

2018



GROWTH IS AN EVIDENCE OF SUCCESS



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Corporate Information

Board of Directors

Dr. Pervez Tahir	Chairman
Mr. Naeemuddin Khan	President / CEO
Mr. Mohammad Jehanzeb Khan	Director
Mr. Hamed Yaqoob Sheikh	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Dr. Umar Saif	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Raza Saeed	Secretary to the Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Hameed Yaqood Sheikh	Member
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 - 042-35783700-10
Fax No. +92 - 042 - 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. +92 042 35869037



Directors' Review

Quarterly Financial Statements - September 30, 2018

On behalf of the Board of Directors, I am pleased to present Un-audited Condensed Interim Financial Statements of The Bank of Punjab for the nine months period ended September 30, 2018.

As per recently issued Monetary Policy Statement of SBP, in the first two months of FY19, headline CPI inflation averaged 5.8 percent as compared to 3.2 percent for the corresponding months of FY18, and an average of 3.9 percent for FY18. For FY19, SBP's inflation projections show that the average headline inflation is expected to fall in the revised forecast range of 6.5-7.5 percent. Following a growth of 5.8 percent in FY18, economic activity is likely to remain under pressure in FY19 as the general macroeconomic policy mix is focusing on stabilization. Specifically, the transmission of SBP's policy rate hikes since January 2018 is still unfolding. The government is now pursuing a fiscal consolidation program and has further announced regulatory measures to slowdown the growing pressures on the external front. SBP has projected the real GDP growth for FY19 at around 5.0 percent.

Financial Highlights:

Rs. in Million

Profit before taxation	8,851.4
Taxation	3,408.3
Profit after taxation	5,443.1
Earnings per share (Rupees)	2.06

Subsequent to retirement of Letters of Comfort (LOCs) issued by Government of Punjab on December 31, 2017, the Bank has been successful in accelerating its growth trends. A marked improvement in profitability position has been observed.

During Jan-Sep'2018, Bank's Net Interest Margin significantly improved to Rs. 14,053 million as against Rs. 11,026 million for corresponding period last year thereby registering a rise of 27%. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 2,855 million and Rs. 9,067 million, respectively. Accordingly, the Bank was able to post a pre-tax profit of Rs. 8,851 million against Rs. 5,283 million for corresponding period last year, registering a significant rise of 68%. The Earnings per Share remained at Rs. 2.06.

As on September 30, 2018, the Deposits increased to Rs. 568.3 billion against Rs. 556.3 billion of December 31, 2017, while Total Assets increased to Rs. 663.0 billion against Rs. 649.5 billion as on December 31, 2017. Investments and Gross Advances stood at Rs. 202.5 billion and Rs. 416.9 billion, respectively. The Tier-I Equity also improved to Rs. 32.5 billion against Rs. 26.8 billion on December 31, 2017.

During Jan-Sep' 2018, the Bank has successfully raised Rs. 4.3 billion as Tier-II Capital through issuance of rated and unlisted privately placed term finance certificates. As on September 30, 2018, the Bank stands compliant with the Capital Adequacy Ratio (CAR) requirement prescribed by SBP. The CAR improved to 13.29% as against 9.73% as on December 31, 2017. Besides, the Bank now also stands fully compliant with provisioning requirements under Prudential Regulations of SBP.

The Bank has been assigned long term entity rating of “AA” by M/s PACRA with short term rating being at the highest rank of “A1+”. Further, the Bank now has a nationwide network of 545 online branches, including 6 sub-branches. The Bank has planned to further expand its outreach during the year and the branch network would reach at 576 by December 31, 2018.

I am thankful to our valued customers and shareholders for their continuous support and trust and assure that the Bank would continue its efforts to further accelerate the current growth trends. I wish to extend my gratitude to the Government of the Punjab and the State Bank of Pakistan for their support and guidance. I also appreciate Bank’s management and staff for their contribution towards the progress and prosperity of the Bank.

For and on behalf of the Board

Dr. Pervez Tahir
Chairman



یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2018ء کو اختتام پذیر ہونے والی نو ماہی کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

اسٹیٹ بینک آف پاکستان کے حالیہ زری پالیسی بیان کے مطابق مالی سال 2019ء کے ابتدائی دو مہینوں میں عمومی صارف اشاریہ قیمت مہنگائی (CPI) 5.8 فیصد کی اوسط سطح پر رہی ہے جبکہ مالی سال 2018ء کی اسی مدت میں یہ 3.2 فیصد اور پورے مالی سال 2018ء میں اس کی اوسط 3.9 فیصد تھی۔

مالی سال 2019ء کے لیے اسٹیٹ بینک کی مہنگائی کی پیش گوئیوں سے ظاہر ہوتا ہے کہ اوسط عمومی مہنگائی 6.5 تا 7.5 فیصد کی بالائی حد کے قریب رہنے کی توقع ہے۔

مالی سال 2018ء میں 5.8 فیصد کی تحت مندرجہ کے بعد امکان ہے کہ مالی سال 2019ء میں معاشی سرگرمی کچھ سست رہے گی کیونکہ عمومی معاشی پالیسی میں توجہ استحکام پر مرکوز کی جارہی ہے۔ خصوصاً جنوری 2018ء سے اسٹیٹ بینک کے پالیسی ریٹ میں اضافے کی ترسیل کے اثرات ابھی مرتب ہو رہے ہیں۔ حکومت بھی اب بڑھتے ہوئے مالیاتی خسارے میں کمی کے لیے مالیاتی یکجائی کے پروگرام پر عمل پیرا ہے اور بیرونی شعبے پر بڑھتے ہوئے دباؤ کو کم کرنے کے لیے مزید مضوابطی اقدامات کا اعلان کیا ہے۔ اسٹیٹ بینک کو توقع ہے کہ مالی سال 2019ء میں حقیقی جی ڈی پی کی نمو تقریباً 5 فیصد رہے گی۔

مالیاتی نتائج	روپیہ ملین میں
قبل از ٹیکس منافع	8,851.4
ٹیکس	3,408.3
بعد از ٹیکس منافع	5,443.1
فی حصص منافع (روپیہ)	2.06

حکومت پنجاب کی جانب سے جاری کردہ لیٹرز آف کمفرٹ (LOCs) کو 31 دسمبر 2017ء کو ریٹائر کرنے کے بعد بینک کا مالیاتی کے ساتھ ترقی کے راستے پر گامزن ہے اور بینک کے منافع میں قابل ذکر اضافہ ہوا ہے۔

سال 2018ء کے پہلے نو ماہ کے دوران بینک کا نیٹ انٹرسٹ مارجن 27 فیصد کے شاندار اضافے کے ساتھ 14,053 ملین روپے تک پہنچ گیا جو کہ گزشتہ سال کی اسی مدت کے دوران 11,026 ملین روپے تھا۔ جبکہ نان مارک اپ/انٹرسٹ آمدن اور نان مارک اپ/انٹرسٹ اخراجات بالترتیب 2,855 ملین روپے اور 9,067 ملین روپے رہے۔ اس طرح بینک نے 68 فیصد اضافے کے ساتھ 8,851 ملین روپے کا قبل از ٹیکس منافع کمایا جو کہ گزشتہ سال کی اسی مدت کے دوران 5,283 ملین روپے تھا اور بینک کی فی حصص آمدن 2.06 روپے رہی۔

30 ستمبر 2018ء کو بینک کے ڈیپازٹس بڑھ کر 568.3 ارب روپے پر پہنچ گئے جو کہ 31 دسمبر 2017ء کو 556.3 ارب روپے کی سطح پر تھے۔ اسی طرح بینک کے اثاثہ جات بڑھ کر 663.0 ارب روپے ہو گئے جو کہ 31 دسمبر 2017ء کو 649.5 ارب روپے کی سطح پر تھے۔ بینک کی سرمایہ کاری اور قرضہ جات بالترتیب 202.5 ارب روپے اور 416.9 ارب روپے کی سطح پر رہے۔ بینک کی بیرونی ایکویٹی بہتر ہوتے ہوئے 32.5 ارب روپے ہو گئی جو کہ 31 دسمبر 2017ء کو 26.8 ارب روپے تھی۔

سال 2018ء کے پہلے نو ماہ کے دوران بینک نے 4 ارب روپے کے PPTFCs کے اجراء کے ذریعے فیڈرل ٹو کیپیٹل میں اضافہ کیا ہے۔ 30 ستمبر 2018ء کو بینک

سٹیٹ بینک آف پاکستان کی متعین کردہ کنیپل ایڈیکولیسی ریشو (CAR) کی مطلوبہ شرح حاصل کر چکا ہے۔ بینک کی CAR بہتر ہو کر 13.29 فیصد ہو گئی جو کہ 31 دسمبر 2017ء کو 9.73 فیصد تھی۔ علاوہ ازیں بینک سٹیٹ بینک آف پاکستان کی پروڈنشل ریلیکیشن کے تحت غیر فعال قرضہ جات پر پروڈیشن کی مطلوبہ سطح پوری کر چکا ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی نے بینک کو طویل مدت ریٹنگ "AA" دی ہے جبکہ مختصر مدت کے لیے "A1+" کی ریٹنگ بلند ترین سطح پر ہے۔ علاوہ ازیں بینک کی شانوں کی مجموعی تعداد 545 ہو گئی ہے اور رواں سال بینک کی مزید شاخیں کھولی جائیں گی جس کے بعد 31 دسمبر 2018ء کو بینک کا برانچ نیٹ ورک 576 برانچوں تک پہنچ جائے گا۔

