1558.11 ارب روپے تھی جبکہ 31 دسمبر 2018 کو سرماہ کاری کی کل لاگت 1276.28 ارب روپے تھی۔ اس سے ظاہر ہوتا ہے کہ اس عرصہ میں بینک کی سرماہ کاری میں 281.82 ارب روپے یا 22.1% کا اضافہ ہوا۔ یہ اضافہ زیادہ تر (AFS) اور Available for Sale (HTM) Maturity (HTM) میں بالترتیب 215.45 ارب روپے (23.3%) اور 142.10 ارب روپے (76.1%) اضافہ ہوا۔ بینک کی سرماہ کاری بینک کے کل اثاثوں کا 51.6% ہے (31 دسمبر 2018 کے 45.9%) اور یہ ٹوٹل بینکنگ انڈسٹری کا تقریباً 15% ہے۔ نیشنل بینک کے AFS پورٹ فولیو میں ایک چھوٹا مگر متنوع فورٹ فولیو لیکویڈ ایٹیوٹیز کا بھی ہے اس کی مالیت 30.8 ارب روپے (کل اثاثوں کا 1% سے کچھ اوپر) ہے بیرون ملک سرماہ کاری میں سعودی بینک الجزائرہ میں نیشنل بینک آف پاکستان کے 3.7% شیئر ہولڈنگ ہے۔ جس کی مالیت 17.1 ارب روپے ہے۔

بینک ایک موثر سرماہ کاری کا پورٹ فولیو قائم کرنے کا ارادہ رکھتا ہے جو اچھے نتائج دے، کم عرصہ میں نتائج دے اور رسک قابل قبول حد میں ہو۔ ٹریڈنگ کی حکمت عملی اور بہتر لیکویڈٹی پرتوجہ مرکوز رکھنے کے لئے، بینک کے پاس جو اضافی قوم موجود ہیں وہ اس نے HTM اور AFS کے تحت مارکیٹ ٹریڈری بلز میں لگائی ہیں۔ بینک کی موثر رسک اور کنٹریپل منیجمنٹ حکمت عملی کے تحت بینک کا سرماہ کاری کا فورٹ فولیو موثر طور پر متنوع ہے جس میں زیور رسک ویڈیو ٹریڈری انسٹرومنٹس اور لونڈرز، ادنیٰ منافع دینے والے ایکویٹیٹیز اور دیگر فنانشل انسٹرومنٹس جن میں سود ملتا ہے شامل ہیں۔ زیر جائزہ عرصہ میں سرماہ کاری کی لاگت 1,061.42 ارب روپے رہی جو کہ پچھلے سال کے اسی عرصے کی اوسط 1,098.89 ارب روپے ہے معمولی کم ہے۔ بڑھتی ہوئی شرح سود کی موجودگی میں بینک ایک شاز ٹرم پورٹ فولیو بنانے کی حکمت عملی پر عمل پیرا ہے۔ زیر جائزہ نومبے کے عرصہ میں سامایہ کاری اور رقم لگانے پر منافع بہتر ہو کر 10.52% ہو گیا ہے جو کہ پچھلے سال کے اسی عرصہ میں 6.97% تھا۔

ڈیپازٹس (جمع شدہ قوم):

30 ستمبر 2019 کو بینک میں جمع شدہ قوم کی مالیت 1938.03 ارب روپے تھی جو کہ 31 دسمبر 2018 کو جمع شدہ قوم 2011.38 ارب روپے سے 73.35 ارب روپے یا 3.6% کم ہے جمع شدہ قوم بینک کے کل واجبات کا 69.10% ہیں اور بینکنگ انڈسٹری کے تمام ڈیپازٹس کا تقریباً 13.5% ہے۔ کسٹمر ڈیپازٹس جو بینک کے کل فنڈنگ پول کا 87.5% ہیں زیر جائزہ عرصہ میں مستحکم رہے اور ان کی مالیت 1,694.98 ارب روپے رہی (2018 میں یہ مالیت 1,674.12 ارب روپے تھی)۔ زیر جائزہ عرصہ میں ڈیپازٹس کی اوسط 1,727.56 ارب روپے رہی جبکہ پچھلے سال کے اس عرصہ میں یہ اوسط 1,585.58 ارب روپے تھی۔ ایک مثبت بات یہ ہے کہ بینک CASA Ratio بہتر ہو گیا ہے 31 دسمبر 2018 کو یہ 81.4% تھا جبکہ 30 ستمبر 2019 کو یہ 83.7% ہو گیا ہے۔ بڑھتے ہوئے ڈسکانٹ ریٹ کے ماحول میں CASA میں اس اضافے سے مجموعی مالک اپ اخراجات کم رکھنے میں مدد ملی ہے۔



مالیاتی مضبوطی اور صلاحیت:

کاروبار کی ترقی کے لئے بینک مضبوط مالی سطح کو برقرار رکھنا چاہتا ہے تاکہ اس مقصد کے لئے ٹھوس بیٹ فام تیار ہو۔ اسٹیٹ بینک آف پاکستان نے بینٹیل بینک آف پاکستان کو ڈیویڈنڈ سسٹمیٹیکلی مارنٹ بینک کی 'گیٹیگری لی بی' کا بینک قرار دیا ہے اس لئے بینک کو نقصان کو جذب کرنے کی صلاحیت کو برقرار رکھنے کے لئے کم سے کم مالی صلاحیت کی شرائط سے 1.5% اضافی سرچارج بھی رکھنا پڑتا ہے۔ اس کے نتیجے میں بینک کی کم از کم مالی صلاحیت کی شرط 11.90% سے بڑھ کر (یہ شرط دسمبر 2018 تک تھی) 31 مارچ 2019 کو 13.4% ہو گئی ہے مزید یہ کہ 31 مارچ 2022 سے نقصان کو جذب کرنے کی صلاحیت کا سرچارج 2% اضافے کے ساتھ اضافی کامن ایکویٹی ٹیڑز-1 کیپٹل (CET-1) کے طور پر رکھنا ہوگا۔ ستمبر 2019 کے اختتام پر بینک کی Tier-1 کیپٹل کی مالیت 145.0 ارب روپے تھی۔ جبکہ کل سرمائے کی مالیت 189.8 ارب روپے تھی جو کہ دسمبر 2018 میں 168.7 ارب روپے تھی۔ اس کی وجہ سے رسکمن ایویٹی-1 Tier-1 (CBT-1) کا تناسب 13.09% ہو گیا (دسمبر 2018 میں 12.10%) اور ٹوٹل کیپٹل ریشو (CAR) دسمبر 2018 کے تناسب 16.35% سے بڑھ کر 17.13% ہو گیا۔ اس طرح بینک بڑھتی ہوئی قانونی شرائط و ضوابط کو پورا کر رہا ہے جس میں 3.74% کا بغیر موجود ہے۔

بورڈ کی پہلی ترجیح بینک کے کاروبار کا تسلسل برقرار رکھنا ہے جو کہ بینک کے سرمائے کی بنیاد پر ہی ہو سکتا ہے۔ سرمائے کی کم از کم ضروری سطح کو بڑھنے کی صورت حال کے تناظر میں بینک کا ارادہ ہے کہ سرمائے کی موثر انداز میں ایلیکشن کی جائے اور ایسا پورٹ فولیو کی محتاط گردہ کم رسک والے کسٹمز/سیلز کو معیاری قرض دینے، کریڈٹ مانیٹرنگ کو بڑھانے اور بھاری سرمائے کے راستوں کو مختص کرتے وقت کم خطرہ مول لیا شامل ہیں۔

امریکا میں کاروبار کے لئے قانونی تقاضوں کی تفصیل:

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 جس کے تحت بینک کو کچھ قانونی تقاضوں اور رسک منیجمنٹ کے معاملات کی تفصیل کرنا ہے جو کہ ایڈیٹری لارنڈنگ اور معلومات کو خفیہ رکھنے سے متعلق امریکی قوانین کی ضروریات کو پورا کرنا اور ان کو پورا کرنے کے لئے مطلوبہ نظام ترتیب دینا اور مطلوبہ وسائل فراہم کرنا تاکہ ان تقاضوں کی تعمیل ہو سکے۔ بینک انتظامیہ تحریری معاہدے میں اٹھائے گئے معاملات پر عمل درآمد کے لئے مسلسل کام کر رہی ہے اس کے نتیجے میں معائنے اور ان کی آزادانہ تصدیق کے لئے کام ہو رہا ہے بینٹیل بینک آف پاکستان نے اس سلسلے میں قابل ذکر پیش رفت کی ہے اور بینک تمام قوانین اور ضابطوں کی پابندی کرنا چاہتا ہے۔

قوانین اور ضابطوں پر یہ بھرپور توجہ بینک کے تمام بین الاقوامی کاروبار میں متوقع ہے جس میں منظم حکمت عملی کی تیسری اور اس پر عمل درآمد سے فائدہ ہوگا۔

منافع کا تصرف:

30 ستمبر 2019 کو ختم ہونے والے نو مہینے کے منافع اور 2018 کے غیر تصرف شدہ منافع (جس کو سامنے لایا گیا ہے) کو درج ذیل انداز میں تصرف میں لانے کی تجویز ہے۔

ملین پاکستانی روپے

29,182.3

30 ستمبر 2019 کو ختم ہونے والے نو مہینے کے لئے قبل ازیکس منافع

تیکیش

13,778.1

موجودہ

1,056.8

گذشتہ سال

(1,983.3)

مؤخر شدہ

12,851.6

16,330.7

30 ستمبر 2019 کو ختم ہونے والے نو مہینے کے لئے بعد ازیکس منافع

72,332.9

غیر تصرف شدہ سامنے لایا جانے والا منافع

(194.7)

دیگر جامع آمدنی۔ بعد ازیکس

179.7

اکاؤنٹس کی نظر ثانی شدہ قدر پر ذخائر سے منتقلی

88,648.6

تصرف کے لئے دستیاب منافع

تصرف:

(1,633.1)

قانون ذخائر میں منتقلی (بعد ازیکس 10% فیصد)

4,000.0

عمومی قرضوں کے ڈوبنے سے تحفظ کے لئے رکھے گئے محفوظ ذخائر سے غیر تصرف شدہ منافع میں منتقلی

91,015.4

غیر تصرف شدہ سامنے لایا جانے والا منافع



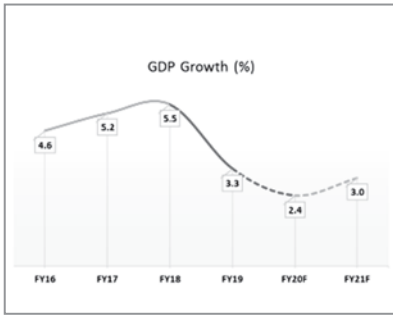
پینشن کیس میں غیر متوقع صورتحال کی تیاری:

کے کا اسٹٹس وہی ہے جو 31 ستمبر 2018 کے سالانہ مالیاتی گوشوارے کے نوٹ نمبر 1.3.4.24 میں بتایا گیا تھا۔ عزت مآب پرنسپل کورٹ کے فیصلے کے خلاف بینک کی نظر ثانی کی درخواست کی آخری ساعت کی تاریخ 16 ستمبر 2019 تھی لیکن وہ ہلتی ہو گئی۔

کریڈٹ ریٹنگ:

بینک کی کریڈٹ ریٹنگ دونوں کریڈٹ ریٹنگ ایجنٹس JCR-vis اور PACRA کرتی ہیں۔ جون 2019 میں دونوں نے بینک کی کریڈٹ ریٹنگ "AAA/A1+" (ٹرپل اے/اے ون پلس) کی دوبارہ تصدیق کی اور اس وقت کو مستحکم قرار دیا۔

معاشی ماحول:



مجموعی طور پر 2019 ملکی معیشت کے لئے ایک چیلنگنگ سال رہا کیونکہ ہمیں میکرو اکنامک چیلنجز کا سامنا کرنا پڑا جن میں مہنگائی کا دباؤ اور دہرا خسارہ شامل ہیں یہ معیشت کے لئے مجموعی طور پر قابل تشویش ہیں۔ مہنگائی کا اشاریہ CPI ستمبر 2019 میں بڑھ کر 12.5% ہو گیا جو ایک مہینہ پہلے 11.6% تھا (مہنگائی کی یہ سطح 2011 کے بعد سب سے اونچی سطح ہے)۔ مجموعی قومی پیداوار (GDP) کی شرح مالی سال 2019 میں کم ہو کر 3.3% ہو گئی جبکہ اس سے پچھلے مالی سال میں یہ شرح 5.5% تھی۔ پالیسی میں مطابقت کے لئے تہدیبیاں جاری ہیں جن میں سخت ماہیاری اقدامات، پبلک سیکٹر کے ترقیاتی اخراجات میں کمی اور ٹیکس اصلاحات شامل ہیں ان اقدامات سے تمام بڑے سیکٹرز بشمول LSM زراعت اور سروس سیکٹر بھی شامل ہیں ترقی کی رفتار سست گئی ہے۔ مالی سال 2020 کے لئے GDP کی متوقع شرح نمو 2.4% ہے۔

آئی ایم ایف سے معاہدے کے نتیجے میں مرکزی بینک اور حکومت نے جو درنگی کے لئے اقدامات اٹھائے ہیں ان کے نتیجے میں بہتری کے کچھ آثار نظر آنا شروع ہو گئے ہیں۔ عمومی معاشی سست روی اور دیگر درنگی کے اقدامات کے نتیجے میں کرنٹ اکاؤنٹ کا خسارہ برائے مالی سال 2020 (جولائی تا ستمبر) 1.54 ارب ڈالر رہا جبکہ پچھلے مالی سال کے اسی عرصہ میں یہ خسارہ 4.29 ارب ڈالر تھا۔ 30 ستمبر 2019 کو ختم ہونے والی سہ ماہی کے لئے تجارتی خسارہ بھی 5.727 ارب ڈالر رہا جبکہ پچھلے مالی سال کے اسی عرصہ میں تجارتی خسارہ 8.79 ارب ڈالر تھا۔ تجارتی خسارے میں یہ کمی زیادہ تر غیر ضروری لگژری سامان کی درآمد میں کمی کی وجہ سے ہوئی جو کہ جولائی تا ستمبر 2019 میں 20.6% کمی کے بعد 11.25 ارب ڈالر رہ گئیں۔ جبکہ پچھلے سال کے اسی عرصہ میں ان کی درآمد کی مالیت 14.17 ارب ڈالر تھی۔ پاکستانی روپے کی قدر میں بڑی کمی کے باوجود پہلی سہ ماہی میں برآمدات میں معمولی 2.7% اضافہ ہوا اور بیرون ملک سے ترسیلات زر میں 1.4% کمی ہو کر 5.47 ارب ڈالر ہو گئیں ملک کے زرمبادلہ کے ذخائر ستمبر 2019 میں بڑھ کر 15.0 ارب ڈالر ہو گئے جو کہ ستمبر 2018 میں 13.8 ارب ڈالر تھے اس طرح زرمبادلہ کے ذخائر میں 9% اضافہ ہوا۔ مالی سال 2020 کی پہلی سہ ماہی میں زرمبادلہ کی شرح بڑی حد تک مستحکم رہی۔

جنوری 2018 میں پالیسی ریٹ 5.75% تھا جس میں کمی بار اضافہ کرنے کے بعد سینٹرل بینک نے ستمبر 2019 میں فیصلہ کیا کہ اس کو 13.25% پر برقرار رکھا جائے گا۔ اس فیصلے کے پیچھے یہ نقطہ نظر ہے مہنگائی میں اضافہ توقع کے مطابق رہا۔ اس کے ساتھ box points میں حالیہ 31 پوائنٹس کی کمی اور 12 مہینے کے ٹریڈری بلز میں کٹ آف کے اقدامات کو مثبت شگنوں سمجھنا چاہئے۔ آئی ایم ایف کی طرف سے توسیع شدہ فنڈ فیملیٹی کے اجراء کے بعد بیرونی ذرائع سے فنانسنگ اور دیگر دو طرفہ اور کثیرالجہتی ذرائع سے فنانسنگ کے مواقع مضبوط ہوئے ہیں۔ حکومت پاکستان نے مالی سال 2020 کے لئے جو ترقیاتی مقاصد بیان کئے تھے ان کے حصول کے لئے حکومت اقدامات اٹھاری ہے جن میں ٹیکس بڑھا کر مالی استحکام حاصل کرنا، زرمبادلہ کے ذخائر بڑھانا، توانائی کے شعبے میں اصلاحات اور حکومتی اداروں میں موثر بہتری لانا شامل ہیں۔



موجودہ معاشی ماحول میں ملک کے بینکنگ سیز کو بلند شرح سود سے فائدہ ہونے کی توقع ہے۔ البتہ اونچی شرح سود کے ماحول میں مہنگائی کا دباؤ بڑھنا لازمی ہے جس کی وجہ سے ڈوبے ہوئے قرضوں (NPLs) میں اضافہ ہوتا ہے اور قرض کی طلب اور اثاثوں کا معیار دونوں متاثر ہوتے ہیں۔

آؤٹ لک:

2019 این بی پی کی قوم کی خدمت کا 70 واں سال ہے، اور اسکے بہترین نتائج جاری ہیں۔ اس کی کاروباری حکمت عملی مائیکرو ہاؤسنگ کے لئے ایس ایم ای SME، مائیکرو فنانس، زراعت و مالیات اور فنانس (چھوٹے قرضوں کی فراہمی) سمیت زیر کفالت شعبوں تک پہنچانے کے لئے اور ان کی معاونت کے ذریعے جامع ترقی پر توجہ دینے کو یقینی بنانے کے لئے ترجیحی بنیادوں پر تیار ہے۔ بینک کا یہ کردار اس کے مرکزی کردار سے الگ اور اضافی ہے جو اس کو حکومتی شعبوں اور حکومتی ملازمین کے لئے حاصل ہے ڈیجیٹل بینکنگ کی صلاحیت کو بڑھانا اور ٹیکنالوجی پلیٹ فارم کو استعمال کرنا بینک کی حکمت عملی کا مرکزی حصہ ہوں گے جس کے ساتھ ادارے میں کارکردگی کی بنیاد پر ترقی کے کلچر کو فروغ دیا جائے گا۔ بینک کے اسٹریٹیجک اہداف کے حصول کے لئے، ہم آہنگی پیدا کرنے اور رسک کنٹرول کو بڑھانے کے لئے ہیڈ آفس کی سطح پر کچھ کاموں کا زمرہ منتقلی دیا گیا ہے۔

اعتراف و داد تحسین:

اس موقع پر ہم ترقی کے لئے پائیدار پلیٹ فارم تیار کرنے میں ڈائریکٹرز کی طرف سے قائدانہ رہنمائی کرنے اور امانت فراہم کرنے پر ان کی خدمات کا اعتراف کرتے ہیں اور ان کو داد تحسین دیتے ہیں۔ ہم بینک کے ملازمین کی بھی تحسین کرنا چاہتے ہیں جنہوں نے سارا سال مشکل حالات میں ثابت قدمی سے خدمات انجام دیں۔

منجانب اور بورڈ ڈائریکٹرز کے لئے

زبیر سومرو
چیئرمین

عارف عثمانی
صدر اور سی ای او
کراچی

تاریخ: 29 اکتوبر 2019



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	215,143,461	247,518,270
Balances with other banks	7	21,091,113	12,202,020
Lendings to financial institutions	8	58,280,338	106,391,667
Investments	9	1,560,406,227	1,284,319,388
Advances	10	951,576,205	926,007,004
Fixed assets	11	53,515,311	53,859,883
Intangible assets	12	399,797	245,658
Right of use assets	13	6,602,841	-
Other assets	14	158,356,385	168,022,298
		3,025,371,678	2,798,566,188
LIABILITIES			
Bills payable	15	16,289,205	9,944,178
Borrowings	16	680,683,048	392,739,396
Deposits and other accounts	17	1,938,035,584	2,011,385,201
Lease liability against right of use assets	18	7,020,211	-
Deferred tax liabilities	19	5,219,112	6,985,042
Other liabilities	20	157,267,209	170,643,836
		2,804,514,369	2,591,697,653
NET ASSETS			
		220,857,309	206,868,535
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		52,054,727	53,274,402
Surplus on revaluation of assets	21	56,512,007	59,986,125
Unappropriated profit		91,015,444	72,332,877
		220,857,309	206,868,535
CONTINGENCIES AND COMMITMENTS			
	22		

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

Zafar Masud
Director

Farid Malik
Director



UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

QUARTERLY REPORT SEPTEMBER 2019 / 19

Note	Quarter ended		Nine Months ended		
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	
----- Rupees in '000 -----					
Mark-up / return / interest earned	23	69,697,575	38,809,423	167,387,548	105,217,136
Mark-up / return / interest expensed	24	51,398,066	25,402,031	113,524,522	61,666,047
Net mark-up / return / interest income		18,299,509	13,407,392	53,863,026	43,551,089
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	4,150,160	3,551,768	13,986,121	12,549,489
Dividend income		669,345	920,729	2,398,061	2,048,832
Foreign exchange income		801,729	1,312,714	4,319,613	3,032,423
Gain on securities - net	26	250,192	736,052	592,224	3,173,209
Other income	27	1,498,175	716,706	4,277,300	1,687,960
Total non-mark-up / interest income		7,369,601	7,237,969	25,573,319	22,491,913
Total income		25,669,110	20,645,361	79,436,345	66,043,002
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	13,438,784	12,511,722	41,239,673	37,920,897
Workers welfare fund		-	-	-	-
Other charges	29	30,924	13,895	122,095	22,398
Total non-markup / interest expenses		13,469,708	12,525,617	41,361,768	37,943,295
Profit before provisions		12,199,402	8,119,744	38,074,577	28,099,707
Provisions and write offs - net	30	3,402,275	2,163,324	8,892,275	4,983,163
PROFIT BEFORE TAXATION		8,797,127	5,956,420	29,182,302	23,116,544
Taxation	31	3,567,515	2,270,658	12,851,676	6,939,108
PROFIT AFTER TAXATION		5,229,612	3,685,762	16,330,626	16,177,436
----- Rupees -----					
Earnings per share - basic and diluted	32	2.46	1.73	7.68	7.60

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

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Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Zafar Masud
Director

Farid Malik
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Quarter ended		Nine Months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	----- Rupees in '000 -----			
	Restated		Restated	
Profit after taxation for the period	5,229,612	3,685,762	16,330,626	16,177,436

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	(376,808)	(29,485)	1,147,262	320,072
Movement in deficit on revaluation of investments - net of tax	103,459	(3,354,940)	(3,294,455)	(4,192,760)
	(273,349)	(3,384,425)	(2,147,193)	(3,872,688)

Items that will not be reclassified to profit and loss account in subsequent periods:

Remeasurement gain / (loss) on defined benefit obligations - net of tax	(22,978)	12,378	(194,660)	621,146
Movement in surplus on revaluation of fixed assets - net of tax	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	(22,978)	12,378	(194,660)	621,146
Total comprehensive income	4,933,285	313,715	13,988,773	12,925,894

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

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President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Zafar Masud
Director

Farid Malik
Director



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

Share capital	Reserves						Surplus on revaluation of assets			Unappropriated profit	Total	
	Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total			
Rupees in '000												
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 nine months period ended September 30, 2018	-	-	-	-	-	-	-	-	-	-	16,177,436	16,177,436
Other comprehensive income / (loss) - net of tax	-	320,072	-	-	-	-	320,072	(4,192,760)	-	(4,192,760)	621,146	(3,251,542)
Transfer to statutory reserve	-	-	1,617,744	-	-	-	1,617,744	-	-	-	(1,617,744)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(77,121)	(77,121)	77,121	-
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 October 01, 2018	21,275,131	8,322,510	31,107,061	343,802	12,000,000	521,338	52,294,711	21,777,973	23,641,548	45,419,521	69,318,612	188,307,975
Profit after taxation for the three months period ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	3,837,686	3,837,686
Other comprehensive income / (loss) - net of tax	-	595,923	-	-	-	-	595,923	(5,502,353)	20,094,665	14,592,312	(465,361)	14,722,874
Transfer to statutory reserve	-	-	383,768	-	-	-	383,768	-	-	-	(383,768)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(25,708)	(25,708)	25,708	-
Balance as at December 31, 2018	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
Profit after taxation for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	-	-	-	16,330,626	16,330,626
Other comprehensive income / (loss) - net of tax	-	1,147,262	-	-	-	-	1,147,262	(3,294,455)	-	(3,294,455)	(194,660)	(2,341,853)
Transfer to statutory reserve	-	-	1,633,063	-	-	-	1,633,063	-	-	-	(1,633,063)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(179,664)	(179,664)	179,664	-
Transfer to unappropriated profit	-	-	-	-	(4,000,000)	-	-	-	-	-	4,000,000	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2019	21,275,131	10,065,695	33,123,892	343,802	8,000,000	521,338	56,054,727	12,981,165	43,530,841	56,512,007	91,015,444	220,857,309

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

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Director



UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
Note	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,182,302	23,116,544
Less: dividend income	(2,398,061)	(2,048,832)
	26,784,241	21,067,712
Adjustments:		
Depreciation on fixed assets	1,855,679	1,704,382
Depreciation on right of use assets	1,407,946	-
Amortization	272,128	244,512
Provision and write-offs - net	8,892,275	4,983,163
Gain on sale of fixed assets	(9,992)	(54,558)
Financial charges on leased assets	19,640	310
Unrealized loss on revaluation of investments classified as held-for-trading	(36,752)	11,283
Charge for defined benefit plans - net	5,487,571	4,222,979
	17,888,495	11,112,071
	44,672,736	32,179,783
(Increase) / decrease in operating assets		
Lendings to financial institutions	39,911,329	12,107,968
Held-for-trading securities	75,773,340	533,945,158
Advances	(35,731,574)	(92,688,368)
Other assets (excluding advance taxation)	(3,386,864)	(17,991,607)
	76,566,231	435,373,151
Increase / (decrease) in operating liabilities		
Bills payable	6,345,027	(794,468)
Borrowings from financial institutions	287,918,210	(20,508,835)
Deposits	(73,349,617)	72,685,125
Other liabilities (excluding current taxation)	(3,582,009)	1,404,357
	217,331,611	52,786,179
Financial charges paid	(19,640)	(310)
Income tax paid	(5,655,720)	(5,304,861)
Benefits paid	(2,370,185)	(1,969,704)
Net cash flows generated from operating activities	330,525,033	513,064,238
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(215,453,745)	(482,173,669)
Net investments in held-to-maturity securities	(142,101,388)	(10,434,468)
Dividends received	2,398,061	2,048,832
Investments in fixed assets	(8,294,900)	(1,661,848)
Proceeds from sale of fixed assets	70,199	99,322
Effect of translation of net investment in foreign branches	1,147,262	320,072
Net cash flows generated from / (used in) investing activities	(362,234,511)	(491,801,759)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	-	(14,509)
Dividend paid	(1,681)	-
Net cash flow used in financing activities	(1,681)	(14,509)
Increase in cash and cash equivalents	(31,711,159)	21,247,970
Cash and cash equivalents at beginning of the period	227,752,888	166,307,426
Cash and cash equivalents at end of the period	196,041,730	187,555,396

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

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Zafar Masud
Director

Farid Malik
Director



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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). The registered and head office of the Bank 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 1,508 (December 31, 2018: 1,504) branches in Pakistan and 21 (December 31, 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
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 220(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ended on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these condensed interim unconsolidated financial statements.

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 updated 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 and 3.2 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 and note 18 as below.

The Bank has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank recognized 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 effect of this change in accounting policy is as follows:

	September 30, 2019	January 1, 2019
	----- Rupees in '000 -----	
Impact on unconsolidated condensed interim statement of financial position		
Increase in fixed assets - right-of-use assets	6,602,841	7,585,740
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	(349,692)	(229,241)
Increase in other assets - advance taxation	244,409	-
Increase in total assets	6,497,558	7,356,499
Increase in other liabilities - lease liability against right-of-use assets	(7,020,211)	(7,356,499)
(Decrease) in exchange translation reserves	140,371	-
(Decrease) / increase in net assets	(382,282)	-

Impact on unconsolidated condensed interim profit and loss account

	January - September 2019
	----- Rupees in '000 -----
Increase in mark-up expense - lease liability against right-of-use assets	(519,090)
(Increase) / decrease in administrative expenses:	-
- Depreciation on right-of-use assets	(1,407,946)
- Rent expense	1,300,345
Decrease in profit before tax	(626,691)
Decrease in tax	244,409
Decrease in profit after tax	(382,282)



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 statement of profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized 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.

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

Unconsolidated condensed interim profit and loss account

As a result of adoption of the revised format, the figures for the quarter and nine months period ended September 30, 2018 in the unconsolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

Unconsolidated condensed interim statement of comprehensive income

As a result of adoption of the revised format, the figures for the quarter and nine months period ended September 30, 2018 in the unconsolidated condensed interim statement of comprehensive income have been restated to incorporate the effect of movement in surplus on revaluation of fixed assets and non-banking assets.

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.



		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		46,301,780	39,549,448
Foreign currency		4,497,019	4,415,703
		50,798,799	43,965,151
With State Bank of Pakistan in			
Local currency current accounts	6.1	81,098,536	130,180,519
Foreign currency current accounts	6.2	8,773,716	7,029,780
Foreign currency deposit accounts	6.2	26,769,463	21,240,971
Foreign currency collection accounts		1,408,877	1,812,339
		118,050,592	160,263,609
With other central banks in			
Foreign currency current accounts	6.3	37,110,799	41,438,832
Foreign currency deposit accounts	6.3	3,279,645	1,455,866
		40,390,444	42,894,698
Prize bonds		5,903,626	394,812
		215,143,461	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 2.0% per annum (December 31, 2018: 0% to 0.75% per annum).		

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts	7.1	6,121,033	4,307
Outside Pakistan			
In current accounts		6,996,529	6,437,346
In deposit accounts	7.2	7,973,551	5,760,367
		14,970,080	12,197,713
		21,091,113	12,202,020



- 7.1** These include various deposits with banks and carry interest at rates ranging from 6% to 12.5% per annum (December 31, 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 (December 31, 2018: 0% to 2.16% per annum).

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

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	40,800	8,240,800
Repurchase agreement lendings (reverse repo)	8.2	46,820,042	96,733,168
Bai Muajjal receivables with State Bank of Pakistan	8.3	11,419,496	1,417,699
Letters of placement	8.4	176,150	176,150
	8.5	58,456,488	106,567,817
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		58,280,338	106,391,667

- 8.1** This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2018: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 13.2% to 13.74% per annum (December 31, 2018: 8.45% to 10.41% per annum) with maturities ranging from October 1, 2019 to October 4, 2019.
- 8.3** This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 12.78% per annum. (2018: 12.81%)
- 8.4** These are overdue placements and full provision has been made against these placements as at September 30, 2019.

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

8.5 Particulars of lending

In local currency	58,456,488	106,567,817
In foreign currencies	-	-
	58,456,488	106,567,817

8.6 Movement in provision held against lendings is as follows:

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



8.7 Securities held as collateral against lendings to financial institutions

September 30, 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	31,739,313	-	31,739,313	70,283,168	-	70,283,168
Pakistan Investment Bonds	15,080,729	-	15,080,729	26,450,000	-	26,450,000
Total	46,820,042	-	46,820,042	96,733,168	-	96,733,168

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 46,000 million (December 31, 2018: Rs. 95,739 million).

8.8 Category of classification

(Un-audited) September 30, 2019		(Audited) December 31, 2018	
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:

September 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

Rupees in '000

Held-for-trading securities

Market Treasury Bills	76,450,512	-	36,676	76,487,188	149,885,647	-	(973)	149,884,674
Pakistan Investment Bonds	34,344	-	76	34,420	2,333,574	-	(67)	2,333,507
Ordinary shares of listed companies	-	-	-	-	1,190	-	7	1,197
	76,484,856	-	36,752	76,521,608	152,220,411	-	(1,033)	152,219,378

Available-for-sale securities

Pakistan Investment Bonds	301,296,709	-	(7,915,939)	293,380,770	207,581,489	-	(12,318,101)	195,263,388
Market Treasury Bills	704,998,834	-	861,004	705,859,838	592,123,867	-	(28,707)	592,095,160
Jarah Sukuks	2,000,000	-	(59,200)	1,940,800	9,740,000	-	(56,116)	9,683,884
Ordinary shares of listed companies	30,808,061	(6,010,892)	8,840,645	33,637,814	26,005,893	(3,978,333)	17,031,223	39,058,783
Ordinary shares of unlisted companies	2,005,182	(507,573)	-	1,497,609	2,005,182	(410,893)	-	1,594,289
Preference shares	570,214	(447,394)	(13,950)	108,870	570,535	(433,444)	(11,155)	125,936
Investments in mutual funds	619,646	(41,167)	823,965	1,402,444	819,646	(40,642)	1,248,404	2,027,408
Ordinary shares of a bank outside Pakistan	463,295	-	16,629,336	17,092,631	463,295	-	15,570,989	16,034,284
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	62,502,831	(4,919,634)	424,534	58,007,731	58,762,773	(4,761,669)	2,264,936	56,266,040
GoP Foreign Currency Bonds	31,779,683	-	344,558	32,124,241	25,462,626	-	(515,692)	24,946,934
Foreign Government Securities	1,571,977	-	-	1,571,977	968,567	-	(148,117)	820,450
Foreign Currency Debt Securities	2,893,089	-	36,071	2,929,160	1,551,903	-	(94,342)	1,457,561
	1,141,509,521	(11,926,659)	19,971,024	1,149,553,885	926,055,776	(9,624,981)	22,943,322	939,374,117

Held-to-maturity securities

Pakistan Investment Bonds	184,346,340	-	-	184,346,340	157,346,442	-	-	157,346,442
Market Treasury Bills	110,540,837	-	-	110,540,837	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	591,707	(412,384)	-	179,323	696,956	(412,384)	-	284,572
GoP Foreign Currency Bonds	3,150,998	-	-	3,150,998	2,859,233	-	-	2,859,233
Foreign Government Securities	30,240,137	-	-	30,240,137	25,866,066	-	-	25,866,066
Foreign Currency Debt Securities	598	-	-	598	532	-	-	532
	328,870,617	(412,384)	-	328,458,233	186,769,229	(412,384)	-	186,356,845
Associates	4,970,863	(4,289,952)	-	680,911	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	1,558,105,040	(17,706,589)	20,007,776	1,560,406,227	1,276,285,462	(14,908,363)	22,942,289	1,284,319,388



	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	-----Rupees in '000-----	
9.1.1 Investments given as collateral		
Pakistan Investment Bonds	15,080,729	9,500,000
Market Treasury Bills	<u>542,348,915</u>	<u>274,350,000</u>
	<u>557,429,644</u>	<u>283,850,000</u>

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 period	2,868,129	1,599,536
Reversals for the period	(69,905)	(1,370,739)
	<u>2,798,225</u>	<u>228,797</u>
Closing balance	<u>17,706,589</u>	<u>14,908,363</u>

9.2.2 Particulars of provision against debt securities

Category of classification

September 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
NPI	Provision	NPI	Provision

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

Domestic

Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,340,781	5,332,019	5,182,817	5,174,053
	<u>5,340,781</u>	<u>5,332,019</u>	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	5,340,781	5,332,019	5,182,817	5,174,053

9.3 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. 317,067 million (December 31, 2018: Rs. 172,378 million).



