دی بینک آف پنجاب رکھے

#HarFardKaKhayal



ANNUAL REPORT 2019

BOP
THE BANK OF PUNJAB
Passion Reborn

THE BANK OF PUNJAB

AN INSPIRATIONAL JOURNEY OF 30 YEARS

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

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

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



TABLE OF CONTENTS

02	Corporate Information
03	Vision, Mission Statement
05	Core Values
06	Management
08	Credit Rating
09	Six Years at a Glance
12	Corporate Social Responsibility (CSR)
16	President's Message
18	Economic Review
20	Directors' Report
41	Statement of Compliance with the Code of Corporate Governance
44	Independent Auditors' Review Report on Code of Corporate Governance
46	Report of Shariah Board
52	Statement of Internal Controls
54	Notice of Annual General Meeting
59	Unconsolidated Financial Statements of The Bank of Punjab
159	Consolidated Financial Statements of The Bank of Punjab and its Subsidiaries
261	Consumer Grievances Handling
262	Pattern of Shareholding
271	Form of Proxy

CORPORATE INFORMATION

Board of Directors

Mr. Mohammad Jehanzeb Khan	Director
Mr. Muhammad Abdullah Khan Sumbal	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Shaharyar Ahmad	Director
Mr. Khalid S. Tirmizey	Acting President / CEO
Mr. Kamran Hafeez	Secretary to the Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Saeed Anwar	Member
Mr. Muhammad Abdullah Khan Sumbal	Member

Board Risk Management Committee (BRMC)

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

Human Resource & Remuneration Committee (HR&RC)

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

Research, Developement & Islamic Banking Committee (RDIBC)

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

Information Technology Review Committee (ITRC)

Mr. Mohammad Jehanzeb Khan	Chairman
Mr. Saeed Anwar	Member

Auditors

EY Ford Rhodes, Chartered Accountants

Registered Office

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

Website

www.bop.com.pk

Registrar

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

VISION

To be a customer focused bank with service excellence.



MISSION

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

BOP Tijarat Current Account

دی بینک آف پنجاب رکھے

#HarFardKaKhayal



CORE VALUES



OUR CUSTOMERS

as our first priority

PROFITABILITY

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

CORPORATE SOCIAL RESPONSIBILITY

to enrich the lives of community where we operate

RECOGNITION AND REWARD

for the talented and high performing employees

EXCELLENCE

in everything we do

INTEGRITY

in all our dealings

RESPECT

for our customers and each other

MANAGEMENT TEAM



Khalid S. Tirmizey
Acting President / CEO



Ijaz ur Rehman Qureshi
Group Head Operations



Nadeem Amir
Chief Financial Officer



Taimur Afzal
Group Head Human Resource



Khawar S. Ansari
Group Head Treasury & FIs



Asif Riaz
Group Head Retail Lending



Arslan M. Iqbal
Chief Risk Officer



Nofel Daud
Group Head Retail Banking



Umer Iqbal Sheikh
Head Islamic Banking



Asim Jahangir Seth
Head Corporate Banking (Central)



Muhammad Rizwan Hameed
Head Investment Banking



Sahibzada Rafat Rauf
Group Head SAM & Legal



Waqas Anis
Head Digital Banking



Imtiaz Sheikh
Chief Information Officer



Aalya Mawaz
Head Corporate Communication & QA



Asadullah Khan
Chief Internal Auditor



Khalid Munir
Head Compliance & Internal Control



Umer Sami Hayat
Head Legal

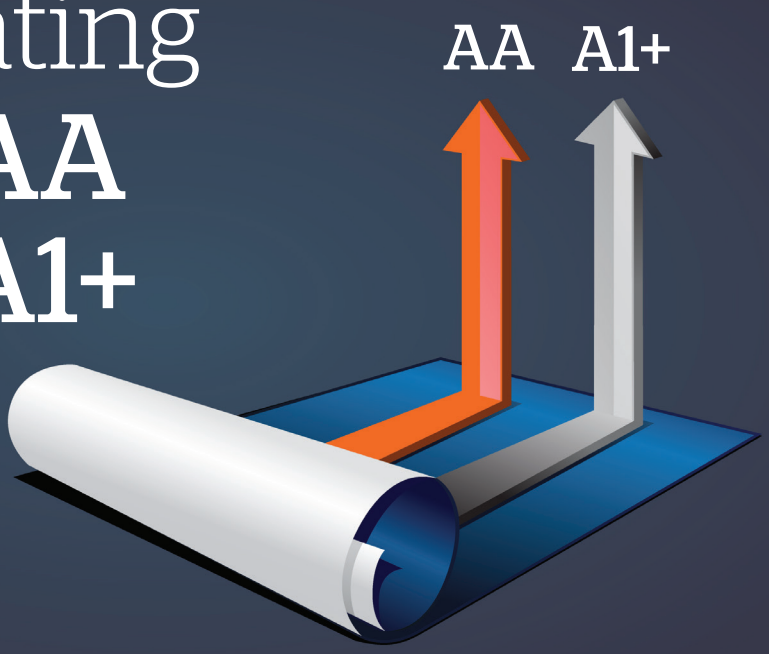


Brig (R) Sadiq Rahi
Head Administrative Support

CREDIT rating

☐ Long term: AA

☐ Short term: A1+



CREDIT RATING

Entity Ratings by PACRA

Long Term: AA

Short Term: A1+

Rating Definition

Long Term Rating

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

Short Term Rating

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



SIX YEARS AT A GLANCE

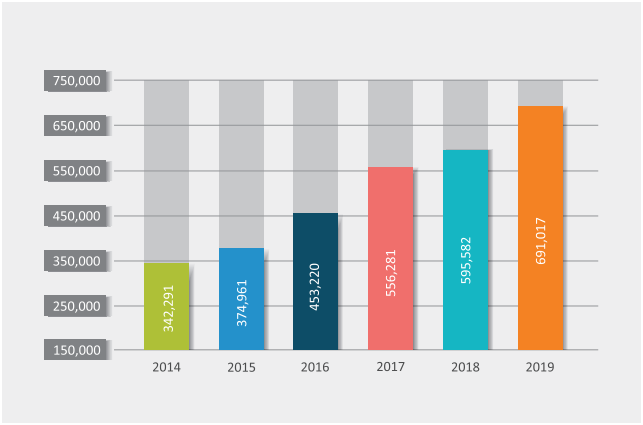
	Criteria	2019	2018	2017	2016	2015	2014
BALANCE SHEET							
Total Assets	Rs in m	868,928	714,380	657,737	547,424	472,284	420,370
Advances (net)	Rs in m	383,313	381,877	295,752	262,068	219,399	170,313
Investments (net)	Rs in m	361,453	210,071	242,506	199,742	176,043	154,875
Shareholders' Equity	Rs in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

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

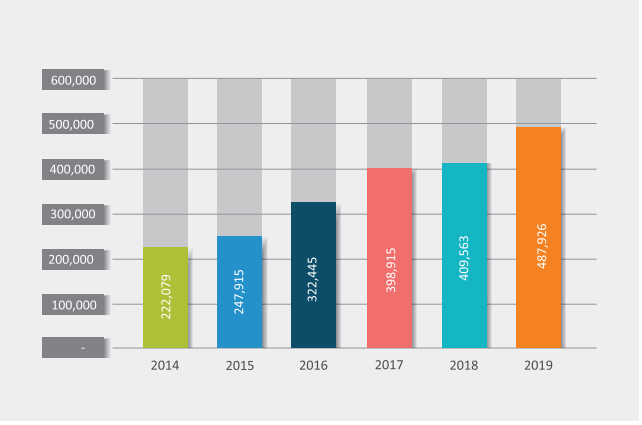
**including impact of share deposit money at par value.

GROWTH TRENDS

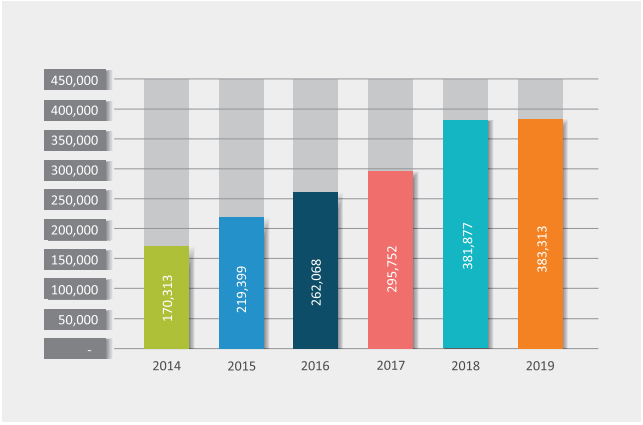
Deposits
(Rs. in million)



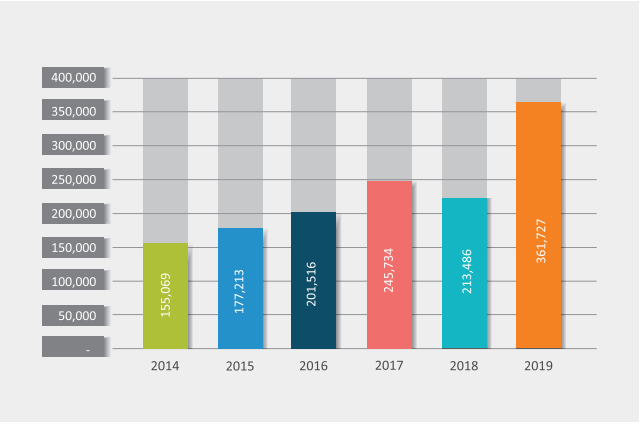
Demand & Saving Deposits
(Rs. in million)



Advances
(Rs. in million)

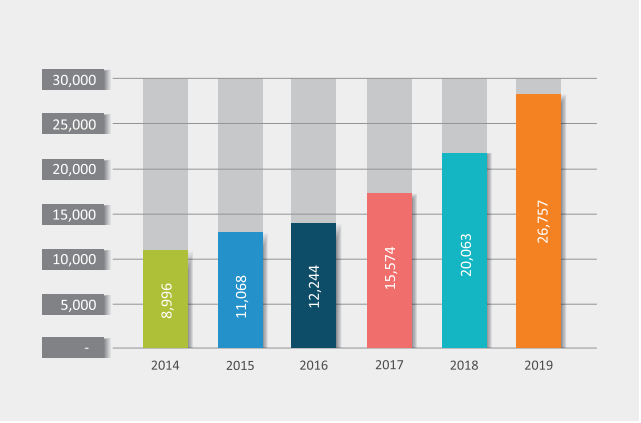


Investments
(Rs. in million)

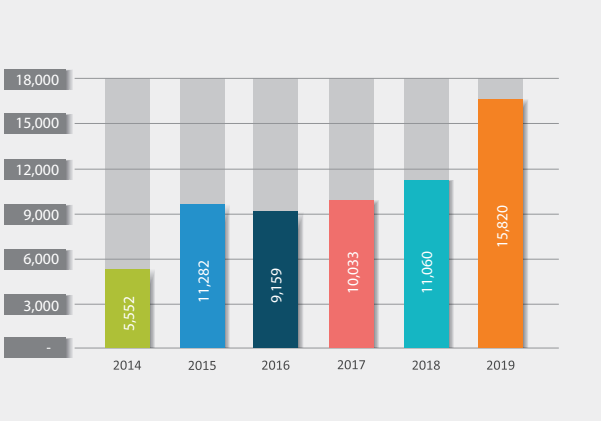


GROWTH TRENDS

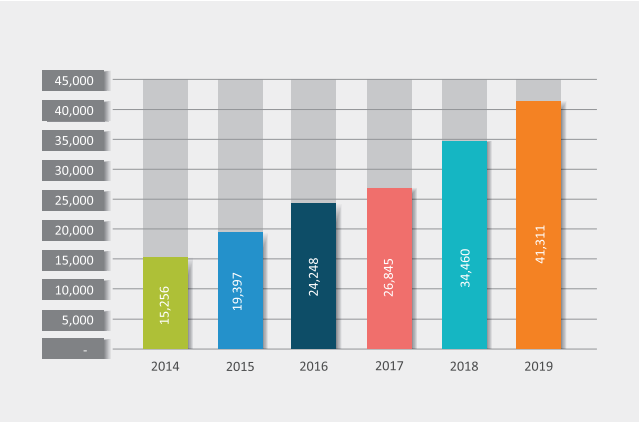
Net Interest Margin
(Rs. in million)



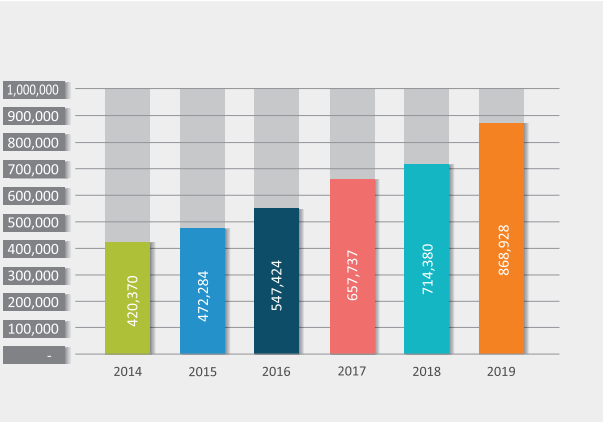
Profit Before Provision & Tax
(Rs. in million)



Shareholders' Equity
(Rs. in million)



Total Assets
(Rs. in million)





CORPORATE SOCIAL RESPONSIBILITY (CSR)

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



While expanding branch network under Bank's annual business expansion plan, due weightage is given to under developed areas and Bank now has a well-balanced and strategically located branch network providing easy access to modern banking facilities to majority of the population of the Country. The Bank is also facilitating GOPb in disbursement of financial assistance to thousands of needy persons under various initiatives of Punjab Social Protection Authority through its specially designed Branchless banking operations and Cash Management services. Besides redefining and improving G2P communication, the Bank also ensures timely and seamless disbursement of funds to needy persons.



With a view to digitalize and ensure fast track G2P and P2G communication, the Bank has also collaborated with GOPb for its various initiatives and currently successfully managing E-Stamping and E-Traffic Challans system. The Bank is also actively engaged in collection of taxes on behalf of federal and provincial tax authorities.

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



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

During the year 2019, the Bank continued its endeavor for promoting culture, sports and local heritage in the Country. The Bank has sponsored 72nd Punjab Games 2019 organized by Sports Board of Punjab. Further, the Bank has been actively participating in sponsorship activities directed towards promotion of education in the Country. During the year 2019, the Bank has also organized a blood donation campaign in the premises of the Bank's Head Office to encourage staff members to participate in this noble cause.

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



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

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


دی بینک آف پنجاب رکھے
#HarFardKaKhayal
BOP
Apna Ghar
Apna Jahan



PRESIDENT'S MESSAGE

The year 2019 has yet again proved to be a very prolific year for The Bank of Punjab and continuing the legacy of last few years, the Bank has achieved remarkable financial results despite very challenging operating and economic conditions. Besides posting highest ever annual profit in the history of the Bank, all key performance indicators remained positive and your Bank continued its march towards glory.

The decision of dividend payment for continuous second year is a testimonial to the great progress made in last few years and I am glad that our valued shareholders are now well placed to reap the benefits of their persistence and patience.

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

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

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

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

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

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

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

In line with State Bank of Pakistan vision 2020 to enhance and promote financial inclusion, 1LINK launched Pakistan's first domestic payment scheme – PayPak in April, 2016, with an aim to provide efficient, low cost & robust payment solution. The Bank of Punjab has also joined hand with 1LINK to make PayPak a success and issuance of cards under brand name of PayPak has been initiated by the Bank.

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

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

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

Khalid S. Tirmizey
Acting President / CEO



ECONOMIC REVIEW

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

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

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

country's exports. With the payments gap narrowing in the interbank, the available financial inflows helped the SBP to accumulate foreign exchange reserves.



The improvement on the fiscal front came from a healthy growth in both tax and non-tax collections and containment in current spending. As a result, the overall fiscal deficit remained lower as compared to the same period last year, and the primary balance recorded a surplus for the first time in seven quarters. Furthermore, development expenditures recorded a sharp rise of 30.5 percent in Q1-FY20.

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

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

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

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

THE BANK OF PUNJAB

DIRECTORS' REPORT

For the year ended December 31, 2019

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

Performance at a Glance

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

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

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

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

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

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

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

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

Financial Highlights 2019

	Rs. in Million
Profit before taxation	14,043.886
Taxation-net	5,795.358
Profit after taxation	8,248.528
Earnings per share (Rupees)	3.12

Capital Adequacy and Minimum Capital Requirements

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

Human Resource Management

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

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



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

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

Risk Management Framework

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

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

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

The core of the Bank's Risk Management philosophy lies in a clear understanding of risks across all levels within the organization, institution of judicious risk assessment and measurement procedures, and continuous monitoring thereof. The Bank has actively fostered an organization-wide culture of prudent risk management across the entire landscape of its operations. The risk awareness culture and Bank's risk management capabilities are continuously nurtured through on-going formal coaching as well as on the job training(s) to all categories of Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) on an entity wide basis. Conscious efforts are undertaken at the Bank level to acquire and deploy latest available risk models and technology(ies) to attain an optimal risk- reward tradeoff.

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

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

a) documented risk-appetite statements,

b) a comprehensive set of policies and procedures controlling the Risk assumption process,

c) clearly enunciated broad underwriting criteria, and

d) A risk governance structure incorporating necessary checks and balances.

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

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



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

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

Risk mitigation is bolstered by applying advanced risk management tools of Revaluation, Beta, Duration, Sensitivity Analysis, Value at Risk, Risk Rating Models, Probability of Default model, Estimation of Expected Credit Losses, Risk Control and Self Assessments (RCSAs), and development of Key Risk Indicators (KRIs) etc., for assessment of the quantum of risks inherent in the Bank's operations. The Bank is also working to implement IFRS 9 on Bank wide basis.

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

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

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

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

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

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

Information Technology

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

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

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

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

Special Assets Management (SAM)

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

Branch Network

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

Islamic Banking

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

Payment Services

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

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

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

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

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

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

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

- Khidmat Card Program for poor & marginalized communities
- Disbursement of Scholarships under Punjab Education Endowment Fund
- Payments under Prime Minister's Kissan Package
- E-Stamping
- E-Challans
- PESSI

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

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

Home Remittances

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

Wheat Procurement Program

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

Internal Controls

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


SMALL & MEDIUM ENTERPRISES
PAYMENT SERV
IVISION
IATE DISTRIB
NNELS
BOP
THE BANK OF PUNJAB

Statement of compliance with Corporate and Financial Reporting Framework

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

- The financial statements, together with notes thereon have been prepared in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017. These Statements present fair state of affairs, the result of its operations, cash flows and changes in equity and comprehensive income. Proper books of account of the Bank have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting and Financial Reporting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed in the Annual Accounts. The system of internal control is sound in design and has been effectively implemented and monitored.

- There is no significant doubt upon the Bank's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.

- Value of investment of Staff Provident Fund and Gratuity Fund, based on latest audited accounts is Rs. 2.61 billion & Rs. 0.76 billion, respectively.

- Statement showing pattern of shareholding as on December 31, 2019 is disclosed at page No.262 of the Annual Report.

- Statement showing key operating and financial data for the last six years is disclosed at page No. 09 of the Annual Report.

- Statement of compliance with code of corporate governance is presented at page No. 41 of the Annual Report.

- During the year, 09 meetings of Board of Directors were held with following attendance:

Name of Director	No. of Meetings attended
Dr. Pervez Tahir Retired on 30/08/2019	6
Mr. Mohammad Jehanzeb Khan	9
Mr. Hamed Yaqoob Sheikh Resigned on 15/04/2019	2
Khawaja Farooq Saeed (*)	9
Mr. Saeed Anwar (*)	8
Dr. Muhammad Amjad Saqib	8
Muhammad Abdullah Khan Sumbal Joined on 17/08/2019	4
Mr. Shaharyar Ahmad Joined on 25/11/2019	1
Mr. Khalid Siddiq Tirmizey (**)	8

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

- During the year, 05 meetings of Central Audit Committee(CAC) of Board of Directors were held with following attendance:

Name of Director	No. of Meetings attended
Khawaja Farooq Saeed	5
Mr. Saeed Anwar	5
Mr. Hamed Yaqoob Sheikh Resigned on 15/04/2019	1

- During the year, 03 meetings of Board Risk Management Committee (BRMC) of Board of Directors were held with following attendance:

Name of Director	No. of Meetings attended
Dr. Muhammad Amjad Saqib	3
Mr. Saeed Anwar	3
Mr. Mohammad Jehanzeb Khan	2
Muhammad Abdullah Khan Sumbal Joined on 17/08/2019	1
Mr. Hamed Yaqoob Sheikh Resigned on 15/04/2019	1

(*) Reconstituted on 26/7/2019 & 01/10/2019.

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

Name of Director	No. of Meetings attended
Khawaja Farooq Saeed	7
Mr. Mohammad Jehanzeb Khan	7
Dr. Muhammad Amjad Saqib	7


BOP

- During the year, 02 meetings of Research, Development & Islamic Banking Committee (RDIBC) of Board of Directors were held with following attendance:

Name of Director/Member	No. of Meetings attended
• Dr. Muhammad Amjad Saqib	2
• Dr. Pervez Tahir retired on 30/08/2019	2
• Khawaja Farooq Saeed	2
• Mr. Khalid S. Tirmizey	2

- During the year, 01 meeting of Information Technology Review Committee (ITRC) of Board of Directors was held with following attendance:

Name of Director	No. of Meetings attended
• Mr. Mohammaed Jehanzeb Khan	1
• Mr. Saeed Anwar	1
• Dr. Pervez Tahir Retired on 30/08/2019	1

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

Credit Rating

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

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

Subsidiaries

The detail of Bank's subsidiaries are as follows:

Rs. In Million

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

Outlook for the year 2020

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

Auditors

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

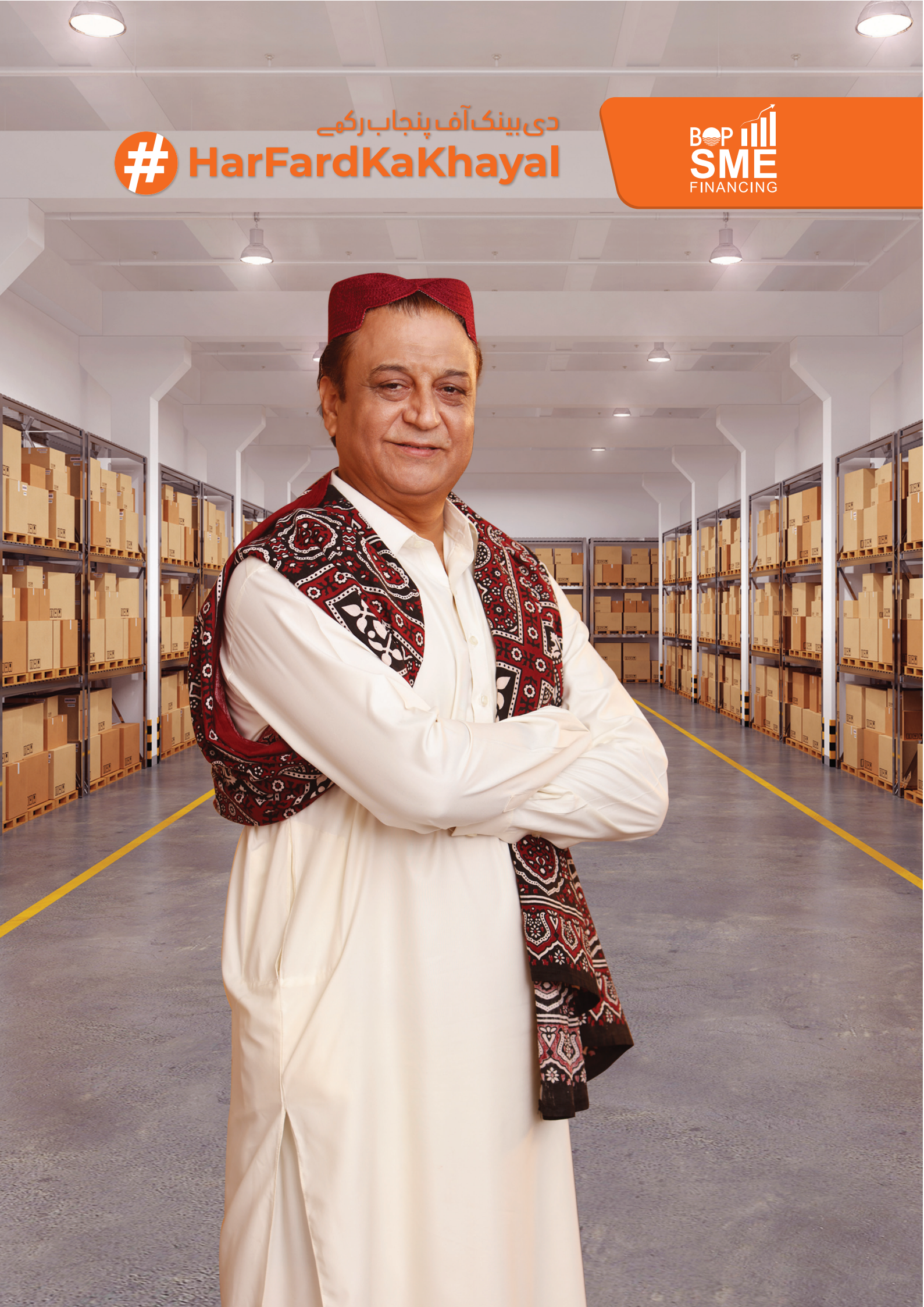
The Board of Directors, on the suggestions of Audit Committee, recommended the above firm as statutory auditors of the Bank for year 2020.

Acknowledgement

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

For and on behalf of the Board

Khawaja Farooq Saeed
Director


دی بینک آف پنجاب رکھے
#HarFardKaKhayal
BOP
SME
FINANCING

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے دی بینک آف پنجاب کی 30ویں سالانہ رپورٹ اور آڈٹ شدہ مالی حسابات برائے سال بہ اختتام 31 دسمبر 2019 بشمول آڈیٹرز رپورٹ پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

کارکردگی پر ایک نظر

بینک کے کاروباری اہداف حاصل کرنے کے لیے سال 2019ء مستحکم اور قابل اطمینان رہا۔ بینک نے اپنے پرانے صارفین کے علاوہ مختلف شعبہ ہائے مارکیٹ کے نئے صارفین کے ساتھ تعلقات مضبوط بنا کر خاطر خواہ ترقی کی۔ بینک نے کامیابی کے ساتھ بینکاری کی سہولیات سے محروم علاقوں میں نئی برانچیں قائم کر کے برانچوں کی تعداد 576 سے بڑھا کر 624 کر دی۔ معیار اور ٹیکنالوجی کے استعمال نے اخراجات کو مطلوبہ حد میں رکھا۔

31 دسمبر 2019ء کو بینک کے ڈیپازٹس 16 فیصد اضافہ کے ساتھ 691.0 ارب روپے تک پہنچ گئے جو کہ 31 دسمبر 2018ء کو 595.6 ارب روپے تھے۔ بینک نے کم لاگت CASA ڈیپازٹس گروتھ اور ایسٹ اور لائیبلیٹیز کی ری پرائیسنگ کی بدولت نیٹ انٹرسٹ مارجن میں اضافہ حاصل کیا۔

31 دسمبر 2019ء تک بینک کے قرضہ جات 428.8 ارب روپے رہے جبکہ غیر فعال قرضہ جات 51.4 ارب روپے کی سطح پر رہے۔ بینک سٹیٹ بینک آف پاکستان کے مطلوبہ تدبیراتی ضابطوں سے مکمل طور ہم آہنگ رہا اور ہر ممکن قانونی اقدامات سے گزشتہ ادوار کے غیر فعال قرضہ جات کی بحالی کو یقینی بنانے کی کوشش کی گئی۔ بینک کی سرمایہ کاری 365.5 ارب روپے رہی جس کا اہم حصہ (97%) حکومتی سیکیورٹیز کا ہے اور ان پر قابلِ ذکر کیپیٹل گین کی گنجائش موجود ہے۔ بینک کے کل اثاثے 22 فیصد اضافہ کے ساتھ 868.9 ارب روپے تک پہنچ چکے ہیں جو کہ 31 دسمبر 2018ء کو 714.4 ارب روپے تھے۔

سال 2019ء کے دوران مجموعی طور پر کم لاگت CASA ڈیپازٹس میں بہتری اور دستیاب فنڈز کے مؤثر استعمال کی وجہ سے نیٹ انٹرسٹ مارجن 33 فیصد اضافہ کے ساتھ 26.76 ارب روپے کی سطح کو پہنچ چکا ہے جو کہ 2018ء کے دوران 20.06 ارب روپے تھا۔ نان انٹرسٹ/ مارک اپ آمدن (ماسوائے کیپیٹل گین اور ٹیکس واپسی معاوضے) 3.65 ارب روپے رہی جو کہ 2018ء میں 3.56 ارب روپے تھی۔ سال 2019ء کے دوران بینک نے اپنے صارفین کو سہولیات فراہم کرنے اور نان مارک اپ آمدنی میں اضافے کے لیے نئی پراڈکٹس اور سروسز کا اجراء جاری رکھا جبکہ سال 2020ء میں بھی مزید نئی پراڈکٹس اور خدمات کے اضافے کے ساتھ آپریشن کے شعبے میں آمدنی میں مزید بہتری لائے گا۔

2019ء کے دوران بینک کے آپریشنل اخراجات 14.45 ارب روپے رہے جو گزشتہ برس 12.61 ارب روپے تھے۔ کمپنسیشن اخراجات برانچ نیٹ ورک میں اضافے اور بینک کی افرادی قوت میں اضافے کے سبب بڑھ کر 0.95 ارب روپے ہو گئے۔ آئی ٹی سے منسلک اخراجات مارکیٹ مسابقت کے مطابق نظام کی ڈیجیٹلائزیشن کے باعث بڑھ گئے۔

سال 2019ء کے دوران نیٹ پرووژن چارجز 1.78 ارب روپے ریکارڈ کیے گئے جو کہ زیادہ تر غیر فعال قرضہ جات کے حوالے سے کیے گئے جبکہ 2018ء میں نیٹ پرووژن ریورسل (1.15) ارب روپے تھی۔ منافع قبل پرووژن اور گین قابل رشک 41 فیصد اضافے کے ساتھ بڑھ کر 15.53 ارب روپے ہو گیا جو 2018ء میں 11.00 ارب روپے تھا۔ منافع قبل از ٹیکس بھی بڑھ کر 14.04 ارب روپے ہو گیا جو سال 2018ء میں 12.21 ارب روپے تھا۔ فی شیئر آمدنی بھی بڑھ کر 3.12 روپے فی شیئر ہو گئی جو کہ سال 2018ء میں 2.86 روپے فی شیئر تھی۔ بینک کی جانب سے 2019ء میں سارا سال غیر معمولی معاشی نتائج دیکھنے کے سبب سٹیٹ بینک آف پاکستان انضباطی سرمائے اور پرووژن کی ضروریات کے ساتھ مکمل طور پر مطابقت رکھتا ہے اور اپنے معزز حصص داران کو اچھی کارکردگی کا صلہ ڈیویڈنڈ کی صورت میں دیا گیا ہے۔ اس طرح بورڈ سال 2019ء کے لیے شیئر ہولڈرز کے لیے 7.50% کیش ڈیویڈنڈ کا اعلان کرتا ہے۔

سال 2019ء کی مالیاتی جھلکیاں

	ملین روپے میں
قبل از ٹیکس منافع	14,043.886
ٹیکسیشن نیٹ	5,795.358
منافع بعد از ٹیکسیشن	8,248.528
فی شیئر آمدنی (روپے)	3.12

کیپیٹل ایڈیکویسی اور کم از کم سرمائے کی ضرورت

31 دسمبر 2019ء کو بینک کا ادا شدہ سرمایہ (Net of Losses) 28.4 ارب روپے تھا جو کہ سٹیٹ بینک کی متعین کردہ 10.0 ارب روپے کی کم از کم سطح سے زیادہ ہے۔ بینک کی CAR 14.80 فیصد (13.17 فیصد: 2018) رہی جبکہ سٹیٹ بینک آف پاکستان کی متعین کردہ مطلوبہ سطح 12.50 فیصد ہے۔ اسی طرح بینک کی Leverage Ratio 3.57 فیصد ہوگئی جو کہ گزشتہ سال 3.40 فیصد تھی۔

ہیومن ریسورس مینجمنٹ

ایک ماہر اور تربیت یافتہ انسانی سرمائے کو موجودہ دور میں انتہائی اہمیت دی جاتی ہے۔ ''زندگی بھر روزگار کو پورا کرنے'' اور اس کے ''تمام ملازمین کی بھلائی'' کے مشن کو دیکھتے ہوئے، بینک آف پنجاب میں ہیومن ریسورس ڈیپارٹمنٹ نے 2019 میں انسانی وسائل کی تربیت اور انفارمیشن ٹیکنالوجی انفراسٹرکچر کے حوالے سے ایک کثیر الجہتی حکمت عملی اپنائی اور بھرتی اور انتخاب کے طریقہ کار کو بہتر بنایا۔ پائیدار اور متوازن تنظیمی نمو کو یقینی بنانے کے لیے انسانی وسائل کا ایک جامع اور موثر نظام ضروری ہے۔ اسی طرح 2019 کے دوران بینک نے HRMS حاصل کیا اور اس پر عمل درآمد ابھی جاری ہے۔ نیا نظام ایک ہی کلک پر عملے کے ممبروں سے متعلق انسانی وسائل سے متعلق تمام معلومات کا کثیر جہتی نظریہ فراہم کرے گا۔

انتظامیہ نے موجودہ انسانی وسائل کی مستقل تربیت کی ضرورت کو پوری طرح سے تسلیم کیا ہے تاکہ انحطاطی کنٹرول کے نظام کے مؤثر نفاذ کو یقینی بنایا جاسکے۔ اس مقصد کے لیے، ایچ آر ڈی نے تمام عملے کے ممبروں کو تربیت دینے کے لیے کے وائی سی/ اینٹی منی لانڈرنگ (اے ایم ایل)/ کمبیٹنگ فنانشل ٹیررازم (سی ایف ٹی) پر ٹریننگ پروگرام منعقد کرنے کے لیے ایک بہت بڑا اقدام اٹھایا، جس کے تحت تین مہینوں میں 7,147 عملے کے ممبروں کو تربیت دی گئی اور اندرون ملک 22 تربیتی مراکز میں پاکستان بھر میں 215 سیشنز کا انعقاد کیا گیا۔ تربیت کے دائرہ کار میں دیگر اقدامات میں مینجمنٹ ٹرینی پروگرام کا آغاز، لاہور یونیورسٹی آف مینجمنٹ سائنسز (LUMS) سے ایگزیکٹو ایم بی اے پروگرام، زراعت اور ڈیری بزنس مینجمنٹ پروگرام میں ایگزیکٹو سند، بین الاقوامی سرٹیفکیشن پروگرام شامل ہیں۔

بھرتی کی اہمیت کو سمجھتے ہوئے، تازہ وسائل کے معیار کو بہتر بنانے کے لیے نوکری اور انتخاب کے طریقہ کار کو بہتر بنایا گیا۔ اس کے تحت تازہ عملے کی خدمات (OG-III تک) کو تحریری امتحان کی منظوری کے ساتھ مشروط کر دیا گیا ہے۔ داخلی ملازمت کی پوسٹنگ کے ذریعہ تمام خالی آسامیوں (اے وی پی اور اس سے اوپر) کا اعلان کیا جاتا ہے اور کراس فنکشنل ڈیپارٹمنٹس کے انٹرویو کو لازمی قرار دیا گیا ہے۔

بورڈ کی ہیومن ریسورس اینڈ ریمونیشن کمیٹی (HR&RC) بینک کے ہیومن ریسورس فریم ورک کی نگرانی کرتی ہے۔ HR&RC کے رہنما خطوط کے مطابق کارکردگی پر مبنی تشخیصی نظام نافذ کیا گیا ہے۔ مزید برآں، شفافیت کے پیش نظر ملازمین کی شکایات اور ازالہ کے لیے یونٹ قائم کیا گیا ہے۔

رسک مینجمنٹ فریم ورک

رسک مینجمنٹ خطرے کی شناخت، جانچ اور خطرے کے ترجیحاتی تعین کے ساتھ مربوط مالیاتی وسائل کے استعمال سے خطرے میں کمی، نگرانی، ممکنات کا کنٹرول یا ناپسندیدہ واقعات کے اثرات یا ادراک سے زیادہ سے زیادہ مواقع پیدا کرنے کا عمل ہے۔

مالیاتی اداروں کے سرمائے اور آمدنی کو مختلف طرز کے خطرات کا سامنا کرنا پڑتا ہے جو وسیع ذرائع سے جنم لے سکتے ہیں۔ بشمول معاشی غیر یقینی، معاشی صورتحال، ناکافی رسک مینجمنٹ، لیگل لائیبلیٹیز، حادثات اور قدرتی آفات۔ خطرہ ہمارے کاروبار اور فیصلہ سازی کے عمل کا بنیادی جزو ہے۔ ہماری کارکردگی کا انحصار ہر سطح پر رسک مینجمنٹ پر ہے۔ اس لیے ہمارے پاس ایک مضبوط رسک مینجمنٹ گورنس کا ڈھانچہ ہونا نہایت ضروری ہے جو ہمارے لیے خطرے اور صلے کے درمیان انتہائی اہم توازن قائم رکھے۔

عالمی سطح پر آپریشنل خطرہ مالیاتی اداروں کے لیے خطرے کے زمرے میں بہت بڑا خطرہ بن کر آیا ہے۔ آپریشنل خطرہ بیک وقت کئی دوسرے زمروں میں خطرے پیدا کرنے کا سبب بنتا ہے جس سے ڈومینو اثرات مرتب ہوتے ہیں۔ اس طرح خطرے کے انضمام سے اثرات کی وسعت میں کئی گنا اضافہ ہو جاتا ہے۔ ڈیجیٹل بینکنگ میں اضافے کے ساتھ آئی ٹی سیکورٹی خطرات اور ڈیٹا سے متعلق خطرات کو کم کرنے کے لیے رسک مینجمنٹ کی حکمت عملی کو کلیدی اہمیت حاصل ہو چکی ہے۔

بینک کے رسک مینجمنٹ فلسفے کے مرکزی نقطے کے بارے میں تنظیم میں ہر سطح پر فہم موجود ہے۔ ادارہ میں جائز خطرے کے تعین اور پیمائش کے عمل اور اس کی مستقل نگرانی جاری رہتی ہے۔ بینک تنظیم بھر کے آپریشنل معاملات میں انتہائی فعال طریقے سے محتاط رسک مینجمنٹ کے رویہ کو فروغ دے رہا ہے۔ خطرات سے آگاہی کا رویہ اور بینک کی رسک مینجمنٹ کی صلاحیتیں مسلسل روایتی کوچنگ اور جاب ٹریننگ کی وجہ سے میٹریل رسک ٹیکرز (ایم آر ٹی زز) اور میٹریل رسک کنٹرولرز (ایم آر سی زز) کی کیٹگری میں ہر سطح پر فروغ پا رہی ہیں۔ بینک کی سطح پر شعوری کوشش سے دستیاب رسک ماڈلوں اور ٹیکنالوجی کی مدد سے خطرے اور فائدہ کا مبادلہ حاصل کیا جا رہا ہے۔

بورڈ اور سینئر مینجمنٹ کی نگرانی: بینک کا بورڈ آف ڈائریکٹرز بینک کی رسک مینجمنٹ کا انٹرپرائز سطح پر وسیع تجربہ رکھتا ہے جو کہ متحرک رسک مینجمنٹ اور کنٹرول فریم ورک کے ذریعے تنظیم کی سطح پر

پھیلے ہر قسم کے خطرے کا سدباب کرنے میں بہت اہم کردار ادا کرتا ہے۔ بورڈ آف ڈائریکٹرز مؤثر پیش بندی کے ذریعے رسک مینجمنٹ حکمت عملی کی منظوری اور بینک کے لیے خطرات سے نبرد آزما ہونے کے عزم کے ذریعے خطرات کی سطح کے تعین میں کردار ادا کرتا ہے۔

تمام رسک مینجمنٹ کے جائزے، فیصلے اور افعال منظور شدہ انٹر پرائز کی سطح پر رسک مینجمنٹ حکمت عملی/طریقہ کار کی بنیاد پر ہوتے ہیں جسے مندرجہ ذیل معاونت حاصل ہوتی ہے۔

a) دستاویزی مبینہ خطرات ضرورت

b) جامع حکمت علی اور طریقہ کار جن کی مدد سے ممکنہ خطرات سے نمٹا جا سکے

c) واضح طور پر بورڈ کی ذمہ داری کا معیار

d) رسک گورننس سٹرکچر میں ضروری چیک اور بیلنس کو شامل کرنا

بنیادی مقاصد کے حصول کے لیے بورڈ آف ڈائریکٹرز کی معاونت بورڈ رسک مینجمنٹ کمیٹی (بی آر ایم سی) کرتی ہے۔ بینک کو درپیش خطرات کا موازنہ مبینہ خطرات ضرورت کے ساتھ کیا جاتا ہے۔ کریڈٹ، مارکیٹ، لیکوڈیٹی اور آپریشنل، ملکی، قانونی، شہرت، اے ایم ایل، سی ایف ٹی/ پولیفریشن فنانسنگ (پی ایف) اور انفارمیشن سسٹم سیکورٹی رسک، کسی ایک بنیاد پر نہیں بلکہ انٹر پرائز لیول کی ان تمام بنیادوں پر تشکیل دی جاتی ہے۔ حفاظتی رسک مینجمنٹ بینک کو کچھ ہونے سے قبل از وقت اضافی اخراجات کر کے ہر قسم کے ناگہانی خطرات کو کم کرنے کے قابل بناتی ہے۔ بینک مسلسل اپنے رسک مینجمنٹ طریقہ کار کو اپنے بار بار کے کامیاب کریڈٹ سائیکل کے کامیاب تجربات کے علاوہ بین الاقوامی طریقہ کار اور سٹیٹ بینک آف پاکستان کے قواعد/ ہدایات کے مطابق بہتر کرنے کی کوشش کرتا ہے۔

بینک نے منظم رسک مینجمنٹ نقطہ نظر اختیار کر کے ذاتی محاسبہ کی تکنیک کے ذریعے کثیر الجہتی خطرات کے تعین، مشاہبت اور برداشت کے ٹیسٹ، پورٹ فولیو معائنہ، ارلی وارننگ انڈیکیٹرز/ الرٹ کے مضبوط نظام کو شامل کر کے اور کثیر الجہتی معائنے سے خطرات کو کم کیا ہے۔ دوبارہ تعین کے جدید رسک مینجمنٹ ٹولز، بیٹا، مدت، حساسیت کی جانچ، خطرات پر قدر، رسک ریٹنگ ماڈلز، ڈیفالٹ ماڈل کے ممکنات، متوقع کریڈٹ نقصان کا تخمینہ، رسک کنٹرول اور ذاتی جائزہ (آر سی ایس ایز) اور اہم نوعیت کے رسک انڈیکیٹرز کے تعین (کے آر آئیز) وغیرہ، بینک آپریشنز میں مورثی مقدار خطرات کے جائزوں کے استعمال سے خطرات میں کمی واقع ہوئی ہے۔ بینک آئی ایف آر ایس 9 کو لاگو کرنے پر بھی کام کر رہا ہے۔

بینک بھر سے متعلقہ آپریشنل نقصان کا ڈیٹا جمع کیا گیا ہے جو کہ خطرے کی اہم وجہ ہے۔ مزید یہ کہ متواتر نگرانی اور مینجمنٹ رپورٹنگ کے لیے بینک ان ہاؤس سسٹم یعنی کہ آپریشنل رسک مینجمنٹ سافٹ ویئر (او آر ایم ایس) تیار کر رہا ہے۔ قابل ذکر خطرات کے واقعات کی بنیادی وجہ کا تجزیہ مع مجوزہ تخفیف کی حکمت عملیاں سینئر مینجمنٹ کے ساتھ ساتھ بی آر ایم سی کو پیش کیا جاتا ہے۔