اپنے معزز صارفین اور حصص داران کے تعاون اور اعتماد کا شکریہ ادا کرتے ہوئے اس بات کا یقین دلاتا ہوں کہ بینک کی انتظامیہ ترقی کی موجودہ رفتار کو مزید تیز کرنے کے لیے اپنی کوششیں جاری رکھے گی۔ میں حکومت پنجاب اور سٹیٹ بینک آف پاکستان کے مسلسل تعاون اور معاونت کا تہہ دل سے شکریہ ادا کرتا ہوں۔ میں بینک کے تمام ملازمین کی انتھک محنت کا معترف ہوں جس کی وجہ سے بینک نے قابل ذکر کارکردگی کا مظاہرہ کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر پرویز طاہر
چیئرمین



**Unconsolidated Condensed Interim
Financial Information**
for the period ended September 30, 2018



Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2018

	Note	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
ASSETS			
Cash and balances with treasury banks		38,114,238	42,477,950
Balances with other banks		5,037,586	6,077,383
Lendings to financial institutions	6	6,710,000	24,570,850
Investments - net	7	202,499,657	242,506,452
Advances - net	8	371,907,158	295,751,721
Operating fixed assets	9	9,466,846	8,518,887
Deferred tax assets - net	10	8,936,599	10,724,523
Other assets - net		20,358,321	18,919,285
		663,030,405	649,547,051
LIABILITIES			
Bills payable		3,147,369	3,365,325
Borrowings from financial institutions	11	29,534,471	38,949,362
Deposits and other accounts	12	568,342,905	556,281,156
Sub-ordinated loans	13	8,798,500	4,499,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		18,108,725	16,720,448
		627,931,970	619,815,291
NET ASSETS		35,098,435	29,731,760
REPRESENTED BY			
Share capital	14	26,436,924	26,436,924
Reserves		3,214,673	3,214,673
Unappropriated profit / (accumulated losses)		2,798,224	(2,806,439)
		32,449,821	26,845,158
Surplus on revaluation of assets - net of tax	15	2,648,614	2,886,602
		35,098,435	29,731,760
Contingencies and commitments	16		

The annexed notes from 1 to 24 and Annexure - I form an integral part of this unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director



Unconsolidated Condensed Interim Profit and Loss Account

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

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Rupees in '000'			
Mark-up / return / interest earned	12,106,531	32,309,342	8,745,484	24,747,659
Mark-up / return / interest expensed	7,234,334	18,256,119	4,879,530	13,721,468
Net mark-up / return / interest income	4,872,197	14,053,223	3,865,954	11,026,191
Provision / (Reversal of provision) against non-performing advances - net	7,518	(1,032,784)	492,186	1,944,629
Provision for diminution in the value of investments - net	7,930	22,228	47,388	45,853
Bad debts written off directly	-	-	-	-
	15,448	(1,010,556)	539,574	1,990,482
Net mark-up / return / interest income after provisions	4,856,749	15,063,779	3,326,380	9,035,709
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	516,684	1,179,281	269,389	839,837
Dividend income	18,214	53,576	17,064	59,816
Income / (loss) from dealing in foreign currencies	62,939	193,607	(3,201)	44,246
Gain on sale and redemption of securities - net	8,006	31,217	116,811	1,301,673
Unrealized gain / (loss) on revaluation of investments classified as held for trading	1,035	(4,005)	2,409	1,470
Other income	413,140	1,401,026	333,824	1,497,396
Total non-markup / interest income	1,020,018	2,854,702	736,296	3,744,438
	5,876,767	17,918,481	4,062,676	12,780,147
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	3,101,823	8,952,690	2,577,989	7,419,007
Provision against other assets	20,798	62,154	2,493	35,875
Other charges	52,238	52,238	-	42,003
Total non-markup / interest expenses	3,174,859	9,067,082	2,580,482	7,496,885
	2,701,908	8,851,399	1,482,194	5,283,262
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	2,701,908	8,851,399	1,482,194	5,283,262
Taxation - Current	705,948	2,080,749	436,034	1,812,691
- Prior years	-	-	-	264,576
- Deferred	337,241	1,327,527	74,984	45,456
	1,043,189	3,408,276	511,018	2,122,723
PROFIT AFTER TAXATION	1,658,719	5,443,123	971,176	3,160,539
Earnings per share - basic and diluted (Rupees) - Note 17	0.63	2.06	0.52	1.70

The annexed notes from 1 to 24 and Annexure - I form an integral part of this unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

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

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Rupees in '000'			
Profit after taxation for the period	1,658,719	5,443,123	971,176	3,160,539
Other comprehensive income				
Items that will not to be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-
Comprehensive income transferred to equity	1,658,719	5,443,123	971,176	3,160,539
Items that may be reclassified to profit and loss account in subsequent periods:				
Change in deficit on revaluation of investments - net of tax	(36,799)	(118,609)	(207,711)	(804,987)
Total comprehensive income for the period	1,621,920	5,324,514	763,465	2,355,552

The annexed notes from 1 to 24 and Annexure - I form an integral part of this unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director



Unconsolidated Condensed Interim Cash Flow Statement

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

	Nine Months Ended	
	September 30, 2018	September 30, 2017
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,851,399	5,283,262
Less: Dividend income	(53,576)	(59,816)
	8,797,823	5,223,446
Adjustments for:		
Depreciation on property and equipment	675,525	578,295
Depreciation on non banking assets acquired in satisfaction of claims	52,173	65,315
Depreciation on ijarah assets under IFAS - 2	276,258	237,274
Amortization on intangible assets	35,963	18,604
Amortization of premium on debt securities	413,742	637,018
Unrealized loss / (gain) on revaluation of investments classified as held for trading	4,005	(1,470)
(Reversal of provision) / Provision against non-performing loans and advances - net	(1,032,784)	1,944,629
Provision for diminution in the value of investments - net	22,228	45,853
Provision for employees compensated absences	7,397	20,150
Provision for gratuity	80,707	119,465
Provision against other assets	62,154	35,875
Net loss / (profit) on sale of property and equipment	419	(19,758)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(36,335)	(12,175)
Gain on sale and redemption of securities - net	(31,217)	(1,301,673)
	530,235	2,367,402
	9,328,058	7,590,848
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	13,057,527	2,063,507
Net investments in held for trading securities	4,341,813	(6,018,612)
Advances - net	(75,398,911)	(39,453,259)
Other assets - net	(1,270,801)	(1,061,049)
	(59,270,372)	(44,469,413)
Increase / (Decrease) in operating liabilities:		
Bills payable	(217,956)	(609,636)
Borrowings from financial institutions	(9,518,969)	8,416,545
Deposits and other accounts	12,061,749	51,983,835
Other liabilities	1,300,173	1,146,370
	3,624,997	60,937,114
	(46,317,317)	24,058,549
Income tax paid	(2,491,654)	(1,902,359)
Net cash (used in) / flow from operating activities	(48,808,971)	22,156,190

Nine Months Ended
September 30, 2018 September 30, 2017

Rupees in '000'

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available for sale securities	35,073,753	(23,143,337)
Dividend received	55,615	50,346
Investments in operating fixed assets	(1,306,032)	(927,576)
Sale proceeds of property and equipment disposed-off	141,673	117,000
Sale proceeds of non-banking assets disposed-off	233,552	280,750
Net cash flow / (used in) investing activities	34,198,561	(23,622,817)

CASH FLOWS FROM FINANCING ACTIVITIES

Redemption of subordinated term finance certificates	(500)	(500)
Issuance of subordinated loan - PPTFCs-II	4,300,000	-
Issue of right shares at premium during the period	-	6,062,950
Right share issue cost	-	(231,181)
Net cash flow from financing activities	4,299,500	5,831,269

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period	53,299,968	39,437,081
Cash and cash equivalents at end of the period	42,989,058	43,801,723

Cash and cash equivalents:

Cash and balances with treasury banks	38,114,238	33,453,616
Balances with other banks	5,037,586	5,805,268
Call money lendings	-	4,581,951
Overdrawn nostro accounts	(162,766)	(39,112)
	42,989,058	43,801,723

The annexed notes from 1 to 24 and Annexure - I form an integral part of this unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director



Unconsolidated Condensed Interim Statement of Changes in Equity

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

	Share capital	Share deposit money	Discount on issue of shares	Statutory reserve	Share premium	Revenue Reserve	Total
						Unappropriated profit / (accumulated losses)	
	Rupees in '000'						
Balance as at January 1, 2017	15,551,132	7,000,000	(263,158)	1,262,791	37,882	658,938	24,247,585
Total comprehensive income for the nine months ended September 30, 2017							
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	3,160,539	3,160,539
to unappropriated profit / (accumulated losses) - net of tax							
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	38,587	38,587
to unappropriated profit / (accumulated losses) on disposal							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	69,042	69,042
to unappropriated profit / (accumulated losses) - net of tax							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	1,785	1,785
to unappropriated profit / (accumulated losses) - net of tax							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	8,066	8,066
to unappropriated profit / (accumulated losses) on disposal							
Issue of right shares at premium during the period	10,885,792	(7,000,000)	-	-	2,177,158	-	6,062,950
Right share issue cost	-	-	-	-	-	(231,181)	(231,181)
Balance as at September 30, 2017	26,436,924	-	(263,158)	1,262,791	2,215,040	3,705,776	33,357,373
Total comprehensive income for the three months ended December 31, 2017							
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	(6,564,645)	(6,564,645)
to unappropriated profit / (accumulated losses) - net of tax							
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	12,707	12,707
to unappropriated profit / (accumulated losses) on disposal							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	39,636	39,636
to unappropriated profit / (accumulated losses) - net of tax							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	5,807	5,807
to unappropriated profit / (accumulated losses) on disposal							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	(5,720)	(5,720)
to unappropriated profit / (accumulated losses) on disposal							
Balance as at December 31, 2017	26,436,924	-	(263,158)	1,262,791	2,215,040	(2,806,439)	26,845,158
Total comprehensive income for the nine months ended September 30, 2018							
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	5,443,123	5,443,123
to unappropriated profit / (accumulated losses) - net of tax							
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	34,730	34,730
to unappropriated profit / (accumulated losses) on disposal							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	123,732	123,732
to unappropriated profit / (accumulated losses) - net of tax							
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	3,078	3,078
to unappropriated profit / (accumulated losses) on disposal							
Balance as at September 30, 2018	26,436,924	-	(263,158)	1,262,791	2,215,040	2,798,224	32,449,821

The annexed notes from 1 to 24 and Annexure - I form an integral part of this unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Notes to the Unconsolidated Condensed Interim Financial Statements

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


1. STATUS AND NATURE OF BUSINESS

- 1.1** The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 545 branches including 07 sub branches and 68 Islamic banking branches (2017: 536 branches including 06 sub branches and 64 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

2. STATEMENT OF COMPLIANCE

- 2.1** These unconsolidated condensed interim financial statements has been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Act, 2017 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of 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 standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.
- 2.2** 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 condensed interim financial statements.
- 2.3** IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment statements disclosed in these unconsolidated condensed interim financial statements is based on the requirements laid down by the SBP.



