



## **GROWTH WITH EMPATHY**

Nurturing Prosperity, Compassion, Inclusiveness

HALF YEARLY REPORT (UN-AUDITED)

**JANUARY-JUNE**

**2022**

# Contents

Corporate Information	2
Directors' Review	3
Unconsolidated Condensed Interim Financial Statements of The Bank of Punjab	7
Consolidated Condensed Interim Financial Statements of The Bank of Punjab and its subsidiaries	45

# 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. Iftikhar Amjad	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. Iftikhar Amjad	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
Mr. Iftikhar Amjad	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. Iftikhar Amjad	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.  
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Fax No. +92 42 35783975  
UAN: 111 200 100

## Registrar

M/s. Corplink (Pvt) Limited  
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Model Town, Lahore.  
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Fax No. +92 42 35869037

## Website

[www.bop.com.pk](http://www.bop.com.pk)

# Directors' Review

## Half Yearly Financial Statements - June 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 six months period ended June 30, 2022.

The first half of 2022 has been a turbulent period for the global economy, the international commodity prices have spiraled as a result of the conflict between Russia and Ukraine. Brent crude prices climbed to \$ 140bbl in March and have remained persistently high above \$ 100bbl during the March to June period. Similarly, the UN FAO food price index has also reached the highest levels since 2011. As a result, inflation across all economies has accelerated sharply. In Pakistan, headline inflation had accelerated to 21% by end of June 2022, the highest level in the last 14 years.

The global commodity shock has also led to a significant widening of the trade deficit. The current account deficit (CAD) for the fiscal year FY22 widened to \$ 17.5bn, compared to a deficit of \$ 1.6bn in the previous year. As a result, SBP FX reserves fell to \$ 9.8bn by June 2022, barely enough for 2 months of import cover. The Pakistan Rupee (PKR) also weakened significantly on rising imports and declining reserves, posting a sharp 30% decline. The interbank closed at 205 at the end of June.

Macroeconomic stability has impacted business confidence and led to sharp monetary policy tightening by the central bank. The policy rate was hiked by 800bps to 15% by the end of June 2022. We are cautiously optimistic for the second half of 2022, as international commodity prices have started to soften and the government has successfully completed the IMF staff review. Policy actions taken by the government will lead to a decline in the large budget and trade deficits, restoring market confidence. The government has also successfully engaged friendly countries to enhance investment and financial assistance inflows, which will help to build up the SBP FX reserves. Hence, positive macroeconomic developments are expected which will support investor confidence and revive business activity in the second half of 2022.

During 1st Half of year 2022, the Bank posted strong financial results in line with its growth strategy as mentioned hereunder:

Financial Highlights:	Rs. in Million
Profit before taxation	8,359,540
Taxation	2,938,719
Profit after taxation	5,420,821
Earnings per share (Rupees)	1.82

During 1st Half of the year, the Bank posted before tax profit of Rs. 8.36 billion as against Rs. 7.37 billion earned during 1st Half 2021 with a growth of 13%. Bank's Net Interest Margin (NIM) improved to Rs. 15.86 billion as against Rs. 13.88 billion during 1st Half 2021 registering a growth of 14%. Similarly, Non-Markup/ Interest Income (excluding gains on securities) increased to Rs. 4.46 billion as against Rs. 2.77 billion during 1st Half 2021 showing an increase of 61%. Profit after tax remained at Rs. 5.42 billion as against Rs. 5.60 billion during 1st half 2021. Earnings per Share (EPS) remained at Rs. 1.82 per share as against Rs. 1.88 per share for 1st Half 2021.

Bank's Total Assets as at June 30, 2022 improved to Rs. 1,254.4 billion as against Rs. 1,197.0 billion as of December 31, 2021. The Deposits of the Bank also improved to Rs. 1,032.0 billion as against Rs. 1,003.0 billion as on December 31, 2021. Investments and Gross Advances were recorded at Rs. 524.2 billion and Rs. 571.2 billion, respectively. Equity improved to Rs. 56.9 billion and Capital Adequacy Ratio (CAR) stood at 12.62% against regulatory requirement of 11.50%. Whereas, Leverage Ratio stood at 3.27% 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 688 online branches (including 121 Taqwa Islamic Banking Branches and 16 sub-branches). Further, the Bank has a network of 669 ATMs providing 24/7 banking services to the customers. Besides that, Bank is also offering Branchless Banking, Mobile Banking, Internet Banking and Cash Management services to its clients.

I am thankful to our valued customers and shareholders for their continuous support and also assure them that the Bank shall maintain its growth trajectory in line with its strategic business plan. I also extend my gratitude to the Government of the Punjab and State Bank of Pakistan for their support and guidance. Further, the Board highly appreciates the efforts of Bank's management and staff for achieving desired business objectives

For and on behalf of the Board

President/ CEO

Chairman

## ڈائریکٹرز کی رپورٹ

ششماہی مالی بیانات 30 جون 2022

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 30 جون 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے دی بینک آف پنجاب کے غیر آڈٹ شدہ کنڈنڈسڈ عبوری مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی ہو رہی ہے۔

2022 کی پہلی ششماہی عالمی معیشت کے لیے ایک ہنگامہ خیز دور رہی ہے، روس اور یوکرین کے درمیان تنازعے کے نتیجے میں ایشیاء کے بین الاقوامی قیمتوں میں اضافہ ہوا ہے۔ بریٹن کروڑ کی قیمت مارچ میں 140 bbl ڈالر تک پہنچ گئی اور مارچ سے جون کے عرصے کے دوران مسلسل 100 bbl ڈالر سے اوپر رہی۔ اسی طرح، UN FAO فوڈ پرائس انڈیکس بھی 2011 کے بعد بلند ترین سطح پر پہنچ گیا ہے۔ اس کے نتیجے میں تمام معیشتوں میں افراط زر تیزی میں اضافہ ہوا ہے۔ پاکستان میں، جون 2022 کے آخر تک ہیڈ لائن افراط زر کی شرح 21 فیصد تک پہنچ گئی، جو گزشتہ 14 سالوں میں بلند ترین سطح ہے۔

عالمی اجناس کے جھکے نے تجارتی خسارے میں بھی نمایاں اضافہ کیا ہے۔ مالی سال FY22 کے لیے کرنٹ اکاؤنٹ خسارہ (CAD) پچھلے سال کے 1.6\$ bn کے خسارے کے مقابلے میں بڑھ کر 17.5\$ bn ہو گیا۔ نتیجے کے طور پر، SBP FX کے ذخائر جون 2022 تک 9.8\$ bn تک پہنچ گئے، جو 2 ماہ کے درآد کو کے لیے، مشکل کافی تھے۔ پاکستانی روپیہ (PKR) بھی بڑھتی ہوئی درآمد اور ذخائر میں کمی کی وجہ سے نمایاں طور پر کمزور ہوا، جس میں 30 فیصد کی زبردست کمی واقعہ ہوئی۔ جون کے آخر میں انٹر بینک 205 پر بند ہوا۔

میکرو اکنامک استحکام نے کاروباری اعتماد کو متاثر کیا ہے اور مرکزی بینک کی جانب سے مالیاتی پالیسی کو سخت کرنے کا باعث بنا ہے۔ جون 2022 کے آخر تک پالیسی ریٹ کو 800 bps سے بڑھا کر 15% کر دیا گیا تھا۔ ہم 2022 کے دوسرے نصف حصے کے لیے محتاط طور پر پر امید ہیں، کیونکہ بین الاقوامی اجناس کی قیمتیں نرم ہونا شروع ہو گئی ہیں اور حکومت نے IMF کے عملے کا جائزہ کامیابی سے مکمل کر لیا ہے۔ حکومت کے طرف سے کیے گئے پالیسی اقدامات بڑے بچت اور تجارتی خسارے میں کمی کا باعث بنیں گے، مارکیٹ کا اعتماد بحال ہوگا۔ حکومت نے سرمایہ کاری اور مالی امداد کے بہاؤ کو بڑھانے کے لیے دوست ممالک کو کامیابی کے ساتھ شامل کیا ہے، جس سے SBP FX کے ذخائر کو بڑھانے میں مدد ملے گی، لہذا مثبت معاشی پیش رفت متوقع ہے جو 2022 کی دوسری ششماہی میں سرمایہ کاروں کے اعتماد کو بڑھانے اور کاروباری سرگرمیوں کو بحال کرنے میں معاون ثابت ہوگی۔

سال 2022 کی دوسری سہ ماہی کے دوران، بینک نے اپنی ترقی کی حکمت عملی کے مطابق مضبوط مالی نتائج شائع کیے جیسا کہ یہاں ذکر کیا گیا ہے۔

روپیہ ملین میں	مالیاتی نتائج
8359.540	قبل از ٹیکس منافع
2938.719	ٹیکس
5420.821	بعد از ٹیکس منافع
1.82	نی حصص آمدن (روپیہ)

سال کی پہلی ششماہی کے دوران بینک کا قہل ازنگیس منافع 13 فیصد اضافہ کے ساتھ 8.36 ارب روپے ہو گیا جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 7.37 ارب روپے تھا۔ بینک کا نیٹ انٹرسٹ مارجن 14 فیصد اضافے کے ساتھ 15.86 ارب روپے ہو گیا جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 13.88 ارب روپے تھا اسی طرح نان مارک اپ آمدن (سکیورٹیز پر گین کے علاوہ) 61 فیصد اضافے کے ساتھ 4.46 ارب روپے ہو گئی جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 2.77 ارب روپے تھی۔ بعد ازنگیس منافع 5.42 ارب روپے رہا جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 5.60 ارب روپے تھا۔ بینک کی فی حصص آمدن 1.82 روپے رہی جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 1.88 ارب روپے تھی۔

30 جون 2022 بینک کے اثاثہ جات بڑھ کر 1254.4 ارب روپے ہو گئے جو کہ 31 دسمبر 2021 کو 1197.0 ارب روپے تھے۔ بینک کے ڈیپازٹس بھی بڑھ کر 1032.0 ارب روپے ہو گئے جو کہ 31 دسمبر 2021 کو 1003.0 ارب روپے تھے۔ ایکویٹی بہتر ہو کر 56.9 ارب روپے ہو گئی جبکہ کچھ لیکول ایڈیکولیو ریشو 12.62 فیصد رہی جس کی مطلوبہ شرح 11.50 فیصد ہے۔ اس طرح بینک کی Leverage ratio 3.72 فیصد رہی جس کی مطلوبہ شرح 3.00 فیصد ہے۔

بینک کو M/s PACRA کی طرف سے AA+ کی طویل مدتی درجہ بندی تفویض کی گئی ہے جبکہ مختصر مدت کی درجہ بندی A1+ کے اعلیٰ ترین درجے پر ہے۔ بینک کے پاس اس وقت 688 آن لائن برانچوں کا نیٹ ورک ہے جس میں 121 تقویٰ اسلامی بینکنگ برانچیز اور 16 ذیلی برانچیں شامل ہیں۔ مزید بینک کے پاس 669 ایٹو ایمرز کا نیٹ ورک موجود ہے جو صارفین کو 24/7 بینکنگ خدمات فراہم کرتا ہے۔ اس کے علاوہ بینک اپنے گاہکوں کو برانچ لیس بینکنگ، موبائل بینکنگ، انٹرنیٹ بینکنگ اور کیش مینجمنٹ کی خدمات بھی پیش کر رہا ہے۔

میں اپنے قابل قدر کسٹمرز اور شیئر ہولڈرز کا ان کی مسلسل حمایت کے لیے شکر گزار ہوں اور انہیں یقین دلاتا ہوں کہ بینک اپنی ترقی کی رفتار کو اپنے اسٹریٹیجک کاروباری منصوبے کے مطابق برقرار رکھے گا۔ میں حکومت پنجاب اور اسٹیٹ بینک آف پاکستان کے تعاون اور رہنمائی پر شکر یہ ادا کرتا ہوں مزید برآں، بورڈ مطلوبہ کاروباری مقاصد کے حصول کے لیے بینک کی انظامیہ اور عملے کی کوششوں کو سراہتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈائریکٹر

پریذیڈنٹ/سی ای او



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Bank of Punjab

### Report on review of Unconsolidated Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Bank of Punjab ("the Bank") as at June 30, 2022 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended June 30, 2022 and June 30, 2021 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### Other Matters

The unconsolidated condensed interim financial statements of the Bank for the six-month period ended June 30, 2021 and unconsolidated financial statements for the year ended December 31, 2021 were reviewed and audited respectively by another firm of Chartered Accountants, who had expressed an unmodified conclusion and opinion thereon vide their reports dated August 27, 2021 and March 7, 2022 respectively.