10. ADVANCES

Note	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	874,049,644	879,806,247	145,577,669	127,099,303	1,019,627,313	1,006,905,550
Islamic financing and related assets	29,273,387	26,914,764	203,934	191,794	29,477,321	27,106,558
Net investment in finance lease	76,015	104,647	-	-	76,015	104,647
Bills discounted and purchased	37,475,379	19,294,694	6,712,468	6,068,698	44,187,847	25,363,392
Advances - gross	940,874,425	926,120,352	152,494,071	133,359,795	1,093,368,496	1,059,480,147
Provision against advances						
- Specific	-	-	133,466,478	126,266,039	133,466,478	126,266,039
- General	8,325,813	7,207,104	-	-	8,325,813	7,207,104
	8,325,813	7,207,104	133,466,478	126,266,039	141,792,291	133,473,143
Advances - net of provision	932,548,612	918,913,248	19,027,593	7,093,756	951,576,205	926,007,004

10.1 Net investment in finance lease

	September 30, 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	12,493	14,838	-	27,331	29,146	27,840	-	56,986
Residual value	46,026	9,617	-	55,643	41,211	16,477	-	57,688
Minimum lease payments	58,519	24,455	-	82,974	70,357	44,317	-	114,674
Financial charges for future periods	5,609	1,349	-	6,959	7,516	2,510	-	10,026
Present value of minimum lease payments	52,910	23,106	-	76,015	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 10.09% to 19.46% (December 31, 2018: 10.19% to 14.47%) per annum.

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

10.2 Particulars of advances (Gross)

In local currency	988,072,285	969,752,303
In foreign currencies	105,296,211	89,727,844
	1,093,368,496	1,059,480,147



10.3 Advances includes Rs. 152,494 million (2018: Rs.133,360 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	4,727,538	148,342	1,272,606	64,543
Substandard	11,712,361	2,721,777	3,783,452	923,008
Doubtful	3,955,557	1,966,316	1,398,861	689,032
Loss	90,488,466	88,270,816	87,723,307	86,518,782
	110,883,922	93,107,251	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	41,610,149	40,359,226	39,181,569	38,070,674
	41,610,149	40,359,226	39,181,569	38,070,674
Total	152,494,071	133,466,478	133,359,795	126,266,039

10.4 Particulars of provision against advances

	September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Note						
Opening balance	126,266,039	7,207,104	133,473,143	110,650,722	6,515,067	117,165,789
Exchange adjustments	4,276,302	31,358	4,307,660	7,687,525	111,207	7,798,732
Charge for the year	7,700,076	1,381,209	9,081,285	14,157,878	1,330,247	15,488,125
Reversals	(2,932,714)	(293,858)	(3,226,572)	(5,956,687)	(749,416)	(6,706,103)
	4,767,362	1,087,351	5,854,713	8,201,191	580,831	8,782,022
Amounts charged off	(1,776,733)	-	(1,776,733)	(12,118)	-	(12,118)
Amounts charged off / write off	(66,491)	-	(66,491)	(261,281)	-	(261,281)
Closing balance	133,466,478	8,325,813	141,792,291	126,266,039	7,207,104	133,473,143

10.4.1 Particulars of provision against advances

	September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	94,292,289	8,039,529	102,331,818	88,195,365	6,949,253	95,144,618
In foreign currencies	39,174,189	286,284	39,460,473	38,070,674	257,851	38,328,525
	133,466,478	8,325,813	141,792,291	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.

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	2,043,357	1,934,605
Property and equipment		51,471,954	51,925,278
		53,515,311	53,859,883
11.1 Capital work-in-progress			
Civil works		1,951,697	1,863,208
Equipment		15,750	15,884
Advances to suppliers and contractors		75,910	55,513
		2,043,357	1,934,605
		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
		----- Rupees in '000 -----	

11.2 Additions to fixed assets

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

Capital work-in-progress	90,340	111,916
Property and equipment		
Building on freehold land	-	18,996
Building on leasehold land	53,296	86,030
Furniture and fixture	380,013	551,271
Electrical office	149,827	207,293
computer equipment	495,308	414,047
Vehicles	129,222	245,250
	1,207,666	1,522,888
Total	1,298,006	1,634,804



11.3 Disposal of fixed assets

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

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
Furniture and fixture	1,310	2,061
Electrical, office equipment	-	115
Computer and peripheral equipment	104	157
Vehicles	9,157	23,339
Total	10,571	25,671

12. INTANGIBLE ASSETS

Core Banking Application
Computer Software

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
Core Banking Application	-	113,026
Computer Software	399,797	132,632
Total	399,797	245,658

12.1 Additions to intangible assets

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

Directly purchased	375,641	27,045
--------------------	---------	--------

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
Directly purchased	375,641	27,045

13. RIGHT OF USE ASSETS

The recognized right of use assets relate to the following types of assets:

Balance as at initial application i.e. January 01, 2019	7,585,740	-
Additions during the period	425,047	-
Depreciation charged for the period	1,407,946	-
Balance as at September 30, 2019	6,602,841	-

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.



	Note	(Un-audited)	(Audited)
		September 30, 2019	December 31, 2018
----- Rupees in '000 -----			
14. OTHER ASSETS			
Income / return / mark-up accrued in local currency - net of provision		43,859,024	31,149,949
Income / return / mark-up accrued in foreign currency		3,614,786	2,478,075
Advances, deposits, advance rent and other prepayments		6,605,597	7,039,988
Advance taxation (payments less provisions)		2,564,480	11,743,706
Income tax refunds receivable		42,668,031	45,531,634
Compensation for delayed tax refunds		12,266,668	8,082,559
Non-banking assets acquired in satisfaction of claims		3,774,346	3,796,527
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	228,483
Unrealized gain on forward foreign exchange contracts		2,964,516	6,929,960
Commission receivable on Government. treasury transactions		11,636,377	4,627,921
Stationery and stamps on hand		448,943	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 of shares		105,527	311,383
Acceptances		24,927,334	45,884,978
Others		11,071,275	7,984,536
		167,652,732	177,108,826
Less: Provision held against other assets	14.1	9,094,480	8,884,661
Other assets (net of provision)		158,558,252	168,224,165
Deficit on revaluation of non-banking assets acquired in satisfaction of claims		(201,867)	(201,867)
Other assets - total		158,356,385	168,022,298

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	2,496,769	2,405,688
Provision against FE-25 loans	1,734,591	1,734,591
Ex-MBL / NDFC - other assets	534,173	534,173
Assets Acquired from CIRC	208,423	228,484
Others	2,096,021	1,957,221
	9,094,480	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	209,819	2,289,554
Adjustment of compensation claimed by SBP to SBP balances	-	(2,174,278)
Amount written off	-	(3,314)
Closing balance	9,094,480	8,884,661



	(Un-audited) September 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	
15. BILLS PAYABLE		
In Pakistan	15,679,373	9,838,706
Outside Pakistan	<u>609,832</u>	<u>105,472</u>
	<u>16,289,205</u>	<u>9,944,178</u>
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	2,861,600	1,553,200
Under Export Refinance Scheme (New Scheme)	17,411,251	15,711,423
Refinance Facility for Modernization of SMEs	40,500	-
Financing Facility for storage of Agriculture Produce (FFSAP)	308,015	222,727
Under Long-Term Financing Facility (LTFF)	6,831,225	5,418,613
Financing Scheme for Renewable Energy	238,088	-
	27,690,679	22,905,963
Repurchase agreement borrowings	555,334,307	278,631,608
Bai Muajjal	<u>51,830,965</u>	<u>45,954,085</u>
Total secured	634,855,951	347,491,656
Unsecured		
Call borrowings	36,667,032	36,400,855
Overdrawn nostro accounts	3,566,612	3,807,347
Bai Muajjal	<u>5,593,453</u>	<u>5,039,538</u>
Total unsecured	<u>45,827,097</u>	<u>45,247,740</u>
	<u>680,683,048</u>	<u>392,739,396</u>
16.1 Particulars of borrowings with respect to currencies		
In local currency	644,016,029	356,338,554
In foreign currencies	<u>36,667,019</u>	<u>36,400,842</u>
	<u>680,683,048</u>	<u>392,739,396</u>
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% (December 31, 2018: 3.0%).		
- Repurchase agreement borrowings carry mark-up ranging from 13.2% to 13.74% per annum (December 31, 2018: 8.4% to 10.16% per annum) having maturity on ranging from October 1, 2019 to October 15, 2019.		



- Call borrowings carry interest ranging from 1.7% to 4.03% per annum (December 31, 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. 557,430 million (December 31, 2018: Rs. 283,850 million).

17. DEPOSITS AND OTHER ACCOUNTS

September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

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

Customers

Current deposits remunerative	307,228,653	-	307,228,653	323,623,737	-	323,623,737
Current deposits - non-remunerative	373,961,868	131,137,461	505,099,329	342,557,322	122,864,545	465,421,867
Savings deposits	528,189,404	47,723,374	575,912,778	498,375,321	37,724,865	536,100,186
Term deposits	227,884,514	75,898,290	303,782,804	273,475,804	66,124,944	339,600,748
Others	2,667,123	295,344	2,962,467	9,377,504	3,409	9,380,913
	1,439,931,562	255,054,469	1,694,986,031	1,447,409,688	226,717,763	1,674,127,451

Financial Institutions

Current deposits	219,160,956	10,459,826	229,620,782	285,775,752	27,312,676	313,088,428
Savings deposits	934,746	2,825,957	3,760,703	812,330	778	813,108
Term deposits	5,194,912	2,283,870	7,478,782	7,335,635	1,814,815	9,150,450
Others	2,189,286	-	2,189,286	4,523,363	9,682,401	14,205,764
	227,479,900	15,569,653	243,049,553	298,447,080	38,810,670	337,257,750
	1,667,411,462	270,624,122	1,938,035,584	1,745,856,768	265,528,433	2,011,385,201

- 17.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 96,498 million (December 31, 2018: Rs.104,127 million).



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

18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position
As at September 30, 2019

Of which are:

Current lease liability
Non-current lease liability

	7,020,211	-
Current lease liability	1,440,503	-
Non-current lease liability	5,579,708	-
	7,020,211	-

Maturity analysis - contractual undiscounted cash flows

Less than one year
One to five years
More than five years
Total undiscounted lease liabilities as at September 30, 2019

Less than one year	1,603,750	-
One to five years	5,469,292	-
More than five years	6,182,697	-
Total undiscounted lease liabilities as at September 30, 2019	13,255,739	-

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)
	(2,872,339)	(2,767,522)
	(236,751)	(236,751)
	(2,231,996)	(622,390)
	(115,222)	(115,222)
	(105,417)	(105,416)
	(282,498)	-
	(5,854,928)	(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

	1,714,141	1,805,306
	6,989,859	6,667,702
	55,208	55,208
	2,314,832	2,314,832
	11,074,040	10,843,048
	5,219,112	6,985,042



	(Un-audited) September 30, 2019	(Audited) December 31, 2018
Note	-----Rupees in '000 -----	
20. OTHER LIABILITIES		
Mark-up / Return / Interest payable in local currency	32,540,755	31,324,102
Mark-up / Return / Interest payable in foreign currencies	648,950	555,608
Unearned commission and income on bills discounted	3,464,971	635,699
Accrued expenses	10,440,279	11,629,326
Advance payments	405,373	339,788
Unclaimed dividends	187,187	188,868
Unrealized loss on put option	306,339	306,339
Branch adjustment account	2,785,956	5,864,695
Employee benefits:		
Pension fund	13,443,507	13,069,665
Post retirement medical benefits	16,639,557	15,371,225
Benevolent fund	1,494,689	1,604,689
Gratuity scheme	2,134,429	1,730,265
Compensated absences	8,054,643	7,541,419
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	20,215,103	18,034,813
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,884,889	3,734,889
Payable to brokers	39,825	180,594
PIBs short selling	1,897,714	366,896
Acceptances	24,927,334	45,884,978
Others	12,756,958	11,281,227
	157,267,209	170,643,836
21. SURPLUS ON REVALUATION OF ASSETS		
Surplus on revaluation of		
- Available-for-sale securities	9.1 19,971,024	22,943,322
- Fixed assets	44,112,355	44,292,018
- Non-banking assets	2,062,480	2,062,480
	66,145,859	69,297,820
Deferred tax on surplus on revaluation of:		
- Available for sale securities	(6,989,859)	(6,667,702)
- Fixed assets	(2,588,785)	(2,588,785)
- Non-banking assets	(55,208)	(55,208)
	(9,633,852)	(9,311,695)
	56,512,007	59,986,125



		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	158,443,643	94,340,276
Commitments	22.2	1,688,876,004	1,240,553,725
Other contingent liabilities	22.3	30,937,505	29,259,673
		1,878,257,152	1,364,153,674
22.1 Guarantees			
Financial guarantees		99,824,464	55,505,600
Performance guarantees		58,619,179	38,834,676
		158,443,643	94,340,276
22.2 Commitments			
Documentary credits and short-term trade-related transactions			
Letters of credit		933,485,736	670,419,500
Commitments in respect of:			
Forward foreign exchange contracts	22.2.1	750,375,692	512,873,075
Forward government securities transactions	22.2.2	4,500,000	56,816,129
Commitments for acquisition of:			
Fixed assets		501,075	431,521
Other commitments	22.2.3	13,500	13,500
		1,688,876,004	1,240,553,725
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		445,197,135	312,710,160
Sale		305,178,557	200,162,915
		750,375,692	512,873,075

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.



	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
22.2.2 Commitments in respect of forward government securities transactions		
Purchase	-	50,950,025
Sale	4,500,000	5,866,104
	4,500,000	56,816,129

Commitments for outstanding forward foreign exchange contracts are disclosed in these condensed unconsolidated interim financial statements at contracted rates.

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	30,937,505	29,259,673

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (December 31, 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

- a) 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. 1,056.84 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) During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2013 vide order dated June 28, 2019 through add back / additions in the taxable income for the tax year 2013. As a result thereof the net demand of Rs.1,497million raised against the Bank. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.
- d) The aggregate effect of contingencies as on September 30, 2019 amounts to Rs.18,530 million (December 31, 2018: Rs. 10,732 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 December 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 the below mentioned updates

22.3.4.1 Pensionary benefits to retired employees

The hearing of pension case was fixed on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. After partial arguments the matter was adjourned for April 17, 2019. On the said date, due to adjournment application of the Counsel for respondents, the petitions were adjourned for re-listing in the 2nd week of May however, the matters didn't get listed. These petitions were fixed for hearing on September 16, 2019 however due to adjournment application of our counsel the cases were not taken up.

22.3.4.2 Post retirement medical facilities

The Bank has filed an Intra Court Appeal (ICA) against the order of the single bench which is still pending adjudication and is fixed for hearing on November 28, 2019.

22.3.4.3 Restoration of Commuted Pension

The matter is still pending adjudication and is now fixed for hearing on November 07, 2019.

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.