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- 2.4** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in these unconsolidated condensed interim financial statements of the Bank.
- 2.5** These unconsolidated condensed interim financial statements are separate financial statements of the Bank in which the investment in subsidiaries is stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee. Consolidated condensed interim financial statements of the Group are being issued separately.
- 2.6** In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.7** The financial results of Islamic Banking business have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in Annexure-I to these unconsolidated condensed interim financial statements.
- 2.8** The disclosures made in these unconsolidated condensed interim financial statements have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2017.

3. BASIS OF MEASUREMENT

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

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



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2017, except for the following:

SURPLUS ON REVALUATION OF FIXED ASSETS – NET OF DEFERRED TAX

Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets was being measured under the repealed Companies Ordinance, 1984.

The repealed Ordinance specified the accounting treatment for the surplus / (deficit) on revaluation of fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the assets. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with applicable financial reporting standards. Accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level wherein any deficit on revaluation is charged to profit and loss account after netting off any surplus already recorded on that asset.

The management of the Bank believes that the impact of the above change in accounting policy is not material, therefore no adjustments are being taken.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2017.

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
		Rupees in '000'	
Note			
6.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Sukuk Bai - Muajjal	-	767,000
	Call money lending	-	4,803,323
	Reverse repurchase agreement lendings	6.1 300,000	9,510,527
	Placements	6.2 6,410,000	9,490,000
		6,710,000	24,570,850



6.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) September 30, 2018			(Audited) December 31, 2017		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Rupees in '000'						
Market treasury bills	-	-	-	8,650,527	-	8,650,527
Pakistan investment bonds	300,000	-	300,000	860,000	-	860,000
	300,000	-	300,000	9,510,527	-	9,510,527

Market value of securities held as collateral as at September 30, 2018 amounted to Rs. 301,596 thousand (December 31, 2017: Rs. 9,526,431 thousand). These carry mark-up at the rate of 8.00% per annum (December 31, 2017: 5.90% to 6.25% per annum).

6.2 These carry profit at rates ranging from 7.55% to 8.00% per annum (2017: 5.60 % to 6.25% per annum) with maturities upto November 26, 2018.

7. INVESTMENTS - NET

	(Un-audited) September 30, 2018			(Audited) December 31, 2017		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000'						
Held for trading securities:	Note					
Market treasury bills	27,917,120	-	27,917,120	32,310,448	-	32,310,448
Ordinary shares of listed companies	51,228	-	51,228	-	-	-
	27,968,348	-	27,968,348	32,310,448	-	32,310,448
Available for sale securities:						
Market treasury bills	156,502,430	4,989,580	161,492,010	142,725,994	20,712,635	163,438,629
Pakistan investment bonds	-	-	-	34,733,700	-	34,733,700
Ordinary shares / certificates of listed companies and modarabas	1,835,415	-	1,835,415	1,823,940	-	1,823,940
Preference shares of listed companies	340,451	-	340,451	340,451	-	340,451
Preference shares of unlisted company	81,358	-	81,358	71,406	-	71,406
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijarah sukuk	5,312,377	-	5,312,377	5,031,226	-	5,031,226
Listed term finance certificates	925,254	-	925,254	1,330,918	-	1,330,918
Unlisted term finance certificates / sukuks / commercial paper	7,539,684	-	7,539,684	6,211,152	-	6,211,152
	172,561,969	4,989,580	177,551,549	192,293,787	20,712,635	213,006,422
Held to maturity securities:						
Pakistan investment bonds	250,773	-	250,773	252,178	-	252,178
WAPDA bonds	400	-	400	400	-	400
	251,173	-	251,173	252,578	-	252,578
Subsidiary:						
Punjab modaraba services (private) limited	164,945	-	164,945	164,945	-	164,945
Total investments at cost	200,946,435	4,989,580	205,936,015	225,021,758	20,712,635	245,734,393
Provision for diminution in the value of investments - net	(3,167,575)	-	(3,167,575)	(3,145,347)	-	(3,145,347)
Investments net of provision	197,778,860	4,989,580	202,768,440	221,876,411	20,712,635	242,589,046
(Deficit) / surplus on revaluation of available for sale securities	(262,448)	(2,330)	(264,778)	(82,728)	421	(82,307)
Deficit on revaluation of held for trading securities	(4,005)	-	(4,005)	(287)	-	(287)
Total investments at market value	197,512,407	4,987,250	202,499,657	221,793,396	20,713,056	242,506,452

7.1 Market value of held to maturity investments is Rs. 250,767 thousand (December 31, 2017: Rs. 258,323 thousand).

	Note	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
8. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		326,824,113	278,644,944
Net investment in finance lease - In Pakistan		35,028,719	35,158,851
Net book value of assets in ijarah under IFAS 2 - In Pakistan		609,828	848,684
Islamic financing and related assets		17,527,620	10,987,660
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		35,953,032	14,560,960
-Payable outside Pakistan		908,353	1,534,316
		36,861,385	16,095,276
Advances - gross		416,851,665	341,735,415
Provision for non-performing advances :			
-Specific	8.1	(44,622,022)	(45,558,411)
-General	8.2	(322,485)	(425,283)
		(44,944,507)	(45,983,694)
Advances - net of provision		371,907,158	295,751,721

8.1 Advances include Rs. 50,181,224 thousand (December 31, 2017: Rs. 50,950,992 thousand) which have been placed under non-performing status as on September 30, 2018 as detailed below:

	September 30, 2018 (Un-audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	119,160	-	119,160	4,283	4,283
Substandard	770,678	-	770,678	126,491	126,491
Doubtful	8,275,331	-	8,275,331	4,478,744	4,478,744
Loss	41,016,055	-	41,016,055	40,012,504	40,012,504
	50,181,224	-	50,181,224	44,622,022	44,622,022

	December 31, 2017 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	81,533	-	81,533	2,895	2,895
Substandard	285,447	-	285,447	54,330	54,330
Doubtful	7,540,694	-	7,540,694	3,546,630	3,546,630
Loss	43,043,318	-	43,043,318	41,954,556	41,954,556
	50,950,992	-	50,950,992	45,558,411	45,558,411

8.2 General provision represents provision against consumer and SME financing portfolio as required by the prudential regulations issued by the SBP.

8.3 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. 1,423,312 thousand (September 30, 2017: Rs. 1,509,379 thousand). The FSV benefit availed is not available for cash or stock dividend.



9. OPERATING FIXED ASSETS

During the period, additions to / disposals (at cost) from operating fixed assets amounted to Rs. 1,306,032 thousand (September 30, 2017: Rs. 927,576 thousand) and Rs. 197,700 thousand (September 30, 2017: Rs. 171,472 thousand), respectively.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
10. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(469,303)	(513,360)
Surplus on revaluation of non banking assets	(28,610)	(47,143)
Accelerated tax depreciation	(286,555)	(313,078)
Deductible temporary differences:		
Deficit on available for sale securities	92,672	28,808
Post retirement employee benefits	-	44,182
Loan loss provision	9,628,395	11,525,114
	8,936,599	10,724,523
11. BORROWINGS FROM FINANCIAL INSTITUTIONS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	10,639,728	12,089,724
-Long term financing facility (LTFF)	6,367,226	4,991,566
-Finance facility for storage of agricultural produce (FFSAP)	27,590	15,954
-Finance facility for renewable energy performance platform (REPP)	506,663	241,746
Repurchase agreement borrowings	6,980,309	994,298
Call borrowings	4,850,189	19,558,533
	29,371,705	37,891,821
Unsecured		
Call borrowings	-	998,853
Overdrawn nostro accounts	162,766	58,688
	29,534,471	38,949,362

	Note	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
12. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		182,545,367	157,236,983
Savings deposits		244,513,997	238,205,713
Current accounts - non-remunerative		118,945,115	139,494,000
Sundry deposits, margin accounts, etc.		17,038,170	15,546,838
		563,042,649	550,483,534
Financial Institutions			
Remunerative deposits		2,240,360	3,038,191
Non-remunerative deposits		3,059,896	2,759,431
		5,300,256	5,797,622
		568,342,905	556,281,156
12.1 Particulars of deposits			
In local currency		560,414,399	548,989,834
In foreign currencies		7,928,506	7,291,322
		568,342,905	556,281,156
13. SUB-ORDINATED LOANS			
Loan from the GoPb		2,000,000	2,000,000
Privately Placed Term Finance Certificates - I		2,498,500	2,499,000
Privately Placed Term Finance Certificates - II	13.1	4,300,000	-
		8,798,500	4,499,000

13.1 Privately Placed Term Finance Certificates

During the period, 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 4.3 billion.
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.