The engagement partner on the review resulting in this independent auditor's review report is Hammad Ali Ahmad.

**A.F. Ferguson & Co.**

Chartered Accountants

Lahore.

Dated: August 23, 2022

UDIN: RR202210092EJorKdacX

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Unconsolidated Condensed Interim  
**FINANCIAL  
STATEMENTS**  
for the six months ended June 30, 2022





# Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2022

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	80,708,312	71,318,743
Balances with other banks	8	3,953,284	8,717,632
Lendings to financial institutions	9	36,180,331	30,980,388
Investments - net	10	524,191,127	531,683,056
Advances - net	11	524,407,952	484,405,376
Fixed assets	12	25,657,595	19,831,970
Intangible assets	13	1,285,793	1,101,012
Deferred tax assets - net	14	17,375,577	13,696,051
Other assets - net	15	40,643,145	35,217,763
		1,254,403,116	1,196,951,991
<b>LIABILITIES</b>			
Bills payable	17	6,733,455	10,109,459
Borrowings	18	77,887,745	71,323,488
Deposits and other accounts	19	1,031,950,126	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	66,090,381	49,942,521
		1,197,466,827	1,142,119,115
<b>NET ASSETS</b>		<b>56,936,289</b>	<b>54,832,876</b>
<b>REPRESENTED BY</b>			
Share capital - net	22	29,478,381	26,173,766
Reserves		11,601,215	10,517,051
Deficit on revaluation of assets - net of tax	23	(4,782,646)	(1,368,710)
Unappropriated profit		20,639,339	19,510,769
		56,936,289	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

# Unconsolidated Condensed Interim Profit and Loss Account

For the Six Months Ended June 30, 2022 (Un-audited)

	Note	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Rupees in '000'					
Mark-up / return / interest earned	25	32,087,622	19,459,695	58,879,970	38,865,407
Mark-up / return / interest expensed	26	24,336,531	12,445,930	43,016,051	24,983,698
Net mark-up / interest income		7,751,091	7,013,765	15,863,919	13,881,709
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	27	1,983,430	1,375,108	3,354,691	2,491,903
Dividend income		57,406	49,180	220,916	105,001
Foreign exchange income		556,954	66,047	685,798	140,764
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities - net	28	(737,331)	352,825	(861,011)	1,614,972
Other income - net	29	64,856	10,919	198,120	35,490
Total non-markup / interest income		1,925,315	1,854,079	3,598,514	4,388,130
Total income		9,676,406	8,867,844	19,462,433	18,269,839
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	6,562,103	4,741,963	13,862,273	10,141,868
Workers welfare fund		84,966	101,889	147,071	167,415
Other charges	31	29,780	352	33,794	502
Total non-markup / interest expenses		6,676,849	4,844,204	14,043,138	10,309,785
Profit before provisions (Reversal) / provisions and write offs - net	32	(1,876,261)	(278,357)	(2,940,245)	591,168
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		4,875,818	4,301,997	8,359,540	7,368,886
Taxation - net	33	1,615,524	537,112	2,938,719	1,771,377
<b>PROFIT AFTER TAXATION</b>		3,260,294	3,764,885	5,420,821	5,597,509
<b>Basic earnings per share - Rupees</b>	34	1.10	(Restated) 1.27	1.82	(Restated) 1.88
<b>Diluted earnings per share - Rupees</b>	35	1.10	1.27	1.82	1.88

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

 Chief Financial Officer	 President	 Chairman	 Director	 Director
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# Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Six Months Ended June 30, 2022 (Un-audited)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	Rupees in '000'			
Profit after taxation for the period	3,260,294	3,764,885	5,420,821	5,597,509
<b>Other comprehensive income / (loss) for the period:</b>				
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement loss on defined benefit obligations	-	-	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	177,464	(90,596)	574,026	(90,596)
	177,464	(90,596)	574,026	(90,596)
	3,437,758	3,674,289	5,994,847	5,506,913
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(2,385,306)	253,499	(3,893,219)	(2,660,212)
<b>Total comprehensive (loss) / income for the period</b>	<b>1,052,452</b>	<b>3,927,788</b>	<b>2,101,628</b>	<b>2,846,701</b>

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

				
Chief Financial Officer	President	Chairman	Director	Director

# Unconsolidated Condensed Interim Statement of Changes in Equity

For the Six Months Ended June 30, 2022 (Un-audited)

	Rupees in '000'							Total		
	Share capital	Discount on issue of shares	Share capital - net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Investments on revaluation of		Fixed / non banking assets	Unappropriated profit
<b>Balance as on January 01, 2021 - audited</b>										
Profit after taxation for the six months ended June 30, 2021	26,436,924	(263,158)	26,173,766	2,215,040	-	5,813,984	2,934,263	3,021,096	12,103,382	52,261,511
Other comprehensive loss	-	-	-	-	-	-	(2,660,212)	(80,596)	5,597,509	(2,750,609)
Total comprehensive income / (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	(2,660,212)	(80,596)	5,597,509	2,846,701
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(29,699)	(29,699)	29,699	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(4,681)	(4,681)	4,681	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(19,605)	26,214	6,709
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)
<b>Balance as on June 30, 2021 - unaudited</b>										
Profit after taxation for the six months ended December 31, 2021	26,436,924	(263,158)	26,173,766	2,215,040	-	5,813,984	274,051	2,876,615	15,117,773	52,471,229
Other comprehensive (loss) / income	-	-	-	-	-	-	(6,720,215)	2,238,070	6,842,626	(4,482,892)
Total comprehensive (loss) / income for the six months ended December 31, 2021	-	-	-	-	-	-	(6,720,215)	2,238,070	6,841,879	2,369,734
Transfer to statutory reserve during the period	-	-	-	-	-	2,488,027	-	(29,756)	(2,488,027)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(4,483)	4,483	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,992)	4,905	1,913
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	-	-	-
<b>Balance as on December 31, 2021 - audited</b>										
Profit after taxation for the six months ended June 30, 2022	26,436,924	(263,158)	26,173,766	2,215,040	-	8,302,011	(6,446,164)	5,077,454	19,510,769	54,832,676
Other comprehensive (loss) / income	-	-	-	-	-	-	(3,893,219)	574,026	5,420,821	(3,319,193)
Total comprehensive (loss) / income for the six months ended June 30, 2022	-	-	-	-	-	-	(3,893,219)	574,026	5,420,821	2,101,628
Transfer to statutory reserve during the period	-	-	-	-	-	1,094,164	-	(52,590)	(1,094,164)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,666)	52,590	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(39,487)	2,666	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	-	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	-	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)	-
<b>Balance as on June 30, 2022 - unaudited</b>										
	29,741,539	(263,158)	29,478,381	2,215,040	-	9,386,175	(10,339,383)	5,556,737	20,639,339	56,936,289

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






**Chief Financial Officer**      **President**      **Chairman**      **Director**

# Unconsolidated Condensed Interim Cash Flow Statement

For the Six Months Ended June 30, 2022 (Un-audited)

	Note	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
		Rupees in '000'	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		8,359,540	7,368,886
Less: Dividend income		(220,916)	(105,001)
		8,138,624	7,263,885
Adjustments:			
Depreciation on fixed assets	30	717,101	607,495
Depreciation on non banking assets acquired in satisfaction of claims	30	21,420	25,365
Depreciation on ijarah assets under IFAS - 2	30	61,584	65,063
Depreciation on right of use assets	30	581,087	473,376
Amortization on intangible assets	30	129,179	109,464
Amortization of discount on debt securities - net		(1,977,581)	(496,313)
Mark-up on lease liability against right of use assets	26	639,956	513,295
Unrealized loss on revaluation of investments classified as held for trading	28	-	21,619
(Reversal) / provision and write-offs - net	32	(2,940,245)	591,168
Workers' Welfare Fund		147,071	167,415
Gain on termination of lease liability against right of use assets	29	(13,171)	(712)
(Gain) / loss on sale of property and equipment - net	29	(57,936)	110
Gain on sale of non banking assets - net	29	(114,420)	(28,345)
Realized loss / (gain) on sale of securities - net	28	861,011	(1,636,591)
Provision for employees compensated absences		6,020	6,991
Provision for gratuity		170,016	103,474
		(1,768,908)	522,874
		6,369,716	7,786,759
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(5,199,943)	4,500,693
Held for trading securities		33,537,173	6,014,171
Advances - net		(37,103,088)	(43,787,010)
Others assets - net (excluding advance taxation)		(7,588,829)	(3,446,750)
		(16,354,687)	(36,718,896)
Increase / (decrease) in operating liabilities:			
Bills payable		(3,376,004)	556,157
Borrowings from financial institutions		6,494,127	(23,289,945)
Deposits		28,995,459	90,593,028
Other liabilities (excluding current taxation and gratuity fund)		13,234,951	2,455,099
		45,348,533	70,314,339
Payment made to gratuity fund		(268,144)	(261,774)
Income tax paid		(2,277,791)	(2,684,569)
		(2,545,935)	(2,946,343)
<b>Net cash flow from operating activities</b>		<b>32,817,627</b>	<b>38,435,859</b>

# Cash Flow Statement (Cont:)

	Note	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
		Rupees in '000'	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(232,412)	(25,256,299)
Net investments in held to maturity securities		(33,327,345)	-
Dividends received		219,547	106,860
Investments in operating fixed assets		(1,575,907)	(1,158,367)
Investments in intangible assets		(313,960)	(290,738)
Proceeds from sale of fixed assets		61,028	881
Proceeds from sale of non banking assets acquired in satisfaction of claims		731,323	255,509
<b>Net cash used in investing activities</b>		<b>(34,437,726)</b>	<b>(26,342,154)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
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		(840,950)	(674,821)
<b>Net cash flow from / (used in) financing activities</b>		<b>6,175,190</b>	<b>(3,319,873)</b>
<b>Increase in cash and cash equivalents</b>		<b>4,555,091</b>	<b>8,773,832</b>
Cash and cash equivalents at beginning of the period		80,036,375	71,667,375
Cash and cash equivalents at end of the period		84,591,466	80,441,207
<b>Cash and cash equivalents:</b>			
Cash and balances with treasury banks		80,708,312	78,135,271
Balances with other banks		3,953,284	2,305,936
Overdrawn nostro accounts		(70,130)	-
		84,591,466	80,441,207

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

				
Chief Financial Officer	President	Chairman	Director	Director

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the Six Months Ended June 30, 2022 (Un-audited)

## 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 688 branches including 16 sub branches and 121 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 31 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 -Amendments	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.

### 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.

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>7. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand:			
Local currency		19,966,529	13,800,458
Foreign currencies		1,731,794	4,359,944
		21,698,323	18,160,402
With SBP in:			
Local currency current account		38,337,069	40,886,803
Foreign currency current account		1,405,248	900,219
Foreign currency deposit account		3,042,580	2,109,501
		42,784,897	43,896,523
With National Bank of Pakistan in:			
Local currency current account		16,197,991	9,174,433
Prize bonds		27,101	87,385
		80,708,312	71,318,743
<b>8. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
Current accounts		211,858	261,003
Deposit accounts		34,901	5,534,036
		246,759	5,795,039
Outside Pakistan:			
Current accounts		1,289,268	1,339,397
Deposit accounts		2,417,257	1,583,196
		3,706,525	2,922,593
		3,953,284	8,717,632
<b>9. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		-	100,000
Repurchase agreement lendings (Reverse Repo)	9.2	13,805,331	26,380,388
Placements	9.3	22,375,000	4,500,000
		36,180,331	30,980,388
<b>9.1 Particulars of lendings</b>			
In local currency		36,180,331	30,980,388
In foreign currencies		-	-
		36,180,331	30,980,388

## 9.2 Securities held as collateral against repurchase agreement lendings (reverse repo)

	(Un-audited) June 30, 2022			(Audited) December 31, 2021		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
<b>R u p e e s i n ' 0 0 0 '</b>						
Market treasury bills	7,805,331	-	7,805,331	21,088,298	-	21,088,298
Pakistan investment bonds	6,000,000	-	6,000,000	5,292,090	-	5,292,090
	13,805,331	-	13,805,331	26,380,388	-	26,380,388

Market value of securities held as collateral as at June 30, 2022 amounted to Rs. 13,809,683 thousand (December 31, 2021: Rs. 26,391,416 thousand). These carry mark-up at rates ranging from 12.75% to 13.80% per annum (December 31, 2021: 10.50% to 10.75% per annum).