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
23. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	77,568,579	46,338,627
Investments	83,524,273	57,259,573
On securities purchased under resale agreements	4,713,757	1,112,543
Balances with other banks	1,580,939	506,393
	167,387,548	105,217,136



		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	Note	----- Rupees in '000 -----	
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		78,014,089	41,622,347
Borrowings		4,501,937	1,973,946
Cost of foreign currency swaps against foreign currency deposits		4,938,013	3,648,353
Finance charge on lease liability against right of use assets		519,090	-
Securities sold under repurchase agreements		25,551,393	14,421,401
		<u>113,524,522</u>	<u>61,666,047</u>
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		357,476	896,311
Consumer finance related fees		580,357	533,035
Card related fees		521,239	317,009
Credit related fees		184,247	214,890
Investment banking fees		393,621	225,639
Commission on trade		3,320,428	2,469,262
Commission on guarantees		318,531	399,290
Commission on cash management		16,185	11,657
Commission on remittances including home remittances		1,170,737	431,307
Commission on bancassurance		267,469	197,634
Commission on government transactions		6,658,586	6,747,160
Others		197,245	106,295
		<u>13,986,121</u>	<u>12,549,489</u>
26. GAIN ON SECURITIES - NET			
Realized	26.1	555,472	3,184,492
Unrealized - held-for-trading	9.1	36,752	(11,283)
		<u>592,224</u>	<u>3,173,209</u>
26.1 Realized gain on			
Federal Government Securities		322,704	372,746
Shares		204,305	2,716,118
Ijarah Sukuks		28,463	95,628
		<u>555,472</u>	<u>3,184,492</u>
27. OTHER INCOME			
Rent on property		37,368	47,116
Gain on sale of fixed assets - net		9,992	54,558
Postal, SWIFT and other charges recovered		34,132	-
Compensation for delayed tax refunds	27.1	4,184,109	1,574,106
Others		11,699	12,180
		<u>4,277,300</u>	<u>1,687,960</u>
27.1	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		



28. OPERATING EXPENSES

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

Total compensation expenses

27,047,528

25,964,833

Property expenses

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

738,129	1,554,006
8,644	18
828,498	733,189
1,680,277	1,593,876
595,718	764,446
350,518	174,285
22,183	26,078
128,361	198,110
1,407,946	-
5,760,274	5,044,008

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortization
Network charges
Others

601,199	161,005
10,121	12,936
215,037	280,559
272,128	213,899
344,124	330,369
64,019	42,510
1,506,628	1,041,278

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, license fee charges
Brokerage
Financial charges on Leased assets
Insurance
Vehicle Expenses
Repairs & Maintenance
Deposit Premium expense
Others

26,231	21,480
492,524	311,369
564,277	575,141
537,699	474,484
102,754	101,364
1,139,580	1,055,964
81,431	102,731
129,399	164,427
209,673	203,584
614,504	530,350
181,046	226,176
14,962	21,270
242,934	137,514
203,001	132,340
345,443	255,769
57,517	46,959
19,640	9,234
372,938	392,078
96,203	104,275
278,554	272,922
929,881	468,000
285,052	263,347
6,925,243	5,870,778

41,239,673

37,920,897



		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	Note	----- Rupees in '000 -----	
29. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		115,499	17,616
Penalties imposed by other regulatory bodies (Central bank of international branches)		6,596	4,782
		122,095	22,398
30. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	2,798,225	440,910
Provisions against loans and advances	10.4	5,854,713	4,000,474
Provision against other assets		239,337	541,779
		8,892,275	4,983,163
31. TAXATION			
Current		13,778,105	9,208,020
Prior years		1,056,841	(20,755,128)
Deferred		(1,983,270)	18,486,216
		12,851,676	6,939,108
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.		
		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
32. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		16,330,626	16,177,436
Weighted average number of ordinary shares (in 000's)		2,127,513	2,127,513
Earnings per share - basic and diluted (Rupees)		7.68	7.60
		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
		----- Rupees in '000 -----	
33. CASH AND CASH EQUIVALENT			
Cash and balances with treasury banks		215,143,461	214,278,400
Balances with other banks		21,091,113	15,836,084
Call money lendings		40,800	140,800
Call money borrowings		(36,667,032)	(41,366,287)
Overdrawn nostro		(3,566,612)	(1,333,601)
		196,041,730	187,555,396



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 categorized:

	At September 30, 2019 (Un-audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	782,347,026	-	782,347,026	-	782,347,026
Pakistan Investment Bonds	293,415,190	-	293,415,190	-	293,415,190
Jjarah Sukuks	1,940,800	-	1,940,800	-	1,940,800
Ordinary shares of listed companies	33,637,814	33,637,814	-	-	33,637,814
Preference shares	108,870	108,870	-	-	108,870
Investments in mutual funds	1,402,444	1,402,444	-	-	1,402,444
Term Finance Certificates / Musharika and Sukuk Bonds	58,007,731	-	58,007,731	-	58,007,731
GoP Foreign Currency Bonds	32,124,241	-	32,124,241	-	32,124,241
Foreign Government Securities	1,571,977	-	1,571,977	-	1,571,977
Foreign Currency Debt Securities	2,929,160	-	2,929,160	-	2,929,160
Ordinary shares of a bank outside Pakistan	17,092,631	17,092,631	-	-	17,092,631
	1,224,577,884	52,241,759	1,172,336,125	-	1,224,577,884
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	215,143,461	-	-	-	-
Balances with other banks	21,091,113	-	-	-	-
Lending to financial instruments	58,280,338	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,497,609	-	-	-	-
Pakistan Investment Bonds	184,346,340	-	-	-	-
Market Treasury Bills	110,540,837	-	-	-	-
GoP Foreign Currency Bonds	3,150,998	-	-	-	-
Foreign Government Securities	30,240,137	-	-	-	-
Foreign Currency Debt Securities	598	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	179,323	-	-	-	-
Advances	951,576,205	-	-	-	-
Other assets	158,356,385	-	-	-	-
	1,734,403,344	-	-	-	-
	2,958,981,228	52,241,759	1,172,336,125	-	1,224,577,884
Off-balance sheet financial instruments - measured at fair value					
Commitments					
Foreign exchange contracts purchase and sale	750,375,692	-	2,955,311	-	2,955,311
Forward government securities transactions	4,500,000	-	(11,705)	-	(11,705)



December 31, 2018 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Market Treasury Bills	741,979,834	-	741,979,834	-
Pakistan Investment Bonds	197,596,895	-	197,596,895	-
Ijarah Sukuks	9,683,884	-	9,683,884	-
Ordinary shares of listed companies	39,059,980	39,059,980	-	-
Preference shares	125,936	39,072	-	86,864
Investments in mutual funds	2,027,408	2,027,408	-	-
Term Finance Certificates / Musharika and Sukuk Bonds	56,266,040	-	56,266,040	-
GoP Foreign Currency Bonds	24,946,934	-	24,946,934	-
Foreign Government Securities	820,450	-	820,450	-
Foreign Currency Debt Securities	1,457,561	-	1,457,561	-
Ordinary shares of a bank outside Pakistan	16,034,284	16,034,284	-	-
	1,089,999,206	57,160,744	1,032,751,598	86,864
				1,089,999,206
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				
Ordinary shares of unlisted companies	1,594,289	-	-	-
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	284,572	-	-	-
Advances	926,007,004	-	-	-
Other assets	168,022,298	-	-	-
	1,648,092,393	-	-	-
	2,738,091,599	57,160,744	1,032,751,598	86,864
				1,089,999,206
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

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:

	At September 30, 2019 (Un-audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
	----- Rupees in '000 -----				
Land and building (property and equipment)	47,664,394		47,664,394		47,664,394
Non-banking assets acquired in satisfaction of claims	3,774,346		3,774,346		3,774,346
	51,438,740	-	51,438,740	-	51,438,740

	December 31, 2018 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
	----- 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
	51,792,358	-	51,792,358	-	51,792,358



35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Nine Month ended September 30, 2019 (Un-audited)

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Aitemaad Islamic Banking	Head Office / Others	Total	
Rupees in '000							
Profit and loss account							
Net mark-up / return / interest income	(48,076,304)	38,777,945	56,676,686	2,228,037	3,181,108	1,075,553	53,863,025
Inter segment revenue - net	94,026,411	(38,459,123)	(60,442,025)	-	(326,007)	5,200,744	-
Non mark-up / return / interest income	11,615,524	1,815,652	6,727,992	1,246,994	334,163	3,832,993	25,573,319
Total income	57,565,631	2,134,474	2,962,653	3,475,032	3,189,264	10,109,290	79,436,344
Segment direct expenses	22,718,997	598,709	248,967	3,080,333	1,892,495	355,889	28,895,389
Inter segment expense allocation	-	-	-	-	-	12,466,379	12,466,379
Total expenses	22,718,997	598,709	248,967	3,080,333	1,892,495	12,822,267	41,361,768
Provisions and write offs - net	992,071	5,877,517	2,143,712	(191,603)	(75,061)	145,640	8,892,275
Profit / (loss) before taxation	33,854,564	(4,341,752)	569,974	586,303	1,371,830	(2,858,617)	29,182,301

September 30, 2019 (Un-audited)

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Aitemaad Islamic Banking	Head Office / Others	Total	
Rupees in '000							
Statement of financial position							
Cash and balances with treasury and other banks	55,514,691	221,590	114,517,358	54,557,271	11,423,574	91	236,234,574
Investments	-	40,915,635	1,424,383,818	70,017,111	19,194,385	5,895,278	1,560,406,227
Net inter segment lending	1,326,256,607	-	-	-	-	152,162,223	1,478,418,830
Lendings to financial institutions	-	-	46,858,192	-	11,419,496	2,650	58,280,338
Advances - performing	324,860,458	522,290,131	-	56,662,694	29,272,499	7,788,643	940,874,425
Advances - non-performing	24,802,225	33,411,074	-	41,610,151	203,934	52,466,687	152,494,071
Provision against Advances	(20,829,891)	(23,901,862)	-	(40,645,512)	(203,934)	(56,211,092)	(141,792,291)
Advances - Net	328,832,792	531,799,343	-	57,627,333	29,272,499	4,044,238	951,576,205
Others	61,119,229	13,024,703	7,147,591	5,236,479	6,232,820	126,113,512	218,874,334
Total assets	1,771,723,319	585,961,271	1,592,906,958	187,438,195	77,542,773	288,217,993	4,503,790,508
Borrowings	1,769,885	25,920,708	616,325,436	36,667,019	-	-	680,683,048
Deposits and other accounts	1,705,245,183	68,412,354	-	96,497,760	67,880,286	-	1,938,035,584
Net inter segment borrowing	-	488,799,615	933,278,442	51,014,894	5,325,879	-	1,478,418,830
Others	64,708,250	2,617,062	24,078,019	2,773,041	4,182,807	87,436,558	185,795,737
Total liabilities	1,771,723,319	585,749,738	1,573,681,897	186,952,715	77,388,972	87,436,558	4,282,933,199
Equity	-	211,533	19,225,061	485,480	153,801	200,781,434	220,857,309
Total equity and liabilities	1,771,723,319	585,961,271	1,592,906,958	187,438,195	77,542,773	288,217,993	4,503,790,508
Contingencies and commitments	867,567,499	202,873,034	-	21,086,644	-	402,204	1,091,929,380



Nine Month ended September 30, 2018 (Un-audited)

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Aitemaad Islamic Banking	Head Office / Others	Total
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Rupees in '000

Profit and loss account

Net mark-up / return / interest income	(17,455,398)	19,483,106	36,983,466	1,923,441	1,706,000	910,474	43,551,089
Inter segment revenue - net	46,108,019	(16,024,028)	(32,679,170)	-	(376,000)	2,971,179	-
Non mark-up / return / interest income	9,998,468	1,521,422	8,292,751	1,102,627	226,307	1,350,338	22,491,913
Total income	38,651,089	4,980,501	12,597,046	3,026,068	1,556,307	5,231,991	66,043,002
Segment direct expenses	19,886,269	499,232	261,447	2,381,323	1,622,986	316,618	24,967,875
Inter segment expense allocation	-	-	-	-	-	12,975,420	12,975,420
Total expenses	19,886,269	499,232	261,447	2,381,323	1,622,986	13,292,038	37,943,295
Provisions and write offs - net	(294,164)	4,054,434	721,601	58,038	-	443,254	4,983,163
Profit / (loss) before taxation	19,058,984	426,835	11,613,998	586,707	(66,679)	(8,503,301)	23,116,544

December 31, 2018 (Audited)

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	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	121,763,323	189,794	78,372,622	54,739,132	4,655,330	89	259,720,290
Investments	-	-	1,139,600,282	55,950,776	23,914,372	64,853,958	1,284,319,388
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	341,581,933	500,111,019	17,990	46,230,666	26,741,353	11,437,391	926,120,352
Advances - non-performing	19,917,069	22,069,620	-	39,181,569	364,825	51,826,712	133,359,795
Provision against Advances	(20,155,956)	(20,141,547)	-	(38,328,525)	(278,995)	(54,568,120)	(133,473,143)
Advances - net	341,343,046	502,039,092	17,990	47,083,710	26,827,183	8,695,983	926,007,004
Others	28,212,221	50,731,814	9,761,367	3,904,176	2,142,202	127,376,060	222,127,840
Total assets	1,812,647,074	552,960,699	1,332,723,579	161,677,795	58,956,787	280,087,353	4,199,053,285
Borrowings	1,041,673	21,864,290	333,432,591	36,400,842	-	-	392,739,396
Deposits and other accounts	1,775,438,318	80,797,441	-	104,127,206	51,022,237	-	2,011,385,202
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	79,091,120	187,573,056
Total liabilities	1,812,647,074	552,960,699	1,326,801,914	162,435,946	58,247,998	79,091,120	3,992,184,751
Equity	-	-	5,921,665	(758,151)	708,789	200,996,233	206,868,535
Total equity and liabilities	1,812,647,074	552,960,699	1,332,723,579	161,677,795	58,956,787	280,087,353	4,199,053,285
Contingencies and commitments	533,343,359	203,590,159	-	27,725,864	-	100,394	764,759,776



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 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 unconsolidated financial statements are as follows:

	September 30, 2019 (In Rupees Million)						December 31, 2018 (In Rupees Million)														
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Provision Fund (Current)	Pension Fund / Fixed Deposit	Pension Fund (M.D.A) AG	Provident fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Provision Fund (Current)	Pension Fund (Fixed Deposit)	Reserve Fund (M.D.A) AG	Provident fund	Other related parties	
Balances with other banks																					
In current accounts	-	-	-	-	13,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,886
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,789
																					25,676
Investments																					
Opening balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-	-
Investments made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / out - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	4,970,863	-	-	-	-	-	-	-	-	-	4,970,863	-	-	-	-	-	-	-
Provision for diminution in value of investments																					
Opening balance	-	-	-	6,289,952	-	-	-	-	-	-	-	-	-	3,789,495	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	72,567	520,196	3,105,907	-	-	-	-	-	-	-	-	15,520	398,914	3,314,685	-	-	-	-	-	-	-
Addition during the year	3,579	3,579	-	-	-	-	-	-	-	-	20,234	129,655	-	-	-	-	-	-	-	-	-
Revised during the year	(24,168)	(240,633)	(53,532)	-	-	-	-	-	-	-	(27,052)	(971)	(208,178)	-	-	-	-	-	-	-	-
Adjustment	(2,864)	-	-	-	-	-	-	-	-	-	-	-	-	84,616	-	-	-	-	-	-	-
Closing balance	21,147	284,565	3,002,375	-	-	-	-	-	-	-	23,736	66	581,198	3,105,907	-	-	-	-	-	-	-
Other Assets																					
Interest / mark up accrued	-	-	201,126	-	-	-	-	-	-	-	-	-	-	1,710,554	-	-	-	-	-	-	-
Other receivable	-	-	81,056	-	-	-	-	-	-	-	-	-	-	197,027	1,704,892	-	-	-	-	-	-
	-	-	281,182	-	-	-	-	-	-	-	-	-	-	275,248	1,704,892	-	-	-	-	-	-
Borrowings																					
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Received during the year	-	-	-	-	38,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	369,224	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	407,272	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts																					
Opening balance	10733	80,688	11,201,160	-	-	1,085	11,100,000	483,328	12,466,939	-	15,614	62,047	886,251	-	-	1,248	10,300,000	514,539	12,749,939	-	
Received during the year	20576	718,862	-	-	44,781,051	-	-	11,411,792	1,249,188	-	28,447	485,525	207,651	-	-	4,300,229	28,800,000	16,698,785	14,288,653	-	
Withdrawn during the year	(18,850)	(2,837)	-	-	(44,783,028)	-	(11,100,000)	(10,621,069)	(1,000,098)	-	(33,087)	(654,455)	(52,742)	-	-	(4,300,392)	(28,000,000)	(16,695,996)	(14,552,023)	-	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	4,009	78,850	17,951,144	-	-	8	-	978,451	12,716,026	18,822,902	10,721	80,688	1,150,160	-	-	1,085	11,100,000	483,328	12,466,939	-	
Other Liabilities																					
Other payable to subsidiaries	-	-	3,026	-	-	-	-	-	-	-	-	-	-	5,874	-	-	-	-	-	-	-
	-	-	3,026	-	-	-	-	-	-	-	-	-	-	5,874	-	-	-	-	-	-	-
Contingencies & Commitments																					
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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



September 30, 2019 (Un-audited)							September 30, 2018 (Un-audited)						
Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others

Rupees in '000

Income

Mark-up / return / interest earned	-	13,099	-	45,462	-	-	2,659,130	-	8,686	-	188	-	-	290,891
Dividend income	-	-	-	-	-	-	-	-	109,125	-	-	-	-	-

Expense

Mark-up / return / interest paid	-	23,510	-	237	214,424	1,259,478	1,350,561	-	10,622	-	896	561,931	844,102	-
Transaction Fee paid	-	-	-	-	-	-	-	-	-	-	-	-	-	5,874
Finance charges paid	-	-	-	-	-	-	-	-	465	-	-	-	-	-
Remuneration to key management executives including charge for defined benefit plan	385,750	-	-	-	-	-	-	309,898	-	-	-	-	-	-
Commission / brokerage paid	-	1,296	-	-	-	-	-	-	5,891	-	-	-	-	-
Commission received	-	1,731	-	-	-	-	-	-	5,232	-	-	-	-	-

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. 6,659 million for the nine months period ended September 30, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 397,088 million, Rs. 764,151 million and Rs. 910,967 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 24,006 million and Rs. 36,426 million respectively.