بینک کیپٹل پر تمام انٹر پرائز سطح کے خطرات کا مربوط اثر بینک انٹر پرائز رسک مینجمنٹ (ای آر ایم) ڈیپارٹمنٹ دیکھ رہا ہے۔ سرمائے کے داخلی جائزہ عمل (آئی سی اے پی) کے ذریعے جو کہ رسک جائزہ عمل کا باقاعدہ فیچر ہے۔ ٹریژری اور ایکویٹی کیپٹل مارکیٹس (ای سی ایم) کی بنیاد پر رسک کا عمل اور رپورٹنگ (حدود کی مانیٹرنگ) خود کار ہیں۔ مزید یہ کہ بینک نے تمام مارکیٹ، لیکوڈیٹی اور اے ایل ایم رسک انجن خرید لیے ہیں جو 2020 میں لاگو ہوں گے۔

آئی ایف آر ایس 9: آئی ایف آر ایس 9 (مالیاتی اسٹرومنٹس) بین الاقوامی اکاؤنٹنگ سٹینڈرڈ بورڈ (آئی اے ایس بی ایس) کے آئی اے ایس۔39 (مالیاتی انسٹرومنٹس: پہچان و پیمائش) کی جگہ نئے اکاؤنٹنگ سٹینڈرز مالیاتی انسٹرومنٹس پر تبدیل ہو رہے ہیں۔ نئے معیار مالیاتی انسٹرومنٹس کے درج ذیل ایریاز پر مشتمل ہیں۔

..... درجہ بندی و پیمائش

..... ہیج اکاؤنٹنگ

..... ایمپیئر منٹ

آئی ایف آر ایس۔9 کو اسی سہ ماہی میں بینکوں سے اپنے ایسٹس اور لائبلیٹیز کی درست قدر پر دوبارہ قیمت/ دوبارہ قدر کا تعین جبکہ متعلقہ سرپلس/ ڈیفیسٹ اثر کو بذریعہ پی/ ایل مطلوب ہیں۔ اس معیار کے 2021 سے متعارف اور ممکنہ عملدرآمد کے لیے بینک کی جانب سے کیے گئے مختلف اقدامات کے ذریعہ اس کے نظام اوقات سے مطابقت پیدا کر کے ریگولیٹری ضروریات، بشمول اثر کا جائزہ لے رہا ہے۔

انفارمیشن ٹیکنالوجی

سال 2019 کے دوران بینک نے صارفین کو ٹیکنالوجی پر مبنی حل اور خدمات مہیا کرنے، انضباطی تقاضوں کی تعمیل کرنے اور آپریشنل بہتری کو حاصل کرنے کے لیے آئی ٹی کی ترقی اور نمو میں جارحانہ طور پر سرمایہ کاری جاری رکھی ہے۔

نئے کور بینکاری نظام "FLEXCUBE" پر عمل درآمد کے بعد، بینک نے اپنے اے ٹی ایم کنٹرولر IRIS کو اپ گریڈ کیا، اپنے موبائل بینکاری کے پلیٹ فارم کو بڑھایا اور اپنے موبائل بینکاری خدمات کا استعمال کرتے ہوئے بین الاقوامی اور ای کامرس لین دین کو متحرک کیا۔ اسٹیٹ آف دی آرٹ رابطہ سنٹر اور سی آر ایم کے حل بھی 2019 میں تعینات ہوئے۔ اوریکل انٹر پرائز

بزنس سویٹ (ای بی ایس) کے تحت، بینک نے آئی ایف آر ایس۔16 کی ضرورت کے مطابق کام کرنے کے لیے اوریکل پراپرٹی مینجر ماڈیول کو کامیابی کے ساتھ نافذ کیا ہے اور اوریکل کے ''ایف سی سی ایم'' پر عمل درآمد کیا ہے۔ انٹرپرائز رسک مینجمنٹ کے لیے باسل انجن کا انتظام کیا گیا ہے۔

Reconciliation کے نظام کو مضبوط بنانے کے لیے بہترین ''کورونا'' نافذ کیا گیا ہے۔ ہیومن ریسورس گروپ کو مضبوط بنانے کے لیے ایک بہترین قبول شدہ ''ایچ آر ایم ایس'' بھی تعینات ہے۔ بینک کے انفارمیشن ٹیکنالوجی گروپ نے ہوم ترسیلات زر اور کیش مینجمنٹ کے کاروبار کو چلانے کے لیے مختلف سسٹم تیار کیے۔

بینک نے آئی ٹی سیکورٹی پالیسی کو بڑھانے پر اپنی توجہ جاری رکھی ہے اور اپنی ڈی آر سائٹ سے تمام کاروباری طبقات پر اپنی تمام آئی ٹی خدمات انجام دے کر ڈیزاسٹر ریکوری ڈرل کو کامیابی کے ساتھ انجام دیا ہے۔

خصوصی اثاثوں کا انتظام (SAM)

پرانے غیر فعال قرضہ جات کے پورٹ فولیو کی بحالی کی اہمیت اور بینک کے منافع پر اس کے مثبت اثرات کو مدنظر رکھتے ہوئے خصوصی اثاثوں کے انتظام (SAM) کو مضبوط کیا گیا ہے تاکہ غیر پرفارمنگ لون (این پی ایل) پورٹ فولیو کی بازیابی/ باقاعدگی کو یقینی بنایا جا سکے۔ بینک کے اثاثوں کے پروفائل میں بتدریج بہتری کو یقینی بنانے اور متاثرہ پورٹ فولیو کو ریونیو پیدا کرنے والے اثاثوں میں دوبارہ کنورٹ کرنے کے لیے SAM نے این پی ایل کی بازیافت/تنظیم نو کے لیے ایک جامع حکمت عملی نافذ کی ہے۔

برانچ نیٹ ورک

بینک کے مارکیٹ حصص کو بڑھانے اور دور دراز علاقوں میں جدید بینکنگ کی سہولیات کی فراہمی کو یقینی بنانے کے لیے بینک نے جارحانہ طور پر اپنے نیٹ ورک کو بڑھایا ہے۔ سال 2019ء کے دوران بینک نے 48 نئی شاخیں کھولیں جن میں 4 ذیلی شاخیں بھی شامل ہیں اور دور دراز علاقوں پر توجہ مرکوز کی۔ اب 624 شاخوں کے ایک ملک گیر نیٹ ورک کے ساتھ 17 ذیلی شاخوں سمیت بینک اپنے متنوع کلائنٹ کو جدید بینکنگ سہولیات فراہم کر رہا ہے۔ دور دراز علاقوں میں کھلنے والی ''سمارٹ شاخوں'' کا نیٹ ورک بھی 120 شاخوں تک بڑھا دیا گیا ہے۔ سال 2020ء کے دوران بینک مزید 13 شاخوں کو کھولنے کا ارادہ رکھتا ہے۔

اسلامک بینکنگ

بینک نے ''تقویٰ اسلامک بینکنگ'' کے نام سے سال 2013ء میں اسلامی بینکاری کا آغاز کیا جس کے ذریعے صارفین کو شرعی قوانین کے تحت بینکاری کی سہولیات فراہم کی جا رہی ہیں۔ اس شعبے میں خاطر خواہ ترقی کے بعد بینک کا نیٹ ورک 100 برانچز بشمول 2 سب برانچز ہو چکا ہے۔ اس پلیٹ فارم کے ذریعے بینک شرعی اصولوں کے تحت اپنے صارفین کو وسیع خدمات فراہم کر رہا ہے اور مستقبل میں بینک اپنے اسلامی بینکنگ نیٹ ورک کو مزید وسعت دینے کا ارادہ رکھتا ہے۔

پیمنٹ سروسز

صارفین کی الیکٹرانک بینکنگ کی ضروریات کو مدِنظر رکھتے ہوئے ڈیجیٹل بینکنگ گروپ کے تحت مندرجہ ذیل سہولیات کو یکجا کیا گیا ہے:

1 - متبادل ذرائع ترسیل
2 - پیمنٹ کارڈ پراڈکٹس
3 - کیش مینجمنٹ
4 - برانچ لیس بینکنگ
5 - BOP کانٹیکٹ سنٹر

مختلف صارفین کی ضروریات کو مدنظر رکھتے ہوئے ڈیجیٹل بینکنگ گروپ نے مخصوص سہولیات متعارف کرائی ہیں جن میں الیکٹرانک بینکنگ، ریموٹ بینکنگ اور فنانشل انکلوژن شامل ہیں۔ بینک کی یہ خدمات بین الاقوامی معیار کے مطابق ہیں۔ بینک نے متبادل ذرائع ترسیل کے تحت مندرجہ ذیل سہولیات متعارف کرائی ہیں:

1 - BOP ڈیبٹ ماسٹر کارڈ
2 - SMS بینکنگ

3 - موبائل بینکنگ
4 - یوٹیلٹی بلز پیمنٹ سسٹم
5 - انٹر بینک فنڈز ٹرانسفر
6 - فون بینکنگ اینڈ ٹیلی سیلز یونٹ
7 - کسٹمر ریلیشن شپ مینجمنٹ سلوشن
8 - برانچ لیس بینکنگ
9 - کیش مینجمنٹ پیمنٹ سسٹم
10 - BOP فون پے برائے QR پیمنٹ

غربت کے خاتمے اور صوبے میں بہتر حکمرانی کو یقینی بنانے کے لیے حکومت پنجاب کے مختلف اقدامات کی حمایت کرنے کے لیے بینک آف پنجاب نے مالی شمولیت، دستیاویزات معیشت، شفافیت اور اخراجات کے نظام کی آٹومیشن کے شعبوں پر خصوصی توجہ دی ہے۔ بینک نے خاص طور پر ملک کے دور دراز علاقوں کو وسیع پیمانے پر سہولیات پہنچانے کے ساتھ جی او پی بی کے مینڈیٹ پروگراموں پر عملدرآمد کے لیے ڈیزائن کی گئی ٹیکنالوجی کے شعبوں میں نمایاں تبدیلی کی ہے۔ بینک میں برانچ لیس بینکنگ انفراسٹرکچر کو شامل کرنے کے ذریعے یہ ممکن بنایا گیا ہے۔

بینک آف پنجاب معاشرے کے پسماندہ طبقات کو ترقی دینے کے مقصد کے ساتھ صحت کی دیکھ بھال، بچوں کی تعلیم، براہ راست سبسڈی کی فراہمی، تعلیم اور پیشہ وارانہ تربیت کے شعبوں میں حکومت پنجاب کی مدد کرنے کی ہر ممکن کوشش کر رہا ہے۔ مزید برآں بینک نے مختلف محکموں میں حکومت پنجاب کی وصولی اور ادائیگی کے طریقہ کار کو ڈیجیٹلائز کرنے میں مدد کی ہے جس میں صوبائی خزانے کے لیے اربوں روپے اکٹھے کیے گئے ہیں جبکہ اس میں شامل تمام فریقوں کے لیے شفافیت یقینی بنائی گئی ہے۔ اس سلسلے میں کچھ اہم اقدامات درج ذیل ہیں:

1 - خدمت کارڈ کے ذریعے غرباء میں امداد کی تقسیم
2 - پنجاب ایجوکیشن انڈومنٹ فنڈ کے تحت وظائف کی تقسیم
3 - وزیراعظم کسان پیکج کے تحت امداد کی تقسیم
4 - ای سٹیمپنگ
5 - ای چالان
6 - PESSI

سال 2019ء کے دوران پیمنٹ سروسز نے بین الاقوامی معیار کی خدمات بھی متعارف کرائی ہیں۔ اس ضمن میں BOP ڈیبٹ کارڈ کو EMV-Chip Based Technology پر منتقل کیا گیا ہے۔ موبائل بینکنگ کا اجراء کیا گیا ہے اور ATM نیٹ ورک 550 سے تجاوز کر چکا ہے۔ تمام سہولیات کو فون بینکنگ کی ٹیم کے ذریعے 24/7 سپورٹ فراہم کی گئی ہے۔ سال 2019ء کے دوران بینک کی QR پیمنٹ کی سہولت بھی متعارف کروائی ہے۔

ترسیلاتِ زر

ترسیلاتِ زر میں اضافہ کے لیے بینک خودکار نظام کے تحت ادائیگی کے ذریعے صارفین کو خدمات مہیا کر رہا ہے۔ اس ضمن میں بیرون ملک ایکسچینج کمپنیوں کے ساتھ روابط کو بڑھایا گیا ہے۔ سال 2019ء کے دوران بینک نے تقریباً 100 ارب روپے کی ایک ملین سے زائد ترسیلاتِ زر کی ادائیگیاں کی تھیں۔

گندم کی خریداری

سال 2019ء کے دوران بینک نے حکومتِ پنجاب کے لیے گندم کی خریداری کے لیے لیڈ ارینجر کے طور پر 250 ارب روپے کا انتظام کیا۔

انٹرنل کنٹرول

بینک کا بورڈ آف ڈائریکٹرز رسک کے مختلف درجات کو کم کرنے اور ایک مؤثر انٹرنل کنٹرول کا نظام قائم کرنے کے لیے ذمہ دار ہے۔ بورڈ آف ڈائریکٹرز مینجمنٹ کی جانب سے پیش کی جانے والی انٹرنل کنٹرول اسٹیٹمنٹ کی توثیق کرتا ہے جو کہ اس سالانہ رپورٹ میں شامل ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل

بورڈ آف ڈائریکٹرز کوڈ آف کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل سٹیٹمنٹ جاری کرتے ہوئے خوشی محسوس کرتا ہے۔

- بینک کے مالیاتی گوشوارے بینکنگ کمپنیز آرڈیننس 1962ء اور کمپنیز ایکٹ 2017ء کے تحت تیار کیے گئے ہیں۔ یہ گوشوارے بینک کے مالی معاملات کی درست صورتحال، کیش فلوز اور ایکویٹی میں تبدیلی کی درست عکاسی کرتے ہیں اور مناسب مالی حسابات تیار کیے گئے ہیں۔
- مالی گوشوارے کی تیاری کے دوران مناسب اکاؤنٹنگ پالیسز پر عمل کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط انداز میں لگائے گئے ہیں۔
- بینک نے مالیاتی گوشواروں کی تیاری میں انٹرنیشنل اکاؤنٹنگ سٹینڈرڈز اور اسلامک فنانشل اکاؤنٹنگ سٹینڈرز (جو پاکستان میں بینکوں پر لاگو ہوتے ہیں) کی پاسداری کی ہے اور کسی انحراف کی صورت میں ضروری تفصیلات سالانہ حسابات میں دی گئی ہیں۔ انٹرنل کنٹرول کا نظام مکمل طور پر مؤثر ہے اور اس کی باقاعدہ نگرانی کی جاتی ہیں۔
- بینک کی اپنے امور جاری رکھنے کی صلاحیت پر کسی طرح کے شکوک وشبہات نہیں ہیں۔
- کوڈ میں مذکور کارپوریٹ گورننس پر عمل کرنے میں کوئی اہم انحراف نہیں کیا گیا۔ جیسا کہ لسٹنگ ریگولیشن میں بیان کیا گیا ہے۔
- تمام قانونی ذمہ داریاں (اگر کوئی ہیں) مناسب طریقے سے مالی گوشواروں میں ظاہر کی گئی ہیں۔
- تازہ ترین مالی گوشواروں میں سٹاف پراویڈنٹ فنڈ اور گریجوئٹی فنڈ کی سرمایہ کاری کی مالیت بالترتیب 2.61 ارب روپے اور 0.76 ارب روپے رہی۔
- 31 دسمبر 2019ء کو بینک کا شیئر ہولڈنگ پیٹرن مالی حسابات کے صفحہ نمبر 262 پر موجود ہیں۔
- گزشتہ 6 سال سے متعلقہ اہم آپریٹنگ اور مالی اعداد و شمار مالی حسابات کے صفحہ نمبر 9 پر دیئے گئے ہیں۔
- کوڈ آف کارپوریٹ گورننس کی تعمیل سے متعلق بیان مالی حسابات کے صفحہ نمبر 41 پر دیا گیا ہے۔
- سال 2019ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کے 9 اجلاس ہوئے جن کی تفصیل مندرجہ ذیل ہے:۔

ڈائریکٹر کا نام	حاضری	
ڈاکٹر پرویز طاہر	6	(30-8-2019 کو ریٹائر ہوگئے)
محمد جہانزیب خان	9	
حامد یعقوب شیخ	2	(15-04-2019 کو مستعفی ہوگئے)
خواجہ فاروق سعید*	9	
سعید انور*	8	
ڈاکٹر محمد امجد ثاقب	8	
محمد عبداللہ خان سنبل	4	(17-08-2019 کو شامل ہوئے)
شہریار احمد	1	(25-11-2019 کو شامل ہوئے)
خالد ایس ترمذی**	8	

*منتخب شدہ ڈائریکٹران نئے ڈائریکٹرز کے انتخاب تک کام کرتے رہیں گے۔

** ایگزیکٹو پریذیڈنٹ/CEO۔

- سال2019ء کے دوران بورڈ آف ڈائریکٹرز کی سنٹرل آڈٹ کمیٹی کے 5 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:

ڈائریکٹر کا نام	حاضری	
خواجہ فاروق سعید	5	
سعید انور	5	
حامد یعقوب شیخ	1	(15-04-2019 کو مستعفی ہوگئے)

- سال2019ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کی رسک مینجمنٹ کمیٹی کے 3 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:

ڈائریکٹر کا نام	حاضری	
ڈاکٹر محمد امجد ثاقب	3	
سعید انور	3	
محمد جہانزیب خان	2	
محمد عبداللہ خان سنبل	1	(17-08-2019 کو شامل ہوئے)
حامد یعقوب شیخ	1	(15-04-2019 کو مستعفی ہوگئے)

مورخہ 26 جولائی 2019ء اور یکم اکتوبر 2019ء میں تشکیل نو کی گئی۔

- سال 2019ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کی ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے 7 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:۔

ڈائریکٹر کا نام	حاضری
خواجہ فاروق سعید	7
محمد جہانزیب خان	7
ڈاکٹر محمد امجد ثاقب	7

- سال 2019ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کی ریسرچ، ڈویلپمنٹ اینڈ اسلامک بینکنگ کمیٹی کے 2 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:

ڈائریکٹر کا نام	حاضری	
ڈاکٹر محمد امجد ثاقب	2	
ڈاکٹر پرویز طاہر	2	(30-08-2019 کو ریٹائر ہوگئے)
خواجہ فاروق سعید	2	
خالد ایس ترمذی	2	

- سال 2019ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کی انفارمیشن ٹیکنالوجی ریویو کمیٹی کا 1 اجلاس منعقد ہوا، جس کی تفصیل مندرجہ ذیل ہے۔

ڈائریکٹر کا نام	حاضری	
محمد جہانزیب خان	1	
سعید انور	1	
ڈاکٹر پرویز طاہر	1	(30-08-2019 کو ریٹائر ہوگئے)

- ڈائریکٹران کے تربیتی پروگرام کی تفصیلات اسٹیٹمنٹ آف کمپلائنس برائے کوڈ آف کارپوریٹ گورننس میں دی گئی ہے۔

کریڈٹ ریٹنگ

بینک کی رسک پروفائل میں بہتری کے پیش نظر پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی طویل مدتی ریٹنگ "AA" پر برقرار رکھی ہے جبکہ قلیل مدتی ریٹنگ کو "A1+" کی اعلیٰ ترین سطح پر برقرار رکھا گیا ہے۔ سٹینڈرڈ ریٹنگ سکیل کے مطابق "AA" ریٹنگ بہت کم درجہ کے کریڈٹ رسک کو ظاہر کرتی ہے۔ یہ ریٹنگ مالیاتی وعدوں کی بروقت ادائیگی کی صلاحیت کو ظاہر کرتی ہے۔ اسی طرح "A1+" کی قلیل مدتی ریٹنگ ادائیگیوں کی اعلیٰ ترین صلاحیت کو ظاہر کرتی ہے۔

ذیلی ادارہ

بینک کے ذیلی اداروں کی تفصیل مندرجہ ذیل ہے۔

روپے ملین میں

نمبر شمار	نام	نیٹ اثاثہ جات 31 دسمبر 2019ء	نیٹ اثاثہ جات 31 دسمبر 2018ء
1	پنجاب مضاربہ سروسز پرائیویٹ لمیٹڈ	(21.504)	6.259
2	فرسٹ پنجاب مضاربہ	197.722	195.623
3	پنجاب کیپٹل سیکیورٹیز پرائیویٹ لمیٹڈ	70.103	66.235

سال 2020ء کے لیے حکمت عملی

گزشتہ سالوں کے دوران قابل ذکر کارکردگی کی بنیاد پر بینک دور دراز علاقوں میں دائرہ کار بڑھانے اور کاروباری حجم کو بہتر بنانے کے ذریعے اپنی پوزیشن کو مضبوط بنائے گا تاکہ حصص داران کو بہتر منافع دیا جا سکے۔ جدید ٹیکنالوجی کے استعمال سے انٹرنل کنٹرول اور بینک کے آپریشن میں کارکردگی کو بہتر بنانے میں مدد ملے گی۔

آڈیٹرز

بینک کے موجودہ آڈیٹرز ای وائے فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے تعیناتی کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے سنٹرل آڈٹ کمیٹی کی سفارش پر مندرجہ بالا فرم کو مالیاتی سال 2020ء کے لیے بینک کے آڈیٹرز کے طور پر تجویز کیا ہے۔

اظہار تشکر

میں سٹیٹ بینک آف پاکستان اور حکومت پنجاب کے تعاون اور مدد کا شکریہ ادا کرتا ہوں۔ میں بینک کے شیئر ہولڈرز اور معزز صارفین کی مسلسل سرپرستی پر ان کا مشکور ہوں اور بینک کے سٹاف کی لگن اور محنت یقینی طور پر لائق تحسین ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

خواجہ فاروق سعید
ڈائریکٹر


Quaid-e-Azam
Muhammad Ali Jinnah

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

THE BANK OF PUNJAB – DECEMBER 31, 2019

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

1. The total number of directors are seven as per the following:

   a. Male: 7
   b. Female: 0

2. The composition of board is as follows:

   a) Independent Directors 2
   b) Other Non-executive Directors 4
   c) Executive Directors 1

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;

4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:

   i) Mr. Khalid Siddiq Tirmizey
   President / CEO (Acting)

   ii) Mr. Nadeem Amir
   Chief Financial Officer

   iii) Mr. Arsalan Muhammad Iqbal
   Chief Risk Officer

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:-

a) Audit Committee

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

b) HR and Remuneration Committee

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

c) Risk Management Committee

i)	Mr. Mohammad Jehanzeb Khan	Chairman
ii)	Dr. Muhammad Amjad Saqib	Member
iii)	Mr. Saeed Anwar	Member
iv)	Mr. Muhammad Abdullah Khan Sumbal	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following;

a) Audit Committee — Quarterly

b) HR and Remuneration Committee — Atleast once in a year

c) Risk Management Committee — Quarterly

15. The Board has set up an effective internal audit function and concerned staff is considered suitably qualified and experienced for the purpose and are conversant with the Policies & Procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Bank;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Reference Clauses from Listed Companies (Code of Corporate Governance) Regulations - 2019	Corresponding Provisions of The Bank of Punjab Act - 1989
9(2) Chairman of the Board The Chairman shall be elected subject to such terms and conditions and responsibilities as provided under Section 192 of the Act and these Regulations.	Section 10(2) & 10(3) The Chairman of the Board shall be nominated by the Government from amongst official Directors. Further, in terms of Section 10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.

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

For & on behalf of the Board

Khawaja Farooq Saeed
Director/Chairman


BOP
Lenovo

Building a better working world

EY Ford Rhodes
Chartered Accountants
96-B-I. 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

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

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

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

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

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

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

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

Chartered Accountants
Lahore: 05 March 2020


تقوى
TAQWA
ISLAMIC BANKING

REPORT OF SHARIAH BOARD
(For The Financial Year 2019)

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

Shariah Compliance:

1. TIB BOP is equipped with a team of qualified personal in its Shariah Compliance Department (SCD), working under the supervision and guidance of the Shariah Board. The prime objective of this function is to ensure Shariah Compliance at various levels and take corrective measures.

2. The main modes of financing used for the bank's financing activities during the year consist of Murabaha, Ijarah, Diminishing Musharakah, Istisna and Running Musharakah.

3. The Shariah Board supervised and analyzed various products, concepts, transactions, processes and their Shariah Compliance as an ongoing process to ensure that the transactions are valid and in conformity with Shariah injunctions.

4. The Internal Shariah Audit unit evaluates the adherence to Shariah guidelines by the Bank. During the year, Shariah Audit of various TIB BOP branches/departments was conducted, that enabled the Bank to improve the Shariah control environment.

5. To strengthen and broaden the functions of Shariah control, the Shariah Compliance Department (SCD) of the bank under the supervision of RSBM, facilitated the customers by formulating customized process flows after assessment of the customers' business models and determining the most suitable product. Further for effective compliance, SCD performed random physical inspections to assess the purchases, evidences and invoices of financing transactions. As a part of the department's responsibilities SCD also reviewed the process of profit distribution to the depositors on monthly basis. During the course of on-site visit of branches, SCD also guided staff regarding day to day operations while dealing with general banking customers.

Product Development Department:

During Year 2019, Product Development department is strengthened with experience resources. As a result, during the year, TIB BOP has launched 04 new products along with the review and renewal of existing products. Additionally, Shariah Board has approved 03 new products and restructuring of 02 liability products which are under system development phase and will be launched in year 2020 after completing all pre-requisites.

Shariah Opinion

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

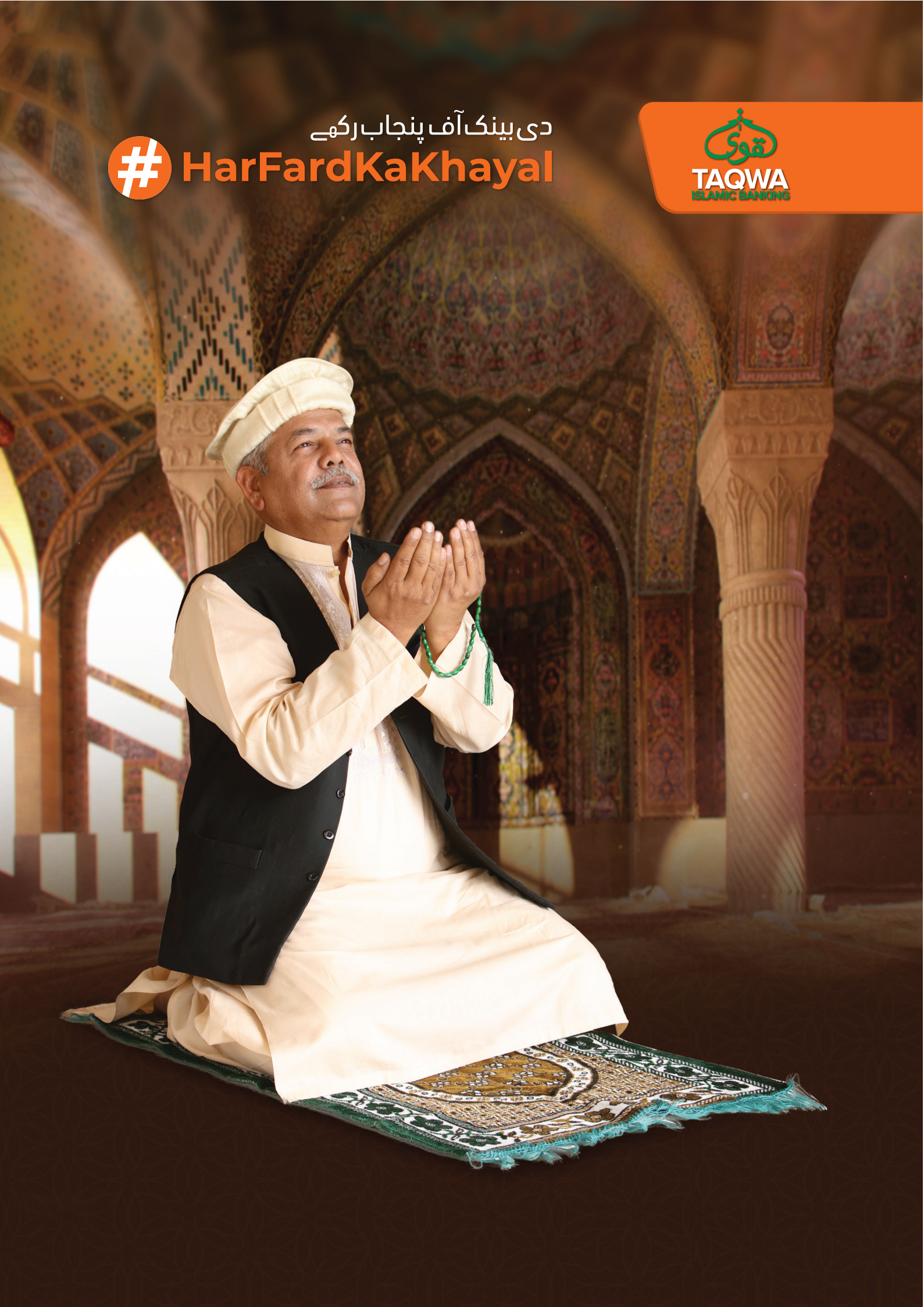
Category of TIB BOP operations is overall satisfactory as per details given below:

1. TIB BOP has by and large complied with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by the Shariah Board.

2. TIB BOP has by and large complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP.

3. TIB BOP has a satisfactory mechanism in place to ensure Shariah compliance in their overall operations.

4. TIB BOP has a proper system in place to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized. Detail of the charity fund is available in the statement of financial position of TIB BOP (annexure I of Annual Report 2019 BOP).


دی بینک آف پنجاب رکھے
#HarFardKaKhayal
تقویٰ
TAQWA
ISLAMIC BANKING

5. TIB BOP has overall acceptable system of profit / (loss) distribution and pool management. Profit is being properly distributed to all saving account holders on Mudarabah principles.

6. Bank's BoD and management is cognizant with respect to the importance of Shariah compliance in the products and processes of the bank. In this spirit bank is continuously focusing to enhance the Islamic Banking knowledge & skill set of the staff. Islamic Banking Training Unit and SCD with the coordination of Learning & Development Centre of the Bank has imparted training on Islamic banking products.

7. Shariah Board has been provided with adequate resources enabling it to discharge its duties effectively.

In Addition to above:

Recommendations:

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

Staff/Human Resource related Matters

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

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

Profit Distribution System

In order to ensure further transparency in profit distribution mechanism to its Investment Account Holders, the Bank has made its automated profit distribution process live and bank has become largely compliant to the SBP directives on the matter, which is highly appreciated. We recommend to have a careful monitoring of newly automated system while matching the results with manual calculation till the confirmation of satisfactory functioning of the system.

Customer Awareness Sessions

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

Staff Training

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

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

Mufti Muhammad Zahid
Chairman Shariah Board

Rafey Ashraf Usmani
Resident Member Shariah Board

Dr. Ejaz Ahmed Samadani
Member Shariah Board

Date: 27-02-2020


دی بینک آف پنجاب رکھے
#HarFardKaKhayal
BOP
Foreign Se
BOP
Foreign Se
Remittance
Received

شریعہ بورڈ رپورٹ (برائے مالی سال-2019)

الحمدللہ "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" نے کامیاب بینکنگ آپریشنز کا ایک اور سال مکمل کرلیا ہے۔شریعہ بورڈ "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" کے آپریشنز کے متعلق اپنی رائے پیش کرتا ہے، بورڈ آف ڈائریکٹرز اور بینک کی ایگزیکٹو مینجمنٹ بینک کے مجموعی کاموں کو منظّم کرنے کے لئے ایک مؤثر اور جامع شرعی اصولی ماحول فراہم کرنے کے لئے پرعزم ہے، سال کے دوران شریعہ بورڈ نے مختلف معاملات پر تبادلہ خیال کرنے کے لئے مختلف میٹنگز طلب کیں ان میں داخلی/ خارجی شریعہ آڈٹ رپورٹس، شریعہ کمپلائنس رپورٹس، اسٹیٹ بینک جائزہ رپورٹ، پالیسیاں اور پروسیجرز، نئی پراڈکٹس، موجودہ پراڈکٹس کی تجدید، لین دین کا ڈھانچہ، بزنس اور مارکیٹنگ کا مواد وغیرہ شامل ہیں۔

1۔شریعہ کمپلائنس:

- "شریعہ کمپلائنس ڈیپارمنٹ" "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" باصلاحیت افراد پر مشتمل ہے، جو شریعہ بورڈ کی نگرانی اور رہنمائی میں کام کررہا ہے، اس فنکشن کا بنیادی مقصد مختلف مراحل پر شرعی احکامات کی تعمیل کو یقینی بنانا اور اصلاحی اقدامات کرنا ہے۔
- امسال بینک نے فنانسنگ کیلئے بالعموم مرابحہ، اجارہ، شرکت متناقصہ، استصناع اور رنگ مشارکہ کی پراڈکٹس اختیار کیں۔
- شریعہ بورڈ نے مختلف پراڈکٹس، عقود، اور معاملات کی شریعت سے مطابقت کو برقرار رکھنے کیلئے نگرانی کا عمل مسلسل جاری رکھا تا کہ تمام معاملات شریعت کے اصولوں کے مطابق سرانجام پاتے رہیں۔
- "انٹرنل شریعہ آڈٹ ڈیپارٹمنٹ" بینک کے معاملات میں شرعی اصولوں کی پابندی کو جانچتا ہے۔اس سال کے دوران "تقویٰ اسلامک بینکنگ- دی بینک آف پنجاب" کی برانچوں اور ڈیپارٹمنٹس کا آڈٹ کیا گیا جس کے نتیجہ میں بینک کے شریعہ کنٹرول کے ماحول کو بہتر بنانے میں مدد ملی۔
- شرعی کنٹرول کے معاملات کو مزید بہتر اور وسیع بنانے کیلئے بینک کا "شریعہ کمپلائنس ڈیپارٹمنٹ" ریذیڈینٹ شریعہ بورڈ ممبر کی نگرانی میں کسٹمر کے کاروباری نظام کے جائزے اور کسٹمر کی ضرورت کے پیش نظر مناسب پراڈکٹ کے مطابق پراسس فلوز کو ترتیب دیتا ہے، اس سال کے دوران بھی "شریعہ کمپلائنس ڈیپارٹمنٹ" نے شریعہ بورڈ سے مختلف پراڈکٹس اور پراسس فلوز کی منظوری حاصل کی، "شریعہ کمپلائنس ڈیپارٹمنٹ" نے دوران سال نمونے کے طور پر جائزوں، خریداری کی تصدیق، ثبوت، اور رسیدوں کی جانچ پڑتال کا خاص اہتمام کیا، "شریعہ کمپلائنس ڈیپارٹمنٹ" کی دیگر ذمہ داریوں میں کھاتہ داروں کو نفع کی تقسیم کی ماہانہ کی بنیاد پر نگرانی بھی شامل ہے جس کو اس سال بھی "شریعہ کمپلائنس ڈیپارٹمنٹ" نے بخوبی سرانجام دیا ہے، برانچوں کی جانچ کے دوران "شریعہ کمپلائنس ڈیپارٹمنٹ" نے عملہ کو روزمرہ آپریشنز میں کسٹمر کے ساتھ معاملات کے متعلق رہنمائی فراہم کی ہیں۔

2۔پراڈکٹ ڈویلپمنٹ ڈیپارٹمنٹ:

- سال2019 کے دوران تجربہ کار افراد کے شمول کے ذریعے پراڈکٹ ڈویلپمنٹ ڈیپارٹمنٹ مزید مستحکم ہوا ہے، نتیجتاً "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" نے سال کے دوران موجودہ پراڈکٹس کی تجدید اور جائزے کے ساتھ 4 / چار نئی پراڈکٹس بھی متعارف کروائی ہیں، مزید یہ کہ شریعہ بورڈ نے 3 نئی پراڈکٹس اور 2 پراڈکٹس کی ری اسٹرکچرنگ کی منظوری دیدی ہے جو کہ سسٹم ڈویلپمنٹ مرحلے میں ہیں اور امید ہے کہ تمام ضروریات کو مکمل کرنے کے بعد سال 2020 میں انکولانچ کردیا جائے گا۔

3۔شرعی آراء:

- شریعہ کمپلائنس ڈیپارٹمنٹ، اندرونی و بیرونی شریعہ آڈٹ اور "اسٹیٹ بینک آف پاکستان" جائزہ رپورٹس کا معائنہ کرنے کے بعد ہماری رائے یہ ہے کہ؛
- "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" کے آپریشنز مجموعی طور پر تسلی بخش ہیں جسکی تفصیل درج ذیل ہے۔
- "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" مجموعی طور پر شریعہ بورڈ کی جانب سے جاری شدہ فتاوٰی اور اصول وضوابط پر کاربند رہا ہے۔
- "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" "اسٹیٹ بینک آف پاکستان" کے شریعہ سے متعلق جاری کردہ احکامات، قواعد وضوابط، ہدایات اور رہنما اصولوں پر مجموعی طور پر کاربند رہا ہے۔
- "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" میں آپریشنز کو شریعہ کمپلائنٹ بنانے کیے لیے تسلی بخش نظام موجود ہے۔
- ممنوعہ ذرائع سے حاصل ہونے والی آمدن کو خیراتی اکاؤنٹ میں منتقل کرنے اور اسکے مؤثر استعمال کو یقینی بنانے کے لیے "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" میں ایک مؤثر نظام موجود ہے۔خیراتی رقم کی تفصیل بینک کی "سالانہ مالیاتی رپورٹ" میں موجود ہے۔
- "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" میں نفع ونقصان کو تقسیم کرنے اور پول مینجمنٹ کا ایک قابل قبول نظام موجود ہے، "سیونگ اکاؤنٹ" میں مضاربہ کے اصولوں کے مطابق کھاتہ داروں میں مناسب طریقہ سے نفع تقسیم کیا جارہا ہے۔
- بینک کے بورڈ آف ڈائریکٹر اور مینجمنٹ بینک کی پراڈکٹ اور پراسس کو شریعہ کمپلائنس کرنے میں سنجیدہ ہے اسی وجہ سے بینک اسلامی بینکاری سے متعلق عملہ کی صلاحیتوں کی بہتری کی طرف مسلسل متوجہ ہے "اسلامک بینکنگ ٹریننگ یونٹ" اور "شریعہ کمپلائنس ڈیپارٹمنٹ" نے بینک کے "لرننگ اینڈ ڈویلپمنٹ ڈیپارٹمنٹ" کے تعاون سے اسلامک بینکنگ کی پراڈکٹس پر تربیتی مجالس کا انعقاد کروایا ہے۔
- شریعہ بورڈ کو مناسب وسائل مہیا کیے گئے ہیں تا کہ وہ اپنی ذمہ داریوں کو احسن اور مؤثر طریقہ سے سرانجام دے سکے۔

4۔مزید سفارشات:

- شریعہ سے متعلق مندرجہ ذیل کچھ اہم امور ہیں جن پر توجہ دینے کی ضرورت ہے؛

I. اسٹاف سے متعلق معاملات:

- بینک نے اپنے موجودہ اسٹاف فنانس پورٹ فولیو کو روایتی بینکاری نظام سے اسلامی نظام میں منتقل کرنے کا ہدف حاصل کرلیا، اب اسٹاف کے ایسے تمام معاملات اسلامی طریقہ تمویل کے تحت کیے جارہے ہیں۔
- "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" میں ملازمت کرنے والے ملازمین کے "ملازمت کے معاہدے"، سٹاف ہیلتھ انشورنس اور دیگر دی جانے والی سہولیات کا جائزہ لینے اور ان میں موجود معاملات کو شرعی احکامات کے مطابق لانے کی ضرورت ہے۔
- سال 2019 کے دوران بینک نے "اسٹیٹ بینک آف پاکستان" کی حوصلہ افزائی کے ذریعے ایس جی ایف کے تحت "انٹرنل شریعہ آڈٹ یونٹ" اور "پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ" کو مزید مستحکم کرنے کے لیے شریعہ سکالرز کا اضافہ کیا ہے، جبکہ "انٹرنل شریعہ آڈٹ یونٹ" کی حوصلہ افزائی کے ساتھ ساتھ یہ تجویز کیا جاتا ہے کہ "انٹرنل شریعہ آڈٹ یونٹ" کے سٹاف کی تعداد کو مزید بڑھایا جائے اور "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" کی شاخوں اور پورٹ فولیو کی بڑھتی ہوئی تعداد کی وجہ سے "ایس جی ایف "میں مذکور "اسٹیٹ بینک آف پاکستان" کی ہدایات کی روشنی میں ایک علیحدہ "انٹرنل شریعہ آڈٹ یونٹ" کا قیام عمل میں لایا جائے۔

II. نفع کی تقسیم کا نظام:

- اپنے "انویسٹمنٹ اکاؤنٹ ہولڈرز" کو منافع کی تقسیم کے طریقہ کار میں مزید شفافیت کو یقینی بنانے کے لئے، بینک نے خودکار منافع کی تقسیم کا سسٹم استعمال کرنا شروع کردیا ہے اور بینک اس معاملے پر اسٹیٹ بینک کی ہدایات کی بڑی حد تک تعمیل کرچکا ہے، جو کہ قابل تعریف ہے، ہماری تجویز ہے کہ نئے خودکار نظام کی محتاط نگرانی کی جائے جبکہ سسٹم کے اطمینان بخش ہونے تک نتائج کی دستی حساب سے پڑتال بھی کی جائے۔

III. عوامی آگاہی سیمینار:

- اسلامی بینکاری کے بارے میں کسٹمرز کی معلوماتی آگاہی بڑھانے کے لئے، مینجمنٹ نے اسلامی بینکاری اور مالیات کے بارے میں عوامی آگاہی سیمینار کا اہتمام کیا ہے، جس میں ریزیڈنٹ شریعہ بورڈ ممبر کے ذریعے حاضرین کو آگاہی دی گئی، شرکاء نے سیمینار کو کافی مؤثر اور معلوماتی سمجھا، ہم آنے والے سالوں میں مزید سیمینار منعقد کرنے کی سفارش کرتے ہیں۔

IV. اسٹاف ٹریننگ:

- ہم اسٹاف کی صلاحیتوں کو بہتر بنانے کے حوالے سے مینجمنٹ کی کاوشوں اور رجحان کی تعریف کرتے ہوئے اس بات کی سفارش کرتے ہیں کہ اسلامک بینکنگ کے ہر سطح کے اسٹاف کی تربیت کے متعلق اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ حالیہ تازہ ترین ہدایات پر عملدرآمد کو یقینی بنایا جائے۔
- "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" کا شریعہ بورڈ بینک ہذا کی مجموعی کارکردگی اور امور سے مطمئن ہے اور امید کرتا ہے کہ "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" کی انتظامیہ شریعہ بورڈ اور "اسٹیٹ بینک آف پاکستان" کی جاری کردہ ہدایات پر عملدرآمد کرتی رہے گی، جو کہ "تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" کے شریعہ کمپلائنس ماحول کی مزید مضبوطی کا سبب بنے گا۔

واللہ سبحانہ وتعالیٰ اعلم

مفتی رافع اشرف عثمانی
ریزیڈنٹ شریعہ بورڈ ممبر

ڈاکٹر اعجاز احمد صمدانی
شریعہ بورڈ ممبر

مفتی محمد زاہد
چیئرمین شریعہ بورڈ

تاریخ اجراء : ۲۷ فروری ۲۰۲۰ء

STATEMENT OF INTERNAL CONTROLS

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

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

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

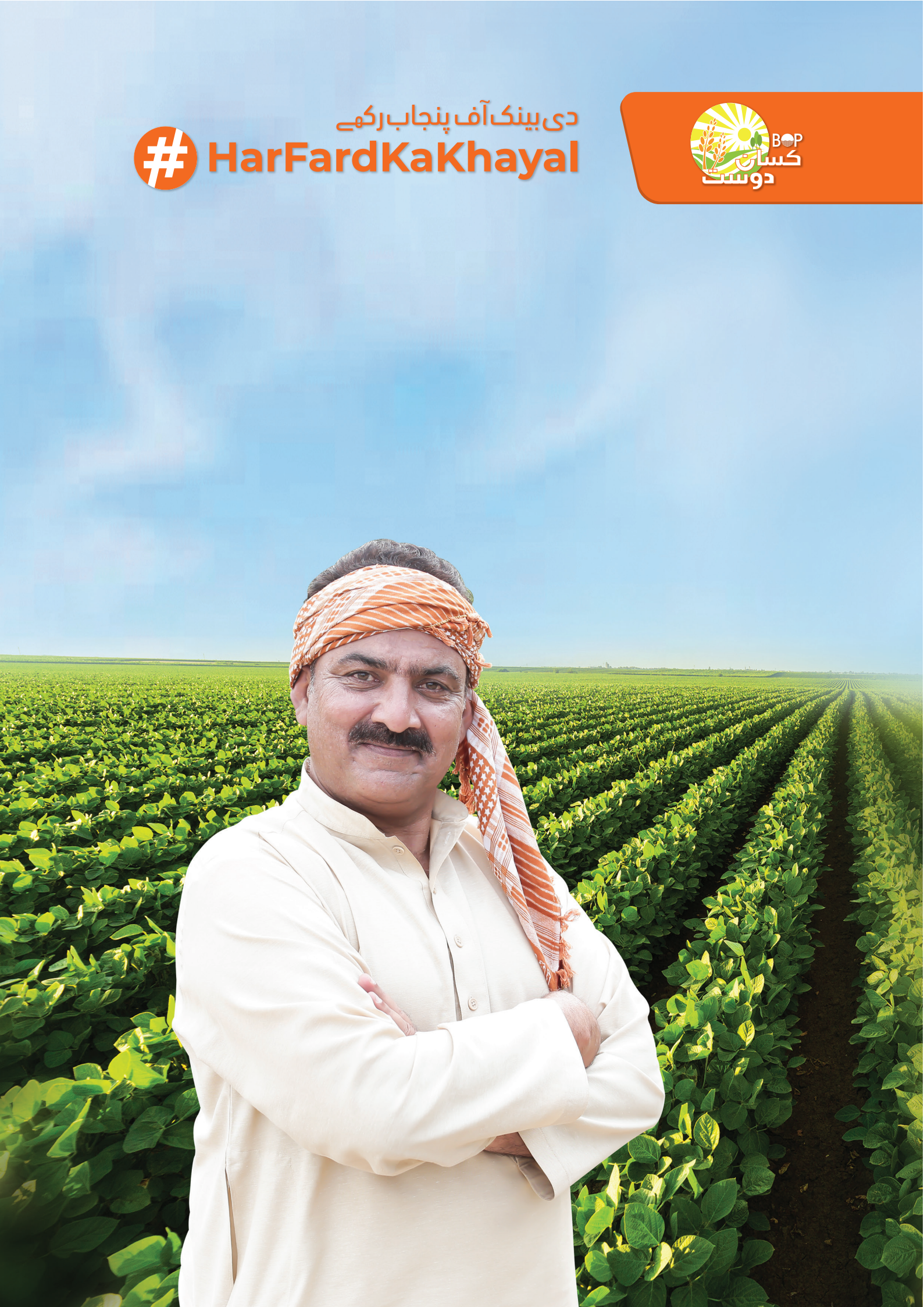
Implementing State Bank of Pakistan (the "SBP") Guidelines on Internal Controls, to place an effective internal control system has been the Bank's top priority. Compliance & Internal Control Division (C&ICD) has been entrusted with remediation of internal control deficiencies and maintaining the system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

The A & RAR, independent from Management, is entrusted with the supervisory function with respect to the review of internal controls. A & RAR evaluates, validates, monitors and contributes to ongoing effectiveness of control systems as part of its scope. It periodically reports significant findings, directly to the Central Audit Committee (CAC) of the Board. The A & RAR is also entrusted with the function to assess adequacy and effectiveness of the control activities as well as testing implementation of and compliance with all the prescribed policies and procedures. The management expeditiously takes up the findings and observations of Audit Group, SBP and Bank's External Auditors to ensure implementation of control design improvements.