9.3 These carry profit rates ranging from 10.50% to 14.55% per annum (December 31, 2021: 7.25% to 10.90% per annum) with maturities up to September 30, 2022.

## 10. INVESTMENTS - NET

### 10.1 Investments by type:

	Note	June 30, 2022				December 31, 2021			
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
<b>R u p e e s i n ' 0 0 0 '</b>									
<b>Held-for-trading securities</b>									
Federal government securities	10.1.1	-	-	-	-	33,472,511	-	-	33,472,511
Ordinary shares		-	-	-	-	34,331	-	(5,390)	28,941
		-	-	-	-	33,506,842	-	21,039	33,527,881
<b>Available-for-sale securities</b>									
Federal government securities	10.1.1 & 10.2	423,018,597	-	(17,419,898)	405,598,699	425,181,105	-	(9,766,167)	415,414,938
Shares and certificates		11,828,950	(2,320,476)	(762,717)	8,745,758	9,091,450	(1,420,029)	(840,977)	6,830,444
Mutual fund units		65,000	-	1,061	66,061	-	-	-	-
Non government debt securities		17,041,224	(2,525,563)	42,285	14,557,946	17,084,566	(2,525,563)	39,662	14,598,665
Foreign securities		11,957	-	-	11,957	11,957	-	-	11,957
		451,965,728	(4,846,038)	(18,139,269)	428,980,421	451,383,970	(3,945,592)	(10,567,482)	436,870,896
<b>Held-to-maturity securities</b>									
Federal government securities	10.1.1 & 10.4	95,228,974	-	-	95,228,974	61,299,171	-	-	61,299,171
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		95,229,374	(400)	-	95,228,974	61,299,571	(400)	-	61,299,171
Subsidiaries		164,945	(164,945)	-	-	164,945	(164,945)	-	-
<b>Total investments</b>		<b>547,341,779</b>	<b>(5,011,383)</b>	<b>(18,139,269)</b>	<b>524,191,127</b>	<b>546,340,436</b>	<b>(4,110,937)</b>	<b>(10,546,443)</b>	<b>531,683,056</b>

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.

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		<b>R u p e e s i n ' 0 0 0 '</b>	
<b>10.2 Investments given as collateral</b>			
Pakistan investment bonds		489,134	1,768,381
<b>10.3 Provision for diminution in value of investments</b>			
<b>10.3.1</b>			
Opening balance		4,110,937	4,079,771
Charge / reversals:			
Charge for the period / year	32	1,059,296	322,188
Reversals for the period / year		-	(10,669)
		1,059,296	311,519
Reversal on disposal during the period / year		(158,850)	(280,353)
Closing balance		5,011,383	4,110,937

### 10.3.2 Particulars of provision against debt securities

	(Un-audited) June 30, 2022		(Audited) December 31, 2021	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,525,963	2,525,963	2,525,963	2,525,963
<b>Total</b>	<b>2,525,963</b>	<b>2,525,963</b>	<b>2,525,963</b>	<b>2,525,963</b>

10.4 Market value of held to maturity investments amounted to Rs. 90,869,826 thousand (December 31, 2021: Rs. 63,715,206 thousand).

### 11. ADVANCES - NET

	Performing		Non Performing		Total	
	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Rupees in '000'						
Loans, cash credits, running finances, etc.	449,197,102	418,699,627	48,293,789	48,738,919	497,490,891	467,438,546
Net book value of assets in ijarah under IFAS 2 - In Pakistan	2,052,161	1,860,758	180,985	215,000	2,233,146	2,075,758
Islamic financing and related assets	47,619,508	45,336,297	2,997,254	3,050,869	50,616,762	48,387,166
Bills discounted and purchased	20,845,971	16,234,159	17,221	27,521	20,863,192	16,261,680
Advances - gross	519,714,742	482,130,841	51,489,249	52,032,309	571,203,991	534,163,150
Provision against advances:						
- Specific	-	-	(46,207,764)	(46,702,829)	(46,207,764)	(46,702,829)
- General	(588,275)	(3,054,945)	-	-	(588,275)	(3,054,945)
	(588,275)	(3,054,945)	(46,207,764)	(46,702,829)	(46,796,039)	(49,757,774)
Advances - net of provision	519,126,467	479,075,896	5,281,485	5,329,480	524,407,952	484,405,376

	June 30, 2022	December 31, 2021
	Rupees in '000'	
(Restated)		
11.1 Particulars of advances (gross)		
In local currency	566,337,152	532,615,907
In foreign currencies	4,866,839	1,547,243
	571,203,991	534,163,150

11.2 Advances include Rs. 51,489,249 thousand (December 31, 2021: Rs. 52,032,309 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) June 30, 2022		(Audited) December 31, 2021	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Category of classification				
Domestic				
Other assets especially mentioned	184,738	6,230	156,255	3,946
Substandard	1,091,249	132,986	3,173,639	517,367
Doubtful	7,483,639	6,035,100	6,432,920	5,571,388
Loss	42,729,623	40,033,448	42,269,495	40,610,128
<b>Total</b>	<b>51,489,249</b>	<b>46,207,764</b>	<b>52,032,309</b>	<b>46,702,829</b>

### 11.3 Particulars of provision against advances

	June 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	1,278,882	-	1,278,882	4,004,162	-	4,004,162
Reversals for the period / year	(1,773,947)	(2,466,670)	(4,240,617)	(5,152,004)	(693,548)	(5,845,552)
	(495,065)	(2,466,670)	(2,961,735)	(1,147,842)	(693,548)	(1,841,390)
	-	-	-	(111)	-	(111)
Closing balance	46,207,764	588,275	46,796,039	46,702,829	3,054,945	49,757,774
<b>11.3.1 Particulars of provision against advances with respect to currencies</b>						
In local currency	46,207,764	588,275	46,796,039	46,702,829	3,054,945	49,757,774
In foreign currencies	-	-	-	-	-	-
	46,207,764	588,275	46,796,039	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. 2,980,672 thousand (December 31, 2021: Rs 1,975,509 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	(Un-audited)	(Audited)
		June 30, 2022	December 31, 2021
		Rupees in '000'	
<b>12. FIXED ASSETS</b>			
Capital work-in-progress	12.1	736,291	191,433
Right of use assets		9,017,415	7,891,934
Property and equipment		15,903,889	11,748,603
		25,657,595	19,831,970
<b>12.1 Capital work-in-progress</b>			
Civil works	12	736,291	191,433
<b>12.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		544,858	677,026
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		87,013	32,151
Office equipment		137,016	178,294
Computer equipment		374,014	133,156
Lease hold improvements		256,279	107,267
Vehicles		176,727	30,473
		4,875,479	481,341
		5,420,337	1,158,367

	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	Rupees in '000'	
12.3	1,778,142	964,667
12.4	71,576	1,953
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	1,109	352
Office equipment	1,979	639
Computer equipment	4	-
Vehicles	-	-
	3,092	991

Gross carrying amount of vehicles disposed off during the period was Rs. 44,891 thousand (June 30, 2021: Nil).

	(Un-audited) June 30, 2022	(Audited) Dec 31, 2021
	Rupees in '000'	
<b>13. INTANGIBLE ASSETS</b>		
Capital work-in-progress	589,403	523,686
Softwares	696,390	577,326
	1,285,793	1,101,012
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Intangible in progress	65,717	267,353
Intangible assets purchased	248,243	23,385
	313,960	290,738

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Rupees in '000'			
<b>14. DEFERRED TAX ASSETS - NET</b>			
Deductible temporary differences on:			
Deficit on revaluation of investments		7,799,886	4,121,318
Right of use assets - net		840,519	619,234
Workers Welfare Fund		63,241	-
Provision against advances, off balance sheet etc.		11,198,817	10,699,622
		19,902,463	15,440,174
Taxable temporary differences on:			
Surplus on revaluation of property and equipment		(2,058,571)	(1,346,545)
Accelerated tax depreciation		(351,043)	(230,256)
Surplus on revaluation of non banking assets		(117,272)	(167,322)
		(2,526,886)	(1,744,123)
		17,375,577	13,696,051
<b>15. OTHER ASSETS - NET</b>			
Income / mark-up accrued in local currency		23,155,317	18,791,445
Income / mark-up accrued in foreign currency		1,678	1,013
Advances, deposits, advance rent and other prepayments		1,136,482	828,612
Non-banking assets acquired in satisfaction of claims		2,469,747	5,479,598
Acceptances	21	11,402,211	8,337,508
Branch adjustment account	21	41,656	-
Mark to market gain on forward foreign exchange contracts - net	21	-	150,612
Stock of stationery		111,398	90,478
Suspense account		30,559	11,807
Zakat recoverable from National Investment Trust Limited (NITL)		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		256,645	41,665
Claims receivable against fraud and forgeries		477,004	445,033
Auto Teller Machine and Point of Sale receivable - net		415,923	740,953
Others		720,851	722,792
		40,256,261	35,678,306
Less: Provision held against other assets	15.1	(873,609)	(1,914,474)
Other assets (net of provision)		39,382,652	33,763,832
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	1,260,493	1,453,931
Other assets - total		40,643,145	35,217,763
<b>15.1 Provision held against other assets</b>			
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		458,003	446,760
Others		312,217	310,265
	15.1.1	873,609	1,914,474

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>15.1.1 Movement in provision held against other assets</b>			
Opening balance		1,914,474	2,037,220
Charge for the year		33,618	35,367
Reversals during the year		(1,072,087)	(147,839)
		(1,038,469)	(112,472)
Amount written off		(2,396)	(10,274)
Closing balance		873,609	1,914,474
<b>15.2 Movement in non-banking assets acquired in satisfaction of claims</b>			
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		(21,420)	(48,666)
Impairment reversed during the period / year		1,054,060	113,619
Closing balance		3,699,364	5,848,593
<b>16 CONTINGENT ASSETS</b>			
Contingent assets		Nil	Nil
<b>17 BILLS PAYABLE</b>			
In Pakistan		6,733,455	10,109,459
Outside Pakistan		-	-
		6,733,455	10,109,459
<b>18 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from SBP under:			
Export Refinance Scheme (ERF)		29,276,457	28,221,440
Long Term Financing Facility (LTFF)		14,008,457	13,499,088
Finance Facility for Storage of Agricultural Produce (FFSAP)		167,385	185,799
Finance facility for Renewable Energy Performance Platform (REPP)		6,334,647	5,347,359
Refinancing facility for payment of salaries and wages		5,053,134	9,132,079
Refinancing facility for combating COVID-19		1,456,792	1,089,182
Finance Islamic facility for working capital financing of SE & ME		24,000	3,000
Finance Facility for Temporary Relief Refinance scheme (TERF)		16,154,265	11,881,311
Finance Facility for women entrepreneurs		3,167	3,589
Finance Islamic facility for Saaf Rozgar Reimbursement Credit		3,399,561	-
Finance Facility for Shamsi Tawanai Consumer		37,720	-
Refinancing facility for modernization of Small and Medium Enterprises (SMEs)		180,192	155,628
		76,095,777	69,518,475
Borrowing from Pakistan Mortgage Refinance Company Limited		1,721,838	1,805,013
<b>Total secured</b>		77,817,615	71,323,488
<b>Unsecured</b>			
Overdrawn nostro accounts		70,130	-
		77,887,745	71,323,488



## 19. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
<b>Customers:</b>						
Current deposits	193,183,649	4,182,068	197,365,717	169,522,753	3,649,150	173,171,903
Savings deposits	522,582,257	3,698,999	526,281,256	459,784,249	3,340,461	463,124,710
Term deposits	260,727,403	16,064,257	276,791,660	320,956,024	7,419,447	328,375,471
Others	23,998,083	-	23,998,083	16,921,902	-	16,921,902
	1,000,491,392	23,945,324	1,024,436,716	967,184,928	14,409,058	981,593,986
<b>Financial institutions:</b>						
Current deposits	1,844,092	878,876	2,722,968	1,797,032	874,512	2,671,544
Savings deposits	2,450,093	6,497	2,456,590	4,870,165	3,585	4,873,750
Term deposits	1,775,000	-	1,775,000	10,841,125	2,446,653	13,287,778
Others	558,852	-	558,852	527,609	-	527,609
	6,628,037	885,373	7,513,410	18,035,931	3,324,750	21,360,681
	1,007,119,429	24,830,697	1,031,950,126	985,220,859	17,733,808	1,002,954,667

	Note	June 30, 2022	December 31, 2021
Rupees in '000'			
<b>20. SUBORDINATED DEBTS</b>			
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.