37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
Minimum Capital Requirement		
Paid-up capital	<u>164,254,302</u>	<u>146,882,410</u>
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	<u>145,041,190</u>	124,818,200
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	<u>145,041,190</u>	124,818,200
Eligible Tier 2 Capital	<u>44,738,629</u>	43,840,140
Total Eligible Capital (Tier 1 + Tier 2)	<u>189,779,819</u>	<u>168,658,340</u>
Risk Weighted Assets		
Credit Risk	<u>875,118,243</u>	795,527,135
Market Risk	<u>77,699,615</u>	81,071,227
Operational Risk	<u>155,078,622</u>	155,078,622
Total	<u>1,107,896,480</u>	<u>1,031,676,984</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>13.09%</u>	12.10%
Tier 1 Capital Adequacy Ratio	<u>13.09%</u>	12.10%
Total Capital Adequacy Ratio	<u>17.13%</u>	<u>16.35%</u>
Leverage Ratio		
Eligible Tier-1 Capital	<u>145,041,190</u>	124,818,200
Total Exposures	<u>4,133,722,102</u>	3,645,020,976
	<u>3.51%</u>	<u>3.42%</u>
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	<u>853,245,690</u>	949,424,482
Total Net Cash Outflow	<u>593,706,541</u>	560,346,109
Liquidity Coverage Ratio	<u>144%</u>	<u>169%</u>
Net Stable Funding Ratio		
Total Available Stable Funding	<u>1,863,011,683</u>	1,745,679,890
Total Required Stable Funding	<u>783,871,738</u>	544,123,198
Net Stable Funding Ratio	<u>238%</u>	<u>321%</u>



38. ISLAMIC BANKING BUSINESS

The bank is operating 189 (2018: 192) Islamic banking branches and no Islamic banking windows at the period ended September 30, 2019.

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks		5,303,245	4,649,968
Balances with other banks		6,121,033	4,319
Due from financial institutions	38.1	11,419,496	1,417,699
Investments	38.2	19,194,385	23,914,372
Islamic financing and related assets - net	38.3	29,273,705	26,827,280
Fixed assets		188,824	275,435
Right of use assets		883,990	-
Other assets		6,074,015	1,998,587
Total Assets		78,458,693	59,087,660
LIABILITIES			
Bills payable		259,436	228,382
Deposits and other accounts	38.4	67,880,340	51,022,121
Lease liability against right of use assets		929,669	-
Due to head office		1,552,334	3,920,506
Other liabilities		4,110,771	1,065,012
		74,732,550	56,236,021
NET ASSETS		3,726,143	2,851,639
REPRESENTED BY			
Islamic Banking Fund		2,200,000	2,200,000
Reserves		-	-
Surplus on revaluation of assets		153,801	708,789
Unappropriated profit / (unremitted loss)	38.5	1,372,342	(57,150)
		3,726,143	2,851,639



The profit and loss account of the Bank's Islamic banking branches for nine months period ended September 30, 2019 is as follows:

	Note	(Un-audited)	(Un-audited)
		September 30, 2019	September 30, 2018
----- Rupees in '000 -----			
Profit / return earned	38.6	5,065,725	2,166,498
Profit / return expensed	38.7	(2,339,058)	(1,035,089)
Net profit / return		2,726,667	1,131,409
Other income			
Fee and commission income		273,463	178,745
Foreign exchange income		55,995	17,037
Other income		4,705	30,525
Total other income		334,163	226,307
Total Income		3,060,830	1,357,716
Other expenses			
Operating expenses		(1,764,150)	(1,424,729)
Profit / (loss) before provisions		1,296,680	(67,013)
Provisions and write offs - net		75,662	(196)
Profit / (loss) before taxation		1,372,342	(67,209)

	September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
38.1 Due from Financial Institutions						
Unsecured						
Bai Muajjal Receivable from State Bank of Pakistan	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 State Bank of Pakistan which carries profit rate 12.78% per annum. (December 31, 2018: 12.81%)

	September 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----								
38.2 Investments by segments:								
Federal Government Securities:								
-Ijarah Sukuks	2,000,000	(59,200)	1,940,800	9,740,000	-	(56,116)	9,683,884	
	2,000,000	-	1,940,800	9,740,000	-	(56,116)	9,683,884	
Non Government Debt Securities								
-Listed	500,000	-	3,220	503,220	600,000	-	5,211	605,211
-Unlisted	16,671,391	(130,807)	209,781	16,750,365	12,996,390	(130,807)	759,694	13,625,277
	17,171,391	(130,807)	213,001	17,253,585	13,596,390	(130,807)	764,905	14,230,488
Total Investments	19,171,391	(130,807)	153,801	19,194,385	23,336,390	(130,807)	708,789	23,914,372



38.3 Islamic financing and related assets - net

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----		
Ijarah	290,335	436,069
Murabaha	3,133,979	2,024,071
Musawama	32,763	69,867
Diminishing Musharaka	12,953,984	11,971,073
Istisna	500,000	525,434
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (Ijarah, Murbaha, DM, Istasna)	4,066,260	3,580,044
Gross Islamic financing and related assets	29,477,321	27,106,558
Less: provision against Islamic financings		
- Specific	(203,344)	(278,995)
- General	(272)	(283)
	(203,616)	(279,278)
Islamic financing and related assets - net of provision	29,273,705	26,827,280

38.4 Deposits and other accounts

Customers

Current deposits	27,118,826	16,347,155
Savings deposits	29,848,139	26,885,268
Term deposits	9,961,669	2,608,640
	66,928,634	45,841,063

Financial Institutions

Current deposits	354,176	505,685
Savings deposits	47,530	126,897
Term deposits	550,000	4,548,476
	951,706	5,181,058
	67,880,340	51,022,121

38.5 Unappropriated profit / (unremitted loss)

Opening balance	(57,150)	(228,135)
Add: Islamic banking profit / (loss) for the period	1,372,342	(57,150)
Less: transferred / remitted to head office	(57,150)	(228,135)
Closing balance	1,372,342	(57,150)



	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
38.6 Profit / return earned		
Profit earned on:		
Financing	2,371,138	1,167,862
Investments	1,703,922	984,480
Placements	131,522	14,156
Others (Bai Muajjal)	859,143	-
	5,065,725	2,166,498
38.7 Profit / return / expensed		
Deposits and other accounts	1,945,627	658,854
Finance charge on right of use assets	67,351	-
Others (General Account)	326,080	376,235
	2,339,058	1,035,089

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 October 29, 2019 by the Board of Directors of the Bank.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Zafar Masud
Director

Farid Malik
Director



Consolidated Financial Statements of NBP and its Subsidiary Companies





Directors' Report to the Shareholders

Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the consolidated financial statements of the bank and its subsidiaries for the nine-months period ended September 30, 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 nine-months ended September 30, 2019 amounted to PKR 16.64 billion, being 2.4% higher than PKR 16.25 billion earned for the corresponding period last year. For the period under review, the bank's subsidiaries contributed PKR 141.0 million towards the Group profitability. Progress is observed in performance of UNBL Ltd (a UK based joint venture bank between NBP and UBL) as share of loss from UNBL stood at PKR 38.6 million as against a loss of PKR 188.4 million for the corresponding period last year. For the period under review, the bank's associate companies contributed a net share of loss of PKR 51.0 million. The bank is developing an integrated strategy to build synergies & new business platforms across both its local and international subsidiaries.

Consolidated assets of the bank amounted to PKR 3,032.4 billion, being 8.1% higher than PKR 2,803.9 billion as at December 31, 2018. Consolidated earnings per share for the period under review amounted to Rs. 7.80 as against Rs. 7.59 for the similar period of 2018. Consolidated operating results and appropriation of profits as recommended by the Board are given below:

	PKR Million
Profit before tax for the nine-months ended September 30, 2019	29,593.8
Taxation:	
- Current	13,891.0
- Prior Year	1,056.8
- Deferred	(1,991.8)
	<u>12,956.1</u>
Profit after tax for the nine-months ended September 30, 2019	16,637.7
Un-appropriated profit brought forward	76,239.6
Other comprehensive income - net of tax	(194.6)
Non-controlling interest	(35.7)
Transfer from surplus on revaluation of fixed assets	179.7
Transfer from Reserves to unappropriated profits	4,000.0
Profit available for appropriations	<u>96,826.6</u>
Appropriation:	
Transfer to Statutory Reserve	1,633.1
Un-appropriated profit carried forward	<u>95,193.5</u>
Basic and diluted earnings per share (Rupees)	<u>7.80</u>

For and on behalf of the Board of Directors

Arif Usmani
President & CEO
Karachi
Date: October 29, 2019

Zubyr Soomro
Chairman



شیر ہولڈرز کو ڈائریکٹرز کی رپورٹ مجموعی مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019 کو ختم ہونے والے نو مہینے کے لئے بیفٹل بینک آف پاکستان اور اس کے ذیلی اداروں کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

یہ مالیاتی گوشوارے بین الاقوامی مالیاتی رپورٹنگ کے معیارات، اسلامی مالیاتی حسابات کے معیارات اور ریگولیشنز اور دیگر لاگو ہونے والے ریگولیشنز اور احکامات کے مطابق تیار کئے گئے ہیں۔

30 ستمبر 2019 کو ختم ہونے والے سال کے پہلے نو مہینے کے لئے ٹیکس کی کوتاہی کے بعد ہونے والے منافع 16.64 ارب روپے رہا جو کہ پچھلے سال کے اسی عرصہ میں ہونے والے 316.25 ارب روپے کے مقابلے میں 12.4% زیادہ ہے۔ زیر جائزہ عرصے کے دوران ہمارے ذیلی اداروں نے گروپ کے منافع میں 341.0 ملین روپے کا حصہ ڈالا جو پچھلے سال کی اسی عرصہ میں ڈالے گئے 438.3 ملین روپے کے حصے کے مقابلے میں 518.3% کم ہے۔ اسی طرح کی کارکردگی کا مظاہرہ UNBL لمیٹڈ کے یو کے میں نیشنل بینک آف پاکستان اور ایک اور یو بی ایل کا مشترکہ منصوبہ ہے۔ زبردستی نہیں کیا ہے۔ زیر جائزہ نو مہینے کے عرصے میں UNBL کا نقصان میں حصہ 138.6 ملین روپے میں ہی رکھا ہوا ہے جبکہ پچھلے سال کے اسی عرصہ میں یہ نقصان 288.4 ملین روپے تھا۔ البتہ زیر جائزہ عرصہ میں بینک سے منسلک کمپنیوں کا نقصان میں خالص حصہ 510.0 ملین روپے رہا جبکہ پچھلے سال کے اسی عرصہ میں ان کمپنیوں نے منافع میں 8.6 ملین روپے کا حصہ ڈالا تھا۔ بینک اپنی مقامی اور بین الاقوامی دونوں ذیلی تنظیموں میں ہم آہنگی اور سنبھالی کاروباری پالیسی تیار کرنے کے لئے ایک مربوط حکمت عملی تیار کر رہا ہے۔

بینک کے مجموعی اثاثوں کی بائلیٹ 3,032.4 ارب روپے رہی جو کہ 31 دسمبر 2018 کو اثاثوں کی بائلیٹ 2,803.9 ارب روپے سے 8.1% زیادہ ہے۔ زیر جائزہ عرصے میں فی شخص مجموعی آمدنی کی بائلیٹ 7.80 روپے رہی جبکہ 2018 میں اسی عرصے میں یہ آمدنی 7.59 روپے فی شخص تھی۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مجموعی آپریٹنگ نتائج اور منافع کا تصرف ذیل میں دیا جا رہا ہے۔

ملین پاکستانی روپے

29,593.8

30 ستمبر 2019 کو ختم ہونے والے مہینے کا قبل از ٹیکس منافع
ٹیکس پیش

13,891.0

1,056.8

(1,991.8)

12,956.1

16,637.7

76,239.6

(194.6)

(35.7)

179.7

4,000.0

96,826.6

30 ستمبر 2019 ختم ہونے والے نو مہینے کا بعد از ٹیکس منافع

غیر تصرف شدہ سامنے لایا جانے والا منافع

دیگر جامع آمدنی۔ بعد از ٹیکس

نان کنٹرولنگ انٹرسٹ

گلسڈ اثاثوں کی نظر ثانی شدہ قدر سے منتقلی

ذخائر سے غیر تصرف شدہ منافع میں منتقلی

تصرف کے لئے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ سامنے لایا جانے والا منافع

بنیادی اور اصل شدہ فی شخص آمدنی (روپے)

بورڈ آف ڈائریکٹرز کے لئے اور ان کی جانب سے

زیر سومرو

چیمبرین

عارف عثمانی

صدر رورسی ای او

کراچی

تاریخ: 29 اکتوبر 2019



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	215,588,505	247,917,421
Balances with other banks	7	21,487,527	13,049,725
Lendings to financial institutions	8	58,280,338	106,391,667
Investments	9	1,562,566,502	1,284,974,506
Advances	10	952,198,091	926,339,789
Fixed assets	11	54,055,739	54,338,676
Intangible assets	12	1,132,333	856,900
Right of use assets	13	6,831,598	-
Other assets	14	160,256,118	170,017,572
		3,032,396,752	2,803,886,256
LIABILITIES			
Bills payable	15	16,289,205	9,944,178
Borrowings	16	680,683,048	392,739,396
Deposits and other accounts	17	1,938,159,075	2,011,312,625
Liabilities against assets subject to finance lease	18	152,379	121,077
Lease liability against right of use assets	19	7,219,624	-
Deferred tax liabilities	20	5,168,377	6,945,767
Other liabilities	21	158,272,582	171,761,918
		2,805,944,290	2,592,824,961
NET ASSETS		226,452,461	211,061,295
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		52,787,193	53,442,643
Surplus on revaluation of assets	22	56,319,198	59,262,177
Unappropriated profit		95,193,459	76,239,599
		225,574,981	210,219,550
Non-controlling interest		877,480	841,745
		226,452,461	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

Zafar Masud
Director

Farid Malik
Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Note	Quarter ended		Nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Rupees in '000					
Mark-up / return / interest earned	24	69,760,964	38,863,974	167,547,883	105,390,759
Mark-up / return / interest expensed	25	51,393,952	25,397,625	113,509,111	61,657,349
Net mark-up / return / interest income		18,367,012	13,466,348	54,038,772	43,733,410

NON MARK-UP / INTEREST INCOME

Fee and commission income	26	4,418,793	3,940,722	14,983,836	13,759,997
Dividend income		672,204	819,479	2,400,920	1,939,788
Foreign exchange income		869,188	1,420,824	4,539,883	3,254,969
Gain on securities - net	27	255,028	739,524	608,854	3,187,809
Share of loss from joint venture - net of tax		542	(177,280)	(38,649)	(188,427)
Share of (loss) / profit from associates - net of tax		(21,629)	(9,435)	(51,000)	8,553
Other income	28	1,511,789	717,432	4,329,221	1,694,011
Total non-mark-up / interest income		7,705,915	7,451,266	26,773,065	23,656,699
Total income		26,072,927	20,917,614	80,811,837	67,390,109

NON MARK-UP / INTEREST EXPENSES

Operating expenses	29	13,769,792	12,939,292	42,415,301	39,087,168
Workers welfare fund		-	-	-	-
Other charges	30	31,183	14,519	124,557	24,276
Total non-markup / interest expenses		13,800,975	12,953,811	42,539,858	39,111,444
Profit before provisions		12,271,952	7,963,803	38,271,979	28,278,665
Provisions and write offs - net	31	3,418,512	2,162,254	8,678,196	4,960,725
PROFIT BEFORE TAXATION		8,853,440	5,801,549	29,593,783	23,317,940

Taxation	32	3,594,737	2,298,609	12,956,129	7,071,837
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PROFIT AFTER TAXATION		5,258,703	3,502,940	16,637,654	16,246,102
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Attributable to:

Shareholders of the Bank		5,248,935	3,484,050	16,601,919	16,140,310
Non-controlling interest		9,768	18,890	35,735	105,792
		5,258,703	3,502,940	16,637,654	16,246,102

Rupees					
Earnings per share - basic and diluted	33	2.47	1.64	7.80	7.59

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

Zafar Masud
Director

Farid Malik
Director



CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Quarter ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
----- Rupees in '000 -----				
	Restated		Restated	
Profit after taxation for the period	5,258,703	3,502,940	16,637,654	16,246,102

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	(708,607)	(49,840)	1,711,487	495,985
Movement in surplus on revaluation of investments - net of tax	175,036	(3,281,694)	(2,763,317)	(4,724,376)
	(533,571)	(3,331,535)	(1,051,830)	(4,228,391)

Items that will not be reclassified to profit and loss account in subsequent periods:

Remeasurement gain / (loss) on defined benefit obligations - net of tax	(22,977)	12,378	(194,660)	621,146
Movement in surplus on revaluation of fixed assets - net of tax	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	(22,977)	12,378	(194,660)	621,146

Total comprehensive income

	4,702,155	183,784	15,391,164	12,638,857
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Total comprehensive income attributable to:

Shareholders of the Bank	4,692,387	164,894	15,355,429	12,533,065
Non-controlling interest	9,768	18,890	35,735	105,792
	4,702,155	183,784	15,391,164	12,638,857