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

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

Khalid S. Tirmizey
Acting President / CEO


دی بینک آف پنجاب رکھے
#HarFardKaKhayal
BOP
کسان دوست



NOTICE OF ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS

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

By order of the Board

Lahore: March 10, 2020

Kamran Hafeez
Secretary to the Board

NOTES

01. The Register of Members and the Share Transfer Books of the Bank shall remain closed for transfer from 24-03-2020 to 30-03-2020 (both days inclusive).

02. All members are entitled to attend the meeting; however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per section 17(1) of The Bank of Punjab Act, 1989.

03. Proxies in order to be effective must be deposited at the Corporate Affairs Department of the Bank, BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore not less than 48 hours before the meeting. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

04. A member is entitled to appoint another member as proxy to attend the meeting.

05. The members should quote their Folio number in all correspondence with the Bank and at the time of attending the Meeting.

06. Members are requested to promptly notify any change in their addresses to our Registrar M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore before book closure so that entitlement, if any, be dispatched at the correct addresses.

07. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular 01 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING

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

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

B. FOR APPOINTING PROXIES

i) In case of individual, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall have to be submitted (unless it has been provided earlier) along with proxy form to the Company.

08. Entry of the member/physical shareholder or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.

09. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if Bank receives consent form from the members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to the Corporate Affairs Department, Lahore.

I/We _____ of _____being a member of The Bank of Punjab, holding _____ordinary shares as per registered Folio/CDC Account No._____ hereby opt for video conference facility at_____.

Signature of Member(s)

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

SPECIAL NOTES TO THE SHAREHOLDERS

Deduction of Withholding Tax on Dividend

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

Filer 15% Non-Filer 30%

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

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

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar Office M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore latest by 21-03-2020, otherwise each joint holder shall be assumed to have an equal number of shares.

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

Signature of Shareholder_____

EXEMPTION OF WITHOLDING TAX:-

Withholding Tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore upto 21-03-2020.

SUBMISSION OF COPY OF CNIC (MANDATORY):

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

ZAKAT DECLARATION (CZ-50)

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

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

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

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

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

Signature of Shareholder_____

UNCLAIMED DIVIDEND / SHARES

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

SPECIAL BUSINESS:

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

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

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

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

- The Policy ensures a comprehensive and transparent remuneration structure for the Chairman and other Directors.
- This Policy has been formulated with clear mandate and charter keeping in view the ownership structure, governance mechanism, risk profile, scope of operations and performance of the bank.
- The Policy aims to set out the methodology for the determination of scale of the remuneration to be paid to the Directors and Chairman other than President/CEO for attending the Board and its Committee(s) meetings.
- The Policy is applicable to Non-Executive/Independent Directors, President/Executive Director and the Chairman of the Board.
- The terms & conditions of the Chairman shall be presented to the shareholders for approval in the Annual General Meeting on pre or post facto basis.
- The Bank shall facilitate the directors for travelling, board & lodging relating to the Board and Committee(s) meetings.
- No consultancy or allied work shall be awarded to a director or to the firm(s), institution(s), or company (ies) etc., in which he individually and/or in concert with other directors of the Bank hold substantial interest.
- Proper disclosure of remuneration and other benefits facilities provided to the Board of Directors shall be made in the Annual Financial Statements of the Bank.
- The Board members shall be accountable for their conduct according to the scope of their responsibilities and Annual Performance Evaluation of the Board as a whole and its Committees will be carried out. Based on the evaluation of performance scale of remuneration may be reviewed/adjusted.

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

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

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

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

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

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

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

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

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

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

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

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

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



UNCONSOLIDATED
FINANCIAL STATEMENTS
for the year ended December 31, 2019

Building a better working world

EY Ford Rhodes
Chartered Accountants
96-B-I. 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Building a better working world

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Provision against non-performing advances	
The Bank's credit portfolios include advances, debt securities and non-funded credit facilities. The portfolio is spread across various domestic branches and include corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals. As per the Bank's accounting policy (refer note 5.5 to the financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against financing losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of financing loss provision against certain corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank. In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against loans and advances as a significant area of audit judgment and a key audit matter. The disclosures relating to provisioning against non- performing advance and related assets are included in note 10 to the financial statements.	We applied a range of audit procedures including the following: - We reviewed the Bank's process for identification and classification of non-performing financing including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financing and declassification of accounts from non-performing to regular, as the case may be. - We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations; - In addition, we selected a representative sample of borrowers from the financing portfolios across various branches including individually significant corporate financing and performed tests and procedures such as review of financing documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower; - Based on the said credit reviews, we identified and discussed with the management the financing accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; - In respect of the level of general provision maintained by the Bank we discussed the approach and policy followed by the Bank with the management on consistent basis and checked the approval of Board of Directors in this regard. - We also assessed adequacy of disclosures as included in note 10 to the financial statements regarding the non-performing financing and provisions made for the same in the financial statements in accordance with the requirements of the applicable financial reporting framework.

Building a better working world

Key audit matters	How the matter was addressed in our audit
2. Adoption of IFRS 16 "Leases"	
As referred to in note 5.1 to the financial statements, IFRS 16 'Leases' (the standard) has become effective for the current financial year. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Bank is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard are disclosed in note 5.1 to the unconsolidated financial statements. The application of the new standard requires management to make significant estimates and judgements such as in related to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.	We applied a range of audit procedures including the following: - We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the financial statements; - We obtained an understanding of the process and controls in place for identification of in-scope and material lease contracts and capturing of relevant data regarding the terms and condition of the lease contracts; - We corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with the list of branch properties in the use of the Bank and reviewing the rent expense ledgers for the year; - We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts; - We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and - We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the unconsolidated financial statements of the Bank for the year.

Building a better working world

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

b) the statement of financial position, the statement of profit and loss and the statement of comprehensive income, statement of changes in equity and cash flow statement (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;

Building a better working world

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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

Chartered Accountants

Date: 28 February 2020

Place: Lahore

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019	2018
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	6	53,414,628	43,589,007
Balances with other banks	7	10,310,569	5,802,312
Lendings to financial institutions	8	4,059,771	27,843,153
Investments - net	9	361,452,930	210,071,483
Advances - net	10	383,313,380	381,877,256
Fixed assets	11	15,218,893	8,787,928
Intangible assets	12	793,285	891,489
Deferred tax assets - net	13	6,567,783	7,965,267
Other assets - net	14	33,796,541	27,551,697
		868,927,780	714,379,592
LIABILITIES			
Bills payable	16	3,421,083	3,577,677
Borrowings	17	77,044,955	41,793,201
Deposits and other accounts	18	691,017,447	595,581,962
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	8,794,420	8,797,140
Deferred tax liabilities		-	-
Other liabilities	20	41,967,541	26,909,321
		822,245,446	676,659,301
NET ASSETS		46,682,334	37,720,291
REPRESENTED BY			
Share capital - net	21	26,173,766	26,173,766
Reserves		6,640,276	4,990,570
Surplus on revaluation of assets - net of tax	22	5,371,207	3,260,312
Unappropriated profit		8,497,085	3,295,643
		46,682,334	37,720,291
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Financial Officer	President	Chairman	Director	Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

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

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

Chief Financial Officer	President	Chairman	Director	Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

	Note	2019	2018
		Rupees in '000'	
Profit after taxation for the year		8,248,529	7,563,693
Other comprehensive income:			
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement loss on defined benefit obligations	37.2.2	(54,429)	(172,731)
Movement in surplus on revaluation of fixed assets - net of tax	22.1	599,529	-
Movement in surplus on revaluation of non-banking assets - net of tax	22.2	(103,986)	509,790
		441,114	337,059
		8,689,643	7,900,752
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus on revaluation of investments - net of tax	22	2,238,283	42,130
Total comprehensive income		10,927,926	7,942,882

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

Chief Financial Officer	President	Chairman	Director	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2019

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Surplus / (Deficit) - net of tax on revaluation of Investments	Surplus / (Deficit) - net of tax on revaluation of Fixed / non banking assets	Unappropriated profit /(accumulated loss)	Total
	Rupees in '000'								
Balance as on January 01, 2018 - as restated	26,436,924	(263,158)	26,173,766	2,215,040	1,262,791	(53,499)	2,940,101	(2,806,439)	29,731,760
Profit after taxation for the year	-	-	-	-	-	-	-	7,563,693	7,563,693
Other comprehensive income / (loss)	-	-	-	-	-	42,130	509,790	(172,731)	379,189
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	42,130	509,790	7,390,962	7,942,882
Transfer to statutory reserve	-	-	-	-	1,512,739	-	-	(1,512,739)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(45,652)	45,652	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-		-	-	-	-	(3,440)	3,440	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(77,594)	119,375	41,781
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(51,524)	55,392	3,868
Balance as on December 31, 2018	26,436,924	(263,158)	26,173,766	2,215,040	2,775,530	(11,369)	3,271,681	3,295,643	37,720,291
Profit after taxation for the year	-	-	-	-	-	-	-	8,248,529	8,248,529
Other comprehensive income / (loss)	-	-	-	-	-	2,238,283	495,543	(54,429)	2,679,397
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	2,238,283	495,543	8,194,100	10,927,926
Transfer to statutory reserve	-	-	-	-	1,649,706	-	-	(1,649,706)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(42,861)	42,861	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(17,059)	17,059	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(558,120)	574,814	16,694
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(4,891)	5,083	192
Transactions with owners recognized directly in equity :									
Final cash dividend - December 31, 2018 declared subsequent to year end at 7.5%	-	-	-	-	-	-	-	(1,982,769)	(1,982,769)
	-	-	-	-	-	-	-	(1,982,769)	(1,982,769)
Balance as on December 31, 2019	26,436,924	(263,158)	26,173,766	2,215,040	4,425,236	2,226,914	3,144,293	8,497,085	46,682,334

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

Chief Financial Officer | President | Chairman | Director | Director

HarFardKaKhayal
دی بینک آف بلوچستان

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2019

	Note	2019	2018
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,043,887	12,208,355
Less: Dividend income		(103,925)	(81,661)
		13,939,962	12,126,694
Adjustments:			
Depreciation on fixed assets	11.3	1,049,325	975,478
Depreciation on non banking assets acquired in satisfaction of claims	14.1.1	73,977	65,918
Depreciation on ijarah assets under IFAS - 2	29	238,279	359,585
Depreciation on right-of-use assets	29	875,718	-
Amortization on intangible assets	12.1	173,555	68,425
Amortization of (discount) / premium on debt securities - net		(2,600,497)	421,852
Markup expense on lease liability against right-of-use assets	25	779,483	-
Unrealized loss on revaluation of investments classified as held for trading	9.1	4,207	3,741
Provision / (reversal) and write-offs - net	31	1,776,084	(1,148,365)
Loss on termination of lease liability against right-of-use assets	28	4,922	-
(Gain) / loss on sale of fixed assets - net	28	(65,146)	75
Gain on sale of non banking assets - net	28	(67)	(36,627)
Realized gain on sale of securities - net	27.1	(225,771)	(31,508)
Provision for employees compensated absences	29.1	13,898	10,457
Gratuity expense	29.1	170,472	215,184
		2,268,439	904,215
		16,208,401	13,030,909
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		23,783,382	(8,075,626)
Held for trading securities		15,138,343	7,221,663
Advances - net		(2,905,026)	(84,388,995)
Others assets - net		(8,217,079)	(589,161)
		27,799,620	(85,832,119)
Increase / (Decrease) in operating liabilities:			
Bills Payable		(156,594)	212,352
Borrowings from financial institutions		35,323,329	2,691,764
Deposits		95,435,485	39,300,806
Other liabilities		8,101,478	1,600,407
		138,703,698	43,805,329
Income tax paid		(3,974,141)	(2,842,575)
Net cash flow from / (used in) operating activities		178,737,578	(31,838,456)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(101,476,536)	24,636,283
Net investment in held to maturity securities		(59,182,166)	-
Dividends received		103,946	96,385
Investment in fixed assets		(1,062,693)	(1,528,974)
Investment in non-banking assets		(378,000)	-
Investment in intangible assets		(75,351)	(330,752)
Proceeds from sale of fixed assets		944,898	150,725
Proceeds from sale of non banking assets		63,618	397,237
Net cash (used in) / flow from investing activities		(161,062,284)	23,420,904
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated debts		(2,720)	(1,860)
Dividend paid		(1,982,769)	-
Payment of lease liability against right-of-use assets		(1,284,352)	-
Issuance of privately placed term finance certificates - II		-	4,300,000
Net cash (used in) / flow from financing activities		(3,269,841)	4,298,140
Increase / (decrease) in cash and cash equivalents		14,405,453	(4,119,412)
Cash and cash equivalents at beginning of the year		49,180,556	53,299,968
Cash and cash equivalents at end of the year	35	63,586,009	49,180,556

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

Chief Financial Officer	President	Chairman	Director	Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

1. STATUS AND NATURE OF BUSINESS

The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 624 branches including 17 sub branches and 100 Islamic banking branches (2018: 576 branches including 13 sub branches and 72 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

2. BASIS OF PRESENTATION

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

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

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

2.1 Statement of compliance

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

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

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

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

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

2.1.4 The SBP through BPRD Circular No. 04 of 2019 dated October 23, 2019 has deferred the applicability of IFRS-9 "Financial instruments" till January 01, 2021. Accordingly, the requirements of this standard has not been considered in preparation of these unconsolidated financial statements.

2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2019

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

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

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application.

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

3. BASIS OF MEASUREMENT

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4.1 Classification of investments

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

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

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

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

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

4.3 Impairment of available for sale investments

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

4.4 Depreciation, amortization and revaluation of fixed assets

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

4.5 Income taxes

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

4.6 Staff retirement benefits

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

4.7 Non banking assets acquired in satisfaction of claims

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

4.8 Lease liability on right-of-use assets

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Impact of IFRS 16 - Leases

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

The Bank has adopted IFRS 16 from January 1, 2019 thereby recognizing right-of-use assets and lease liability, in respect of leased properties, there-against on January 01, 2019 using modified retrospective restatement approach, as permitted under the specific transitional provisions in the

standard, and has not restated comparatives for the corresponding reporting period of 2018. Previously, these leases were accounted for as operating leases.

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

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

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

	December 31, 2019	January 01, 2019
	Rupees in '000'	
Impact on unconsolidated statement of financial position:		
Increase in fixed assets - right-of-use assets	6,342,167	5,378,486
Decrease in advances, deposits, advance rent and other prepayments	-	(187,014)
Increase in deferred tax assets - net	129,797	-
Decrease in other assets - advance taxation - net	(144,631)	-
Net increase in total assets	6,327,333	5,191,472
Increase in other liabilities - lease liability against right-of-use assets	6,717,938	5,191,472
Net decrease in net assets	(390,605)	-

	January 01 - December 31, 2019
	Rupees in '000'
Impact on unconsolidated profit and loss account:	
Increase in mark-up/return/interest expensed	779,483
Increase/(Decrease) in operating expenses:	
Depreciation on right-of-use assets	875,718
Rent expense	(1,284,352)
Loss on termination of lease liability against right-of-use assets	4,922
Decrease in profit before tax	375,771
Increase in taxation - net	14,834
Decrease in profit after taxation	390,605

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

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

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

5.2 Cash and cash equivalents

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

5.3 Lendings / borrowings from financial institutions

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

5.3.1 Sale under repurchase obligations

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

5.3.2 Purchase under resale obligations

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

5.4 Investments

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

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

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

Held for trading

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

Held to maturity

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

Available for sale

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

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

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

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

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

5.5 Advances including net investment in finance lease

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

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

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

5.6 Fixed assets and depreciation

5.6.1 Owned

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

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

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

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

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

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

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

5.6.2 Right-of-use assets

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

5.7 Intangible assets

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

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

5.8 Borrowings / deposits

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

5.9 Subordinated debts

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

5.10 Employee retirement and other benefits

Defined contribution plan – Provident fund

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

Defined benefit plan - Gratuity scheme

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

Defined benefit plan - Employees' compensated absences

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

5.11 Assets acquired in satisfaction of claims

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

5.12 Foreign currencies

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

All exchange differences are charged to profit and loss account.

5.13 Revenue recognition

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

Mark-up / return / interest income

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

Dividend income

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

Lease finance income

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

Fees and commission income

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

5.14 Lease liabilities

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

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

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

5.15 Taxation

Current

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

Prior years

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

Deferred

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

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

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

5.16 Impairment

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

5.17 Provisions

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

5.18 Provision for off balance sheet obligations

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

5.19 Share capital

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

5.20 Acceptances

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

5.21 Financial instruments

5.21.1 Financial assets and liabilities

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

5.21.2 Off setting

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

5.22 Segment reporting

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

5.22.1 Business segments

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

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

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

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

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

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

5.22.2 Geographical segments

The Bank operates only in Pakistan.

5.23 Dividend distribution and appropriations

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

5.24 Earnings per share

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

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

6.1 This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

6.2 This represents mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 This carries mark-up at the rate ranging from 0.70% to 1.51% per annum (2018: 0.56% to 1.35% per annum) as announced by SBP on monthly basis.

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

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

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

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

8.2 Securities held as collateral against lendings to financial institutions

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

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

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

9. INVESTMENTS - NET

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

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

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

9.1.3 The Bank has three subsidiary companies i.e. Punjab Management Services (Private) Limited (PMSL), First Punjab Modaraba (FPM) and Punjab Capital Securities (Private) Limited (PCS). The wholly owned subsidiary company of the Group, PMSL exercises control over FPM, as its management company and also has a direct economic interest in it. Further, PCS is a wholly owned subsidiary of FPM. Key financial results of subsidiary companies are as follows.

	PMSL		FPM		PCS	
	2019	2018	2019	2018	2019	2018
	Rupees in '000'					
Total assets	41,617	54,851	2,159,216	2,094,473	85,788	78,081
Total liabilities	63,122	48,592	1,961,493	1,898,850	15,684	11,846
Equity	(21,504)	6,259	197,722	195,623	70,103	66,235
Revenue	-	3,079	305,121	177,427	8,466	8,104
Profit / (loss) after tax	(13,777)	(3,320)	2,099	26,914	(207)	(5,448)
Total comprehensive (loss) / income	(27,764)	(20,637)	2,099	26,914	4,056	(5,448)

9.2 Investments by segments:

	Note	2019 Cost / Amortised cost	2019 Provision for diminution	2019 Surplus / (Deficit)	2019 Carrying value	2018 Cost / Amortised cost	2018 Provision for diminution	2018 Surplus / (Deficit)	2018 Carrying value
		Rupees in '000'							
Federal government securities:									
Market treasury bills	9.2.1	133,425,140	-	228,944	133,654,084	197,432,162	-	(14,005)	197,418,157
Pakistan investment bonds	9.2.1	210,962,957	-	3,080,271	214,043,228	250,329	-	-	250,329
Ijarah sukuks		1,985,749	-	(5,749)	1,980,000	2,623,602	-	(32,086)	2,591,516
Sukuk - bai muajjal with Government of Pakistan		2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		349,130,442	(400)	3,303,466	352,433,508	203,062,689	(400)	(46,091)	203,016,198
Shares:									
Listed companies		2,565,452	(1,148,551)	116,829	1,533,730	2,028,317	(1,015,870)	22,765	1,035,212
Unlisted companies		106,358	(21,355)	-	85,003	106,358	(9,010)	-	97,348
		2,671,810	(1,169,906)	116,829	1,618,733	2,134,675	(1,024,880)	22,765	1,132,560
Non government debt securities:									
Listed		1,992,459	(15,850)	1,519	1,978,128	867,573	(17,348)	2,094	852,319
Unlisted		7,763,495	(2,344,953)	-	5,418,542	7,251,915	(2,219,275)	-	5,032,640
		9,755,954	(2,360,803)	1,519	7,396,670	8,119,488	(2,236,623)	2,094	5,884,959
Foreign securities:									
Equity securities		4,019	-	-	4,019	4,019	-	-	4,019
Subsidiaries:									
Punjab modaraba services (Private) limited		164,945	(164,945)	-	-	164,945	(131,198)	-	33,747
Total investments		361,727,170	(3,696,054)	3,421,814	361,452,930	213,485,816	(3,393,101)	(21,232)	210,071,483

9.2.1 Investments given as collateral - at cost / amortized cost

	2019	2018
	Rupees in '000'	
Market treasury bills	11,378,650	19,829,188
Pakistan investment bonds	41,022,618	-
	52,401,268	19,829,188

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

9.3.2 **Particulars of provision against debt securities**

	2019		2018	
Category of classification	NPI	Provision	NPI	Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	308,606	125,678	-	-
Loss	2,235,525	2,235,525	2,237,023	2,237,023
Total	2,544,131	2,361,203	2,237,023	2,237,023

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

		2019	2018
		Cost / Amortized cost	
		Rupees in '000'	
9.4	**Quality of available for sale securities**		
	Details regarding quality of Available for Sale (AFS) securities are as follows:		
	Federal government securities - government guaranteed		
	Market treasury bills	123,528,930	172,356,294
	Pakistan investment bonds	151,200,957	-
	Ijarah sukuks	1,985,749	2,623,602
	Sukuk bai-muajjal with Government of Pakistan	2,756,196	2,756,196
		279,471,832	177,736,092

	2019	2018
	Cost / Amortized cost	
	Rupees in '000'	
Shares		
Cement	160,183	74,957
Fertilizer	885,978	877,838
Commercial banks	340,575	258,827
Power generation & distribution	512,427	388,039
Technology & telecommunication	87,894	85,415
Textile composite	104,834	73,008
Cable & electrical goods	181,726	265,475
Textile spinning	2,067	2,067
Oil & gas marketing companies	102,288	3,398
Sugar & allied industries	89,448	89,448
Paper & board	11,310	85
Pharmaceuticals	41,783	-
Food & personal care products	18,283	-
Chemicals	51,375	-
Insurance	12,317	-
Leasing companies	168	168
Glass & ceramics	43	43
Others	3,275	3,277
	2,605,974	2,122,045

	2019		2018	
Unlisted Companies	Cost	Breakup value	Cost	Breakup value
	Rupees in '000'			
Al - Baraka Bank Pakistan Limited	25,000	15,582	25,000	15,990
Al - Arabia Sugar Mills Limited	81,358	69,421	81,358	106,498
	106,358	85,003	106,358	122,488

	2019	2018
	Cost	
	Rupees in '000'	
Non government debt securities		
Listed		
- AAA	187,500	250,000
- AA+, AA, AA-	1,784,124	595,240
- Unrated	20,835	22,333
	1,992,459	867,573
Unlisted		
- AAA	3,335,714	3,878,571
- AA+, AA, AA-	950,000	501,448
- A+, A, A-	700,000	306,943
- BBB+, BBB, BBB-	249,900	-
- Unrated	2,527,881	2,564,953
	7,763,495	7,251,915
9.5 Foreign equity securities		
SWIFT shares	4,019	4,019

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

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

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

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

10. ADVANCES - NET

		Performing		Non Perf orming		Total	
		2019	2018	2019	2018	2019	2018
	Note	Rupees in '000'					
Loans, cash credits, running finances, etc.	10.1	319,953,398	324,864,552	51,027,036	49,076,188	370,980,434	373,940,740
Net book value of assets in ijarah under IFAS 2 - In Pakistan		1,522,428	337,920	215,000	215,000	1,737,428	552,920
Islamic financing and related assets		25,688,577	19,584,952	90,734	76,882	25,779,311	19,661,834
Bills discounted and purchased		30,318,260	31,583,488	30,521	16,992	30,348,781	31,600,480
Advances - gross		377,482,663	376,370,912	51,363,291	49,385,062	428,845,954	425,755,974
Provision against advances:							
- Specific		-	-	(45,119,933)	(43,530,419)	(45,119,933)	(43,530,419)
- General		(412,641)	(348,299)	-	-	(412,641)	(348,299)
		(412,641)	(348,299)	(45,119,933)	(43,530,419)	(45,532,574)	(43,878,718)
Advances - net of provision		377,070,022	376,022,613	6,243,358	5,854,643	383,313,380	381,877,256

10.1 Includes net investment in finance lease as disclosed below:

	2019				2018			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000'				Rupees in '000'			
Lease rentals receivable	5,567,432	19,391,488	44,849	25,003,769	2,965,571	24,128,949	-	27,094,520
Residual value	5,469,299	7,062,183	10,193	12,541,675	887,435	10,679,835	-	11,567,270
Minimum lease payments	11,036,731	26,453,671	55,042	37,545,444	3,853,006	34,808,784	-	38,661,790
Financial charges for future periods	905,496	3,640,011	4,077	4,549,584	970,028	2,641,092	-	3,611,120
Present value of minimum lease payments	10,131,235	22,813,660	50,965	32,995,860	2,882,978	32,167,692	-	35,050,670

10.2 Particulars of advances (gross)

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

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

Category of classification	2019 Non performing loans	2019 Provision	2018 Non performing loans	2018 Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	185,320	9,079	52,234	801
Substandard	1,131,078	139,457	351,004	65,741
Doubtful	8,204,461	4,808,487	9,722,789	5,247,064
Loss	41,842,432	40,162,910	39,259,035	38,216,813
Total	51,363,291	45,119,933	49,385,062	43,530,419

10.4 Particulars of provision against advances

	Note	2019 Specific	2019 General	2019 Total	2018 Specific	2018 General	2018 Total
		Rupees in '000'					
Opening balance		43,530,419	348,299	43,878,718	45,558,411	425,283	45,983,694
Charge for the year		3,790,075	64,342	3,854,417	2,350,848	-	2,350,848
Reversals for the year		(2,199,509)	-	(2,199,509)	(4,372,439)	(76,984)	(4,449,423)
		1,590,566	64,342	1,654,908	(2,021,591)	(76,984)	(2,098,575)
Amounts written off	10.5.1	(1,052)	-	(1,052)	(6,401)	-	(6,401)
Closing balance		45,119,933	412,641	45,532,574	43,530,419	348,299	43,878,718

10.4.1 Particulars of provision against advances with respect to currencies

In local currency	45,119,933	412,641	45,532,574	43,530,419	348,299	43,878,718
In foreign currencies	-	-	-	-	-	-
	45,119,933	412,641	45,532,574	43,530,419	348,299	43,878,718

10.4.2 General provision represents provision against consumer financing portfolio and unsecured SME portfolio as required by Prudential Regulations issued by the SBP.

10.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 2,527,122 thousand (2018: Rs. 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

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

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

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

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

	Note	2019	2018
		Rupees in '000'	
11. FIXED ASSETS			
Capital work-in-progress	11.1	192,270	231,947
Right-of-use assets	11.2	6,342,167	-
Property and equipment	11.3	8,684,456	8,555,981
		15,218,893	8,787,928

		2019	2018
		Rupees in '000'	
11.1 Capital work-in-progress			
Civil works		192,270	201,487
Equipment		-	30,460
		192,270	231,947

		2019
		Rupees in '000'
11.2 Right-of-use assets		
At January 1, 2019		
Cost		-
Impact of IFRS-16		5,191,472
Accumulated depreciation		-
Net book value - adjusted		5,191,472
Year ended December 31, 2019		
Opening net book value - adjusted		5,191,472
Additions during the year		2,106,596
Terminations during the year - at cost		(106,430)
Depreciation on terminations		26,247
Termination during the year - at book value		(80,183)
Depreciation charge during the year	11.2.1	(875,718)
Closing net book value		6,342,167
At December 31, 2019		
Cost		7,191,638
Accumulated depreciation		(849,471)
Net book value		6,342,167

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

11.3 Property and equipment

	2019							
	Freehold land	Building on freehold land	Furniture and fixture	Lease hold improvements	Electrical and office equipment	Computer equipment	Vehicles	Total
	Rupees in '000'							
At January 1, 2019								
Cost / Revalued amount	2,332,187	3,871,830	693,149	2,500,834	1,649,128	1,413,627	383,295	12,844,050
Accumulated depreciation	-	(291,099)	(274,598)	(1,938,411)	(824,712)	(678,185)	(281,064)	(4,288,069)
Net book value	2,332,187	3,580,731	418,551	562,423	824,416	735,442	102,231	8,555,981
Year ended December 31, 2019								
Opening net book value	2,332,187	3,580,731	418,551	562,423	824,416	735,442	102,231	8,555,981
Additions during the year	-	99,693	71,516	313,020	256,640	320,451	41,050	1,102,370
Revaluation surplus during the year	55,376	418,078	-	-	-	-	-	473,454
Disposals during the year - at cost / revalued amount	(775,959)	(159,910)	(2,799)	-	(9,050)	(7,271)	(53,103)	(1,008,092)
Depreciation on disposal	-	57,651	2,105	-	8,210	7,271	53,103	128,340
Disposals during the year - at book value	(775,959)	(102,259)	(694)	-	(840)	-	-	(879,752)
Depreciation charge during the year	-	(182,860)	(47,085)	(345,136)	(194,679)	(230,086)	(49,479)	(1,049,325)
Depreciation adjustment on revaluation surlpus during the year	-	419,080	-	-	-	-	-	419,080
Transfers / adjustments	48,450	16,965	83	2,168	(4,099)	1,853	-	65,420
Depreciation on transfers / adjustments	-	(2,772)	899	(75)	678	(1,502)	-	(2,772)
	48,450	14,193	982	2,093	(3,421)	351	-	62,648
Closing net book value	1,660,054	4,246,656	443,270	532,400	882,116	826,158	93,802	8,684,456
At December 31, 2019								
Cost / Revalued amount	1,660,054	4,246,656	762,848	2,815,947	1,893,297	1,727,158	371,242	13,474,430
Accumulated depreciation	-	-	(319,578)	(2,283,547)	(1,011,181)	(901,000)	(277,440)	(4,789,974)
Net book value	1,660,054	4,246,656	443,270	532,400	882,116	826,158	93,802	8,684,456
Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	

	2018							
	Freehold land	Building on freehold land	Furniture and fixture	Lease hold improvements	Electrical and office equipment	Computer equipment	Vehicles	Total
	Rupees in '000'							
At January 1, 2019								
Cost / Revalued amount	2,209,383	3,295,684	609,768	2,065,543	1,313,141	1,201,106	317,907	11,012,532
Accumulated depreciation	-	(148,335)	(236,054)	(1,612,848)	(670,974)	(494,831)	(228,602)	(3,391,644)
Net book value	2,209,383	3,147,349	373,714	452,695	642,167	706,275	89,305	7,620,888
Year ended December 31, 2019								
Opening net book value	2,209,383	3,147,349	373,714	452,695	642,167	706,275	89,305	7,620,888
Additions during the year	122,804	256,891	86,915	429,849	342,925	237,591	88,838	1,565,813
Revaluation surplus during the year	-	-	-	-	-	-	-	-
Disposals during the year - at cost/ revalued amount	-	(168,718)	(3,534)	-	(9,071)	(25,070)	(23,450)	(229,843)
Depreciation on disposal	-	28,247	2,588	-	8,023	24,563	15,632	79,053
Disposals during the year - at book value	-	(140,471)	(946)	-	(1,048)	(507)	(7,818)	(150,790)
Depreciation charge during the year	-	(171,011)	(41,132)	(325,563)	(161,761)	(207,917)	(68,094)	(975,478)
Depreciation adjustment on revaluation surlpus during the year	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	487,973	-	5,442	2,133	-	-	495,548
Closing net book value	2,332,187	3,580,731	418,551	562,423	824,416	735,442	102,231	8,555,981
At December 31, 2019								
Cost / Revalued amount	2,332,187	3,871,830	693,149	2,500,834	1,649,128	1,413,627	383,295	12,844,050
Accumulated depreciation	-	(291,099)	(274,598)	(1,938,411)	(824,712)	(678,185)	(281,064)	(4,288,069)
Net book value	2,332,187	3,580,731	418,551	562,423	824,416	735,442	102,231	8,555,981
Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	

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

	Revalued amount Rupees in '000'
Freehold land	1,660,054
Building on freehold land	4,246,656

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

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

11.3.3 The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 657,104 thousand (2018: Rs. 533,889 thousand).

11.3.4 The carrying amount of fixed assets held for disposal is Rs. 8,700 thousand (2018: 889,792 thousand). The fair value of these fixed assets approximates their carrying amount.

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

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

13. DEFERRED TAX ASSETS - NET

	2019				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
- Deficit on revaluation of investments	6,122	-	-	(6,122)	-
- Right-of-use assets	-	-	129,797	-	129,797
- Provision against advances	8,926,570	-	(162,844)	-	8,763,726
	8,932,692	-	(33,047)	(6,122)	8,893,523
Taxable temporary differences on:					
- Surplus on revaluation of fixed assets	(463,493)	-	23,078	(277,083)	(717,498)
- Surplus on revaluation of investments	-	-	-	(1,199,107)	(1,199,107)
- Accelerated tax depreciation	(320,081)	-	13,841	-	(306,240)
- Surplus on revaluation of non banking assets	(183,851)	-	9,186	71,770	(102,895)
	(967,425)	-	46,105	(1,404,420)	(2,325,740)
	7,965,267	-	13,058	(1,410,542)	6,567,783

	2018				
	At January 01	Prior year adjustments	Recognized in P&L A/C	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
- Post retirement employee benefits	44,182	(44,182)	-	-	-
- Deficit on revaluation of investments	28,808	-	-	(22,686)	6,122
- Provision against advances	11,525,114	(648,301)	(1,950,243)	-	8,926,570
	11,598,104	(692,483)	(1,950,243)	(22,686)	8,932,692
Taxable temporary differences on:					
- Surplus on revaluation of fixed assets	(513,360)	-	24,583	25,284	(463,493)
- Accelerated tax depreciation	(313,078)	-	(7,003)	-	(320,081)
- Surplus on revaluation of non banking assets	(47,143)	-	1,851	(138,559)	(183,851)
	(873,581)	-	19,431	(113,275)	(967,425)
	10,724,523	(692,483)	(1,930,812)	(135,961)	7,965,267

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

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

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

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

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

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

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

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

17.1 These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 2.00% per annum (2018: 1.00% to 2.00% per annum) with maturities upto June 30, 2020.

17.2 This amount is due to the SBP and has been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 9.00% per annum (2018: 1.00% to 9.70% per annum) with maturities upto July 15, 2029.

17.3 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at rates ranging from 2.50 % to 3.50% per annum (2018: 2.50% to 3.50% per annum) with maturities upto Feburary 10, 2020.

17.4 These represent borrowings from the SBP under scheme of financing facility renewable energy performance platform. Mark-up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2018: 2.00% per annum) with maturities upto December 06, 2027.

17.5 These are secured against market treasury bills, carrying mark-up at rates ranging from 13.10% to 13.20% per annum (2018: 10.25% to 10.40% per annum) maturing on January 02, 2020. The carrying value of market treasury bills given as collateral against these borrowings is Rs. 11,378,650 thousand (2018: Rs. 2,498,613 thousand).

17.6 These are secured against Pakistan investment bonds, carrying markup at 10.88% to 13.75% per annum (2018: Market treasury bills at 10.00% per annum) maturing on August 28, 2020. The carrying value of Pakistan investment bonds given as collateral against these borrowings is Rs. 41,022,618 thousand (2018: Market treasury bills Rs. 17,330,575 thousand).

17.7 This represents borrowings from Bank abroad carrying mark-up at rate of Nil (2018: 4.06% per annum).

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

18. DEPOSITS AND OTHER ACCOUNTS

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

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

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

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

19.1 Loan from GoPb

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

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

19.2 Privately placed term finance certificates - I

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

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).

Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

19.3 Privately placed term finance certificates - II

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

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

	Note	2019	2018
		Rupees in '000'	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		16,670,871	7,260,038
Mark-up / return / interest payable in foreign currency		82,589	44,506
Lease key money		12,541,675	11,567,270
Sundry creditors and accrued expenses		708,533	996,944
Acceptances		2,913,345	4,888,386
Mark-up payable on privately placed term finance certificates		130,626	97,913
Unclaimed dividends		2,588	2,599
Mark to market loss on forward foreign exchange contracts		155,671	-
Payable to gratuity fund		211,782	287,512
Gratuity payable to key management personnel	42.4	53,145	100,403
Payable to charity fund		-	114
Provision against off-balance sheet obligations	20.1	62,183	62,183
Provision for employees compensated absences		111,612	102,294
Taxes / zakat / import fee payable		372,905	193,646
Deferred income on sale of sukuk on bai - muajjal basis		691,120	1,044,888
Lease liability against right-of-use assets	20.2	6,717,938	-
Workers welfare fund		284,961	-
Others		255,997	260,625
		41,967,541	26,909,321

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

20.2 Lease liability against right-of-use assets

	2019	2018
	Rupees in '000'	
Not later than one year	28,857	-
Later than one year and less than five years	898,387	-
Over five years	5,790,694	-
	6,717,938	-

21. SHARE CAPITAL - NET

21.1 Authorized Capital

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

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

21.2 Issued, subscribed and paid up capital

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

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

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

	Note	2019	2018
		Rupees in '000'	
22.1 Surplus on revaluation of fixed assets - net of tax			
At January 01		2,374,212	2,516,691
Recognized during the year		892,534	-
Surplus on building transferred from non banking assets during the year		5,006	47,130
Surplus realized on disposal during the year		(574,814)	(119,375)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(42,861)	(45,652)
Related deferred tax liability on incremental depreciation charged during the year		(23,078)	(24,582)
At December 31		2,630,999	2,374,212
Less: related deferred tax liability on:			
- revaluation as at January 01		(463,493)	(513,360)
- revaluation recognized during the year		(293,005)	-
- surplus transferred from non banking asset during the year		(772)	(16,496)
- surplus realized on disposal during the year		16,694	41,781
- incremental depreciation charged during the year		23,078	24,582
	13	(717,498)	(463,493)
		1,913,501	1,910,719
22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net of tax			
At January 01		1,544,813	983,913
(Deficit) / surplus recognized during the year		(174,792)	668,714
Surplus realized on disposal during the year		(5,083)	(55,392)
Surplus on building transferred to fixed assets during the year		(5,006)	(47,130)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(17,059)	(3,440)
Related deferred tax liability on incremental depreciation charged during the year		(9,186)	(1,852)
At December 31		1,333,687	1,544,813
Less: related deferred tax liability on:			
- revaluation as at January 01		(183,851)	(47,143)
- revaluation recognized during the year		70,806	(158,924)
- surplus transferred to fixed assets during the year		772	16,496
- surplus realized on disposal during the year		192	3,868
- incremental depreciation charged during the year		9,186	1,852
	13	(102,895)	(183,851)
		1,230,792	1,360,962

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

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

	2019	2018
	Rupees in '000'	
23.2.3 Commitments in respect of operating leases		
Not later than one year	-	878,342
Later than one year and not later than five years	-	3,357,036
Later than five years	-	5,701,933
	-	9,937,311
23.3 Other contingent liabilities	142,633	1,464,824

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

23.3.2 During the year tax authorities of AJK made amendment under section 122(1) of for tax year 2013 to 2018 and created an additional demand of Rs. 133,658 thousands against which the Bank has filed appeal before Commissioner (Appeals) AJK. The management of the Bank, as per opinion of its tax consultant, is confident that the decision for aforementioned tax years will be decided in Bank's favour.