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Rupees in '000'			
<b>21</b>	<b>OTHER LIABILITIES</b>		
	Mark-up / return / interest payable in local currency	21,947,883	14,222,369
	Mark-up / return / interest payable in foreign currency	115,935	52,107
	Lease key money	12,937,541	11,991,877
	Provision for taxation (provisions less payments)	2,121,014	755,465
	Sundry creditors and accrued expenses	1,697,857	1,242,506
	Acceptances	15	11,402,211
	Mark-up payable on subordinated debts	173,708	90,505
	Unclaimed dividends	2,586	2,586
	Branch adjustment account	15	-
	Payable to gratuity fund	170,016	268,144
	Gratuity payable to key management personnel	5,750	5,750
	Payable to charity fund	48	8
	Provision against off-balance sheet obligations	21.2	62,183
	Provision for employees compensated absences	137,436	133,629
	Mark to market loss on forward foreign exchange contracts - net	15	1,233,253
	Taxes / zakat / import fee payable	1,366,533	684,132
	Lease liability against right of use assets	10,972,110	9,479,713
	Workers Welfare Fund	21.1	1,130,229
	IBFT payable	-	544,489
	Others	614,088	796,242
		66,090,381	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 its provision in respect of WWF.

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

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

## 22. SHARE CAPITAL - NET

### 22.1 Authorized capital

(Un-audited) June 30, 2022	(Audited) December 31, 2021		(Un-audited) June 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) June 30, 2022	(Audited) December 31, 2021		(Un-audited) June 30, 2022	(Audited) December 31, 2021
Number of shares			Rupees in '000'	
<b>Opening Balance</b>				
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
<b>Movement during the period</b>				
330,461,547	-	Issued as bonus shares	3,304,615	-
<b>Closing Balance</b>				
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 June 30, 2022 (December 31, 2021: 57.47%).

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Audited) Dec 31, 2021
<b>23. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX</b>			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	10.1	(18,139,269)	(10,567,482)
- Property and equipment		6,472,087	5,137,390
- Non-banking assets acquired in satisfaction of claims	15	1,260,493	1,453,931
		(10,406,689)	(3,976,161)
Deferred tax on deficit / (surplus) on revaluation of:			
- Available for sale securities		7,799,886	4,121,318
- Property and equipment		(2,058,571)	(1,346,545)
- Non-banking assets acquired in satisfaction of claims		(117,272)	(167,322)
		5,624,043	2,607,451
		(4,782,646)	(1,368,710)
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	24.1	90,051,941	80,791,490
Commitments	24.2	398,663,793	388,223,744
Other contingent liabilities	24.3	661,807	8,975
		489,377,541	469,024,209
<b>24.1 Guarantees:</b>			
Financial guarantees		22,859,784	18,341,471
Performance guarantees		20,961,741	18,710,766
Other guarantees		46,230,416	43,739,253
		90,051,941	80,791,490
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		150,583,119	136,560,464
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	198,729,171	205,641,893
- forward lending	24.2.2	49,279,431	45,923,548
Commitments for acquisition of:			
- fixed assets		7,543	13,052
- intangible assets		64,529	84,787
		398,663,793	388,223,744
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		103,492,338	105,824,202
Sale		95,236,833	99,817,691
		198,729,171	205,641,893
<b>24.2.2 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	49,279,431	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.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Audited) Dec 31, 2021	
<b>24.3</b>	Other contingent liabilities	24.3.1	661,807	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 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.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Audited) Dec 31, 2021	
<b>24.4</b>	Claims against the Bank not acknowledged as debts	24.4.1	50,328,762	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.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021
<b>25.</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	On loans and advances	26,982,239	16,526,185
	On investments:		
	Available for sale securities	25,153,252	16,960,976
	Held for trading securities	603,517	1,053,654
	Held to maturity securities	4,859,831	3,705,555
	On lendings to financial institutions:		
	Securities purchased under resale agreements	578,114	456,218
	Call lending	41,169	4,384
	Letters of placement	475,298	156,219
	On balances with banks	186,550	2,216
		58,879,970	38,865,407

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021
<b>26. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits and other accounts		36,745,849	20,726,778
Borrowings:			
Securities sold under repurchase agreements		4,296,597	530,043
Call borrowings		5,291	2,501,155
Borrowing from Pakistan Mortgage Refinance Company Limited		66,868	32,409
SBP refinance borrowing		662,127	390,376
Subordinated debts:			
Mark-up on subordinated perpetual term finance certificates		191,963	-
Mark-up on privately placed term finance certificates		407,400	289,642
Mark-up on lease liability against right of use assets		639,956	513,295
		43,016,051	24,983,698
<b>27. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		184,568	271,183
Consumer finance related fees		199,310	192,732
Card related fees		562,321	375,191
Credit related fees		922,336	536,138
Branchless banking fees		87,354	92,090
Commission on trade		571,322	394,710
Commission on guarantees		189,780	171,413
Commission on cash management		159,929	52,472
Commission on remittances including home remittances		207,206	189,227
Commission on bancassurance		42,740	53,449
Commission on wheat financing		-	8,330
SMS banking income		227,825	154,968
		3,354,691	2,491,903
<b>28 (LOSS) / GAIN ON SECURITIES - NET</b>			
Realized (loss) / gain on sale of securities - net	28.1	(861,011)	1,636,591
Unrealized loss - held for trading		-	(21,619)
		(861,011)	1,614,972
<b>28.1 Realized (loss) / gain on sale of securities - net:</b>			
Federal government securities		(743,085)	1,177,462
Shares and certificates		(117,926)	459,129
		(861,011)	1,636,591
<b>29 OTHER INCOME - NET</b>			
Gain / (loss) on sale of property and equipment - net		57,936	(110)
Gain on sale of non banking assets - net		114,420	28,345
Gain on termination of lease liability against right of use assets		13,171	712
Notice pay on resignations		12,593	6,543
		198,120	35,490

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021
<b>30. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		7,540,182	5,562,012
<b>Property expense:</b>			
Rent and taxes		8,899	10,729
Insurance		5,217	7,442
Utilities cost		425,961	313,006
Security		378	681
Repair and maintenance including janitorial charges		43,123	23,672
Depreciation		321,031	264,863
Depreciation on right of use assets		581,087	473,376
		1,385,696	1,093,769
<b>Information technology expenses:</b>			
Software maintenance		339,700	186,932
Hardware maintenance		36,926	29,237
Depreciation on computer equipment		199,856	171,475
Amortization on intangible assets		129,179	109,464
Network charges		242,019	213,700
		947,680	710,808
<b>Other operating expenses:</b>			
Directors' fees and allowances		28,129	21,375
Fees and allowances to shariah board		4,565	1,540
Legal and professional charges		106,507	117,135
Subscription charges		19,258	15,253
Outsourced staff services costs		266,814	211,995
Travelling and conveyance		659,276	334,596
NIFT clearing charges		39,090	28,488
Depreciation		196,214	171,157
Depreciation on non banking assets acquired in satisfaction of claims	15.2	21,420	25,365
Depreciation on ijarah assets under IFAS - 2		61,584	65,063
Training and development		97,804	13,382
Postage and courier charges		94,639	67,509
Stationery and printing		245,203	227,374
Marketing, advertisement and publicity		477,359	258,635
Donations	30.1	15,000	-
Auditors remuneration		2,843	-
Insurance		132,598	114,429
Deposit protection fee		254,641	221,513
Repair and maintenance		171,352	138,458
Entertainment expenses		92,202	65,207
Fuel for generator		90,974	45,532
Commission and brokerage		181,127	136,000
Bank charges		19,844	16,978
SMS banking charges		51,457	14,704
ATM charges including ATM maintenance charges		180,720	86,434
Cash remittance charges		199,703	137,459
Branch license fee		16,446	14,976
CNIC verification / ECIB charges		104,288	109,509
COVID-19 related expenses		5,848	24,173
Miscellaneous expenses		151,810	91,040
		3,988,715	2,775,279
		13,862,273	10,141,868



- 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.

	Note	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
		Rupees in '000'	
<b>31. OTHER CHARGES</b>			
Penalties imposed by SBP		33,794	502
<b>32. (REVERSAL) / PROVISIONS AND WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	10.3.1	1,059,296	89,222
Provisions against advances	11.3	(2,961,735)	469,785
(Reversal) / provision against other assets - net		(1,038,469)	32,161
Bad debts written off directly		663	-
		(2,940,245)	591,168
<b>33. TAXATION - NET</b>			
Current	33.1	3,643,340	3,260,780
Deferred		(704,621)	(1,489,403)
		2,938,719	1,771,377

- 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.

	Note	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
		Rupees in '000'	
<b>34. BASIC EARNINGS PER SHARE</b>			
Profit after taxation for the period (Rs in '000')		5,420,821	5,597,509
Weighted average number of ordinary shares (No.)		2,974,153,927	(Restated) 2,974,153,927
Basic earnings per share - Rs.		1.82	1.88

**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 repriced.

**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:

June 30, 2022 (Un-audited)					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
Government securities	405,598,699	-	405,598,699	-	405,598,699
Shares and certificates	8,727,490	8,707,963	-	19,527	8,727,490
Non-Government debt securities	10,660,907	-	10,660,907	-	10,660,907
Mutual fund units	66,061	66,061	-	-	66,061
Foreign securities	11,957	-	-	11,957	11,957
<b>Financial assets disclosed but not measured at fair value:</b>					
Subsidiary company	-	-	-	-	-
Government securities	95,228,974	-	90,869,826	-	90,869,826
Unlisted term finance certificates / sukus	3,897,039	-	-	3,897,039	3,897,039
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	108,890,291	-	108,890,291	-	108,890,291
Forward sale of foreign exchange contracts	101,868,039	-	101,868,039	-	101,868,039

December 31, 2021 (Audited)					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
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
<b>Financial assets disclosed but not measured at fair value:</b>					
Subsidiary Company	-	-	-	-	-
Government securities	61,299,171	-	63,715,206	-	63,715,206
Unlisted term finance certificates and sukus	4,492,039	-	-	4,492,039	4,492,039
<b>Off balance sheet financial instruments:</b>					
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

June 30, 2022 (Un-audited)					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>Non financial assets measured at fair value:</b>					
Fixed assets (land & building)	12,608,919	-	12,608,919	-	12,608,919
Non banking assets acquired in satisfaction of claims	3,699,364	-	3,699,364	-	3,699,364
<b>December 31, 2021 (Audited)</b>					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>Non financial assets measured at fair value:</b>					
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

