



GROWTH WITH EMPATHY

Nurturing Prosperity, Compassion, Inclusiveness

QUARTERLY REPORT (UN-AUDITED)

JANUARY-SEPTEMBER

2022

Corporate Information

Board of Directors

Mr. Mohammad Jehanzeb Khan	Director
Dr. Muhammad Amjad Saqib	Director
Syed Ghazanfar Abbas Jilani	Director
Mr. Mohammad Mudassir Amray	Director
Mr. Asif Reza Sana	Director
Ms. Nadia Rehman	Director
Mr. Mohammad Naeem Khan	Director
Mr. Zafar Masud	President & CEO
Mr. Kamran Hafeez	Secretary to the Board

Board Audit Committee

Mr. Mohammad Mudassir Amray	Chairman
Mr. Mohammad Jehanzeb Khan	Member
Syed Ghazanfar Abbas Jilani	Member
Mr. Mohammad Naeem Khan	Member

Risk Management, Compliance and NPL Review Committee (RMC&NRC)

Syed Ghazanfar Abbas Jilani	Chairman
Mr. Mohammad Mudassir Amray	Member
Dr. Muhammad Amjad Saqib	Member
Ms. Nadia Rehman	Member
Mr. Mohammad Naeem Khan	Member

Human Resource, Compensation, Performance Evaluation and Nomination Committee (HRCPE&NC)

Mr. Asif Reza Sana	Chairman
Mr. Mohammad Jehanzeb Khan	Member
Dr. Muhammad Amjad Saqib	Member
Syed Ghazanfar Abbas Jilani	Member

Strategy, Islamic and Priority Sectors' Financing Committee (SI&PSFC)

Dr. Muhammad Amjad Saqib	Chairman
Mr. Asif Reza Sana	Member
Ms. Nadia Rehman	Member
Mr. Mohammad Naeem Khan	Member

Information Technology and Communications Committee (ITCC)

Mr. Mohammad Jehanzeb Khan	Chairman
Mr. Zafar Masud	Member
Mr. Asif Reza Sana	Member
Ms. Nadia Rehman	Member
Mr. Mohammad Mudassir Amray	Member

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Registered Office

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

Registrar

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

Website

www.bop.com.pk

The Bank of Punjab

Directors' Report

Quarterly Financial Statements - September 30, 2022

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, 2022.

Pakistan economy has posted an impressive post COVID recovery, with GDP growth accelerating to 6% in FY2022, ending June 2022. However, the growth outlook is threatened by the damage caused by the super floods and unfavorable global economic conditions with record high commodity prices and tightening global liquidity conditions.

Government's initial estimates of the damage to the economy is around US\$ 30bn (9% of GDP). The biggest impact of the floods is on the agriculture sector. More than 800,000 livestock – a critical source of sustenance and livelihoods for many families – have perished. An estimated 2mn acres of crops have also been damaged, including important cash crops (cotton, rice, sugar) and essential foods & vegetables.

Record high global commodity prices caused by the Russia-Ukraine conflict and global supply disruptions have led to higher risks to the growth outlook. Brent crude prices rose sharply to \$ 130 bbl in March 2022, whereas prices of wheat, palm oil, and metals have also increased to the highest levels since 2011. Inflation has accelerated, with SBP projecting headline inflation of 20% in 2023, from 12% in 2022, due to rising prices of energy and food commodities.

Similarly, the rising import bill has led to a widening of the trade deficits and put pressure on the Rupee (PKR). The current account deficit widened to \$ 17.5bn in FY2022, from a deficit of \$ 2.8bn in FY2021. This has led to a weakening of the SBP reserves and PKR has depreciated by 30% in the last year, adding to inflationary pressures.

To deal with the rising trade deficits and accelerating inflation, SBP has aggressively hiked interest rates by 800bps to 15%. Further policy actions have been taken to increase cash margins on imports and curb bank lending for retail financing. These measures are likely to discourage demand and slow down growth. GDP growth is now projected to slow down to 2% in 2023, from 6% in 2022.

During 1st nine months of year 2022, the Bank maintained its growth trends and posted solid financial results as mentioned hereunder:

Financial Highlights:	Rs. In Million
Profit before taxation	12,446.471
Taxation	4,848.438
Profit after taxation	7,598.033
Earnings per share (Rupees)	2.55

During nine months of the year, the Bank posted before tax profit of Rs. 12.45 billion as against Rs. 12.36 billion earned during 1st nine months of 2021. Bank's Net Interest Margin (NIM) improved to Rs. 22.88 billion as against Rs. 21.91 billion during 1st nine months of 2021. Similarly, Non-Markup/ Interest Income (excluding gains on securities) increased to Rs. 7.19 billion as against Rs. 4.42 billion during 1st nine months of 2021 showing an increase of 63%. Profit after tax remained at Rs. 7.60 billion, after absorbing increase in effective taxability by 10% for Tax Year 2023, as against Rs. 8.72 billion during 1st nine months of 2021. Similarly, Earnings per Share (EPS) remained at Rs. 2.55 per share as against Rs. 2.93 per share for 1st nine months of 2021.

Bank's Total Assets as at September 30, 2022 improved to Rs. 1,309.5 billion as against Rs. 1,197.0 billion as of December 31, 2021. The Deposits of the Bank also improved to Rs. 1,040.5 billion as against Rs. 1,003.0 billion as on December 31, 2021. Investments and Gross Advances were recorded at Rs. 576.2 billion and Rs. 598.4 billion, respectively. Equity improved to Rs. 64.4 billion and Capital Adequacy Ratio (CAR) stood at 14.14% against regulatory requirement of 11.50%. Whereas, Leverage Ratio stood at 3.89% as against requirement of 3.00%.

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+". The Bank currently has a network of 722 online branches (including 132 Taqwa Islamic Banking Branches and 16 sub-branches). Further, the Bank has a network of 682 ATMs providing 24/7 banking services to the customers. Besides that, Bank is also offering Credit Card, Branchless Banking, Mobile Banking, Internet Banking and Cash Management services to its clients.

I highly appreciate our valued customers and shareholders for their enduring support and also assure all stakeholders that the Bank shall continue to make progress in line with its strategic business plan. I am also thankful to the Government of the Punjab and State Bank of Pakistan for their support and guidance. Further, the Board also recognizes the efforts of Bank's management and staff for achieving set business and growth targets.

For and on behalf of the Board


President/CEO


Director



**UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

THE BANK OF PUNJAB
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	78,138,896	71,318,743
Balances with other banks	8	3,210,862	8,717,632
Lendings to financial institutions	9	9,828,377	30,980,388
Investments - net	10	576,218,324	531,683,056
Advances - net	11	552,473,222	484,405,376
Fixed assets	12	26,954,143	19,831,970
Intangible assets	13	1,629,569	1,101,012
Deferred tax assets - net	14	13,032,141	13,696,051
Other assets - net	15	48,059,298	35,217,763
		1,309,544,832	1,196,951,991
LIABILITIES			
Bills payable	17	7,448,853	10,109,459
Borrowings	18	112,615,122	71,323,488
Deposits and other accounts	19	1,040,490,157	1,002,954,667
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	14,805,120	7,788,980
Deferred tax liabilities		-	-
Other liabilities	21	69,776,430	49,942,521
		1,245,135,682	1,142,119,115
NET ASSETS		64,409,150	54,832,876
REPRESENTED BY			
Share capital - net	22	29,478,381	26,173,766
Reserves		12,036,658	10,517,051
Surplus / (deficit) on revaluation of assets - net of tax	23	476,913	(1,368,710)
Unappropriated profit		22,417,198	19,510,769
		64,409,150	54,832,876
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Rupees in '000'					
Mark-up / return / interest earned	25	35,662,434	20,938,498	94,542,404	59,803,905
Mark-up / return / interest expensed	26	28,648,145	12,908,389	71,664,196	37,892,087
Net mark-up / interest income		7,014,289	8,030,109	22,878,208	21,911,818
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	1,646,191	1,359,272	5,000,882	3,851,175
Dividend income		167,381	106,354	388,297	211,355
Foreign exchange income		903,623	160,227	1,589,421	300,991
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities - net	28	49,214	12,559	(811,797)	1,627,531
Other income - net	29	9,410	17,242	207,530	52,732
Total non-markup / interest income		2,775,819	1,655,654	6,374,333	6,043,784
Total income		9,790,108	9,685,763	29,252,541	27,955,602
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	6,553,923	5,102,570	20,416,196	15,244,438
Workers welfare fund		63,560	83,610	210,631	251,025
Other charges	31	762	210	34,556	712
Total non-markup / interest expenses		6,618,245	5,186,390	20,661,383	15,496,175
Profit before provisions		3,171,863	4,499,373	8,591,158	12,459,427
(Reversal) / provisions and write offs - net	32	(915,068)	(493,773)	(3,855,313)	97,395
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		4,086,931	4,993,146	12,446,471	12,362,032
Taxation - net	33	1,909,719	1,873,196	4,848,438	3,644,573
PROFIT AFTER TAXATION		2,177,212	3,119,950	7,598,033	8,717,459
Basic earnings per share - Rupees	34	0.73	(Restated) 1.05	2.55	(Restated) 2.93
Diluted earnings per share - Rupees	35	0.73	1.05	2.55	2.93

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
	Rupees in '000'			
Profit after taxation for the period	2,177,212	3,119,950	7,598,033	8,717,459
Other comprehensive income / (loss) for the period:				
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations	-	-	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	-	574,026	(90,596)
	-	-	574,026	(90,596)
	2,177,212	3,119,950	8,172,059	8,626,863
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	5,295,649	(2,006,276)	1,402,430	(4,666,488)
Total comprehensive income for the period	7,472,861	1,113,674	9,574,489	3,960,375

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Surplus / (Deficit) - net of tax on revaluation of		Unappropriated profit	Total
							Investments	Fixed / non banking assets		
Rupees in '000'										
Balance as on January 01, 2021 - audited	26,436,924	(263,158)	26,173,766	2,215,040	-	5,813,984	2,934,263	3,021,096	12,103,362	52,261,511
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	8,717,459	8,717,459
Other comprehensive loss	-	-	-	-	-	-	(4,666,488)	(90,596)	-	(4,757,084)
Total comprehensive income / (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	(4,666,488)	(90,596)	8,717,459	3,960,375
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(44,564)	44,564	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(6,948)	6,948	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(21,015)	28,690	7,675
Transactions with owners recognized directly in equity:										
Final cash dividend - December 31, 2020 declared subsequent to year end at 10% per share	-	-	-	-	-	-	-	-	(2,643,692)	(2,643,692)
	-	-	-	-	-	-	-	-	(2,643,692)	(2,643,692)
Balance as on September 30, 2021 - un-audited	26,436,924	(263,158)	26,173,766	2,215,040	-	5,813,984	(1,732,225)	2,857,973	18,257,331	53,585,869
Profit after taxation for the three months ended December 31, 2021	-	-	-	-	-	-	-	-	3,722,676	3,722,676
Other comprehensive (loss) / income	-	-	-	-	-	-	(4,713,939)	2,238,070	(747)	(2,476,616)
Total comprehensive (loss) / income for the three months ended December 31, 2021	-	-	-	-	-	-	(4,713,939)	2,238,070	3,721,929	1,246,060
Transfer to statutory reserve during the period	-	-	-	-	-	2,488,027	-	-	(2,488,027)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(14,891)	14,891	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,216)	2,216	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(1,482)	2,429	947
Balance as on December 31, 2021 - audited	26,436,924	(263,158)	26,173,766	2,215,040	-	8,302,011	(6,446,164)	5,077,454	19,510,769	54,832,876
Profit after taxation for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	7,598,033	7,598,033
Other comprehensive income	-	-	-	-	-	-	1,402,430	574,026	-	1,976,456
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	1,402,430	574,026	7,598,033	9,574,489
Transfer to statutory reserve during the period	-	-	-	-	-	1,519,607	-	-	(1,519,607)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87,357)	87,357	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(3,989)	3,989	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(39,487)	41,272	1,785
Transactions with owners recognized directly in equity:										
Final stock dividend - December 31, 2021 declared subsequent to year end at 12.5% per share	-	-	-	-	3,304,615	-	-	-	(3,304,615)	-
Issuance of bonus shares during the period	3,304,615	-	3,304,615	-	(3,304,615)	-	-	-	-	-
	3,304,615	-	3,304,615	-	-	-	-	-	(3,304,615)	-
Balance as on September 30, 2022 - un-audited	29,741,539	(263,158)	29,478,381	2,215,040	-	9,821,618	(5,043,734)	5,520,647	22,417,198	64,409,150

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Nine Months Ended	
		September 30, 2022	September 30, 2021
		Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		12,446,471	12,362,032
Less: Dividend income		(388,297)	(211,355)
		12,058,174	12,150,677
Adjustments:			
Depreciation on fixed assets	30	1,177,450	914,256
Depreciation on non banking assets acquired in satisfaction of claims	30	27,182	37,351
Depreciation on ijarah assets under IFAS - 2	30	97,376	94,998
Depreciation on right of use assets	30	912,907	724,095
Amortization on intangible assets	30	190,072	159,977
Amortization of discount on debt securities - net		(3,343,628)	(1,009,191)
Mark-up on lease liability against right of use assets	26	1,032,029	766,763
Unrealized loss on revaluation of investments classified as held for trading	28	39,140	14,726
(Reversal) / provision and write-offs - net	32	(3,855,313)	97,395
Workers' Welfare Fund		210,631	251,025
Gain on termination of lease liability against right of use assets	29	(9,378)	(5,048)
Gain on sale of property and equipment - net	29	(63,445)	(311)
Gain on sale of non banking assets - net	29	(114,420)	(35,377)
Realized loss / (gain) on sale of securities - net	28	772,657	(1,642,257)
Provision for employees compensated absences		9,030	10,487
Provision for gratuity		255,024	155,210
		(2,662,686)	534,099
		9,395,488	12,684,776
(Increase) / decrease in operating assets:			
Lendings to financial institutions		21,152,011	7,294,283
Held for trading securities		31,683,439	17,931,599
Advances - net		(64,304,400)	(52,606,162)
Others assets - net (excluding advance taxation)		(14,804,463)	(564,848)
		(26,273,413)	(27,945,128)
Increase / (decrease) in operating liabilities:			
Bills payable		(2,660,606)	1,173,190
Borrowings from financial institutions		41,284,659	(27,559,850)
Deposits		37,535,490	49,325,337
Other liabilities (excluding current taxation and gratuity fund)		15,526,875	646,288
		91,686,418	23,584,965
Payment made to gratuity fund		(268,144)	(261,774)
Income tax paid		(3,809,463)	(4,783,235)
		(4,077,607)	(5,045,009)
Net cash flow from operating activities		70,730,886	3,279,604

THE BANK OF PUNJAB

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) (Continued...)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

	Note	Nine Months Ended	
		September 30, 2022	September 30, 2021
		Rupees in '000'	
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(39,061,631)	837,612
Net investments in held to maturity securities		(34,041,392)	-
Dividends received		381,187	216,531
Investments in operating fixed assets		(2,485,466)	(1,321,642)
Investments in intangible assets		(718,629)	(432,373)
Proceeds from sale of fixed assets		68,198	1,901
Proceeds from sale of non banking assets acquired in satisfaction of claims		731,323	274,303
Net cash used in investing activities		(75,126,410)	(423,668)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated debts		(1,360)	(1,360)
Subscription received - subordinated perpetual term finance certificates	20.1	7,017,500	-
Dividend paid		-	(2,643,692)
Payment of lease liability against right of use assets		(1,314,208)	(1,042,517)
Net cash flow from / (used in) financing activities		5,701,932	(3,687,569)
Increase / (decrease) in cash and cash equivalents		1,306,408	(831,633)
Cash and cash equivalents at beginning of the period		80,036,375	71,667,375
Cash and cash equivalents at end of the period		81,342,783	70,835,742
Cash and cash equivalents:			
Cash and balances with treasury banks		78,138,896	61,970,184
Balances with other banks		3,210,862	7,871,088
Call money lendings		-	1,000,000
Overdrawn nostro accounts		(6,975)	(5,530)
		81,342,783	70,835,742

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

1. STATUS AND NATURE OF BUSINESS

The Bank of Punjab (the Bank) was constituted in Pakistan pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 722 branches including 16 sub branches and 132 Islamic banking branches (December 31, 2021: 662 branches including 16 sub branches and 114 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir (AJK) at the period end. The Bank also has 33 Islamic banking windows (December 31, 2021: 25) The Bank's ordinary shares are listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

2 BASIS OF PRESENTATION

In accordance with the directives of the Government of Pakistan regarding 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 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 profit thereon.

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.

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 note 40 of these unconsolidated condensed interim financial statements.

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP);
- Requirements of The Bank of Punjab Act, 1989; and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

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

2.1.2 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 29, 2019 and IAS 34, "Interim Financial Reporting". Accordingly, these unconsolidated condensed interim financial statements do not include all the information and disclosures required for annual unconsolidated financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

2.1.3 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 preparation of these unconsolidated condensed interim financial statements.

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

2.1.5 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

2.1.6 Amendments and interpretations of accounting standards that are effective in the current period:

There are certain amendments and interpretations of existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are considered either not relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than IFRS 9.