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

Zafar Masud
Director

Farid Malik
Director



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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													
Balance as at January 01, 2018	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
Profit after taxation for the nine months period ended September 30, 2018	-	-	-	-	-	-	-	-	-	16,140,310	16,140,310	105,792	16,246,102
Other comprehensive income / (loss) - net of tax	-	495,985	-	-	-	495,985	(4,724,376)	-	(4,724,376)	621,146	(3,607,245)	-	(3,607,245)
Transfer to statutory reserve	-	-	1,617,744	-	-	1,617,744	-	-	-	(1,617,744)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(77,121)	(77,121)	77,121	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2017 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(91,878)	(91,878)
Opening balance as at October 01, 2018	21,275,131	8,275,613	31,204,106	12,000,000	521,338	52,001,057	20,787,491	24,043,449	44,830,941	73,290,227	191,397,356	825,342	192,222,697
Profit after taxation for the three months period ended December 31, 2018	-	-	-	-	-	-	-	-	-	3,772,794	3,772,794	16,403	3,789,198
Other comprehensive income / (loss) - net of tax	-	1,057,818	-	-	-	1,057,818	(5,637,717)	20,094,664	14,456,947	(465,361)	15,049,404	-	15,049,404
Transfer to statutory reserve	-	-	383,768	-	-	383,768	-	-	-	(383,768)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(25,708)	(25,708)	25,708	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	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
Profit after taxation for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	-	-	16,601,919	16,601,919	35,735	16,637,654
Other comprehensive income / (loss) - net of tax	-	1,711,487	-	-	-	1,711,487	(2,763,317)	-	(2,763,317)	(194,660)	(1,246,490)	-	(1,246,490)
Transfer to statutory reserve	-	-	1,633,063	-	-	1,633,063	-	-	-	(1,633,063)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(179,664)	(179,664)	179,664	-	-	-
Transfer to unappropriated profit	-	-	-	(4,000,000)	-	(4,000,000)	-	-	-	4,000,000	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2018 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2019	21,275,131	11,044,918	33,220,937	8,000,000	521,338	52,787,193	12,386,456	43,932,741	56,319,198	95,193,459	225,574,981	877,480	226,452,461

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

Zafar Masud
Director

Farid Malik
Director



CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
Note	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	29,593,783	23,317,940
Less: dividend income	<u>(2,400,920)</u>	<u>(1,939,788)</u>
	27,192,863	21,378,152
Adjustments:		
Depreciation on fixed assets	1,942,455	1,818,184
Depreciation on right-of-use assets	1,434,121	-
Amortization	276,499	215,200
Provision and write-offs - net	8,678,196	4,960,725
Gain on sale of fixed assets	(16,117)	(58,481)
Financial charges on leased assets	32,776	310
Unrealized loss on revaluation of investments classified as held-for-trading	(42,308)	10,167
Charge for defined benefit plans - net	5,487,571	4,222,979
Share of loss from joint venture - net of tax	38,649	188,427
Share of loss / (gain) from associates - net of tax	51,000	(8,553)
	<u>17,882,842</u>	<u>11,348,958</u>
	45,075,705	32,727,110
(Increase) / decrease in operating assets		
Lendings to financial institutions	39,911,329	12,107,968
Held-for-trading securities	75,987,012	533,703,042
Advances	(35,972,431)	(92,514,087)
Others assets (excluding advance taxation)	<u>(3,595,651)</u>	<u>(17,456,858)</u>
	76,330,259	435,840,065
Increase/ (decrease) in operating liabilities		
Bills payable	6,345,027	(794,469)
Borrowings from financial institutions	287,918,210	(20,508,834)
Deposits	(73,153,550)	72,473,257
Other liabilities (excluding current taxation)	<u>(3,495,305)</u>	<u>793,841</u>
	217,614,382	51,963,794
Financial charges paid	(32,776)	(310)
Income tax paid	(5,883,757)	(5,468,890)
Benefits paid	<u>(2,370,185)</u>	<u>(1,969,704)</u>
Net cash flows generated from operating activities	<u>330,733,628</u>	<u>513,092,064</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(215,607,060)	(482,173,060)
Net investments in held-to-maturity securities	(142,601,356)	(10,381,155)
Dividends received	2,400,920	1,939,788
Investments in fixed assets	(8,810,669)	(1,807,596)
Proceeds from sale of fixed assets	111,760	187,128
Effect of translation of net investment in foreign branches	1,711,487	495,985
Net cash flows generated from / (used in) investing activities	<u>(362,794,918)</u>	<u>(491,738,910)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Lease obligations	(53,585)	12,642
Dividend paid	<u>(1,681)</u>	<u>-</u>
Net cash flow used in financing activities	<u>(55,266)</u>	<u>12,642</u>
Increase in cash and cash equivalents	<u>(32,116,556)</u>	<u>21,365,796</u>
Cash and cash equivalents at beginning of the period	<u>228,999,744</u>	<u>167,211,263</u>
Cash and cash equivalents at end of the period	<u>196,883,188</u>	<u>188,577,059</u>

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

Zafar Masud
Director

Farid Malik
Director



NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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). The registered and head office of the Bank 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 1,508 (December 31, 2018: 1,504) branches in Pakistan and 21 (December 31, 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.

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:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 3 - Definition of a Business (Amendments)	January 1, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 220(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ended on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these consolidated condensed interim financial statements.

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 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 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 Group's consolidated 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 and 3.2 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 Group's financial statements and discloses the new accounting policies that have been applied from January 01, 2019 as disclosed in note 13 and note 19 as below.

The Group has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank recognized 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 was 10% to 15.13%.

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 effect of this change in accounting policy is as follows:

	September 30, 2019	January 1, 2019
	----- Rupees in '000 -----	
Impact on consolidated condensed interim statement of financial position		
Increase in fixed assets - right-of-use assets	6,831,598	7,585,740
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	(385,681)	(229,241)
Increase in other assets - advance taxation	246,469	-
Increase in total assets	6,692,386	7,356,499
Increase in other liabilities - lease liability against right-of-use assets	(7,219,624)	(7,356,499)
(Decrease) in exchange translation reserves	140,371	-
(Decrease) / increase in net assets	(386,868)	-

Impact on consolidated condensed interim profit and loss account

	January - September 2019 Rupees in '000
Increase in mark-up expense - lease liability against right-of-use assets	(526,806)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(1,434,121)
- Rent expense	1,327,590
Decrease in profit before tax	(633,337)
Decrease in tax	246,469
Decrease in profit after tax	(386,868)



The Group 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 statement of profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. 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.

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

- Consolidated condensed interim profit and loss account

As a result of adoption of the revised format, the figures for the quarter and nine months period ended September 30, 2018 in the consolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

- Consolidated condensed interim statement of comprehensive income

As a result of adoption of the revised format, the figures for the quarter and nine months period ended September 30, 2018 in the consolidated condensed interim statement of comprehensive income have been restated to incorporate the effect of movement in surplus on revaluation of fixed assets and non-banking assets.

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.



		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		46,427,175	39,696,873
Foreign currency		4,815,658	4,661,530
		51,242,833	44,358,402
With State Bank of Pakistan in			
Local currency current accounts	6.1	81,099,546	130,186,419
Foreign currency current accounts	6.2	8,773,716	7,029,780
Foreign currency deposit accounts	6.2	26,769,463	21,240,971
Foreign currency collection accounts		1,408,877	1,812,339
		118,051,602	160,269,509
With other central banks in			
Foreign currency current accounts	6.3	37,110,799	41,438,832
Foreign currency deposit accounts	6.3	3,279,645	1,455,866
		40,390,444	42,894,698
Prize bonds		5,903,626	394,812
		215,588,505	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 2.0% per annum (December 31, 2018: 0% to 0.75% per annum).

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		15,323	25,813
In deposit accounts	7.1	6,194,925	155,631
		6,210,248	181,444
Outside Pakistan			
In current accounts		7,225,545	7,107,914
In deposit accounts	7.2	8,051,734	5,760,367
		15,277,279	12,868,281
		21,487,527	13,049,725

- 7.1** These include various deposits with banks and carry interest at rates ranging from 6% to 12.5% per annum (December 31, 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 (December 31, 2018: 0% to 2.16% per annum).



		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.1	40,800	8,240,800
Repurchase agreement lendings (Reverse Repo)	8.2	46,820,042	96,733,168
Bai Muajjal receivables with State Bank of Pakistan	8.3	11,419,496	1,417,699
Letters of placement	8.4	176,150	176,150
	8.5	58,456,488	106,567,817
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		58,280,338	106,391,667

8.1 This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2018: Rs. 40.8 million) which is guaranteed by the SBP.

8.2 These carry mark-up at rates ranging from 13.2% to 13.74% per annum (December 31, 2018: 8.45% to 10.41% per annum) with maturities ranging from October 1, 2019 to October 4, 2019.

8.3 This represent Bai Muajjal agreement with Government of Pakistan and State Bank of Pakistan which carries profit rate 12.78% per annum. (December 31, 2018: 12.81%)

8.4 These are overdue placements and full provision has been made against these placements as at September 30, 2019.

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- Rupees in '000 -----	
8.5 Particulars of lending			
In local currency		58,456,488	106,567,817
In foreign currencies		-	-
		58,456,488	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

	September 30, 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	31,739,313	-	31,739,313	70,283,168	-	70,283,168
Pakistan Investment Bonds	15,080,729	-	15,080,729	26,450,000	-	26,450,000
Total	46,820,042	-	46,820,042	96,733,168	-	96,733,168

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 46,000 million (December 31, 2018: Rs. 95,739 million).

8.8 Category of classification

	(Un-Audited) September 30, 2019		(Audited) December 31, 2018	
	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	-	-	-	-
	176,150	176,150	176,150	176,150
Total	176,150	176,150	176,150	176,150

9. INVESTMENTS

9.1 Investments by type:

Held-for-trading securities

	September 30, 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								
Market Treasury Bills	76,450,512	-	36,676	76,487,188	149,885,647	-	(973)	149,884,674
Pakistan Investment Bonds	34,344	-	76	34,420	2,333,574	-	(67)	2,333,507
Ordinary shares of listed companies	-	-	-	-	158,277	-	197	158,474
Investment In mutual funds	222,865	-	5,556	228,421	404,747	-	(21,181)	383,566
Foreign Government Securities	1,122,896	-	-	1,122,896	971,052	-	-	971,052
	77,830,617	-	42,308	77,872,924	153,753,297	-	(22,024)	153,731,274

Available-for-sale securities

	September 30, 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								
Market Treasury Bills	705,094,822	-	861,004	705,955,826	592,215,863	-	(28,707)	592,187,156
Pakistan Investment Bonds	301,296,709	-	(7,915,939)	293,380,770	207,581,489	-	(12,318,101)	195,263,388
Ijarah Sukuks	2,071,299	-	(59,200)	2,012,099	9,789,374	-	(56,116)	9,733,258
Ordinary shares of listed companies	30,844,719	(6,010,892)	8,832,307	33,666,134	26,042,251	(3,978,334)	17,017,036	39,081,253
Ordinary shares of unlisted companies	2,005,182	(507,573)	-	1,497,609	2,005,182	(410,893)	-	1,594,289
Preference shares	570,214	(447,394)	(13,950)	108,870	570,535	(433,444)	(11,155)	125,936
Term Finance Certificates / Musharika	-	-	-	-	-	-	-	-
Participation Term Certificate and Sukuk Bonds	62,502,831	(4,919,634)	424,534	58,007,731	58,787,773	(4,761,669)	2,264,936	56,291,040
GoP Foreign Currency Bonds	31,779,683	-	344,558	32,124,241	25,462,626	-	(515,692)	24,946,934
Foreign Government Securities	1,571,977	-	-	1,571,977	968,567	-	(148,117)	820,450
Foreign Currency Debt Securities	2,893,089	-	36,071	2,929,160	1,551,903	-	(94,342)	1,457,561
Investments in mutual funds	772,044	(41,167)	823,965	1,554,842	819,546	(40,642)	1,248,405	2,027,408
Ordinary shares of a bank outside Pakistan	463,295	-	16,629,336	17,092,631	463,295	-	15,570,989	16,034,284
	1,141,865,864	(11,926,659)	19,962,687	1,149,901,890	926,258,804	(9,624,982)	22,929,135	939,562,957

Held-to-maturity securities

	September 30, 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								
Market Treasury Bills	110,610,252	-	-	110,610,252	69,967	-	-	69,967
Pakistan Investment Bonds	184,492,089	-	-	184,492,089	157,492,035	-	-	157,492,035
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	591,707	(412,384)	-	179,323	696,956	(412,384)	-	284,572
GoP Foreign Currency Bonds	3,150,998	-	-	3,150,998	2,859,233	-	-	2,859,233
Foreign Government Securities	30,740,501	-	-	30,740,501	25,866,066	-	-	25,866,066
Foreign Currency Debt Securities	598	-	-	598	532	-	-	532
	329,586,145	(412,384)	-	329,173,761	186,984,789	(412,384)	-	186,572,405

Associates

	1,136,703	(869,242)	-	267,461	1,190,599	(626,069)	-	564,531
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Joint Venture

	5,350,465	-	-	5,350,465	4,543,339	-	-	4,543,339
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Subsidiaries

	1,245	(1,245)	-	-	1,245	(1,245)	-	-
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Total Investments

	1,555,771,039	(13,209,530)	20,004,994	1,562,566,502	1,272,732,074	(10,664,680)	22,907,111	1,284,974,506
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(Un-audited) (Audited)
September 30, December 31,
2019 2018
 ----- Rupees in '000 -----

9.1.1 Investments given as collateral

Pakistan Investment Bonds	15,080,729	9,500,000
Market Treasury Bills	542,348,915	274,350,000
	557,429,644	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 period	2,614,754	1,514,109
Reversals for the period	(69,905)	(1,370,739)
	2,544,850	143,370
Closing Balance	13,209,530	10,664,680

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-Audited) September 30, 2019		(Audited) December 31, 2018	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	5,340,781	5,332,019	5,182,817	5,174,053
	5,340,781	5,332,019	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	5,340,781	5,332,019	5,182,817	5,174,053

9.3 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. 317,067 million (December 31, 2018: Rs. 172,378 million).



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Rupees in '000						
Loans, cash credits, running finances, etc.	874,196,992	879,651,507	146,678,659	128,261,528	1,020,875,652	1,007,913,034
Islamic financing and related assets	29,273,387	26,914,764	203,934	191,794	29,477,321	27,106,558
Net Investment in finance lease	76,015	104,647	28,944	28,944	104,959	133,591
Bills discounted and purchased	37,475,379	19,294,694	6,712,468	6,068,698	44,187,847	25,363,392
Advances - gross	941,021,773	925,965,612	153,624,005	134,550,963	1,094,645,779	1,060,516,575
Provision against advances						
- Specific	-	-	134,121,875	126,969,680	134,121,875	126,969,680
- General	8,325,813	7,207,106	-	-	8,325,813	7,207,106
Advances - net of provision	932,695,960	918,758,506	19,502,131	7,581,283	952,198,091	926,339,789

10.1 Net Investment in Finance Lease

	September 30, 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	63,333	14,838	-	78,171	79,987	27,840	-	107,826
Residual value	48,294	9,617	-	57,911	43,479	16,477	-	59,956
Minimum lease payments	111,627	24,455	-	136,082	123,465	44,317	-	167,782
Financial charges for future periods	29,773	1,349	-	31,123	31,680	2,510	-	34,190
Present value of minimum lease payments	81,853	23,106	-	104,959	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 Group requires the lessee to insure the leased assets in favour of the Group. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.09% to 19.46% (December 31, 2018: 10.19% to 14.47%) per annum.

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

10.2 Particulars of advances (Gross)

In local currency	988,343,732	969,830,010
In foreign currencies	106,302,047	90,686,565
	1,094,645,779	1,060,516,575



10.3 Advances include Rs. 153,624 million (2018: Rs. 134,551 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned	4,736,499	148,342	1,281,567	64,543
Substandard	11,712,361	2,721,777	3,783,451	923,008
Doubtful	4,004,845	1,966,316	1,448,149	689,033
Loss	90,878,290	88,612,500	88,113,131	86,856,965
	111,331,995	93,448,935	94,626,299	88,533,549
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	678,566	310,418	733,217	355,579
> 365 days	41,613,444	40,362,521	39,191,446	38,080,551
	42,292,010	40,672,939	39,924,663	38,436,130
Total	153,624,005	134,121,875	134,550,963	126,969,680

10.4 Particulars of provision against advances

	September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	126,969,680	7,207,106	134,176,786	111,347,775	6,515,068	117,862,843
Exchange adjustments	4,188,762	31,358	4,220,120	7,701,151	111,207	7,812,358
Charge for the year	7,787,801	1,381,209	9,169,010	14,178,781	1,330,247	15,509,029
Reversals	(2,981,143)	(293,858)	(3,275,001)	(5,987,047)	(749,416)	(6,736,463)
	4,806,658	1,087,351	5,894,009	8,191,734	580,831	8,772,565
Amounts charged off	(1,776,733)	-	(1,776,733)	(12,118)	-	(12,118)
Amounts charged off / Write off	(66,491)	-	(66,491)	(261,281)	-	(261,281)
Other adjustments	-	-	-	2,419	-	2,419
Closing balance	134,121,875	8,325,813	142,447,688	126,969,680	7,207,106	134,176,786

10.4.1 Particulars of provision against advances

	September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	94,633,974	8,039,529	102,673,503	88,533,549	6,949,255	95,482,804
In foreign currencies	39,487,902	286,284	39,774,186	38,436,131	257,851	38,693,982
	134,121,875	8,325,813	142,447,688	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.