	June 30, 2022 (Un-audited)						Total
	Corporate	Consumer	Retail and	Treasury	Islamic	Others	
	and investment	and digital	priority sector			including	
	banking	banking	lending			Head Office	
Rupees in '000'							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	19,183,070	-	4,987,066	30,113,589	4,298,897	297,348	58,879,970
Inter segment (cost) / revenue - net	(15,628,047)	51,706,812	(3,493,867)	(28,192,652)	(235,846)	(4,156,400)	-
Non mark-up / return / interest income	1,420,818	1,310,345	288,300	270,830	104,757	203,464	3,598,514
<b>Total income</b>	<b>4,975,841</b>	<b>53,017,157</b>	<b>1,781,499</b>	<b>2,191,767</b>	<b>4,167,808</b>	<b>(3,655,588)</b>	<b>62,478,484</b>
Segment total expenses	1,083,715	39,496,788	1,132,750	4,496,462	3,340,802	7,508,672	57,059,189
Profit before provisions and tax	3,892,126	13,520,369	648,749	(2,304,695)	827,006	(11,164,260)	5,419,295
Provisions	(3,118,033)	13,475	(72,418)	1,059,296	228,938	(1,051,503)	(2,940,245)
<b>Profit / (loss) before tax</b>	<b>7,010,159</b>	<b>13,506,894</b>	<b>721,167</b>	<b>(3,363,991)</b>	<b>598,068</b>	<b>(10,112,757)</b>	<b>8,359,540</b>
<b>Balance sheet</b>							
Cash & bank balances	-	31,315,639	-	46,210,458	7,135,499	-	84,661,596
Investments - net	-	-	-	498,624,621	25,566,506	-	524,191,127
Net inter segment lending	-	956,640,005	-	-	-	19,327,823	975,967,828
Lendings to financial institutions	-	-	-	33,805,331	2,375,000	-	36,180,331
Advances - performing	366,077,068	-	90,449,606	-	49,671,668	12,928,125	519,126,467
Advances - non-performing - net	2,953,325	-	808,574	-	1,519,586	-	5,281,485
Others	19,347,648	2,111,961	673,871	11,571,519	4,639,076	46,618,035	84,962,110
<b>Total assets</b>	<b>388,378,041</b>	<b>990,067,605</b>	<b>91,932,051</b>	<b>590,211,929</b>	<b>90,907,335</b>	<b>78,873,983</b>	<b>2,230,370,944</b>
Borrowings	74,862,129	-	1,721,838	70,130	1,233,648	-	77,887,745
Subordinated debts	-	-	-	-	-	14,805,120	14,805,120
Deposits & other accounts	-	957,933,753	-	-	74,016,373	-	1,031,950,126
Net inter segment borrowing	256,574,235	-	124,267,649	588,460,776	6,665,168	-	975,967,828
Others	11,032,411	32,133,852	11,851,830	1,681,022	4,322,484	11,802,237	72,823,836
<b>Total liabilities</b>	<b>342,468,775</b>	<b>990,067,605</b>	<b>137,841,317</b>	<b>590,211,928</b>	<b>86,237,673</b>	<b>26,607,357</b>	<b>2,173,434,655</b>
Equity	-	-	-	-	-	-	56,936,289
<b>Total equity &amp; liabilities</b>							<b>2,230,370,944</b>
Contingencies & commitments	251,056,454	-	16,702,149	198,729,171	22,155,888	733,879	489,377,541
June 30, 2021 (Un-audited)							
	Corporate	Consumer	Retail and	Treasury	Islamic	Others	Total
	and investment	and digital	priority sector			including	
	banking	banking	lending			Head Office	
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	11,958,128	-	3,223,880	21,363,592	2,129,215	190,592	38,865,407
Inter segment revenue - net	(9,521,539)	29,106,167	(1,967,313)	(15,389,498)	(19,190)	(2,208,627)	-
Non mark-up / return / interest income	881,899	1,094,097	293,989	2,013,706	66,841	37,598	4,388,130
<b>Total income</b>	<b>3,318,488</b>	<b>30,200,264</b>	<b>1,550,556</b>	<b>7,987,800</b>	<b>2,176,866</b>	<b>(1,980,437)</b>	<b>43,253,537</b>
Segment total expenses	657,575	24,757,285	788,699	3,220,304	1,993,027	3,876,593	35,293,483
Profit before provisions and tax	2,660,913	5,442,979	761,857	4,767,496	183,839	(5,857,030)	7,960,054
Provisions	118,361	17,701	62,694	89,222	298,955	4,235	591,168
<b>Profit / (loss) before tax</b>	<b>2,542,552</b>	<b>5,425,278</b>	<b>699,163</b>	<b>4,678,274</b>	<b>(115,116)</b>	<b>(5,861,265)</b>	<b>7,368,886</b>
December 31, 2021 (Audited)							
<b>Balance sheet</b>							
Cash & bank balances	-	24,886,324	-	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	-	923,007,639	-	-	442,430	20,151,877	943,601,946
Lendings to financial institutions	-	-	-	26,480,388	4,500,000	-	30,980,388
Advances - performing	335,615,453	-	86,053,619	-	47,197,055	10,209,769	479,075,896
Advances - non-performing	2,675,142	-	818,292	-	1,835,989	57	5,329,480
Others	13,603,362	4,915,621	640,698	11,157,299	3,461,685	36,068,131	69,846,796
<b>Total assets</b>	<b>356,138,661</b>	<b>952,809,584</b>	<b>87,512,609</b>	<b>590,048,455</b>	<b>87,614,794</b>	<b>66,429,834</b>	<b>2,140,553,937</b>
Borrowings	68,607,066	-	1,805,013	-	911,409	-	71,323,488
Subordinated debts	-	-	-	-	-	7,788,980	7,788,980
Deposits & other accounts	-	923,748,571	-	-	79,206,096	-	1,002,954,667
Net inter segment borrowing	279,443,786	-	74,282,001	589,876,159	-	-	943,601,946
Others	8,087,809	29,061,013	11,425,595	172,296	2,944,671	8,360,596	60,051,980
<b>Total liabilities</b>	<b>356,138,661</b>	<b>952,809,584</b>	<b>87,512,609</b>	<b>590,048,455</b>	<b>83,062,176</b>	<b>16,149,576</b>	<b>2,085,721,061</b>
Equity	54,832,876	-	-	-	-	-	54,832,876
<b>Total equity &amp; liabilities</b>							<b>2,140,553,937</b>
Contingencies & commitments	255,411,391	-	416,094	205,641,893	7,448,017	106,814	469,024,209

### 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 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:

	June 30, 2022 (Un-audited)					December 31, 2021 (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'										
<b>Lendings to financial institutions:</b>										
Opening balance	-	-	1,600,000	-	-	-	-	1,000,000	-	-
Addition during the period / year	-	-	3,575,000	-	-	-	-	4,600,000	-	-
Repaid during the period / year	-	-	3,400,000	-	-	-	-	4,000,000	-	-
Closing balance	-	-	1,775,000	-	-	-	-	1,600,000	-	-
<b>Investments (gross)</b>	-	-	164,945	-	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	-	164,945	-	-	-	-	164,945	-	-
<b>Advances (gross):</b>										
Opening balance	-	269,016	132,431	-	1,318,019	-	161,708	686,633	-	595,721
Addition during the period / year	-	148,354	156,395	-	804,387	-	153,404	4,211,653	-	2,963,637
Repaid during the period / year	-	80,347	288,826	-	2,122,406	-	46,096	4,765,855	-	2,241,339
Closing balance	-	337,023	-	-	-	-	269,016	132,431	-	1,318,019
<b>Financial guarantees</b>	-	-	-	-	111,822	-	-	2,000	-	112,072
Other assets - advance deposits and prepayments	-	7,803	100,000	-	-	-	17,547	100,000	-	-
Other assets - markup receivable	-	15,275	20,443	-	-	-	13,821	21,649	-	14,151
Right of use assets	-	-	-	-	60,276	-	-	-	-	62,202
Lease liability against right of use assets	-	-	-	-	24,472	-	-	-	-	22,900
<b>Deposits and other accounts:</b>										
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	3,884	428,722	1,248,236	2,493,478	43,290,537	16,522	532,244	4,627,102	4,247,275	61,507,975
Withdrawn during the period / year	4,370	436,478	1,208,661	2,148,477	42,417,856	16,218	529,812	4,602,002	6,944,119	59,982,854
Closing balance	416	19,039	75,962	719,773	2,431,680	902	26,795	36,387	374,772	1,558,999
Other liabilities - markup payable	5	41	97	8,794	83,909	2	72	20	-	11,087

	June 30, 2022 (Un-audited)					June 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'										
<b>Income:</b>										
Mark-up / return / interest earned	-	8,475	88,028	-	5,678	-	3,982	59,391	-	19,304
Fee and commission income	-	-	-	-	5,356	-	-	-	-	1,061
<b>Expense:</b>										
Mark-up / return / interest expensed	20	57	413	27,139	96,673	11	155	-	76,403	248
Depreciation on right of use assets	-	-	-	-	1,926	-	-	-	-	1,926
Mark-up on lease liability against right of use assets	-	-	-	-	1,572	-	-	-	-	1,375
Compensation expense	-	322,118	-	-	-	-	223,719	-	-	-
Commission expense	-	-	1,742	-	-	-	-	3,284	-	-
Directors fee and allowances	28,129	-	-	-	-	21,375	-	-	-	-
<b>Provision:</b>										
(Reversal) / charge 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) June 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	
Loans & advances	65,672,745	57,299,296
Deposits	540,950,271	484,197,126
Acceptances	71,929	71,929
Contingencies	30,643,999	26,097,691
Mark-up receivable	2,276,112	1,078,401
Mark-up payable	15,393,067	9,079,554
	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	Rupees in '000'	
Mark-up earned	3,391,442	1,790,818
Mark-up expensed	23,031,557	12,454,727
Income on contingencies	71,911	17,786

38.3 The Bank made contribution of Rs. 178,819 thousand (June 30, 2021: Rs. 146,196 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 June 30, 2022, other than key management personnel, amounted to Rs. 14,237,981 thousand (December 31, 2021: Rs. 11,219,294 thousand) with markup receivable of Rs. 568,457 thousand (December 31, 2021: Rs.678,455 thousand) and markup income of Rs.276,054 thousand (June 30, 2021: Rs. 179,379 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.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Rupees in '000'		
<b>39. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital including share premium (net of losses)	31,693,421	28,388,806
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	42,582,413	43,993,744
Eligible Additional Tier 1 (ADT 1) Capital	8,017,500	-
Total Eligible Tier 1 Capital	50,599,913	43,993,744
Eligible Tier 2 Capital	6,870,910	9,338,940
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	<b>57,470,823</b>	<b>53,332,684</b>
<b>Risk Weighted Assets (RWAs):</b>		
Credit risk	373,959,758	352,126,107
Market risk	17,094,903	18,193,098
Operational risk	64,190,824	64,190,824
<b>Total</b>	<b>455,245,485</b>	<b>434,510,029</b>
Common equity tier I capital adequacy ratio	9.35%	10.12%
Tier I CAR (%)	11.11%	10.12%
<b>Total CAR (%)</b>	<b>12.62%</b>	<b>12.27%</b>
<b>39.1 Leverage Ratio (LR):</b>		
Eligible Tier-I Capital	50,599,913	43,993,744
Total exposures	1,547,595,866	1,462,811,386
<b>LR (%)</b>	<b>3.27%</b>	<b>3.01%</b>

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** The SBP vide its letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 (Relaxation) has allowed the Bank to stagger the unrealized mark-to-market loss on certain Available For Sale - Pakistan Investment Bonds (Portfolio) having maturity on August 20, 2023 and face value of Rs. 140,443,600 thousand in the following manner:
- 25 % by September 30, 2022
  - 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.