IFRS 9, 'Financial Instruments' has replaced IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

As per SBP's BPRD Circular Letter No. 03 dated July 05, 2022, the applicability of IFRS 9 in Pakistan has been deferred to accounting periods beginning on or after January 1, 2023. Accordingly, these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime. The impact of the application of IFRS 9 on Bank's financial statements is being assessed.

Standard or Interpretations		Effective date (annual periods beginning on or after)
IAS 8	Amended Definition of Accounting Estimates	January 01, 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 01, 2024

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3. BASIS OF MEASUREMENT

3.1 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 lease liability against right of use asset and certain staff retirement benefits at present value. Right of use assets which are initially measured at an amount equal to the corresponding lease liability against right of use assets and depreciated over the respective lease terms.

3.2 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

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2021 except for reportable business segments as mentioned below:

4.1 Segment reporting

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

4.1.1 Business segments

Corporate and investment banking

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

PSDD

It includes Public sector deposits and related banking services including home remittances and cards related banking services to

Retail and priority sector lending

It includes private sector deposits and loans under retail finance, agriculture financing, SME and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

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

Islamic

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

Others

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

4.1.2 Geographical segments

The Bank operates only in Pakistan.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The basis for accounting judgments and key estimates adopted in preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

A general provision of Rs. 4,116,231 thousand was created by the Bank during years 2020 & 2021 as a buffer against unforeseen loan losses based on funded credit portfolio, excluding Government guaranteed exposure and exposure secured against cash and equivalents, to mitigate any adverse impact on equity, performance and related regulatory compliance on account of uncertainty emanating from COVID-19 outbreak. Based upon on-going risk mitigation measures and internal portfolio assessment, during the current period the Bank has reversed Rs. 2,500,000 thousand (December 31, 2021: Rs. 1,616,231 thousand) of the remaining general provision.

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		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
		Note	
7	CASH AND BALANCES WITH TREASURY BANKS		
	In hand:		
	Local currency	18,746,180	13,800,458
	Foreign currencies	1,673,917	4,359,944
		20,420,097	18,160,402
	With SBP in:		
	Local currency current account	45,957,710	40,886,803
	Foreign currency current account	1,442,674	900,219
	Foreign currency deposit account	3,087,762	2,109,501
		50,488,146	43,896,523
	With National Bank of Pakistan in:		
	Local currency current account	7,210,305	9,174,433
	Prize bonds	20,348	87,385
		78,138,896	71,318,743
8	BALANCES WITH OTHER BANKS		
	In Pakistan:		
	Current accounts	286,824	261,003
	Deposit accounts	35,403	5,534,036
		322,227	5,795,039
	Outside Pakistan:		
	Current accounts	1,565,216	1,339,397
	Deposit accounts	1,323,419	1,583,196
		2,888,635	2,922,593
		3,210,862	8,717,632
9	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call money lendings	-	100,000
	Repurchase agreement lendings (Reverse Repo)	9.2 3,553,377	26,380,388
	Placements	9.3 6,275,000	4,500,000
		9,828,377	30,980,388
9.1	Particulars of lendings		
	In local currency	9,828,377	30,980,388
	In foreign currencies	-	-
		9,828,377	30,980,388

9.2 Securities held as collateral against repurchase agreement lendings (reverse repo)	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	647,277	-	647,277	21,088,298	-	21,088,298
Pakistan investment bonds	2,906,100	-	2,906,100	5,292,090	-	5,292,090
	<u>3,553,377</u>	<u>-</u>	<u>3,553,377</u>	<u>26,380,388</u>	<u>-</u>	<u>26,380,388</u>

Market value of securities held as collateral as at September 30, 2022 amounted to Rs. 3,740,656 thousand (December 31, 2021: Rs. 26,391,416 thousand). These carry mark-up at rate 15.95% per annum (December 31, 2021: 10.50% to 10.75% per annum).

9.3 These carry profit rates ranging from 14.40% to 15.75% per annum (December 31, 2021: 7.25% to 10.90% per annum) with maturities up to December 30, 2022.

10 INVESTMENTS - NET		September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
10.1 Investments by type:	Note	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		Rupees in '000'							
Held-for-trading securities									
Federal government securities	10.1.1	977,555	-	(555)	977,000	33,472,511	-	26,429	33,498,940
Shares		880,089	-	(38,585)	841,504	34,331	-	(5,390)	28,941
		<u>1,857,644</u>	<u>-</u>	<u>(39,140)</u>	<u>1,818,504</u>	<u>33,506,842</u>	<u>-</u>	<u>21,039</u>	<u>33,527,881</u>
Available-for-sale securities									
Federal government securities	10.1.1 & 10.2	463,479,582	-	(8,353,674)	455,125,908	425,181,105	-	(9,766,167)	415,414,938
Shares and certificates		10,885,446	(1,959,771)	(439,437)	8,486,238	9,091,450	(1,420,029)	(840,977)	6,830,444
Mutual fund units		65,000	-	2,813	67,813	-	-	-	-
Non government debt securities		16,978,290	(2,524,563)	(58,359)	14,395,368	17,084,566	(2,525,563)	39,662	14,598,665
Foreign securities		11,957	-	-	11,957	11,957	-	-	11,957
		<u>491,420,275</u>	<u>(4,484,334)</u>	<u>(8,848,657)</u>	<u>478,087,284</u>	<u>451,369,078</u>	<u>(3,945,592)</u>	<u>(10,567,482)</u>	<u>436,856,004</u>
Held-to-maturity securities									
Federal government securities	10.1.1 & 10.4	96,312,536	-	-	96,312,536	61,299,171	-	-	61,299,171
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		<u>96,312,936</u>	<u>(400)</u>	<u>-</u>	<u>96,312,536</u>	<u>61,299,571</u>	<u>(400)</u>	<u>-</u>	<u>61,299,171</u>
Subsidiaries		164,945	(164,945)	-	-	164,945	(164,945)	-	-
Total investments		<u>589,755,800</u>	<u>(4,649,679)</u>	<u>(8,887,797)</u>	<u>576,218,324</u>	<u>546,340,436</u>	<u>(4,110,937)</u>	<u>(10,546,443)</u>	<u>531,683,056</u>

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

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

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10.1.3 The SBP vide letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 has allowed the Bank to stagger unrealized mark-to-market (MTM) loss as on September 30, 2022 to the extent of 75 percent on certain Pakistan Investment Bonds (PIBs) having face value of Rs. 140,443,600 thousand and maturity upto August 20, 2023 held as Available-for-sale securities. As of September 30, 2022, the cumulative unrealized MTM loss on these PIBs amounted to Rs. 7,885,242 thousand. Accordingly, the Bank has availed benefit of the said relaxation and accounted for impact of 25 percent MTM loss in these condensed interim financial statements. This has resulted in a net of tax positive impact of Rs. 3,370,941 thousand on the condensed interim statement of financial position as of September 30, 2022 with corresponding positive impact on the condensed interim statement of comprehensive income for the nine months ended September 30, 2022. Pursuant to the aforementioned SBP letter, MTM loss on these PIBs may be accounted for in future as follows:

- 50% by December 31, 2022
- 75% by March 31, 2023
- 100% by June 30, 2023

Further, the outstanding staggered amount of revaluation deficit on said AFS Portfolio shall be adjusted from distributable profits for declaring cash dividend, if any, during the relaxation period.

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
10.2 Investments given as collateral			
Pakistan investment bonds		28,402,818	1,768,381
Market treasury bills		13,009,370	-
		<u>41,412,188</u>	<u>1,768,381</u>

10.3 Provision for diminution in value of investments

10.3.1 Movement in provision for diminution in value of investments

Opening balance		4,110,937	4,079,771
Charge / (reversals):			
Charge for the period / year	32	1,135,990	322,188
Reversals for the period / year		(1,000)	(10,669)
		1,134,990	311,519
Reversal on disposal during the period / year		(596,248)	(280,353)
Closing balance		<u>4,649,679</u>	<u>4,110,937</u>

10.3.2 Particulars of provision against debt securities	Category of classification	(Un-audited) September 30, 2022		(Audited) December 31, 2021	
		NPI	Provision	NPI	Provision
		Rupees in '000'			
	Domestic				
	Loss	2,524,963	2,524,963	2,525,963	2,525,963
	Total	<u>2,524,963</u>	<u>2,524,963</u>	<u>2,525,963</u>	<u>2,525,963</u>

10.4 Market value of held to maturity investments amounted to Rs. 91,999,005 thousand (December 31, 2021: Rs. 63,715,206 thousand).

	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
11 ADVANCES - NET	Rupees in '000'					
Loans, cash credits, running finances, etc.	474,117,975	418,699,627	47,670,657	48,738,919	521,788,632	467,438,546
Net book value of assets in ijarah under IFAS 2 - In Pakistan	2,071,643	1,860,758	190,602	215,000	2,262,245	2,075,758
Islamic financing and related assets	48,736,587	45,336,297	3,063,031	3,050,869	51,799,618	48,387,166
Bills discounted and purchased	22,502,458	16,234,159	17,221	27,521	22,519,679	16,261,680
Advances - gross	547,428,663	482,130,841	50,941,511	52,032,309	598,370,174	534,163,150
Provision against advances:						
- Specific	-	-	(45,303,712)	(46,702,829)	(45,303,712)	(46,702,829)
- General	(593,240)	(3,054,945)	-	-	(593,240)	(3,054,945)
	(593,240)	(3,054,945)	(45,303,712)	(46,702,829)	(45,896,952)	(49,757,774)
Advances - net of provision	546,835,423	479,075,896	5,637,799	5,329,480	552,473,222	484,405,376
					(Un-audited)	(Audited)
					September 30, 2022	December 31, 2021
11.1 Particulars of advances (gross)	Rupees in '000'					
						(Restated)
In local currency					593,562,370	532,615,907
In foreign currencies					4,807,804	1,547,243
					598,370,174	534,163,150

11.2 Advances include Rs. 50,941,511 thousand (December 31, 2021: Rs. 52,032,309 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) September 30, 2022		(Audited) December 31, 2021	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	292,061	6,722	156,255	3,946
Substandard	1,220,694	164,951	3,173,639	517,367
Doubtful	7,605,350	5,911,109	6,432,920	5,571,388
Loss	41,823,406	39,220,930	42,269,495	40,610,128
Total	50,941,511	45,303,712	52,032,309	46,702,829

11.3 Particulars of provision against advances	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	46,702,829	3,054,945	49,757,774	47,850,782	3,748,493	51,599,275
Charge for the period / year	1,509,279	-	1,509,279	4,004,162	-	4,004,162
Reversals for the period / year	(2,908,396)	(2,461,705)	(5,370,101)	(5,152,004)	(693,548)	(5,845,552)
	(1,399,117)	(2,461,705)	(3,860,822)	(1,147,842)	(693,548)	(1,841,390)
Amounts written off	-	-	-	(111)	-	(111)
Closing balance	45,303,712	593,240	45,896,952	46,702,829	3,054,945	49,757,774

11.3.1 Particulars of provision against advances with respect to currencies

In local currency	45,303,712	593,240	45,896,952	46,702,829	3,054,945	49,757,774
In foreign currencies	-	-	-	-	-	-
	45,303,712	593,240	45,896,952	46,702,829	3,054,945	49,757,774

11.3.2 This includes general provision reversed during the period as explained in note 6 of these unconsolidated condensed interim financial statements and provision against advances and provision against consumer and SME financing portfolio as required by Prudential Regulations issued by the SBP.

11.3.3 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. 3,134,447 thousand (December 31, 2021: Rs 1,975,509 thousand). The FSV benefit availed is not available for cash or stock dividend.

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		(Un-audited) September 30, 2022	(Audited) December 31, 2021
Note		Rupees in '000'	
12 FIXED ASSETS			
Capital work-in-progress	12.1	930,906	191,433
Right of use assets		9,866,414	7,891,934
Property and equipment		<u>16,156,823</u>	<u>11,748,603</u>
		<u>26,954,143</u>	<u>19,831,970</u>
12.1 Capital work-in-progress			
Civil works	12	<u>930,906</u>	<u>191,433</u>
		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
12.2 Additions to fixed assets		Rupees in '000'	
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		739,473	695,185
Property and equipment:			
Building on freehold land - transfer from non-banking assets acquired in satisfaction of claims at net book value	15.2	3,844,430	-
Furniture and fixture		166,827	55,054
Office equipment		307,488	235,936
Computer equipment		597,063	145,507
Lease hold improvements		485,671	148,340
Vehicles		188,944	41,620
		<u>5,590,423</u>	<u>626,457</u>
		<u>6,329,896</u>	<u>1,321,642</u>
12.3 Addition to right of use assets		<u>2,973,239</u>	<u>1,353,486</u>
12.4 Termination of right of use assets		<u>85,854</u>	<u>66,748</u>
12.5 Disposal of property and equipment:			
The net book value of property and equipment disposed off during the period is as follows:			
Furniture and fixture		1,793	633
Office equipment		2,646	957
Computer equipment		314	-
Vehicles		-	-
		<u>4,753</u>	<u>1,590</u>
Gross carrying amount of vehicles disposed off during the period was Rs. 49,802 thousand (September 30, 2021: Rs. 1,732 thousand).			
		(Un-audited) September 30, 2022	(Audited) December 31, 2021
13 INTANGIBLE ASSETS		Rupees in '000'	
Capital work-in-progress		441,483	523,686
Softwares		<u>1,188,086</u>	<u>577,326</u>
		<u>1,629,569</u>	<u>1,101,012</u>

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		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
13.1 Additions to intangible assets	Note	Rupees in '000'	
The following additions have been made to intangible assets during the period:			
Intangible in progress		(82,203)	401,243
Intangible assets purchased		800,832	31,130
		<u>718,629</u>	<u>432,373</u>
		(Un-audited) September 30, 2022	(Audited) December 31, 2021
14 DEFERRED TAX ASSETS - NET		Rupees in '000'	
Deductible temporary differences on:			
Deficit on revaluation of investments		3,804,923	4,121,318
Right of use assets - net		949,925	619,234
Workers Welfare Fund		90,571	-
Provision against advances, off balance sheet etc.		10,696,083	10,699,622
		15,541,502	15,440,174
Taxable temporary differences on:			
Surplus on revaluation of property and equipment		(2,032,343)	(1,346,545)
Accelerated tax depreciation		(360,744)	(230,256)
Surplus on revaluation of non banking assets		(116,274)	(167,322)
		<u>(2,509,361)</u>	<u>(1,744,123)</u>
		<u>13,032,141</u>	<u>13,696,051</u>
15 OTHER ASSETS - NET			
Income / mark-up accrued in local currency		27,177,663	18,791,445
Income / mark-up accrued in foreign currency		1,687	1,013
Advances, deposits, advance rent and other prepayments		1,346,188	828,612
Non-banking assets acquired in satisfaction of claims		2,466,306	5,479,598
Acceptances	21	13,684,161	8,337,508
Mark to market gain on forward foreign exchange contracts - net	21	-	150,612
Stock of stationery		304,338	90,478
Suspense account		52,639	11,807
Zakat recoverable from National Investment Trust Limited (NITL)		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		250,016	41,665
Claims receivable against fraud and forgeries		253,549	445,033
Auto Teller Machine and Point of Sale receivable - net		68,873	740,953
IBFT receivable	21	486,210	-
Others		1,342,996	722,792
		<u>47,471,416</u>	<u>35,678,306</u>
Less: Provision held against other assets	15.1	<u>(670,290)</u>	<u>(1,914,474)</u>
Other assets (net of provision)		46,801,126	33,763,832
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	1,258,172	1,453,931
Other assets - total		<u>48,059,298</u>	<u>35,217,763</u>

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(Un-audited) (Audited)
September 30, December 31,
2022 2021

15.1 Provision held against other assets	Note	Rupees in '000'	
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		30,876	1,084,936
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries	15.1.2	254,684	446,760
Others		312,217	310,265
	15.1.1	<u>670,290</u>	<u>1,914,474</u>
15.1.1 Movement in provision held against other assets			
Opening balance		1,914,474	2,037,220
Charge for the year		33,618	35,367
Reversals during the year		(1,272,640)	(147,839)
		(1,239,022)	(112,472)
Amount written off		(5,162)	(10,274)
Closing balance		<u>670,290</u>	<u>1,914,474</u>
15.1.2 This includes provision amounted to Rs. 3,118 thousand (2021: 3,118 thousand) maintained against certain closed cases as per approval of the management.			
15.2 Movement in non-banking assets acquired in satisfaction of claims			
Opening balance		5,848,593	5,904,147
Surplus on revaluation during the period / year		1,279,464	275,670
Disposals during the period / year - net book value		(616,903)	(250,817)
Transfer to fixed assets - net book value	12.2	(3,844,430)	(145,360)
Depreciation charged during the period / year		(27,182)	(48,666)
Impairment reversed during the period / year		1,054,060	113,619
Closing balance		<u>3,693,602</u>	<u>5,848,593</u>
16 CONTINGENT ASSETS			
Contingent assets		Nil	Nil
17 BILLS PAYABLE			
In Pakistan		7,448,853	10,109,459
Outside Pakistan		-	-
		<u>7,448,853</u>	<u>10,109,459</u>
18 BORROWINGS			
Secured			
Borrowings from SBP under:			
Export Refinance Scheme (ERF)		20,818,277	28,221,440
Long Term Financing Facility (LTFF)		14,299,440	13,499,088
Finance Facility for Storage of Agricultural Produce (FFSAP)		182,849	185,799
Finance facility for Renewable Energy Performance Platform (REPP)		7,040,023	5,347,359
Refinancing facility for payment of salaries and wages		2,928,419	9,132,079
Refinancing facility for combating COVID-19		1,126,604	1,089,182
Finance Islamic facility for working capital financing of SE & ME		40,000	3,000
Finance Facility for Temporary Relief Refinance scheme (TERF)		19,222,436	11,881,311
Finance Facility for women entrepreneurs		1,400	3,589
Finance Islamic facility for Saaf Rozgar Reimbursement Credit		4,124,194	-
Finance Facility for Shamsi Tawanai Consumer		52,498	-
Refinancing facility for modernization of Small and Medium Enterprises (SMEs)		187,601	155,628
		70,023,741	69,518,475
Repurchase agreement borrowings		40,905,606	-
Borrowing from Pakistan Mortgage Refinance Company Limited		1,678,800	1,805,013
Total secured		<u>112,608,147</u>	<u>71,323,488</u>
Unsecured			
Overdrawn nostro accounts		6,975	-
		<u>112,615,122</u>	<u>71,323,488</u>