	Note	2019	2018
		Rupees in '000'	
23.4 Claims against the Bank not acknowledged as debts	23.4.1	53,806,237	57,231,157

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

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

		Note	2019	2018
			Rupees in '000'	
25.	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		46,983,925	23,531,356
	Borrowings:			
	Securities sold under repurchase agreements		1,559,555	1,140,951
	Call borrowings		3,190,785	1,154,779
	SBP borrowing		440,021	401,719
	Foreign currency borrowing		46,546	5,081
	Subordinated debts:			
	Mark-up on subordinated loan from GoPb		249,808	152,274
	Mark-up on privately placed term finance certificates		859,933	459,031
	Markup on lease liability against right-of-use assets		779,483	-
			54,110,056	26,845,191
26.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		559,831	524,130
	Consumer finance related fees		208,667	236,484
	Card related fees		539,952	372,759
	Credit related fees		443,188	446,529
	Branchless banking fees		51,663	45,577
	Commission on trade		581,298	553,528
	Commission on guarantees		167,443	273,908
	Commission on cash management		178,591	154,651
	Commission on remittances including home remittances		277,979	203,911
	Commission on bancassurance		156,628	207,325
	Commission on wheat financing		134,878	82,959
	SMS banking income		229,979	143,548
			3,530,097	3,245,309
27.	**GAIN ON SECURITIES - NET**			
	Realized gain on sale of securities - net	27.1	225,771	31,508
	Unrealized loss - held for trading	9.1	(4,207)	(3,741)
			221,564	27,767
27.1	**Realized gain on sale of securities - net:**			
	Federal government		90,024	(4,444)
	Shares / units		126,490	37,150
	Term finance certificates		9,257	(1,198)
			225,771	31,508
28.	**OTHER INCOME - NET**			
	Rent on property		1,520	4,937
	Loss on termination of lease liability against right-of-use assets		(4,922)	-
	Gain / (loss) on sale of fixed assets - net		65,146	(75)
	Gain on sale of non banking assets - net		67	36,627
	Compensation on tax refund		-	36,295
	Notice pay on resignations		11,616	13,734
			73,427	91,518

	Note	2019	2018
		Rupees in '000'	
29. OPERATING EXPENSES			
Total compensation expense	29.1	7,212,656	6,259,644
Property expenses:			
Rent and taxes		70,939	969,945
Insurance		18,974	13,529
Utilities cost		636,774	493,716
Security		2,172	7,642
Repair and maintenance including janitorial charges		16,874	28,130
Depreciation		527,996	496,574
Depreciation on right-of-use assets	11.2	875,718	-
Others		4,632	-
		2,154,079	2,009,536
Information technology expenses:			
Software maintenance		376,222	199,717
Hardware maintenance		107,255	96,159
Depreciation		230,086	207,917
Amortization	12.1	173,555	68,425
Network charges		331,442	320,661
		1,218,560	892,879
Other operating expenses:			
Director's fees and allowances	38.2	8,550	4,175
Fees and allowances to shariah board		3,805	3,164
Legal and professional charges		117,043	150,420
Subscription charges		16,089	15,636
Outsourced staff services costs	36.1	236,497	241,494
Travelling and conveyance		584,319	476,039
NIFT clearing charges		58,994	49,899
Depreciation		291,243	270,987
Depreciation on non banking assets	14.1.1	73,977	65,918
Depreciation on ijarah assets		238,279	359,585
Training and development		36,678	15,687
Postage and courier charges		143,809	109,996
Stationery and printing		239,198	241,694
Marketing, advertisement and publicity		102,522	139,423
Donations	29.2	1,000	-
Auditors remuneration	29.3	12,200	11,925
Insurance		140,017	100,675
Deposit protection fee		337,376	159,680
Repair and maintenance		169,902	137,814
Entertainment expenses		100,452	90,008
Fuel for generator		108,054	94,795
Commission and brokerage		141,454	119,757
Bank charges		80,028	52,420
SMS banking charges		38,669	33,900
ATM charges including ATM maintenance charges		140,012	97,645
Cash remittance charges		181,062	190,182
Branch license fee		14,641	17,983
CNIC verification / ECIB charges		70,947	33,688
Miscellaneous expenses		180,662	166,015
		3,867,479	3,450,604
		14,452,774	12,612,663

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

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

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

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

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

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

	2019	2018
	Rupees in '000'	
32.2 Relationship between tax expense and accounting profit		
Accounting profit before tax for the year	14,043,887	12,208,355
Tax on income @ 35%	4,915,360	4,272,924
Tax effect of permanent differences	48,544	18,748
Tax effect of super tax	569,922	273,470
Others	261,532	79,520
Tax charge for the year	5,795,358	4,644,662

	2019	2018
33. BASIC EARNINGS / (LOSS) PER SHARE		
Profit after tax for the year (Rs in '000')	8,248,529	7,563,693
Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
Basic earnings per share (Rs)	3.12	2.86

34. DILUTED EARNINGS / (LOSS) PER SHARE

There is no dilution effect on basic earnings per share.

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

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

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

37. EMPLOYEE BENEFITS

37.1 Defined benefit plan - gratuity

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

37.1.1 Number of employees under the scheme

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

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

37.1.2 Principal actuarial assumptions

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

	2019	2018
	Per annum	
Discount rate	11.00%	9.00%
Expected rate of return on plan assets	11.00%	9.00%
Expected rate of salary increase	10.00%	8.00%
Average expected remaining working life (years)	7	8

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

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

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

37.4 Sensitivity analysis

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

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

37.8 Funding policy

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

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

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

37.9 Defined benefit plan - compensated absences

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

37.9.1 Principal actuarial assumptions

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

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

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

37.9.5 Sensitivity analysis:

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

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

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

	2019	2018	2017	2016	2015
	Rupees in '000'				
Opening net liability	102,294	93,523	91,181	228,742	223,672
Net charge for the year	9,318	8,771	2,342	(137,561)	5,070
	111,612	102,294	93,523	91,181	228,742
Actuarial (loss) / gain on obligation	(1,175)	886	1,617	162,677	29,003

37.10 Defined contribution plan

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

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

	2019				2018			
	Chairman	Members shariah board	President / CEO	Key management personnel	Chairman	Members shariah board	President / CEO	Key management personnel
	Rupees in '000'							
Fees and allowances etc.	950	3,805	-	-	675	3,164	-	-
Managerial remuneration								
Fixed	807	553	75,115	186,440	576	-	81,996	239,318
Variable cash bonus / awards	-	-	16,104	18,766	-	-	42,263	34,128
Charge for defined benefit plan	-	-	13,118	5,607	-	-	60,376	44,128
Contribution to defined contribution plan	-	-	-	5,912	-	-	-	4,247
Utilities	291	-	-	-	-	-	-	-
Medical	421	-	-	-	384	-	-	-
LFA	-	-	-	-	-	-	-	-
Relocation allowance	-	-	-	720	-	-	1,782	-
Servant salary	-	-	-	-	-	-	673	-
Others	21	-	264	370	36	-	116	708
Total	2,490	4,358	104,601	217,815	1,671	3,164	187,206	322,529
Number of persons	1	3	1	22	1	3	1	20

38.1.1 Total compensation paid during the year to President / CEO represents amount paid to acting President / DCEO.

38.1.2 Total compensation expense of key management personnel includes amount paid to key material risk takers / controllers.

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

Name of Director	2019							
	Rupees in '000'							
		For Board Committees						
	Board Meetings	Islamic Banking Review Committee	Non Performing Loans Committee	Central Audit Committee	Human Resource & Remuneration Committee	Information Technology Review Committee	Risk Management Committee	Total amount paid
Dr. Pervaiz Tahir	800	100	-	-	-	50	-	950
Mohammad Jehanzeb Khan	1,100	-	-	-	350	50	100	1,600
Abdullah khan Sumbal	400	-	-	-	-	-	50	450
Hamed Yaqoob Sheikh	400	-	-	50	-	-	100	550
Khawaja Farooq Saeed	1,100	100	-	250	350	-	-	1,800
Saeed Anwar	1,000	-	-	250	-	50	200	1,500
Dr. Muhammad Amjad Saqib	1,000	100	-	-	350	-	150	1,600
Shaharyar Ahmad	100	-	-	-	-	-	-	100
Total	5,900	300	-	550	1,050	150	600	8,550

Name of Director	2018							
	Rupees in '000'							
		For Board Committees						
	Board Meetings	Islamic Banking Review Committee	Non Performing Loans Committee	Central Audit Committee	Human Resource & Remuneration Committee	Information Technology Review Committee	Risk Management Committee	Total amount paid
Dr. Pervaiz Tahir	550	125	-	-	-	-	-	675
Mohammad Jehanzeb Khan	300	-	-	-	50	-	-	350
Hamed Yaqoob Sheikh	500	-	-	-	-	25	-	525
Khawaja Farooq Saeed	500	125	25	100	-	-	25	775
Saeed Anwar	500	-	25	100	-	25	50	700
Dr. Muhammad Amjad Saqib	450	125	-	-	-	-	-	575
Dr. Umar Saif	100	-	25	-	-	25	-	150
Syed Maratib Ali	150	-	-	-	50	-	50	250
Mr. Mohammad Afzaal Bhatti	100	-	-	25	50	-	-	175
Total	3,150	375	75	225	150	75	125	4,175

38.3 Remuneration paid to Shariah board members

	2019				2018			
	Chairman	Resident member	Non-resident member	Total amount paid	Chairman	Resident member	Non-resident member	Total amount paiod
	Rupees in '000'							
Meeting fees and allowances	1,935	-	1,870	3,805	1,380	-	1,784	3,164
Salary & festival bonus paid to resident member through bank's payroll	-	553	-	553	-	-	-	-
Total amount	1,935	553	1,870	4,358	1,380	-	1,784	3,164
Number of persons	1	1	1		1	1	1	

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

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

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

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

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

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

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

	2019				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	292,671,508	-	292,671,508	-	292,671,508
Shares	1,618,733	1,533,730	-	85,003	1,618,733
Non-Government debt securities	1,978,127	-	1,978,127	-	1,978,127
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary company	-	-	-	-	-
Financial assets disclosed but not measured at fair value :					
Government securities	59,762,000	-	64,466,364	-	64,466,364
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,906,710	-	5,906,710	-	5,906,710
Non banking assets acquired in satisfaction of claims	7,392,801	-	7,392,801	-	7,392,801
Financial liabilities measured at fair value:					
Payable to gratuity fund	211,782	-	211,782	-	211,782
Provision for employees compensated absences	111,612	-	111,612	-	111,612
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	27,819,676	-	27,819,676	-	27,819,676
Forward sale of foreign exchange contracts	24,322,698	-	24,322,698	-	24,322,698

	2018				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	202,765,869	-	202,765,869	-	202,765,869
Shares	1,132,560	1,035,212	-	97,348	1,132,560
Non-Government debt securities	852,320	-	852,320	-	852,320
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary company	33,747	-	-	33,747	33,747
Financial assets disclosed but not measured at fair value:					
Government securities	250,329	-	248,902	-	248,902
Non Financial assets measured at fair value:					
Operating fixed assets (land & building)	5,912,918	-	5,912,918	-	5,912,918
Non banking assets acquired in satisfaction of claims	7,436,947	-	7,436,947	-	7,436,947
Financial liabilities measured at fair value:					
Payable to gratuity fund	287,512	-	287,512	-	287,512
Provision for employees compensated absences	102,294	-	102,294	-	102,294
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	13,823,439	-	13,823,439	-	13,823,439
Forward sale of foreign exchange contracts	9,009,056	-	9,009,056	-	9,009,056

40. SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2019						
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	36,036,686	-	6,875,475	32,832,790	4,824,953	296,944	80,866,848
Inter segment revenue - net	(26,140,587)	56,878,503	(5,138,037)	(27,459,663)	(10,665)	1,870,449	-
Non mark-up / return / interest income	1,042,276	815,300	299,214	1,618,108	93,993	70,720	3,939,611
Total income	10,938,375	57,693,803	2,036,652	6,991,235	4,908,281	2,238,113	84,806,459
Segment direct expenses	965,228	53,137,874	581,293	5,094,762	3,594,765	5,612,566	68,986,488
Inter segment expense allocation	3,063,030	(2,258,567)	57,238	16,263	-	(877,964)	-
Total expenses	4,028,258	50,879,307	638,531	5,111,025	3,594,765	4,734,602	68,986,488
Provisions	1,457,907	87,315	180,864	404,485	28,083	(382,570)	1,776,084
Profit / (loss) before tax	5,452,210	6,727,181	1,217,257	1,475,725	1,285,433	(2,113,919)	14,043,887
Balance sheet							
Cash & bank balances	-	36,534,123	-	20,093,277	7,097,797	-	63,725,197
Investments - net	2,569,293	-	-	349,947,441	8,936,196	-	361,452,930
Net inter segment lending	-	625,626,216	-	-	2,342,604	24,456,858	652,425,678
Lendings to financial institutions	-	-	-	664,771	3,395,000	-	4,059,771
Advances - performing	290,116,157	-	54,477,738	-	27,211,005	5,265,122	377,070,022
- non-performing - net	5,302,696	-	862,781	-	59,967	17,914	6,243,358
Others	14,081,124	5,727,520	1,169,369	7,888,965	4,221,371	23,288,153	56,376,502
Total assets	312,069,270	667,887,859	56,509,888	378,594,454	53,263,940	53,028,047	1,521,353,458
Borrowings	26,589,201	-	-	50,455,754	-	-	77,044,955
Subordinated debts	-	-	-	-	-	8,794,420	8,794,420
Deposits & other accounts	-	644,928,438	-	-	46,089,009	-	691,017,447
Net inter segment borrowing	282,566,724	-	43,904,084	325,954,870	-	-	652,425,678
Others	2,913,345	22,959,421	12,605,804	2,183,830	3,419,840	1,306,384	45,388,624
Total liabilities	312,069,270	667,887,859	56,509,888	378,594,454	49,508,849	10,100,804	1,474,671,124
Equity							46,682,334
Total equity & liabilities							1,521,353,458
Contingencies & commitments	124,290,688	-	746,379	53,180,523	16,807,634	199,416	195,224,640

HarFardKaKhayal
دی ہر فرد کا خیال رکھے

	2018						
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	23,120,442	-	4,068,307	16,738,943	2,874,347	106,195	46,908,234
Inter segment revenue - net	(19,197,210)	35,555,736	(3,021,010)	(14,326,092)	(48,042)	1,036,618	-
Non mark-up / return / interest income	1,187,615	905,749	237,551	1,029,019	67,763	235,478	3,663,175
Total income	5,110,847	36,461,485	1,284,848	3,441,870	2,894,068	1,378,291	50,571,409
Segment direct expenses	(1,029,067)	33,455,222	520,868	2,552,341	2,289,116	1,722,939	39,511,419
Inter segment expense allocation	1,905,684	(1,596,683)	6,239	-	-	(315,240)	-
Total expenses	876,617	31,858,539	527,107	2,552,341	2,289,116	1,407,699	39,511,419
Provisions	(2,071,416)	77	(188,580)	247,754	156,631	707,169	(1,148,365)
Profit / (loss) before tax	6,305,646	4,602,869	946,321	641,775	448,321	(736,577)	12,208,355
Balance sheet							
Cash & Bank balances	-	29,988,766	-	15,006,379	4,396,174	-	49,391,319
Investments - net	1,300,966	-	-	199,171,357	9,599,160	-	210,071,483
Net inter segment lending	-	538,723,277	-	-	-	15,165,594	553,888,871
Lendings to financial institutions	-	-	-	22,493,153	5,350,000	-	27,843,153
Advances - performing	297,334,000	-	55,742,713	-	19,922,874	3,023,025	376,022,612
- non-performing	5,547,455		199,217		72,752	35,220	5,854,644
Others	12,294,712	1,471,919	1,398,214	1,545,708	2,039,876	26,445,952	45,196,381
Total assets	316,477,133	570,183,962	57,340,144	238,216,597	41,380,836	44,669,791	1,268,268,463
Borrowings	20,721,936	-	-	21,071,265	-	-	41,793,201
Subordinated debts	-	-	-	-	-	8,797,140	8,797,140
Deposits & other accounts	-	559,080,851	-	-	36,501,111	-	595,581,962
Net inter segment borrowing	290,866,811	-	45,772,874	217,061,999	187,187	-	553,888,871
Others	4,888,386	11,103,111	11,567,270	83,333	2,295,659	549,239	30,486,998
Total liabilities	316,477,133	570,183,962	57,340,144	238,216,597	38,983,957	9,346,379	1,230,548,172
Equity							37,720,291
Total equity & liabilities							1,268,268,463
Contingencies & commitments	108,373,498	10,482,058	-	22,172,986	3,096,732	1,683,210	145,808,484

41 TRUST ACTIVITIES

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

42. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. Remuneration of key management personnel is disclosed in Note 38.1. In addition key management personnel are paid terminal and short-term terminal benefits.

	2019				2018			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Other related parties	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Other related parties
	Rupees in '000				Rupees in '000			
Lendings to financial institutions:								
Opening balance	-	400,000	-	-	-	400,000	-	-
Addition during the year	-	1,300,000	-	-	-	1,600,000	-	-
Repaid during the year	-	1,600,000	-	-	-	1,600,000	-	-
Closing balance	-	100,000	-	-	-	400,000	-	-
Investments (gross)	-	164,945	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	164,945	-	-	-	131,198	-	-
Advances:								
Opening balance	197,801	1,287,780	-	-	182,129	1,199,047	-	-
Addition during the year	219,850	1,300,324	-	-	90,341	1,132,228	-	-
Repaid during the year	109,418	1,329,578	-	-	74,669	1,043,495	-	-
Closing balance	308,233	1,258,526	-	-	197,801	1,287,780	-	-
Provision held against advances	-	56,301	-	-	-	46,199	-	-
Advance rent	-	-	-	-	-	-	-	67,317
Right of use asset	-	-	-	93,381	-	-	-	-
Lease liability against right-of-use assets	-	-	-	38,502	-	-	-	-
Deposits and other accounts:								
Opening balance	37,682	19,999	2,398,389	7,753	24,414	98,198	2,770,528	2,396
Received during the year	528,282	1,474,110	1,148,293	85,894	553,084	1,236,350	791,508	156,480
Withdrawn during the year	552,755	1,492,521	981,772	92,771	539,816	1,314,549	1,163,647	151,123
Closing balance	13,209	1,588	2,564,910	876	37,682	19,999	2,398,389	7,753
Income:								
Mark-up / return / interest earned	20,246	200,624	-	-	8,817	112,902	-	-
Provisions:								
Charge of provision - investment	-	33,747	-	-	-	-	-	-
Charge of provision - advances	-	10,102	-	-	-	822	-	-
Expense:								
Mark-up / return / interest paid	1,120	-	301,539	1,024	960	-	169,425	146
Mark-up on lease liability against right-of-use assets	-	-	-	4,826	-	-	-	-
Depreciation on right-of-use assets	-	-	-	7,373	-	-	-	-
Commission expense	-	62	-	-	-	437	-	-

42.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 43,767,706 thousand (2018: Rs. 55,256,269 thousand), Rs. 357,426,911 thousand (2018: Rs. 306,110,933 thousand) and Rs. 29,655,042 thousand (2018: Rs. 30,682,028 thousand) respectively. Further, during the year, the Bank has incurred markup expense of Rs. 249,808 thousand (2018: Rs. 152,274 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

42.3 The Bank made contribution of Rs. 184,477 thousand (2018: Rs. 139,739 thousand) to employees provident fund during the year.

42.4 During the year, the Bank has recorded Rs. 13,118 thousand (2018: Rs 60,376 thousand and Rs. 40,027 thousand) as gratuity payable to President / CEO and DCEO.

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

42.6 Advances to employees as at December 31, 2019, other than key management personnel, amounts to Rs. 5,494,198 thousand (2018: Rs. 3,914,070 thousand).

	2019	2018
	Rupees in '000'	
43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	37,926,403	28,930,901
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	37,926,403	28,930,901
Eligible Tier 2 Capital	11,742,487	9,731,042
Total Eligible Capital (Tier 1 + Tier 2)	49,668,890	38,661,943
Risk Weighted Assets (RWAs):		
Credit Risk	286,447,542	255,252,014
Market Risk	3,381,838	2,335,178
Operational Risk	45,712,499	35,907,591
Total	335,541,879	293,494,783
Common Equity Tier 1 Capital Adequacy ratio	11.30%	9.86%
Tier 1 CAR (%)	11.30%	9.86%
Total CAR (%)	14.80%	13.17%

43.1 Capital adequacy framework

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

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

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

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

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

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

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

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.

- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

  The deductions from Tier 1 capital include mainly:
  i) Book value of goodwill / intangibles;
  ii) Shortfall in provision
  iii) Deficit on revaluation of available for sale investments - AFS & fixed assets;
  iv) Defined benefit pension fund asset

v) Investment in own shares
vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
vii) Investment in mutual funds above a prescribed ceiling
viii)Threshold deductions applicable from 2014 on deferred tax assets and certain investments;
ix) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position during transition phase

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

The deductions from Tier 2 include mainly

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

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

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

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

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

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

44. RISK MANAGEMENT

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

44.1 Credit risk

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

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

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

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

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

44.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees in '000'					
Public / Government	-	-	-	-	-	-
Private	4,059,771	27,843,153	-	-	-	-
	4,059,771	27,843,153	-	-	-	-

44.1.2 Investment in debt securities

Oil & gas	187,500	250,000	-	-	-	-
Textile	582,301	582,301	582,301	582,301	582,301	582,301
Cement	20,000	20,000	20,000	20,000	20,000	20,000
Sugar	308,606	317,811	308,606	-	125,678	-
Electronics and electrical appliances	427,862	284,855	27,862	27,862	27,862	27,862
Construction	47,387	47,387	47,387	47,387	47,387	47,387
Power (electricity), gas, water, sanitary	3,335,714	3,878,571	-	-	-	-
Transport, storage and communication	5,488	34,852	5,488	6,986	5,488	6,986
Financial	349,790,707	203,427,547	34,808	34,808	34,808	34,808
Services	950,000	501,448	-	-	-	-
Chemical and Pharmaceuticals	1,500,000	-	-	-	-	-
Fertilizer	1,730,831	1,837,405	1,518,079	1,517,679	1,518,079	1,517,679
	358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023

Credit risk by public / private sector

Public/ Government	349,216,156	203,427,547	400	400	400	400
Private	9,670,240	7,754,630	2,544,131	2,236,623	2,361,203	2,236,623
	358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees in '000'					

44.1.3 Advances

Agriculture, Forestry, Hunting and Fishing	14,260,967	12,005,293	1,104,290	881,184	856,027	804,745
Oil & Gas	1,609,520	2,929,676	86,131	77,781	74,134	72,781
Textile	72,594,898	69,374,545	25,074,925	24,225,200	22,467,710	20,807,249
Chemical and Pharmaceuticals	9,913,675	9,049,220	117,630	68,734	83,935	68,734
Cement	18,241,013	16,177,409	423,980	1,490,129	364,013	914,875
Sugar	14,195,669	14,035,366	2,019,841	1,171,500	1,596,099	1,144,701
Footwear and Leather garments	1,183,400	733,435	517,610	517,610	516,066	200,115
Automobile and transportation equipment	2,574,879	2,555,900	1,986,465	1,985,001	1,982,999	1,985,001
Electronics and electrical appliances	4,008,717	4,971,541	37,720	37,764	37,720	37,764
Cable, electrical & Engineering	6,429,908	7,162,896	2,127,649	1,839,829	1,817,804	1,835,208
Production & transmission of energy	72,264,093	66,011,429	1,863,385	1,562,787	1,561,765	1,555,016
Construction	6,142,392	7,684,052	1,868,215	1,450,980	1,592,760	1,287,928
Trading & Commerce	46,286,350	51,092,229	6,979,645	6,900,288	6,470,028	6,274,051
Food & Allied	37,663,811	50,716,076	3,241,565	3,034,783	3,005,118	2,733,790
Transport, Storage and Communication	39,193,270	31,536,555	184,877	195,567	168,797	163,407
Financial	1,954,778	1,846,403	602,553	361,714	602,553	361,714
Fertilizer	10,688,089	5,253,412	71,814	119,464	71,814	96,939
Services	8,799,311	11,762,370	1,264,556	976,584	1,243,770	967,525
Individuals	42,252,583	42,364,144	666,204	748,749	433,723	590,933
Others	18,588,631	18,494,023	1,124,236	1,739,414	173,098	1,627,943
	428,845,954	425,755,974	51,363,291	49,385,062	45,119,933	43,530,419

Credit risk by public / private sector

Public/ Government	108,488,179	107,907,134	-	-	-	-
Private	320,357,775	317,848,840	51,363,291	49,385,062	45,119,933	43,530,419
	428,845,954	425,755,974	51,363,291	49,385,062	45,119,933	43,530,419

	2019	2018
	Rupees in '000'	
44.1.4 Contingencies and commitments		
Textile and ginning	6,986,694	6,345,358
Cement	1,496,748	5,853,118
Sugar	67,674	1,046,522
Financial	68,807,739	34,160,855
Construction and real estate	11,916,521	12,558,773
Oil and gas	5,337,217	4,972,657
Auto and allied	1,540,729	811,305
Food and allied	2,156,197	2,530,882
Chemical and pharmaceuticals	1,569,381	1,462,319
Fertilizers	775,473	687,074
Cable, electrical and engineering	3,204,888	2,392,473
Production and transmission of energy	48,213,526	42,042,722
Transport, storage and communication	4,543,928	952,594
Individuals	-	9,261,997
Trading and commerce	3,024,711	2,251,009
Services	1,564,082	1,627,785
Others	34,019,132	16,851,041
	195,224,640	145,808,484
Credit risk by public / private sector		
Public/ Government	56,259,659	38,890,141
Private	138,964,981	106,918,343
	195,224,640	145,808,484

44.1.5 Concentration of advances

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

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

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

Total funded classified therein

	2019		2018	
	Amount	Provision held	Amount	Provision held
	Rupees in '000'			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	6,151,699	4,595,850	6,390,871	3,895,436
Loss	-	-	-	-
Total	6,151,699	4,595,850	6,390,871	3,895,436

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

44.1.6 Advances - province / region-wise disbursement and utilization

	2019						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	167,474,617	155,444,593	8,875,926	180,831	474,329	2,489,884	9,054
Sindh	66,819,458	1,744,827	64,701,698	372,932	-	1	-
KPK including FATA	806,887	32,939	-	773,948	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	24,718,591	-	-	3,025,632	-	21,692,955	4
AJK including Gilgit-Baltistan	55,256	-	-	-	-	-	55,256
Total	259,874,809	157,222,359	73,577,624	4,353,343	474,329	24,182,840	64,314

	2018						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	168,841,108	161,921,242	5,095,631	164,225	647,946	999,874	12,190
Sindh	71,345,255	704,500	70,273,794	366,958	-	3	-
KPK including FATA	1,521,655	12,350	-	1,509,305	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	16,108,150	348,428	-	2,321,141	-	13,438,581	-
AJK including Gilgit-Baltistan	5,443	4	-	-	-	-	5,439
Total	257,821,611	162,986,524	75,369,425	4,361,629	647,946	14,438,458	17,629

44.1.7 Credit risk - general disclosures

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

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

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

Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns		√			
PSEs	√	√			
SMEs	√	√			

Mapping to SBP rating grades

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

Long term ratings grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	0 1
2	A+ A A-	A1 A2 A3	A+ A A-	A+ A A-	A+ A A-	2
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	4
5	B+ B B-	B1 B2 B3	B+ B B-	B+ B B-	B+ B B-	5 6
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short term rating grades mapping

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

Credit exposures subject to standardized approach

Exposures	Rating	2019			2018		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000					
Corporate	1	30,265,905	(5,821,265)	24,444,640	36,639,351	(11,989,689)	24,649,662
	2	73,762,423	(1,321,057)	72,441,366	59,171,775	(424,547)	58,747,228
	3,4	13,141,502	(28,724)	13,112,778	10,985,907	-	10,985,907
	5,6	-	-	-	-	-	-
	Unrated-125%	57,746,100	(16,237,564)	41,508,536	66,332,367	(22,361,098)	43,971,269
	Unrated-100%	49,866,743	(1,139,090)	48,727,653	45,392,771	(1,470,380)	43,922,391
Bank	1	27,471,538	(553,175)	26,918,363	41,186,893	(17,422,279)	23,764,614
	2,3	25,550	-	25,550	-	-	-
	4,5	-	-	-	90,185	-	90,185
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Public sector enterprises in Pakistan	1	20,431,083	-	20,431,083	15,451,040	-	15,451,040
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	
	6	-	-	-	-	-	
	Unrated	57,943,992	(56,415,159)	1,528,833	50,180,349	(49,330,975)	849,374
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	412,403,060	(28,435,835)	383,967,225	251,342,893	(39,150,264)	212,192,629
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	136,933	-	136,933	36,318	-	36,318
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	320,711	-	320,711	320,393	-	320,393
Un-listed equity investments	150%	15,582	-	15,582	15,990	-	15,990
Non performing loans	150%	3,458,604	-	3,458,604	1,274,139	-	1,274,139
	100%	902,232	-	902,232	1,843,634	-	1,843,634
	50%	1,882,521	-	1,882,521	2,736,868	-	2,736,868
Mortgage	35%	4,586,060	-	4,586,060	3,202,861	-	3,202,861
Retail	75%	47,166,141	(13,158,889)	34,007,252	57,175,835	(12,702,477)	44,473,358
Fixed assets	100%	15,218,892	-	15,218,892	8,787,927	-	8,787,927
Deferred tax assets	100%	-	-	-	-	-	-
Deferred tax assets	250%	4,044,926	-	4,044,926	3,354,197	-	3,354,197
Significant investments	250%	-	-	-	33,747	-	33,747
Others	100%	33,796,541	(636,600)	33,159,941	27,551,697	(2,141,878)	25,409,819
Total		854,587,039	(123,747,358)	730,839,681	683,107,137	(156,993,587)	526,113,550

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

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

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

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

44.1.8.2 Equity position risk in the banking book

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

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

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

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

44.2 Market risk

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

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

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

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

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

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

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

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

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

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

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

44.2.1 Balance sheet split by trading and banking books

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

44.2.2 Foreign exchange risk

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

	2019				2018			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000							
United States Dollar	3,341,446	5,976,241	1,229,367	(1,405,428)	2,362,917	6,138,839	2,709,608	(1,066,313)
Great Britain Pound Sterling	900,210	3,013,573	2,114,558	1,195	901,919	2,546,288	1,623,063	(21,306)
Euro	692,362	1,164,322	265,480	(206,480)	552,558	995,396	252,015	(190,823)
Japanese Yen	-	67,173	68,564	1,390	-	1,185	-	(1,185)
Other currencies	94,289	4,419	(25,320)	64,550	148,454	82,471	83,266	149,247
	5,028,307	10,225,728	3,652,649	(1,544,773)	3,965,848	9,764,179	4,667,952	(1,130,380)

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	(2,675)	-	(4,072)
- Other comprehensive income	-	-	-	-

44.2.3 Equity position risk

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

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 5% change in equity prices on				
- Profit and loss account	-	(70,720)	-	(62,606)
- Other comprehensive income	-	-	-	-

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

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

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

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

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

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

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in interest rates on				
- Profit and loss account	6,807,925	98,945	1,277,000	261,000
- Other comprehensive income	-	-	-	-

44.2.5 Mismatch of interest rate sensitive assets and liabilities

	2019											
	Exposed to Yield / Interest risk											
	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
	Rupees in '000											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		53,414,628	1,587,930	-	-	-	-	-	-	-	-	51,826,698
Balances with other banks	11.25%	10,310,569	2,843,062	-	-	-	-	-	-	-	-	7,467,507
Lending to financial institutions	11.07%	4,059,771	3,759,771	300,000	-	-	-	-	-	-	-	-
Investments - net	12.09%	361,452,930	40,017,931	799,887	10,899,246	94,713,229	56,146,242	7,546,577	68,871,711	80,904,775	-	1,553,332
Advances - net	11.01%	383,313,380	63,515,669	319,779,016	-	-	-	-	-	-	-	18,695
Other assets		23,637,717	-	-	-	-	-	-	-	-	-	23,637,717
		836,188,995	111,724,363	320,878,903	10,899,246	94,713,229	56,146,242	7,546,577	68,871,711	80,904,775	-	84,503,949
Liabilities												
Bills payable		3,421,083	-	-	-	-	-	-	-	-	-	3,421,083
Borrowings	12.09%	77,044,955	27,480,316	23,223,666	13,697,909	4,744,105	505,239	521,664	970,777	5,762,091	-	139,188
Deposits and other accounts	7.68%	691,017,447	22,009,025	399,304,872	32,730,526	78,032,305	127,650	4,700,300	609,950	-		153,502,819
Subordinated debts	12.62%	8,794,420	-	-	8,794,420	-	-	-	-	-	-	-
Other liabilities		41,214,238	1,385	2,418	5,690	19,364	104,544	224,307	569,536	2,539,286	3,251,408	34,496,300
		821,492,143	49,490,726	422,530,956	55,228,545	82,795,774	737,433	5,446,271	2,150,263	8,301,377	3,251,408	191,559,390
On-balance sheet gap		14,696,852	62,233,637	(101,652,053)	(44,329,299)	11,917,455	55,408,809	2,100,306	66,721,448	72,603,398	(3,251,408)	(107,055,441)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		118,394,704	-	-	-	-	-	-	-	-	-	118,394,704
Commitments in respect of:												
- forward foreign exchange contracts - net		3,652,649	-	-	-	-	-	-	-	-	-	3,652,649
- forward lending		23,449,998	-	-	-	-	-	-	-	-	-	23,449,998
Other commitments		56,782	-	-	-	-	-	-	-	-	-	56,782
Off-balance sheet gap		145,554,133	-	-	-	-	-	-	-	-	-	145,554,133
Total yield / interest risk sensitivity gap			62,233,637	(101,652,053)	(44,329,299)	11,917,455	55,408,809	2,100,306	66,721,448	72,603,398	(3,251,408)	38,498,692
Cumulative yield / interest risk sensitivity gap			62,233,637	(39,418,416)	(83,747,715)	(71,830,260)	(16,421,451)	(14,321,145)	52,400,303	125,003,701	121,752,293	160,250,985

	2018											
	Exposed to Yield / Interest risk											
	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
	Rupees in '000											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		43,589,007	1,283,852	-	-	-	-	-	-	-	-	42,305,155
Balances with other banks	6.50%	5,802,312	1,666,992	-	-	-	-	-	-	-	-	4,135,320
Lending to financial institutions	7.44%	27,843,153	4,850,000	22,993,153	-	-	-	-	-	-	-	-
Investments - net	6.88%	210,071,483	133,571,800	65,579,802	9,749,559	-	-	-	-	-	-	1,170,322
Advances - net	7.44%	381,877,256	53,822,412	328,054,844	-	-	-	-	-	-	-	-
Other assets		14,760,937	-	-	-	-	-	-	-	-	-	14,760,937
		683,944,148	195,195,056	416,627,799	9,749,559	-	-	-	-	-	-	62,371,734
Liabilities												
Bills payable		3,577,677	-	-	-	-	-	-	-	-	-	3,577,677
Borrowings	7.24%	41,793,201	20,603,995	9,458,357	5,630,752	575,941	681,040	771,515	1,133,300	2,727,538	-	210,763
Deposits and other accounts	4.17%	595,581,962	30,247,121	325,638,558	20,598,274	64,607,651	1,514,226	734,795	377,809	-	-	151,863,528
Subordinated debts	8.06%	8,797,140	2,000,000	-	6,797,140	-	-	-	-	-	-	-
Other liabilities		25,802,250	-	-	-	-	-	-	-	-	-	25,802,250
		675,552,230	52,851,116	335,096,915	33,026,166	65,183,592	2,195,266	1,506,310	1,511,109	2,727,538	-	181,454,218
On-balance sheet gap		8,391,918	142,343,940	81,530,884	(23,276,607)	(65,183,592)	(2,195,266)	(1,506,310)	(1,511,109)	(2,727,538)	-	(119,082,484)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		97,339,654	-	-	-	-	-	-	-	-	-	97,339,654
Commitments in respect of:												
- forward foreign exchange contracts - net		4,667,952	-	-	-	-	-	-	-	-	-	4,667,952
- forward lending		14,675,323	-	-	-	-	-	-	-	-	-	16,297,428
Other commitments		10,155,697	-	-	-	-	-	-	-	-	-	10,155,697
Off-balance sheet gap		126,838,626	-	-	-	-	-	-	-	-	-	128,460,731
Total yield / interest risk sensitivity gap			142,343,940	81,530,884	(23,276,607)	(65,183,592)	(2,195,266)	(1,506,310)	(1,511,109)	(2,727,538)	-	9,378,247
Cumulative yield / interest risk sensitivity gap			142,343,940	223,874,824	200,598,217	135,414,625	133,219,359	131,713,049	130,201,940	127,474,402	127,474,402	136,852,649

#HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کے

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

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

44.3 Operational risk

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

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

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

44.3.1 Operational risk disclosures Basel-II specific

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

44.4 Liquidity risk

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

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

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

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

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

	2018													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	43,589,007	43,589,007	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	5,802,312	5,802,312	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	27,843,153	-	1,750,000	900,000	2,200,000	22,993,153	-	-	-	-	-	-	-	-
Investments - net	210,071,483	-	133,463,353	100,329	8,118	64,251,440	859,900	731,492	202,571	202,571	2,277,941	3,604,896	2,261,384	2,107,488
Advances - net	381,877,256	33,629,728	2,520,769	1,762,999	15,908,916	10,672,271	59,108,990	23,153,601	8,884,784	20,738,592	40,933,087	27,974,752	82,257,471	54,331,296
Fixed assets	8,787,928	2,799	16,794	19,593	47,597	86,783	86,783	260,349	260,349	260,349	1,041,396	1,041,396	2,082,792	3,580,948
Intangible assets	891,489	325	1,950	2,275	5,525	9,587	9,588	29,575	29,900	29,900	118,625	118,625	152,570	383,044
Deferred tax assets - net	7,965,267	-	-	-	-	-	-	-	-	-	-	-	7,965,267	-
Other assets - net	27,551,697	10,176,030	621,859	1,347,949	1,682,318	435,369	332,916	248,905	299,318	11,362,145	-	1,044,888	-	-
	714,379,592	93,200,201	138,374,725	4,133,145	19,852,474	98,448,603	60,398,177	24,423,922	9,676,922	32,593,557	44,371,049	33,784,557	94,719,484	60,402,776
Liabilities														
Bills payable	3,577,677	3,577,677	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	41,793,201	210,763	20,103,557	-	500,438	1,353,688	8,104,669	5,630,752	566,941	9,000	681,040	771,515	1,133,300	2,727,538
Deposits and other accounts	595,581,962	411,648,481	11,528,009	4,877,020	11,756,185	15,267,953	18,584,836	45,181,017	39,399,268	31,469,171	1,999,775	3,071,221	799,026	-
Subordinated debts	8,797,140	-	-	-	-	-	-	1,360	-	1,360	2,720	2,002,720	5,440	6,783,540
Other liabilities	26,909,321	9,507,430	768,137	1,334,116	1,567,544	431,313	261,738	430,762	166,601	615,156	5,406,974	3,351,163	3,068,387	-
	676,659,301	424,944,351	32,399,703	6,211,136	13,824,167	17,052,954	26,951,243	51,243,891	40,132,810	32,094,687	8,090,509	9,196,619	5,006,153	9,511,078
Net assets	37,720,291	(331,744,150)	105,975,022	(2,077,991)	6,028,307	81,395,649	33,446,934	(26,819,969)	(30,455,888)	498,870	36,280,540	24,587,938	89,713,331	50,891,698

Share capital - net	26,173,766
Reserves	4,990,570
Surplus on revaluation of assets - net of tax	3,260,312
Unappropriated profit	3,295,643
	37,720,291

HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کا خیال

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

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	53,414,628	53,414,628	-	-	-	-	-	-	-	-
Balances with other banks	10,310,569	10,310,569	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,059,771	3,759,771	300,000	-	-	-	-	-	-	-
Investments - net	361,452,930	39,583,112	728,125	2,324,372	94,487,717	60,183,668	8,207,913	72,467,710	83,470,313	-
Advances - net	383,313,380	63,515,669	62,141,577	32,721,138	36,039,183	17,384,760	25,084,301	91,269,605	43,202,579	11,954,568
Fixed assets	15,218,893	87,061	171,908	261,230	526,367	1,111,813	1,223,113	2,549,294	7,461,002	1,827,105
Intangible assets	793,285	27,125	54,251	81,376	162,752	324,733	143,048	-	-	-
Deferred tax assets - net	6,567,783	-	-	-	-	-	-	6,567,783	-	-
Other assets - net	33,796,541	21,722,011	862,220	853,242	9,296,701	1,062,367	-	-	-	-
	868,927,780	192,419,946	64,258,081	36,241,358	140,512,720	80,067,341	34,658,375	172,854,392	134,133,894	13,781,673
Liabilities										
Bills payable	3,421,083	3,421,083	-	-	-	-	-	-	-	-
Borrowings	77,044,955	27,619,503	23,223,666	13,697,909	4,744,105	505,239	521,664	970,777	5,762,092	-
Deposits and other accounts	691,017,447	109,091,836	116,370,582	86,466,037	133,281,396	49,536,596	52,485,138	49,469,723	47,158,073	47,158,066
Subordinated debts	8,794,420	-	-	1,360	1,360	2,002,720	2,720	5,440	6,780,820	-
Other liabilities	41,967,541	19,147,608	1,507,477	2,870,518	3,891,814	3,091,307	1,549,098	4,108,201	2,550,110	3,251,408
	822,245,446	159,280,030	141,101,725	103,035,824	141,918,675	55,135,862	54,558,620	54,554,141	62,251,095	50,409,474
Net assets	46,682,334	33,139,916	(76,843,644)	(66,794,466)	(1,405,955)	24,931,479	(19,900,245)	118,300,251	71,882,799	(36,627,801)
Share capital - net	26,173,766									
Reserves	6,640,276									
Surplus on revaluation of assets - net of tax	5,371,207									
Unappropriated profit	8,497,085									
	46,682,334									

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

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

Share capital - net	26,173,766
Reserves	4,990,570
Surplus on revaluation of assets - net of tax	3,260,312
Unappropriated profit / (accumulated loss)	3,295,643
	37,720,291

#HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کے

45. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

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

46. DATE OF AUTHORIZATION FOR ISSUE

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

47. GENERAL

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

47.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

Chief Financial Officer	President	Chairman	Director	Director

Annexure I

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

DURING THE YEAR ENDED DECEMBER 31, 2019

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
1	Sufia Traders (Yunas Colony, G.T. Road, Gujrat.)	Kiran Salman (34201-0569089-0) Ammara Irfan (34201-0569088-8) Furqan A. Ayub (34201-2979426-3) Usman Ahmed Ayub (34201-0301984-7) Sulman Ayub (34201-5142059-9) Irfan Ahmed Ayub (34201-0301995-3) Uzma Ayub (34201-1500552-2) Sajida Khanum (34201-0569088-4) Mirza Muhammad Inayat Ullah (34201-0301980-5) Muhammad Aizaz Ahmed (34201-0319438-5) Nighat Imtiaz (34201-0352876-4) Aqsa Furqan (34201-3859949-4) Farzana Aizaz (34201-0325892-4) Ayub Engineering Company	Sulman Ayub Irfan Ahmad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Allah Dita Mirza Muhammad Inayat Ullah Muhammad Imtiaz Ahmed Furqan Ahmad Ayub Muhammad Aizaz Ahmed	-	7,825	-	7,825	-	7,825	-	7,825
2	Yunas Metal Works (Pvt) Ltd (Yunas Colony, G.T. Road, Gujrat.)	Sajida Khanum (34201-0569088-4) Irfan Ahmed Ayub (34201-0301995-3) Furqan A. Ayub (34201-2979426-3) Sulman Ayub (34201-5142059-9) Usman Ahmed Ayub (34201-0301984-7) Aqsa Furqan (34201-3859949-4) Ammara Irfan (34201-0569088-8) Aasma Usman (34104-2188985-4) Ayub Engineering Company	Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Furqan Ahmed Ayub Irfan Ahmed Ayub Usman Ayub	-	139,550	-	139,550	-	112,172	-	112,172

HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کے

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
3	Rana Textile Mills Ltd (Rafhan Mill Road, Faisalabad.)	Rana Zahid Tauseef (33100-0672286-7) Rana Asif Tauseef (33100-0672190-5) Rizwana Arif (33100-0670508-4) Maha Arif (33100-0747272-4) Daniyal Abid (33100-5978024-1) Rana Arif Tauseef (33100-0708556-3) (Deceased) Rana Atif Tauseef (33100-0695537-3) (Deceased) Rana Usman Zahid (33100-0672287-1) Shariq Ahmed (33100-3791126-9)	Rana Tousif Ali Khan Rana Tousif Ali Khan Arif Touseef Arif Touseef Atif Touseef Rana Tousif Ali Khan Rana Tousif Ali Khan Rana Zahid Tousif Rana Arif	-	60,920	-	60,920	-	50,837	-	50,837
4	Allied Developers (8-K, Main Boulevard, Gulberg-II, Lahore.)	Asif kamal (35202-2550469-9) Zahid Rafiq (35202-2860883-1) Tariq Nasir (35202-7337788-5) Ahmad Khalil (35202-7577418-5)	Muhammad Azam Muhammad Rafiq Sheikh Nazir Ahmed Sheikh Khalil ur Rehman	-	57,187	-	57,187	-	44,745	-	44,745
5	A.B.M. Gravure (Private) Ltd. (LA/10, Block - 22, F.B. Area Karachi)	Abdul Wassay Mehta (42301-1145243-3) Abdul Adeel Mehta (42301-3567011-9) Naseem Mirza (42301-8173275-8)	Abdul Basit Mehta Abdul Basit Mehta Abdul Basit Mehta	-	17,051	-	17,051	-	16,824	-	16,824
6	Al-Nafay International (14-G, Leeds Centre, 11-E/2 Main Boulevard Gulberg, Lahore.)	Chaudhry Faisal Majeed Dhillon (35202-1436853-9)	Chodhry Abdul Majeed Dhillon	-	6,330	-	6,330	-	6,016	-	6,016
7	Sadiq Traders (Ghalla Mondi Pattoki.)	Muhammad Khalid (35103-1375218-9)	Muhammad Sadiq	-	4,864	-	4,864	-	2,240	-	2,240
8	Muhammad Tufail & Co. (Hafizabad Road Rasoolpur Tarar Teh. Pindi Bhattian Distt. Hafizabad)	Muhammad Tufail (34302-5361243-9)	Ghulam Rasool	12,286	21,809	-	34,095	-	10,829	-	10,829
9	Asad Corporation (Thanna Road, Jalalpur Bhattian Teh. Pindi Bhattian Distt. Hafizabad)	Nasir Abbas (34302-1209338-5)	Malik Zafar Ali	416	2,261	-	2,677	-	637	-	637