14. SHARE CAPITAL

(Un-audited) September 30, 2018 (No. of shares)	(Audited) December 31, 2017	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
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14.1 Authorized capital

	Ordinary or preference shares of Rs. 10/- each		
5,000,000,000	5,000,000,000	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 rupees ten each.

14.2 Issued, subscribed and paid up capital

(Un-audited) September 30, 2018 (No. of shares)	(Audited) December 31, 2017		(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
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

14.3 GoPb held 57.47% shares in the Bank as at September 30, 2018 (December 31, 2017: 57.47%).



	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	1,927,377	2,003,331
Surplus on non banking assets acquired in satisfaction of claims	893,345	936,770
Deficit on revaluation of available for sale securities	(172,108)	(53,499)
	2,648,614	2,886,602

16. CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favor of:

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
Government	71,929	120,367
Financial institutions	-	-
Others	6,427,491	8,069,727
	6,499,420	8,190,094

16.2 Transaction related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favor of:

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	Rupees in '000'	
Government		485,443	556,507
Financial institutions		5,900,727	5,446,540
Others		39,986,106	40,457,849
		46,372,276	46,460,896

16.3 Trade related contingent liabilities

These include letters of credit issued in favour of:

Government	15,097,557	13,791,214
Financial institutions	-	-
Others	32,875,807	31,686,608
	47,973,364	45,477,822

16.4 Other contingencies

Claims against the Bank not acknowledged as debts	16.4.1	57,406,542	28,621,792
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- 16.4.1** The amount 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. Up till 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.

16.5 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

16.6 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
16.7 Commitments in respect of forward exchange contracts		
Purchase	13,879,524	10,067,323
Sale	10,255,819	7,846,230
	24,135,343	17,913,553
16.8 Commitments for the acquisition of operating fixed assets	192,472	225,051

17. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Profit after taxation (Rupees in thousand)	1,658,719	5,443,123	971,176	3,160,539
Weighted average number of ordinary shares (thousand)	2,643,692	2,643,692	1,854,173	1,854,173
Earnings per share - basic and diluted (Rupees)	0.63	2.06	0.52	1.70



18. 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 subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

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

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

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

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

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

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

September 30, 2018 (Un-audited)					
	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	194,611,150	-	194,861,917	-	194,861,917
Ordinary shares / certificates of listed companies and modarabas	1,275,704	1,226,617	-	-	1,226,617
Ordinary shares of unlisted company	15,990	-	-	15,990	15,990
Preference shares of listed companies	-	-	-	-	-
Listed term finance certificates	910,526	-	910,526	-	910,526
Subsidiary company	33,747	-	-	33,747	33,747
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,669,457	-	5,669,457	-	5,669,457
Non banking assets acquired in satisfaction of claims	7,299,291	-	7,299,291	-	7,299,291
Financial assets not measured at fair value:					
Cash and balances with treasury banks	38,114,238	-	-	-	-
Balances with other banks	5,037,586	-	-	-	-
Lendings to financial institutions	6,710,000	-	-	-	-
Investments:					
Government securities	250,773	-	-	-	-
Preference shares of unlisted company	81,358	-	-	-	-
Unlisted term finance certificates / sukuks / hcommercial paper	5,320,409	-	-	-	-
Advances - net	371,907,158	-	-	-	-
Other assets	8,459,661	-	-	-	-
	645,697,048	1,226,617	208,741,191	49,737	210,017,545



September 30, 2018 (Un-audited)					
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Rupees in '000'					
Financial liabilities measured at fair value:					
Payable to gratuity fund	80,706	-	80,706	-	80,706
Provision for employees compensated absences	100,417	-	100,417	-	100,417
Financial liabilities not measured at fair value:					
Bills payable	3,147,369	-	-	-	-
Borrowings	29,534,471	-	-	-	-
Deposits and other accounts	568,342,905	-	-	-	-
Sub-ordinated loans	8,798,500	-	-	-	-
Other liabilities	18,108,725	-	-	-	-
	627,931,970	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	13,763,248	-	13,763,248	-	13,763,248
Forward sale of foreign exchange contracts	10,187,394	-	10,187,394	-	10,187,394
December 31, 2017 (Audited)					
	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	235,551,600	-	235,810,323	-	235,810,323
Ordinary shares / certificates of listed companies and modarabas	1,258,030	1,258,029	-	-	1,258,029
Ordinary shares of unlisted company	15,990	-	-	15,990	15,990
Preference shares of listed companies	-	-	-	-	-
Listed term finance certificates	1,331,224	-	1,331,224	-	1,331,224
Subsidiary company	33,747	-	-	33,747	33,747
Operating fixed assets (land & building)	-	-	-	-	-
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,356,732	-	5,356,732	-	5,356,732
Non banking assets acquired in satisfaction of claims	8,044,187	-	8,044,187	-	8,044,187
Financial assets not measured at fair value:					
Cash and balances with treasury banks	42,477,950	-	-	-	-
Balances with other banks	6,077,383	-	-	-	-
Lendings to financial institutions	24,570,850	-	-	-	-
Investments:					
Government securities	252,578	-	-	-	-
Unlisted term finance certificates	3,991,877	-	-	-	-
Advances - net	295,751,721	-	-	-	-
Other assets	7,228,547	-	-	-	-
	631,942,416	1,258,029	250,542,466	49,737	251,850,232
Financial liabilities measured at fair value:					
Payable to gratuity fund	233,841		233,841		233,841
Provision for employees compensated absences	93,523		93,523		93,523
Financial liabilities not measured at fair value:					
Bills payable	3,365,325	-	-	-	-
Borrowings	38,949,362	-	-	-	-
Deposits and other accounts	556,281,156	-	-	-	-
Sub-ordinated loans	4,499,000	-	-	-	-
Other liabilities	16,720,448	-	-	-	-
	619,815,291	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	10,273,009	-	10,273,009	-	10,273,009
Forward sale of foreign exchange contracts	7,952,649	-	7,952,649	-	7,952,649

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000'						
Nine Months Ended September 30, 2018 (Un-audited)						
Total income	13,079,206	3,853,582	17,743,589	395,671	91,996	35,164,044
Total expenses	1,668,387	2,912,306	21,731,952	-	-	26,312,645
Inter segment transfer (cost) / revenue	(6,306,558)	830,145	5,476,413	-	-	-
Income taxes	-	-	-	-	-	3,408,276
Net income / (loss)	5,104,261	1,771,421	1,488,050	395,671	91,996	5,443,123
Segment assets (gross)	252,143,492	50,846,132	397,109,814	-	-	700,099,438
Segment non performing advances / investments	3,167,575	1,923,159	48,258,065	-	-	53,348,799
Segment specific provision required	3,167,575	1,557,733	43,386,774	-	-	48,112,082
Segment liabilities	15,447,716	86,205,569	526,278,685	-	-	627,931,970
Segment return on net assets (ROA) (%)	6.76%	12.31%	8.39%			
Segment cost of funds (%)	6.69%	6.10%	6.11%			
Nine Months Ended September 30, 2017 (Un-audited)						
Total income	11,632,319	3,374,427	12,936,750	457,547	91,054	28,492,097
Total expenses	1,094,603	2,988,583	19,125,649	-	-	23,208,835
Inter segment transfer (cost) / revenue	(5,118,471)	734,336	4,384,135	-	-	-
Income taxes	-	-	-	-	-	2,122,723
Net income / (loss)	5,419,245	1,120,180	(1,804,764)	457,547	91,054	3,160,539
Segment assets (gross)	280,440,700	51,471,281	311,390,228	-	-	643,302,209
Segment non performing advances / investments	3,105,842	2,460,355	51,286,673	-	-	56,852,870
Segment specific provision required	3,105,842	1,744,599	31,636,368	-	-	36,486,809
Segment liabilities	38,458,393	79,970,742	459,961,029	-	-	578,390,164
Segment return on net assets (ROA) (%)	6.43%	10.42%	8.26%			
Segment cost of funds (%)	5.44%	5.88%	5.66%			



20. RELATED PARTY TRANSACTIONS

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

	September 30, 2018 (Un-audited)				December 31, 2017 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
Advances								
Opening balance	182,129	1,199,047	-	-	114,850	1,078,614	-	-
Loans granted during the period	73,386	782,857	-	-	148,720	850,263	-	-
Repayments received during the period	(62,865)	(775,481)	-	-	(81,441)	(729,830)	-	-
Closing balance	192,650	1,206,423	-	-	182,129	1,199,047	-	-
Deposits								
Opening balance	24,414	98,198	2,770,528	256,060	28,730	56,238	2,459,349	51,488
Placements made during the period	448,360	872,676	630,385	20,364,574	516,407	1,143,576	633,557	22,813,261
Withdrawals during the period	(392,015)	(970,574)	(1,078,581)	(20,465,719)	(520,723)	(1,101,616)	(322,378)	(22,608,689)
Closing balance	80,759	300	2,322,332	154,915	24,414	98,198	2,770,528	256,060
Investment - at cost	-	164,945	-	-	-	164,945	-	-
Placements	-	400,000	-	-	-	400,000	-	-

	September 30, 2018 (Un-audited)				September 30, 2017 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	6,500	77,986	-	-	5,189	68,096	-	-
Mark-up/interest expensed	913	-	117,240	7,316	578	-	109,093	3,032
Contribution to employees funds	-	-	102,829	-	-	-	98,294	-

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

20.2 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. 63,808,612 thousand (December 31, 2017: Rs. 44,641,720 thousand), Rs. 288,355,848 thousand (December 31, 2017: Rs. 289,679,475 thousand) and Rs. 34,259,086 thousand (December 31, 2017: Rs. 25,792,141 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 104,520 thousand (September 30, 2017: Rs. 93,493 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
21. CAPITAL ADEQUACY RATIO		
Total eligible capital	37,029,305	25,666,614
Total risk weighted assets	278,631,811	263,805,172
CAR (%)	13.29%	9.73%
22. RISK MANAGEMENT		
22.1 Liquidity Coverage Ratio		
High quality liquid assets	234,996,489	285,713,249
Net cash outflows	217,423,990	214,101,572
Liquidity Coverage ratio (%)	108.08%	133.45%
22.2 Net Stable Funding Ratio		
Available stable funding	399,049,602	383,239,594
Required stable funding	364,894,452	300,969,211
Net Stable Funding Ratio (%)	109.36%	127.34%
23. DATE OF AUTHORIZATION FOR ISSUE		
These unconsolidated condensed interim financial statements were authorized for issuance on October 26, 2018 by the Board of Directors of the Bank.		
24. GENERAL		
24.1	The corresponding figures have been reclassified or rearranged, wherever necessary, for the purpose of comparison. However, no significant reclassification or rearrangement has been made during the period.	
24.2	Figures have been rounded off to the nearest thousand, unless otherwise stated.	