19 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Customers:						
Current deposits	185,686,766	4,180,130	189,866,896	169,522,753	3,649,150	173,171,903
Savings deposits	510,811,886	4,005,833	514,817,719	459,784,249	3,340,461	463,124,710
Term deposits	262,396,169	19,239,128	281,635,297	320,956,024	7,419,447	328,375,471
Others	21,435,181	-	21,435,181	16,921,902	-	16,921,902
	980,330,002	27,425,091	1,007,755,093	967,184,928	14,409,058	981,593,986
Financial institutions:						
Current deposits	1,829,464	817,163	2,646,627	1,797,032	874,512	2,671,544
Savings deposits	19,351,343	6,374	19,357,717	4,870,165	3,585	4,873,750
Term deposits	10,193,000	-	10,193,000	10,841,125	2,446,653	13,287,778
Others	537,720	-	537,720	527,609	-	527,609
	31,911,527	823,537	32,735,064	18,035,931	3,324,750	21,360,681
	1,012,241,529	28,248,628	1,040,490,157	985,220,859	17,733,808	1,002,954,667

20 SUBORDINATED DEBTS

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Perpetual term finance certificates - ADT - I	20.1	8,017,500	1,000,000
Privately placed term finance certificates - I	20.2	2,494,500	2,495,000
Privately placed term finance certificates - II	20.3	4,293,120	4,293,980
		14,805,120	7,788,980

20.1 Subordinated perpetual term finance certificates

During the period, the Bank has issued unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier - I capital under section 66 (1) 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, 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:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	"AA-" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non-cumulative basis.
Profit rate:	Floating rate of return at base rate plus 200 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:	Not applicable.

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 on sole discretion of the SBP.

20.2 Privately placed term finance certificates - I

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

Issue amount:	Rs. 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

20.3 Privately placed term finance certificates - II

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

Issue amount:	Rs. 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
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 on sole discretion of the SBP.

21 OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
Rupees in '000'			
Mark-up / return / interest payable in local currency		19,869,862	14,222,369
Mark-up / return / interest payable in foreign currency		294,463	52,107
Lease key money		12,878,981	11,991,877
Provision for taxation (provisions less payments)		2,150,588	755,465
Sundry creditors and accrued expenses		1,026,239	1,242,506
Acceptances	15	13,684,161	8,337,508
Mark-up payable on subordinated debts		792,612	90,505
Unclaimed dividends		2,586	2,586
Branch adjustment account		113,681	290,150
Payable to gratuity fund		255,024	268,144
Gratuity payable to key management personnel		5,750	5,750
Payable to charity fund		71	8
Provision against off-balance sheet obligations	21.2	171,725	62,183
Provision for employees compensated absences		140,446	133,629
Mark to market loss on forward foreign exchange contracts - net	15	2,688,902	-
Taxes / zakat / import fee payable		1,435,168	684,132
Lease liability against right of use assets		12,075,541	9,479,713
Workers Welfare Fund	21.1	1,193,789	983,158
IBFT payable	15	-	544,489
Others		996,841	796,242
		69,776,430	49,942,521

21.1 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained provision in respect of WWF.

21.2 Provision against off-balance sheet obligations	Note	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
Rupees in '000'			
	21.2.1	171,725	62,183

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

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	(Un-audited) September 30, 2022	(Audited) December 31, 2021	
Note	Rupees in '000'		
	62,183	62,183	Opening balance
	109,542		Charge for the year
	-	-	Reversals during the year
	109,542	-	Amount written off
	-	-	Closing balance
	171,725	62,183	

21.2.1 Movement in provision against off-balance sheet obligations

22 SHARE CAPITAL - NET

22.1 Authorized capital

	(Un-audited) September 30, 2022	(Audited) December 31, 2021			(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Number of shares			Note	Rupees in '000'	
	5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each		50,000,000	50,000,000

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

22.2 Issued, subscribed and paid up capital

	(Un-audited) September 30, 2022	(Audited) December 31, 2021			(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Number of shares			Note	Rupees in '000'	
	1,607,912,555	1,607,912,555	Opening Balance		16,079,125	16,079,125
	526,315,789	526,315,789	Ordinary shares of Rs. 10 each paid in cash		5,263,158	5,263,158
	509,464,036	509,464,036	Ordinary shares of Rs. 10 each issued at discount		5,094,641	5,094,641
	2,643,692,380	2,643,692,380	Issued as bonus shares		26,436,924	26,436,924
	330,461,547	-	Movement during the period		3,304,615	-
	1,607,912,555	1,607,912,555	Issued as bonus shares		16,079,125	16,079,125
	526,315,789	526,315,789	Closing Balance		5,263,158	5,263,158
	839,925,583	509,464,036	Ordinary shares of Rs. 10 each paid in cash		8,399,256	5,094,641
	2,974,153,927	2,643,692,380	Ordinary shares of Rs. 10 each issued at discount		29,741,539	26,436,924
	-	-	Issued as bonus shares		(263,158)	(263,158)
	2,974,153,927	2,643,692,380	Less: Discount on issue of shares		29,478,381	26,173,766

GoPb held 57.47% shares in the Bank as at September 30, 2022 (December 31, 2021: 57.47%).

23 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of:

- Available for sale securities				10.1	(8,848,657)	(10,567,482)
- Property and equipment					6,411,092	5,137,390
- Non-banking assets acquired in satisfaction of claims				15	1,258,172	1,453,931
					(1,179,393)	(3,976,161)

Deferred tax on deficit / (surplus) on revaluation of:

- Available for sale securities					3,804,923	4,121,318
- Property and equipment					(2,032,343)	(1,346,545)
- Non-banking assets acquired in satisfaction of claims					(116,274)	(167,322)
					1,656,306	2,607,451
					476,913	(1,368,710)

24 CONTINGENCIES AND COMMITMENTS

Guarantees				24.1	98,666,553	80,791,490
Commitments				24.2	399,694,821	388,223,744
Other contingent liabilities				24.3	661,807	8,975
					499,023,181	469,024,209

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			(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'		
24.1	Guarantees:			
	Financial guarantees		23,481,300	18,341,471
	Performance guarantees		21,267,361	18,710,766
	Other guarantees		53,917,892	43,739,253
			<u>98,666,553</u>	<u>80,791,490</u>
24.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		149,328,353	136,560,464
	Commitments in respect of:			
	- forward foreign exchange contracts	24.2.1	199,148,064	205,641,893
	- forward lending	24.2.2	51,065,011	45,923,548
	Commitments for acquisition of:			
	- fixed assets		33,261	13,052
	- intangible assets		120,132	84,787
			<u>399,694,821</u>	<u>388,223,744</u>
24.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		106,196,971	105,824,202
	Sale		92,951,093	99,817,691
			<u>199,148,064</u>	<u>205,641,893</u>
24.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	51,065,011	45,923,548
24.2.2.1	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
			(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Note	Rupees in '000'	
24.3	Other contingent liabilities	24.3.1	<u>661,807</u>	<u>8,975</u>
24.3.1	For assessment year 2007 through tax year 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.			
	The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these unconsolidated condensed interim financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.			
			(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Note	Rupees in '000'	
24.4	Claims against the Bank not acknowledged as debts	24.4.1	<u>50,328,762</u>	<u>54,809,134</u>
24.4.1	The amounts involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed primarily as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.			

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	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Rupees in '000'	
25 MARK-UP / RETURN / INTEREST EARNED		
On loans and advances	45,314,905	25,408,911
On investments:		
Available for sale securities	39,047,196	26,666,387
Held for trading securities	676,549	1,191,423
Held to maturity securities	7,737,922	5,583,673
On lendings to financial institutions:		
Securities purchased under resale agreements	847,136	704,422
Call lending	42,758	22,962
Letters of placement	640,027	223,111
On balances with banks	235,911	3,016
	94,542,404	59,803,905
26 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits and other accounts	60,779,578	31,518,614
Borrowings:		
Securities sold under repurchase agreements	7,391,636	665,559
Call borrowings	9,420	3,810,053
Borrowing from Pakistan Mortgage Refinance Company Limited	109,763	78,731
SBP refinance borrowing	1,114,896	611,069
Other borrowings	8,607	-
Subordinated debts:		
Mark-up on subordinated perpetual term finance certificates	543,995	-
Mark-up on privately placed term finance certificates	674,272	441,298
Mark-up on lease liability against right of use assets	1,032,029	766,763
	71,664,196	37,892,087
27 FEE AND COMMISSION INCOME		
Branch banking customer fees	283,567	408,381
Consumer finance related fees	279,526	269,637
Card related fees	877,894	569,567
Credit related fees	1,161,743	748,630
Branchless banking fees	141,798	106,745
Commission on trade	787,739	574,233
Commission on guarantees	314,022	248,388
Commission on cash management	196,628	76,864
Commission on remittances including home remittances	333,231	341,924
Commission on bancassurance	77,947	77,574
Commission on wheat financing	189,655	189,616
SMS banking income	357,132	239,616
	5,000,882	3,851,175
28 (LOSS) / GAIN ON SECURITIES - NET		
Realized (loss) / gain on sale of securities - net	(772,657)	1,642,257
Unrealized loss - held for trading	(39,140)	(14,726)
	(811,797)	1,627,531
28.1 Realized (loss) / gain on sale of securities - net:		
Federal government securities	(676,345)	1,169,062
Shares and certificates	(96,312)	473,195
	(772,657)	1,642,257

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29	OTHER INCOME - NET	Note	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
			Rupees in '000'	
	Gain on sale of property and equipment - net		63,445	311
	Gain on sale of non banking assets - net		114,420	35,377
	Gain on termination of lease liability against right of use assets		9,378	5,048
	Notice pay on resignations		20,287	11,996
			207,530	52,732
30	OPERATING EXPENSES			
	Total compensation expense		10,878,449	7,971,254
	Property expense:			
	Rent and taxes		18,892	18,529
	Insurance		7,660	13,048
	Utilities cost		831,732	587,865
	Security		816	970
	Repair and maintenance including janitorial charges		63,755	35,472
	Depreciation		552,381	392,364
	Depreciation on right of use assets		912,907	724,095
			2,388,143	1,772,343
	Information technology expenses:			
	Software maintenance		423,168	366,716
	Hardware maintenance		51,895	41,389
	Depreciation on computer equipment		309,680	258,227
	Amortization on intangible assets		190,072	159,977
	Network charges		325,017	319,225
			1,299,832	1,145,534
	Other operating expenses:			
	Directors' fees and allowances		42,754	31,200
	Fees and allowances to shariah board		6,860	3,340
	Legal and professional charges		157,286	157,040
	Subscription charges		29,839	31,557
	Outsourced staff services costs		416,380	323,658
	Travelling and conveyance		1,141,232	540,615
	NIFT clearing charges		53,421	50,064
	Depreciation		315,389	263,665
	Depreciation on non banking assets acquired in satisfaction of claims	15.2	27,182	37,351
	Depreciation on ijarah assets under IFAS - 2		97,376	94,998
	Training and development		125,102	33,437
	Postage and courier charges		169,714	105,483
	Credit card charges		823	-
	Stationery and printing		222,246	300,490
	Marketing, advertisement and publicity		545,636	523,201
	Donations	30.1	15,000	-
	Auditors remuneration		2,843	-
	Insurance		191,424	175,101
	Deposit protection fee		381,961	332,270
	Repair and maintenance		292,090	214,383
	Entertainment expenses		145,652	102,421
	Fuel for generator		180,726	71,566
	Commission and brokerage		247,566	202,542
	Bank charges		33,454	26,919
	SMS banking charges		51,457	29,056
	ATM charges including ATM maintenance charges		289,456	156,382
	Cash remittance charges		274,931	200,951
	Branch license fee		16,664	15,176
	CNIC verification / ECIB charges		149,204	154,735
	COVID-19 related expenses		5,943	31,944
	Miscellaneous expenses		220,161	145,762
			5,849,772	4,355,307
			20,416,196	15,244,438

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- 30.1** This represents donation paid for installation of solar system at Akhuwat University Kasur amounting to Rs. 15,000 thousand (2021: Nil) in accordance with the approval of Board of Directors of the Bank. None of the directors had any interest in the donee, except for Mr. Dr. Amjad Saqib (Non Executive Director) who is Founder / CEO in Akhuwat.

		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Note	Rupees in '000'	
31 OTHER CHARGES		34,556	712
Penalties imposed by SBP			
32 (REVERSAL) / PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	1,134,990	217,657
Reversal of provisions against advances	11.3	(3,860,822)	(147,331)
(Reversal) / provision against other assets - net		(1,239,022)	26,769
Provision against off balance sheet obligations		109,541	-
Bad debts written off directly		-	300
		(3,855,313)	97,395
33 TAXATION - NET			
Current	33.1	5,217,869	4,878,811
Prior years		(13,283)	(63,808)
Deferred		(356,148)	(1,170,430)
		4,848,438	3,644,573

- 33.1** This includes provision for super tax for the period in accordance with Income Tax Ordinance, 2001. The Government vide Finance Act 2023, has changed the tax rate for banking industry from 35% to 39% and enacted super tax at the rate of 10% for tax year 2023 only and 4% for indefinite period of time. Accordingly, the effect of change in current tax and deferred tax rate has been recognized in these unconsolidated condensed interim financial statements.

		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
34 BASIC EARNINGS PER SHARE			
Profit after taxation for the period (Rs in '000')		7,598,033	8,717,459
Weighted average number of ordinary shares (No.).		2,974,153,927	(Restated) 2,974,153,927
Basic earnings per share - Rs.		2.55	2.93

35 DILUTED EARNINGS PER SHARE

There were no convertible dilutive potential ordinary shares outstanding as at reporting dates.

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- 36.1** 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).