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
10	Imran Welding Material & Mill Store (Odean Mkt. Shop No.5 Summandri Road, Faisalabad.)	Malik Bashir Ahmed (33100-6141083-5)	Malik Faqeer Muhammad	965	8,435	-	9,400	-	2,980	-	2,980
11	Fair Timber Merchants (Plot - 35, Timber Market I/11-2 Islamabad)	Mushatq Hussain Shah (61101-2591231-5)	Pir Imam Shah	950	1,650	-	2,600	-	974	-	974
12	Estate One Builders (187 Y DHA Lahore Cantt.)	Rashid Mehmood Tariq (35201-1170848-3)	Chaudhary Bashir Ahmed	-	72,200	-	72,200	-	22,155	-	22,155
13	Mudsar & Brothers (Warn Market Lodhran.)	Bashir Ahmad Shaboo (36203-0513231-5)	Allah Yar	2,000	8,596	-	10,596	-	3,263	-	3,263
14	Safdar Pottery Works (Tring Road, Mohalla Chah Tring Gujrat.)	Chaudhry Muhammad Safdar Warrich (34201-0572151-9)	Chaudhry Niaz Ahmed	382	2,261	-	2,643	-	519	-	519
15	Ali Cloth Merchant (House No.241 Kamran Block Allama Iqbal Town Lahore.)	Ali Akbar (35202-2811342-3)	Muhammad Latif	2,306	2,578	-	4,884	-	2,390	-	2,390
16	Hashan Motors (Opposite Wapda Office Watta Kh El Chowk Tehsil - Distt Mianwali Mianwali)	Muhammad Safdar Khan (38302-8704280-3)	Muhammad Khan	1,702	2,166	-	3,868	-	884	-	884
17	Sadiqabad Cng Filling Station (Bye Pass Road Near Taj Chowk Sadiqabad)	Shabbir Ahmad (31304-1228455-1)	Nazir Ahmad	2,472	8,998	-	11,470	-	3,406	-	3,406
18	Imran Wood Line Furniture (Imran Plaza Fazal Mosque Road Opposite Crown Ice Factory Moh Tirkhana Chiniot)	Muhammad Imran Khan (33201-1534271-9)	Liaquat Ali Khan	2,127	2,852	-	4,979	-	918	-	918
19	Riaz Cotton Factory (Indus High Way By Pass D G Khan)	Abdul Ghafoor (32102-5847176-1) Abdul Karim (32102-9467910-1) Muhammad Ishaq (32102-2141258-3) Ganman (32102-0309075-5) Muhammad iqbal (32102-6125333-7)	Wassan Haji Wasan Wassan Khan Wassan Wassan Khan	1,027	2,778	-	3,805	-	768	-	768
20	Javaid Traders (Mzg Permit Road Jatoi Distt Muzaffar Garh)	Rana Muhammad Javed (32302-1712276-3)	Muhammad Yousaf	1,287	8,494	-	9,781	-	8,257	-	8,257

HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کے

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
21	United Textile Printing Ind (Pvt) Ltd (Plot - 720 Street No.04 Sharif Pura Maqbool Road Faisalabad)	Sh. Khalid Mehmood (33100-4152249-1) Muhammad Naeem (33100-5615560-3) Muhammad Asif (33100-0603537-3) Haji Ghulam Rasool (33100-8127121-1)	Haji Ghulam Rasool Haji Ghulam Rasool Haji Ghulam Rasool Haji Mehr Din	6,760	15,359	-	22,119	-	3,958	-	3,958
22	Sohail Hafeez Hatchery (Abuzahbi Rd Same Rahimyar Khan)	Muhammad Aslam Sohail (31303-6092772-9) Hafeez ur Rehman (31303-9047284-7)	Ghulam Mustafa Sohail Muhammad Anwar	13,797	22,835	-	36,632	-	7,793	-	7,793
23	Abid Ali Faisal Abbas Shahnawaz (Chak Kharal P/O Same Tehsil & Distt Hafizabad)	Abid Ali (34301-8766715-7) Faisal Abbas (34301-1777306-9) Shahnawaz (34301-5031581-3)	Nazar Muhammad	481	631	-	1,112	-	505	-	505
24	Muhammad Naeem Akhtar Khan (Mouza Bakhu Shah Tehsil Depalpur Dist Okara)	Muhammad Naeem Akhtar Khan (35301-1970635-7)	Sakhi Muhammad	682	582	-	1,264	-	514	-	514
25	Saad Habib Rana (277 J Dha Eme Multan Road Lahore)	Saad Habib Rana (35202-9126097-9)	Rana Shafi Ullah Khan	4,823	86	-	4,909	-	519	-	519
26	Maqsood Ahmed (Ojla Kalan P/O Bath Kalan Pattoki)	Maqsood Ahmed (35103-1344091-9)	Raj Muhammad	-	520	-	520	-	520	-	520
27	Syed Mukhtar Hussain (Thatha Noor Shah Po Rasoolpur Teh Pindi Bhattian Hafizabad)	Syed Mukhtar Hussain (34302-1258110-9)	Syed Ali Ameer	-	595	-	595	-	535	-	535
28	Atta Ullah (Post Office Sukheki Mandi Jandoi Tehsil Pindi Bhatiyan Dist Hafizabad)	Atta Ullah (34302-7589536-3)	Muhammad Khan	413	673	-	1,086	-	538	-	538
29	Zaheer Ahmad Rana (Rana Market Ghazi Pur Taranda Muhammad Pannah K.L.P Road Tehsil Liaqat Pur Distt Rahim Yar Khan)	Zaheer Ahmad Rana (31302-6126777-5)	Ch Sardar Ali	551	690	-	1,241	-	571	-	571
30	Samreen Nasir (Kathrani P.O. Kot Sarwar Teh. Pindi Bhattian Hafizabad)	Samreen Nasir (35202-7189268-8)	Shamsher Ali	407	580	-	987	-	576	-	576
31	Muhammad Arif (Mouza Khudian Chak # 41 P/O Same Tehsil Pattoki Distt Kasur)	Muhammad Arif (35103-7227330-3)	Sardar Bagh Ali	481	588	-	1,069	-	588	-	588

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12

Rupees in '000

32	Shan Muhammad (Vpo Bhekho Tehsil Phalia)	Shan Muhammad (34403-5940889-1)	Ahmed Din	-	697	-	697	-	627	-	627
33	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	421	716	-	1,137	-	644	-	644
34	Salim Akhtar Khan (Chak-5/M, Mouza Chowki Ranoo Khan Tehsil Dunyapur)	Salim Akhtar Khan (36202-6114050-1)	Allah Buksh	402	806	-	1,208	-	645	-	645
35	Fiaz Ahmad (Masjid Zakria, Qazi Park Distt. Sheikhupura)	Fiaz Ahmad (35404-8246269-1)	Pir Muhammad	-	920	-	920	-	647	-	647
36	Muhammad Asif Maneka Shafqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (35301-6737506-3) Shafqat Naheed (35301-8379864-4)	Muhammad Aslam	469	813	-	1,282	-	650	-	650
37	Fayyaz Ahmed (Post Office Khas Jokalian Teh Phalia Distt Mandi Bahauddin)	Fayyaz Ahmed (34403-1946855-9)	Ghulam Rasool	-	729	-	729	-	656	-	656
38	Muhammad Anwar (Bhooti Pur, P/O Sharaq Pur Tehsil Ferozwala Distt. Sheikhupura)	Muhammad Anwar (35401-8406093-7)	Muhammad Salar	606	3,845	-	4,451	-	669	-	669
39	Muhammad Yasin (Bhotipur Po Mandi Faizabad Tehsil Ferozewala Sheikhupura)	Muhammad Yasin (35401-1758558-5)	Muhammad Hanif	-	712	-	712	-	712	-	712
40	Muhammad Asif Maneka Shafqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (35301-6737506-3) Shafqat Naheed (35301-8379864-4)	Muhammad Aslam	567	871	-	1,438	-	722	-	722
41	Syed Riaz Hussain Shah (Khudian Chak # 41 Pattoki)	Syed Riaz Hussain Shah (35101-2510718-7)	Syed Qutab Nawaz	1,051	1,661	-	2,712	740	-	-	740
42	Muhammad Riaz Asad (Mouza Bath Kallan Tehsil Pattoki Distt Kasur)	Muhammad Riaz Asad (35103-9916759-5)	Jhanda	560	911	-	1,471	-	742	-	742
43	Syed Talib Hussain (Subhan Shah Teh Depalpur Okara Dist Okara)	Syed Talib Hussain (35301-0120259-5)	Syed Tajammal Hussain Shah	545	768	-	1,313	-	766	-	766
44	Muhammad Mansha (Chak # 47/4-L Tehsil & Dist Okara)	Muhammad Mansha (35302-6242694-1)	Noora	522	958	-	1,480	-	767	-	767
45	Channan Begum (Mehmood Nagar Lodhokay Post Office Ganda Singh Tehsil Depalpur Dist Okara)	Channan Begum (35301-5728015-2)	Khizar Hayat	562	856	-	1,418	-	778	-	778

#HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کے

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
46	Abdul Razzak (Bherwal Kalan Teh Pattok Pattoki)	Abdul Razzak (35103-8915550-7)	Haji Abdul Ghafoor	-	790	-	790	-	791	-	791
47	Muhammad Aslam Hamid Nasir (Kot Ratta Wazirabad Gujranwala)	Muhammad Aslam (34104-1078944-1) Hamid Nasir (34104-2217567-7)	Muhammad Anayat	64	847	-	911	-	849	-	849
48	Qasir Majeed Asim Majeed Qasim Majeed (Mouza Majra Tehsil Chunian Distt Kasur)	Qasir Majeed (35101-3258785-7) Asim Majeed (35101-7103932-1) Qasim Majeed (35101-8266803-9)	Muhammad Majeed	666	1,002	-	1,668	-	870	-	870
49	Ashfaq Ahmed Rukhsar Ahmed (V.P.O. Kang Chanan Teh. & Distt. Gujrat)	Ashfaq Ahmed (34201-0484343-7) Rukhsar Ahmed (34201-0484343-5)	Ghulam Muhammad	215	689	-	904	-	892	-	892
50	Rahilah Nawaz (Khathrani P.O. Kot Sarwar Pindi Bhattian Hafizabad)	Rahilah Nawaz (34302-4468678-8)	Shahid Nawaz Bhatti	412	934	-	1,346	-	930	-	930
51	Muhammad Mehdi Hassan (Mouza Jatoi Shumali The Jatoi Distt Muzaffargarh)	Muhammad Mehdi Hassan (32302-0243968-3)	Lal Hussain	542	1,115	-	1,657	-	948	-	948
52	Ghulam Baqir (P.O Sarai Sidhu Village Kund Sergana)	Ghulam Baqir (36102-1327161-9)	Nazar Muhammad	1,308	1,069	-	2,377	-	957	-	957
53	Hamza Poultry Farm (Hamza Poultry Farm Po.Dargapurteh.Kamoke Distt. Gujranwala 0300-4477816)	Hamza Poultry Farm (34101-2418713-1)	Anwar Ul Haq	5,013	1,026	-	6,039	-	974	-	974
54	Muhammad Irshad (Udhwana P.O Ikhlaspur Shakargarh Distt. Narowal Shakargarh)	Muhammad Irshad (34502-1605832-9)	Ghulam Rasool	1,660	908	-	2,568	-	1,008	-	1,008
55	Bashir Ullah Khan Abbasi (E-1 Street -1 Gulshan Qadeer Islam Abad)	Bashir Ullah Khan Abbasi (61101-2002176-9)	Sardar Hameed Ullah Khan	248	1,020	-	1,268	-	1,017	-	1,017
56	Ali Aun Shah (Rajoa Po Khas Tehsil And Distt Chiniot)	Ali Aun Shah (33100-0949925-3)	Syed Safdar Hussain Shah	-	2,013	-	2,013	-	1,096	-	1,096
57	Tayyab Ali (Naroki P.O Siddique Abad The Nankana Sahib.)	Tayyab Ali (35402-7476471-9)	Khan Bahader	751	1,266	-	2,017	-	1,259	-	1,259
58	Zulfiqar Ali (Bhoti Pur Kot Salar Po Mandi Faizabad Dist Sheikhupura)	Zulfiqar Ali (35402-8989002-5)	Muhammad Sarwar	707	1,278	-	1,985	-	1,328	-	1,328

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
							Rupees in '000				
59	Zafar Nawaz (Sher Shah Road H # 142, Defence Officers Colony Multan Cant)	Zafar Nawaz (36202-0259409-7)	Rab Nawaz	1,940	1,582	-	3,522	-	1,482	-	1,482
60	Jawad Ahmed Qureshi (193-A-1 Township Lahore)	Jawad Ahmed Qureshi (35202-6365863-1)	Jawaid Ahmed Qureshi	-	2,240	-	2,240	-	1,788	-	1,788
61	Irshad Ahmed (Vpo Dhaul Ranjha Teh Phalia Distt Mb Din)	Irshad Ahmed (34403-4093073-7)	Ghulam Haider	311	1,598	-	1,909	-	1,909	-	1,909
62	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	2,024	2,223	-	4,247	-	2,102	-	2,102
63	Makhdoom Muhammad Ishaq Hashmi (Adda Sheikh Wahan, Tajpur Mureed Wala Tehsil & District Rahim Yar Khan)	Makhdoom Muhammad Ishaq Hashmi (31303-2370676-3)	Makhdoom Ghulam Jaffar Shah	1,177	2,523	-	3,700	-	2,189	-	2,189
64	Muhammad Saleem Akhtar (Labar P/O Sikandar Abad Tehsil & Distt Multan)	Muhammad Saleem Akhtar (35200-4385684-7)	Haji Ghulam Mehboob	1,443	2,345	-	3,788	-	2,431	-	2,431
65	Muhammad Boota Fateh Sher (Mouza Syedawala)	Muhammad Boota (34302-6620631-5) Fateh Sher (34302-5574604-3)	Hayat	2,077	3,622	-	5,699	-	2,963	-	2,963
66	Muhammad Ehsan (Kot Rehmat P/O Buchiki Distt Nankana)	Muhammad Ehsan (35501-0106440-3)	Mansib Ali	2,587	4,104	-	6,691	-	3,284	-	3,284
67	Jawad Ahmed Qureshi (193-A-1 Township Lahore)	Jawad Ahmed Qureshi (35202-6365863-1)	Jawaid Ahmed Qureshi	1,337	3,425	-	4,762	-	3,424	-	3,424
68	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	2,846	4,446	-	7,292	-	4,144	-	4,144
				89,348	539,272	-	628,620	740	362,916	-	363,656

Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.
* Principal includes insurance and ECIB charges debited.
* Insurance and ECIB charges already debited to principal were written off
* Penal charges waived off.

#HarFardKaKhayal
دی بینک آف پنجاب راکھے

Annexure II

ISLAMIC BANKING BUSINESS

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

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019	2018
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		3,742,675	2,753,286
Balances with other banks		3,355,122	1,642,888
Due from financial institutions	1	3,395,000	5,350,000
Investments - net	2	8,936,196	9,599,160
Islamic financing and related assets - net	3	27,270,972	19,995,626
Fixed assets		1,757,599	309,063
Intangible assets		4,428	-
Due from head office		2,342,604	-
Other assets		2,459,344	1,730,813
Total assets		53,263,940	41,380,836
LIABILITIES			
Bills payable		250,213	209,762
Due to financial institutions		-	-
Deposits and other accounts	4	46,089,009	36,501,111
Due to head office		-	187,187
Subordinated debt		-	-
Other liabilities		3,169,627	2,085,897
		49,508,849	38,983,957
NET ASSETS		3,755,091	2,396,879
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		32,768	7,313
Surplus on revaluation of assets		67,698	20,372
Unappropriated profit	5	2,154,625	869,194
		3,755,091	2,396,879
CONTINGENCIES AND COMMITMENTS	6		

Annexure II

ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

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

Annexure II

ISLAMIC BANKING BUSINESS CASH FLOW STATEMENT

For the year ended December 31, 2019

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

Annexure II

Notes to the Annexure

1. DUE FROM FINANCIAL INSTITUTIONS
(Unsecured)

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

2. INVESTMENTS BY SEGMENTS

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Rupees in '000'							
Federal government securities:								
- Ijarah sukuks	1,985,749	-	(5,749)	1,980,000	2,623,602	-	(32,086)	2,591,516
- Sukuk - bai muajjal with Government of Pakistan	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
	4,741,945	-	(5,749)	4,736,196	5,379,798	-	(32,086)	5,347,712
Non government debt securities								
- Unlisted	4,200,000	-	-	4,200,000	4,251,448	-	-	4,251,448
Total investments	8,941,945	-	(5,749)	8,936,196	9,631,246	-	(32,086)	9,599,160

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

3.1 Ijarah

	2019								
	Cost				Depreciation				Book value
	As at Jan 01, 2019	Additions	Deletion / adjustment	As at Dec 31, 2019	As at Jan 01, 2019	Deletion / adjustment	Charge for the year	As at Dec 31, 2019	as at Dec 31, 2019
	Rupees in '000'								
Plant and machinery	125,415	-	-	125,415	26,770	-	21,723	48,493	76,922
Vehicles	368,933	237,553	(84,553)	521,933	220,050	(75,953)	67,947	212,044	309,889
Equipment	762,428	-	(547,905)	214,523	457,036	(506,221)	148,609	99,424	115,099
Service Ijarah	-	1,235,518	-	1,235,518	-	-	-	-	1,235,518
Total	1,256,776	1,473,071	(632,458)	2,097,389	703,856	(582,174)	238,279	359,961	1,737,428

Annexure II

	2018								
	Cost				Depreciation				Book value
	As at Jan 01, 2018	Additions	Deletion / adjustment	As at Dec 31, 2018	As at Jan 01, 2018	Deletion / adjustment	Charge for the year	As at Dec 31, 2018	as at Dec 31, 2018
	Rupees in '000'								
Plant and machinery	46,524	78,891	-	125,415	7,847	-	18,923	26,770	98,645
Vehicles	392,823	190,065	(213,955)	368,933	177,484	(8,820)	51,386	220,050	148,883
Equipment	762,428	-	-	762,428	167,760	-	289,276	457,036	305,392
Total	1,201,775	268,956	(213,955)	1,256,776	353,091	(8,820)	359,585	703,856	552,920

3.1.1 Future ijarah payments receivable

	2019				2018			
	Not later than 1 year	Later than 1 & less than 5 years	Over five years	Total	Not later than 1 year	Later than one & less than 5 years	Over five years	Total
	Rupees in '000'				Rupees in '000'			
Ijarah rental receivables	355,326	1,029,099	353,003	1,737,428	214,512	338,408	-	552,920

	Note	2019	2018
		Rupees in '000'	
3.2 Murabaha			
Murabaha financing	3.2.1	1,001,934	923,757
Advances for murabaha		270,806	80,845
		1,272,740	1,004,602
3.2.1 Murabaha receivable - gross	3.2.2	1,046,741	968,565
Less: Deferred murabaha income	3.2.4	29,784	25,772
Profit receivable shown in other assets		15,023	19,036
Murabaha financings		1,001,934	923,757
3.2.2 The movement in murabaha financing during the year is as follows:			
Opening balance		968,565	994,048
Sales during the year		2,001,983	2,503,463
Adjusted during the year		1,923,807	2,528,946
Closing balance		1,046,741	968,565
3.2.3 Murabaha sale price		1,061,235	1,315,985
Murabaha purchase price		59,301	350,119
		1,001,934	965,866
3.2.4 Deferred murabaha income			
Opening balance		25,772	11,355
Arised during the year		98,645	79,379
Less: recognized during the year		94,633	64,962
Closing balance		29,784	25,772

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

Annexure II

4. DEPOSITS AND OTHER ACCOUNTS

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

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

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

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

Annexure II

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

10. POOL MANAGEMENT

10.1 BOP TAQWA islamic banking division is maintaining following pools for profit declaration and distribution.

i) General pool
ii) Special pool-I
iii) Special pool-II
iv) Special pool-III*
v) Special pool-IV
vi) Special pool-V*
vii) Special pool-VII (PER)
viii) Special pool-IX
ix) Special pool-X*
x) Special pool-XI*
xi) Special pool-XII*
xii) Special pool-XIII

xiii) Special pool-XIV
xiv) Special pool-XV
xv) USD special pool-I
* (Special pool-X closed w.e.f 01.08.2019, Special Pool-III, Special Pool-V, Special Pool-XI closed w.e.f September 01, 2019, Special Pool-XII closed w.e.f October 01, 2019)

10.2 General pool

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

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

a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.
While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

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

b) Identification and allocation of pool related income & expenses

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

c) Parameters associated with risk and rewards

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

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

10.3 Special pools

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

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

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.
While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

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

b) Identification and allocation of pool related income & expenses

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

c) Parameters associated with risk and rewards

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

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

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

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

10.5 Charging expenses

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

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

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

	2019		2018	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
	Rupees in '000'			
Rabbul mal	1,960,390	60.89%	1,038,576	57.68%
Mudarib	1,259,103	39.11%	762,126	42.32%
Distributable income	3,219,493	100.00%	1,800,702	100.00%

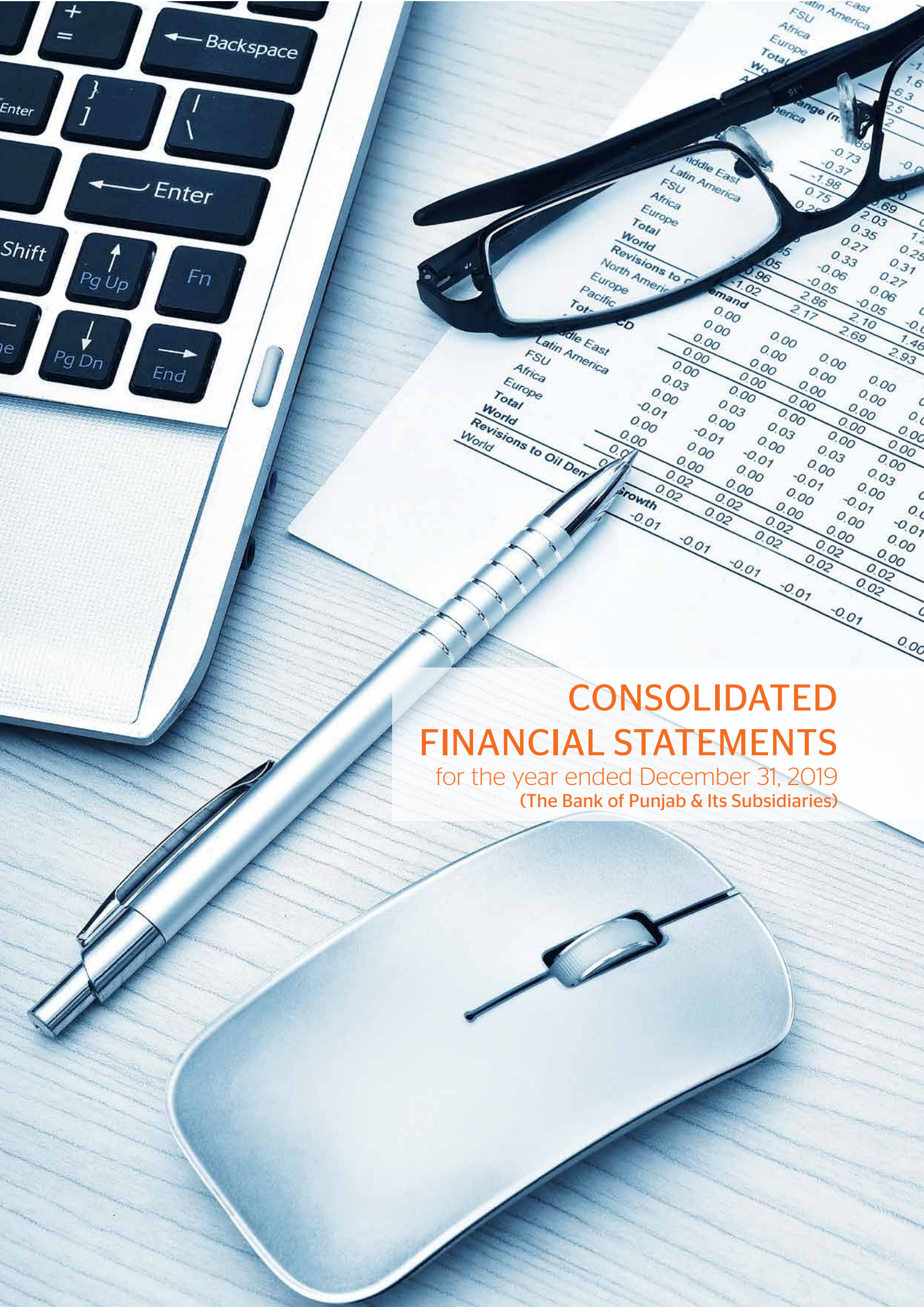
10.7 Amount & percentage of mudarib share transferred to depositors through Hiba:

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

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

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

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



CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2019

(The Bank of Punjab & Its Subsidiaries)

Building a better working world

EY Ford Rhodes
Chartered Accountants
96-B-I. 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Building a better working world

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Provision against non-performing advances	
The Bank's credit portfolios include advances, debt securities and non-funded credit facilities. The portfolio is spread across various domestic branches and include corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals. As per the Bank's accounting policy (refer note 5.5 to the consolidated financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against financing losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of financing loss provision against certain corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviours and realisability of collateral held by the Bank. In view of the significance of this area in terms of its impact on the Consolidated Financial Statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against loans and advances as a significant area of audit judgment and a key audit matter. The disclosures relating to provisioning against non-performing advance and related assets are included in note 10 to the consolidated financial statements.	We applied a range of audit procedures including the following: - We reviewed the Bank's process for identification and classification of non-performing financing including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financing and declassification of accounts from non-performing to regular, as the case may be. - We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations; - In addition, we selected a representative sample of borrowers from the financing portfolios across various branches including individually significant corporate financing and performed tests and procedures such as review of financing documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower; - Based on the said credit reviews, we identified and discussed with the management the financing accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; - In respect of the level of general provision maintained by the Bank we discussed the approach and policy followed by the Bank with the management on consistent basis and checked the approval of Board of Directors in this regard. - We also assessed adequacy of disclosures as included in note 10 to the consolidated financial statements regarding the non-performing financing and provisions made for the same in the financial statements in accordance with the requirements of the applicable financial reporting framework.

Building a better working world

Key audit matters	How the matter was addressed in our audit
2. Adoption of IFRS 16 "Leases"	
As referred to in note 5.1 to the consolidated financial statements, IFRS 16 'Leases' (the standard) has become effective for the current financial year. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Bank is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard are disclosed in note 5.1 to the consolidated financial statements. The application of the new standard requires management to make significant estimates and judgements such as in related to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.	We applied a range of audit procedures including the following: - We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the consolidated financial statements; - We obtained an understanding of the process and controls in place for identification of in-scope and material lease contracts and capturing of relevant data regarding the terms and condition of the lease contracts; - We corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with the list of branch properties in the use of the Bank and reviewing the rent expense ledgers for the year; - We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations and tracing the terms with the relevant contracts; - We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and - We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the consolidated financial statements of the Bank for the year.

Building a better working world

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

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

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

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

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

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

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

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

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

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

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

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

Building a better working world

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Building a better
working world

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

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

Chartered Accountants

Date: 28 February 2020

Place: Lahore

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019	2018
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	6	53,414,645	43,589,610
Balances with other banks	7	10,374,371	5,837,962
Lendings to financial institutions	8	3,959,771	27,443,153
Investments - net	9	361,467,822	210,052,628
Advances - net	10	383,646,616	382,109,763
Fixed assets	11	15,223,601	8,793,191
Intangible assets	12	800,425	897,990
Deferred tax assets - net	13	6,632,182	8,027,104
Other assets - net	14	34,162,404	27,965,012
		869,681,837	714,716,413
LIABILITIES			
Bills payable	16	3,421,083	3,577,677
Borrowings	17	77,358,612	41,801,240
Deposits and other accounts	18	691,015,859	595,561,963
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	8,794,420	8,797,140
Deferred tax liabilities		-	-
Other liabilities	20	42,225,055	27,102,649
		822,815,029	676,840,669
NET ASSETS		46,866,808	37,875,744
REPRESENTED BY			
Share capital - net	21	26,173,766	26,173,766
Reserves		6,725,228	5,074,930
Non Controlling Interest		445,331	328,052
Surplus on revaluation of assets - net of tax	22	5,371,207	3,260,312
Unappropriated profit		8,151,276	3,038,684
		46,866,808	37,875,744
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Financial Officer	President	Chairman	Director	Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

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

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

Chief Financial Officer	President	Chairman	Director	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

	Note	2019	2018
		Rupees in '000'	
Profit after taxation for the year		8,277,550	7,621,378
Other comprehensive income:			
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement loss on defined benefit obligations		(54,429)	(172,731)
Movement in surplus on revaluation of fixed assets - net of tax		599,529	-
Movement in surplus on revaluation of non-banking assets - net of tax	22.2	(103,986)	509,790
		441,114	337,059
		8,718,664	7,958,437
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus on revaluation of investments - net of tax		2,238,283	42,130
Total comprehensive income		10,956,947	8,000,567
Total comprehensive income attributable to:			
Equity holder of the parent		10,839,668	7,916,485
Non- controlling interest		117,279	84,082
		10,956,947	8,000,567

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

Chief Financial Officer	President	Chairman	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2019

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Surplus / (Deficit) - net of tax on revaluation of Investments	Fixed / non banking assets	Unappropriated profit / (accumulated) loss	Non-Controlling Interest	Total
	Rupees in '000'									
Balance as on January 01, 2018	26,436,924	(263,158)	26,173,766	2,215,040	1,344,899	(53,499)	2,940,101	(3,034,749)	254,320	29,839,878
Profit after taxation for the year	-	-	-	-	-	-	-	7,537,296	84,082	7,621,378
Other comprehensive loss	-	-	-	-	-	42,130	509,790	(172,731)	-	379,189
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	42,130	509,790	7,364,565	84,082	8,000,567
Transfer to statutary reserve	-	-	-	-	1,514,991	-	-	(1,514,991)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-		-	(45,652)	45,652	-	
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(3,440)	3,440	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(77,594)	119,375	-	41,781
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(51,524)	55,392	-	3,868
Transactions with owners, recorded directly in equity										
Final dividend for the year ended June 30, 2017 at Rs. 0.5 per certificate by subsidiary	-	-	-	-	-	-	-	-	(10,350)	(10,350)
	-	-	-	-		-	-	-	(10,350)	(10,350)
Balance as on December 31, 2018	26,436,924	(263,158)	26,173,766	2,215,040	2,859,890	(11,369)	3,271,681	3,038,684	328,052	37,875,744
Profit after taxation for the year	-	-	-	-	-	-	-	8,160,271	117,279	8,277,550
Other comprehensive income	-	-	-	-	-	2,238,283	495,543	(54,429)	-	2,679,397
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	2,238,283	495,543	8,105,842	117,279	10,956,947
Transfer to statutory reserve	-	-	-	-	1,650,298	-	-	(1,650,298)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(42,861)	42,861	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	(17,059)	17,059	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(558,120)	574,814	-	16,694
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated loss) on disposal	-	-	-	-	-	-	(4,891)	5,083	-	192
Transactions with owners recognized directly in equity :										
Final cash dividend - December 31, 2018 declared subsequent to year end at 7.5%	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
Balance as on December 31, 2019	26,436,924	(263,158)	26,173,766	2,215,040	4,510,188	2,226,914	3,144,293	8,151,276	445,331	46,866,808

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

Chief Financial Officer | President | Chairman | Director | Director

HarFardKaKhayal دی بینک آف پنجاب ہر فرد کا خیال

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2019

	Note	2019	2018
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,071,981	12,272,044
Less: Dividend income		(103,925)	(82,083)
		13,968,056	12,189,961
Adjustments:			
Depreciation on fixed assets	11.3	1,050,391	976,672
Depreciation on non banking assets acquired in satisfaction of claims	14.1.1	73,977	65,918
Depreciation on ijarah assets under IFAS - 2	29	312,990	405,213
Depreciation on right-of-use assets	29	875,718	-
Amortization and impairment loss on intangible assets	12.1	173,590	70,925
Amortization of premium on debt securities - net		(2,600,497)	421,852
Markup expense on lease liability against right-of-use assets	25	779,483	-
Unrealized loss on revaluation of investments classified as held for trading	9.1	4,207	3,741
Reversal / (provision) and write-offs - net	31	1,727,088	(1,222,149)
Loss on termination of lease liability against right-of-use assets	28	4,922	-
Gain on sale of fixed assets - net	28	(63,892)	(4,785)
Gain on sale of non banking assets - net	28	(67)	(36,777)
Realized Gain on sale of securities - net	27	(225,771)	(31,508)
Provision for employees compensated absences	29.1	13,898	10,457
Gratuity expense	29.1	170,472	215,854
		2,296,509	875,413
		16,264,565	13,065,374
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		23,483,382	(8,075,626)
Held for trading securities		15,138,343	7,222,030
Advances - net		(3,065,217)	(84,526,743)
Others assets - net		(8,169,614)	(603,298)
		27,386,894	(85,983,637)
Increase / (Decrease) in operating liabilities:			
Bills Payable		(156,594)	212,352
Borrowings from financial institutions		35,628,947	2,699,803
Deposits		95,453,896	39,370,090
Other liabilities		8,165,669	1,649,509
		139,091,918	43,931,754
Income tax paid		(3,975,779)	(2,848,638)
Net cash flow generated from / (used in) operating activities		178,767,598	(31,835,147)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(101,476,536)	24,636,284
Net investments in held to maturity securities		(59,182,166)	-
Dividends received		103,946	96,807
Investments in fixed assets		(1,063,224)	(1,530,587)
Investment in non-banking assets		(378,000)	-
Investments in intangible assets		(76,025)	(330,453)
Proceeds from sale of fixed assets		943,649	155,587
Proceeds from sale of non banking assets		63,618	397,387
Net cash (used in) / flow from investing activities		(161,064,738)	23,425,025
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated debts		(2,720)	(1,860)
Dividend paid		(1,982,769)	(10,350)
Payment of lease liability against right of use assets		(1,284,352)	-
Issuance of privately placed term finance certificates - II		-	4,300,000
Net cash (used in) / flow from financing activities		(3,269,841)	4,287,790
Increase / (decrease) in cash and cash equivalents		14,433,019	(4,122,332)
Cash and cash equivalents at beginning of the year		49,216,809	53,339,141
Cash and cash equivalents at end of the year	35	63,649,828	49,216,809

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

Chief Financial Officer	President	Chairman	Director	Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

1. STATUS AND NATURE OF BUSINESS

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

The Group consists of:

Parent

The Bank of Punjab

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

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

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

Punjab Modaraba Service (Private) Limited

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

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

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

First Punjab Modaraba

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

Punjab Capital Securities (Private) Limited

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

1.2 Basis of Consolidation

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

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

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

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

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

2.1 Statement of compliance

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

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

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

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

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

2.1.4 The SBP through BPRD Circular No. 04 of 2019 dated October 23, 2019 has deferred the applicability of IFRS-9 "Financial instruments" till January 01, 2021. Accordingly, the requirements of this standard has not been considered in preparation of these consolidated financial statements.

2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2019

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

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

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application.

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

3. BASIS OF MEASUREMENT

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4.1 Classification of investments

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

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

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

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

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

4.3 Impairment of available for sale investments

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

4.4 Depreciation, amortization and revaluation of fixed assets

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

4.5 Income taxes

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

4.6 Staff retirement benefits

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

4.7 Non banking assets acquired in satisfaction of claims

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

4.8 Lease liability on right-of-use assets

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Impact of IFRS 16 - Leases

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

The Group has adopted IFRS 16 from January 1, 2019 thereby recognizing right-of-use assets and lease liability, in respect of leased properties, there-against on January 01, 2019 using modified

retrospective restatement approach, as permitted under the specific transitional provisions in the standard, and has not restated comparatives for the corresponding reporting period of 2018. Previously, these leases were accounted for as operating leases.

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

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

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

	December 31, 2019	January 01, 2019
	Rupees in '000'	
Impact on unconsolidated statement of financial position:		
Increase in fixed assets - right-of-use assets	6,342,167	5,378,486
Decrease in advances, deposits, advance rent and other prepayments	-	(187,014)
Increase in deferred tax assets - net	129,797	-
Decrease in other assets - advance taxation - net	(144,631)	-
Net increase in total assets	6,327,333	5,191,472
Increase in other liabilities - lease liability against right-of-use assets	6,717,938	5,191,472
Net decrease in net assets	(390,605)	-

	January 01 - December 31, 2019
	Rupees in '000'
Impact on unconsolidated profit and loss account:	
Increase in mark-up/return/interest expensed	779,483
Increase/(Decrease) in operating expenses:	
Depreciation on right-of-use assets	875,718
Rent expense	(1,284,352)
Loss on termination of lease liability against right-of-use assets	4,922
Decrease in profit before tax	375,771
Increase in taxation - net	14,834
Decrease in profit after taxation	390,605

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

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

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

5.2 Cash and cash equivalents

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

5.3 Lendings / borrowings from financial institutions

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

5.3.1 Sale under repurchase obligations

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

5.3.2 Purchase under resale obligations

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

5.4 Investments

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

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

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

Held for trading

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

Held to maturity

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

Available for sale

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

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

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

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

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

5.5 Advances including net investment in finance lease

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

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

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

5.6 Fixed assets and depreciation

5.6.1 Owned

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

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

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

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

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

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

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

5.6.2 Right of use assets

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

5.7 Intangible assets

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

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

5.8 Borrowings / deposits

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

5.9 Subordinated debt

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

5.10 Employee retirement and other benefits

Defined contribution plan – Provident fund

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

Defined benefit plan - Gratuity scheme

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

Defined benefit plan - Employees' compensated absences

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

5.11 Assets acquired in satisfaction of claims

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

5.12 Foreign currencies

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

All exchange differences are charged to profit and loss account.

5.13 Revenue recognition

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

Mark-up / return / interest income

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

Dividend income

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

Lease finance income

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

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

Fees and commission income

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

5.14 Lease liabilities

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

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

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

5.15 Taxation

Current

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

Prior years

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

Deferred

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

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

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

5.16 Impairment

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

5.17 Provisions

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

5.18 Provision for off balance sheet obligations

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

5.19 Share capital

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

5.20 Acceptances

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

5.21 Financial instruments

5.21.1 Financial assets and liabilities

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

5.21.2 Off setting

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

5.22 Segment reporting

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

5.22.1 Business segments

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

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

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

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

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

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

5.22.2 Geographical segments

The Group operates only in Pakistan.

5.23 Dividend distribution and appropriations

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

5.24 Earnings per share

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

	Note	2019	2018
		Rupees in '000'	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		10,744,190	8,558,995
Foreign currencies		1,862,526	1,567,982
		12,606,716	10,126,977
With SBP in:			
Local currency current account	6.1	24,791,197	19,249,586
Foreign currency current account	6.2	531,902	431,861
Foreign currency deposit account	6.3	1,587,930	1,283,551
		26,911,029	20,964,998
With National Bank of Pakistan in:			
Local currency current account		13,526,747	12,451,416
Prize bonds		370,153	46,219
		53,414,645	43,589,610

6.1 This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

6.2 This represents mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 This carries mark-up at the rate ranging from 0.70% to 1.51% per annum (2018: 0.56% to 1.35% per annum) as announced by SBP on monthly basis.

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

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

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

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

8.2 Securities held as collateral against lendings to financial institutions

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

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

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

9. INVESTMENTS - NET

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

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

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

	Note	2019 Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	2018 Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		Rupees in '000'							
9.2 Investments by segments:									
Federal government securities:									
Market treasury bills	9.2.1	133,425,140	-	228,944	133,654,084	197,432,162	-	(14,005)	197,418,157
Pakistan investment bonds		210,962,957	-	3,080,271	214,043,228	250,329	-	-	250,329
Ijarah sukuks		1,985,749	-	(5,749)	1,980,000	2,623,602	-	(32,086)	2,591,516
Sukuk - bai muajjal with Government of Pakistan		2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		349,130,442	(400)	3,303,466	352,433,508	203,062,689	(400)	(46,091)	203,016,198
Shares:									
Listed companies		2,565,452	(1,148,551)	116,829	1,533,730	2,028,317	(1,015,870)	22,765	1,035,212
Unlisted companies		121,250	(21,355)	-	99,895	121,250	(9,010)	-	112,240
		2,686,702	(1,169,906)	116,829	1,633,625	2,149,567	(1,024,880)	22,765	1,147,452
Non government debt securities:									
Listed		1,992,459	(15,850)	1,519	1,978,128	867,573	(17,348)	2,094	852,319
Unlisted		7,763,495	(2,344,953)	-	5,418,542	7,251,915	(2,219,275)	-	5,032,640
		9,755,954	(2,360,803)	1,519	7,396,670	8,119,488	(2,236,623)	2,094	5,884,959
Foreign securities:									
Equity securities		4,019	-	-	4,019	4,019	-	-	4,019
Total investments		361,577,117	(3,531,109)	3,421,814	361,467,822	213,335,763	(3,261,903)	(21,232)	210,052,628

	2019	2018
	Rupees in '000'	
9.2.1 Investments given as collateral		
Pakistan Investment Bonds	11,378,650	-
Market treasury bills	41,022,618	19,829,188
	52,401,268	19,829,188

9.3 Provision for diminution in value of investments

9.3.1 Opening balance	3,261,903	3,014,149
Charge / reversals :		
Charge for the year	370,738	247,754
Reversals for the year	-	-
	370,738	247,754
Reversal on disposals	(101,532)	-
Closing Balance	3,531,109	3,261,903

9.3.2 Particulars of provision against debt securities

Category of classification	2019 NPI	2019 Provision	2018 NPI	2018 Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	308,606	125,678	-	-
Loss	2,235,925	2,235,525	2,237,023	2,237,023
Total	2,544,531	2,361,203	2,237,023	2,237,023

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

	2019	2018
	Cost / Amortized cost	
	Rupees in '000'	
9.4 Quality of available for sale securities		
Details regarding quality of Available for Sale (AFS) securities are as follows:		
Federal government securities - government guaranteed		
Market treasury bills	123,528,930	172,356,294
Pakistan investment bonds	151,200,957	-
Ijarah sukuks	1,985,749	2,623,602
Sukuk bai-muajjal with Government of Pakistan	2,756,196	2,756,196
	279,471,832	177,736,092
Shares		
Cement	160,183	74,957
Fertilizer	885,978	877,838
Commercial banks	340,575	258,827
Power generation & distribution	512,427	388,039
Technology & telecommunication	87,894	85,415
Textile composite	104,834	73,008
Cable & electrical goods	181,726	265,475
Textile spinning	2,067	2,067
Oil & gas marketing companies	102,288	3,398
Sugar & allied industries	89,448	89,448
Paper & board	11,310	85
Pharmaceuticals	41,783	-
Food & personal care products	18,283	-
Chemicals	51,375	-
Insurance	12,317	-
Leasing companies	168	168
Glass & ceramics	43	43
Others	18,167	18,169
	2,620,866	2,136,937

Unlisted Companies	2019 Cost	2019 Breakup value	2018 Cost	2018 Breakup value
	Rupees in '000'			
Al - Baraka Bank Pakistan limited	25,000	15,582	25,000	15,990
Al - Arabia Sugar Mills Limited	81,358	69,421	81,358	106,498
LSE Financial Services Limited	14,892	14,892	14,892	14,892
	121,250	99,895	121,250	137,380

	2019	2018
	Cost	
	Rupees in '000'	
Non government debt securities		
Listed		
- AAA	187,500	250,000
- AA+, AA, AA-	1,784,124	595,240
- Unrated	20,835	22,333
	1,992,459	867,573
Unlisted		
- AAA	3,335,714	3,878,571
- AA+, AA, AA-	950,000	501,448
- A+, A, A-	700,000	306,943
- Unrated	2,527,881	2,564,953
	7,763,495	7,251,915

9.5 Foreign equity securities

SWIFT shares	4,019	4,019

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

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

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

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

10. ADVANCES - NET

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

10.1 Includes net investment in finance lease as disclosed below:

	2019 Not later than one year	2019 Later than one and less than five years	2019 Over five years	2019 Total	2018 Not later than one year	2018 Later than one and less than five years	2018 Over five years	2018 Total
	Rupees in '000'				Rupees in '000'			
Lease rentals receivable	5,567,432	19,391,488	44,849	25,003,769	2,965,571	24,128,949	-	27,094,520
Residual value	5,469,299	7,062,183	10,193	12,541,675	887,435	10,679,835	-	11,567,270
Minimum lease payments	11,036,731	26,453,671	55,042	37,545,444	3,853,006	34,808,784	-	38,661,790
Financial charges for future periods	905,496	3,640,011	4,077	4,549,584	970,028	2,641,092	-	3,611,120
Present value of minimum lease payments	10,131,235	22,813,660	50,965	32,995,860	2,882,978	32,167,692	-	35,050,670

10.2 Particulars of advances (gross)

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

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

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

10.4 Particulars of provision against advances

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

10.4.1 Particulars of provision against advances with respect to currencies

In local currency	45,338,255	412,641	45,750,896	43,763,990	348,299	44,112,289
In foreign currencies	-	-	-	-	-	-
	45,338,255	412,641	45,750,896	43,763,990	348,299	44,112,289

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

10.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 2,527,122 thousand (2018: Rs. 1,186,127 thousand). The FSV benefit availed is not available for cash or stock dividend.