Chief Financial Officer

President

Director



Islamic Banking Business - Statement of Financial Position As at September 30, 2018

The Bank is operating 68 Islamic banking branches and 02 sub Islamic banking branches at close of September 30, 2018 (December 31, 2017: 64 branches and 02 sub Islamic banking branches).

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		2,532,846	2,543,172
Balance with other banks		183,950	2,219,672
Due from financial institutions		6,010,000	9,857,000
Investments		9,721,983	7,628,201
Islamic financing and related assets - net	A	17,969,799	11,773,847
Operating fixed assets		316,506	288,794
Deferred tax assets		-	-
Other assets		988,067	530,863
TOTAL ASSETS		37,723,151	34,841,549
LIABILITIES			
Bills payable		194,790	188,315
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		7,692,960	8,215,697
- Saving accounts		26,534,096	23,955,632
- Term deposits		743,885	726,746
- Others		111,904	51,248
- Deposits from financial institutions - remunerative		69,409	62,186
- Deposits from financial institutions - non - remunerative		6,034	55
Due to head office		-	-
Other liabilities		171,068	169,405
		35,524,146	33,369,284
NET ASSETS		2,199,005	1,472,265
REPRESENTED BY			
Islamic banking fund		1,500,000	1,000,000
Reserves		4,804	1,959
Unappropriated profit		733,585	420,873
		2,238,389	1,422,832
(Deficif) / Surplus on revaluation of assets		(39,384)	49,433
		2,199,005	1,472,265

	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
	Rupees in '000'	
Remuneration to Shariah Advisor / Board	2,084	3,854

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
Note		
CHARITY FUND		
Opening balance	1,125	533
Additions during the period		
Received from customers on delayed payments	3,443	1,037
Non-shariah compliant income	-	69
Profit on charity saving account	36	19
	3,479	1,125
Payments / utilization during the period		
Welfare works	(200)	(533)
Closing balance	4,404	1,125

A. Islamic financing and related assets			
Islamic mode of financing	A.1	19,052,185	11,773,847
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		7,387,576	2,074,000
Murabaha		691,914	1,010,989
Diminishing musharaka		6,803,925	5,235,730
Istisna		2,644,206	2,662,770
Ijarah		442,178	790,358
		17,969,799	11,773,847



Islamic Banking Business - Profit and Loss Account

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

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	(Rupees in thousand)			
Profit / Return earned on financing, investment and placements	756,184	2,034,605	487,993	1,314,512
Return on deposits and other dues expensed	267,537	726,316	182,504	455,492
Net spread earned	488,647	1,308,289	305,489	859,020
Provision against non-performing advances	1,237	105,153	50,421	50,421
Provision against consumer financings	-	-	-	-
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	1,237	105,153	50,421	50,421
Income after provisions	487,410	1,203,136	255,068	808,599
Other income				
Fee, commission and brokerage income	2,285	13,584	4,003	17,975
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(205)	(154)	840	865
Gain on sale and redemption of securities	-	-	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	9,102	29,909	8,020	24,400
Total other income	11,182	43,339	12,863	43,240
	498,592	1,246,475	267,931	851,839
Other expenses				
Administrative expenses	314,832	933,763	289,261	746,587
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	-	-	-
Total other expenses	314,832	933,763	289,261	746,587
	183,760	312,712	(21,330)	105,252
Extra ordinary / unusual items	-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION	183,760	312,712	(21,330)	105,252





**Consolidated Condensed Interim
Financial Statements**
for the period ended September 30, 2018
(The Bank of Punjab & Its Subsidiaries)

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		38,114,238	42,478,209
Balances with other banks		5,085,798	6,116,297
Lendings to financial institutions	6	6,310,000	24,170,850
Investments - net	7	202,480,802	242,487,965
Advances - net	8	372,435,875	295,841,425
Operating fixed assets	9	9,477,956	8,533,033
Deferred tax assets - net	10	8,999,949	10,786,284
Other assets - net		20,471,681	19,295,379
		663,376,299	649,709,442
LIABILITIES			
Bills payable		3,147,369	3,365,325
Borrowings from financial institutions	11	29,537,470	38,949,362
Deposits and other accounts	12	568,342,605	556,191,873
Sub-ordinated loans	13	8,798,500	4,499,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		18,278,654	16,864,004
		628,104,598	619,869,564
NET ASSETS		35,271,701	29,839,878
REPRESENTED BY			
Share capital	14	26,436,924	26,436,924
Reserves		3,296,781	3,296,781
Unappropriated profit / (accumulated losses)		2,615,033	(3,034,749)
		32,348,738	26,698,956
Non-Controlling interest		274,048	254,320
		32,622,786	26,953,276
Surplus on revaluation of assets - net of tax	15	2,648,915	2,886,602
		35,271,701	29,839,878
Contingencies and commitments	16		

The annexed notes from 1 to 24 and Annexure - I form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director



Consolidated Condensed Interim Profit and Loss Account For the Nine Months Ended September 30, 2018 (Un-audited)

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017 ----- Restated -----
Rupees in '000'				
Mark-up / return / interest earned	12,124,105	32,360,522	8,757,187	24,806,143
Mark-up / return / interest expensed	7,234,384	18,256,584	4,875,158	13,721,262
Net mark-up / return / interest income	4,889,721	14,103,938	3,882,029	11,084,881
(Reversal of provision) / provision against non-performing advances - net	(536)	(1,107,853)	492,186	1,943,862
Provision for diminution in the value of investments - net	7,930	22,228	48,387	49,164
Bad debts written off directly	-	-	-	-
	7,394	(1,085,625)	540,573	1,993,026
Net mark-up / return / interest income after provisions	4,882,327	15,189,563	3,341,456	9,091,855
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	516,684	1,179,281	269,499	839,947
Dividend income	18,214	53,576	17,064	59,816
Income / (loss) from dealing in foreign currencies	62,939	193,607	(3,201)	44,246
Gain on sale and redemption of securities - net	8,006	31,217	116,811	1,301,673
Unrealized gain / (loss) on revaluation of investments classified as held for trading	668	(4,372)	2,409	1,470
Other income	419,472	1,418,089	336,388	1,508,742
Total non-markup / interest income	1,025,983	2,871,398	738,970	3,755,894
	5,908,310	18,060,961	4,080,426	12,847,749
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	3,132,389	9,027,489	2,597,498	7,483,612
Provision against other assets	20,798	62,154	2,493	35,875
Other charges	52,238	52,238	(2,672)	42,003
Total non-markup / interest expenses	3,205,425	9,141,881	2,597,319	7,561,490
	2,702,885	8,919,080	1,483,107	5,286,259
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	2,702,885	8,919,080	1,483,107	5,286,259
Taxation - Current	707,834	2,083,583	433,961	1,810,404
- Prior years	-	-	-	264,576
- Deferred	337,241	1,327,527	74,984	45,456
	1,045,075	3,411,110	508,945	2,120,436
PROFIT AFTER TAXATION	1,657,810	5,507,970	974,162	3,165,823
PROFIT ATTRIBUTABLE TO				
Equity Holders of the parent	1,649,741	5,488,242	971,242	3,154,210
Non-controlling interest	8,069	19,728	2,920	11,613
	1,657,810	5,507,970	974,162	3,165,823
Earnings per share - basic and diluted (Rupees) - Note 17	0.63	2.08	0.63	2.04

The annexed notes from 1 to 24 and Annexure - I form an integral part of these consolidated condensed interim financial

Chief Financial Officer

President

Director

Consolidated Condensed Interim Statement of Comprehensive Income

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

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017 ----- Restated -----	Nine Months Ended September 30, 2017 ----- Restated -----
	Rupees in '000'			
Profit after taxation for the period	1,657,810	5,507,970	974,162	3,165,823
Other comprehensive income				
Items that will not to be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-
Comprehensive income transferred to equity	1,657,810	5,507,970	974,162	3,165,823
Items that may be reclassified to profit and loss account in subsequent periods:				
Change in deficit on revaluation of investments - net of tax	(32,947)	(118,609)	(207,711)	(804,987)
Total comprehensive income for the period	1,624,863	5,389,361	766,451	2,360,836

The annexed notes from 1 to 24 and Annexure - I form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director