36.1.1 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP).
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates available on MUFAP
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Unlisted shares	Break-up value determined on the basis of net assets value of the company using the latest available audited financial statements.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings on freehold land and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

36.2 Fair value of financial assets

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, 2022 (Un-audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	456,102,908	-	456,102,908	-	456,102,908
Shares and certificates	9,327,742	8,308,215	-	1,019,527	9,327,742
Non-Government debt securities	10,498,329	-	10,498,329	-	10,498,329
Mutual fund units	67,813	67,813	-	-	67,813
Foreign securities	11,957	-	-	11,957	11,957
Financial assets disclosed but not measured at fair value:					
Subsidiary company	-	-	-	-	-
Government securities	96,312,536	-	91,999,005	-	91,999,005
Unlisted term finance certificates / sukuks	3,897,039	-	-	3,897,039	3,897,039
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	107,718,275	-	107,718,275	-	107,718,275
Forward sale of foreign exchange contracts	97,161,299	-	97,161,299	-	97,161,299
December 31, 2021 (Audited)					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	448,913,878	-	448,913,878	-	448,913,878
Shares and certificates	6,859,385	6,840,419	-	18,966	6,859,385
Non-Government debt securities	10,106,626	-	10,106,626	-	10,106,626
Foreign securities	11,957	-	-	11,957	11,957
Financial assets disclosed but not measured at fair value:					
Subsidiary Company	-	-	-	-	-
Government securities	61,299,171	-	63,715,206	-	63,715,206
Unlisted term finance certificates and sukuks	4,492,039	-	-	4,492,039	4,492,039
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	107,277,276	-	107,277,276	-	107,277,276
Forward sale of foreign exchange contracts	101,120,153	-	101,120,153	-	101,120,153

36.3 Fair value of non financial assets

	September 30, 2022 (Un-audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non financial assets measured at fair value:					
Fixed assets (land & building)	12,314,390	-	12,314,390	-	12,314,390
Non banking assets acquired in satisfaction of claims	3,693,602	-	3,693,602	-	3,693,602
December 31, 2021 (Audited)					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non financial assets measured at fair value:					
Fixed assets (land & building)	8,764,483	-	8,764,483	-	8,764,483
Non banking assets acquired in satisfaction of claims	5,848,593	-	5,848,593	-	5,848,593

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

(Un-audited)
September 30, 2022

	Corporate and investment banking	PSDD	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	32,544,204	11,173	8,086,407	46,440,731	7,027,151	432,738	94,542,404
Inter segment (cost) / revenue - net	(26,711,339)	53,515,147	28,041,365	(46,278,773)	(295,873)	(8,270,527)	-
Non mark-up / return / interest income	1,896,061	1,163,170	781,255	1,523,721	148,931	861,195	6,374,333
Total income	7,728,926	54,689,490	36,909,027	1,685,679	6,880,209	(6,976,594)	100,916,737
Segment total expenses	1,695,218	43,274,060	23,039,014	7,687,811	5,286,440	11,343,036	92,325,579
Profit before provisions and tax	6,033,708	11,415,430	13,870,013	(6,002,132)	1,593,769	(18,319,630)	8,591,158
Provisions	(3,871,277)	-	(98,557)	1,135,990	244,183	(1,265,652)	(3,855,313)
Profit / (loss) before tax	9,904,985	11,415,430	13,968,570	(7,138,122)	1,349,586	(17,053,978)	12,446,471
Balance sheet							
Cash & bank balances	-	207,094	27,406,668	46,210,458	7,525,538	-	81,349,758
Investments - net	4,576,908	-	-	546,005,734	25,635,682	-	576,218,324
Net inter segment lending	-	602,949,458	268,334,890	-	-	30,625,208	901,909,556
Lendings to financial institutions	-	-	-	3,553,377	6,275,000	-	9,828,377
Advances - performing	404,778,872	29,809	77,252,117	-	50,808,229	13,966,396	546,835,423
- non-performing - net	2,829,796	-	1,217,552	-	1,579,691	10,760	5,637,799
Others	26,406,184	8,674	2,491,169	9,540,152	6,779,795	44,449,177	89,675,151
Total assets	438,591,760	603,195,035	376,702,396	605,309,721	98,603,935	89,051,541	2,211,454,388
Borrowings	68,574,022	-	1,678,800	40,912,581	1,449,719	-	112,615,122
Subordinated debts	-	-	-	-	-	14,805,120	14,805,120
Deposits & other accounts	-	597,339,922	356,426,683	-	86,723,552	-	1,040,490,157
Net inter segment borrowing	340,234,868	-	-	561,620,153	54,535	-	901,909,556
Others	29,782,870	5,855,113	18,596,913	2,776,983	4,959,885	15,253,519	77,225,283
Total liabilities	438,591,760	603,195,035	376,702,396	605,309,717	93,187,691	30,058,639	2,147,045,238
Equity							64,409,150
Total equity & liabilities							2,211,454,388
Contingencies & commitments	276,714,584	-	1,900	199,148,064	22,343,433	815,200	499,023,181

(Un-audited)
September 30, 2021

	Corporate and investment banking	PSDD	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	18,243,900	-	5,102,971	32,926,303	3,275,391	255,340	59,803,905
Inter segment revenue - net	(11,725,229)	24,668,927	13,821,799	(23,760,379)	(21,425)	(2,983,693)	-
Non mark-up / return / interest income	1,329,423	761,792	1,085,346	2,316,218	108,227	442,778	6,043,784
Total income	7,848,094	25,430,719	20,010,116	11,482,142	3,362,193	(2,285,575)	65,847,689
Segment total expenses	994,723	23,635,883	14,672,277	4,739,870	3,010,710	6,334,799	53,388,262
Profit before provisions and tax	6,853,371	1,794,836	5,337,839	6,742,272	351,483	(8,620,374)	12,459,427
Provisions	(623,322)	-	207,261	217,657	311,432	(15,633)	97,395
Profit / (loss) before tax	7,476,693	1,794,836	5,130,578	6,524,615	40,051	(8,604,741)	12,362,032

(Audited)
December 31, 2021

	Corporate and investment banking	PSDD	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
Balance sheet							
Cash & bank balances	-	162,289	24,724,035	41,562,509	13,587,542	-	80,036,375
Investments - net	4,244,704	-	-	510,848,259	16,590,093	-	531,683,056
Net inter segment lending	-	603,880,357	228,462,156	-	442,430	20,151,878	852,936,821
Lendings to financial institutions	-	-	-	26,480,388	4,500,000	-	30,980,388
Advances - performing	335,615,453	-	86,053,619	-	47,197,054	10,209,769	479,075,895
- non-performing	2,675,142	-	818,292	-	1,835,989	58	5,329,481
Others	13,603,189	4,825	5,551,666	11,157,300	3,461,685	36,068,131	69,846,796
Total assets	356,138,488	604,047,471	345,609,768	590,048,456	87,614,793	66,429,836	2,049,888,812
Borrowings	68,607,066	-	1,805,013	-	911,409	-	71,323,488
Subordinated debts	-	-	-	-	-	7,788,980	7,788,980
Deposits & other accounts	-	600,969,930	322,778,641	-	79,206,096	-	1,002,954,667
Net inter segment borrowing	263,060,661	-	-	589,876,160	-	-	852,936,821
Others	24,470,761	3,077,541	21,026,114	172,296	2,944,671	8,360,597	60,051,980
Total liabilities	356,138,488	604,047,471	345,609,768	590,048,456	83,062,176	16,149,577	1,995,055,936
Equity							54,832,876
Total equity & liabilities							2,049,888,812
Contingencies & commitments	255,411,391	-	416,094	205,641,893	7,448,017	106,814	469,024,209

Due to change in reportable business segments, the figures of comparative periods are realigned for the purposes of comparison.

38 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiaries, employee benefit plans, directors and Key Management Personnel. The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	(Un-audited) September 30, 2022					(Audited) December 31, 2021				
	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties
	Rupees in '000'									
Lendings to financial institutions:										
Opening balance	-	-	1,600,000	-	-	-	-	1,000,000	-	-
Addition during the period / year	-	-	5,950,000	-	-	-	-	4,600,000	-	-
Repaid during the period / year	-	-	5,775,000	-	-	-	-	4,000,000	-	-
Closing balance	-	-	1,775,000	-	-	-	-	1,600,000	-	-
Investments (gross)	-	-	164,945	-	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	-	164,945	-	-	-	-	164,945	-	-
Advances (gross):										
Opening balance	-	269,016	132,431	-	1,318,019	-	161,708	686,633	-	595,721
Addition during the period / year	-	223,920	156,395	-	804,387	-	153,404	4,211,653	-	2,963,637
Repaid during the period / year	-	140,149	288,826	-	2,122,406	-	46,096	4,765,855	-	2,241,339
Closing balance	-	352,787	-	-	-	-	269,016	132,431	-	1,318,019
Financial guarantees	-	-	-	-	49,822	-	-	2,000	-	112,072
Other assets - advance deposits and prepayments	-	7,978	100,000	-	-	-	17,547	100,000	-	-
Other assets - markup receivable	-	15,760	26,904	-	-	-	13,821	21,649	-	14,151
Right of use assets	-	-	-	-	59,313	-	-	-	-	62,202
Lease liability against right of use assets	-	-	-	-	25,312	-	-	-	-	22,900
Deposits and other accounts:										
Opening balance	902	26,795	36,387	374,772	1,558,999	598	24,363	11,287	3,071,616	33,878
Received during the period / year	6,633	682,858	1,811,748	2,999,199	70,766,997	16,522	532,244	4,627,102	4,247,275	61,507,975
Withdrawn during the period / year	5,536	675,233	1,827,803	2,301,761	72,282,668	16,218	529,812	4,602,002	6,944,119	59,982,854
Closing balance	1,999	34,420	20,332	1,072,210	43,328	902	26,795	36,387	374,772	1,558,999
Other liabilities - markup payable	8	98	208	-	-	2	72	20	-	11,087

	September 30, 2022 (Un-audited)					September 30, 2021 (Un-audited)				
	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties
	Rupees in '000'									
Income:										
Mark-up / return / interest earned	-	12,814	153,635	-	5,678	-	6,725	87,976	-	29,543
Fee and commission income	-	-	-	-	8,470	-	-	-	-	1,074
Expense:										
Mark-up / return / interest expensed	30	199	963	65,122	156,653	17	555	-	82,220	279
Depreciation on right of use assets	-	-	-	-	2,889	-	-	-	-	2,889
Mark-up on lease liability against right of use assets	-	-	-	-	2,413	-	-	-	-	2,110
Compensation expense	-	460,854	-	-	-	-	320,253	-	-	-
Commission expense	-	-	3,539	-	-	-	-	3,952	-	-
Directors fee and allowances	42,754	-	-	-	-	31,200	-	-	-	-
Provision:										
Reversal of provision - advances	-	-	-	-	-	-	-	(59,757)	-	-

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

38.2 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. The detail of transactions are as follows:

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	
Loans & advances	55,121,717	57,299,296
Deposits	513,141,714	484,197,126
Acceptances	71,929	71,929
Contingencies	35,147,454	26,097,691
Mark-up receivable	3,807,325	1,078,401
Mark-up payable	13,340,658	9,079,554
	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Rupees in '000'	
Mark-up earned	5,792,450	2,968,292
Mark-up expensed	38,279,989	19,155,065
Income on contingencies	160,665	27,246

38.3 The Bank made contribution of Rs. 275,733 thousand (September 30, 2021: Rs. 221,968 thousand) to employees provident fund during the period.

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

38.5 Advances to employees as at September 30, 2022, other than key management personnel, amounted to Rs. 15,470,161 thousand (December 31, 2021: Rs. 11,219,294 thousand) with markup receivable of Rs. 603,733 thousand (December 31, 2021: Rs.678,455 thousand) and markup income of Rs.445,473 thousand (September 30, 2021: Rs. 288,799 thousand).

38.6 In terms of service agreement of President / CEO, certain benefits including provision of Bank maintained cars, medical insurance cover etc. are also available to him. Further, certain executives are also entitled for Bank maintained car along with driver, corporate club membership and mobile phone as per Bank's policy.

THE BANK OF PUNJAB

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	(Un-audited)	(Audited)
	September 30, 2022	December 31, 2021
Rupees in '000'		
Minimum Capital Requirement (MCR):		
Paid-up capital including share premium (net of losses)	31,693,421	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	54,769,300	43,993,744
Eligible Additional Tier 1 (ADT 1) Capital	8,017,500	-
Total Eligible Tier 1 Capital	62,786,800	43,993,744
Eligible Tier 2 Capital	6,875,875	9,338,940
Total Eligible Capital (Tier 1 + Tier 2)	69,662,675	53,332,684
Risk Weighted Assets (RWAs):		
Credit risk	410,359,708	352,126,107
Market risk	18,008,047	18,193,098
Operational risk	64,190,824	64,190,824
Total	492,558,579	434,510,029
Common equity tier I capital adequacy ratio	11.12%	10.12%
Tier I CAR (%)	12.75%	10.12%
Total CAR (%)	14.14%	12.27%
39.1 Leverage Ratio (LR):		
Eligible Tier-I Capital	62,786,800	43,993,744
Total exposures	1,615,917,687	1,462,811,386
LR (%)	3.89%	3.01%

In December 2021, had the advance subscription money against future issuance of non-cumulative perpetual term finance certificates been accounted for as eligible capital, the capital adequacy and leverage ratio would have been 12.50% and 3.08% respectively.

39.2 Liquidity Coverage Ratio (LCR):	(Un-audited)	(Audited)
	September 30, 2022	December 31, 2021
Rupees in '000'		
Total high quality liquid assets	510,419,494	566,498,287
Total net cash outflow	426,297,864	413,944,607
LCR (%)	119.73%	136.85%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	715,027,359	668,827,072
Total required stable funding	675,228,075	539,376,598
NSFR (%)	105.89%	124.00%

As explained in note 10.1.2, the Bank availed the benefit and staggered the MTM losses on certain AFS PIBs securities. Had the said benefit not been accounted for the Capital Adequacy Ratio (CAR), Leverage Ratio (LR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) ratio would have been 12.86%, 3.50% 118.35% and 105.89% respectively.

40 ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the September 30, 2022, the Bank is operating 132 Islamic banking branches (December 31, 2021: 114 Islamic banking branches) and 33 Islamic banking windows (December 31, 2021: 25)

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022**

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		6,849,178	7,527,608
Balances with other banks		676,360	6,059,934
Due from financial institutions	40.1	6,275,000	4,500,000
Investments - net	40.2	25,635,682	16,590,093
Islamic financing and related assets - net	40.3	52,387,920	49,033,044
Fixed assets		2,622,797	2,052,740
Intangible assets		7,980	9,439
Due from head office		-	442,430
Other assets		4,149,018	1,399,506
Total assets		98,603,935	87,614,794
LIABILITIES			
Bills payable		509,692	388,599
Due to financial institutions		1,449,719	911,409
Deposits and other accounts	40.4	86,723,552	79,206,096
Due to head office		54,535	-
Subordinated debt		-	-
Other liabilities		4,450,193	2,556,072
		93,187,691	83,062,176
NET ASSETS		5,416,244	4,552,618
REPRESENTED BY			
Islamic banking fund		2,000,000	2,000,000
Reserves		12,388	5,505
Deficit on revaluation of assets		(495,861)	(3,019)
Unappropriated profit	40.5	3,899,717	2,550,132
		5,416,244	4,552,618
CONTINGENCIES AND COMMITMENTS	40.6		

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Three Months		Nine Months	
		Ended		Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		Rupees in '000'			
Profit / return earned	40.7	2,728,254	1,146,176	7,027,151	3,275,391
Profit / return expensed	40.8	1,332,381	537,699	3,613,584	1,552,175
Net profit / return		1,395,873	608,477	3,413,567	1,723,216
Fee and commission income		56,072	43,447	162,321	108,839
Dividend income		-	-	-	-
Foreign exchange (loss) / income		(8,997)	(1,555)	(16,975)	(3,491)
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net		-	-	-	2,194
Other income		(2,901)	(506)	3,585	685
		44,174	41,386	148,931	108,227
Total income		1,440,047	649,863	3,562,498	1,831,443
Operating expenses		673,285	482,009	1,968,730	1,479,703
Workers Welfare Fund		-	-	-	-
Other charges		-	210	-	257
		673,285	482,219	1,968,730	1,479,960
Profit before provisions		766,762	167,644	1,593,768	351,483
Provisions and write offs - net		15,245	12,477	244,183	311,432
Profit / (loss) before taxation		751,517	155,167	1,349,585	40,051
Taxation	40.9	-	-	-	-
Profit / (loss) after taxation		751,517	155,167	1,349,585	40,051

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
40.1 DUE FROM FINANCIAL INSTITUTIONS	Rupees in '000'					
Placements	<u>6,275,000</u>	<u>-</u>	<u>6,275,000</u>	<u>4,500,000</u>	<u>-</u>	<u>4,500,000</u>

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost/ Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
40.2 INVESTMENTS - NET	Rupees in '000'							
Investments by segment								
Federal government securities:								
-Ijarah sukuku	14,134,278	-	(520,130)	13,614,148	4,502,908	-	(1,154)	4,501,754
-Naya Pakistan Certificates (Roshan Digital)	634,296	-	-	634,296	88,600	-	-	88,600
	<u>14,768,574</u>	<u>-</u>	<u>(520,130)</u>	<u>14,248,444</u>	<u>4,591,508</u>	<u>-</u>	<u>(1,154)</u>	<u>4,590,354</u>
Non government debt securities :								
-Listed	8,410,036	-	(70,037)	8,339,999	8,457,812	-	(75,312)	8,382,500
-Unlisted	3,047,239	-	-	3,047,239	3,617,239	-	-	3,617,239
	<u>11,457,275</u>	<u>-</u>	<u>(70,037)</u>	<u>11,387,238</u>	<u>12,075,051</u>	<u>-</u>	<u>(75,312)</u>	<u>11,999,739</u>
Total investments	<u>26,225,849</u>	<u>-</u>	<u>(590,167)</u>	<u>25,635,682</u>	<u>16,666,559</u>	<u>-</u>	<u>(76,466)</u>	<u>16,590,093</u>

	(Un-audited)	(Audited)
	September 30, 2022	December 31, 2021
40.3 ISLAMIC FINANCING AND RELATED ASSETS	Rupees in '000'	
Ijarah	2,262,245	2,075,758
Murabaha	4,049,601	2,115,237
Musharaka	13,118,194	21,482,411
Diminishing musharaka	27,132,319	20,579,778
Payment against documents	62,812	55,304
Waqala	3,641,279	-
Istisna	3,750,429	4,154,436
Tijarah	44,984	-
Gross islamic financing and related assets	<u>54,061,863</u>	<u>50,462,924</u>
Less: provision against islamic financings		
- Specific	1,673,943	1,429,880
- General	-	-
	<u>1,673,943</u>	<u>1,429,880</u>
Islamic financing and related assets - net of provision	<u>52,387,920</u>	<u>49,033,044</u>

40.4 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	14,127,008	422,637	14,549,645	14,637,500	413,124	15,050,624
Savings deposits	52,337,314	347,614	52,684,928	44,910,744	223,869	45,134,613
Term deposits	9,206,363	-	9,206,363	7,693,035	-	7,693,035
Others	1,606,979	-	1,606,979	1,545,903	-	1,545,903
	<u>77,277,664</u>	<u>770,251</u>	<u>78,047,915</u>	<u>68,787,182</u>	<u>636,993</u>	<u>69,424,175</u>
Financial institutions:						
Current deposits	19,185	11,078	30,263	221,033	41,503	262,536
Savings deposits	770,161	213	770,374	69,119	185	69,304
Term deposits	7,875,000	-	7,875,000	9,450,000	-	9,450,000
Others	-	-	-	81	-	81
	<u>8,664,346</u>	<u>11,291</u>	<u>8,675,637</u>	<u>9,740,233</u>	<u>41,688</u>	<u>9,781,921</u>
	<u>85,942,010</u>	<u>781,542</u>	<u>86,723,552</u>	<u>78,527,415</u>	<u>678,681</u>	<u>79,206,096</u>

40.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	

Opening balance
Add: Islamic banking profit / (loss) for the period / year
Closing balance

	2,550,132	2,710,878
	1,349,585	(160,746)
	<u>3,899,717</u>	<u>2,550,132</u>

40.6 CONTINGENCIES AND COMMITMENTS

-Guarantees
-Commitments

	1,742,264	1,662,941
	20,601,169	5,785,076
	<u>22,343,433</u>	<u>7,448,017</u>

40.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Rupees in '000'	

Profit earned on:
Financing
Investments
Placements
Deposits with financial institutions

	4,453,091	1,921,305
	2,124,351	1,130,399
	268,531	223,111
	181,178	576
	<u>7,027,151</u>	<u>3,275,391</u>

THE BANK OF PUNJAB

(Un-audited) (Un-audited)
September 30, September 30,
2022 2021
Rupees in '000'

40.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	3,119,349	1,390,104
Markup on lease liability against right of use assets	189,953	139,234
Markup on borrowings from SBP	8,409	1,412
Profit on deposits from conventional head office	295,873	21,425
	<u>3,613,584</u>	<u>1,552,175</u>

40.9 The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 525,663 thousand (September 30, 2021: tax credit Rs. 11,807 thousand).