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

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

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

	Note	2019	2018
		Rupees in '000'	
11. FIXED ASSETS			
Capital work-in-progress	11.1	192,270	231,947
Right-of-use assets	11.2	6,342,167	-
Property and equipment	11.3	8,689,164	8,561,244
		15,223,601	8,793,191
11.1 Capital work-in-progress			
Civil works		192,270	201,487
Equipment		-	30,460
		192,270	231,947

	Note	2019 Rupees in '000'
11.2 Right-of-use assets		
At January 1, 2019		
Cost		-
Impact of IFRS-16		5,191,472
Accumulated depreciation		-
Net book value - adjusted		5,191,472
Year ended December 31, 2019		
Opening net book value - adjusted		5,191,472
Additions during the year		2,106,596
Terminations during the year - at cost		(106,430)
Depreciation on terminations		26,247
Termination during the year - at book value		(80,183)
Depreciation charge during the year	11.2.1	(875,718)
Closing net book value		6,342,167
At December 31, 2019		
Cost		7,191,638
Accumulated depreciation		(849,471)
Net book value		6,342,167

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

11.3 Property and equipment

	2019							
	Freehold land	Building on freehold land	Furniture and fixture	Lease hold improvements	Electrical and office equipment	Computer equipment	Vehicles	Total
	Rupees in '000'							
At January 1, 2019								
Cost / Revalued amount	2,332,187	3,871,830	695,847	2,500,834	1,652,345	1,414,803	385,471	12,853,317
Accumulated depreciation	-	(291,099)	(275,815)	(1,938,411)	(826,666)	(678,782)	(281,300)	(4,292,073)
Net book value	2,332,187	3,580,731	420,032	562,423	825,679	736,021	104,171	8,561,244
Year ended December 31, 2019								
Opening net book value	2,332,187	3,580,731	420,032	562,423	825,679	736,021	104,171	8,561,244
Additions during the year	-	99,693	71,895	313,020	256,740	320,489	41,049	1,102,886
Revaluation surplus during the year	55,376	418,078	-	-	-	-	-	473,454
Disposals during the year - at cost	(775,959)	(159,910)	(2,799)	-	(9,061)	(7,271)	(53,103)	(1,008,103)
Depreciation on disposal	-	57,651	2,105	-	8,216	7,271	53,103	128,346
Disposals during the year - at book value	(775,959)	(102,259)	(694)	-	(845)	-	-	(879,757)
Depreciation charge during the year	-	(182,860)	(47,378)	(345,136)	(195,040)	(230,260)	(49,717)	(1,050,391)
Depreciation adjustment on revaluation surlpus during the year	-	419,080	-	-	-	-	-	419,080
Transfers / adjustments	48,450	16,965	83	2,168	(4,099)	1,853	-	65,420
Depreciation on transfers / adjustments	-	(2,772)	899	(75)	678	(1,502)	-	(2,772)
	48,450	14,193	982	2,093	(3,421)	351	-	62,648
Closing net book value	1,660,054	4,246,656	444,837	532,400	883,113	826,601	95,503	8,689,164
At December 31, 2019								
Cost / Revalued amount	1,660,054	4,246,656	765,026	2,816,022	1,895,925	1,729,874	373,417	13,486,974
Accumulated depreciation	-	-	(320,189)	(2,283,622)	(1,012,812)	(903,273)	(277,914)	(4,797,810)
Net book value	1,660,054	4,246,656	444,837	532,400	883,113	826,601	95,503	8,689,164
Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	

	2018							
	Freehold land	Building on freehold land	Furniture and fixture	Lease hold improvements	Electrical and office equipment	Computer equipment	Vehicles	Total
	Rupees in '000'							
At January 1, 2018								
Cost / Revalued amount	2,209,383	3,295,684	612,391	2,065,543	1,317,459	1,202,282	318,748	11,021,490
Accumulated depreciation	-	(148,335)	(236,950)	(1,612,848)	(673,694)	(495,180)	(228,749)	(3,395,756)
Net book value	2,209,383	3,147,349	375,441	452,695	643,765	707,102	89,999	7,625,734
Year ended December 31, 2018								
Opening net book value	2,209,383	3,147,349	375,441	452,695	643,765	707,102	89,999	7,625,734
Additions during the year	122,804	256,891	86,990	429,849	343,099	237,591	90,212	1,567,436
Disposals during the year - at cost	-	(168,718)	(3,534)	-	(10,346)	(25,070)	(23,489)	(231,157)
Depreciation on disposal	-	28,247	2,588	-	9,279	24,563	15,678	80,355
Disposals during the year - at book value	-	(140,471)	(946)	-	(1,067)	(507)	(7,811)	(150,802)
Depreciation charge during the year	-	(171,011)	(41,453)	(325,563)	(162,251)	(208,165)	(68,229)	(976,672)
Other adjustments / transfers	-	487,973	-	5,442	2,133	-	-	495,548
Closing net book value	2,332,187	3,580,731	420,032	562,423	825,679	736,021	104,171	8,561,244
At December 31, 2018								
Cost / Revalued amount	2,332,187	3,871,830	695,847	2,500,834	1,652,345	1,414,803	385,471	12,853,317
Accumulated depreciation	-	(291,099)	(275,815)	(1,938,411)	(826,666)	(678,782)	(281,300)	(4,292,073)
Net book value	2,332,187	3,580,731	420,032	562,423	825,679	736,021	104,171	8,561,244
Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	

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

	Revalued amount Rupees in '000'
Freehold land	1,660,054
Building on freehold land	4,246,656

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

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

11.3.3 The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 657,104 thousand (2018: Rs. 533,889 thousand).

11.3.4 The carrying amount of fixed assets held for disposal is Rs. 8,700 thousand. The fair value of these fixed assets approximates their carrying amount.

	Note	2019	2018
		Rupees in '000'	
12. INTANGIBLE ASSETS			
Intangible in progress		126,421	129,279
Softwares	12.1	674,004	768,711
		800,425	897,990
12.1 Softwares			
At January 01			
Cost		936,395	149,151
Accumulated amortization		(167,684)	(96,759)
Net book value		768,711	52,392
Year ended December 31			
Opening net book value		768,711	52,392
Purchases capitalized during the year		78,883	787,244
Amortization charge		(173,555)	(68,425)
Impairment loss recognized in the profit and loss account - net		(35)	(2,500)
Closing net book value		674,004	768,711
At December 31			
Cost		1,015,278	936,395
Accumulated amortization and impairement		(341,274)	(167,684)
Net book value		674,004	768,711
Rate of amortization (percentage)		10-33.33%	10-33.33%

12.1.1 The gross carrying amount (cost) of fully amortized intangible assets that are still in use is Rs. 86,134 thousand (2018: Rs. 72,747 thousand).

12.1.2 Intangibles includes room at LSE Financial Services Limited and Trading Rights Entitlement Certificate (TREC), which have indefinite useful life.

13. DEFERRED TAX ASSETS - NET

	2019				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
- Deficit on revaluation of investments	6,122	-	-	(6,122)	-
- Right-of-use assets	-	-	129,797	-	129,797
- Provision against advances	8,926,570	-	(162,844)	-	8,763,726
- Business loss - Subsidiaries	61,834	-	2,565	-	64,399
	8,994,526	-	(30,482)	(6,122)	8,957,922
Taxable temporary differences on:					
- Surplus on revaluation of fixed assets	(463,493)	-	23,078	(277,083)	(717,498)
- Surplus on revaluation of investments	-	-	-	(1,199,107)	(1,199,107)
- Accelerated tax depreciation	(320,078)	-	13,841	-	(306,240)
- Surplus on revaluation of non banking assets	(183,851)	-	9,186	71,770	(102,895)
	(967,422)	-	46,105	(1,404,420)	(2,325,740)
	8,027,104	-	15,623	(1,410,542)	6,632,182

	2018				
	At January 01	Prior year adjustments	Recognized in P&L A/C	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
- Post retirement employee benefits	44,182	(44,182)	-	-	-
- Deficit on revaluation of investments	28,808	-	-	(22,686)	6,122
- Provision against advances	11,525,114	(648,301)	(1,950,243)	-	8,926,570
- Business loss - Subsidiaries	62,640	-	(806)	-	61,834
	11,660,744	(692,483)	(1,951,049)	(22,686)	8,994,526
Taxable temporary differences on:					
- Surplus on revaluation of fixed assets	(513,360)	-	24,583	25,284	(463,493)
- Surplus on revaluation of investments	(110)	-	110	-	-
- Accelerated tax depreciation	(313,847)	-	(6,231)	-	(320,078)
- Surplus on revaluation of non banking assets	(47,143)	-	1,851	(138,559)	(183,851)
	(874,460)	-	20,313	(113,275)	(967,422)
	10,786,284	(692,483)	(1,930,736)	(135,961)	8,027,104

	Note	2019	2018
		Rupees in '000'	
14. OTHER ASSETS - NET			
Income / mark-up accrued in local currency		20,059,765	8,896,935
Income / mark-up accrued in foreign currency		3,786	1,961
Profit paid in advance on pehlay munafa scheme		321	8,027
Advances, deposits, advance rent and other prepayments		610,934	816,682
Advance taxation (payments less provisions)		1,799,299	3,633,574
Non-banking assets acquired in satisfaction of claims	14.1	7,257,669	7,467,804
Acceptances		2,913,345	4,888,386
Branch adjustment account		180,250	180,704
Mark to market gain on forward foreign exchange contracts		-	146,431
Stock of stationery		147,340	108,048
Suspense account		5,387	1,710
Zakat recoverable from NITL	14.2	36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		37,999	78,013
Fraud and forgeries		193,559	121,806
Unearned income on sale of sukuk on bai-muajjal basis		691,120	1,044,888
Others		658,601	1,195,952
		34,596,165	28,627,711
Less: Provision held against other assets	14.3	(1,767,448)	(2,207,512)
Other assets (net of provision)		32,828,717	26,420,199
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,333,687	1,544,813
Other assets - total		34,162,404	27,965,012
14.1 Market value of non-banking assets acquired in satisfaction of claims - net of provision		7,392,801	7,436,947

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

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

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

	2019	2018
	Rupees in '000'	
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	63,618	397,387
Less:		
- Cost / revalued amount	64,028	363,945
- Impairment / depreciation	(477)	(3,335)
	63,551	360,610
Gain on sale recognized during the year	67	36,627

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

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

	Note	2019	2018
		Rupees in '000'	
17. BORROWINGS			
Secured			
Borrowings from SBP under:			
Export refinance scheme (ERF)	17.1	16,701,300	13,451,606
Long term financing facility (LTFF)	17.2	7,839,710	6,219,303
Finance facility for storage of agricultural produce (FFSAP)	17.3	37,048	25,991
Finance facility for renewable energy performance platform (REPP)	17.4	2,011,143	1,025,036
		26,589,201	20,721,936
Repurchase agreement borrowings	17.5	11,688,192	2,497,905
Call borrowings	17.6	38,942,031	17,251,702
Total secured		77,219,424	40,471,543
Unsecured			
Overdrawn nostro accounts		139,188	210,763
Foreign placement	17.7	-	1,110,895
Reedemable capital - Musharika certificate		-	8,039
Total unsecured		139,188	1,329,697
		77,358,612	41,801,240

17.1 These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 2.00% per annum (2018: 1.00% to 2.00% per annum) with maturities upto June 30, 2020.

17.2 This amount is due to the SBP and has been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 9.00% per annum (2018: 1.00% to 9.70% per annum) with maturities upto July 15, 2029.

17.3 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at rates ranging from 2.50 % to 3.50% per annum (2018: 2.50% to 3.50% per annum) with maturities upto Feburary 10, 2020.

17.4 These represent borrowings from the SBP under scheme of financing facility renewable energy performance platform. Mark-up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2018: 2.00% per annum) with maturities upto December 06, 2027.

17.5 These are secured against market treasury bills, carrying mark-up at rates ranging from 13.10% to 13.20% per annum (2018: 10.25% to 10.40% per annum) maturing on January 02, 2020. The carrying value of market treasury bills given as collateral against these borrowings is Rs. 11,378,650 thousand (2018: Rs. 2,498,613 thousand).

17.6 These are secured against Pakistan investment bonds, carrying mark-up at 10.88% to 13.75% per annum (2018: Market treasury bills at 10.00% per annum) maturing on August 28, 2020. The carrying value of Pakistan investment bonds given as collateral against these borrowings is Rs. 41,022,618 thousand (2018: Market treasury bills Rs. 17,330,575 thousand).

17.7 This represents borrowings from Bank abroad carrying mark-up at rate of Nil (2018: 4.06% per annum).

	2019	2018
	Rupees in '000'	
17.8 Particulars of borrowings with respect to currencies		
In local currency	76,108,529	40,479,582
In foreign currencies	1,250,083	1,321,658
	77,358,612	41,801,240

18. DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	128,760,062	2,777,676	131,537,738	119,614,715	2,343,451	121,958,166
Savings deposits	328,444,179	2,683,909	331,128,088	253,500,729	2,413,949	255,914,678
Term deposits	198,611,751	3,210,224	201,821,975	181,768,000	3,496,387	185,264,387
Others	16,222,707	-	16,222,707	25,541,626	-	25,541,626
	672,038,699	8,671,809	680,710,508	580,425,070	8,253,787	588,678,857
Financial institutions:						
Current deposits	5,068,904	550,472	5,619,376	3,610,496	188,548	3,799,044
Savings deposits	3,293,719	209	3,293,928	2,166,684	186	2,166,870
Term deposits	405,000	864,050	1,269,050	755,000	-	755,000
Others	122,997	-	122,997	162,192	-	162,192
	8,890,620	1,414,731	10,305,351	6,694,372	188,734	6,883,106
	680,929,319	10,086,540	691,015,859	587,121,030	8,442,521	595,561,963

	2019	2018
	Rupees in '000'	
18.1 Composition of deposits:		
- Individuals	152,925,128	155,825,503
- Private sector	107,087,010	83,340,638
- Government (federal and provincial)	352,520,837	335,274,213
- Public sector entities	68,177,533	14,238,503
- Banking companies	5,692,942	4,547,275
- Non-banking financial institutions	4,612,409	2,335,831
	691,015,859	595,561,963

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

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

19.1 Loan from GoPb

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

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

19.2 Privately placed term finance certificates - I

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

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).

Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

19.3 Privately placed term finance certificates - II

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

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

	Note	2019	2018
		Rupees in '000'	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		16,670,871	7,234,452
Mark-up / return / interest payable in foreign currency		82,589	44,506
Lease key money		12,541,675	11,567,270
Sundry creditors and accrued expenses		851,407	996,944
Acceptances		2,913,345	4,888,386
Mark-up payable on privately placed term finance certificates		130,626	97,913
Unclaimed dividends		2,588	2,599
Mark to market loss on forward foreign exchange contracts		155,671	-
Payable to gratuity fund		211,782	287,512
Gratuity payable to key management personnel	42.4	53,145	100,403
Payable to charity fund		-	114
Provision against off-balance sheet obligations	20.1	62,183	62,183
Provision for employees compensated absences	37.9.2	111,612	102,294
Taxes / zakat / import fee payable		372,905	193,646
Deferred income on sale of sukuk on bai - muajjal basis		691,120	1,044,888
Lease liability against right-of-use assets	20.2	6,717,938	-
Workers welfare fund		286,007	-
Others		369,591	479,539
		42,225,055	27,102,649

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

20.2 Lease liability against right-of-use assets

	2019	2018
	Rupees in '000'	
Not later than one year	28,857	-
Later than one year and less than five years	898,387	-
Over five years	5,790,694	-
	6,717,938	-

21. SHARE CAPITAL - NET

21.1 Authorized Capital

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

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

21.2 Issued, subscribed and paid up capital

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

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

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

	Note	2019	2018
		Rupees in '000'	
22.1 Surplus on revaluation of fixed assets - net of tax			
At January 01		2,374,212	2,516,691
Recognized during the year		892,534	-
Surplus on building transferred from non banking assets during the year		5,006	47,130
Surplus realized on disposal during the year		(574,814)	(119,375)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(42,861)	(45,652)
Related deferred tax liability on incremental depreciation charged during the year		(23,078)	(24,582)
At December 31		2,630,999	2,374,212
Less: related deferred tax liability on:			
- revaluation as at January 01		(463,493)	(513,360)
- revaluation recognized during the year		(293,005)	-
- surplus transferred from non banking asset during the year		(772)	(16,496)
- surplus realized on disposal during the year		16,694	41,781
- incremental depreciation charged during the year		23,078	24,582
	13	(717,498)	(463,493)
		1,913,501	1,910,719
22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net of tax			
At January 01		1,544,813	983,913
Surplus recognized during the year		(174,792)	668,714
Surplus realized on disposal during the year		(5,083)	(55,392)
Surplus on building transferred to fixed assets during the year		(5,006)	(47,130)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(17,059)	(3,440)
Related deferred tax liability on incremental depreciation charged during the year		(9,186)	(1,852)
At December 31		1,333,687	1,544,813
Less: related deferred tax liability on:			
- revaluation as at January 01		(183,851)	(47,143)
- revaluation recognized during the year		70,806	(158,924)
- surplus transferred to fixed assets during the year		772	16,496
- surplus realized on disposal during the year		192	3,868
- incremental depreciation charged during the year		9,186	1,852
	13	(102,895)	(183,851)
		1,230,792	1,360,962

	Note	2019	2018
		Rupees in '000'	
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	57,676,022	52,717,758
Commitments	23.2	137,405,985	91,698,462
Other contingent liabilities	23.3	142,633	1,464,824
		195,224,640	145,881,044
23.1 Guarantees:			
Financial guarantees		18,399,059	18,743,220
Performance guarantees		16,411,708	18,257,988
Other guarantees		22,865,255	15,716,550
		57,676,022	52,717,758
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		60,718,682	44,621,896
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	53,180,523	22,172,986
- forward lending	23.2.2	23,449,998	14,747,883
- operating leases	23.2.3	-	9,937,311
Commitments for acquisition of:			
- fixed assets		50,934	56,437
- intangible assets		5,848	161,949
		137,405,985	91,698,462
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		28,416,586	13,420,469
Sale		24,763,937	8,752,517
		53,180,523	22,172,986
23.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	23,449,998	14,747,883

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

	2019	2018
	Rupees in '000'	
23.2.3 Commitments in respect of operating leases		
Not later than one year	-	878,342
Later than one year and not later than five years	-	3,357,036
Later than five years	-	5,701,933
	-	9,937,311
23.3 Other contingent liabilities	142,633	1,464,824

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

23.3.2 During the year tax authorities of AJK made amendment under section 122(1) of for tax year 2013 to 2018 and created an additional demand of Rs. 133,658 thousands against which the Bank has filed appeal before Commissioner (Appeals) AJK. The management of the Bank, as per opinion of its tax consultant, is confident that the decision for aforementioned tax years will be decided in Bank's favour.

	Note	2019	2018
		Rupees in '000'	
23.4 Claims against the Bank not acknowledged as debts	23.4.1	53,806,237	57,300,059

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

	2019	2018
	Rupees in '000'	
24. MARK-UP / RETURN / INTEREST EARNED		
a) On loans and advances	46,282,500	28,940,909
b) On investments:		
Available for sale securities	26,239,963	13,826,666
Held for trading securities	2,609,982	2,007,688
Held to maturity securities	2,964,846	20,652
c) On lendings to financial institutions:		
Securities purchased under resale agreements	2,273,526	1,498,792
Call lending	2,438	27,278
Letters of placement	429,093	607,984
d) On balances with banks	158,703	42,937
	80,961,051	46,972,906

	Note	2019	2018
		Rupees in '000'	
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		46,981,075	23,550,468
Borrowings:			
Securities sold under repurchase agreements		1,559,555	1,140,951
Call borrowings		3,197,116	1,132,925
SBP borrowing		440,021	401,719
Foreign currency borrowing		46,546	5,081
Subordinated debts:			
Mark-up on subordinated loan from GoPb		249,808	152,274
Mark-up on privately placed term finance certificates		859,933	459,031
Markup on lease liability against right-of-use assets		779,483	-
		54,113,537	26,842,449
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		559,831	567,779
Consumer finance related fees		224,166	238,323
Card related fees		539,952	372,759
Credit related fees		443,188	446,529
Branchless banking fees		51,663	1,935
Commission on trade		590,617	572,490
Commission on guarantees		167,443	273,908
Commission on cash management		178,591	154,651
Commission on remittances including home remittances		277,979	203,911
Commission on bancassurance		156,628	207,325
Commission on wheat financing		134,878	82,959
SMS banking income		229,979	143,548
		3,554,915	3,266,117
27. GAIN ON SECURITIES - NET			
Realized gain on sale of securities - net	27.1	225,771	31,508
Unrealized loss - held for trading	9.1	(4,207)	(3,741)
		221,564	27,767
27.1 Realized gain on sale of securities - net:			
Federal government		90,024	(4,444)
Shares / units		126,490	37,150
Term finance certificates		9,257	(1,198)
		225,771	31,508
28. OTHER INCOME - NET			
Rent on property		1,520	4,937
Loss on termination of lease liability against right-of-use assets		(4,922)	-
Gain on sale of fixed assets - net		63,892	4,785
Gain on sale of non banking assets - net		67	36,777
Compensation on tax refund		-	36,295
Notice pay on resignations		11,616	14,298
		72,173	97,092

	Note	2019	2018
		Rupees in '000'	
29. OPERATING EXPENSES			
Total compensation expense	29.1	7,256,680	6,299,384
Property expense:			
Rent and taxes		71,363	971,978
Insurance		18,974	13,529
Utilities cost		637,731	494,984
Security		2,172	7,642
Repair and maintenance including janitorial charges		16,874	28,130
Depreciation		527,996	496,574
Depreciation on right-of-use assets		875,718	-
Others		4,632	-
		2,155,460	2,012,837
Information technology expenses:			
Software maintenance		376,222	199,717
Hardware maintenance		107,255	96,159
Depreciation		231,117	207,917
Amortization		173,590	70,925
Network charges		331,442	320,661
		1,219,626	895,379
Other operating expenses:			
Director's fees and allowances		8,625	4,375
Fees and allowances to shariah board		3,805	3,164
Legal and professional charges		104,205	152,343
Subscription charges		18,653	17,599
Outsourced staff services costs	36.1	236,497	241,494
Travelling and conveyance		584,319	476,375
NIFT clearing charges		58,994	49,899
Depreciation		291,278	272,181
Depreciation on non banking assets		73,977	65,918
Depreciation on ijarah assets		312,990	405,213
Training and development		36,678	15,687
Postage and courier charges		143,809	110,468
Stationery and printing		230,641	242,858
Marketing, advertisement and publicity		103,928	140,868
Donations		1,000	-
Auditors remuneration	29.2	12,200	11,925
Insurance		140,896	101,088
Deposit protection fee		337,376	159,680
Repair and maintenance		159,208	138,897
Entertainment expenses		95,574	90,567
Fuel for generator		108,054	94,795
Commission and brokerage		141,506	119,832
Bank charges		63,414	52,420
SMS banking charges		38,669	33,900
ATM charges including ATM maintenance charges		140,012	97,645
Cash remittance charges		181,062	190,182
Branch license fee		14,641	17,983
CNIC verification / ECIB charges		70,947	33,688
Miscellaneous expenses		243,238	168,332
		3,956,196	3,509,376
		14,587,962	12,716,976

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

	Note	2019	2018
		Rupees in '000'	
29.1 Total compensation expense			
Managerial remuneration:			
Fixed		6,277,410	5,697,067
Variable cash bonus / awards etc.		386,447	7,524
Provision for gratuity	37.2.1	157,354	114,781
Provision for compensated absences	37.9.4	13,898	10,457
Gratuity expense of key management personnel	42.4	13,118	100,403
Contribution to defined contribution plans		215,964	178,210
Rent & house maintenance		153	888
Utilities		600	150
Medical		421	318
Medical insurance		138,627	145,798
Conveyance		22,277	20,884
Liveries		23,684	17,339
Scholarship		6,715	5,561
Others		12	4
		7,256,680	6,299,384
29.2 Auditors remuneration			
Audit fee		3,025	2,750
Fee for half year review and other statutory certifications		7,065	7,065
Special certifications and sundry advisory services		1,260	1,260
Out of pocket expenses		850	850
		12,200	11,925
30. OTHER CHARGES			
Penalties imposed by SBP		138,697	53,565
31. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	9.3.1	370,738	247,754
Provisions / (Reversal) against advances	10.4	1,639,659	(2,149,258)
Provision against other assets - net	14.3.1	(284,832)	676,905
Bad debts written off directly	10.5.1	13	2,450
Other assets written off directly		1,510	-
		1,727,088	(1,222,149)

	Note	2019	2018
		Rupees in '000'	
32. TAXATION			
Current	32.1	5,559,706	2,672,397
Prior years		250,348	47,533
Deferred		(15,623)	1,930,736
		5,794,431	4,650,666

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

	2019	2018
	Rupees in '000'	
32.2 Relationship between tax expense and accounting profit		
Accounting profit before tax for the year	14,071,981	12,272,044
Tax on income @ 35%	4,925,193	4,295,215
Tax effect of permanent differences	48,544	18,748
Tax effect of super tax	569,922	273,470
Others	250,772	63,233
Tax charge for the year	5,794,431	4,650,666

	2019	2018
33. BASIC EARNINGS PER SHARE		
Profit after tax for the year (Rs in '000')	8,160,271	7,537,296
Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
Basic earnings per share (Rs)	3.09	2.85

34. DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

	2019	2018
	Rupees in '000'	
35. CASH AND CASH EQUIVALENTS		
Cash and balance with treasury banks	53,414,645	43,589,610
Balance with other banks	10,374,371	5,837,962
Overdrawn nostro accounts	(139,188)	(210,763)
	63,649,828	49,216,809

	2019	2018
	Number	

36. STAFF STRENGTH

Permanent	6,649	4,318
Contractual employees	3,032	4,315
Daily wages	-	42
Bank's own staff strength at the end of the year	9,681	8,675

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

37. EMPLOYEE BENEFITS

37.1 Defined benefit plan - gratuity

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

37.1.1 Number of employees under the scheme

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

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

37.1.2 Principal actuarial assumptions

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

	2019	2018
	Per annum	
Discount rate	11.00%	9.00%
Expected rate of return on plan assets	11.00%	9.00%
Expected rate of salary increase	10.00%	8.00%
Average expected remaining working life (years)	7	8

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

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

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

37.4 Sensitivity analysis

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

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

37.8 Funding policy

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

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

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

37.9 Defined benefit plan - compensated absences

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

37.9.1 Principal actuarial assumptions

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

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

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

37.9.5 Sensitivity analysis:

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

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

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

	2019	2018	2017	2016	2015
	Rupees in '000'				
Opening net liability	102,294	93,523	91,181	228,742	223,672
Net charge for the year	9,318	8,771	2,342	(137,561)	5,070
	111,612	102,294	93,523	91,181	228,742
Actuarial gain on obligation	(1,175)	886	1,617	162,677	29,003

37.10 Defined contribution plan

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

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

	2019				2018			
	Chairman	Members shariah board	President / CEO	Key management personnel	Chairman	Members shariah board	President / CEO	Key management personnel
	Rupees in '000'							
Fees and allowances etc.	950	3,805	-	-	675	3,164	-	-
Managerial remuneration								
Fixed	807	553	75,115	195,000	576	-	81,996	246,447
Variable cash bonus / awards	-	-	16,104	18,785	-	-	42,263	35,137
Charge for defined benefit plan	-	-	13,118	6,358	-	-	60,376	44,497
Contribution to defined contribution plan	-	-	-	6,281	-	-	-	4,616
Utilities	291	-	-	442	-	-	-	443
Medical	421	-	-	442	384	-	-	443
LFA	-	-	-	-	-	-	-	-
Relocation allowance	-	-	-	720	-	-	1,782	-
Servant salary	-	-	-	-	-	-	673	-
Others	21	-	264	1,249	36	-	116	2,260
Total	2,490	4,358	104,601	229,277	1,671	3,164	187,206	333,843
Number of persons	1	3	1	24	1	3	1	20

38.1.1 Total compensation paid during the year to President / CEO represents amount paid to acting President / DCEO.

38.1.2 Total compensation expense of key management personnel includes amount paid to key material risk takers / controllers.

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

Name of Director	2019							
	Rupees in '000'							
		For Board Committees						
	Board Meetings	Islamic Banking Review Committee	Non Performing Loans Committee	Central Audit Committee	Human Resource & Remuneration Committee	Information Technology Review Committee	Risk Management Committee	Total amount paid
Dr. Pervaiz Tahir	800	100	-	-	-	50	-	950
Mohammad Jehanzeb Khan	1,100	-	-	-	350	50	100	1,600
Abdullah Khan Sumbal	400	-	-	-	-	-	50	450
Hamed Yaqoob Sheikh	400	-	-	50	-	-	100	550
Khawaja Farooq Saeed	1,100	100	-	250	350	-	-	1,800
Saeed Anwar	1,000	-	-	250	-	50	200	1,500
Dr. Muhammad Amjad Saqib	1,000	100	-	-	350	-	150	1,600
Shaharyar Ahmad	100	-	-	-	-	-	-	100
Total	5,900	300	-	550	1,050	150	600	8,550

Name of Director	2018							
	Rupees in '000'							
		For Board Committees						
	Board Meetings	Islamic Banking Review Committee	Non Performing Loans Committee	Central Audit Committee	Human Resource & Remuneration Committee	Information Technology Review Committee	Risk Management Committee	Total amount paid
Dr. Pervaiz Tahir	550	125	-	-	-	-	-	675
Mohammad Jehanzeb Khan	300	-	-	-	50	-	-	350
Hamed Yaqoob Sheikh	500	-	-	-	-	25	-	525
Khawaja Farooq Saeed	500	125	25	100	-	-	25	775
Saeed Anwar	500	-	25	100	-	25	50	700
Dr. Muhammad Amjad Saqib	450	125	-	-	-	-	-	575
Dr. Umar Saif	100	-	25	-	-	25	-	150
Syed Maratib Ali	150	-	-	-	50	-	50	250
Mr. Mohammad Afzaal	100	-	-	25	50	-	-	175
Total	3,150	375	75	225	150	75	125	4,175

38.3 Remuneration paid to Shariah board members

	2019				2018			
	Chairman	Resident member	Non-resident member	Total amount paid	Chairman	Resident member	Non-resident member	Total amount paid
	Rupees in '000'							
Meeting fees and allowances	1,935	-	1,870	3,805	1,380	-	1,784	3,164
Salary & festival bonus paid to resident member through bank's payroll	-	553	-	553	-	-	-	-
Total amount	1,935	553	1,870	4,358	1,380	-	1,784	3,164
Number of persons	1	1	1		1	1	1	

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

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

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

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

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

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

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

	2019				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	292,671,508	-	292,671,508	-	292,671,508
Shares	1,633,625	1,533,730	-	99,895	1,633,625
Preference shares of listed companies	-	-	-	-	-
Non-Government debt securities	1,978,127	-	1,978,127	-	1,978,127
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary company	-	-	-	-	-
Financial assets disclosed but not measured at fair value :					
Government securities	59,762,000	-	64,466,364	-	64,466,364
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,906,710	-	5,906,710	-	5,906,710
Non banking assets acquired in satisfaction of claims	7,392,801	-	7,392,801	-	7,392,801
Financial liabilities measured at fair value:					
Payable to gratuity fund	211,782	-	211,782	-	211,782
Provision for employees compensated absences	111,612	-	111,612	-	111,612
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	27,819,676	-	27,819,676	-	27,819,676
Forward sale of foreign exchange contracts	24,322,698	-	24,322,698	-	24,322,698

	2018				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	202,765,869	-	202,765,869	-	202,765,869
Shares	1,066,094	1,050,104	-	15,990	1,066,094
Non-Government debt securities	852,320	-	852,320	-	852,320
Foreign securities	4,019	-	-	4,019	4,019
Financial assets disclosed but not measured at fair value:					
Government securities	250,329	-	248,902	-	248,902
Non Financial assets measured at fair value:					
Operating fixed assets (land & building)	5,912,918	-	5,912,918	-	5,912,918
Non banking assets acquired in satisfaction of claims	7,436,947	-	7,436,947	-	7,436,947
Financial liabilities measured at fair value:					
Payable to gratuity fund	287,512	-	287,512	-	287,512
Provision for employees compensated absences	102,294	-	102,294	-	102,294
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	13,823,439	-	13,823,439	-	13,823,439
Forward sale of foreign exchange contracts	9,009,056	-	9,009,056	-	9,009,056

40. SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2019						
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	36,130,889	-	6,875,475	32,832,790	4,824,953	296,944	80,961,051
Inter segment revenue - net	(26,140,587)	56,878,503	(5,138,037)	(27,459,663)	(10,665)	1,870,449	-
Non mark-up / return / interest income	1,065,840	815,300	299,214	1,618,108	93,993	70,720	3,963,175
Total income	11,056,142	57,693,803	2,036,652	6,991,235	4,908,281	2,238,113	84,924,226
Segment direct expenses	1,103,898	53,137,874	581,293	5,094,762	3,594,765	5,612,565	69,125,157
Inter segment expense allocation	3,063,030	(2,258,567)	57,238	16,263	-	(877,964)	-
Total expenses	4,166,928	50,879,307	638,531	5,111,025	3,594,765	4,734,601	69,125,157
Provisions	1,408,911	87,315	180,864	404,485	28,083	(382,570)	1,727,088
Profit / (loss) before tax	5,480,303	6,727,181	1,217,257	1,475,725	1,285,433	(2,113,918)	14,071,981
Balance sheet							
Cash & bank balances	-	36,597,942	-	20,093,277	7,097,797	-	63,789,016
Investments - net	2,569,293	-	-	349,962,333	8,936,196	-	361,467,822
Net inter segment lending	-	625,626,216	-	-	2,342,604	24,456,858	652,425,678
Lendings to financial institutions	-	-	-	664,771	3,295,000	-	3,959,771
Advances - performing	290,401,074	-	54,477,738	-	27,211,005	5,265,122	377,354,939
- non-performing - net	5,351,015	-	862,781	-	59,967	17,914	6,291,677
Others	14,081,124	6,169,630	1,169,369	7,888,965	4,221,371	23,288,153	56,818,612
Total assets	312,402,506	668,393,788	56,509,888	378,609,346	53,163,940	53,028,047	1,522,107,515
Borrowings	26,589,201	-	-	50,769,411	-	-	77,358,612
Subordinated debts	-	-	-	-	-	8,794,420	8,794,420
Deposits & other accounts	-	644,926,850	-	-	46,089,009	-	691,015,859
Net inter segment borrowing	282,566,724	-	43,904,084	325,954,870	-	-	652,425,678
Others	2,913,345	23,216,935	12,605,804	2,183,830	3,419,840	1,306,384	45,646,138
Total liabilities	312,069,270	668,143,785	56,509,888	378,908,111	49,508,849	10,100,804	1,475,240,707
Equity							46,866,808
Total equity & liabilities							1,522,107,515
Contingencies & commitments	124,290,688	-	746,379	53,180,523	16,807,634	199,416	195,224,640

	2018						
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	23,170,278	-	4,068,307	16,738,943	2,874,347	106,195	46,958,070
Inter segment revenue - net	(19,197,210)	35,555,736	(3,021,010)	(14,326,092)	(48,042)	1,036,618	-
Non mark-up / return / interest income	1,224,174	905,749	237,551	1,029,019	67,763	235,478	3,699,734
Total income	5,197,242	36,461,485	1,284,848	3,441,870	2,894,068	1,378,291	50,657,804
Segment direct expenses	(932,577)	33,455,222	520,868	2,552,341	2,289,116	1,722,939	39,607,909
Inter segment expense allocation	1,905,684	(1,596,683)	6,239	-	-	(315,240)	-
Total expenses	973,107	31,858,539	527,107	2,552,341	2,289,116	1,407,699	39,607,909
Provisions	(2,145,200)	77	(188,580)	247,754	156,631	707,169	(1,222,149)
Profit / (loss) before tax	6,369,335	4,602,869	946,321	641,775	448,321	(736,577)	12,272,044
Balance sheet							
Cash & Bank balances	-	30,025,019	-	15,006,379	4,396,174	-	49,427,572
Investments - net	1,300,966	-	-	199,152,502	9,599,160	-	210,052,628
Net inter segment lending	-	538,723,277	-	-	-	15,165,594	553,888,871
Lendings to financial institutions	-	-	-	22,093,153	5,350,000	-	27,443,153
Advances - performing	297,566,507	-	55,742,713	-	19,922,874	3,023,025	376,255,119
- non-performing	5,547,455	-	199,217	-	72,752	35,220	5,854,644
Others	12,294,712	1,958,835	1,398,214	1,545,708	2,039,876	26,445,952	45,683,297
Total assets	316,709,640	570,707,131	57,340,144	237,797,742	41,380,836	44,669,791	1,268,605,284
Borrowings	20,721,936	-	-	21,079,304	-	-	41,801,240
Subordinated debts	-	-	-	-	-	8,797,140	8,797,140
Deposits & other accounts	-	559,060,852	-	-	36,501,111	-	595,561,963
Net inter segment borrowing	290,866,811	-	45,772,874	217,061,999	187,187	-	553,888,871
Others	4,888,386	11,296,439	11,567,270	83,333	2,295,659	549,239	30,680,326
Total liabilities	316,477,133	570,357,291	57,340,144	238,224,636	38,983,957	9,346,379	1,230,729,540
Equity							37,875,744
Total equity & liabilities							1,268,605,284
Contingencies & commitments	108,373,498	10,482,058	-	22,172,986	3,096,732	1,683,210	145,808,484

#HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کے

41. TRUST ACTIVITIES

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

42. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. Remuneration of key management personnel is disclosed in Note 38.1. In addition key management personnel are paid terminal and short-term terminal benefits.

	2019			2018		
	Key management personnel	Employee funds	Others related parties	Key management personnel	Employee funds	Others related parties
	Rupees in '000			Rupees in '000		
Advances						
Opening balance	210,446	-	-	189,636	-	-
Addition during the year	221,225	-	-	98,028	-	-
Repaid during the year	112,797	-	-	77,218	-	-
Closing balance	318,874	-	-	210,446	-	-
Provision held against advances	-	-	-	-	-	-
Advance rent	-	-	-	-	-	67,317
Deposits and other accounts:						
Opening balance	38,172	2,398,389	7,753	24,423	2,770,528	2,396
Received during the year	544,807	1,148,293	85,894	561,535	791,508	156,480
Withdrawn during the year	569,556	981,772	92,771	547,786	1,163,647	151,123
Closing balance	13,423	2,564,910	876	38,172	2,398,389	7,753
Income:						
Mark-up / return / interest earned	20,359	-	-	10,112	-	-
Reversal of provision - investment	-	-	-	-	-	-
Reversal of provision - advances	-	-	-	-	-	-
Net gain on sale of fixed asset (Note 11.2.4)	-	-	-	-	-	
Expense:						
Mark-up / return / interest paid	1,166	301,539	1,024	965	169,425	146
Mark-up on lease liability against right of use asset	-	-	4,826	-	-	-
Depreciation on right of use asset	-	-	7,373	-	-	-
Commission expense	-	-	-	-	-	-

42.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 43,767,706 thousand (2018: Rs. 55,256,269 thousand), Rs. 357,426,911 thousand (2018: Rs. 306,110,933 thousand) and Rs. 29,655,042 thousand (2018: Rs. 30,682,028 thousand) respectively. Further, during the year, the Bank has incurred markup expense of Rs. 249,808 thousand (2018: Rs. 152,274 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

42.3 The Bank made contribution of Rs. 184,477 thousand (2018: Rs. 139,739 thousand) to employees provident fund during the year.

42.4 During the year, the Bank has recorded Rs. 13,118 thousand (2018: Rs 60,376 thousand and Rs. 40,027 thousand) as gratuity payable to President / CEO and DCEO.

42.5 Advances to employees as at December 31, 2019, other than key management personnel, amounts to Rs. 5,494,198 thousand (2018: Rs. 3,914,070 thousand).

	2019	2018
	Rupees in '000'	
43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	34,287,380
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	37,567,213	28,672,062
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	37,567,213	28,672,062
Eligible Tier 2 Capital	11,742,487	9,616,982
Total Eligible Capital (Tier 1 + Tier 2)	49,309,700	38,289,044
Risk Weighted Assets (RWAs):		
Credit Risk	287,094,506	255,838,950
Market Risk	3,411,622	2,364,970
Operational Risk	45,898,636	36,075,151
Total	336,404,764	294,279,071
Common Equity Tier 1 Capital Adequacy ratio	11.17%	9.74%
Tier 1 CAR (%)	11.17%	9.74%
Total CAR (%)	14.66%	13.01%

43.1 Capital adequacy framework

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

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

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

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

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

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

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

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.

- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

  The deductions from Tier 1 capital include mainly:
  i) Book value of goodwill / intangibles;
  ii) Shortfall in provision
  iii) Deficit on revaluation of available for sale investments - AFS & fixed assets;
  iv) Defined benefit pension fund asset

v) Investment in own shares
vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
vii) Investment in mutual funds above a prescribed ceiling
viii)Threshold deductions applicable from 2014 on deferred tax assets and certain investments;
ix) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position during transition phase

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

The deductions from Tier 2 include mainly

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

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

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

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

		2019	2018
		Rupees in '000'	
43.2	**Leverage Ratio (LR):**		
	Eligible Tier-1 Capital	37,567,213	28,672,062
	Total Exposures	1,063,747,831	852,478,531
	LR (%)	3.53%	3.36%
43.3	**Liquidity Coverage Ratio (LCR):**		
	Total High Quality Liquid Assets	346,077,837	272,221,864
	Total Net Cash Outflow	293,511,879	203,539,146
	LCR (%)	117.91%	133.74%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	474,402,901	417,010,019
	Total Required Stable Funding	441,990,495	371,740,462
	NSFR (%)	107.33%	112.18%

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

44. RISK MANAGEMENT

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

44.1 Credit risk

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

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

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

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

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

44.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees in '000'					
Public / Government	-	-	-	-	-	-
Private	3,959,771	27,443,153	-	-	-	-
	3,959,771	27,443,153	-	-	-	-

44.1.2 Investment in debt securities

Oil & gas	187,500	250,000	-	-	-	-
Textile	582,301	582,301	582,301	582,301	582,301	582,301
Cement	20,000	20,000	20,000	20,000	20,000	20,000
Sugar	308,606	317,811	308,606	-	125,678	-
Electronics and electrical appliances	427,862	284,855	27,862	27,862	27,862	27,862
Construction	47,387	47,387	47,387	47,387	47,387	47,387
Power (electricity), gas, water, sanitary	3,335,714	3,878,571	-	-	-	-
Transport, storage and communication	5,488	34,852	5,488	6,986	5,488	6,986
Financial	349,790,707	203,427,547	34,808	34,808	34,808	34,808
Services	950,000	501,448	-	-	-	-
Chemical and Pharmaceuticals	1,500,000	-	-	-	-	-
Fertilizer	1,730,831	1,837,405	1,518,079	1,517,679	1,518,079	1,517,679
	358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023

Credit risk by public / private sector

Public/ Government	349,216,156	203,427,547	400	400	400	400
Private	9,670,240	7,754,630	2,544,131	2,236,623	2,361,203	2,236,623
	358,886,396	211,182,177	2,544,531	2,237,023	2,361,603	2,237,023

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees in '000'					

44.1.3 Advances

Agriculture, Forestry, Hunting and Fishing	14,260,967	12,005,293	1,104,290	979,463	856,027	903,024
Oil & Gas	1,609,520	2,929,676	86,131	89,702	74,134	74,753
Textile	72,594,898	69,374,545	25,074,925	24,225,200	22,467,710	20,807,249
Chemical and Pharmaceuticals	9,913,675	9,049,220	117,630	68,734	83,935	68,734
Cement	18,241,013	16,177,409	423,980	1,522,129	364,013	933,816
Sugar	14,195,669	14,035,366	2,019,841	1,171,500	1,596,099	1,144,701
Footwear and Leather garments	1,183,400	733,435	517,610	517,610	516,066	200,115
Automobile and transportation equipment	2,574,879	2,555,900	1,986,465	2,078,025	1,982,999	2,012,317
Electronics and electrical appliances	4,008,717	4,971,541	37,720	105,264	37,720	75,784
Cable, electrical & Engineering	6,429,908	7,162,896	2,127,649	1,839,829	1,817,804	1,835,208
Production & transmission of energy	72,264,093	66,011,429	1,863,385	1,562,787	1,561,765	1,555,016
Construction	6,142,392	7,684,052	1,868,215	1,450,980	1,592,760	1,287,928
Trading & Commerce	46,286,350	51,092,229	6,979,645	6,939,448	6,470,028	6,283,841
Food & Allied	37,663,811	50,716,076	3,241,565	3,034,783	3,005,118	2,733,790
Transport, Storage and Communication	39,193,270	31,536,555	184,877	195,567	168,797	163,407
Financial	1,954,778	1,846,403	602,553	315,517	602,553	315,515
Fertilizer	10,688,089	5,253,412	71,814	119,464	71,814	96,939
Services	8,799,311	11,762,370	1,264,556	1,017,584	1,243,770	999,325
Individuals	42,252,583	42,364,144	666,204	748,749	433,723	590,933
Others	19,140,189	18,960,101	1,390,877	1,798,216	391,420	1,681,595
	429,397,512	426,222,052	51,629,932	49,780,551	45,338,255	43,763,990

Credit risk by public / private sector

Public/ Government	108,488,179	107,860,937	-	-	-	-
Private	320,909,333	318,361,115	51,629,932	49,780,551	45,338,255	43,763,990
	429,397,512	426,222,052	51,629,932	49,780,551	45,338,255	43,763,990

	2019	2018
	Rupees in '000'	
44.1.4 Contingencies and commitments		
Textile and ginning	6,986,694	6,345,358
Cement	1,496,748	5,853,118
Sugar	67,674	1,046,522
Financial	68,807,739	34,160,855
Construction and real estate	11,916,521	12,290,435
Oil and gas	5,337,217	4,972,657
Auto and allied	1,540,729	811,305
Food and allied	2,156,197	2,530,882
Chemical and pharmaceuticals	1,569,381	1,462,319
Fertilizers	775,473	687,074
Cable, electrical and engineering	3,204,888	2,392,473
Production and transmission of energy	48,213,526	14,654,291
Transport, storage and communication	4,543,928	390,778
Individuals	-	9,334,557
Trading and commerce	3,024,711	2,251,009
Services	1,564,082	345,822
Others	34,019,132	46,351,589
	195,224,640	145,881,044
Credit risk by public / private sector		
Public/ Government	56,259,659	38,890,141
Private	138,964,981	106,990,903
	195,224,640	145,881,044

44.1.5 Concentration of advances

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

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

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

Total funded classified therein

	2019		2018	
	Amount	Provision held	Amount	Provision held
	Rupees in '000'			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	6,151,699	4,595,850	6,390,871	3,895,436
Loss	-	-	-	-
Total	6,151,699	4,595,850	6,390,871	3,895,436

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

44.1.6 Advances - province / region-wise disbursement and utilization

	2019						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	291,246,424	279,216,400	8,875,926	180,831	474,329	2,489,884	9,054
Sindh	66,819,458	1,744,827	64,701,698	372,932	-	1	-
KPK including FATA	806,887	32,939	-	773,948	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	24,718,591	-	-	3,025,632	-	21,692,955	4
AJK including Gilgit-Baltistan	55,256	-	-	-	-	-	55,256
Total	383,646,616	280,994,166	73,577,624	4,353,343	474,329	24,182,840	64,314

	2018						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	169,149,765	162,229,899	5,095,631	164,225	647,946	999,874	12,190
Sindh	71,345,255	704,500	70,273,794	366,958	-	3	-
KPK including FATA	1,521,655	12,350	-	1,509,305	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	16,108,150	348,428	-	2,321,141	-	13,438,581	-
AJK including Gilgit-Baltistan	5,443	4	-	-	-	-	5,439
Total	258,130,268	163,295,181	75,369,425	4,361,629	647,946	14,438,458	17,629

44.1.7 Credit risk - general disclosures

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

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company – Vital Information Systems), Fitch Moody's and Standard & Poors . Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns		√			
PSEs	√	√			
SMEs	√	√			

Mapping to SBP rating grades

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

Long term ratings grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	0 1
2	A+ A A-	A1 A2 A3	A+ A A-	A+ A A-	A+ A A-	2
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	4
5	B+ B B-	B1 B2 B3	B+ B B-	B+ B B-	B+ B B-	5 6
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short term rating grades mapping

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

Credit exposures subject to standardized approach

Exposures	Rating	2019			2018		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000					
Corporate	1	30,241,089	(5,796,449)	24,444,640	36,639,351	(11,989,689)	24,649,662
	2	73,762,423	(1,321,057)	72,441,366	59,171,775	(424,547)	58,747,228
	3,4	13,141,502	(28,724)	13,112,778	10,985,907	-	10,985,907
	5,6	-	-	-	-	-	-
	Unrated-125%	57,746,100	(16,237,564)	41,508,536	66,332,367	(22,361,098)	43,971,269
	Unrated-100%	50,124,795	(1,037,636)	49,087,159	45,225,278	(1,070,380)	44,154,898
Bank	1	27,535,339	(553,175)	26,982,164	41,222,542	(17,422,279)	23,800,263
	2,3	25,550	-	25,550	-	-	-
	4,5	-	-	-	90,185	-	90,185
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Public sector enterprises in Pakistan	1	20,431,083	-	20,431,083	15,451,040	-	15,451,040
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	57,943,992	(56,415,159)	1,528,833	50,180,349	(49,330,975)	849,374
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	412,403,077	(28,435,835)	383,967,242	251,343,496	(39,150,264)	212,193,232
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	136,933	-	136,933	36,318	-	36,318
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	320,711	-	320,711	320,393	-	320,393
Un-listed equity investments	150%	15,582	-	15,582	15,990	-	15,990
Non performing loans	150%	3,458,604	-	3,458,604	1,274,139	-	1,274,139
	100%	902,232	-	902,232	1,843,634	-	1,843,634
	50%	1,882,521	-	1,882,521	2,736,868	-	2,736,868
Mortgage	35%	4,586,060	-	4,586,060	3,202,861	-	3,202,861
Retail	75%	47,166,141	(13,158,889)	34,007,252	57,175,835	(12,702,477)	44,473,358
Fixed assets	100%	15,223,605	-	15,223,605	8,793,191	-	8,793,191
Deferred tax assets	100%	-	-	-	-	-	-
Deferred tax assets	250%	4,018,127	-	4,018,127	3,286,288	-	3,286,288
Significant investments	250%	-	-	-	-	-	-
Others	100%	34,162,402	(636,600)	33,525,802	27,965,015	(2,141,878)	25,823,137
Total		855,227,868	(123,621,088)	731,606,780	683,292,822	(156,593,587)	526,699,235

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

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

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

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

44.1.8.2 Equity position risk in the banking book

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

	Held for trading	Available for sale	Total
		Rs. In '000'	
Ordinary shares (listed) - net of impairment held	63,339	1,485,283	1,548,622
Ordinary shares (un-listed) - net of impairment held	-	19,601	19,601
Preference shares - net of impairment held	-	69,421	69,421
Total	63,339	1,574,305	1,637,644

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

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

44.2 Market risk

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

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

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

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

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

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

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

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

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

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

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

44.2.1 Balance sheet split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000'					
Cash and balances with treasury banks	53,414,645	-	53,414,645	43,589,610	-	43,589,610
Balances with other banks	10,374,371	-	10,374,371	5,837,962	-	5,837,962
Lendings to financial institutions	3,959,771	-	3,959,771	27,443,153	-	27,443,153
Investments	350,020,681	11,447,141	361,467,822	183,939,423	26,113,205	210,052,628
Advances	383,646,616	-	383,646,616	382,109,763	-	382,109,763
Fixed assets	15,223,601	-	15,223,601	8,793,191	-	8,793,191
Intangible assets	800,425	-	800,425	897,990	-	897,990
Deferred tax assets	6,632,182	-	6,632,182	8,027,104	-	8,027,104
Other assets	34,162,404	-	34,162,404	27,965,012	-	27,965,012
	858,234,696	11,447,141	869,681,837	688,603,208	26,113,205	714,716,413

44.2.2 Foreign exchange risk

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

	2019				2018			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000				Rupees in '000			
United States Dollar	3,341,446	5,976,241	1,229,367	(1,405,428)	2,362,917	6,138,839	2,709,608	(1,066,313)
Great Britain Pound Sterling	900,210	3,013,573	2,114,558	1,195	901,919	2,546,288	1,623,063	(21,306)
Euro	692,362	1,164,322	265,480	(206,480)	552,558	995,396	252,015	(190,823)
Japanese Yen	-	67,173	68,564	1,390	-	1,185	-	(1,185)
Other currencies	94,289	4,419	(25,320)	64,550	148,454	82,471	83,266	149,247
	5,028,307	10,225,728	3,652,649	(1,544,773)	3,965,848	9,764,179	4,667,952	(1,130,380)

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	(2,675)	-	(4,072)
- Other comprehensive income	-	-	-	-

44.2.3 Equity position risk

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

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 5% change in equity prices on				
- Profit and loss account	-	(77,431)	-	(62,606)
- Other comprehensive income	-	-	-	-

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

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

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

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

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

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

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in interest rates on				
- Profit and loss account	6,807,925	98,945	1,277,000	261,000
- Other comprehensive income	-	-	-	-

44.2.5 Mismatch of interest rate sensitive assets and liabilities

	2019											
	Exposed to Yield / Interest risk											
	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
	Rupees in '000											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		53,414,645	1,587,930	-	-	-	-	-	-	-	-	51,826,715
Balances with other banks	11.25%	10,374,371	2,868,077	-	-	-	-	-	-	-	-	7,506,294
Lending to financial institutions	11.07%	3,959,771	3,659,771	300,000	-	-	-	-	-	-	-	-
Investments - net	12.09%	361,467,822	40,017,931	799,887	10,899,246	94,713,229	56,146,242	7,546,577	68,871,711	80,904,775	-	1,568,224
Advances - net	11.01%	383,646,616	63,665,669	319,962,252	-	-	-	-	-	-	-	18,695
Other assets		23,867,055	-	-	-	-	-	-	-	-	-	23,867,055
		836,730,280	111,799,378	321,062,139	10,899,246	94,713,229	56,146,242	7,546,577	68,871,711	80,904,775	-	84,786,983
Liabilities												
Bills payable		3,421,083	-	-	-	-	-	-	-	-	-	3,421,083
Borrowings	12.09%	77,358,612	27,505,766	23,249,166	13,726,439	4,886,605	596,916	521,664	970,777	5,762,092	-	139,187
Deposits and other accounts	7.68%	691,015,859	22,009,025	399,304,872	32,730,526	78,032,305	127,650	4,700,300	609,950	-		153,501,231
Liabilities against assets subject to finance lease	0%	-	-	-	-	-	-	-	-	-	-	-
Subordinated debts	12.62%	8,794,420	-	-	8,794,420	-	-	-	-	-	-	-
Other liabilities		41,471,752	1,385	2,418	5,690	19,364	104,544	224,307	569,536	2,539,286	3,251,408	34,753,814
		822,061,726	49,516,176	422,556,456	55,257,075	82,938,274	829,110	5,446,271	2,150,263	8,301,378	3,251,408	191,815,315
On-balance sheet gap		14,668,554	62,283,202	(101,494,317)	(44,357,829)	11,774,955	55,317,132	2,100,306	66,721,448	72,603,397	(3,251,408)	(107,028,332)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		118,394,704	-	-	-	-	-	-	-	-	-	118,394,704
Commitments in respect of:												
- forward foreign exchange contracts - net		3,652,649	-	-	-	-	-	-	-	-	-	3,652,649
- forward lending		23,449,998	-	-	-	-	-	-	-	-	-	23,449,998
Other commitments		56,782	-	-	-	-	-	-	-	-	-	56,782
Off-balance sheet gap		145,554,133	-	-	-	-	-	-	-	-	-	145,554,133
Total yield / interest risk sensitivity gap			62,283,202	(101,494,317)	(44,357,829)	11,774,955	55,317,132	2,100,306	66,721,448	72,603,397	(3,251,408)	38,525,801
Cumulative yield / interest risk sensitivity gap			62,283,202	(39,211,115)	(83,568,944)	(71,793,989)	(16,476,857)	(14,376,551)	52,344,897	124,948,294	121,696,886	160,222,687

HarFardKaKhayal
دی ہر فرد کا خیال رکھے

	2018											
	Exposed to Yield / Interest risk											
	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
	Rupees in '000											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		43,589,610	1,284,455	-	-	-	-	-	-	-	-	42,305,155
Balances with other banks	6.50%	5,837,962	1,702,642	-	-	-	-	-	-	-	-	4,135,320
Lending to financial institutions	7.44%	27,443,153	4,750,000	22,693,153	-	-	-	-	-	-	-	-
Investments - net	6.88%	210,052,628	133,571,800	65,579,802	9,749,555	-	-	-	-	-	-	1,151,471
Advances - net	7.44%	382,109,763	53,822,412	328,054,844	232,507	-	-	-	-	-	-	-
Other assets		14,760,937	-	-	-	-	-	-	-	-	-	14,760,937
		683,794,053	195,131,309	416,327,799	9,982,062	-	-	-	-	-	-	62,352,883
Liabilities												
Bills payable		3,577,677	-	-	-	-	-	-	-	-	-	3,577,677
Borrowings	7.24%	41,801,240	20,603,995	9,458,357	5,638,791	575,941	681,040	771,515	1,133,300	2,727,538	-	210,763
Deposits and other accounts	4.17%	595,561,963	30,247,121	325,638,558	20,598,274	64,607,651	1,514,226	734,795	377,809	-	-	151,843,529
Subordinated debts	8.06%	8,797,140	2,000,000	-	6,797,140	-	-	-	-	-	-	-
Other liabilities		25,995,578	-	-	-	-	-	-	-	-	-	25,995,578
		675,733,598	52,851,116	335,096,915	33,034,205	65,183,592	2,195,266	1,506,310	1,511,109	2,727,538	-	181,627,547
On-balance sheet gap		8,060,455	142,280,193	81,230,884	(23,052,143)	(65,183,592)	(2,195,266)	(1,506,310)	(1,511,109)	(2,727,538)	-	(119,274,664)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		97,339,654	-	-	-	-	-	-	-	-	-	97,339,654
Commitments in respect of:												
- forward foreign exchange contracts - net		4,667,952	-	-	-	-	-	-	-	-	-	4,667,952
- forward lending		14,747,883	-	-	-	-	-	-	-	-	-	16,297,428
Other commitments		10,155,697	-	-	-	-	-	-	-	-	-	10,155,697
Off-balance sheet gap		126,911,186	-	-	-	-	-	-	-	-	-	128,460,731
Total yield / interest risk sensitivity gap			142,280,193	81,230,884	(23,052,143)	(65,183,592)	(2,195,266)	(1,506,310)	(1,511,109)	(2,727,538)	-	9,186,067
Cumulative yield / interest risk sensitivity gap			142,280,193	223,511,077	200,458,934	135,275,342	133,080,076	131,573,766	130,062,657	127,335,119	127,335,119	136,521,186

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

	2019	2018
	Rupees in '000'	
Financial assets	836,730,280	683,794,053
Non financial assets:		
Fixed assets	15,223,601	8,793,191
Intangibles	800,425	897,990
Deferred tax assets - net	6,632,182	8,027,104
Other assets	10,295,349	13,204,079
	32,951,557	30,922,364
Total assets as per statement of financial position	869,681,837	714,716,417
Financial liabilities	822,061,726	675,733,598
Non financial liabilities:		
Other liabilities	753,303	1,107,071
Total liabilities as per statement of financial position	822,815,029	676,840,669

44.3 Operational risk

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

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

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

44.3.1 Operational risk disclosures Basel-II specific

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

44.4 Liquidity risk

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

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

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

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

	2019													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	53,414,645	53,414,645	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	10,374,371	10,374,371	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,959,771	-	530,000	-	3,129,771	300,000	-	-	-	-	-	-	-	-
Investments - net	361,467,822	-	-	-	39,583,112	14	728,111	2,324,372	76,359,325	18,128,392	60,183,668	8,207,913	72,482,602	83,470,313
Advances - net	383,646,616	34,492,195	6,344,253	8,203,237	14,625,984	16,427,580	45,839,149	32,779,222	17,872,550	18,166,633	17,384,760	25,084,301	91,269,605	55,157,147
Fixed assets	15,223,601	3,430	16,404	19,138	48,089	86,856	85,052	261,230	258,638	267,729	1,111,813	1,223,113	2,549,294	9,292,815
Intangible assets	800,425	875	5,250	6,125	15,073	27,323	27,323	81,969	81,969	81,969	327,876	144,673	-	-
Deferred tax assets - net	6,632,182	-	-	-	-	-	-	-	-	-	-	-	6,632,182	-
Other assets - net	34,162,404	12,786,373	327,580	649,445	8,324,475	354,175	508,045	853,242	125,297	9,171,404	1,062,368	-	-	-
	869,681,837	111,071,889	7,223,487	8,877,945	65,726,504	17,195,948	47,187,680	36,300,035	94,697,779	45,816,127	80,070,485	34,660,000	172,933,683	147,920,275
Liabilities														
Bills payable	3,421,083	3,421,083	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	77,358,612	139,187	11,660,187	4,715,872	11,129,707	11,911,972	11,337,194	13,726,439	4,789,862	96,743	596,916	521,664	970,777	5,762,092
Deposits and other accounts	691,015,859	490,013,068	3,569,043	4,623,973	11,727,776	18,683,692	26,949,782	39,307,964	41,265,743	44,857,581	2,378,523	5,327,065	2,311,649	-
Subordinated debts	8,794,420	-	-	-	-	-	-	1,360	-	1,360	2,002,720	2,720	5,440	6,780,820
Other liabilities	42,225,055	17,195,382	361,663	790,898	1,057,177	878,996	628,481	2,870,518	1,860,141	2,031,673	3,091,307	1,549,098	4,108,201	5,801,520
	822,815,029	510,768,720	15,590,893	10,130,743	23,914,660	31,474,660	38,915,457	55,906,281	47,915,746	46,987,357	8,069,466	7,400,547	7,396,067	18,344,432
Net assets	46,866,808	(399,696,831)	(8,367,406)	(1,252,798)	41,811,844	(14,278,712)	8,272,223	(19,606,246)	46,782,033	(1,171,230)	72,001,019	27,259,453	165,537,616	129,575,843
Share capital - net	26,173,766													
Reserves	6,725,228													
Non controlling interest	445,331													
Surplus on revaluation of assets - net of tax	5,371,207													
Unappropriated profit	8,151,276													
	46,866,808													

HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کا خیال

	2018													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	43,589,610	43,589,610	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	5,837,962	5,837,962	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	27,443,153	-	1,750,000	500,000	2,200,000	22,993,153	-	-	-	-	-	-	-	-
Investments - net	210,052,628	-	133,444,498	100,329	8,118	64,251,440	859,900	731,492	202,571	202,571	2,277,941	3,604,896	2,261,384	2,107,488
Advances - net	382,109,763	33,862,235	2,520,769	1,762,999	15,908,916	10,672,271	59,108,990	23,153,601	8,884,784	20,738,592	40,933,087	27,974,752	82,257,471	54,331,296
Fixed assets	8,793,191	2,799	16,794	19,593	47,597	86,783	86,783	260,349	260,349	265,612	1,041,396	1,041,396	2,082,792	3,580,948
Intangible assets	897,990	325	1,950	2,275	5,525	9,587	9,588	29,575	29,900	29,900	118,625	118,625	152,570	389,545
Deferred tax assets - net	8,027,104	-	-	-	-	-	-	-		-	-	-	8,027,104	-
Other assets - net	27,965,012	10,589,349	621,859	1,347,949	1,682,318	435,369	332,916	248,905	299,318	11,362,145	-	1,044,884	-	-
	714,716,413	93,882,280	138,355,870	3,733,145	19,852,474	98,448,603	60,398,177	24,423,922	9,676,922	32,598,820	44,371,049	33,784,553	94,781,321	60,409,277
Liabilities														
Bills payable	3,577,677	3,577,677	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	41,801,240	210,763	20,103,557	-	500,438	1,353,688	8,104,669	5,630,752	574,980	9,000	681,040	771,515	1,133,300	2,727,538
Deposits and other accounts	595,561,963	411,628,482	11,528,009	4,877,020	11,756,185	15,267,953	18,584,836	45,181,017	39,399,268	31,469,171	1,999,775	3,071,221	799,026	-
Subordinated debts	8,797,140	-	-	-	-	-	-	1,360	-	1,360	2,720	2,002,720	5,440	6,783,540
Other liabilities	27,102,649	9,539,014	768,137	1,334,116	1,567,544	431,313	261,738	430,762	196,657	708,971	5,406,974	3,389,036	3,068,387	-
	676,840,669	424,955,936	32,399,703	6,211,136	13,824,167	17,052,954	26,951,243	51,243,891	40,170,905	32,188,502	8,090,509	9,234,492	5,006,153	9,511,078
Net assets	37,875,744	(331,073,656)	105,956,167	(2,477,991)	6,028,307	81,395,649	33,446,934	(26,819,969)	(30,493,983)	410,318	36,280,540	24,550,061	89,775,168	50,898,199

Share capital - net	26,173,766
Reserves	5,074,930
Non controlling interest	328,052
Surplus on revaluation of assets - net of tax	3,260,312
Unappropriated profit / (accumulated loss)	3,038,684
	37,875,744

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

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	53,414,645	53,414,645	-	-	-	-	-	-	-	-
Balances with other banks	10,374,371	10,374,371	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,959,771	3,659,771	300,000	-	-	-	-	-	-	-
Investments - net	361,467,822	39,583,112	728,125	2,324,372	94,487,717	60,183,668	8,207,913	72,482,602	83,470,313	-
Advances - net	383,646,616	63,665,669	62,266,729	32,779,222	36,039,183	17,384,760	25,084,301	91,269,605	43,202,579	11,954,568
Fixed assets	15,223,601	87,061	171,908	261,230	526,367	1,111,813	1,223,113	2,549,294	7,465,711	1,827,104
Intangible assets	800,425	27,323	54,646	81,969	163,938	327,876	144,673	-	-	-
Deferred tax assets - net	6,632,182	-	-	-	-	-	-	6,632,182	-	-
Other assets - net	34,162,404	22,087,873	862,220	853,242	9,296,701	1,062,368	-	-	-	-
	869,681,837	192,899,825	64,383,628	36,300,035	140,513,906	80,070,485	34,660,000	172,933,683	134,138,603	13,781,672
Liabilities										
Bills payable	3,421,083	3,421,083	-	-	-	-	-	-	-	-
Borrowings	77,358,612	27,644,953	23,249,166	13,726,439	4,886,605	596,916	521,664	970,777	5,762,092	-
Deposits and other accounts	691,015,859	109,091,599	116,370,344	86,465,878	133,281,237	49,536,437	52,484,979	49,469,564	47,157,914	47,157,907
Subordinated debts	8,794,420	-	-	1,360	1,360	2,002,720	2,720	5,440	6,780,820	-
Other liabilities	42,225,055	19,405,120	1,507,477	2,870,518	3,891,814	3,091,307	1,549,098	4,108,201	2,550,110	3,251,410
	822,815,029	159,562,755	141,126,987	103,064,195	142,061,016	55,227,380	54,558,461	54,553,982	62,250,936	50,409,317
Net assets	46,866,808	33,337,070	(76,743,359)	(66,764,160)	(1,547,110)	24,843,105	(19,898,461)	118,379,701	71,887,667	(36,627,645)
Share capital - net	26,173,766									
Reserves	6,725,228									
Surplus on revaluation of assets - net of tax	5,371,207									
Non Controling Interest	445,331									
Unappropriated profit	8,151,276									
	46,866,808									

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

HarFardKaKhayal
دی بینک آف ہر فرد کا خیال

	2018									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	43,589,610	43,589,610	-	-	-	-	-	-	-	-
Balances with other banks	5,837,962	5,837,962	-	-	-	-	-	-	-	-
Lendings to financial institutions	27,443,153	4,750,000	22,693,153	-	-	-	-	-	-	-
Investments - net	210,052,628	133,552,949	65,111,339	731,492	405,142	2,277,941	3,604,896	2,261,380	2,107,489	-
Advances - net	382,109,763	53,822,412	69,781,261	23,153,601	29,623,376	40,933,087	27,974,752	82,257,471	47,243,734	7,320,069
Fixed assets	8,793,191	86,783	173,566	260,349	520,698	1,046,659	1,041,396	2,082,792	3,580,948	-
Intangible assets	897,990	9,775	19,175	29,575	66,601	118,625	118,625	152,570	383,044	-
Deferred tax assets - net	8,027,104	-	-	-	-	-	-	8,027,104	-	-
Other assets - net	27,965,012	14,241,471	768,285	248,905	11,661,463	-	1,044,888	-	-	-
	714,716,413	255,890,962	158,546,779	24,423,922	42,277,280	44,376,312	33,784,557	94,781,317	53,315,215	7,320,069
Liabilities										
Bills payable	3,577,677	3,577,677	-	-	-	-	-	-	-	-
Borrowings	41,801,240	20,814,758	9,458,357	5,630,752	575,941	681,040	771,515	1,133,300	2,727,538	8,039
Deposits and other accounts	595,561,963	113,919,841	91,359,234	83,518,648	109,206,066	40,337,406	41,408,851	39,136,656	38,337,630	38,337,631
Subordinated debts	8,797,140	-	-	1,360	1,360	2,720	2,002,720	5,440	6,783,540	-
Other liabilities	27,102,649	13,370,555	693,051	430,762	781,757	5,406,974	3,351,163	3,068,387	-	-
	676,840,669	151,682,831	101,510,642	89,581,522	110,565,124	46,428,140	47,534,249	43,343,783	47,848,708	38,345,670
Net assets	37,875,744	104,208,131	57,036,137	(65,157,600)	(68,287,844)	(2,051,828)	(13,749,692)	51,437,534	5,466,507	(31,025,601)

Share capital - net	26,173,766
Reserves	5,074,930
Non controlling interest	328,052
Surplus on revaluation of assets - net of tax	3,260,312
Unappropriated profit	3,038,684
	37,875,744

45. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

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

46. DATE OF AUTHORIZATION FOR ISSUE

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

47. GENERAL

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

47.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

Chief Financial Officer	President	Chairman	Director	Director

Annexure I

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

DURING THE YEAR ENDED DECEMBER 31, 2019

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
1	Sufia Traders (Yunas Colony, G.T. Road, Gujrat.)	Kiran Salman (34201-0569089-0) Ammara Irfan (34201-0569088-8) Furqan A. Ayub (34201-2979426-3) Usman Ahmed Ayub (34201-0301984-7) Sulman Ayub (34201-5142059-9) Irfan Ahmed Ayub (34201-0301995-3) Uzma Ayub (34201-1500552-2) Sajida Khanum (34201-0569088-4) Mirza Muhammad Inayat Ullah (34201-0301980-5) Muhammad Aizaz Ahmed (34201-0319438-5) Nighat Imtiaz (34201-0352876-4) Aqsa Furqan (34201-3859949-4) Farzana Aizaz (34201-0325892-4) Ayub Engineering Company	Sulman Ayub Irfan Ahmad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Allah Dita Mirza Muhammad Inayat Ullah Muhammad Imtiaz Ahmed Furqan Ahmad Ayub Muhammad Aizaz Ahmed	-	7,825	-	7,825	-	7,825	-	7,825
2	Yunas Metal Works (Pvt) Ltd (Yunas Colony, G.T. Road, Gujrat.)	Sajida Khanum (34201-0569088-4) Irfan Ahmed Ayub (34201-0301995-3) Furqan A. Ayub (34201-2979426-3) Sulman Ayub (34201-5142059-9) Usman Ahmed Ayub (34201-0301984-7) Aqsa Furqan (34201-3859949-4) Ammara Irfan (34201-0569088-8) Aasma Usman (34104-2188985-4) Ayub Engineering Company	Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Muhammad Ayub Furqan Ahmed Ayub Irfan Ahmed Ayub Usman Ayub	-	139,550	-	139,550	-	112,172	-	112,172

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
3	Rana Textile Mills Ltd (Rafhan Mill Road, Faisalabad.)	Rana Zahid Tauseef (33100-0672286-7) Rana Asif Tauseef (33100-0672190-5) Rizwana Arif (33100-0670508-4) Maha Arif (33100-0747272-4) Daniyal Abid (33100-5978024-1) Rana Arif Tauseef (33100-0708556-3) (Deceased) Rana Atif Tauseef (33100-0695537-3) (Deceased) Rana Usman Zahid (33100-0672287-1) Shariq Ahmed (33100-3791126-9)	Rana Tousif Ali Khan Rana Tousif Ali Khan Arif Touseef Arif Touseef Atif Touseef Rana Tousif Ali Khan Rana Tousif Ali Khan Rana Zahid Tousif Rana Arif	-	60,920	-	60,920	-	50,837	-	50,837
4	Allied Developers (8-K, Main Boulevard, Gulberg-II, Lahore.)	Asif kamal (35202-2550469-9) Zahid Rafiq (35202-2860883-1) Tariq Nasir (35202-7337788-5) Ahmad Khalil (35202-7577418-5)	Muhammad Azam Muhammad Rafiq Sheikh Nazir Ahmed Sheikh Khalil ur Rehman	-	57,187	-	57,187	-	44,745	-	44,745
5	A.B.M. Gravure (Private) Ltd. (LA/10, Block - 22, F.B. Area Karachi)	Abdul Wassay Mehta (42301-1145243-3) Abdul Adeel Mehta (42301-3567011-9) Naseem Mirza (42301-8173275-8)	Abdul Basit Mehta Abdul Basit Mehta Abdul Basit Mehta	-	17,051	-	17,051	-	16,824	-	16,824
6	Al-Nafay International (14-G, Leeds Centre, 11-E/2 Main Boulevard Gulberg, Lahore.)	Chaudhry Faisal Majeed Dhillon (35202-1436853-9)	Chodhry Abdul Majeed Dhillon	-	6,330	-	6,330	-	6,016	-	6,016
7	Sadiq Traders (Ghalla Mondi Pattoki.)	Muhammad Khalid (35103-1375218-9)	Muhammad Sadiq	-	4,864	-	4,864	-	2,240	-	2,240
8	Muhammad Tufail & Co. (Hafizabad Road Rasoolpur Tarar Teh. Pindi Bhattian Distt. Hafizabad)	Muhammad Tufail (34302-5361243-9)	Ghulam Rasool	12,286	21,809	-	34,095	-	10,829	-	10,829
9	Asad Corporation (Thanna Road, Jalalpur Bhattian Teh. Pindi Bhattian Distt. Hafizabad)	Nasir Abbas (34302-1209338-5)	Malik Zafar Ali	416	2,261	-	2,677	-	637	-	637

HarFardKaKhayal
دی بینکاں اُفی پنجاب رکھے

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
10	Imran Welding Material & Mill Store (Odean Mkt. Shop No.5 Summandri Road, Faisalabad.)	Malik Bashir Ahmed (33100-6141083-5)	Malik Faqeer Muhammad	965	8,435	-	9,400	-	2,980	-	2,980
11	Fair Timber Merchants (Plot - 35, Timber Market I/11-2 Islamabad)	Mushatq Hussain Shah (61101-2591231-5)	Pir Imam Shah	950	1,650	-	2,600	-	974	-	974
12	Estate One Builders (187 Y DHA Lahore Cantt.)	Rashid Mehmood Tariq (35201-1170848-3)	Chaudhary Bashir Ahmed	-	72,200	-	72,200	-	22,155	-	22,155
13	Mudsar & Brothers (Warn Market Lodhran.)	Bashir Ahmad Shaboo (36203-0513231-5)	Allah Yar	2,000	8,596	-	10,596	-	3,263	-	3,263
14	Safdar Pottery Works (Tring Road, Mohalla Chah Tring Gujrat.)	Chaudhry Muhammad Safdar Warrich (34201-0572151-9)	Chaudhry Niaz Ahmed	382	2,261	-	2,643	-	519	-	519
15	Ali Cloth Merchant (House No.241 Kamran Block Allama Iqbal Town Lahore.)	Ali Akbar (35202-2811342-3)	Muhammad Latif	2,306	2,578	-	4,884	-	2,390	-	2,390
16	Hashan Motors (Opposite Wapda Office Watta Kh El Chowk Tehsil - Distt Mianwali Mianwali)	Muhammad Safdar Khan (38302-8704280-3)	Muhammad Khan	1,702	2,166	-	3,868	-	884	-	884
17	Sadiqabad Cng Filling Station (Bye Pass Road Near Taj Chowk Sadiqabad)	Shabbir Ahmad (31304-1228455-1)	Nazir Ahmad	2,472	8,998	-	11,470	-	3,406	-	3,406
18	Imran Wood Line Furniture (Imran Plaza Fazal Mosque Road Opposite Crown Ice Factory Moh Tirkhana Chiniot)	Muhammad Imran Khan (33201-1534271-9)	Liaquat Ali Khan	2,127	2,852	-	4,979	-	918	-	918
19	Riaz Cotton Factory (Indus High Way By Pass D G Khan)	Abdul Ghafoor (32102-5847176-1) Abdul Karim (32102-9467910-1) Muhammad Ishaq (32102-2141258-3) Ganman (32102-0309075-5) Muhammad iqbal (32102-6125333-7)	Wassan Haji Wasan Wassan Khan Wassan Wassan Khan	1,027	2,778	-	3,805	-	768	-	768
20	Javaid Traders (Mzg Permit Road Jatoi Distt Muzaffar Garh)	Rana Muhammad Javed (32302-1712276-3)	Muhammad Yousaf	1,287	8,494	-	9,781	-	8,257	-	8,257

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12

Rupees in '000

21	United Textile Printing Ind (Pvt) Ltd (Plot - 720 Street No.04 Sharif Pura Maqbool Road Faisalabad)	Sh. Khalid Mehmood (33100-4152249-1) Muhammad Naeem (33100-5615560-3) Muhammad Asif (33100-0603537-3) Haji Ghulam Rasool (33100-8127121-1)	Haji Ghulam Rasool Haji Ghulam Rasool Haji Ghulam Rasool Haji Mehr Din	6,760	15,359	-	22,119	-	3,958	-	3,958
22	Sohail Hafeez Hatchery (Abuzahbi Rd Same Rahimyar Khan)	Muhammad Aslam Sohail (31303-6092772-9) Hafeez ur Rehman (31303-9047284-7)	Ghulam Mustafa Sohail Muhammad Anwar	13,797	22,835	-	36,632	-	7,793	-	7,793
23	Abid Ali Faisal Abbas Shahnawaz (Chak Kharal P/O Same Tehsil & Distt Hafizabad)	Abid Ali (34301-8766715-7) Faisal Abbas (34301-1777306-9) Shahnawaz (34301-5031581-3)	Nazar Muhammad	481	631	-	1,112	-	505	-	505
24	Muhammad Naeem Akhtar Khan (Mouza Bakhu Shah Tehsil Depalpur Dist Okara)	Muhammad Naeem Akhtar Khan (35301-1970635-7)	Sakhi Muhammad	682	582	-	1,264	-	514	-	514
25	Saad Habib Rana (277 J Dha Eme Multan Road Lahore)	Saad Habib Rana (35202-9126097-9)	Rana Shafi Ullah Khan	4,823	86	-	4,909	-	519	-	519
26	Maqsood Ahmed (Ojla Kalan P/O Bath Kalan Pattoki)	Maqsood Ahmed (35103-1344091-9)	Raj Muhammad	-	520	-	520	-	520	-	520
27	Syed Mukhtar Hussain (Thatha Noor Shah Po Rasoolpur Teh Pindi Bhattian Hafizabad)	Syed Mukhtar Hussain (34302-1258110-9)	Syed Ali Ameer	-	595	-	595	-	535	-	535
28	Atta Ullah (Post Office Sukheki Mandi Jandoi Tehsil Pindi Bhatiyan Dist Hafizabad)	Atta Ullah (34302-7589536-3)	Muhammad Khan	413	673	-	1,086	-	538	-	538
29	Zaheer Ahmad Rana (Rana Market Ghazi Pur Taranda Muhammad Pannah K.L.P Road Tehsil Liaqat Pur Distt Rahim Yar Khan)	Zaheer Ahmad Rana (31302-6126777-5)	Ch Sardar Ali	551	690	-	1,241	-	571	-	571
30	Samreen Nasir (Kathrani P.O. Kot Sarwar Teh. Pindi Bhattian Hafizabad)	Samreen Nasir (35202-7189268-8)	Shamsher Ali	407	580	-	987	-	576	-	576
31	Muhammad Arif (Mouza Khudian Chak # 41 P/O Same Tehsil Pattoki Distt Kasur)	Muhammad Arif (35103-7227330-3)	Sardar Bagh Ali	481	588	-	1,069	-	588	-	588

دی بینک آف پنجاب رکھے
#HarFardKaKhayal

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12

Rupees in '000

32	Shan Muhammad (Vpo Bhekho Tehsil Phalia)	Shan Muhammad (34403-5940889-1)	Ahmed Din	-	697	-	697	-	627	-	627
33	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	421	716	-	1,137	-	644	-	644
34	Salim Akhtar Khan (Chak-5/M, Mouza Chowki Ranoo Khan Tehsil Dunyapur)	Salim Akhtar Khan (36202-6114050-1)	Allah Buksh	402	806	-	1,208	-	645	-	645
35	Fiaz Ahmad (Masjid Zakria, Qazi Park Distt. Sheikhupura)	Fiaz Ahmad (35404-8246269-1)	Pir Muhammad	-	920	-	920	-	647	-	647
36	Muhammad Asif Maneka Shafqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (35301-6737506-3) Shafqat Naheed (35301-8379864-4)	Muhammad Aslam	469	813	-	1,282	-	650	-	650
37	Fayyaz Ahmed (Post Office Khas Jokalian Teh Phalia Distt Mandi Bahauddin)	Fayyaz Ahmed (34403-1946855-9)	Ghulam Rasool	-	729	-	729	-	656	-	656
38	Muhammad Anwar (Bhooti Pur, P/O Sharaq Pur Tehsil Ferozwala Distt. Sheikhupura)	Muhammad Anwar (35401-8406093-7)	Muhammad Salar	606	3,845	-	4,451	-	669	-	669
39	Muhammad Yasin (Bhotipur Po Mandi Faizabad Tehsil Ferozewala Sheikhupura)	Muhammad Yasin (35401-1758558-5)	Muhammad Hanif	-	712	-	712	-	712	-	712
40	Muhammad Asif Maneka Shafqat Naheed (Mouza Bunga Saleh Tehsil Depalpur Dist Okara)	Muhammad Asif Maneka (35301-6737506-3) Shafqat Naheed (35301-8379864-4)	Muhammad Aslam	567	871	-	1,438	-	722	-	722
41	Syed Riaz Hussain Shah (Khudian Chak # 41 Pattoki)	Syed Riaz Hussain Shah (35101-2510718-7)	Syed Qutab Nawaz	1,051	1,661	-	2,712	740	-	-	740
42	Muhammad Riaz Asad (Mouza Bath Kallan Tehsil Pattoki Distt Kasur)	Muhammad Riaz Asad (35103-9916759-5)	Jhanda	560	911	-	1,471	-	742	-	742
43	Syed Talib Hussain (Subhan Shah Teh Depalpur Okara Dist Okara)	Syed Talib Hussain (35301-0120259-5)	Syed Tajammal Hussain Shah	545	768	-	1,313	-	766	-	766
44	Muhammad Mansha (Chak # 47/4-L Tehsil & Dist Okara)	Muhammad Mansha (35302-6242694-1)	Noora	522	958	-	1,480	-	767	-	767
45	Channan Begum (Mehmood Nagar Lodhokay Post Office Ganda Singh Tehsil Depalpur Dist Okara)	Channan Begum (35301-5728015-2)	Khizar Hayat	562	856	-	1,418	-	778	-	778

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
46	Abdul Razzak (Bherwal Kalan Teh Pattok Pattoki)	Abdul Razzak (35103-8915550-7)	Haji Abdul Ghafoor	-	790	-	790	-	791	-	791
47	Muhammad Aslam Hamid Nasir (Kot Ratta Wazirabad Gujranwala)	Muhammad Aslam (34104-1078944-1) Hamid Nasir (34104-2217567-7)	Muhammad Anayat	64	847	-	911	-	849	-	849
48	Qasir Majeed Asim Majeed Qasim Majeed (Mouza Majra Tehsil Chunian Distt Kasur)	Qasir Majeed (35101-3258785-7) Asim Majeed (35101-7103932-1) Qasim Majeed (35101-8266803-9)	Muhammad Majeed	666	1,002	-	1,668	-	870	-	870
49	Ashfaq Ahmed Rukhsar Ahmed (V.P.O. Kang Chanan Teh. & Distt. Gujrat)	Ashfaq Ahmed (34201-0484343-7) Rukhsar Ahmed (34201-0484343-5)	Ghulam Muhammad	215	689	-	904	-	892	-	892
50	Rahilah Nawaz (Khathrani P.O. Kot Sarwar Pindi Bhattian Hafizabad)	Rahilah Nawaz (34302-4468678-8)	Shahid Nawaz Bhatti	412	934	-	1,346	-	930	-	930
51	Muhammad Mehdi Hassan (Mouza Jatoi Shumali The Jatoi Distt Muzaffargarh)	Muhammad Mehdi Hassan (32302-0243968-3)	Lal Hussain	542	1,115	-	1,657	-	948	-	948
52	Ghulam Baqir (P.O Sarai Sidhu Village Kund Sergana)	Ghulam Baqir (36102-1327161-9)	Nazar Muhammad	1,308	1,069	-	2,377	-	957	-	957
53	Hamza Poultry Farm (Hamza Poultry Farm Po.Dargapurteh.Kamoke Distt. Gujranwala 0300-4477816)	Hamza Poultry Farm (34101-2418713-1)	Anwar Ul Haq	5,013	1,026	-	6,039	-	974	-	974
54	Muhammad Irshad (Udhwana P.O Ikhlaspur Shakargarh Distt. Narowal Shakargarh)	Muhammad Irshad (34502-1605832-9)	Ghulam Rasool	1,660	908	-	2,568	-	1,008	-	1,008
55	Bashir Ullah Khan Abbasi (E-1 Street -1 Gulshan Qadeer Islam Abad)	Bashir Ullah Khan Abbasi (61101-2002176-9)	Sardar Hameed Ullah Khan	248	1,020	-	1,268	-	1,017	-	1,017
56	Ali Aun Shah (Rajoa Po Khas Tehsil And Distt Chiniot)	Ali Aun Shah (33100-0949925-3)	Syed Safdar Hussain Shah	-	2,013	-	2,013	-	1,096	-	1,096
57	Tayyab Ali (Naroki P.O Siddique Abad The Nankana Sahib.)	Tayyab Ali (35402-7476471-9)	Khan Bahader	751	1,266	-	2,017	-	1,259	-	1,259
58	Zulfiqar Ali (Bhoti Pur Kot Salar Po Mandi Faizabad Dist Sheikhupura)	Zulfiqar Ali (35402-8989002-5)	Muhammad Sarwar	707	1,278	-	1,985	-	1,328	-	1,328

HarFardKaKhayal
دی بینک آف پنجاب ہر فرد کے

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
							Rupees in '000				
59	Zafar Nawaz (Sher Shah Road H # 142, Defence Officers Colony Multan Cant)	Zafar Nawaz (36202-0259409-7)	Rab Nawaz	1,940	1,582	-	3,522	-	1,482	-	1,482
60	Jawad Ahmed Qureshi (193-A-1 Township Lahore)	Jawad Ahmed Qureshi (35202-6365863-1)	Jawaid Ahmed Qureshi	-	2,240	-	2,240	-	1,788	-	1,788
61	Irshad Ahmed (Vpo Dhaul Ranjha Teh Phalia Distt Mb Din)	Irshad Ahmed (34403-4093073-7)	Ghulam Haider	311	1,598	-	1,909	-	1,909	-	1,909
62	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	2,024	2,223	-	4,247	-	2,102	-	2,102
63	Makhdoom Muhammad Ishaq Hashmi (Adda Sheikh Wahan, Tajpur Mureed Wala Tehsil & District Rahim Yar Khan)	Makhdoom Muhammad Ishaq Hashmi (31303-2370676-3)	Makhdoom Ghulam Jaffar Shah	1,177	2,523	-	3,700	-	2,189	-	2,189
64	Muhammad Saleem Akhtar (Labar P/O Sikandar Abad Tehsil & Distt Multan)	Muhammad Saleem Akhtar (35200-4385684-7)	Haji Ghulam Mehboob	1,443	2,345	-	3,788	-	2,431	-	2,431
65	Muhammad Boota Fateh Sher (Mouza Syedawala)	Muhammad Boota (34302-6620631-5) Fateh Sher (34302-5574604-3)	Hayat	2,077	3,622	-	5,699	-	2,963	-	2,963
66	Muhammad Ehsan (Kot Rehmat P/O Buchiki Distt Nankana)	Muhammad Ehsan (35501-0106440-3)	Mansib Ali	2,587	4,104	-	6,691	-	3,284	-	3,284
67	Jawad Ahmed Qureshi (193-A-1 Township Lahore)	Jawad Ahmed Qureshi (35202-6365863-1)	Jawaid Ahmed Qureshi	1,337	3,425	-	4,762	-	3,424	-	3,424
68	Muhammad Khawar Hayat (Jaffar Abad Tehsil Depalpur Dist Okara)	Muhammad Khawar Hayat (35301-6432840-9)	Sardar Khyzer Hayat	2,846	4,446	-	7,292	-	4,144	-	4,144
				89,348	539,272	-	628,620	740	362,916	-	363,656

Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.
* Principal includes insurance and ECIB charges debited.
* Insurance and ECIB charges already debited to principal were written off
* Penal charges waived off.