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000 -----	
11. FIXED ASSETS		
Capital work-in-progress	2,045,473	1,934,605
Property and equipment	52,010,266	52,404,071
	54,055,739	54,338,676
11.1 Capital work-in-progress		
Civil works	1,953,813	1,863,208
Equipment	15,750	15,884
Advances to suppliers and contractors	75,910	55,513
	2,045,473	1,934,605
11.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	90,340	111,916
Property and equipment		
Buidling on freehold land	-	18,996
Buidling on leasehold land	54,986	87,686
Furniture and fixture	410,950	576,188
Computer and peripheral equipment	527,507	425,689
Electrical, office equipment	161,601	213,587
Vehicles	132,562	299,191
Assets held under finance lease - Vehicles	84,887	37,339
Assets held under finance lease - Office Equipment	-	9,628
	1,372,493	1,668,305
Total	1,462,833	1,780,221



	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Buidling on leasehold land	-	229
Furniture and fixture	1,539	2,593
Computer and peripheral equipment	371	729
Electrical, office equipment	65	9,239
Vehicles	12,589	49,907
Assets held under finance lease - Vehicles	29,128	4,890
Assets held under Ijarah - Machinery	454	7,592
Assets held under Ijarah - Vehicle	1,838	34,381
Total	46,007	109,560
	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
12. INTANGIBLE ASSETS		
Core Banking Application	-	113,027
Computer Software	569,780	179,289
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
	1,132,333	856,900
	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	495,710	27,296
Total	495,710	27,296
	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
13. RIGHT-OF-USE ASSETS		
The recognised right-of-use assets relate to the following types of assets:		
Balance as at initial application	7,840,672	-
Additions during the period	425,047	-
Depreciation charged for the period	1,434,121	-
Balance as at September 30, 2019	6,831,598	-

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.



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

14. OTHER ASSETS

Income / return / mark-up accrued in local currency - net of provision	43,870,354	31,164,399
Income / return / mark-up accrued in foreign currency	3,634,748	2,481,428
Advances, deposits, advance rent and other prepayments	6,787,249	7,239,676
Advance taxation (payments less provisions)	2,815,205	11,879,329
Income tax refunds receivable	42,668,031	45,531,634
Compensation for delayed tax refunds	12,266,668	8,082,559
Non-banking assets acquired in satisfaction of claims	3,774,346	3,796,527
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	228,484
Unrealized gain on forward foreign exchange contracts	2,964,516	6,929,960
Commission receivable on Government treasury transactions	11,636,377	4,627,921
Stationery and stamps on hand	448,943	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	144,580	580,632
Receivable against sale of foreign currencies	305,229	160,496
Receivable from Pakistan Stock Exchange	14,300	127,579
Receivable from mutual funds	727,325	674,504
Acceptances	24,927,334	45,884,978
Others	11,421,431	8,394,868
	169,552,465	179,104,100
Less: Provision held against other assets	14.1 9,094,480	8,884,661
Other assets (net of provision)	160,457,985	170,219,439
Deficit surplus on revaluation of non-banking assets acquired in satisfaction of claims	(201,867)	(201,867)
Other assets - total	160,256,118	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	2,496,769	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	208,423	228,484
Others	2,096,021	1,957,221
	9,094,480	8,884,661



	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- 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 / period	209,819	2,289,554
Adjustment of compensation claimed by SBP to SBP balances	-	(2,174,278)
Amount Written off	-	(3,314)
Closing balance	<u>9,094,480</u>	<u>8,884,661</u>
15. BILLS PAYABLE		
In Pakistan	15,679,373	9,838,706
Outside Pakistan	<u>609,832</u>	<u>105,472</u>
	<u>16,289,205</u>	<u>9,944,178</u>
16. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	2,861,600	1,553,200
Under Export Refinance Scheme (New Scheme)	17,411,251	15,711,423
Refinance Facility for Modernization of SMEs	40,500	-
Financing Facility for storage of Agriculture Produce (FFSAP)	308,015	222,727
Under Long-Term Financing Facility (LTFF)	6,831,225	5,418,613
Financing Scheme for Renewable Energy	238,088	-
	<u>27,690,679</u>	<u>22,905,963</u>
Repurchase agreement borrowings	555,334,307	278,631,608
Bai Muajjal	<u>51,830,965</u>	<u>45,954,085</u>
Total secured	<u>634,855,951</u>	<u>347,491,656</u>
Unsecured		
Call borrowings	36,667,032	36,400,855
Overdrawn nostro accounts	3,566,612	3,807,347
Bai Muajjal	<u>5,593,453</u>	<u>5,039,538</u>
Total unsecured	<u>45,827,097</u>	<u>45,247,740</u>
	<u>680,683,048</u>	<u>392,739,396</u>
16.1 Particulars of borrowings with respect to currencies		
In local currency	644,016,029	356,338,554
In foreign currencies	<u>36,667,019</u>	<u>36,400,842</u>
	<u>680,683,048</u>	<u>392,739,396</u>
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% (December 31, 2018: 3.0%).		
- Repurchase agreement borrowings carry mark-up ranging from 13.2% to 13.74% per annum (December 31, 2018: 8.4% to 10.16% per annum) having maturity on ranging from October 1, 2019 to October 15, 2019.		



- Call borrowings carry interest ranging from 1.7% to 4.03% per annum (December 31, 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. 557,430 million (December 31, 2018: Rs. 283,850 million).

17. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2019			December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits - remunerative	307,228,653	-	307,228,653	323,623,737	-	323,623,737
Current deposits - non-remunerative	373,980,455	132,846,008	506,826,463	342,571,453	123,766,119	466,337,572
Savings deposits	528,189,404	47,853,099	576,042,503	498,375,321	37,821,597	536,196,918
Term deposits	227,885,281	75,918,299	303,803,580	273,492,139	66,143,486	339,635,626
Others	2,667,123	295,344	2,962,467	9,377,504	3,409	9,380,913
	1,439,950,916	256,912,750	1,696,863,666	1,447,440,155	227,734,611	1,675,174,765
Financial Institutions						
Current deposits	219,122,297	9,039,356	228,161,653	285,716,351	26,528,709	312,245,060
Savings deposits	874,279	2,825,957	3,700,236	812,330	778	813,108
Term deposits	5,194,912	2,049,322	7,244,234	7,197,975	1,675,953	8,873,928
Others	2,189,286	-	2,189,286	4,523,362	9,682,401	14,205,763
	227,380,774	13,914,635	241,295,409	298,250,018	37,887,841	336,137,859
	1,667,331,690	270,827,385	1,938,159,075	1,745,690,173	265,622,452	2,011,312,625

- 17.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 96,498 million (December 31, 2018: Rs.104,127 million).

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	September 30, 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	43,089	-	43,089	41,968	9,328	32,640
Later than one year and upto five years	109,290	-	109,290	97,404	8,967	88,437
Over five years	-	-	-	-	-	-
	152,379	-	152,379	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 monthly 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.



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

19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

Lease liabilities included in the statement of financial position
As at September 30, 2019

7,219,624	-
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Of which are:

Current lease liability

1,518,310	-
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Non-current lease liability

5,701,314	-
------------------	---

7,219,624	-
------------------	---

Maturity analysis - contractual undiscounted cashflows

Less than one year

1,737,790	-
------------------	---

One to five years

5,611,656	-
------------------	---

More than five years

6,182,697	-
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Total undiscounted lease liabilities as at September 30, 2019

13,532,143	-
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20. 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
- Others

(10,705)	(10,705)
(2,929,825)	(2,816,109)
(236,751)	(236,751)
(2,231,996)	(622,390)
(115,222)	(115,222)
(105,417)	(111,576)
(282,498)	-
(3,904)	(3,904)
(5,916,318)	(3,916,657)

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Excess of accounting book value of leased assets over lease liabilities
- Other

1,724,726	1,822,205
6,989,859	6,667,702
55,208	55,208
212	2,477
2,314,690	2,314,832
11,084,695	10,862,424
5,168,377	6,945,767



	(Un-audited) September 30, 2019	(Audited) December 31, 2018
Note	----- Rupees in '000-----	
21. OTHER LIABILITIES		
Mark-up / Return / Interest payable in local currency	32,548,094	31,324,102
Mark-up / Return / Interest payable in foreign currencies	648,950	555,608
Unearned commission and income on bills discounted	3,468,235	643,869
Accrued expenses	10,460,650	11,651,136
Advance payments	438,494	370,498
Acceptances	24,927,334	45,884,978
Unclaimed dividends	187,187	188,868
Unrealized loss on put option	306,339	306,339
Branch adjustment account	2,785,956	5,864,695
Employee benefits:		
Pension fund	13,443,507	13,069,665
Post retirement medical benefits	16,639,557	15,371,225
Benevolent fund	1,494,689	1,604,689
Gratuity scheme	2,320,623	1,881,355
Compensated absences	8,054,643	7,541,419
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	20,215,103	18,034,813
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,884,889	3,734,889
Payable to brokers	39,825	180,594
Payable to customers	149,709	190,335
PIBs short selling	1,897,714	366,896
Others	13,362,333	11,997,194
	158,272,582	171,761,918
22. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	9.1 19,962,687	22,929,135
- Fixed Assets	44,514,254	44,693,917
- Non-banking assets	2,062,480	2,062,480
- On securities of associates and joint venture	(586,371)	(1,111,660)
	65,953,050	68,573,872
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	(6,989,859)	(6,667,702)
- Fixed Assets	(2,588,785)	(2,588,785)
- Non-banking assets	(55,208)	(55,208)
	(9,633,852)	(9,311,695)
	56,319,198	59,262,177



		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	158,443,643	94,340,275
Commitments	23.2	1,688,876,004	1,240,553,725
Other contingent liabilities	23.3	30,937,505	29,259,673
		1,878,257,152	1,364,153,674
23.1 Guarantees:			
Financial guarantees		99,824,464	55,505,600
Performance guarantees		58,619,179	38,834,676
		158,443,643	94,340,275
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
Letters of credit		933,485,736	670,419,500
Commitments in respect of:			
Forward foreign exchange contracts	23.2.1	750,375,692	512,873,075
Forward government securities transactions	23.2.2	4,500,000	56,816,129
Commitments for acquisition of:			
Fixed assets		501,075	431,521
Other commitments	23.2.3	13,500	13,500
		1,688,876,004	1,240,553,725
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		445,197,135	312,710,160
Sale		305,178,557	200,162,915
		750,375,692	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.



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

23.2.2 Commitments in respect of forward government securities transactions

Purchase	-	50,950,025
Sale	<u>4,500,000</u>	<u>5,866,104</u>
	<u>4,500,000</u>	<u>56,816,129</u>

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

23.2.3 Professional services to be received	<u>13,500</u>	<u>13,500</u>
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23.3 Other contingent liabilities

23.3.1 Claim against the Group not acknowledged as debt	<u>30,937,505</u>	<u>29,259,673</u>
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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

- a) 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.1,056.84 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) During the year the tax authorities concluded amended proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2013 vide order dated June 28, 2019 through add back / additions in the taxable income for the tax year 2013. As a result thereof the net demand of Rs.1,497million raised against the Bank. However, an appeal against the aforesaid Order before Commissioner Inland Revenue (Appeals) [CIRA] is being filed.



- d) The aggregate effect of contingencies as on September 30, 2019 amounts to Rs.18,530 million (December 31, 2018: Rs. 10,732 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 December 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 the below mentioned updates.

23.3.4.1 Pensionary benefits to retired employees

The hearing of pension case was fixed on March 18, 2019, the matter came up for hearing before a three member Bench instead of a larger bench. After partial arguments the matter was adjourned for April 17, 2019. On the said date, due to adjournment application of the Counsel for respondents, the petitions were adjourned for re-listing in the 2nd week of May however, the matters didn't get listed. These petitions were fixed for hearing on September 16, 2019 however due to adjournment application of our counsel the cases were not taken up.

23.3.4.2 Post retirement medical facilities

The Bank has filed an Intra Court Appeal (ICA) against the order of the single bench which is still pending adjudication and is fixed for hearing on November 28, 2019.

23.3.4.3 Restoration of Commuted Pension

The matter is still pending adjudication and is now fixed for hearing on November 07, 2019.

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.

Note	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- Rupees in '000 -----	
24. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	77,601,180	46,398,351
Investments	83,569,440	57,305,143
On securities purchased under resale agreements	4,782,282	1,168,765
Balances with other banks	1,594,981	518,499
	167,547,883	105,390,759



	Note	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
		Rupees in '000	
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		77,990,962	41,613,649
Borrowings		4,501,937	1,973,946
Cost of foreign currency swaps against foreign currency deposits		4,938,013	3,648,353
Finance charge on lease liability against right of use assets		526,806	-
Securities sold under repurchase agreements		25,551,393	14,421,401
		113,509,111	61,657,349
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		357,476	896,311
Consumer finance related fees		580,357	533,035
Card related fees		521,239	317,009
Credit related fees		184,247	214,890
Investment banking fees		393,621	225,639
Commission on trade		3,320,428	2,469,262
Commission on guarantees		318,531	399,290
Commission on cash management		16,185	11,657
Commission on remittances including home remittances		1,195,733	454,755
Commission on bancassurance		267,469	197,634
Commission on government transactions		6,658,586	6,747,160
Management fee & sale load		915,738	1,114,296
Brokerage income		46,932	66,842
Others		207,293	112,217
		14,983,836	13,759,997
27. GAIN ON SECURITIES - NET			
Realised	27.1	566,546	3,197,976
Unrealized - held-for-trading	9.1	42,308	(10,167)
		608,854	3,187,809
27.1 Realised gain on:			
Federal Government Securities		322,704	372,746
Shares and mutual funds		215,379	2,729,602
Ijarah Sukuks		28,463	95,628
		566,546	3,197,976
28. OTHER INCOME			
Rent on property		24,622	47,116
Gain on sale of fixed assets - net		16,117	58,481
Postal, SWIFT and other charges recovered		34,132	-
Compensation for delayed tax refunds	28.1	4,184,109	1,574,106
Digital infrastructure support income		33,729	-
Others		36,512	14,308
		4,329,221	1,694,011
28.1	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		



29. OPERATING EXPENSES

Total compensation expense

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

27,778,823 26,706,573

Property expense

Rent and taxes	833,545	1,663,230
Insurance	33,243	28,739
Utilities cost	838,111	753,599
Security (including guards)	1,705,031	1,616,030
Repair and maintenance (including janitorial charges)	612,914	777,926
Depreciation	351,230	174,941
Depreciation on non banking assets	22,183	26,078
Depreciation on Ijarah assets	128,361	198,110
Depreciation on right of use assets	1,434,121	-
	5,958,738	5,238,654

Information technology expenses

Software maintenance	603,006	162,086
Hardware maintenance	13,519	16,220
Depreciation	236,238	296,449
Amortization	276,499	215,200
Network charges	344,124	330,369
Others	64,019	42,510
	1,537,404	1,062,834

Other operating expenses

Directors' fees and reimbursement of other expenses	26,231	21,480
Directors' fees and allowances - subsidiaries	4,416	4,506
Legal & professional charges	508,241	322,890
Outsourced services costs	564,277	575,141
Travelling and conveyance	566,152	498,186
NIFT clearing charges	102,754	101,364
Depreciation	1,204,443	1,122,606
Training and development	87,263	108,731
Postage and courier charges	140,630	174,406
Communication	233,870	223,994
Stationery and printing	628,959	544,085
Marketing, advertisement & publicity	182,946	234,267
Donations	-	2,015
Contributions for other Corporate and Social Responsibility	14,962	21,270
Auditors' Remuneration	247,185	140,185
Financial charges on leased assets	32,776	11,949
Insurance	372,938	392,078
Entertainment	208,559	137,441
Clearing, verification, license fee charges	351,201	255,769
Vehicle Expenses	96,203	104,275
Repairs & Maintenance	278,554	272,922
Brokerage	56,886	48,290
Deposit premium expense	929,881	468,000
Others	301,007	293,257
	7,140,336	6,079,107
	42,415,301	39,087,168



		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	Note	----- Rupees in '000 -----	
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		115,499	22,398
Penalties imposed by other regulatory bodies (Central bank of international branches)		6,596	-
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)		<u>2,462</u>	<u>1,878</u>
		<u>124,557</u>	<u>24,276</u>
31. PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	2,544,850	421,574
Provisions against loans and advances	10.4	5,894,009	3,997,372
Provision against other assets		<u>239,337</u>	<u>541,779</u>
		<u>8,678,196</u>	<u>4,960,725</u>
32. TAXATION			
Current		13,891,040	9,346,880
Prior years		1,056,841	(20,756,324)
Deferred		<u>(1,991,752)</u>	<u>18,481,281</u>
		<u>12,956,129</u>	<u>7,071,837</u>
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.		
		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
33. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		<u>16,601,919</u>	<u>16,140,310</u>
Weighted average number of ordinary shares (000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>7.80</u>	<u>7.59</u>
		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
34. CASH AND CASH EQUIVALENT		----- Rupees in '000 -----	
Cash and balances with treasury banks		215,588,505	214,608,176
Balances with other banks		21,487,527	16,527,971
Call money lendings		40,800	140,800
Call money borrowings		(36,667,032)	(41,366,287)
Overdrawn nostro		<u>(3,566,612)</u>	<u>(1,333,601)</u>
		<u>196,883,188</u>	<u>188,577,059</u>



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:

	September 30, 2019 (Un-audited)				Total
	Carrying Value	Level 1	Level 2	Level 3	
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	782,443,014	-	782,443,014	-	782,443,014
Pakistan Investment Bonds	293,415,190	-	293,415,190	-	293,415,190
Ijarah Sukuks	2,012,099	-	2,012,099	-	2,012,099
Ordinary shares of listed companies	33,666,134	33,666,134	-	-	33,666,134
Investment In mutual funds	1,783,263	1,783,263	-	-	1,783,263
Preference shares	108,870	108,870	-	-	108,870
Term Finance Certificates / Musharika and Sukuk Bonds	58,007,731	-	58,007,731	-	58,007,731
GoP Foreign Currency Bonds	32,124,241	-	32,124,241	-	32,124,241
Foreign Government Securities	2,694,873	-	2,694,873	-	2,694,873
Foreign Currency Debt Securities	2,929,160	-	2,929,160	-	2,929,160
Ordinary shares of a bank outside Pakistan	17,092,631	17,092,631	-	-	17,092,631
	1,226,277,206	52,650,899	1,173,626,307	-	1,226,277,205

Financial assets - disclosed but not measured at fair value

Cash and balances with treasury banks	215,588,505	-	-	-	-
Balances with other banks	21,487,527	-	-	-	-
Lendings to financial institutions	58,280,338	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,497,609	-	-	-	-
Market Treasury Bills	110,610,252	-	-	-	-
Pakistan Investment Bonds	184,492,089	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	179,323	-	-	-	-
GoP Foreign Currency Bonds	3,150,998	-	-	-	-
Foreign Government Securities	30,740,501	-	-	-	-
Foreign Currency Debt Securities	598	-	-	-	-
Advances	952,198,091	-	-	-	-
Other Assets	160,256,118	-	-	-	-
	1,738,481,949	-	-	-	-
	2,964,759,155	52,650,899	1,173,626,307	-	1,226,277,205

Off-balance sheet financial instruments - measured at fair value

Foreign exchange contracts purchase and sale	750,375,692	-	2,955,311	-	2,955,311
Forward government securities transactions	4,500,000	-	(11,705)	-	(11,705)

	December 31, 2018 (Audited)				Total
	Carrying Value	Level 1	Level 2	Level 3	
Rupees in '000					
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
Investments in mutual funds	2,410,974	2,410,974	-	-	2,410,974
Preference shares	125,936	39,072	-	86,864	125,936
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
	1,091,699,942	57,724,057	1,033,889,021	86,864	1,091,699,942



	December 31, 2018 (Audited)				Total
	Carrying Value	Level 1	Level 2	Level 3	
	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					
Ordinary shares of unlisted companies	1,594,289	-	-	-	-
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	-	-	-	-
	<u>1,651,882,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,743,582,810</u>	<u>57,724,057</u>	<u>1,033,889,021</u>	<u>86,864</u>	<u>1,091,699,942</u>
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	<u>512,873,075</u>	<u>-</u>	<u>6,929,960</u>	<u>-</u>	<u>6,929,960</u>
Forward government securities transactions	<u>56,816,129</u>	<u>-</u>	<u>(2,662,847)</u>	<u>-</u>	<u>(2,662,847)</u>

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:

	September 30, 2019 (Un-audited)				Total
	Carrying Value	Level 1	Level 2	Level 3	
	Rupees in '000				
Land & building (property and equipment)	47,669,960	-	47,669,960	-	47,669,960
Non-banking assets acquired in satisfaction of claims	3,774,346	-	3,774,346	-	3,774,346
	<u>51,444,306</u>	<u>-</u>	<u>51,444,306</u>	<u>-</u>	<u>51,444,306</u>
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
	<u>51,796,949</u>	<u>-</u>	<u>51,796,949</u>	<u>-</u>	<u>51,796,949</u>



36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Aitemaad Islamic Banking	Head Office / Others	Total	
Rupees in '000							
Profit and loss account							
Net mark-up / return / profit	(48,076,304)	38,777,945	56,676,686	2,228,037	3,181,108	1,251,300	54,038,772
Inter segment revenue - net	94,026,411	(38,459,123)	(60,442,025)	-	(326,007)	5,200,744	-
Non mark-up / return / interest income	11,615,524	1,815,652	6,727,992	1,246,994	334,163	5,032,740	26,773,065
Total Income	57,565,631	2,134,474	2,962,653	3,475,032	3,189,264	11,484,784	80,811,837
Segment direct expenses	22,718,997	598,709	248,967	3,080,333	1,892,495	1,533,979	30,073,480
Inter segment expense allocation	-	-	-	-	-	12,466,379	12,466,379
Total expenses	22,718,997	598,709	248,967	3,080,333	1,892,495	14,000,358	42,539,858
Provisions	992,071	5,877,517	2,143,712	(191,603)	(75,061)	(68,439)	8,678,196
Profit / (loss) before tax	33,854,564	(4,341,752)	569,974	586,303	1,371,830	(2,447,135)	29,593,783

September 30, 2019 (Un-audited)

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Aitemaad Islamic Banking	Head Office / Others	Total	
Rupees in '000							
Statement of financial position							
Cash and balances with treasury and other banks	53,760,547	221,590	114,517,358	54,557,271	11,423,574	2,595,693	237,076,032
Investments	-	40,915,635	1,424,383,818	70,017,111	19,194,385	8,055,554	1,562,566,502
Net inter segment lending	1,326,256,607	-	-	-	-	152,162,223	1,478,418,830
Lendings to financial institutions	-	-	46,858,192	-	11,419,496	2,650	58,280,338
Advances - performing	324,643,395	522,290,131	-	56,662,694	29,272,499	8,153,054	941,021,773
- non-performing	24,802,225	33,411,074	-	41,610,151	203,934	53,596,622	153,624,005
Provision against advances	(20,829,891)	(23,901,862)	-	(40,645,512)	(203,934)	(56,866,491)	(142,447,688)
	328,615,729	531,799,343	-	57,627,333	29,272,499	4,883,185	952,198,091
Others	61,119,229	13,024,703	7,147,591	5,236,479	6,232,820	129,514,964	222,275,789
Total Assets	1,769,752,112	585,961,271	1,592,906,958	187,438,195	77,542,773	297,214,269	4,510,815,582
Borrowings	1,552,822	25,920,708	616,325,436	36,667,019	-	217,063	680,683,048
Deposits & other accounts	1,703,491,040	68,412,354	-	96,497,760	67,880,286	1,877,635	1,938,159,075
Net inter segment borrowing	-	488,799,615	933,278,442	51,014,894	5,325,879	-	1,478,418,830
Others	64,708,250	2,617,062	24,078,019	2,773,041	4,182,807	88,742,988	187,102,167
Total liabilities	1,769,752,112	585,749,738	1,573,681,897	186,952,715	77,388,972	90,837,686	4,284,363,121
Equity	-	211,533	19,225,061	485,480	153,801	206,376,588	226,452,461
Total Equity & liabilities	1,769,752,112	585,961,271	1,592,906,958	187,438,195	77,542,773	297,214,274	4,510,815,582
Contingencies & Commitments	867,567,499	202,873,034	-	21,086,644	-	402,204	1,091,929,380



Nine Months Ended September 30, 2018 (Un-audited)

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Aitemaad Islamic Banking	Head Office / Others	Total
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Rupees in '000

Profit and loss account

Net mark-up / return / profit	(17,455,398)	19,483,106	36,983,466	1,923,441	1,706,000	1,092,795	43,733,410
Inter segment revenue - net	46,108,019	(16,024,028)	(32,679,170)	-	(376,000)	2,971,179	-
Non mark-up / return / interest income	9,998,468	1,521,422	8,183,626	1,102,627	226,307	2,624,249	23,656,699
Total Income	38,651,089	4,980,501	12,487,921	3,026,068	1,556,307	6,688,223	67,390,109
Segment direct expenses	19,886,269	499,232	261,447	2,381,323	1,622,986	1,484,768	26,136,025
Inter segment expense allocation	-	-	-	-	-	12,975,420	12,975,420
Total expenses	19,886,269	499,232	261,447	2,381,323	1,622,986	14,460,187	39,111,444
Provisions	(294,164)	4,054,434	721,601	58,038	-	420,815	4,960,725
Profit / (loss) before tax	19,058,984	426,835	11,504,873	586,707	(66,679)	(8,192,780)	23,317,940

December 31, 2018 (Audited)

Branch Banking	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	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	533,343,359	203,590,159	-	27,725,864	-	100,394	764,759,776



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 consolidated financial statements are as follows:

	September 30, 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	-	-	-	13,591	-	-	-	-	-	-	-	-	-	8,780	-	-	-	-
	-	-	-	13,591	-	-	-	-	-	-	-	-	-	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																		
	-	-	4,289,952	-	-	-	-	-	-	-	-	3,793,405	-	-	-	-	-	-
Advances																		
Opening balance	-	222,967	3,105,907	-	-	-	-	-	-	-	145,369	3,314,085	-	-	-	-	-	-
Addition during the period / year	-	35,539	-	-	-	-	-	-	-	-	20,234	-	-	-	-	-	-	-
Repaid during the period / year	-	(24,168)	(53,532)	-	-	-	-	-	-	-	(27,052)	(208,178)	-	-	-	-	-	-
*Adjustment	-	(22,864)	-	-	-	-	-	-	23,723,646	-	84,416	-	-	-	-	-	-	-
Closing balance	-	211,474	3,052,375	-	-	-	-	-	23,723,646	-	222,967	3,105,907	-	-	-	-	-	-
Other Assets																		
Interest / mark-up accrued	-	-	1,710,554	-	-	-	-	-	-	-	-	1,704,892	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	38,248	-	-	-	-	-	-	-	-	87,820	-	-	-	-	-
Borrowings during the period / year	-	-	-	369,224	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	(49,672)	-	-	-	-	-
Closing balance	-	-	-	407,472	-	-	-	-	-	-	-	-	38,248	-	-	-	-	-
Deposits and other accounts																		
Opening balance	10,732	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	20,576	-	-	-	44,781,951	-	11,141,192	1,249,183	-	28,447	485,525	-	4,300,229	28,800,000	16,639,785	14,268,653	-	-
Withdrawn during the period / year	(18,550)	-	-	-	(44,783,028)	(11,100,000)	(10,621,069)	(1,000,096)	-	(33,087)	(454,455)	-	(4,300,382)	(28,000,000)	(16,695,996)	(14,552,023)	-	-
*Adjustment	(8,066)	(2,387)	-	-	-	-	-	-	18,822,982	(242)	(12,429)	-	-	-	-	-	-	-
Closing balance	4,698	78,300	-	-	8	-	978,451	12,715,026	18,822,982	10,732	80,688	-	1,085	11,100,000	458,328	12,465,939	-	-
Contingencies & Commitments																		
	-	-	-	-	-	-	-	-	2,470,081	-	-	-	-	-	-	-	-	-

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



	September 30, 2019 (Un-audited)					September 30, 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	-	-	45,462	-	-	2,659,130	-	-	188	-	-	290,891
Expense												
Mark-up / return / interest paid	-	-	237	214,424	1,259,478	1,350,561	-	-	896	561,931	844,102	-
Transaction Fee paid	-	-	-	-	-	-	-	-	-	-	-	5,874
Remuneration to key management executives including charge for defined benefit plan	385,750	-	-	-	-	-	309,898	-	-	-	-	-

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. 6,659 million for the nine months period ended September 30, 2019. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 397,088 million, Rs. 764,151 million and Rs. 910,967 million respectively and income earned on advances and investment and profit paid on deposits amounted to Rs. 24,006 million and Rs. 36,426 million respectively.



38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000-----		
Minimum Capital Requirement		
Paid-up capital	169,255,783	150,957,373
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	148,486,151	128,017,400
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	148,486,151	128,017,400
Eligible Tier 2 Capital	46,086,194	45,126,290
Total Eligible Capital (Tier 1 + Tier 2)	194,572,345	173,143,690
Risk Weighted Assets		
Credit Risk	878,424,381	798,236,578
Market Risk	77,699,615	81,385,782
Operational Risk	157,972,625	157,972,625
Total	1,114,096,621	1,037,594,984
Common Equity Tier 1 Capital Adequacy ratio	13.33%	12.34%
Tier 1 Capital Adequacy Ratio	13.33%	12.34%
Total Capital Adequacy Ratio	17.46%	16.69%
Leverage Ratio		
Tier-1 Capital	148,486,151	128,017,400
Total Exposures	4,140,747,176	3,650,341,045
	3.59%	3.51%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	853,245,690	949,424,482
Total Net Cash Outflow	593,706,541	560,346,109
Liquidity Coverage Ratio	144%	169%
Net Stable Funding Ratio		
Total Available Stable Funding	1,863,011,683	1,745,679,890
Total Required Stable Funding	783,871,738	544,123,198
Net Stable Funding Ratio	238%	321%



39. ISLAMIC BANKING BUSINESS

The bank is operating 189 (December 31, 2018: 192) Islamic banking branches and no Islamic banking windows at the nine months period ended September 30, 2019.

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		5,303,245	4,649,968
Balances with other banks		6,121,033	4,319
Due from financial institutions	39.1	11,419,496	1,417,699
Investments	39.2	19,194,385	23,914,372
Islamic financing and related assets - net	39.3	29,273,705	26,827,280
Fixed assets		188,824	275,435
Right of use assets		883,990	-
Other assets		6,074,015	1,998,587
Total Assets		78,458,693	59,087,660
LIABILITIES			
Bills payable		259,436	228,382
Deposits and other accounts	39.4	67,880,340	51,022,121
Lease liability against right of use assets		929,669	-
Due to Head Office		1,552,334	3,920,506
Other liabilities		4,110,771	1,065,012
		<u>74,732,550</u>	<u>56,236,021</u>
NET ASSETS		3,726,143	2,851,639
REPRESENTED BY			
Islamic Banking Fund		2,200,000	2,200,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		153,801	708,789
Unappropriated/ Unremitted loss	39.5	1,372,342	(57,150)
		<u>3,726,143</u>	<u>2,851,639</u>

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2019 is as follows:

		(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
		----- Rupees in '000 -----	
Profit / return earned	39.6	5,065,725	2,166,498
Profit / return expensed	39.7	(2,339,058)	(1,035,089)
Net Profit / return		<u>2,726,667</u>	<u>1,131,409</u>
Other income			
Fee and Commission Income		273,463	178,745
Foreign Exchange Income		55,995	17,037
Other Income		4,705	30,525
Total other income		<u>334,163</u>	<u>226,307</u>
Total Income		3,060,830	1,357,716
Other expenses			
Operating expenses		(1,764,150)	(1,424,729)
Profit / (loss) before provisions		<u>1,296,680</u>	<u>(67,013)</u>
Provisions and write offs - net		75,662	(196)
Profit / (loss) before taxation		<u>1,372,342</u>	<u>(67,209)</u>



**39.1 Due from Financial Institutions
Unsecured**

Bai Muajjal Receivable from State Bank of Pakistan

September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----					
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 State Bank of Pakistan which carries profit rate 12.78% per annum. (December 31, 2018: 12.81%)

39.2 Investments by segments:

Federal Government Securities:

-Ijarah Sukuks

September 30, 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	-	(59,200)	1,940,800	9,740,000	-	(56,116)	9,683,884
2,000,000	-	(59,200)	1,940,800	9,740,000	-	(56,116)	9,683,884

Non Government Debt Securities

-Listed

-Unlisted

September 30, 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
500,000	-	3,220	503,220	600,000	-	5,211	605,211
16,671,391	(130,807)	209,781	16,750,365	12,996,390	(130,807)	759,694	13,625,277
17,171,391	(130,807)	213,001	17,253,585	13,596,390	(130,807)	764,905	14,230,488

Total Investments

19,171,391	(130,807)	153,801	19,194,385	23,336,390	(130,807)	708,789	23,914,372
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(Un-audited) (Audited)
September 30, December 31,
2019 2018

----- 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

290,335	436,069
3,133,979	2,024,071
32,763	69,867
12,953,984	11,971,073
500,000	525,434
8,500,000	8,500,000
4,066,260	3,580,044
29,477,321	27,106,558

Less: provision against Islamic financings

- Specific

- General

(203,344)	(278,995)
(272)	(283)
(203,616)	(279,278)
29,273,705	26,827,280

Islamic financing and related assets - net of provision

39.4 Deposits

Customers

Current deposits

Savings deposits

Term deposits

27,118,826	16,347,155
29,848,139	26,885,268
9,961,669	2,608,640
66,928,634	45,841,063

Financial Institutions

Current deposits

Savings deposits

Term deposits

354,176	505,685
47,530	126,897
550,000	4,548,476
951,706	5,181,058
67,880,340	51,022,121



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

39.5 Islamic Banking Business Unappropriated Profit

Opening Balance	(57,150)	(228,135)
Add: Islamic Banking loss for the period	1,372,342	(57,150)
Less: Transferred / remitted to head office	(57,150)	(228,135)
Closing Balance	1,372,342	(57,150)

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

39.6 Profit/Return Earned of Financing, Investments and Placement

Profit earned on:		
Financing	2,371,138	1,167,862
Investments	1,703,922	984,480
Placements	131,522	14,156
Others (Bai Muajjal)	859,143	-
	5,065,725	2,166,498

39.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,945,627	658,854
Finance charge on right of use assets	67,351	-
Others (General Account)	326,080	376,235
	2,339,058	1,035,089

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 October 29, 2019 by the Board of Directors of the Bank.

Zubyr Soomro
Chairman

Arif Usmani
President/ CEO

Abdul Wahid Sethi
Chief Financial Officer

Zafar Masud
Director

Farid Malik
Director





National Bank of Pakistan

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