40.10 During the period, following pools have been created:

Special Pool XXXII (SP-XXXII)
Special Pool XXXIII (SP-XXXIII)
Special Pool XXXIV (SP-XXXIV)

The main characteristics of the pools are as under:

- Profit sharing ratio between Mudarib and Rab-ul-mal for SP-XXXII, SP-XXXIII and SP-XXXIV is 50:50, 01:99 and 05:95 respectively.
- Profit equalization reserve upto 2% of net income will be created, if needed.
- Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Bank.

42 GENERAL

42.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

42.2 Corresponding figures have been re-arranged or re-classified wherever necessary, for better and fair presentation. However, no significant reclassification or re-arrangement has been made during the period except for advances amounting to Rs. 1,457,659 thousand previously classified as 'In local currency' are now classified as 'In foreign currency' in note 11.1.

Chief Financial Officer

President

Chairman

Director

Director



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

THE BANK OF PUNJAB AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	78,139,137	71,319,238
Balances with other banks	8	3,297,395	8,858,356
Lendings to financial institutions	9	8,253,377	29,580,388
Investments - net	10	576,236,592	531,697,948
Advances - net	11	553,849,764	485,576,503
Fixed assets	12	26,958,635	19,836,430
Intangible assets	13	1,638,422	1,108,152
Deferred tax assets - net	14	13,095,941	13,760,437
Other assets - net	15	48,385,764	35,534,757
		1,309,855,027	1,197,272,209
LIABILITIES			
Bills payable	17	7,448,853	10,109,459
Borrowings	18	112,616,452	71,323,488
Deposits and other accounts	19	1,040,469,825	1,002,918,281
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	14,805,120	7,788,980
Deferred tax liabilities		-	-
Other liabilities	21	70,044,063	50,221,597
		1,245,384,313	1,142,361,805
NET ASSETS		64,470,714	54,910,404
REPRESENTED BY			
Share capital - net	22	29,478,381	26,173,766
Reserves		12,122,190	10,602,583
Non controlling interest		676,109	587,579
Surplus / (deficit) on revaluation of assets - net of tax	23	476,913	(1,368,710)
Unappropriated profit		21,717,121	18,915,186
		64,470,714	54,910,404
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		Rupees in '000'			
Mark-up / return / interest earned	25	35,681,003	20,984,580	94,618,446	59,912,168
Mark-up / return / interest expensed	26	28,649,217	12,907,466	71,664,463	37,892,183
Net mark-up / interest income		7,031,786	8,077,114	22,953,983	22,019,985
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	1,657,767	1,368,121	5,061,681	3,880,473
Dividend income		167,972	106,354	389,521	211,355
Foreign exchange income		903,623	160,227	1,589,421	300,991
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities - net	28	49,214	12,559	(811,797)	1,627,531
Other income - net	29	9,322	18,190	207,762	52,392
Total non-markup / interest income		2,787,898	1,665,451	6,436,588	6,072,742
Total income		9,819,684	9,742,565	29,390,571	28,092,727
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	6,598,536	5,153,080	20,569,116	15,386,150
Workers welfare fund		63,560	83,610	210,631	251,025
Other charges	31	762	210	34,556	712
Total non-markup / interest expenses		6,662,858	5,236,900	20,814,303	15,637,887
Profit before provisions		3,156,826	4,505,665	8,576,268	12,454,840
(Reversal) / provisions and write offs - net	32	(914,434)	(493,566)	(3,854,897)	138,762
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		4,071,260	4,999,231	12,431,165	12,316,078
Taxation - net	33	1,908,782	1,875,768	4,849,096	3,648,716
PROFIT AFTER TAXATION		2,162,478	3,123,463	7,582,069	8,667,362
Basic earnings per share - Rupees	34	0.72	(Restated) 1.04	2.52	(Restated) 2.89
Diluted earnings per share - Rupees	35	0.72	1.04	2.52	2.89
PROFIT ATTRIBUTABLE TO:					
Equity holders of the parent		2,131,498	3,105,142	7,493,539	8,608,490
Non-controlling interest		30,980	18,321	88,530	58,872
		2,162,478	3,123,463	7,582,069	8,667,362

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	Rupees in '000'			
Profit after taxation for the period	2,162,478	3,123,463	7,582,069	8,667,362
Other comprehensive income / (loss) for the period:				
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations	-	-	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	-	574,026	(90,596)
	-	-	574,026	(90,596)
	2,162,478	3,123,463	8,156,095	8,576,766
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	5,295,649	(2,006,276)	1,402,430	(4,666,488)
Total comprehensive income for the period	7,458,127	1,117,187	9,558,525	3,910,278
Equity holders of the parent	7,427,147	1,098,866	9,469,995	3,851,406
Non-controlling interest	30,980	18,321	88,530	58,872
	7,458,127	1,117,187	9,558,525	3,910,278

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Surplus / (Deficit) - net of tax on revaluation of		Unappropriated profit	Non-controlling interest	Total
							Investments	Fixed / non banking assets			
Rupees in '000'											
Balance as on January 01, 2021 - audited	26,436,924	(263,158)	26,173,766	2,215,040	-	5,898,936	2,934,263	3,021,096	11,632,681	506,993	52,382,775
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	8,608,490	58,872	8,667,362
Other comprehensive loss	-	-	-	-	-	-	(4,666,488)	(90,596)	-	-	(4,757,084)
Total comprehensive income / (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	(4,666,488)	(90,596)	8,608,490	58,872	3,910,278
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(44,564)	44,564	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(6,948)	6,948	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(21,015)	28,690	-	7,675
Transactions with owners recognized directly in equity:											
Final cash dividend - December 31, 2020 declared subsequent to year end at 10% per share	-	-	-	-	-	-	-	-	(2,643,692)	-	(2,643,692)
	-	-	-	-	-	-	-	-	(2,643,692)	-	(2,643,692)
Balance as on September 30, 2021 - un-audited	26,436,924	(263,158)	26,173,766	2,215,040	-	5,898,936	(1,732,225)	2,857,973	17,677,681	565,865	53,657,036
Profit after taxation for the three months ended December 31, 2021	-	-	-	-	-	-	-	-	3,707,323	21,714	3,729,037
Other comprehensive (loss) / income	-	-	-	-	-	-	(4,713,939)	2,238,070	(747)	-	(2,476,616)
Total comprehensive (loss) / income for the three months ended December 31, 2021	-	-	-	-	-	-	(4,713,939)	2,238,070	3,706,576	21,714	1,252,421
Transfer to statutory reserve during the period	-	-	-	-	-	2,488,607	-	-	(2,488,607)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(14,891)	14,891	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,216)	2,216	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(1,482)	2,429	-	947
Balance as on December 31, 2021 - audited	26,436,924	(263,158)	26,173,766	2,215,040	-	8,387,543	(6,446,164)	5,077,454	18,915,186	587,579	54,910,404
Profit after taxation for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	7,493,539	88,530	7,582,069
Other comprehensive income	-	-	-	-	-	-	1,402,430	574,026	-	-	1,976,456
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	1,402,430	574,026	7,493,539	88,530	9,558,525
Transfer to statutory reserve during the period	-	-	-	-	-	1,519,607	-	-	(1,519,607)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87,357)	87,357	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(3,989)	3,989	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(39,487)	41,272	-	1,785
Transactions with owners recognized directly in equity:											
Final stock dividend - December 31, 2021 declared subsequent to year end at 12.5% per share	-	-	-	-	3,304,615	-	-	-	(3,304,615)	-	-
Issuance of bonus shares during the period	3,304,615	-	3,304,615	-	(3,304,615)	-	-	-	-	-	-
	3,304,615	-	3,304,615	-	-	-	-	-	(3,304,615)	-	-
Balance as on September 30, 2022 - un-audited	29,741,539	(263,158)	29,478,381	2,215,040	-	9,907,150	(5,043,734)	5,520,647	21,717,121	676,109	64,470,714

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Nine Months Ended	
		September 30, 2022	September 30, 2021
		Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		12,431,165	12,316,078
Less: Dividend income		(389,521)	(211,355)
		12,041,644	12,104,723
Adjustments:			
Depreciation on fixed assets	30	1,178,613	915,605
Depreciation on non banking assets acquired in satisfaction of claims	30	27,182	37,351
Depreciation on ijarah assets under IFAS - 2	30	189,942	182,235
Depreciation on right of use assets	30	912,907	724,095
Amortization on intangible assets	30	190,072	161,110
Amortization of discount on debt securities - net		(3,343,628)	(1,009,191)
Mark-up on lease liability against right of use assets	26	1,032,029	766,763
Unrealized loss on revaluation of investments classified as held for trading	28	39,140	14,726
(Reversal) / provision and write-offs - net	32	(3,854,897)	138,762
Workers' Welfare Fund		210,631	251,025
Gain on termination of lease liability against right of use assets	29	(9,378)	(5,048)
Gain on sale of property and equipment - net	29	(63,677)	29
Gain on sale of non banking assets - net	29	(114,420)	(35,377)
Realized loss / (gain) on sale of securities - net	28	772,657	(1,642,257)
Provision for employees compensated absences		9,030	10,487
Provision for gratuity		255,024	155,210
		(2,568,773)	665,525
		9,472,871	12,770,248
(Increase) / decrease in operating assets:			
Lendings to financial institutions		21,327,011	7,294,283
Held for trading securities		31,683,439	17,931,599
Advances - net		(64,602,797)	(52,680,588)
Others assets - net (excluding advance taxation)		(14,813,349)	(465,601)
		(26,405,696)	(27,920,307)
Increase / (decrease) in operating liabilities:			
Bills payable		(2,660,606)	1,173,190
Borrowings from financial institutions		41,285,989	(27,653,854)
Deposits		37,551,544	49,317,519
Other liabilities (excluding current taxation and gratuity fund)		15,515,432	640,093
		91,692,359	23,476,948
Payment made to gratuity fund		(268,144)	(261,774)
Income tax paid		(3,810,121)	(4,783,299)
		(4,078,265)	(5,045,073)
Net cash flow from operating activities		70,681,269	3,281,816

THE BANK OF PUNJAB AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) (Continued...)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Nine Months Ended	
		September 30, 2022	September 30, 2021
Rupees in '000'			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(39,065,007)	837,613
Net investments in held to maturity securities		(34,041,392)	-
Dividends received		382,411	216,531
Investments in operating fixed assets		(2,486,661)	(1,322,094)
Investments in intangible assets		(720,342)	(433,573)
Proceeds from sale of fixed assets		68,430	1,561
Proceeds from sale of non banking assets acquired in satisfaction of claims		731,323	274,303
Net cash used in investing activities		(75,131,238)	(425,659)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated debts		(1,360)	(1,360)
Subscription received - subordinated perpetual term finance certificates	20.1	7,017,500	-
Dividend paid		-	(2,643,692)
Payment of lease liability against right of use assets		(1,314,208)	(1,042,517)
Net cash flow from / (used in) financing activities		5,701,932	(3,687,569)
Increase / (decrease) in cash and cash equivalents		1,251,963	(831,412)
Cash and cash equivalents at beginning of the period		80,177,594	71,777,051
Cash and cash equivalents at end of the period		81,429,557	70,945,639
Cash and cash equivalents:			
Cash and balances with treasury banks		78,139,137	61,986,768
Balances with other banks		3,297,395	7,964,401
Call money lendings		-	1,000,000
Overdrawn nostro accounts		(6,975)	(5,530)
		81,429,557	70,945,639

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

THE BANK OF PUNJAB AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

1. STATUS AND NATURE OF BUSINESS

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

1.1 Parent

The Bank of Punjab

Subsidiary Companies	% age of holding-2022	% age of holding-2021
Punjab Modaraba services (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 services (Private) Limited exercises control over First Punjab Modaraba, as its management company and also has a direct economic interest in it. Further, Punjab Capital Securities (Private) Limited is a 100% subsidiary of FPM. The Group has consolidated the financial statements of the modaraba and PCSL as the ultimate parent. The Group is principally engaged in commercial banking, modaraba management, leasing, brokerage, etc. Brief profile of the Bank and subsidiaries is as follows:

The Bank of Punjab (the Bank) was constituted in Pakistan pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 722 branches including 16 sub branches and 132 Islamic banking branches (December 31, 2021: 662 branches including 16 sub branches and 114 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir (AJK) at the period end. The Bank also has 33 Islamic banking windows (December 31, 2021: 25) The Bank's ordinary shares are listed on Pakistan Stock Exchange. The majority shares of

Punjab Modaraba Services (Private) Limited

Punjab Modaraba services (Private) Limited was incorporated in Pakistan on October 19, 1991 under the Companies Ordinance, 1984 as a private limited company. It is wholly owned by The Bank of Punjab and is primarily engaged in the business of floating and managing Modarabas.

First Punjab Modaraba

First Punjab Modaraba was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab). The Modaraba commenced its operations on December 23, 1992. The Modaraba is listed on Pakistan Stock Exchange.

Punjab Capital Securities (Private) Limited

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

1.2 Basis of Consolidation

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

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

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

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

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

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

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

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

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

2 BASIS OF PRESENTATION

In accordance with the directives of the Government of Pakistan regarding 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 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 profit thereon.

These consolidated 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.

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 note 40 of these consolidated condensed interim financial statements.

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP);
- Requirements of The Bank of Punjab Act, 1989; and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

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

2.1.2 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 29, 2019 and IAS 34, "Interim Financial Reporting". Accordingly, these consolidated condensed interim financial statements do not include all the information and disclosures required for annual consolidated financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of the Bank for the year ended December 31, 2021.

2.1.3 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 preparation of these consolidated condensed interim financial statements.

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

2.1.5 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

2.1.6 Amendments and interpretations of accounting standards that are effective in the current period:

There are certain amendments and interpretations of existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are considered either not relevant or not to have any significant impact on the Bank's consolidated condensed interim financial statements.

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than IFRS 9.

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IFRS 9, 'Financial Instruments' has replaced IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

As per SBP's BPRD Circular Letter No. 03 dated July 05, 2022, the applicability of IFRS 9 in Pakistan has been deferred to accounting periods beginning on or after January 1, 2023. Accordingly, these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime. The impact of the application of IFRS 9 on Bank's financial statements is being assessed.

Standard or Interpretations	Effective date (annual periods beginning on or after)
IAS 8 Amended Definition of Accounting Estimates	January 01, 2023
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
IAS 1 Classification of Liabilities as Current or Non-current	January 01, 2024

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

3. BASIS OF MEASUREMENT

3.1 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 lease liability against right of use asset and certain staff retirement benefits at present value. Right of use assets which are initially measured at an amount equal to the corresponding lease liability against right of use assets and depreciated over the respective lease terms.

3.2 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

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Bank for the year ended December 31, 2021 except for reportable business segments as mentioned below:

4.1 Segment reporting

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

4.1.1 Business segments

Corporate and investment banking

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

PSDD

It includes Public sector deposits and related banking services including home remittances and cards related banking services to

Retail and priority sector lending

It includes private sector deposits and loans under retail finance, agriculture financing, SME and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

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

Islamic

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

Others

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

4.1.2 Geographical segments

The Bank operates only in Pakistan.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The basis for accounting judgments and key estimates adopted in preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Bank for the year ended December 31, 2021.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual consolidated financial statements of the Bank for the year ended December 31, 2021.