Consolidated Condensed Interim Cash Flow Statement

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

	Nine Months Ended	
	September 30, 2018	September 30, 2017 Restated
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,919,080	5,286,260
Less: Dividend income	(53,576)	(59,816)
	8,865,504	5,226,444
Adjustments for:		
Depreciation on property and equipment	676,748	588,056
Depreciation on non banking assets acquired in satisfaction of claims	52,173	65,315
Depreciation on ijarah assets under IFAS - 2	306,689	269,552
Amortization on intangible assets	35,963	18,604
Amortization of premium on debt securities	413,742	637,018
Unrealized loss on revaluation of investments classified as held for trading	4,005	(1,470)
(Reversal of provision) / provision against non-performing loans and advances - net	(1,054,570)	1,943,862
Provision / (reversal of provision) for diminution in the value of investments - net	22,228	49,164
Provision for employees compensated absences	7,397	20,150
Provision for gratuity	80,707	119,465
Provision against other assets	62,154	35,875
Net loss / (profit) on sale of property and equipment	(732)	(19,758)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(36,335)	(12,175)
Gain on sale and redemption of securities - net	(30,221)	(1,301,673)
	539,948	2,411,985
	9,405,452	7,638,429
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	13,057,527	2,163,507
Net investments in held for trading securities	4,327,288	(6,017,436)
Advances - net	(75,846,569)	(39,844,149)
Other assets - net	(980,565)	(809,663)
	(59,442,319)	(44,507,741)
Increase / (Decrease) in operating liabilities:		
Bills payable	(217,956)	(609,636)
Borrowings from financial institutions	(9,515,970)	8,416,545
Deposits and other accounts	12,150,732	52,024,836
Other liabilities	1,326,546	1,136,562
	3,743,352	60,968,307
	(46,293,515)	24,098,995
Income tax paid	(2,522,300)	(1,900,072)
Net cash (used in) / flow from operating activities	(48,815,815)	22,198,923

Nine Months Ended
September 30, 2018 September 30,
2017

Restated

Rupees in '000'

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available for sale securities	35,087,650	(23,131,008)
Dividend received	55,615	50,346
Investments in operating fixed assets	(1,304,520)	(941,905)
Sale proceeds of property and equipment disposed-off	142,824	117,000
Sale proceeds of non-banking assets disposed-off	233,552	280,750

Net cash flow from / (used in) investing activities	34,215,121	(23,624,817)
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Redemption of subordinated term finance certificates	(500)	(500)
Issuance of subordinated loan - PPTFCs-II	4,300,000	-
Dividend paid to non-controlling interest	(677)	-
Issue of right shares at premium during the period	-	6,062,950
Right share issue cost	-	(231,181)

Net cash flow from financing activities	4,298,823	5,831,269
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Net (decrease) / increase in cash and cash equivalents	(10,301,871)	4,405,375
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Cash and cash equivalents at beginning of the period	53,339,141	39,437,220
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Cash and cash equivalents at end of the period	43,037,270	43,842,595
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Cash and cash equivalents:

Cash and balances with treasury banks	38,114,238	33,453,616
Balances with other banks	5,085,798	5,846,140
Call money lendings	-	4,581,951
Overdrawn nostro accounts	(162,766)	(39,112)
	43,037,270	43,842,595

The annexed notes from 1 to 24 and Annexure - I form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director



Consolidated Condensed Interim Statement of Changes in Equity

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

	Capital Reserve				Revenue Reserve		
	Share capital	Share deposit money	Discount on issue of shares	Statutory reserve	Share premium	Unappropriated profit / (accumulated losses)	Non-controlling interest
	Rupees in '000'						
Balance as at January 1, 2017	15,551,132	7,000,000	(263,158)	1,342,715	37,882	541,108	151,395
Total comprehensive income for the nine months ended September 30, 2017 - Restated	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	3,165,823	11,613
to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	25,754	-
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	68,246	-
to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	1,194	-
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	1,478	-
to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	-	-
to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	-
Issuance of right shares at premium during the period	10,885,792	(7,000,000)	-	-	2,177,158	-	-
Right shares issue cost	-	-	-	-	-	(231,181)	-
Balance as at September 30, 2017	26,436,924	-	(263,158)	1,342,715	2,215,040	3,572,422	163,008
Total comprehensive loss for the three months ended December 31, 2017	-	-	-	-	-	(6,631,679)	55,116
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	25,540	-
to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	40,432	-
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	1,152	-
to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	6,114	-
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	(48,546)	-
to unappropriated profit / (accumulated losses) - on disposal	-	-	-	-	-	(2,164)	-
Transfer to Non-controlling interest on acquisition	-	-	-	2,184	-	-	(10,350)
Transfer to statutory reserve	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2017 at Rs 0.5 per certificate by subsidiary	-	-	-	-	-	-	-
Balance as at December 31, 2017	26,436,924	-	(263,158)	1,344,899	2,215,040	(3,034,749)	254,320
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	5,488,242	19,728
to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	34,730	-
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	123,732	-
to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non banking assets	-	-	-	-	-	3,078	-
to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	-
Balance as at September 30, 2018	26,436,924	-	(263,158)	1,344,899	2,215,040	2,615,033	274,048
							32,622,786

The annexed notes from 1 to 24 and Annexure - I form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Notes to the Consolidated Condensed Interim Financial Statements

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

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company

The Bank of Punjab

Subsidiary Companies

	% age of holding-2018	% age of holding-2017
Punjab Management 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 holding company. The Group is principally engaged in commercial banking, modaraba management, leasing, brokerage, etc. Brief profile of the holding company and subsidiaries is as follows:

Holding Company

The Holding Company 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-2, Main Boulevard, Gulberg III, Lahore. The Bank has 545 branches including 07 sub branches and 68 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 (the management Company) was incorporated in Pakistan on October 19, 1991 under the Companies Ordinance, 1984 as a private limited company. It is wholly owned by The Bank of Punjab and is primarily engaged in the business of floating and managing Modarabas.

First Punjab Modaraba

First Punjab Modaraba (the 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), a company incorporated in Pakistan.

Punjab Capital Securities (Private) Limited

The Punjab Capital Securities (Private) Limited ("the Company") is registered under the Companies Ordinance, 1984 as company limited by shares from the 29th day of November 2016. The Company is mainly engaged in business of brokerage services, portfolio management and consultancy services.

2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements has been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking



Companies Ordinance, 1962, the Companies Act, 2017 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of 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 standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.

- 2.2 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 condensed interim financial statements.
- 2.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment statements disclosed in these consolidated condensed interim financial statements is based on the requirements laid down by the SBP.
- 2.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in these consolidated condensed interim financial statements of the Bank.
- 2.5 In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.6 The financial results of Islamic Banking business have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in Annexure-I to these consolidated condensed interim financial statements.
- 2.7 The disclosures made in these consolidated condensed interim financial statements have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2017.

3. BASIS OF MEASUREMENT

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2017, except for the following:

Surplus on revaluation of fixed assets – net of deferred tax

Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets was being measured under the repealed Companies Ordinance 1984.

The repealed Ordinance specified the accounting treatment for the surplus / (deficit) on revaluation of fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the assets. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with applicable financial reporting standards. Accordingly any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level wherein any deficit on revaluation is charged to profit and loss account after netting off any surplus already recorded on that asset.

The management of the Bank believes that the impact of the above change in accounting policy is not material, therefore no adjustments are being taken.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2017.

	Note	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	4,803,323
Reverse repurchase agreement lendings	6.1	300,000	9,510,527
Placements	6.2	6,010,000	9,090,000
Sukuk Bai - Muajjal		-	767,000
		6,310,000	24,170,850



6.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) September 30, 2018			(Audited) December 31, 2017		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Rupees in '000'						
Market treasury bills	-	-	-	8,650,527	-	8,650,527
Pakistan investment bonds	300,000	-	300,000	860,000	-	860,000
	300,000	-	300,000	9,510,527	-	9,510,527

Market value of securities held as collateral as at September 30, 2018 amounted to Rs. 301,596 thousand (December 31, 2017: Rs. 9,526,431 thousand). These carry mark-up at the rate of 8.00% per annum (December 31, 2017: 5.90% to 6.25% per annum).

6.2 These carry profit at rates ranging from 7.55% to 8.00% per annum (2017: 5.60% to 6.25% per annum) with maturities upto November 26, 2018.