As on June 30, 2022 the Bank has not taken the benefit of the said Relaxation of SBP. Accordingly, Bank's CAR & LR ratios stood at 12.62% & 3.27% respectively. Had the benefit of said Relaxation of SBP been accounted for the CAR & LR ratios would have been stood at 14.71% & 3.90% respectively.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Audited) December 31, 2021
<b>39.3 Liquidity Coverage Ratio (LCR):</b>			
Total high quality liquid assets		494,228,332	566,498,287
Total net cash outflow		401,153,722	413,944,607
LCR (%)		123.20%	136.85%
<b>Net Stable Funding Ratio (NSFR):</b>			
Total available stable funding		718,720,155	668,827,072
Total required stable funding		636,344,213	539,376,598
NSFR (%)		112.95%	124.00%

#### 40. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the June 30, 2022, the Bank is operating 121 Islamic banking branches (December 31, 2021: 114 Islamic banking branches) and 31 Islamic banking windows (December 31, 2021: 25)



# ISLAMIC BANKING BUSINESS

## STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		6,503,811	7,527,608
Balances with other banks		631,688	6,059,934
Due from financial institutions	40.1	2,375,000	4,500,000
Investments - net	40.2	25,566,506	16,590,093
Islamic financing and related assets - net	40.3	51,191,254	49,033,044
Fixed assets		2,319,850	2,052,740
Intangible assets		8,666	9,439
Due from head office		-	442,430
Other assets		2,310,560	1,399,506
<b>Total assets</b>		<b>90,907,335</b>	<b>87,614,794</b>
<b>LIABILITIES</b>			
Bills payable		1,027,855	388,599
Due to financial institutions		1,233,648	911,409
Deposits and other accounts	40.4	74,016,373	79,206,096
Due to head office		6,665,168	-
Subordinated debt		-	-
Other liabilities		3,294,629	2,556,072
		86,237,673	83,062,176
<b>NET ASSETS</b>		<b>4,669,662</b>	<b>4,552,618</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		2,000,000	2,000,000
Reserves		21,501	5,505
Deficit on revaluation of assets		(500,039)	(3,019)
Unappropriated profit	40.5	3,148,200	2,550,132
		4,669,662	4,552,618
<b>CONTINGENCIES AND COMMITMENTS</b>	40.6		

## ISLAMIC BANKING BUSINESS

### Profit and Loss Account

For the Six Months Ended June 30, 2022 (Un-audited)

	Note	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Rupees in '000'					
Profit / return earned	40.7	2,355,631	1,039,674	4,298,897	2,129,215
Profit / return expensed	40.8	1,198,290	479,091	2,281,203	1,014,476
Net profit / return		1,157,341	560,583	2,017,694	1,114,739
Fee and commission income		50,217	34,384	106,249	65,392
Dividend income		-	-	-	-
Foreign exchange (loss) / income		(7,167)	757	(7,978)	(1,936)
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net		-	-	-	2,194
Other income		7,891	1,008	6,486	1,191
		50,941	36,149	104,757	66,841
Total income		1,208,282	596,732	2,122,451	1,181,580
Operating expenses		638,721	564,574	1,295,445	997,694
Workers Welfare Fund		-	-	-	-
Other charges		-	12	-	47
		638,721	564,586	1,295,445	997,741
Profit before provisions		569,561	32,146	827,006	183,839
Provisions and write offs - net		182,344	219,706	228,938	298,955
Profit / (loss) before taxation		387,217	(187,560)	598,068	(115,116)
Taxation	40.9	-	-	-	-
Profit / (loss) after taxation		387,217	(187,560)	598,068	(115,116)

## 40.1 DUE FROM FINANCIAL INSTITUTIONS

	June 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'					
Placements	2,375,000	-	2,375,000	4,500,000	-	4,500,000

## 40.2 INVESTMENTS - NET

### Investments by segment:

	(Un-audited) June 30, 2022				(Audited) December 31, 2021			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Rupees in '000'							
Federal government securities:								
-Ijarah sukuk	14,142,202	-	(529,209)	13,612,993	4,502,908	-	(1,154)	4,501,754
-Naya Pakistan Certificates (Roshan Digital)	545,274	-	-	545,274	88,600	-	-	88,600
	14,687,476	-	(529,209)	14,158,267	4,591,508	-	(1,154)	4,590,354
Non government debt securities :								
-Listed	8,426,136	-	(65,136)	8,361,000	8,457,812	-	(75,312)	8,382,500
-Unlisted	3,047,239	-	-	3,047,239	3,617,239	-	-	3,617,239
	11,473,375	-	(65,136)	11,408,239	12,075,051	-	(75,312)	11,999,739
Total investments	26,160,851	-	(594,345)	25,566,506	16,666,559	-	(76,466)	16,590,093

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

## 40.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	2,233,146	2,075,758
Murabaha	2,331,318	2,115,237
Musharaka	14,324,403	21,482,411
Diminishing musharaka	25,466,825	20,579,778
Payment against documents	55,304	55,304
Waqala	3,857,807	-
Istisna	4,581,105	4,154,436
Gross islamic financing and related assets	52,849,908	50,462,924
Less: provision against islamic financings		
- Specific	1,658,654	1,429,880
- General	-	-
	1,658,654	1,429,880
Islamic financing and related assets - net of provision	51,191,254	49,033,044

## 40.4 DEPOSITS AND OTHER ACCOUNTS

	June 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'					
<b>Customers:</b>						
Current deposits	14,515,860	457,056	14,972,916	14,637,500	413,124	15,050,624
Savings deposits	46,167,310	265,006	46,432,316	44,910,744	223,869	45,134,613
Term deposits	10,496,443	-	10,496,443	7,693,035	-	7,693,035
Others	1,964,233	-	1,964,233	1,545,903	-	1,545,903
	73,143,846	722,062	73,865,908	68,787,182	636,993	69,424,175
<b>Financial institutions:</b>						
Current deposits	12,889	13,351	26,240	221,033	41,503	262,536
Savings deposits	124,024	201	124,225	69,119	185	69,304
Term deposits	-	-	-	9,450,000	-	9,450,000
Others	-	-	-	81	-	81
	136,913	13,552	150,465	9,740,233	41,688	9,781,921
	73,280,759	735,614	74,016,373	78,527,415	678,681	79,206,096

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	
<b>40.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS</b>		
Opening balance	2,550,132	2,710,878
Add: Islamic banking profit / (loss) for the period / year	598,068	(160,746)
Closing balance	3,148,200	2,550,132
<b>40.6 CONTINGENCIES AND COMMITMENTS</b>		
- Guarantees	1,652,745	1,662,941
- Commitments	20,503,143	5,785,076
	22,155,888	7,448,017
	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	Rupees in '000'	
<b>40.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT</b>		
Profit earned on:		
Financing	2,663,003	1,233,600
Investments	1,298,786	739,396
Placements	156,432	156,219
Deposits with financial institutions	180,676	-
	4,298,897	2,129,215
<b>40.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	1,920,609	897,660
Markup on lease liability against right of use assets	119,807	97,216
Markup on borrowings from SBP	4,941	410
Profit on deposits from conventional head office	235,846	19,190
	2,281,203	1,014,476

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. 210,221 thousand (June 30, 2021: tax credit Rs. 27,674 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 is 50:50 for SP-XXXII and 05:95 for SP-XXXIII and SP-XXXIV.
- 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 unconsolidated condensed interim financial statements were authorized for issue on August 17, 2022 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 Condensed Interim  
FINANCIAL  
STATEMENTS**  
for the six months ended June 30, 2022  
(The Bank of Punjab & Its Subsidiaries)

# Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2022

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	80,708,494	71,319,238
Balances with other banks	8	3,991,013	8,858,356
Lendings to financial institutions	9	34,605,331	29,580,388
Investments - net	10	524,209,395	531,697,948
Advances - net	11	525,788,321	485,576,503
Fixed assets	12	25,662,009	19,836,430
Intangible assets	13	1,294,446	1,108,152
Deferred tax assets - net	14	17,439,377	13,760,437
Other assets - net	15	40,941,412	35,534,757
		1,254,639,798	1,197,272,209
<b>LIABILITIES</b>			
Bills payable	17	6,733,455	10,109,459
Borrowings	18	77,889,075	71,323,488
Deposits and other accounts	19	1,031,874,164	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	66,325,397	50,221,597
		1,197,627,211	1,142,361,805
<b>NET ASSETS</b>		57,012,587	54,910,404
<b>REPRESENTED BY</b>			
Share capital - net	22	29,478,381	26,173,766
Reserves		11,686,747	10,602,583
Non Controlling Interest		645,129	587,579
Deficit on revaluation of assets - net of tax	23	(4,782,646)	(1,368,710)
Unappropriated profit		19,984,976	18,915,186
		57,012,587	54,910,404


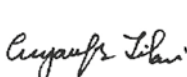
## CONTINGENCIES AND COMMITMENTS

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

# Consolidated Condensed Interim Profit and Loss Account

For the Six Months Ended June 30, 2022 (Un-audited)

	Note	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Rupees in '000'					
Mark-up / return / interest earned	25	32,117,601	19,499,331	58,937,443	38,927,588
Mark-up / return / interest expensed	26	24,338,318	12,446,675	43,015,246	24,984,717
Net mark-up / interest income		7,779,283	7,052,656	15,922,197	13,942,871
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	27	2,009,594	1,387,958	3,403,914	2,512,352
Dividend income		57,406	49,180	221,549	105,001
Foreign exchange income		556,954	66,047	685,798	140,764
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities - net	28	(737,331)	352,825	(861,011)	1,614,972
Other income - net	29	65,176	9,315	198,440	34,202
Total non-markup / interest income		1,951,799	1,865,325	3,648,690	4,407,291
Total income		9,731,082	8,917,981	19,570,887	18,350,162
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	6,620,851	4,788,329	13,970,580	10,233,070
Workers welfare fund		84,966	101,889	147,071	167,415
Other charges	31	29,780	352	33,794	502
Total non-markup / interest expenses		6,735,597	4,890,570	14,151,445	10,400,987
Profit before provisions (Reversal) / provisions and write offs - net	32	(1,876,538)	(218,241)	(2,940,463)	632,328
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		4,872,023	4,245,652	8,359,905	7,316,847
Taxation - net	33	1,616,087	537,778	2,940,314	1,772,948
<b>PROFIT AFTER TAXATION</b>		3,255,936	3,707,874	5,419,591	5,543,899
<b>Basic earnings per share - Rupees</b>	34	1.08	(Restated) 1.24	1.80	(Restated) 1.85
<b>Diluted earnings per share - Rupees</b>	35	1.08	1.24	1.80	1.85
<b>PROFIT ATTRIBUTABLE TO:</b>					
Equity holders of the parent		3,226,805	3,687,608	5,362,041	5,503,348
Non-controlling interest		29,131	20,266	57,550	40,551
		3,255,936	3,707,874	5,419,591	5,543,899

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

 Chief Financial Officer	 President	 Chairman	 Director	 Director
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# Consolidated Condensed Interim Statement of Comprehensive Income

For the Six Months Ended June 30, 2022 (Un-audited)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	Rupees in '000'			
Profit after taxation for the period	3,255,936	3,707,874	5,419,591	5,543,899
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement loss on defined benefit obligations	-	-	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	177,464	-	574,026	(90,596)
	177,464	-	574,026	(90,596)
	3,433,400	3,707,874	5,993,617	5,453,303
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	(2,385,306)	253,499	(3,893,219)	(2,660,212)
<b>Total comprehensive (loss) / income for the period</b>	<b>1,048,094</b>	<b>3,961,373</b>	<b>2,100,398</b>	<b>2,793,091</b>
Equity holders of the parent	1,018,963	3,850,511	2,042,848	2,752,540
Non-controlling interest	29,131	20,266	57,550	40,551
	<b>1,048,094</b>	<b>3,961,373</b>	<b>2,100,398</b>	<b>2,793,091</b>

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

				
Chief Financial Officer	President	Chairman	Director	Director

# Consolidated Condensed Interim Statement of Changes in Equity

For the Six Months Ended June 30, 2022 (Un-audited)