A general provision of Rs. 4,116,231 thousand was created by the Bank during years 2020 & 2021 as a buffer against unforeseen loan losses based on funded credit portfolio, excluding Government guaranteed exposure and exposure secured against cash and equivalents, to mitigate any adverse impact on equity, performance and related regulatory compliance on account of uncertainty emanating from COVID-19 outbreak. Based upon on-going risk mitigation measures and internal portfolio assessment, during the current period the Bank has reversed Rs. 2,500,000 thousand (December 31, 2021: Rs. 1,616,231 thousand) of the remaining general provision.

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		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
7	CASH AND BALANCES WITH TREASURY BANKS	Note	
	In hand:		
	Local currency	18,746,421	13,800,719
	Foreign currencies	1,673,917	4,359,944
		20,420,338	18,160,663
	With SBP in:		
	Local currency current account	45,957,710	40,887,037
	Foreign currency current account	1,442,674	900,219
	Foreign currency deposit account	3,087,762	2,109,501
		50,488,146	43,896,757
	With National Bank of Pakistan in:		
	Local currency current account	7,210,305	9,174,433
	Prize bonds	20,348	87,385
		78,139,137	71,319,238
	8 BALANCES WITH OTHER BANKS		
	In Pakistan:		
	Current accounts	373,357	296,993
	Deposit accounts	35,403	5,638,770
		408,760	5,935,763
	Outside Pakistan:		
	Current accounts	1,565,216	1,339,397
	Deposit accounts	1,323,419	1,583,196
		2,888,635	2,922,593
		3,297,395	8,858,356
	9 LENDINGS TO FINANCIAL INSTITUTIONS		
	Call money lendings	-	100,000
	Repurchase agreement lendings (Reverse Repo)	9.2	3,553,377
	Placements	9.3	4,700,000
			8,253,377
	9.1 Particulars of lendings		
	In local currency		8,253,377
	In foreign currencies		-
			8,253,377

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9.2	Securities held as collateral against repurchase agreement lendings (reverse repo)	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
		Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Rupees in '000'							
	Market treasury bills	647,277	-	647,277	21,088,298	-	21,088,298
	Pakistan investment bonds	2,906,100	-	2,906,100	5,292,090	-	5,292,090
		<u>3,553,377</u>	<u>-</u>	<u>3,553,377</u>	<u>26,380,388</u>	<u>-</u>	<u>26,380,388</u>

Market value of securities held as collateral as at September 30, 2022 amounted to Rs. 3,740,656 thousand (December 31, 2021: Rs. 26,391,416 thousand). These carry mark-up at rate 15.95% per annum (December 31, 2021: 10.50% to 10.75% per annum).

9.3 These carry profit rates ranging from 14.40% to 15.75% per annum (December 31, 2021: 7.25% to 10.90% per annum) with maturities up to December 30, 2022.

10		September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
10.1	Investments by type:	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		Rupees in '000'							
	Held-for-trading securities								
	Federal government securities	977,555	-	(555)	977,000	33,472,511	-	26,429	33,498,940
	Shares	880,089	-	(38,585)	841,504	34,331	-	(5,390)	28,941
		<u>1,857,644</u>	<u>-</u>	<u>(39,140)</u>	<u>1,818,504</u>	<u>33,506,842</u>	<u>-</u>	<u>21,039</u>	<u>33,527,881</u>
	Available-for-sale securities								
	Federal government securities	463,479,582	-	(8,353,674)	455,125,908	425,181,105	-	(9,766,167)	415,414,938
	Shares and certificates	10,903,714	(1,959,771)	(439,437)	8,504,506	9,106,342	(1,420,029)	(840,977)	6,845,336
	Mutual fund units	65,000	-	2,813	67,813	-	-	-	-
	Non government debt securities	16,978,290	(2,524,563)	(58,359)	14,395,368	17,084,566	(2,525,563)	39,662	14,598,665
	Foreign securities	11,957	-	-	11,957	11,957	-	-	11,957
		<u>491,438,543</u>	<u>(4,484,334)</u>	<u>(8,848,657)</u>	<u>478,105,552</u>	<u>451,383,970</u>	<u>(3,945,592)</u>	<u>(10,567,482)</u>	<u>436,870,896</u>
	Held-to-maturity securities								
	Federal government securities	96,312,536	-	-	96,312,536	61,299,171	-	-	61,299,171
	WAPDA bonds	400	(400)	-	-	400	(400)	-	-
		<u>96,312,936</u>	<u>(400)</u>	<u>-</u>	<u>96,312,536</u>	<u>61,299,571</u>	<u>(400)</u>	<u>-</u>	<u>61,299,171</u>
	Total investments	<u>589,609,123</u>	<u>(4,484,734)</u>	<u>(8,887,797)</u>	<u>576,236,592</u>	<u>546,190,383</u>	<u>(3,945,992)</u>	<u>(10,546,443)</u>	<u>531,697,948</u>

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

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

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10.1.3 The SBP vide letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 has allowed the Bank to stagger unrealized mark-to-market (MTM) loss as on September 30, 2022 to the extent of 75 percent on certain Pakistan Investment Bonds (PIBs) having face value of Rs. 140,443,600 thousand and maturity upto August 20, 2023 held as Available-for-sale securities. As of September 30, 2022, the cumulative unrealized MTM loss on these PIBs amounted to Rs. 7,885,242 thousand. Accordingly, the Bank has availed benefit of the said relaxation and accounted for impact of 25 percent MTM loss in these condensed interim financial statements. This has resulted in a net of tax positive impact of Rs. 3,370,941 thousand on the condensed interim statement of financial position as of September 30, 2022 with corresponding positive impact on the condensed interim statement of comprehensive income for the nine months ended September 30, 2022. Pursuant to the aforementioned SBP letter, MTM loss on these PIBs may be accounted for in future as follows:

- 50% by December 31, 2022
- 75% by March 31, 2023
- 100% by June 30, 2023

Further, the outstanding staggered amount of revaluation deficit on said AFS Portfolio shall be adjusted from distributable profits for declaring cash dividend, if any, during the relaxation period.

10.2 Investments given as collateral	Note	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		Rupees in '000'	
Pakistan investment bonds		28,402,818	1,768,381
Market treasury bills		13,009,370	-
		41,412,188	1,768,381

10.3 Provision for diminution in value of investments

10.3.1 Movement in provision for diminution in value of investments

Opening balance		3,945,992	3,914,826
Charge / (reversals):			
Charge for the period / year	32	1,135,990	322,188
Reversals for the period / year		(1,000)	(10,669)
		1,134,990	311,519
Reversal on disposal during the period / year		(596,248)	(280,353)
Closing balance		4,484,734	3,945,992

10.3.2 Particulars of provision against debt securities	Category of classification	(Un-audited)		(Audited)	
		September 30, 2022		December 31, 2021	
		NPI	Provision	NPI	Provision
Rupees in '000'					
Domestic					
Loss		2,524,963	2,524,963	2,525,963	2,525,963
Total		2,524,963	2,524,963	2,525,963	2,525,963

10.4 Market value of held to maturity investments amounted to Rs. 91,999,005 thousand (December 31, 2021: Rs. 63,715,206 thousand).

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	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30,	December 31,	September 30,	December 31,	September 30,	December 31,
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					
11 ADVANCES - NET						
Loans, cash credits, running finances, etc.	475,494,517	419,870,754	47,928,041	48,995,887	523,422,558	468,866,641
Net book value of assets in ijarah under IFAS 2 - In Pakistan	2,071,643	1,860,758	190,602	215,000	2,262,245	2,075,758
Islamic financing and related assets	48,736,587	45,336,297	3,063,031	3,050,869	51,799,618	48,387,166
Bills discounted and purchased	22,502,458	16,234,159	17,221	27,521	22,519,679	16,261,680
Advances - gross	548,805,205	483,301,968	51,198,895	52,289,277	600,004,100	535,591,245
Provision against advances:						
- Specific	-	-	(45,561,096)	(46,959,797)	(45,561,096)	(46,959,797)
- General	(593,240)	(3,054,945)	-	-	(593,240)	(3,054,945)
	(593,240)	(3,054,945)	(45,561,096)	(46,959,797)	(46,154,336)	(50,014,742)
Advances - net of provision	548,211,965	480,247,023	5,637,799	5,329,480	553,849,764	485,576,503
					(Un-audited)	(Audited)
					September 30,	December 31,
					2022	2021
11.1 Particulars of advances (gross)					Rupees in '000'	
						(Restated)
In local currency					595,196,296	534,044,002
In foreign currencies					4,807,804	1,547,243
					600,004,100	535,591,245

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11.2 Advances include Rs. 51,198,895 thousand (December 31, 2021: Rs. 52,289,277 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) September 30, 2022		(Audited) December 31, 2021	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	292,061	6,722	156,255	3,946
Substandard	1,220,694	164,951	3,173,639	517,367
Doubtful	7,605,350	5,911,109	6,432,920	5,571,388
Loss	42,080,790	39,478,314	42,526,463	40,867,096
Total	51,198,895	45,561,096	52,289,277	46,959,797

11.3 Particulars of provision against advances	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	46,959,797	3,054,945	50,014,742	48,076,725	3,748,493	51,825,218
Charge for the period / year	1,509,279	-	1,509,279	4,004,162	-	4,004,162
Reversals for the period / year	(2,907,980)	(2,461,705)	(5,369,685)	(5,120,979)	(693,548)	(5,814,527)
	(1,398,701)	(2,461,705)	(3,860,406)	(1,116,817)	(693,548)	(1,810,365)
Amounts written off	-	-	-	(111)	-	(111)
Closing balance	45,561,096	593,240	46,154,336	46,959,797	3,054,945	50,014,742
11.3.1 Particulars of provision against advances with respect to currencies						
In local currency	45,561,096	593,240	46,154,336	46,959,797	3,054,945	50,014,742
In foreign currencies	-	-	-	-	-	-
	45,561,096	593,240	46,154,336	46,959,797	3,054,945	50,014,742

11.3.2 This includes general provision reversed during the period as explained in note 6 of these consolidated condensed interim financial statements and provision against advances and provision against consumer and SME financing portfolio as required by Prudential Regulations issued by the SBP.

11.3.3 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. 3,134,447 thousand (December 31, 2021: Rs 1,975,509 thousand). The FSV benefit availed is not available for cash or stock dividend.

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		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
12	FIXED ASSETS		
	Capital work-in-progress	930,906	191,433
	Right of use assets	9,866,414	7,891,934
	Property and equipment	<u>16,161,315</u>	<u>11,753,063</u>
		<u>26,958,635</u>	<u>19,836,430</u>
12.1	Capital work-in-progress		
	Civil works	<u>930,906</u>	<u>191,433</u>
		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
12.2	Additions to fixed assets	Rupees in '000'	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	739,473	695,185
	Property and equipment:		
	Building on freehold land - transfer from non-banking assets acquired in satisfaction of claims at net book value	3,844,430	-
	Furniture and fixture	167,233	55,083
	Office equipment	308,270	236,360
	Computer equipment	597,070	145,507
	Lease hold improvements	485,671	148,340
	Vehicles	188,944	41,620
		<u>5,591,618</u>	<u>626,910</u>
		<u>6,331,091</u>	<u>1,322,095</u>
12.3	Addition to right of use assets	<u>2,973,239</u>	<u>1,353,486</u>
12.4	Termination of right of use assets	<u>85,854</u>	<u>66,748</u>
12.5	Disposal of property and equipment:		
	The net book value of property and equipment disposed off during the period is as follows:		
	Furniture and fixture	1,793	633
	Office equipment	2,646	957
	Computer equipment	314	-
	Vehicles	-	-
		<u>4,753</u>	<u>1,590</u>
	Gross carrying amount of vehicles disposed off during the period was Rs. 49,802 thousand (September 30, 2021: Rs. 1,732 thousand).		
		(Un-audited) September 30, 2022	(Audited) December 31, 2021
13	INTANGIBLE ASSETS	Rupees in '000'	
	Capital work-in-progress	441,483	523,686
	Softwares	<u>1,196,939</u>	<u>584,466</u>
		<u>1,638,422</u>	<u>1,108,152</u>

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		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
13.1 Additions to intangible assets	Note	Rupees in '000'	
The following additions have been made to intangible assets during the period:			
Intangible in progress		(82,203)	401,243
Intangible assets purchased		<u>802,545</u>	<u>32,330</u>
		<u><u>720,342</u></u>	<u><u>433,573</u></u>
		(Un-audited) September 30, 2022	(Audited) December 31, 2021
14 DEFERRED TAX ASSETS - NET		Rupees in '000'	
Deductible temporary differences on:			
Deficit on revaluation of investments		3,804,923	4,121,318
Right of use assets - net		949,925	619,234
Workers Welfare Fund		90,571	-
Business loss - Subsidiaries		64,399	64,399
Provision against advances, off balance sheet etc.		10,696,083	10,699,622
		15,605,901	15,504,573
Taxable temporary differences on:			
Surplus on revaluation of property and equipment		(2,032,343)	(1,346,545)
Accelerated tax depreciation		(361,343)	(230,269)
Surplus on revaluation of non banking assets		(116,274)	(167,322)
		(2,509,960)	(1,744,136)
		13,095,941	13,760,437
15 OTHER ASSETS - NET			
Income / mark-up accrued in local currency		27,219,373	18,969,201
Income / mark-up accrued in foreign currency		1,687	1,013
Advances, deposits, advance rent and other prepayments		1,580,779	1,016,018
Non-banking assets acquired in satisfaction of claims		2,466,306	5,479,598
Acceptances	21	13,684,161	8,337,508
Mark to market gain on forward foreign exchange contracts - net	21	-	150,612
Stock of stationery		304,338	90,478
Suspense account		52,639	11,807
Zakat recoverable from National Investment Trust Limited (NITL)		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		250,016	41,665
Claims receivable against fraud and forgeries		253,549	445,033
Auto Teller Machine and Point of Sale receivable - net		68,873	740,953
IBFT receivable	21	486,210	-
Others		1,393,161	674,624
		<u>47,797,882</u>	<u>35,995,300</u>
Less: Provision held against other assets	15.1	<u>(670,290)</u>	<u>(1,914,474)</u>
Other assets (net of provision)		47,127,592	34,080,826
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	1,258,172	1,453,931
Other assets - total		<u>48,385,764</u>	<u>35,534,757</u>

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		(Un-audited) September 30, 2022	(Audited) December 31, 2021
15.1 Provision held against other assets	Note	Rupees in '000'	
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		30,876	1,084,936
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries	15.1.2	254,684	446,760
Others		312,217	310,265
	15.1.1	<u>670,290</u>	<u>1,914,474</u>
15.1.1 Movement in provision held against other assets			
Opening balance		1,914,474	2,037,220
Charge for the year		33,618	35,367
Reversals during the year		(1,272,640)	(147,839)
		(1,239,022)	(112,472)
Amount written off		(5,162)	(10,274)
Closing balance		<u>670,290</u>	<u>1,914,474</u>
15.1.2 This includes provision amounted to Rs. 3,118 thousand (2021: 3,118 thousand) maintained against certain closed cases as per approval of the management.			
15.2 Movement in non-banking assets acquired in satisfaction of claims			
Opening balance		5,848,593	5,904,147
Surplus on revaluation during the period / year		1,279,464	275,670
Disposals during the period / year - net book value		(616,903)	(250,817)
Transfer to fixed assets - net book value	12.2	(3,844,430)	(145,360)
Depreciation charged during the period / year		(27,182)	(48,666)
Impairment reversed during the period / year		1,054,060	113,619
Closing balance		<u>3,693,602</u>	<u>5,848,593</u>
16 CONTINGENT ASSETS			
Contingent assets		Nil	Nil
17 BILLS PAYABLE			
In Pakistan		7,448,853	10,109,459
Outside Pakistan		-	-
		<u>7,448,853</u>	<u>10,109,459</u>
18 BORROWINGS			
Secured			
Borrowings from SBP under:			
Export Refinance Scheme (ERF)		20,818,277	28,221,440
Long Term Financing Facility (LTFF)		14,299,440	13,499,088
Finance Facility for Storage of Agricultural Produce (FFSAP)		182,849	185,799
Finance facility for Renewable Energy Performance Platform (REPP)		7,040,023	5,347,359
Refinancing facility for payment of salaries and wages		2,928,419	9,132,079
Refinancing facility for combating COVID-19		1,126,604	1,089,182
Finance Islamic facility for working capital financing of SE & ME		40,000	3,000
Finance Facility for Temporary Relief Refinance scheme (TERF)		19,222,436	11,881,311
Finance Facility for women entrepreneurs		1,400	3,589
Finance Islamic facility for Saaf Rozgar Reimbursement Credit		4,124,194	-
Finance Facility for Shamsi Tawanai Consumer		52,498	-
Refinancing facility for modernization of Small and Medium Enterprises (SMEs)		187,601	155,628
		70,023,741	69,518,475
Repurchase agreement borrowings		40,906,936	-
Borrowing from Pakistan Mortgage Refinance Company Limited		1,678,800	1,805,013
Total secured		<u>112,609,477</u>	<u>71,323,488</u>
Unsecured			
Overdrawn nostro accounts		6,975	-
		<u>112,616,452</u>	<u>71,323,488</u>

19 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Customers:						
Current deposits	185,686,766	4,180,130	189,866,896	169,522,753	3,649,150	173,171,903
Savings deposits	510,811,886	4,005,833	514,817,719	459,784,249	3,340,461	463,124,710
Term deposits	262,396,169	19,239,128	281,635,297	320,956,024	7,419,447	328,375,471
Others	21,435,181	-	21,435,181	16,885,516	-	16,885,516
	980,330,002	27,425,091	1,007,755,093	967,148,542	14,409,058	981,557,600
Financial institutions:						
Current deposits	1,809,132	817,163	2,626,295	1,797,032	874,512	2,671,544
Savings deposits	19,351,343	6,374	19,357,717	4,870,165	3,585	4,873,750
Term deposits	10,193,000	-	10,193,000	10,841,125	2,446,653	13,287,778
Others	537,720	-	537,720	527,609	-	527,609
	31,891,195	823,537	32,714,732	18,035,931	3,324,750	21,360,681
	1,012,221,197	28,248,628	1,040,469,825	985,184,473	17,733,808	1,002,918,281

	Note	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
Rupees in '000'			
20 SUBORDINATED DEBTS			
Perpetual term finance certificates - ADT - I	20.1	8,017,500	1,000,000
Privately placed term finance certificates - I	20.2	2,494,500	2,495,000
Privately placed term finance certificates - II	20.3	4,293,120	4,293,980
		14,805,120	7,788,980

20.1 Subordinated perpetual term finance certificates

During the period, the Bank has issued unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier - I capital under section 66 (1) 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, 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:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	"AA-" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non-cumulative basis.
Profit rate:	Floating rate of return at base rate plus 200 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:	Not applicable.