7. INVESTMENTS - NET

	(Un-audited) September 30, 2018			(Audited) December 31, 2017		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000'						
Held for trading securities:	Note					
Market treasury bills	27,917,120	-	27,917,120	32,310,448	-	32,310,448
Ordinary shares of listed companies	51,228	-	51,228	-	-	-
Ordinary shares of unlisted companies	14,892	-	14,892	-	-	-
	27,983,240	-	27,983,240	32,310,448	-	32,310,448
Available for sale securities:						
Market treasury bills	156,502,430	4,989,580	161,492,010	142,725,994	20,712,635	163,438,629
Pakistan investment bonds	-	-	-	34,733,700	-	34,733,700
Ordinary shares / certificates of listed companies and modarabas	1,835,415	-	1,835,415	1,823,940	-	1,823,940
Preference shares of listed companies	340,451	-	340,451	340,451	-	340,451
Preference shares of unlisted companies	81,358	-	81,358	71,406	-	71,406
Ordinary shares of unlisted company	25,000	-	25,000	39,892	-	39,892
Government of Pakistan ijara sukuk	5,312,377	-	5,312,377	5,031,226	-	5,031,226
Listed term finance certificates	925,254	-	925,254	1,330,918	-	1,330,918
Unlisted term finance certificates / sukuks / commercial paper	7,539,684	-	7,539,684	6,211,152	-	6,211,152
	172,561,969	4,989,580	177,551,549	192,308,679	20,712,635	213,021,314
Held to maturity securities:						
Pakistan investment bonds	250,773	-	250,773	252,178	-	252,178
WAPDA bonds	400	-	400	400	-	400
	251,173	-	251,173	252,578	-	252,578
Total investments at cost	200,796,382	4,989,580	205,785,962	224,871,705	20,712,635	245,584,340
Provision for diminution in the value of investments - net	(3,036,377)	-	(3,036,377)	(3,014,148)	-	(3,014,148)
Investments net of provisions	197,760,005	4,989,580	202,749,585	221,857,557	20,712,635	242,570,192
(Deficit) / Surplus on revaluation of available for sale securities	(262,448)	(2,330)	(264,778)	(82,728)	421	(82,307)
(Deficit) / Surplus on revaluation of held for trading securities	(4,005)	-	(4,005)	80	-	80
Total investments at market value	197,493,552	4,987,250	202,480,802	221,774,909	20,713,056	242,487,965

7.1 Market value of held to maturity investments is Rs. 250,767 thousand (December 31, 2017: Rs. 258,323 thousand).

	Note	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
8. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		326,774,260	278,600,994
Net investment in finance lease - In Pakistan		35,028,719	35,158,851
Net book value of assets in ijarah under IFAS 2 - In Pakistan		609,828	997,822
Islamic financing and related assets		18,055,206	11,225,299
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		35,953,032	14,560,960
-Payable outside Pakistan		908,353	1,534,316
		36,861,385	16,095,276
Advances - gross		417,329,398	342,078,242
Provision for non-performing advances :			
-Specific	8.1	(44,571,038)	(45,811,534)
-General	8.2	(322,485)	(425,283)
		(44,893,523)	(46,236,817)
Advances - net of provision		372,435,875	295,841,425

8.1 Advances include Rs. 50,130,239 thousand (December 31, 2017: Rs. 52,342,875 thousand) which have been placed under non-performing status as on September 30, 2018 as detailed below:

September 30, 2018 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
Rupees in '000'					
Other assets especially mentioned	119,160	-	119,160	4,283	4,283
Substandard	770,678	-	770,678	126,491	126,491
Doubtful	8,275,331	-	8,275,331	4,478,744	4,478,744
Loss	40,965,070	-	40,965,070	39,961,519	39,961,519
	50,130,239	-	50,130,239	44,571,037	44,571,037

December 31, 2017 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
Rupees in '000'					
Other assets especially mentioned	81,533	-	81,533	2,895	2,895
Substandard	285,447	-	285,447	54,330	54,330
Doubtful	8,932,577	-	8,932,577	3,799,750	3,799,750
Loss	43,043,318	-	43,043,318	41,954,559	41,954,559
	52,342,875	-	52,342,875	45,811,534	45,811,534

8.2 General provision represents provision against consumer and SME financing portfolio as required by the prudential regulations issued by the SBP.

8.3 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. 1,423,312 thousand (September 30, 2017: Rs. 1,509,379 thousand). The FSV benefit availed is not available for cash or stock dividend.



9. OPERATING FIXED ASSETS

During the period, additions to / disposals (at cost) from operating fixed assets amounted to Rs. 1,304,520 thousand (September 30, 2017: Rs. 927,576 thousand) and Rs. 197,700 thousand (September 30, 2017: Rs. 171,472 thousand), respectively.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
10. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(469,303)	(513,360)
Surplus on revaluation of non banking assets	(28,610)	(47,143)
Accelerated tax depreciation	(286,555)	(313,847)
Deductible temporary differences:		
Deficit on available for sale securities	92,672	28,698
Post retirement employee benefits	-	44,182
Loan loss provision	9,628,395	11,525,114
Business loss- Subsidiaries	63,350	62,640
	8,999,949	10,786,284
11. BORROWINGS FROM FINANCIAL INSTITUTIONS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	10,639,728	12,089,724
-Long term financing facility (LTFF)	6,367,226	4,991,566
-Finance facility for storage of agricultural produce (FFSAP)	27,590	15,954
-Finance facility for renewable energy performance platform (REPP)	506,663	241,746
Repurchase agreement borrowings	6,980,309	994,298
Call borrowings	4,853,188	19,558,533
	29,374,704	37,891,821
Unsecured		
Call borrowings	-	998,853
Overdrawn nostro accounts	162,766	58,688
	29,537,470	38,949,362

	Note	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
12. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		182,545,367	157,236,983
Savings deposits		244,513,997	238,185,040
Current accounts - non-remunerative		118,944,815	139,425,390
Sundry deposits, margin accounts, etc.		17,038,170	15,546,838
		563,042,349	550,394,251
Financial Institutions			
Remunerative deposits		2,240,360	3,038,191
Non-remunerative deposits		3,059,896	2,759,431
		5,300,256	5,797,622
		568,342,605	556,191,873
12.1 Particulars of deposits			
In local currency		560,414,099	548,900,551
In foreign currencies		7,928,506	7,291,322
		568,342,605	556,191,873
13. SUB-ORDINATED LOANS			
Loan from the GoPb		2,000,000	2,000,000
Privately Placed Term Finance Certificates - I		2,498,500	2,499,000
Privately Placed Term Finance Certificates - II	13.1	4,300,000	-
		8,798,500	4,499,000

13.1 Privately Placed Term Finance Certificates

During the period, 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 4.3 billion.
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.

14. SHARE CAPITAL

(Un-audited) September 30, 2018 (No. of shares)	(Audited) December 31, 2017	(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
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14.1 Authorized capital

5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000
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The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of rupees ten each.

14.2 Issued, subscribed and paid up capital

(Un-audited) September 30, 2018 (No. of shares)	(Audited) December 31, 2017		(Un-audited) September 30, 2018 Rupees in '000'	(Audited) December 31, 2017
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

14.3 GoPb held 57.47% shares in the Bank as at September 30, 2018 (December 31, 2017: 57.47%).



	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	1,927,678	2,003,331
Surplus on non banking assets acquired in satisfaction of claims	893,345	936,770
Deficit on revaluation of available for sale securities	(172,108)	(53,499)
	2,648,915	2,886,602

16. CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favor of:

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
Government	71,929	120,367
Financial institutions	-	-
Others	6,427,491	8,069,727
	6,499,420	8,190,094

16.2 Transaction related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favor of:

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	Rupees in '000'	
Government		485,443	556,507
Financial institutions		5,900,727	5,446,540
Others		39,986,106	40,457,849
		46,372,276	46,460,896

16.3 Trade related contingent liabilities

These include letters of credit issued in favour of:

Government	15,097,557	13,791,214
Financial institutions	-	-
Others	32,875,807	31,686,608
	47,973,364	45,477,822

16.4 Other contingencies

Claims against the Bank not acknowledged as debts	16.4.1	57,406,542	28,621,792
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16.4.1 The amount 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. Up till 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.

16.5 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

16.6 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
		Rupees in '000'	
16.7	Commitments in respect of forward exchange contracts		
	Purchase	13,879,524	10,067,323
	Sale	10,255,819	7,846,230
		24,135,343	17,913,553
16.8	Commitments for the acquisition of operating fixed assets	192,472	225,051

17. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Profit after taxation (Rupees in thousand)	1,657,810	5,507,970	974,162	3,165,823
Weighted average number of ordinary shares (thousand)	2,643,692	2,643,692	1,555,113	1,555,113
Earnings per share - basic and diluted (Rupees)	0.63	2.08	0.63	2.04



18. 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 subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

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

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

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

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

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

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

September 30, 2018 (Un-audited)					
	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	194,611,150	-	194,861,917	-	194,861,917
Ordinary shares / certificates of listed companies and modarabas	1,275,704	1,226,617	-	-	1,226,617
Ordinary shares of unlisted company	30,882	-	-	15,990	15,990
Preference shares of listed companies	-	-	-	-	-
Listed term finance certificates	910,526	-	910,526	-	910,526
Non Financial assets measured at fair value:					
Operating fixed assets (land & building)	5,669,457	-	5,669,457	-	5,669,457
Non banking assets acquired in satisfaction of claims	7,299,291	-	7,299,291	-	7,299,291
Financial assets not measured at fair value:					
Cash and balances with treasury banks	38,114,238	-	-	-	-
Balances with other banks	5,085,798	-	-	-	-
Lendings to financial institutions	6,310,000	-	-	-	-
Investments:					
Government securities	250,773	-	-	-	-
Unlisted term finance certificates / sukuks / commercial paper	5,320,409	-	-	-	-
Preference shares of unlisted companies	81,358	-	-	-	-
Advances - net	372,435,875	-	-	-	-
Other assets	8,545,209	-	-	-	-
	645,940,670	1,226,617	208,741,191	15,990	209,983,798