Surplus / (Deficit) - net of tax  
on revaluation of

	Rupees in '000										
	Share capital	Discount on issue of shares	Share capital - net	Reserve for issuance of bonus shares	Share premium	Statutory reserve	Investments	Fixed / non banking assets	Unappropriated profit	Non-controlling interest	Total
<b>Balance as on January 01, 2021 - audited</b>	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 six months ended June 30, 2021	-	-	-	-	-	-	(2,680,212)	(90,596)	5,503,348	40,551	5,543,889
Other comprehensive loss	-	-	-	-	-	-	(2,680,212)	(90,596)	5,503,348	40,551	(2,750,808)
Total comprehensive (loss) / income for the six months ended June 30, 2021	-	-	-	-	-	-	(2,680,212)	(90,596)	5,503,348	40,551	2,793,091
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(29,699)	29,699	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(4,681)	4,681	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(19,505)	26,214	-	6,709
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)
<b>Balance as on June 30, 2021 - un-audited</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	5,898,936	274,051	2,975,615	14,552,931	547,544	52,539,893
Profit after taxation for the six months ended December 31, 2021	-	-	-	-	-	-	(6,720,215)	-	6,812,465	40,035	6,852,500
Other comprehensive (loss) / income	-	-	-	-	-	-	(6,720,215)	-	(747)	-	(4,482,892)
Total comprehensive (loss) / income for the six months ended December 31, 2021	-	-	-	-	-	-	(6,720,215)	2,238,070	6,811,718	40,035	2,369,608
Transfer to statutory reserve during the period	-	-	-	-	-	2,488,607	-	(29,756)	(2,488,607)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(4,483)	29,756	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,992)	4,483	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	4,905	4,905	-	1,913
<b>Balance as on December 31, 2021 - audited</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	8,387,543	(6,446,164)	5,077,484	18,915,186	587,579	54,910,404
Profit after taxation for the six months ended June 30, 2022	-	-	-	-	-	-	(3,893,219)	574,026	5,362,041	57,550	5,419,591
Other comprehensive (loss) / income	-	-	-	-	-	-	(3,893,219)	574,026	-	-	(3,319,193)
Total comprehensive (loss) / income for the six months ended June 30, 2022	-	-	-	-	-	-	(3,893,219)	574,026	5,362,041	57,550	2,100,398
Transfer to statutory reserve during the period	-	-	-	-	-	1,084,164	-	-	(1,084,164)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(52,590)	52,590	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,666)	2,666	-	-
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	-	3,304,615	-	-	-	(3,304,615)	-	-
Issuance of bonus shares during the period	3,304,615	-	3,304,615	-	-	-	-	-	(3,304,615)	-	-
<b>Balance as on June 30, 2022 - un-audited</b>	29,741,539	(263,158)	29,478,381	2,215,040	-	9,471,707	(1,039,383)	5,556,737	19,984,976	646,129	57,012,587

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



Chief Financial Officer



Chairman



Director



Director

# Consolidated Condensed Interim Cash Flow Statement

For the Six Months Ended June 30, 2022 (Un-audited)

	Note	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Rupees in '000'			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		8,359,905	7,316,847
Less: Dividend income		(221,549)	(105,001)
		8,138,356	7,211,846
Adjustments:			
Depreciation on fixed assets	30	717,856	608,294
Depreciation on non banking assets acquired in satisfaction of claims	30	21,420	25,365
Depreciation on ijarah assets under IFAS - 2	30	124,282	119,234
Depreciation on right of use assets	30	581,087	473,376
Amortization on intangible assets	30	129,179	110,262
Amortization of discount on debt securities - net		(1,977,581)	(496,313)
Mark-up on lease liability against right of use assets	26	639,956	513,295
Unrealized loss on revaluation of investments classified as held for trading	28	-	21,619
(Reversal) / provision and write-offs - net	32	(2,940,463)	632,328
Workers' Welfare Fund		147,071	167,415
Gain on termination of lease liability against right of use assets	29	(13,171)	(712)
(Gain) / loss on sale of property and equipment - net	29	(58,256)	110
Gain on sale of non banking assets - net	29	(114,420)	(28,345)
Realized loss / (gain) on sale of securities - net	28	861,011	(1,636,591)
Provision for employees compensated absences		6,020	6,991
Provision for gratuity		170,016	103,474
		(1,705,993)	619,802
		6,432,363	7,831,648
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(5,024,943)	4,500,693
Held for trading securities		33,537,173	6,014,171
Advances - net		(37,374,810)	(43,894,656)
Others assets - net		(7,569,516)	(3,347,572)
		(16,432,096)	(36,727,364)
Increase / (decrease) in operating liabilities:			
Bills payable		(3,376,004)	556,157
Borrowings from financial institutions		6,495,457	(23,277,079)
Deposits		28,955,883	90,557,109
Other liabilities (excluding current taxation and gratuity fund)		13,190,891	2,472,718
		45,266,227	70,308,905
Payment made to gratuity fund		(268,144)	(261,774)
Income tax paid		(2,279,386)	(2,695,540)
		(2,547,530)	(2,957,314)
Net cash flow from / (used in) operating activities		32,718,964	38,455,875

# Cash Flow Statement (Cont:)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2022
Rupees in '000'		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(235,788)	(25,256,299)
Net investments in held to maturity securities	(33,327,345)	-
Dividends received	220,180	106,860
Investments in fixed assets	(1,576,616)	(1,158,789)
Investments in intangible assets	(315,473)	(291,938)
Proceeds from sale of fixed assets	61,348	881
Proceeds from sale of non banking assets	731,323	255,509
<b>Net cash (used in) / flow from investing activities</b>	<b>(34,442,371)</b>	<b>(26,343,776)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
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 - lease liability against right of use assets	(840,950)	(674,821)
<b>Net cash flow from / (used in) financing activities</b>	<b>6,175,190</b>	<b>(3,319,873)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>4,451,783</b>	<b>8,792,226</b>
Cash and cash equivalents at beginning of the period	80,177,594	71,777,051
Cash and cash equivalents at end of the period	84,629,377	80,569,277
<b>Cash and cash equivalents:</b>		
Cash and balances with treasury banks	80,708,494	78,135,273
Balances with other banks	3,991,013	2,434,004
Overdrawn nostro accounts	(70,130)	-
	84,629,377	80,569,277

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

 Chief Financial Officer	 President	 Chairman	 Director	 Director
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# Notes to the Consolidated Condensed Interim Financial Statements

For the Six Months Ended June 30, 2022 (Un-audited)

## 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 688 branches including 16 sub branches and 121 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 31 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).

#### 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 marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

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. The accounting and reporting standards 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 SBP 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 State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in these consolidated condensed interim financial statements of the Bank.
- 2.1.5** 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.

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 -Amendments	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 right of use assets, lease liability against right of use assets and certain staff retirement benefits at present value.

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.

### 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.

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>7. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand:			
Local currency		19,966,711	13,800,719
Foreign currencies		1,731,794	4,359,944
		21,698,505	18,160,663
With SBP in:			
Local currency current account		38,337,069	40,887,037
Foreign currency current account		1,405,248	900,219
Foreign currency deposit account		3,042,580	2,109,501
		42,784,897	43,896,757
With National Bank of Pakistan in:			
Local currency current account		16,197,991	9,174,433
Prize bonds		27,101	87,385
		80,708,494	71,319,238
<b>8. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
Current accounts		249,587	296,993
Deposit accounts		34,901	5,638,770
		284,488	5,935,763
Outside Pakistan:			
Current accounts		1,289,268	1,339,397
Deposit accounts		2,417,257	1,583,196
		3,706,525	2,922,593
		3,991,013	8,858,356
<b>9. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		-	100,000
Repurchase agreement lendings (Reverse Repo)	9.2	13,805,331	26,380,388
Placements	9.3	20,800,000	3,100,000
		34,605,331	29,580,388
<b>9.1 Particulars of lendings</b>			
In local currency		34,605,331	29,580,388
In foreign currencies		-	-
		34,605,331	29,580,388

## 9.2 Securities held as collateral against repurchase agreement

	(Un-audited) June 30, 2022			(Audited) December 31, 2021		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
<b>R u p e e s i n ' 0 0 0 '</b>						
Market treasury bills	7,805,331	-	7,805,331	21,088,298	-	21,088,298
Pakistan investment bonds	6,000,000	-	6,000,000	5,292,090	-	5,292,090
	13,805,331	-	13,805,331	26,380,388	-	26,380,388

Market value of securities held as collateral as at June 30, 2022 amounted to Rs. 13,809,683 thousand (December 31, 2021: Rs. 26,391,416 thousand). These carry mark-up at rates ranging from 12.75% to 13.80% per annum (December 31, 2021: 10.50% to 10.75% per annum).

9.3 These carry profit rates ranging from 10.50% to 14.55% per annum (December 31, 2021: 7.25% to 10.90% per annum) with maturities up to September 30, 2022.

## 10. INVESTMENTS - NET

### 10.1 Investments by type:

	Note	(Un-audited) June 30, 2022				(Audited) December 31, 2021			
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
<b>R u p e e s i n ' 0 0 0 '</b>									
<b>Held-for-trading securities</b>									
Federal government securities	10.1.1	-	-	-	-	33,472,511	-	26,429	33,498,940
Ordinary shares		-	-	-	-	34,331	-	(5,390)	28,941
		-	-	-	-	33,506,842	-	21,039	33,527,881
<b>Available-for-sale securities</b>									
Federal government securities	10.1.1 & 10.2	423,018,597	-	(17,419,898)	405,598,699	425,181,105	-	(9,766,167)	415,414,938
Shares and certificates		11,828,960	(2,320,476)	(762,717)	8,745,758	9,106,342	(1,420,029)	(840,977)	6,845,336
Mutual fund units		65,000	-	1,061	66,061	-	-	-	-
Non government debt securities		17,041,224	(2,525,563)	42,285	14,557,946	17,084,566	(2,525,563)	39,662	14,598,665
Foreign securities		11,967	-	-	11,967	11,967	-	-	11,967
		451,965,728	(4,846,038)	(18,139,269)	428,980,421	451,383,970	(3,945,592)	(10,567,482)	436,870,896
<b>Held-to-maturity securities</b>									
Federal government securities	10.1.1 & 10.4	95,228,974	-	-	95,228,974	61,299,171	-	-	61,299,171
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		95,229,374	(400)	-	95,228,974	61,299,571	(400)	-	61,299,171
<b>Total investments</b>		<b>547,195,102</b>	<b>(4,846,438)</b>	<b>(18,139,269)</b>	<b>524,209,395</b>	<b>546,190,383</b>	<b>(3,945,992)</b>	<b>(10,546,443)</b>	<b>531,697,948</b>

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.

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		<b>R u p e e s i n ' 0 0 0 '</b>	
<b>10.2 Investments given as collateral</b>			
Pakistan investment bonds		489,134	1,768,381
<b>10.3 Provision for diminution in value of investments</b>			
<b>10.3.1</b>			
Opening balance		3,945,992	3,914,826
Charge / reversals:			
Charge for the period / year	32	1,059,296	322,188
Reversals for the period / year		-	(10,669)
		1,059,296	311,519
Reversal on disposal during the period / year		(158,850)	(280,353)
Closing balance		4,846,438	3,945,992

### 10.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) June 30, 2022		(Audited) December 31, 2021	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,525,963	2,525,963	2,525,963	2,525,963
<b>Total</b>	<b>2,525,963</b>	<b>2,525,963</b>	<b>2,525,963</b>	<b>2,525,963</b>

10.4 Market value of held to maturity investments amounted to Rs. 90,869,826 thousand (December 31, 2021: Rs. 63,715,206 thousand).