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 on sole discretion of the SBP.

20.2 Privately placed term finance certificates - I

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

Issue amount:	Rs. 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

20.3 Privately placed term finance certificates - II

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

Issue amount:	Rs. 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	10 Years.

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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 on sole discretion of the SBP.

21 OTHER LIABILITIES	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Rupees in '000'			
Mark-up / return / interest payable in local currency		19,886,695	14,306,594
Mark-up / return / interest payable in foreign currency		294,463	52,107
Lease key money		12,878,981	11,991,877
Provision for taxation (provisions less payments)		2,150,588	755,465
Sundry creditors and accrued expenses		1,277,039	1,410,802
Acceptances	15	13,684,161	8,337,508
Mark-up payable on subordinated debts		792,612	90,505
Unclaimed dividends		2,586	2,586
Branch adjustment account		113,681	290,150
Payable to gratuity fund		255,024	268,144
Gratuity payable to key management personnel		5,750	5,750
Payable to charity fund		71	8
Provision against off-balance sheet obligations	21.2	171,725	62,183
Provision for employees compensated absences		140,446	133,629
Mark to market loss on forward foreign exchange contracts - net	15	2,688,902	-
Taxes / zakat / import fee payable		1,435,168	689,636
Lease liability against right of use assets		12,075,541	9,479,713
Workers Welfare Fund	21.1	1,193,789	983,158
IBFT payable	15	-	544,489
Others		996,841	817,293
		<u>70,044,063</u>	<u>50,221,597</u>

21.1 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained provision in respect of WWF.

21.2 Provision against off-balance sheet obligations	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Rupees in '000'			
	21.2.1	<u>171,725</u>	<u>62,183</u>

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

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	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Note	Rupees in '000'	
21.2.1 Movement in provision against off-balance sheet obligations		
Opening balance	62,183	62,183
Charge for the year	109,542	-
Reversals during the year	-	-
	109,542	-
Amount written off	-	-
Closing balance	171,725	62,183

22 SHARE CAPITAL - NET

22.1 Authorized capital

(Un-audited) September 30, 2022	(Audited) December 31, 2021		(Un-audited) September 30, 2022	(Audited) December 31, 2021
Number of shares			Rupees in '000'	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

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

22.2 Issued, subscribed and paid up capital

(Un-audited) September 30, 2022	(Audited) December 31, 2021		(Un-audited) September 30, 2022	(Audited) December 31, 2021
Number of shares			Rupees in '000'	
		Opening Balance		
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
		Movement during the period		
330,461,547	-	Issued as bonus shares	3,304,615	-
		Closing Balance		
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
839,925,583	509,464,036	Issued as bonus shares	8,399,256	5,094,641
2,974,153,927	2,643,692,380		29,741,539	26,436,924
-	-	Less: Discount on issue of shares	(263,158)	(263,158)
2,974,153,927	2,643,692,380		29,478,381	26,173,766

GoPb held 57.47% shares in the Bank as at September 30, 2022 (December 31, 2021: 57.47%).

23 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of:

- Available for sale securities	10.1	(8,848,657)	(10,567,482)
- Property and equipment		6,411,092	5,137,390
- Non-banking assets acquired in satisfaction of claims	15	1,258,172	1,453,931
		(1,179,393)	(3,976,161)

Deferred tax on deficit / (surplus) on revaluation of:

- Available for sale securities	3,804,923	4,121,318
- Property and equipment	(2,032,343)	(1,346,545)
- Non-banking assets acquired in satisfaction of claims	(116,274)	(167,322)
	1,656,306	2,607,451
	476,913	(1,368,710)

24 CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	98,666,553	80,791,490
Commitments	24.2	399,694,821	388,223,744
Other contingent liabilities	24.3	661,807	8,975
		499,023,181	469,024,209

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		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'	
24.1	Guarantees:		
	Financial guarantees	23,481,300	18,341,471
	Performance guarantees	21,267,361	18,710,766
	Other guarantees	53,917,892	43,739,253
		<u>98,666,553</u>	<u>80,791,490</u>
24.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	149,328,353	136,560,464
	Commitments in respect of:		
	- forward foreign exchange contracts	24.2.1 199,148,064	205,641,893
	- forward lending	24.2.2 51,065,011	45,923,548
	Commitments for acquisition of:		
	- fixed assets	33,261	13,052
	- intangible assets	120,132	84,787
		<u>399,694,821</u>	<u>388,223,744</u>
24.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	106,196,971	105,824,202
	Sale	92,951,093	99,817,691
		<u>199,148,064</u>	<u>205,641,893</u>

24.2.2 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	<u>51,065,011</u>	<u>45,923,548</u>
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24.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'	
24.3	Other contingent liabilities		
	24.3.1	<u>661,807</u>	8,975

24.3.1 For assessment year 2007 through tax year 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these consolidated condensed interim financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'	
24.4	Claims against the Bank not acknowledged as debts		
	24.4.1	<u>50,328,762</u>	54,809,134

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

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		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Note	Rupees in '000'	
25	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances	45,390,896	25,517,128
	On investments:		
	Available for sale securities	39,047,196	26,666,387
	Held for trading securities	676,549	1,191,423
	Held to maturity securities	7,737,922	5,583,673
	On lendings to financial institutions:		
	Securities purchased under resale agreements	847,136	704,422
	Call lending	42,758	22,962
	Letters of placement	640,027	223,111
	On balances with banks	235,962	3,062
		<u>94,618,446</u>	<u>59,912,168</u>
26	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits and other accounts	60,779,845	31,518,614
	Borrowings:		
	Securities sold under repurchase agreements	7,391,636	665,655
	Call borrowings	9,420	3,810,053
	Borrowing from Pakistan Mortgage Refinance Company Limited	109,763	78,731
	SBP refinance borrowing	1,114,896	611,069
	Other borrowings	8,607	-
	Subordinated debts:		
	Mark-up on subordinated perpetual term finance certificates	543,995	-
	Mark-up on privately placed term finance certificates	674,272	441,298
	Mark-up on lease liability against right of use assets	1,032,029	766,763
		<u>71,664,463</u>	<u>37,892,183</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	283,567	408,381
	Consumer finance related fees	294,334	279,045
	Card related fees	877,894	569,567
	Credit related fees	1,161,743	748,630
	Branchless banking fees	141,798	106,745
	Commission on trade	833,730	594,123
	Commission on guarantees	314,022	248,388
	Commission on cash management	196,628	76,864
	Commission on remittances including home remittances	333,231	341,924
	Commission on bancassurance	77,947	77,574
	Commission on wheat financing	189,655	189,616
	SMS banking income	357,132	239,616
		<u>5,061,681</u>	<u>3,880,473</u>
28	(LOSS) / GAIN ON SECURITIES - NET		
	Realized (loss) / gain on sale of securities - net	28.1 (772,657)	1,642,257
	Unrealized loss - held for trading	(39,140)	(14,726)
		<u>(811,797)</u>	<u>1,627,531</u>
28.1	Realized (loss) / gain on sale of securities - net:		
	Federal government securities	(676,345)	1,169,062
	Shares and certificates	(96,312)	473,195
		<u>(772,657)</u>	<u>1,642,257</u>

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29	OTHER INCOME - NET	Note	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
			Rupees in '000'	
	Gain on sale of property and equipment - net		63,677	(29)
	Gain on sale of non banking assets - net		114,420	35,377
	Gain on termination of lease liability against right of use assets		9,378	5,048
	Notice pay on resignations		20,287	11,996
			<u>207,762</u>	<u>52,392</u>
30	OPERATING EXPENSES			
	Total compensation expense		10,918,454	8,009,105
	Property expense:			
	Rent and taxes		19,533	18,785
	Insurance		7,660	13,048
	Utilities cost		833,923	589,088
	Security		816	970
	Repair and maintenance including janitorial charges		65,463	37,163
	Depreciation		552,381	392,364
	Depreciation on right of use assets		912,907	724,095
			2,392,683	1,775,513
	Information technology expenses:			
	Software maintenance		423,168	366,716
	Hardware maintenance		51,895	41,389
	Depreciation on computer equipment		309,680	258,227
	Amortization on intangible assets		190,072	161,110
	Network charges		325,017	319,225
			1,299,832	1,146,667
	Other operating expenses:			
	Directors' fees and allowances		43,079	31,200
	Fees and allowances to shariah board		7,310	3,340
	Legal and professional charges		159,281	159,769
	Subscription charges		33,375	32,448
	Outsourced staff services costs		416,380	323,658
	Travelling and conveyance		1,142,065	540,930
	NIFT clearing charges		53,421	50,064
	Depreciation		316,552	265,014
	Depreciation on non banking assets acquired in satisfaction of claims	15.2	27,182	37,351
	Depreciation on ijarah assets under IFAS - 2		189,942	182,235
	Training and development		125,102	33,437
	Postage and courier charges		170,294	105,946
	Credit card charges		823	-
	Stationery and printing		223,232	301,301
	Marketing, advertisement and publicity		548,422	523,752
	Donations	30.1	15,000	-
	Auditors remuneration		2,843	-
	Insurance		193,164	175,208
	Deposit protection fee		381,961	332,270
	Repair and maintenance		292,090	214,383
	Entertainment expenses		146,418	102,866
	Fuel for generator		180,726	71,566
	Commission and brokerage		247,566	198,590
	Bank charges		33,454	26,919
	SMS banking charges		51,457	29,056
	ATM charges including ATM maintenance charges		289,456	156,382
	Cash remittance charges		274,931	200,951
	Branch license fee		16,664	15,176
	CNIC verification / ECIB charges		149,204	154,735
	COVID-19 related expenses		5,943	31,944
	Miscellaneous expenses		220,810	154,374
			5,958,147	4,454,865
			<u>20,569,116</u>	<u>15,386,150</u>

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30.1 This represents donation paid for installation of solar system at Akhuwat University Kasur amounting to Rs. 15,000 thousand (2021: Nil) in accordance with the approval of Board of Directors of the Bank. None of the directors had any interest in the donee, except for Mr. Dr. Amjad Saqib (Non Executive Director) who is Founder / CEO in Akhuwat.

		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
31 OTHER CHARGES	Note	Rupees in '000'	
Penalties imposed by SBP		34,556	712
32 (REVERSAL) / PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	1,134,990	217,657
Reversal of provisions against advances	11.3	(3,860,406)	(105,964)
(Reversal) / provision against other assets - net		(1,239,022)	26,769
Provision against off balance sheet obligations		109,541	-
Bad debts written off directly		-	300
		(3,854,897)	138,762
33 TAXATION - NET			
Current	33.1	5,218,527	4,882,954
Prior years		(13,283)	(63,808)
Deferred		(356,148)	(1,170,430)
		4,849,096	3,648,716

33.1 This includes provision for super tax for the period in accordance with Income Tax Ordinance, 2001. The Government vide Finance Act 2023, has changed the tax rate for banking industry from 35% to 39% and enacted super tax at the rate of 10% for tax year 2023 only and 4% for indefinite period of time. Accordingly, the effect of change in current tax and deferred tax rate has been recognized in these consolidated condensed interim financial statements.

		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
34 BASIC EARNINGS PER SHARE			
Profit after taxation for the period (Rs in '000')		7,493,539	8,608,490
Weighted average number of ordinary shares (No.).		2,974,153,927	2,974,153,927
Basic earnings per share - Rs.		2.52	2.89

35 DILUTED EARNINGS PER SHARE

There were no convertible dilutive potential ordinary shares outstanding as at reporting dates.

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

36.1 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).

36.1.1 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP).
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates available on MUFAP
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Unlisted shares	Break-up value determined on the basis of net assets value of the company using the latest available audited financial statements.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings on freehold land and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

36.2 Fair value of financial assets

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, 2022 (Un-audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	456,102,908	-	456,102,908	-	456,102,908
Shares and certificates	9,346,010	8,326,483	-	1,019,527	9,346,010
Non-Government debt securities	10,498,329	-	10,498,329	-	10,498,329
Mutual fund units	67,813	67,813	-	-	67,813
Foreign securities	11,957	-	-	11,957	11,957
Financial assets disclosed but not measured at fair value:					
Government securities	96,312,536	-	91,999,005	-	91,999,005
Unlisted term finance certificates / sukuks	3,897,039	-	-	3,897,039	3,897,039
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	107,718,275	-	107,718,275	-	107,718,275
Forward sale of foreign exchange contracts	97,161,299	-	97,161,299	-	97,161,299
December 31, 2021 (Audited)					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	448,913,878	-	448,913,878	-	448,913,878
Shares and certificates	6,874,277	6,834,777	-	39,500	6,874,277
Non-Government debt securities	10,106,626	-	10,106,626	-	10,106,626
Foreign securities	11,957	-	-	11,957	11,957
Financial assets disclosed but not measured at fair value:					
Government securities	61,299,171	-	63,715,206	-	63,715,206
Unlisted term finance certificates and sukuks	4,492,039	-	-	4,492,039	4,492,039
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	107,277,276	-	107,277,276	-	107,277,276
Forward sale of foreign exchange contracts	101,120,153	-	101,120,153	-	101,120,153

36.3 Fair value of non financial assets

	September 30, 2022 (Un-audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non financial assets measured at fair value:					
Fixed assets (land & building)	12,314,390	-	12,314,390	-	12,314,390
Non banking assets acquired in satisfaction of claims	3,693,602	-	3,693,602	-	3,693,602
December 31, 2021 (Audited)					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non financial assets measured at fair value:					
Fixed assets (land & building)	8,764,483	-	8,764,483	-	8,764,483
Non banking assets acquired in satisfaction of claims	5,848,593	-	5,848,593	-	5,848,593

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	(Un-audited)						
	September 30, 2022						
	Corporate and investment banking	PSDD	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	32,620,246	11,173	8,086,407	46,440,731	7,027,151	432,738	94,618,446
Inter segment (cost) / revenue - net	(26,711,339)	53,515,147	28,041,365	(46,278,773)	(295,873)	(8,270,527)	-
Non mark-up / return / interest income	1,958,316	1,163,170	781,255	1,523,721	148,931	861,195	6,436,588
Total income	7,867,223	54,689,490	36,909,027	1,685,679	6,880,209	(6,976,594)	101,055,034
Segment total expenses	1,848,407	43,274,060	23,039,014	7,687,811	5,286,440	11,343,034	92,478,766
Profit before provisions and tax	6,018,816	11,415,430	13,870,013	(6,002,132)	1,593,769	(18,319,628)	8,576,268
Provisions	(3,870,861)	-	(98,557)	1,135,990	244,183	(1,265,652)	(3,854,897)
Profit / (loss) before tax	9,889,677	11,415,430	13,968,570	(7,138,122)	1,349,586	(17,053,976)	12,431,165
Balance sheet							
Cash & bank balances	-	207,094	27,493,442	46,210,458	7,525,538	-	81,436,532
Investments - net	4,595,176	-	-	546,005,734	25,635,682	-	576,236,592
Net inter segment lending	-	602,949,458	268,227,784	-	-	30,686,776	901,864,018
Lendings to financial institutions	-	-	-	1,978,377	6,275,000	-	8,253,377
Advances - performing	406,155,414	29,809	77,252,117	-	50,808,229	13,966,396	548,211,965
- non-performing - net	2,829,796	-	1,217,552	-	1,579,691	10,760	5,637,799
Others	26,809,795	8,674	2,491,169	9,540,152	6,779,795	44,449,177	90,078,762
Total assets	440,390,181	603,195,035	376,682,064	603,734,721	98,603,935	89,113,109	2,211,719,045
Borrowings	68,575,352	-	1,678,800	40,912,581	1,449,719	-	112,616,452
Subordinated debts	-	-	-	-	-	14,805,120	14,805,120
Deposits & other accounts	-	597,339,922	356,406,351	-	86,723,552	-	1,040,469,825
Net inter segment borrowing	341,764,326	-	-	560,045,157	54,535	-	901,864,018
Others	30,050,503	5,855,113	18,596,913	2,776,983	4,959,885	15,253,519	77,492,916
Total liabilities	440,390,181	603,195,035	376,682,064	603,734,721	93,187,691	30,058,639	2,147,248,331
Equity							64,470,714
Total equity & liabilities							2,211,719,045
Contingencies & commitments	276,714,584	-	1,900	199,148,064	22,343,433	815,200	499,023,181