September 30, 2018 (Un-audited)					
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Rupees in '000'					
Financial liabilities measured at fair value:					
Payable to gratuity fund	80,706	-	80,706	-	80,706
Provision for employees compensated absences	100,417	-	100,417	-	100,417
Financial liabilities not measured at fair value:					
Bills payable	3,147,369	-	-	-	-
Borrowings	29,537,470	-	-	-	-
Deposits and other accounts	568,342,605	-	-	-	-
Sub-ordinated loans	8,798,500	-	-	-	-
Other liabilities	18,278,654	-	-	-	-
	628,104,598	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	10,821,192	-	10,821,192	-	10,821,192
Forward sale of foreign exchange contracts	10,661,857	-	10,661,857	-	10,661,857
December 31, 2017 (Audited)					
	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	235,804,178	-	235,810,323	-	235,810,323
Ordinary shares / certificates of listed companies and modarabas	1,258,030	1,395,516	-	-	1,395,516
Ordinary shares of unlisted company	30,882	-	-	20,012	20,012
Preference shares of listed companies	-	-	-	-	-
Listed term finance certificates	1,331,224	-	1,331,224	-	1,331,224
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,356,732	-	5,356,732	-	5,356,732
Non banking assets acquired in satisfaction of claims	8,044,187	-	8,044,187	-	8,044,187
Financial assets not measured at fair value:					
Cash and balances with treasury banks	42,478,209	-	-	-	-
Balances with other banks	6,116,297	-	-	-	-
Lendings to financial institutions	24,170,850	-	-	-	-
Investments:					
Government securities	252,578	-	-	-	-
Unlisted term finance certificates	6,211,152	-	-	-	-
Advances - net	295,841,425	-	-	-	-
Other assets	7,604,641	-	-	-	-
	634,500,385	1,395,516	250,542,466	20,012	251,957,994
Financial liabilities measured at fair value:					
Payable to gratuity fund	233,841		233,841		233,841
Provision for employees compensated absences	93,523		93,523		93,523
Financial liabilities not measured at fair value:					
Bills payable	3,365,325	-	-	-	-
Borrowings	38,949,362	-	-	-	-
Deposits and other accounts	556,191,873	-	-	-	-
Sub-ordinated loans	4,499,000	-	-	-	-
Other liabilities	16,864,004	-	-	-	-
	619,869,564	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	10,273,009	-	10,273,009	-	10,273,009
Forward sale of foreign exchange contracts	7,952,649	-	7,952,649	-	7,952,649

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000'						
Nine Months Ended September 30, 2018 (Un-audited)						
Total income	13,078,839	3,853,582	17,811,832	395,671	91,996	35,231,920
Total expenses	1,668,384	2,912,306	21,732,150	-	-	26,312,840
Inter segment transfer (cost) / revenue	(6,306,558)	830,145	5,476,413	-	-	-
Income taxes	-	-	-	-	-	3,411,110
Net income / (loss)	5,103,897	1,771,421	1,556,095	395,671	91,996	5,507,970
Segment assets (gross)	252,143,492	50,846,132	403,068,313	-	-	706,057,937
Segment non performing advances / investments	3,036,378	1,923,159	48,207,079	-	-	53,166,616
Segment specific provision required	3,036,378	1,557,733	43,335,789	-	-	47,929,900
Segment liabilities	15,620,344	86,205,569	526,278,685	-	-	628,104,598
Segment return on net assets (ROA) (%)	6.76%	12.31%	8.60%			
Segment cost of funds (%)	6.71%	6.10%	6.14%			
Nine Months Ended September 30, 2017 (Un-audited)						
Total income	11,632,319	3,374,427	13,006,690	457,547	91,054	28,562,037
Total expenses	1,094,603	2,988,583	19,192,592	-	-	23,275,778
Inter segment transfer (cost) / revenue	(5,118,471)	734,336	4,384,135	-	-	-
Income taxes	-	-	-	-	-	2,120,436
Net income / (loss)	5,419,245	1,120,180	(1,801,767)	457,547	91,054	3,165,823
Segment assets (gross)	280,440,700	51,471,281	311,390,228	-	-	643,302,209
Segment non performing advances / investments	3,105,842	2,460,355	51,286,673	-	-	56,852,870
Segment specific provision required	3,105,842	1,744,599	31,636,368	-	-	36,486,809
Segment liabilities	38,458,393	79,970,742	459,961,029	-	-	578,390,164
Segment return on net assets (ROA) (%)	6.43%	10.42%	8.26%			
Segment cost of funds (%)	5.44%	5.88%	5.66%			



20. RELATED PARTY TRANSACTIONS

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

	September 30, 2018 (Un-audited)			December 31, 2017 (Audited)		
	Key management personnel Rupees in '000'	Employee funds	Others	Key management personnel Rupees in '000'	Employee funds	Others
Advances						
Opening balance	189,636	-	-	121,393	-	-
Loans granted during the period	73,386	-	-	150,219	-	-
Repayments received during the period	(63,920)	-	-	(81,976)	-	-
Closing balance	199,102	-	-	189,636	-	-
Deposits						
Opening balance	24,425	2,770,528	256,060	28,730	2,459,349	51,488
Placements made during the period	449,143	630,385	20,364,574	516,407	633,557	22,813,261
Withdrawals during the period	(392,791)	(1,078,581)	(20,465,719)	(520,723)	(322,378)	(22,608,689)
Closing balance	80,777	2,322,332	154,915	24,414	2,770,528	256,060

	September 30, 2018 (Un-audited)			September 30, 2017 (Un-audited)		
	Key management personnel Rupees in '000'	Employee funds	Others	Key management personnel Rupees in '000'	Employee funds	Others
Transactions during the period :						
Mark-up/return earned	7,169	-	-	5,402	-	-
Mark-up/interest expensed	914	117,240	7,316	579	109,093	3,032
Contribution to employees funds	-	102,829	-	-	98,294	-

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

20.2 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. 63,808,612 thousand (December 31, 2017: Rs. 44,641,720 thousand), Rs. 288,355,848 thousand (December 31, 2017: Rs. 289,679,475 thousand) and Rs. 34,259,086 thousand (December 31, 2017: Rs. 25,792,141 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 104,520 thousand (September 30, 2017: Rs. 93,493 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
21. CAPITAL ADEQUACY RATIO		
Total eligible capital	36,920,049	25,531,490
Total risk weighted assets	278,673,895	263,966,483
CAR (%)	13.25%	9.67%
22. RISK MANAGEMENT		
22.1 Liquidity Coverage Ratio		
High quality liquid assets	234,996,489	285,713,249
Net cash outflows	217,423,990	214,101,572
Liquidity Coverage ratio (%)	108.08%	133.45%
22.2 Net Stable Funding Ratio		
Available stable funding	399,049,602	383,239,594
Required stable funding	364,894,452	300,969,211
Net Stable Funding Ratio (%)	109.36%	127.34%
23. DATE OF AUTHORIZATION FOR ISSUE		
These consolidated condensed interim financial statements were authorized for issuance on October 26, 2018 by the Board of Directors of the Bank.		
24. GENERAL		
24.1	The corresponding figures have been reclassified or rearranged, wherever necessary, for the purpose of comparison. However, no significant reclassification or rearrangement has been made during the period.	
24.2	Figures have been rounded off to the nearest thousand, unless otherwise stated.	

Chief Financial Officer

President

Director



Islamic Banking Business - Statement of Financial Position As at September 30, 2018

The Bank is operating 68 Islamic banking branches and 02 sub Islamic banking branches at close of September 30, 2018 (December 31, 2017: 64 branches and 02 sub Islamic banking branches).

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		2,532,846	2,543,172
Balance with other banks		183,950	2,219,672
Due from financial institutions		6,010,000	9,857,000
Investments		9,721,983	7,628,201
Islamic financing and related assets - net	A	17,969,799	11,773,847
Operating fixed assets		316,506	288,794
Deferred tax assets		-	-
Other assets		988,067	530,863
TOTAL ASSETS		37,723,151	34,841,549
LIABILITIES			
Bills payable		194,790	188,315
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		7,692,960	8,215,697
- Saving accounts		26,534,096	23,955,632
- Term deposits		743,885	726,746
- Others		111,904	51,248
- Deposits from financial institutions - remunerative		69,409	62,186
- Deposits from financial institutions - non - remunerative		6,034	55
Due to head office		-	-
Other liabilities		171,068	169,405
		35,524,146	33,369,284
NET ASSETS		2,199,005	1,472,265
REPRESENTED BY			
Islamic banking fund		1,500,000	1,000,000
Reserves		4,804	1,959
Unappropriated profit		733,585	420,873
		2,238,389	1,422,832
(Deficif) / Surplus on revaluation of assets		(39,384)	49,433
		2,199,005	1,472,265

	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
	Rupees in '000'	
Remuneration to Shariah Advisor / Board	2,084	3,854

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Rupees in '000'	
Note		
CHARITY FUND		
Opening balance	1,125	533
Additions during the period		
Received from customers on delayed payments	3,443	1,037
Non-shariah compliant income	-	69
Profit on charity saving account	36	19
	3,479	1,125
Payments / utilization during the period		
Welfare works	(200)	(533)
Closing balance	4,404	1,125

A. Islamic financing and related assets			
Islamic mode of financing	A.1	19,052,185	11,773,847
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		7,387,576	2,074,000
Murabaha		691,914	1,010,989
Diminishing musharaka		6,803,925	5,235,730
Istisna		2,644,206	2,662,770
Ijarah		442,178	790,358
		17,969,799	11,773,847



Islamic Banking Business - Profit and Loss Account

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

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	(Rupees in thousand)			
Profit / Return earned on financing, investment and placements	756,184	2,034,605	487,993	1,314,512
Return on deposits and other dues expensed	267,537	726,316	182,504	455,492
Net spread earned	488,647	1,308,289	305,489	859,020
Provision against non-performing advances	1,237	105,153	50,421	50,421
Provision against consumer financings	-	-	-	-
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	1,237	105,153	50,421	50,421
Income after provisions	487,410	1,203,136	255,068	808,599
Other income				
Fee, commission and brokerage income	2,285	13,584	4,003	17,975
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(205)	(154)	840	865
Gain on sale and redemption of securities	-	-	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	9,102	29,909	8,020	24,400
Total other income	11,182	43,339	12,863	43,240
	498,592	1,246,475	267,931	851,839
Other expenses				
Administrative expenses	314,832	933,763	289,261	746,587
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	-	-	-
Total other expenses	314,832	933,763	289,261	746,587
	183,760	312,712	(21,330)	105,252
Extra ordinary / unusual items	-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION	183,760	312,712	(21,330)	105,252





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