Annexure II

ISLAMIC BANKING BUSINESS

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

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019	2018
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		3,742,675	2,753,286
Balances with other banks		3,355,122	1,642,888
Due from financial institutions	1	3,395,000	5,350,000
Investments - net	2	8,936,196	9,599,160
Islamic financing and related assets - net	3	27,270,972	19,995,626
Fixed assets		1,757,599	309,063
Intangible assets		4,428	-
Due from head office		2,342,604	-
Other assets		2,459,344	1,730,813
Total assets		53,263,940	41,380,836
LIABILITIES			
Bills payable		250,213	209,762
Due to financial institutions		-	-
Deposits and other accounts	4	46,089,009	36,501,111
Due to head office		-	187,187
Subordinated debt		-	-
Other liabilities		3,169,627	2,085,897
		49,508,849	38,983,957
NET ASSETS		3,755,091	2,396,879
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		32,768	7,313
Surplus on revaluation of assets		67,698	20,372
Unappropriated profit	5	2,154,625	869,194
		3,755,091	2,396,879
CONTINGENCIES AND COMMITMENTS	6		

Annexure II

ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

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

Annexure II

ISLAMIC BANKING BUSINESS CASH FLOW STATEMENT

For the year ended December 31, 2019

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

Annexure II

Notes to the Annexure

1. DUE FROM FINANCIAL INSTITUTIONS
(Unsecured)

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

2. INVESTMENTS BY SEGMENTS

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Rupees in '000'							
Federal government securities:								
- Ijarah sukuks	1,985,749	-	(5,749)	1,980,000	2,623,602	-	(32,086)	2,591,516
- Sukuk - bai muajjal with Government of Pakistan	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
	4,741,945	-	(5,749)	4,736,196	5,379,798	-	(32,086)	5,347,712
Non government debt securities								
-Unlisted	4,200,000	-	-	4,200,000	4,251,448	-	-	4,251,448
Total investments	8,941,945	-	(5,749)	8,936,196	9,631,246	-	(32,086)	9,599,160

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

3.1 Ijarah

	2019								
	Cost				Depreciation				Book value
	As at Jan 01, 2019	Additions	Deletion / adjustment	As at Dec 31, 2019	As at Jan 01, 2019	Deletion / adjustment	Charge for the year	As at Dec 31, 2019	as at Dec 31, 2019
	Rupees in '000'								
Plant and machinery	125,415	-	-	125,415	26,770	-	21,723	48,493	76,922
Vehicles	368,933	237,553	(84,553)	521,933	220,050	(75,953)	67,947	212,044	309,889
Equipment	762,428	-	(547,905)	214,523	457,036	(506,221)	148,609	99,424	115,099
Service Ijarah	-	1,235,518	-	1,235,518	-	-	-	-	1,235,518
Total	1,256,776	1,473,071	(632,458)	2,097,389	703,856	(582,174)	238,279	359,961	1,737,428

Annexure II

	2018								
	Cost				Depreciation				Book value
	As at Jan 01, 2018	Additions	Deletion / adjustment	As at Dec 31, 2018	As at Jan 01, 2018	Deletion / adjustment	Charge for the year	As at Dec 31, 2018	as at Dec 31, 2018
	Rupees in '000'								
Plant and machinery	46,524	78,891	-	125,415	7,847	-	18,923	26,770	98,645
Vehicles	392,823	190,065	(213,955)	368,933	177,484	(8,820)	51,386	220,050	148,883
Equipment	762,428	-	-	762,428	167,760	-	289,276	457,036	305,392
Total	1,201,775	268,956	(213,955)	1,256,776	353,091	(8,820)	359,585	703,856	552,920

3.1.1 Future ijarah payments receivable

	2019				2018			
	Not later than 1 year	Later than 1 & less than 5 years	Over five years	Total	Not later than 1 year	Later than one & less than 5 years	Over five years	Total
	Rupees in '000'				Rupees in '000'			
Ijarah rental receivables	355,326	1,029,099	353,003	1,737,428	214,512	338,408	-	552,920

	Note	2019	2018
		Rupees in '000'	
3.2 Murabaha			
Murabaha financing	3.2.1	1,001,934	923,757
Advances for murabaha		270,806	80,845
		1,272,740	1,004,602
3.2.1 Murabaha receivable - gross	3.2.2	1,046,741	968,565
Less: Deferred murabaha income	3.2.4	29,784	25,772
Profit receivable shown in other assets		15,023	19,036
Murabaha financings		1,001,934	923,757
3.2.2 The movement in murabaha financing during the year is as follows:			
Opening balance		968,565	994,048
Sales during the year		2,001,983	2,503,463
Adjusted during the year		1,923,807	2,528,946
Closing balance		1,046,741	968,565
3.2.3 Murabaha sale price		1,061,235	1,315,985
Murabaha purchase price		59,301	350,119
		1,001,934	965,866
3.2.4 Deferred murabaha income			
Opening balance		25,772	11,355
Arised during the year		98,645	79,379
Less: recognized during the year		94,633	64,962
Closing balance		29,784	25,772

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

Annexure II

4. DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers						
Current deposits	9,093,509	330,022	9,423,531	7,797,340	119,378	7,916,718
Savings deposits	33,025,303	98,310	33,123,613	26,557,886	7,704	26,565,590
Term deposits	1,092,240	-	1,092,240	771,556	-	771,556
Others	1,125,855	-	1,125,855	1,031,913	-	1,031,913
	44,336,907	428,332	44,765,239	36,158,695	127,082	36,285,777
Financial institutions						
Current deposits	200,243	-	200,243	100,024	-	100,024
Savings deposits	1,122,998	-	1,122,998	115,310	-	115,310
Term deposits	-	-	-	-	-	-
Others	529	-	529	-	-	-
	1,323,770	-	1,323,770	215,334	-	215,334
	45,660,677	428,332	46,089,009	36,374,029	127,082	36,501,111

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

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

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

Annexure II

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

10. POOL MANAGEMENT

10.1 BOP TAQWA islamic banking division is maintaining following pools for profit declaration and distribution.

i) General pool
ii) Special pool-I
iii) Special pool-II
iv) Special pool-III*
v) Special pool-IV
vi) Special pool-V*
vii) Special pool-VII (PER)
viii) Special pool-IX
ix) Special pool-X*
x) Special pool-XI*
xi) Special pool-XII*
xii) Special pool-XIII

xiii) Special pool-XIV
xiv) Special pool-XV
xv) USD special pool-I
* (Special pool-X closed w.e.f 01.08.2019, Special Pool-III, Special Pool-V, Special Pool-XI closed w.e.f September 01, 2019, Special Pool-XII closed w.e.f October 01, 2019)

10.2 General pool

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

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

a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.
While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

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

b) Identification and allocation of pool related income & expenses

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

c) Parameters associated with risk and rewards

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

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

10.3 Special pools

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

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

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.
While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:
- Contracted period, nature and type of deposit/ fund.
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

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

c) Parameters associated with risk and rewards

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

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

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

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

10.5 Charging expenses

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

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

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

	2019		2018	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
	Rupees in '000'			
Rabbul mal	1,960,390	60.89%	1,038,576	57.68%
Mudarib	1,259,103	39.11%	762,126	42.32%
Distributable income	3,219,493	100.00%	1,800,702	100.00%

10.7 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2019	2018
	Rupees in '000'	
Mudarib share	1,259,103	762,126
Hiba	60,123	45,427
Hiba percentage of mudarib share	4.78%	5.96%

This is not a special hiba as such. This hiba has been distributed across the board to all the investment account holders.

Profit rate earned vs. profit rate distributed to the depositors during the year:

Profit rate earned	12.71%	7.89%
Profit rates distributed to depositors	5.27%	3.16%

CONSUMER GRIEVANCES HANDLING:

The Bank's Complaints Management Unit fully adheres to the guidelines of State Bank of Pakistan to ensure resolution of customer's grievances within prescribed Turn Around Time (TAT). During the year 2019, the Complaint Management Unit focused on reducing the TAT for complaints, along with enhanced focus on customer engagement via more efficient communication along with following achievements;

1. Provisioning of new CRM (Genesys) for automation of complaint handling.
2. New Organogram for enhanced productivity.
3. Escalation Matrix induction in order to control Turn Around Time of complaints.
4. Revised Complaint Headers for better understanding of stakeholders.
5. Revision of CMU Policy & SOP.
6. Complaint closure Within TAT percentage improved by and above 90%.

During the year 2019, total number of complaints received were 22,640. The Complaint Types as per SBP's Consumer Grievances Handling Mechanism (CGHM) and average TAT is given hereunder:

Product /Service Area	Average Time taken to resolve a complaint
Personal Loan / overdraft / Agri loans	3 Working Days
Auto Loan	6WD
House Loan	7WD
Account Maintenance	9WD
ATM/Debit Card	5WD
Over the counter issues	6WD
Remittance / Clearing (Inland)	7WD
e- banking	5WD
Home Remittances	2WD

PATTERN OF SHAREHOLDING OF SHARES

As on December 31, 2019

No. of Shareholders			------Shareholding------				Total Shares Held			Percentage
Physical	CDC	Total	From		To		Physical	CDC	Total	
1050	1181	2231	FROM	1	TO	100	38,091	44,437	82,528	0.0031
1517	1939	3456	FROM	101	TO	500	397,503	752,928	1,150,431	0.0435
630	1715	2345	FROM	501	TO	1000	467,616	1,579,297	2,046,913	0.0774
950	3699	4649	FROM	1001	TO	5000	2,016,795	10,555,254	12,572,049	0.4755
149	1332	1481	FROM	5001	TO	10000	1,016,296	10,635,423	11,651,719	0.4407
47	574	621	FROM	10001	TO	15000	568,297	7,438,344	8,006,641	0.3029
33	431	464	FROM	15001	TO	20000	584,380	7,907,438	8,491,818	0.3212
17	284	301	FROM	20001	TO	25000	372,516	6,600,655	6,973,171	0.2638
47	231	278	FROM	25001	TO	30000	1,231,891	6,606,711	7,838,602	0.2965
7	127	134	FROM	30001	TO	35000	223,398	4,227,778	4,451,176	0.1684
5	137	142	FROM	35001	TO	40000	189,771	5,265,937	5,455,708	0.2064
2	74	76	FROM	40001	TO	45000	84,016	3,194,558	3,278,574	0.1240
2	162	164	FROM	45001	TO	50000	97,708	8,009,302	8,107,010	0.3067
2	69	71	FROM	50001	TO	55000	103,068	3,641,136	3,744,204	0.1416
1	56	57	FROM	55001	TO	60000	57,936	3,304,149	3,362,085	0.1272
2	32	34	FROM	60001	TO	65000	122,497	2,016,266	2,138,763	0.0809
1	37	38	FROM	65001	TO	70000	65,923	2,536,194	2,602,117	0.0984
	45	45	FROM	70001	TO	75000		3,325,537	3,325,537	0.1258
1	36	37	FROM	75001	TO	80000	79,812	2,835,008	2,914,820	0.1103
	26	26	FROM	80001	TO	85000		2,172,842	2,172,842	0.0822
1	33	34	FROM	85001	TO	90000	89,454	2,914,970	3,004,424	0.1136
1	13	14	FROM	90001	TO	95000	91,457	1,204,172	1,295,629	0.0490
	98	98	FROM	95001	TO	100000		9,779,793	9,779,793	0.3699
	23	23	FROM	100001	TO	105000		2,354,774	2,354,774	0.0891
	18	18	FROM	105001	TO	110000		1,958,187	1,958,187	0.0741
1	18	19	FROM	110001	TO	115000	114,528	2,040,376	2,154,904	0.0815
	21	21	FROM	115001	TO	120000		2,486,595	2,486,595	0.0941
	13	13	FROM	120001	TO	125000		1,611,210	1,611,210	0.0609
1	9	10	FROM	125001	TO	130000	127,406	1,157,000	1,284,406	0.0486
	12	12	FROM	130001	TO	135000		1,596,500	1,596,500	0.0604
	9	9	FROM	135001	TO	140000		1,245,950	1,245,950	0.0471
	11	11	FROM	140001	TO	145000		1,579,364	1,579,364	0.0597
	32	32	FROM	145001	TO	150000		4,775,309	4,775,309	0.1806
	3	3	FROM	150001	TO	155000		461,500	461,500	0.0175
	9	9	FROM	155001	TO	160000		1,424,028	1,424,028	0.0539
	9	9	FROM	160001	TO	165000		1,477,381	1,477,381	0.0559
	5	5	FROM	165001	TO	170000		843,102	843,102	0.0319
	7	7	FROM	170001	TO	175000		1,216,251	1,216,251	0.0460
	9	9	FROM	175001	TO	180000		1,607,394	1,607,394	0.0608
	6	6	FROM	180001	TO	185000		1,104,366	1,104,366	0.0418
1	3	4	FROM	185001	TO	190000	189,640	563,000	752,640	0.0285
	4	4	FROM	190001	TO	195000		772,112	772,112	0.0292
	42	42	FROM	195001	TO	200000		8,399,530	8,399,530	0.3177
	6	6	FROM	200001	TO	205000		1,223,166	1,223,166	0.0463
	2	2	FROM	205001	TO	210000		413,500	413,500	0.0156
	5	5	FROM	210001	TO	215000		1,074,500	1,074,500	0.0406
	10	10	FROM	215001	TO	220000		2,192,500	2,192,500	0.0829
	7	7	FROM	220001	TO	225000		1,566,000	1,566,000	0.0592
	6	6	FROM	225001	TO	230000		1,370,368	1,370,368	0.0518
	4	4	FROM	230001	TO	235000		932,887	932,887	0.0353
	2	2	FROM	235001	TO	240000		478,039	478,039	0.0181
	3	3	FROM	240001	TO	245000		729,279	729,279	0.0276
	19	19	FROM	245001	TO	250000		4,740,821	4,740,821	0.1793

No. of Shareholders			------Shareholding------			Total Shares Held			Percentage
Physical	CDC	Total	From		To	Physical	CDC	Total	
	3	3	FROM 250001	TO	255000		756,408	756,408	0.0286
	3	3	FROM 260001	TO	265000		783,500	783,500	0.0296
	5	5	FROM 265001	TO	270000		1,340,357	1,340,357	0.0507
	7	7	FROM 270001	TO	275000		1,914,040	1,914,040	0.0724
	4	4	FROM 275001	TO	280000		1,115,689	1,115,689	0.0422
	1	1	FROM 280001	TO	285000		281,500	281,500	0.0106
	6	6	FROM 285001	TO	290000		1,730,591	1,730,591	0.0655
	3	3	FROM 290001	TO	295000		879,500	879,500	0.0333
	15	15	FROM 295001	TO	300000		4,496,974	4,496,974	0.1701
	3	3	FROM 300001	TO	305000		909,714	909,714	0.0344
	3	3	FROM 310001	TO	315000		942,000	942,000	0.0356
	2	2	FROM 320001	TO	325000		641,741	641,741	0.0243
	1	1	FROM 325001	TO	330000		329,769	329,769	0.0125
	2	2	FROM 330001	TO	335000		663,968	663,968	0.0251
	1	1	FROM 335001	TO	340000		339,500	339,500	0.0128
	6	6	FROM 345001	TO	350000		2,100,000	2,100,000	0.0794
	6	6	FROM 350001	TO	355000		2,118,697	2,118,697	0.0801
	3	3	FROM 355001	TO	360000		1,074,787	1,074,787	0.0407
	2	2	FROM 360001	TO	365000		728,216	728,216	0.0275
	1	1	FROM 365001	TO	370000		369,500	369,500	0.0140
	2	2	FROM 380001	TO	385000		767,500	767,500	0.0290
	2	2	FROM 390001	TO	395000		787,776	787,776	0.0298
	5	5	FROM 395001	TO	400000		2,000,000	2,000,000	0.0757
	9	9	FROM 400001	TO	405000		3,606,078	3,606,078	0.1364
	2	2	FROM 405001	TO	410000		819,053	819,053	0.0310
	1	1	FROM 410001	TO	415000		410,500	410,500	0.0155
	1	1	FROM 415001	TO	420000		417,000	417,000	0.0158
	3	3	FROM 420001	TO	425000		1,272,000	1,272,000	0.0481
	1	1	FROM 425001	TO	430000		425,800	425,800	0.0161
	2	2	FROM 430001	TO	435000		866,000	866,000	0.0328
	1	1	FROM 440001	TO	445000		444,000	444,000	0.0168
	4	4	FROM 445001	TO	450000		1,787,500	1,787,500	0.0676
	1	1	FROM 455001	TO	460000		459,000	459,000	0.0174
	2	2	FROM 465001	TO	470000		937,735	937,735	0.0355
	2	2	FROM 470001	TO	475000		943,251	943,251	0.0357
	1	1	FROM 475001	TO	480000		480,000	480,000	0.0182
	1	1	FROM 480001	TO	485000		481,887	481,887	0.0182
	1	1	FROM 485001	TO	490000		487,500	487,500	0.0184
	1	1	FROM 490001	TO	495000		495,000	495,000	0.0187
	15	15	FROM 495001	TO	500000		7,500,000	7,500,000	0.2837
	2	2	FROM 500001	TO	505000		1,001,604	1,001,604	0.0379
	1	1	FROM 515001	TO	520000		516,000	516,000	0.0195
	2	2	FROM 520001	TO	525000		1,044,000	1,044,000	0.0395
	2	2	FROM 525001	TO	530000		1,057,000	1,057,000	0.0400
	1	1	FROM 535001	TO	540000		535,500	535,500	0.0203
	3	3	FROM 545001	TO	550000		1,650,000	1,650,000	0.0624
	1	1	FROM 555001	TO	560000		560,000	560,000	0.0212
	2	2	FROM 560001	TO	565000		1,125,993	1,125,993	0.0426
	1	1	FROM 565001	TO	570000		570,000	570,000	0.0216
	2	2	FROM 570001	TO	575000		1,145,500	1,145,500	0.0433
	1	1	FROM 575001	TO	580000		576,500	576,500	0.0218
	1	1	FROM 585001	TO	590000		590,000	590,000	0.0223
	1	1	FROM 590001	TO	595000		595,000	595,000	0.0225
	7	7	FROM 595001	TO	600000		4,200,000	4,200,000	0.1589
	1	1	FROM 605001	TO	610000		605,500	605,500	0.0229
	1	1	FROM 620001	TO	625000		625,000	625,000	0.0236

No. of Shareholders			------Shareholding------			Total Shares Held			Percentage
Physical	CDC	Total	From		To	Physical	CDC	Total	
	2	2	FROM 650001	TO	655000		1,307,955	1,307,955	0.0495
	1	1	FROM 665001	TO	670000		669,500	669,500	0.0253
	1	1	FROM 690001	TO	695000		691,500	691,500	0.0262
	1	1	FROM 695001	TO	700000		700,000	700,000	0.0265
	1	1	FROM 720001	TO	725000		722,000	722,000	0.0273
	2	2	FROM 725001	TO	730000		1,455,166	1,455,166	0.0550
	2	2	FROM 730001	TO	735000		1,469,000	1,469,000	0.0556
	1	1	FROM 735001	TO	740000		740,000	740,000	0.0280
	3	3	FROM 745001	TO	750000		2,250,000	2,250,000	0.0851
	1	1	FROM 775001	TO	780000		779,500	779,500	0.0295
	5	5	FROM 795001	TO	800000		4,000,000	4,000,000	0.1513
	1	1	FROM 810001	TO	815000		814,000	814,000	0.0308
	1	1	FROM 815001	TO	820000		818,000	818,000	0.0309
	1	1	FROM 835001	TO	840000		840,000	840,000	0.0318
	3	3	FROM 845001	TO	850000		2,550,000	2,550,000	0.0965
	1	1	FROM 865001	TO	870000		866,818	866,818	0.0328
	1	1	FROM 870001	TO	875000		875,000	875,000	0.0331
	2	2	FROM 895001	TO	900000		1,797,500	1,797,500	0.0680
	1	1	FROM 900001	TO	905000		905,000	905,000	0.0342
	1	1	FROM 920001	TO	925000		925,000	925,000	0.0350
	1	1	FROM 925001	TO	930000		930,000	930,000	0.0352
	1	1	FROM 935001	TO	940000		936,958	936,958	0.0354
	1	1	FROM 955001	TO	960000		960,000	960,000	0.0363
	1	1	FROM 960001	TO	965000		963,000	963,000	0.0364
	1	1	FROM 970001	TO	975000		971,500	971,500	0.0367
	11	11	FROM 995001	TO	1000000		11,000,000	11,000,000	0.4161
	1	1	FROM 1000001	TO	1005000		1,001,000	1,001,000	0.0379
	1	1	FROM 1010001	TO	1015000		1,012,500	1,012,500	0.0383
	1	1	FROM 1020001	TO	1025000		1,021,062	1,021,062	0.0386
	2	2	FROM 1045001	TO	1050000		2,094,512	2,094,512	0.0792
	1	1	FROM 1050001	TO	1055000		1,054,000	1,054,000	0.0399
	1	1	FROM 1060001	TO	1065000		1,063,000	1,063,000	0.0402
	1	1	FROM 1080001	TO	1085000		1,082,000	1,082,000	0.0409
	1	1	FROM 1095001	TO	1100000		1,100,000	1,100,000	0.0416
	1	1	FROM 1120001	TO	1125000		1,125,000	1,125,000	0.0426
	1	1	FROM 1125001	TO	1130000		1,127,500	1,127,500	0.0426
	1	1	FROM 1130001	TO	1135000		1,132,605	1,132,605	0.0428
	1	1	FROM 1145001	TO	1150000		1,150,000	1,150,000	0.0435
	1	1	FROM 1155001	TO	1160000		1,159,000	1,159,000	0.0438
	1	1	FROM 1215001	TO	1220000		1,217,000	1,217,000	0.0460
	1	1	FROM 1220001	TO	1225000		1,222,000	1,222,000	0.0462
	2	2	FROM 1255001	TO	1260000		2,516,500	2,516,500	0.0952
	1	1	FROM 1280001	TO	1285000		1,285,000	1,285,000	0.0486
	1	1	FROM 1300001	TO	1305000		1,300,500	1,300,500	0.0492
	1	1	FROM 1335001	TO	1340000		1,338,584	1,338,584	0.0506
	1	1	FROM 1395001	TO	1400000		1,400,000	1,400,000	0.0530
	2	2	FROM 1445001	TO	1450000		2,896,000	2,896,000	0.1095
	1	1	FROM 1495001	TO	1500000		1,500,000	1,500,000	0.0567
	1	1	FROM 1530001	TO	1535000		1,531,334	1,531,334	0.0579
	1	1	FROM 1570001	TO	1575000		1,571,271	1,571,271	0.0594
	1	1	FROM 1585001	TO	1590000		1,590,000	1,590,000	0.0601
	1	1	FROM 1590001	TO	1595000		1,592,500	1,592,500	0.0602
	1	1	FROM 1640001	TO	1645000		1,642,561	1,642,561	0.0621
	1	1	FROM 1665001	TO	1670000		1,666,336	1,666,336	0.0630
	1	1	FROM 1680001	TO	1685000		1,682,500	1,682,500	0.0636
	1	1	FROM 1725001	TO	1730000		1,729,850	1,729,850	0.0654
	1	1	FROM 1735001	TO	1740000		1,737,000	1,737,000	0.0657
	1	1	FROM 1745001	TO	1750000		1,750,000	1,750,000	0.0662

No. of Shareholders			------Shareholding------			Total Shares Held			Percentage
Physical	CDC	Total	From		To	Physical	CDC	Total	
	1	1	FROM 1795001	TO	1800000		1,800,000	1,800,000	0.0681
	1	1	FROM 1815001	TO	1820000		1,818,000	1,818,000	0.0688
	1	1	FROM 1900001	TO	1905000		1,903,500	1,903,500	0.0720
	1	1	FROM 1905001	TO	1910000		1,908,500	1,908,500	0.0722
	1	1	FROM 1975001	TO	1980000		1,976,000	1,976,000	0.0747
	4	4	FROM 1995001	TO	2000000		8,000,000	8,000,000	0.3026
	3	3	FROM 2045001	TO	2050000		6,148,000	6,148,000	0.2326
	1	1	FROM 2095001	TO	2100000		2,097,000	2,097,000	0.0793
	1	1	FROM 2195001	TO	2200000		2,200,000	2,200,000	0.0832
	1	1	FROM 2245001	TO	2250000		2,250,000	2,250,000	0.0851
	1	1	FROM 2325001	TO	2330000		2,325,500	2,325,500	0.0880
	1	1	FROM 2370001	TO	2375000		2,375,000	2,375,000	0.0898
	1	1	FROM 2470001	TO	2475000		2,471,500	2,471,500	0.0935
	3	3	FROM 2495001	TO	2500000		7,500,000	7,500,000	0.2837
	1	1	FROM 2640001	TO	2645000		2,644,000	2,644,000	0.1000
	1	1	FROM 2730001	TO	2735000		2,735,000	2,735,000	0.1035
	1	1	FROM 2745001	TO	2750000		2,750,000	2,750,000	0.1040
	1	1	FROM 2810001	TO	2815000		2,814,500	2,814,500	0.1065
	1	1	FROM 2815001	TO	2820000		2,819,025	2,819,025	0.1066
	4	4	FROM 2995001	TO	3000000		12,000,000	12,000,000	0.4539
	1	1	FROM 3005001	TO	3010000		3,007,500	3,007,500	0.1138
	1	1	FROM 3110001	TO	3115000		3,110,500	3,110,500	0.1177
	1	1	FROM 3495001	TO	3500000		3,498,500	3,498,500	0.1323
	2	2	FROM 3560001	TO	3565000		7,124,653	7,124,653	0.2695
	1	1	FROM 3610001	TO	3615000		3,613,500	3,613,500	0.1367
	1	1	FROM 3645001	TO	3650000		3,650,000	3,650,000	0.1381
	1	1	FROM 3675001	TO	3680000		3,677,000	3,677,000	0.1391
	1	1	FROM 3695001	TO	3700000		3,697,000	3,697,000	0.1398
	1	1	FROM 3745001	TO	3750000		3,750,000	3,750,000	0.1418
	1	1	FROM 3750001	TO	3755000		3,753,000	3,753,000	0.1420
	1	1	FROM 3835001	TO	3840000		3,835,376	3,835,376	0.1451
	1	1	FROM 4035001	TO	4040000		4,040,000	4,040,000	0.1528
	1	1	FROM 4215001	TO	4220000		4,219,000	4,219,000	0.1596
	1	1	FROM 4335001	TO	4340000		4,340,000	4,340,000	0.1642
	1	1	FROM 5150001	TO	5155000		5,152,500	5,152,500	0.1949
	1	1	FROM 5245001	TO	5250000		5,250,000	5,250,000	0.1986
	1	1	FROM 5310001	TO	5315000		5,313,000	5,313,000	0.2010
	1	1	FROM 5450001	TO	5455000		5,454,000	5,454,000	0.2063
	1	1	FROM 5515001	TO	5520000		5,517,000	5,517,000	0.2087
	1	1	FROM 6055001	TO	6060000		6,058,500	6,058,500	0.2292
	1	1	FROM 6505001	TO	6510000		6,510,000	6,510,000	0.2462
	1	1	FROM 6750001	TO	6755000		6,753,500	6,753,500	0.2555
	1	1	FROM 7460001	TO	7465000		7,465,000	7,465,000	0.2824
	1	1	FROM 7495001	TO	7500000		7,500,000	7,500,000	0.2837
	1	1	FROM 7695001	TO	7700000		7,700,000	7,700,000	0.2913
	1	1	FROM 7995001	TO	8000000		8,000,000	8,000,000	0.3026
	1	1	FROM 8675001	TO	8680000		8,678,000	8,678,000	0.3283
	1	1	FROM 8750001	TO	8755000		8,750,857	8,750,857	0.3310
	1	1	FROM 8925001	TO	8930000		8,928,383	8,928,383	0.3377
	1	1	FROM 9245001	TO	9250000		9,250,000	9,250,000	0.3499
	1	1	FROM 9250001	TO	9255000		9,253,500	9,253,500	0.3500
	1	1	FROM 9345001	TO	9350000		9,346,564	9,346,564	0.3535
	1	1	FROM 9995001	TO	10000000		10,000,000	10,000,000	0.3783
	1	1	FROM 10710001	TO	10715000		10,712,434	10,712,434	0.4052
	1	1	FROM 11340001	TO	11345000		11,342,500	11,342,500	0.4290
	1	1	FROM 11840001	TO	11845000		11,844,000	11,844,000	0.4480
	1	1	FROM 14120001	TO	14125000		14,123,000	14,123,000	0.5342
	1	1	FROM 15285001	TO	15290000		15,287,500	15,287,500	0.5783

No. of Shareholders			------Shareholding------				Total Shares Held		Percentage
Physical	CDC	Total	From		To	Physical	CDC	Total	
	1	1	FROM 15320001	TO	15325000		15,322,789	15,322,789	0.5796
	1	1	FROM 16525001	TO	16530000		16,526,500	16,526,500	0.6251
	1	1	FROM 16710001	TO	16715000		16,715,000	16,715,000	0.6323
	1	1	FROM 17015001	TO	17020000		17,020,000	17,020,000	0.6438
	1	1	FROM 19105001	TO	19110000		19,108,500	19,108,500	0.7228
	1	1	FROM 19550001	TO	19555000		19,553,231	19,553,231	0.7396
	1	1	FROM 29835001	TO	29840000		29,839,500	29,839,500	1.1287
	1	1	FROM 30185001	TO	30190000		30,190,000	30,190,000	1.1420
	1	1	FROM 32500001	TO	32505000		32,500,001	32,500,001	1.2293
	1	1	FROM 36585001	TO	36590000		36,589,500	36,589,500	1.3840
	1	1	FROM 38495001	TO	38500000		38,500,000	38,500,000	1.4563
	1	1	FROM 70695001	TO	70700000		70,697,465	70,697,465	2.6742
	1	1	FROM 130875001	TO	130880000		130,880,000	130,880,000	4.9507
1		1	FROM 1519400001	TO	1519405000	1,519,404,845		1,519,404,845	57.4728
4489	12986	17455				1,527,734,844	1,115,957,536	2,643,692,380	100.0000

CATEGORIES OF SHAREHOLDERS

As on December 31, 2019

Shareholder Category	No. of Shareholders			Total No. of Shares Held			%Age
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	0	2	2	0	17,995	17,995	0.0007%
PROVINCIAL GOVERNMENT	1	0	1	1,519,404,845	0	1,519,404,845	57.4728%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN FUNDS	29	9	38	63,134	45,001,086	45,064,220	1.7046%
INDIVIDUALS (FOREIGN)	0	14	14	0	2,075,245	2,075,245	0.0785%
INDIVIDUALS (LOCAL)	4,403	12,713	17,116	8,110,458	605,790,195	613,900,653	23.2213%
BANK/NBFI/FIN.INST./INSURANCE CO./ MODARABAS MUTUAL FUNDS	19	62	81	87,741	248,094,021	248,181,762	9.3877%
LEASING COMPANIES	0	2	2	0	3,175	3,175	0.0001%
CHARITABLE TRUSTS	0	4	4	0	258,087	258,087	0.0098%
COOPERATIVE SOCIETIES	0	0	0	0	0	0	0.0000%
NIT	0	1	1	0	495,000	495,000	0.0187%
ICP	1	0	1	975	0	975	0.0000%
JOINT STOCK COMPANIES	16	157	173	67,691	139,635,921	139,703,612	5.2844%
OTHERS	0	22	22	0	74,586,811	74,586,811	2.8213%
TOTAL	4,469	12,986	17,455	1,527,734,844	1,115,957,536	2,643,692,380	100.0000%

CATAGORIES OF SHAREHOLDING

As on December 31, 2019

Sr. No.	Name	No. of Shares Held	Percentage
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies and Mutual Funds:			
1	BEAR STEARNS JAHANGIR SIDDIQUI LTD.	378	0.0000%
2	KARACHI INVESTMENT COMPANY(PVT)LTD	32,417	0.0012%
3	SECRETARY THE BANK OF PUNJAB	1,953	0.0001%
4	FIDELITY INVESTMENT BANK LTD	1,385	0.0001%
5	SECURITY INVESTMENT BANK LTD.	612	0.0000%
6	NATIONAL DEVELOPMENT FINANCE CORP (INVESTOR)	9,528	0.0004%
7	ALTOWFEEK INVESTMENT BANK LTD.	213	0.0000%
8	CRESCENT INVESTMENT BANK LTD.	15,525	0.0006%
9	INDUS BANK LTD.	12,956	0.0005%
10	TRUST INVESTMENT BANK LTD.	4,372	0.0002%
11	THE BANK OF KHYBER	20	0.0000%
12	NATIONAL BANK OF PAKISTAN INVESTOR A/C (FORMER NDFC)	1,242	0.0000%
13	ASKARI BANK LIMITED	19,553,231	0.7396%
14	ESCORTS INVESTMENT BANK LIMITED	1,844	0.0001%
15	FAYSAL BANK LIMITED	30,190,000	1.1420%
16	HABIB BANK LIMITED - LSE BRANCH	36	0.0000%
17	NATIONAL BANK OF PAKISTAN	38,500,000	1.4563%
18	NATIONAL BANK OF PAKISTAN	12	0.0000%
19	PAIR INVESTMENT COMPANY LIMITED	350,000	0.0132%
20	SAMBA BANK LIMITED	5,250,000	0.1986%
21	SAMBA BANK LIMITED - MT	9,250,000	0.3499%
22	SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD.-PMD	8,000,000	0.3026%
23	SECURITY INVESTMENT BANK LIMITED	1	0.0000%
24	SONERI BANK LIMITED - MT	4,219,000	0.1596%
25	SUMMIT BANK LIMITED	19,108,500	0.7228%
26	THE BANK OF KHYBER	500,000	0.0189%
27	FIRST CREDIT & INVESTMENT BANK LIMITED	22,000	0.0008%
28	PAK-OMAN INVESTMENT COMPANY LTD. - MT	3,561,500	0.1347%
29	SILVER STAR INSURANCE CO.LTD.	14	0.0000%
30	PRIME INSURANCE CO LTD	4,406	0.0002%
31	ADAMJEE LIFE ASSURANCE CO.LTD-DGF	15,000,000	0.5674%
32	ADAMJEE LIFE ASSURANCE COMPANY LIMITD- NUIL FUND	500	0.0000%
33	ADAMJEE LIFE ASSURANCE COMPANY LIMITD-IMF	1,976,000	0.0747%
34	ALFALAH INSURANCE COMPANY LIMITED	433,000	0.0164%
35	CENTURY INSURANCE COMPANY LTD.	425,800	0.0161%
36	EFU LIFE ASSURANCE LTD	1	0.0000%
37	IGI LIFE ASSURANCE LIMITED	6,500	0.0002%
38	IGI LIFE ASSURANCE LIMITED	103,000	0.0039%
39	PROGRESSIVE INS.C.L.FORMERLY PRIME INS.	1,700	0.0001%
40	PROGRESSIVE INSURANCE COMPANY CO.LTD.	5,000	0.0002%
41	STATE LIFE INSURANCE CORP. OF PAKISTAN	8,928,383	0.3377%
42	THE CRESCENT STAR INSURANCE CO. LTD.	250	0.0000%
43	TPL INSURANCE LIMITED	7,731	0.0003%
44	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	249,500	0.0094%
45	CDC - TRUSTEE ABL STOCK FUND	8,678,000	0.3283%
46	CDC - TRUSTEE AKD INDEX TRACKER FUND	271,659	0.0103%
47	CDC - TRUSTEE AKD OPPORTUNITY FUND	3,753,000	0.1420%
48	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	444,000	0.0168%
49	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	3,110,500	0.1177%
50	CDC - TRUSTEE ALFALAH GHP STOCK FUND	4,340,000	0.1642%

Sr. No.	Name	No. of Shares Held	Percentage
51	CDC - TRUSTEE ALFALAH GHP VALUE FUND	1,590,000	0.0601%
52	CDC - TRUSTEE ALLIED FINERGY FUND	1,046,000	0.0396%
53	CDC - TRUSTEE APF-EQUITY SUB FUND	530,000	0.0200%
54	CDC - TRUSTEE ATLAS STOCK MARKET FUND	7,700,000	0.2913%
55	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	417,000	0.0158%
56	CDC - TRUSTEE FAYSAL MTS FUND - MT	2,814,500	0.1065%
57	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	500	0.0000%
58	CDC - TRUSTEE FAYSAL STOCK FUND	897,500	0.0339%
59	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	590,000	0.0223%
60	CDC - TRUSTEE HBL - STOCK FUND	5,313,000	0.2010%
61	CDC - TRUSTEE HBL EQUITY FUND	734,000	0.0278%
62	CDC - TRUSTEE HBL MULTI - ASSET FUND	132,000	0.0050%
63	CDC - TRUSTEE HBL PF EQUITY SUB FUND	516,000	0.0195%
64	CDC - TRUSTEE LAKSON EQUITY FUND	15,322,789	0.5796%
65	CDC - TRUSTEE LAKSON TACTICAL FUND	1,338,584	0.0506%
66	CDC - TEUSTEE NBP BALANCED FUND	410,500	0.0155%
67	CDC - TEUSTEE NBP FINANCIAL SECTOR FUND	2,050,000	0.0775%
68	CDC - TEUSTEE NBP SARMAYA IZAFA FUND	369,500	0.0140%
69	CDC - TEUSTEE NBP SAVING FUND - MT	605,500	0.0229%
70	CDC - TEUSTEE NBP STOCK FUND	9,253,500	0.3500%
71	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,257,500	0.0476%
72	CDC - TRUSTEE PICIC GROWTH FUND	5,152,500	0.1949%
73	CDC - TRUSTEE PICIC INVESTMENT FUND	3,677,000	0.1391%
74	CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	57,500	0.0022%
75	CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	68,000	0.0026%
76	TRUSTEE-BMA CHUNDRIGAR ROAD SAVINGS FUND	10,000	0.0004%
		248,179,042	9.3876%
NIT			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	495,000	0.0187%
ICP			
1	INVESTMENT CORPORATION OF PAK	975	0.0000%

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. SAEED ANWAR (CDC)	3,000	0.0001%
2	KHAWAJA FAROOQ SAEED (CDC)	14,995	0.0006%

Public Sector Companies & Corporations: 1,519,404,845 57.4728%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	Name	Holding	Percentage
1	GOVERNMENT OF THE PUNJAB	1,519,404,845	57.4728%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	Name	Sale	Purchase
1	Khawaja Farooq Saeed		100,000
2	Khawaja Farooq Saeed		100,000
3	Khawaja Farooq Saeed	200,000	

FORM OF PROXY

I/We_____
(Name and Folio No./Participant Account No. & Sub-Account No.)

of_____
(Place)
being a member(s) of THE BANK OF PUNJAB hereby appoint

_____
(Name and Folio No./Participant Account No. & Sub-Account No.)

of_____
(Place)

another member of the Bank as my / our proxy to attend, speak and vote on my / our behalf at the 29th Annual General Meeting of the Bank to be held on Tuesday, 31st March, 2020 at 9:30 a.m. at Avari Hotel, Shahra-e-Quaid-e-Azam, Lahore and at any adjournment thereof.

Signed this_____Day_____2020.

In local

Signature of Member(s)

Five Rupees Revenue Stamp

WITNESSES:

1. Signature: _____
   Name: _____
   Address: _____
   _____
   CNIC or Passport No. _____

2. Signature: _____
   Name: _____
   Address: _____
   _____
   CNIC or Passport No. _____

NOTE:

This form of proxy duly completed must be deposited at Corporate Affairs Department of the Bank at BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore by not less than 48 hours before the time fixed for the Meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

THE BANK OF PUNJAB
BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III,
Lahore.
Ph: 35783700-10

پراکسی فارم

میں/ہم _____ ساکن _____

بمطابق شیئرز رجسٹر فولیو نمبر/CDC اکاؤنٹ نمبر/ذیلی اکاؤنٹ نمبر _____

بحیثیت ممبر دی بینک آف پنجاب محترم/محترمہ _____

فولیو نمبر/CDC اکاؤنٹ نمبر/ذیلی اکاؤنٹ نمبر _____ کو اپنے/اپنی ایما پر بطور مختار (پراکسی) مقرر کرتا/کرتی/کرتے ہوں/ہیں تاکہ میری/ہماری جگہ میری/ہماری طرف سے بینک کے اجلاس عام جو مورخہ 31 مارچ 2020ء بروز منگل صبح 9:30 بجے بمقام آواری ہوٹل، شارع قائداعظم، لاہور میں مختار (پراکسی) شرکت کرے، بولے اور حق رائے دہی استعمال کرے۔

گواہ نمبر 1:

دستخط: _____

نام: _____

پتہ: _____

شناختی کارڈ نمبر: _____

دستخط بتاریخ _____ 2020ء

پانچ روپے
کا ریونیو سٹمپ

دستخط بینک میں رجسٹرڈ نمونہ سے مطابقت رکھنے چاہئیں

گواہ نمبر 2:

دستخط: _____

نام: _____

پتہ: _____

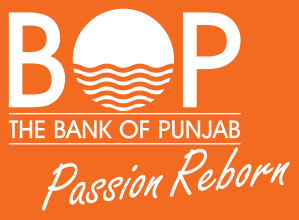
شناختی کارڈ نمبر: _____

نوٹ: باضابطہ طور پر پُر شدہ اور دستخط شدہ پراکسی فارم بینک کے رجسٹرڈ آفس واقع کارپوریٹ افیئرز ڈیپارٹمنٹ، BOP ٹاور، 10-B، بلاک E-2، مین بلیوارڈ، گلبرگ-3، لاہور کے رجسٹرڈ دفتر میں سالانہ اجلاس عام کے انعقاد سے 48 گھنٹے قبل لازمی طور پر موصول ہو جانی چاہیے۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

THE BANK OF PUNJAB
BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III,
Lahore.
Ph: 35783700-10



THE BANK OF PUNJAB
10-B, E-II, Main Boulevard, Gulberg III, Lahore.
www.bop.com.pk I 111 267 200

Design & Produced by: MAKHDOOMS