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(Un-audited)

September 30, 2021

	Corporate and investment banking	PSDD	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	18,352,163	-	5,102,971	32,926,303	3,275,391	255,340	59,912,168
Inter segment revenue - net	(11,725,229)	24,668,927	13,821,799	(23,760,379)	(21,425)	(2,983,693)	-
Non mark-up / return / interest income	1,358,381	761,792	1,085,346	2,316,218	108,227	442,778	6,072,742
Total income	7,985,315	25,430,719	20,010,116	11,482,142	3,362,193	(2,285,575)	65,984,910
Segment total expenses	1,136,531	23,635,883	14,672,277	4,739,870	3,010,710	6,334,799	53,530,070
Profit before provisions and tax	6,848,784	1,794,836	5,337,839	6,742,272	351,483	(8,620,374)	12,454,840
Provisions	(581,955)	-	207,261	217,657	311,432	(15,633)	138,762
Profit / (loss) before tax	7,430,739	1,794,836	5,130,578	6,524,615	40,051	(8,604,741)	12,316,078

(Audited)

December 31, 2021

Balance sheet							
Cash & bank balances	-	162,289	24,865,254	41,562,509	13,587,542	-	80,177,594
Investments - net	4,259,596	-	-	510,848,259	16,590,093	-	531,697,948
Net inter segment lending	-	603,880,357	228,284,551	-	442,430	20,229,405	852,836,743
Lendings to financial institutions	-	-	-	25,080,388	4,500,000	-	29,580,388
Advances - performing	336,786,580	-	86,053,619	-	47,197,055	10,209,769	480,247,023
- non-performing	2,675,141	-	818,292	-	1,835,989	58	5,329,480
Others	13,996,169	4,825	5,551,666	11,157,300	3,461,685	36,068,131	70,239,776
Total assets	357,717,486	604,047,471	345,573,382	588,648,456	87,614,794	66,507,363	2,050,108,952
Borrowings	68,607,066	-	1,805,013	-	911,409	-	71,323,488
Subordinated debts	-	-	-	-	-	7,788,980	7,788,980
Deposits & other accounts	-	600,969,930	322,742,255	-	79,206,096	-	1,002,918,281
Net inter segment borrowing	264,360,583	-	-	588,476,160	-	-	852,836,743
Others	24,749,837	3,077,541	21,026,114	172,296	2,944,671	8,360,597	60,331,056
Total liabilities	357,717,486	604,047,471	345,573,382	588,648,456	83,062,176	16,149,577	1,995,198,548
Equity							54,910,404
Total equity & liabilities							2,050,108,952
Contingencies & commitments	255,411,391	-	416,094	205,641,893	7,448,017	106,814	469,024,209

Due to change in reportable business segments, the figures of comparative periods are realigned for the purposes of comparison.

38 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiaries, employee benefit plans, directors and Key Management Personnel. The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	(Un-audited) September 30, 2022				(Audited) December 31, 2021			
	Directors	Key management personnel	Employee Funds	Other related parties	Directors	Key management personnel	Employee Funds	Other related parties
	Rupees in '000'							
Advances (gross):								
Opening balance	-	276,599	-	1,318,019	-	171,147	-	595,721
Addition during the period / year	-	223,920	-	804,387	-	156,784	-	2,963,637
Repaid during the period / year	-	141,390	-	2,122,406	-	51,332	-	2,241,339
Closing balance	-	359,129	-	-	-	276,599	-	1,318,019
Financial guarantees	-	-	-	49,822	-	-	-	112,072
Other assets - advance deposits and prepayments	-	7,978	-	-	-	17,547	-	-
Other assets - markup receivable	-	15,796	-	-	-	14,709	-	14,151
Right of use assets	-	-	-	59,313	-	-	-	62,202
Lease liability against right of use assets	-	-	-	25,312	-	-	-	22,900
Deposits and other accounts:								
Opening balance	902	28,390	374,772	1,558,999	598	26,253	3,071,616	33,878
Received during the period / year	6,633	694,917	2,999,199	70,766,997	16,522	545,013	4,247,275	61,507,975
Withdrawn during the period / year	5,536	688,869	2,301,761	72,282,668	16,218	542,876	6,944,119	59,982,854
Closing balance	1,999	34,438	1,072,210	43,328	902	28,390	374,772	1,558,999
Other liabilities - markup payable	8	98	-	-	-	-	-	11,087

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	September 30, 2022 (Un-audited)				September 30, 2021 (Un-audited)			
	Directors	Key management personnel	Employee Funds	Other related parties	Directors	Key management personnel	Employee Funds	Other related parties
	Rupees in '000'							
Income:								
Mark-up / return / interest earned	-	13,398	-	5,678	-	7,038	-	29,543
Fee and commission income	-	-	-	8,470	-	-	-	1,074
Expense:								
Mark-up / return / interest expensed	30	234	65,122	156,653	17	585	82,220	279
Depreciation on right of use assets	-	-	-	2,889	-	-	-	2,889
Mark-up on lease liability against right of use assets	-	-	-	2,413	-	-	-	2,110
Compensation expense	-	471,393	-	-	-	320,253	-	-
Commission expense	-	-	-	-	-	-	-	-
Directors fee and allowances	43,079	-	-	-	31,200	-	-	-

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

38.2 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. The detail of transactions are as follows:

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	
Loans & advances	55,121,717	57,299,296
Deposits	513,141,714	484,197,126
Acceptances	71,929	71,929
Contingencies	35,147,454	26,097,691
Mark-up receivable	3,807,325	1,078,401
Mark-up payable	13,340,658	9,079,554
	Rupees in '000'	
Mark-up earned	5,792,450	2,968,292
Mark-up expensed	38,279,989	19,155,065
Income on contingencies	160,665	27,246

38.3 The Bank made contribution of Rs. 275,733 thousand (September 30, 2021: Rs. 221,968 thousand) to employees provident fund during the period.

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

38.5 Advances to employees as at September 30, 2022, other than key management personnel, amounted to Rs. 15,470,161 thousand (December 31, 2021: Rs. 11,219,294 thousand) with markup receivable of Rs. 603,733 thousand (December 31, 2021: Rs.678,455 thousand) and markup income of Rs.445,473 thousand (September 30, 2021: Rs. 288,799 thousand).

38.6 In terms of service agreement of President / CEO, certain benefits including provision of Bank maintained cars, medical insurance cover etc. are also available to him. Further, certain executives are also entitled for Bank maintained car along with driver, corporate club membership and mobile phone as per Bank's policy.

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	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Rupees in '000'		
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital including share premium (net of losses)	31,693,421	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	54,622,671	43,965,111
Eligible Additional Tier 1 (ADT 1) Capital	8,017,500	-
Total Eligible Tier 1 Capital	62,640,171	43,965,111
Eligible Tier 2 Capital	6,875,875	9,338,940
Total Eligible Capital (Tier 1 + Tier 2)	69,516,046	53,304,051
Risk Weighted Assets (RWAs):		
Credit risk	408,954,142	353,676,099
Market risk	18,044,583	18,222,882
Operational risk	64,463,283	64,463,283
Total	491,462,008	436,362,264
Common equity tier I capital adequacy ratio	11.11%	10.08%
Tier I CAR (%)	12.75%	10.08%
Total CAR (%)	14.14%	12.22%
39.1 Leverage Ratio (LR):		
Eligible Tier-I Capital	62,640,171	43,965,111
Total exposures	1,616,147,700	1,463,063,318
LR (%)	3.88%	3.01%

In December 2021, had the advance subscription money against future issuance of non-cumulative perpetual term finance certificates been accounted for as eligible capital, the capital adequacy and leverage ratio would have been 12.44% and 3.08% respectively.

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Rupees in '000'		
39.2 Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	510,419,494	566,498,287
Total net cash outflow	426,297,864	413,944,607
LCR (%)	119.73%	136.85%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	715,027,359	668,827,072
Total required stable funding	675,228,075	539,376,598
NSFR (%)	105.89%	124.00%

As explained in note 10.1.2, the Bank availed the benefit and staggered the MTM losses on certain AFS PIBs securities. Had the said benefit not been accounted for the Capital Adequacy Ratio (CAR), Leverage Ratio (LR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) ratio would have been 12.86%, 3.49%, 118.35% and 105.89% respectively.

40 ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the September 30, 2022, the Bank is operating 132 Islamic banking branches (December 31, 2021: 114 Islamic banking branches) and 33 Islamic banking windows (December 31, 2021: 25)

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022**

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		6,849,178	7,527,608
Balances with other banks		676,360	6,059,934
Due from financial institutions	40.1	6,275,000	4,500,000
Investments - net	40.2	25,635,682	16,590,093
Islamic financing and related assets - net	40.3	52,387,920	49,033,044
Fixed assets		2,622,797	2,052,740
Intangible assets		7,980	9,439
Due from head office		-	442,430
Other assets		4,149,018	1,399,506
Total assets		98,603,935	87,614,794
LIABILITIES			
Bills payable		509,692	388,599
Due to financial institutions		1,449,719	911,409
Deposits and other accounts	40.4	86,723,552	79,206,096
Due to head office		54,535	-
Subordinated debt		-	-
Other liabilities		4,450,193	2,556,072
		93,187,691	83,062,176
NET ASSETS		5,416,244	4,552,618
REPRESENTED BY			
Islamic banking fund		2,000,000	2,000,000
Reserves		12,388	5,505
Deficit on revaluation of assets		(495,861)	(3,019)
Unappropriated profit	40.5	3,899,717	2,550,132
		5,416,244	4,552,618
CONTINGENCIES AND COMMITMENTS	40.6		

**ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

Note	Three Months Ended		Nine Months Ended		
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	
	Rupees in '000'				
Profit / return earned	40.7	2,728,254	1,146,176	7,027,151	3,275,391
Profit / return expensed	40.8	1,332,381	537,699	3,613,584	1,552,175
Net profit / return		1,395,873	608,477	3,413,567	1,723,216
Fee and commission income		56,072	43,447	162,321	108,839
Dividend income		-	-	-	-
Foreign exchange (loss) / income		(8,997)	(1,555)	(16,975)	(3,491)
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net		-	-	-	2,194
Other income		(2,901)	(506)	3,585	685
		44,174	41,386	148,931	108,227
Total income		1,440,047	649,863	3,562,498	1,831,443
Operating expenses		673,285	482,009	1,968,730	1,479,703
Workers Welfare Fund		-	-	-	-
Other charges		-	210	-	257
		673,285	482,219	1,968,730	1,479,960
Profit before provisions		766,762	167,644	1,593,768	351,483
Provisions and write offs - net		15,245	12,477	244,183	311,432
Profit / (loss) before taxation		751,517	155,167	1,349,585	40,051
Taxation	40.9	-	-	-	-
Profit / (loss) after taxation		751,517	155,167	1,349,585	40,051

THE BANK OF PUNJAB AND ITS SUBSIDIARIES

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
40.1 DUE FROM FINANCIAL INSTITUTIONS	Rupees in '000'					
Placements	<u>6,275,000</u>	<u>-</u>	<u>6,275,000</u>	<u>4,500,000</u>	<u>-</u>	<u>4,500,000</u>

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost/ Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
40.2 INVESTMENTS - NET	Rupees in '000'							
Investments by segment								
Federal government securities:								
-Ijarah sukuku	14,134,278	-	(520,130)	13,614,148	4,502,908	-	(1,154)	4,501,754
-Naya Pakistan Certificates (Roshan Digital)	634,296	-	-	634,296	88,600	-	-	88,600
	<u>14,768,574</u>	<u>-</u>	<u>(520,130)</u>	<u>14,248,444</u>	<u>4,591,508</u>	<u>-</u>	<u>(1,154)</u>	<u>4,590,354</u>
Non government debt securities :								
-Listed	8,410,036	-	(70,037)	8,339,999	8,457,812	-	(75,312)	8,382,500
-Unlisted	3,047,239	-	-	3,047,239	3,617,239	-	-	3,617,239
	<u>11,457,275</u>	<u>-</u>	<u>(70,037)</u>	<u>11,387,238</u>	<u>12,075,051</u>	<u>-</u>	<u>(75,312)</u>	<u>11,999,739</u>
Total investments	<u>26,225,849</u>	<u>-</u>	<u>(590,167)</u>	<u>25,635,682</u>	<u>16,666,559</u>	<u>-</u>	<u>(76,466)</u>	<u>16,590,093</u>

	(Un-audited)	(Audited)
	September 30, 2022	December 31, 2021
40.3 ISLAMIC FINANCING AND RELATED ASSETS	Rupees in '000'	
Ijarah	2,262,245	2,075,758
Murabaha	4,049,601	2,115,237
Musharaka	13,118,194	21,482,411
Diminishing musharaka	27,132,319	20,579,778
Payment against documents	62,812	55,304
Waqala	3,641,279	-
Istisna	3,750,429	4,154,436
Tijarah	44,984	-
Gross islamic financing and related assets	<u>54,061,863</u>	<u>50,462,924</u>
Less: provision against islamic financings		
- Specific	1,673,943	1,429,880
- General	-	-
	<u>1,673,943</u>	<u>1,429,880</u>
Islamic financing and related assets - net of provision	<u>52,387,920</u>	<u>49,033,044</u>

40.4 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	14,127,008	422,637	14,549,645	14,637,500	413,124	15,050,624
Savings deposits	52,337,314	347,614	52,684,928	44,910,744	223,869	45,134,613
Term deposits	9,206,363	-	9,206,363	7,693,035	-	7,693,035
Others	1,606,979	-	1,606,979	1,545,903	-	1,545,903
	<u>77,277,664</u>	<u>770,251</u>	<u>78,047,915</u>	<u>68,787,182</u>	<u>636,993</u>	<u>69,424,175</u>
Financial institutions:						
Current deposits	19,185	11,078	30,263	221,033	41,503	262,536
Savings deposits	770,161	213	770,374	69,119	185	69,304
Term deposits	7,875,000	-	7,875,000	9,450,000	-	9,450,000
Others	-	-	-	81	-	81
	<u>8,664,346</u>	<u>11,291</u>	<u>8,675,637</u>	<u>9,740,233</u>	<u>41,688</u>	<u>9,781,921</u>
	<u>85,942,010</u>	<u>781,542</u>	<u>86,723,552</u>	<u>78,527,415</u>	<u>678,681</u>	<u>79,206,096</u>

40.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	

Opening balance
Add: Islamic banking profit / (loss) for the period / year
Closing balance

	2,550,132	2,710,878
	1,349,585	(160,746)
	<u>3,899,717</u>	<u>2,550,132</u>

40.6 CONTINGENCIES AND COMMITMENTS

-Guarantees
-Commitments

	1,742,264	1,662,941
	20,601,169	5,785,076
	<u>22,343,433</u>	<u>7,448,017</u>

40.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Rupees in '000'	

Profit earned on:
Financing
Investments
Placements
Deposits with financial institutions

	4,453,091	1,921,305
	2,124,351	1,130,399
	268,531	223,111
	181,178	576
	<u>7,027,151</u>	<u>3,275,391</u>

THE BANK OF PUNJAB AND ITS SUBSIDIARIES

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Rupees in '000'	
40.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	3,119,349	1,390,104
Markup on lease liability against right of use assets	189,953	139,234
Markup on borrowings from SBP	8,409	1,412
Profit on deposits from conventional head office	295,873	21,425
	3,613,584	1,552,175

40.9 The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 525,663 thousand (September 30, 2021: tax credit Rs. 11,807 thousand).

40.10 During the period, following pools have been created:

Special Pool XXXII (SP-XXXII)
Special Pool XXXIII (SP-XXXIII)
Special Pool XXXIV (SP-XXXIV)

The main characteristics of the pools are as under:

- i) Profit sharing ratio between Mudarib and Rab-ul-mal for SP-XXXII, SP-XXXIII and SP-XXXIV is 50:50, 01:99 and 05:95 respectively.
- ii) Profit equalization reserve upto 2% of net income will be created, if needed.
- iii) Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Bank.

42 GENERAL

42.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

42.2 Corresponding figures have been re-arranged or re-classified wherever necessary, for better and fair presentation. However, no significant reclassification or re-arrangement has been made during the period except for advances amounting to Rs. 1,457,659 thousand previously classified as 'In local currency' are now classified as 'In foreign currency' in note 11.1.

Chief Financial Officer

President

Chairman

Director

Director



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