### 11 ADVANCES - NET

Category of classification	Performing		Non Performing		Total	
	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Rupees in '000'						
Loans, cash credits, running finances, etc.	450,577,471	419,870,754	48,543,236	48,995,887	499,120,707	468,866,641
Net book value of assets in ijarah under IFAS 2 - In Pakistan	2,052,161	1,860,758	180,985	215,000	2,233,146	2,075,758
Islamic financing and related assets	47,619,508	45,336,297	2,997,254	3,050,869	50,616,762	48,387,166
Bills discounted and purchased	20,845,971	16,234,159	17,221	27,521	20,863,192	16,261,680
Advances - gross	521,095,111	483,301,968	51,738,696	52,289,277	572,833,807	535,591,245
Provision against advances:						
- Specific	-	-	(46,457,211)	(46,959,797)	(46,457,211)	(46,959,797)
- General	(588,275)	(3,054,945)	-	-	(588,275)	(3,054,945)
	(588,275)	(3,054,945)	(46,457,211)	(46,959,797)	(47,045,486)	(50,014,742)
Advances - net of provision	520,506,836	480,247,023	5,281,485	5,329,480	525,788,321	485,576,503

Category of classification	June 30, 2022	December 31, 2021
	Rupees in '000'	
<b>11.1 Particulars of advances (gross)</b>		
(Restated)		
In local currency	567,966,968	534,044,002
In foreign currencies	4,866,839	1,547,243
	<b>572,833,807</b>	<b>535,591,245</b>

11.2 Advances include Rs. 51,738,696 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) June 30, 2022		(Audited) December 31, 2021	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	184,738	6,230	156,255	3,946
Substandard	1,091,249	132,986	3,173,639	517,367
Doubtful	7,483,639	6,035,100	6,432,920	5,571,388
Loss	42,979,070	40,282,895	42,526,463	40,867,096
<b>Total</b>	<b>51,738,696</b>	<b>46,457,211</b>	<b>52,289,277</b>	<b>46,959,797</b>

### 11.3 Particulars of provision against advances

	June 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	1,278,882	-	1,278,882	4,004,162	-	4,004,162
Reversals for the period / year	(1,774,165)	(2,466,670)	(4,240,835)	(5,120,979)	(693,548)	(5,814,527)
Amounts written off	(495,283)	(2,466,670)	(2,961,953)	(1,116,817)	(693,548)	(1,810,365)
	-	-	-	(111)	-	(111)
Closing balance	46,464,514	588,275	47,052,789	46,959,797	3,054,945	50,014,742
<b>11.3.1 Particulars of provision against advances with respect to currencies</b>						
In local currency	46,464,514	588,275	47,052,789	46,959,797	3,054,945	50,014,742
In foreign currencies	-	-	-	-	-	-
	46,464,514	588,275	47,052,789	46,959,797	3,054,945	50,014,742

11.3.2 This includes general provision recognized 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. 2,980,672 thousand (December 31, 2021: Rs 1,975,509 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	(Un-audited)	(Audited)
		June 30, 2022	December 31, 2021
		Rupees in '000'	
<b>12. FIXED ASSETS</b>			
Capital work-in-progress	12.1	736,291	191,433
Right of use assets		9,017,415	7,891,934
Property and equipment	12.2	15,908,303	11,753,063
		25,662,009	19,836,430
<b>12.1 Capital work-in-progress</b>			
Civil works	12	736,291	191,433
<b>12.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		544,858	677,026
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		87,126	32,180
Office equipment		137,605	178,689
Computer equipment		374,021	133,156
Lease hold improvements		256,279	107,267
Vehicles		176,727	30,473
		4,876,188	481,765
		5,421,046	1,158,791

	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021	
12.3	Addition to right of use assets	1,778,142	964,667
12.4	Termination of right of use assets	71,576	1,953
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	1,109	352
	Office equipment	1,979	639
	Computer equipment	4	-
	Vehicles	-	-
		3,092	991

Gross carrying amount of vehicles disposed off during the period was Rs. 44,891 thousand (June 30, 2021: Nil).

	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021	
<b>13.</b>	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress	589,403	523,686
	Softwares	705,043	584,466
		1,294,446	1,108,152
<b>13.1</b>	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Intangible in progress	65,717	267,353
	Intangible assets purchased	249,756	24,585
		315,473	291,938

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>14. DEFERRED TAX ASSETS - NET</b>			
Deductible temporary differences on:			
Deficit on revaluation of investments		7,799,886	4,121,318
Right of use assets		840,519	619,234
Workers Welfare Fund		63,241	-
Business loss - Subsidiaries		64,399	64,399
Provision against advances, off balance sheet etc.		11,198,817	10,699,622
		19,966,862	15,504,573
Taxable temporary differences on:			
Surplus on revaluation of property and equipment		(2,058,571)	(1,346,545)
Accelerated tax depreciation		(351,642)	(230,269)
Surplus on revaluation of non banking assets		(117,272)	(167,322)
		(2,527,485)	(1,744,136)
		17,439,377	13,760,437
<b>15. OTHER ASSETS - NET</b>			
Income / mark-up accrued in local currency		23,197,859	18,969,201
Income / mark-up accrued in foreign currency		1,678	1,013
Advances, deposits, advance rent and other prepayments		1,345,220	1,016,018
Non-banking assets acquired in satisfaction of claims		2,469,747	5,479,598
Acceptances	21	11,402,211	8,337,508
Branch adjustment account	21	41,656	-
Mark to market gain on forward foreign exchange contracts	21	-	150,612
Stock of stationery		111,398	90,478
Suspense account		30,559	11,807
Zakat recoverable from (NITL)		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		256,645	41,665
Claims receivable against Fraud and forgeries		477,004	445,033
Auto Teller Machine and Point of Sale receivable - net		415,923	740,953
Others		767,838	674,624
		40,554,528	35,995,300
Less: Provision held against other assets	15.1	(873,609)	(1,914,474)
Other assets (net of provision)		39,680,919	34,080,826
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	1,260,493	1,453,931
Other assets - total		40,941,412	35,534,757
<b>15.1 Provision held against other assets</b>			
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		458,003	446,760
Others		312,217	310,265
	15.1.1	873,609	1,914,474

	Note	June 30, 2022	December 31, 2021
		Rupees in '000'	
<b>15.1.1</b>	<b>Movement in provision held against other assets</b>		
	Opening balance	1,914,474	2,037,220
	Charge for the year	33,618	35,367
	Reversals during the year	(1,072,087)	(147,839)
		(1,038,469)	(112,472)
	Amount written off	(2,396)	(10,274)
	Closing balance	873,609	1,914,474
<b>15.2</b>	<b>Non-banking assets acquired in satisfaction of claims</b>		
	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	(3,844,430)	(145,360)
	Depreciation charged during the period / year	(21,420)	(48,666)
	Impairment reversed during the period / year	1,054,060	113,619
	Closing balance	3,699,364	5,848,593
<b>16</b>	<b>CONTINGENT ASSETS</b>		
	Contingent assets	Nil	Nil
<b>17</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	6,733,455	10,109,459
	Outside Pakistan	-	-
		6,733,455	10,109,459
<b>18</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from SBP under:		
	Export Refinance Scheme (ERF)	29,276,457	28,221,440
	Long Term Financing Facility (LTFF)	14,008,457	13,499,088
	Finance Facility for Storage of Agricultural Produce (FFSAP)	167,385	185,799
	Finance facility for Renewable Energy Performance Platform (REPP)	6,334,647	5,347,359
	Refinancing facility for payment of salaries and wages	5,053,134	9,132,079
	Combating COVID-19	1,456,792	1,089,182
	Finance Islamic facility for working capital financing of SE & ME	24,000	3,000
	Finance Facility for Temporary Relief Refinance scheme (TERF)	16,154,265	11,881,311
	Finance Facility for women entrepreneurs	3,167	3,589
	Finance Islamic facility for Saaf Rozgar Reimbursement Credit	3,399,561	-
	Finance Facility for Shamsi Tawanai Consumer	37,720	-
	Refinancing facility for modernization of Small and Medium Enterprises (SMEs)	180,192	155,628
		76,095,777	69,518,475
	Repurchase agreement borrowings	1,330	-
	Borrowing from Pakistan Mortgage Refinance Company Limited	1,721,838	1,805,013
	<b>Total secured</b>	<b>77,818,945</b>	<b>71,323,488</b>
	<b>Unsecured</b>		
	Overdrawn nostro accounts	70,130	-
		77,889,075	71,323,488



## 19. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Rupees in '000'</b>						
<b>Customers:</b>						
Current deposits	193,183,649	4,182,068	197,365,717	169,522,753	3,649,150	173,171,903
Savings deposits	522,582,257	3,698,999	526,281,256	459,784,249	3,340,461	463,124,710
Term deposits	260,727,403	16,064,257	276,791,660	320,956,024	7,419,447	328,375,471
Others	23,998,083	-	23,998,083	16,885,516	-	16,885,516
	1,000,491,392	23,945,324	1,024,436,716	967,148,542	14,409,058	981,557,600
<b>Financial institutions:</b>						
Current deposits	1,768,130	878,876	2,647,006	1,797,032	874,512	2,671,544
Savings deposits	2,450,093	6,497	2,456,590	4,870,165	3,585	4,873,750
Term deposits	1,775,000	-	1,775,000	10,841,125	2,446,653	13,287,778
Others	558,852	-	558,852	527,609	-	527,609
	6,552,075	885,373	7,437,448	18,035,931	3,324,750	21,360,681
	1,007,043,467	24,830,697	1,031,874,164	985,184,473	17,733,808	1,002,918,281

	Note	June 30, 2022	December 31, 2021
<b>Rupees in '000'</b>			
<b>20. SUBORDINATED DEBTS</b>			
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.

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Rupees in '000'			
<b>21</b>	<b>OTHER LIABILITIES</b>		
	Mark-up / return / interest payable in local currency	21,960,538	14,306,594
	Mark-up / return / interest payable in foreign currency	115,935	52,107
	Lease key money	12,937,541	11,991,877
	Provision for taxation (provisions less payments)	2,121,014	755,465
	Sundry creditors and accrued expenses	1,920,218	1,410,802
	Acceptances	11,402,211	8,337,508
	Mark-up payable on subordinated debts	173,708	90,505
	Unclaimed dividends	2,586	2,586
	Branch adjustment account	-	290,150
	Payable to gratuity fund	170,016	268,144
	Gratuity payable to key management personnel	5,750	5,750
	Payable to charity fund	48	8
	Provision against off-balance sheet obligations	62,183	62,183
	Provision for employees compensated absences	137,436	133,629
	Mark to market loss on forward foreign exchange contracts	1,233,253	-
	Taxes / zakat / import fee payable	1,366,533	689,636
	Lease liability against right of use assets	10,972,110	9,479,713
	Workers Welfare Fund	1,130,229	983,158
	IBFT payable	-	544,489
	Others	614,088	817,293
		66,325,397	50,221,597

**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 its provision in respect of WWF.

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

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

## 22. SHARE CAPITAL - NET

### 22.1 Authorized capital

(Un-audited) June 30, 2022	(Audited) December 31, 2021		(Un-audited) June 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) June 30, 2022	(Audited) December 31, 2021		(Un-audited) June 30, 2022	(Audited) December 31, 2021
Number of shares			Rupees in '000'	
<b>Opening Balance</b>				
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
<b>Movement during the period</b>				
330,461,547	-	Issued as bonus shares	3,304,615	-
<b>Closing Balance</b>				
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 June 30, 2022 (December 31, 2021: 57.47%).

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021
<b>23. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX</b>			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	10.1	(18,139,269)	(10,567,482)
- Property and equipment		6,472,087	5,137,390
- Non-banking assets acquired in satisfaction of claims	15	1,260,493	1,453,931
		(10,406,689)	(3,976,161)
Deferred tax on deficit / (surplus) on revaluation of:			
- Available for sale securities		7,799,886	4,121,318
- Property and equipment		(2,058,571)	(1,346,545)
- Non-banking assets acquired in satisfaction of claims		(117,272)	(167,322)
		5,624,043	2,607,451
		(4,782,646)	(1,368,710)
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	24.1	90,051,941	80,791,490
Commitments	24.2	398,663,793	388,223,744
Other contingent liabilities	24.3	661,807	8,975
		489,377,541	469,024,209
<b>24.1 Guarantees:</b>			
Financial guarantees		22,859,784	18,341,471
Performance guarantees		20,961,741	18,710,766
Other guarantees		46,230,416	43,739,253
		90,051,941	80,791,490
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		150,583,119	136,560,464
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	198,729,171	205,641,893
- forward lending	24.2.2	49,279,431	45,923,548
Commitments for acquisition of:			
- fixed assets		7,543	13,052
- intangible assets		64,529	84,787
		398,663,793	388,223,744
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		103,492,338	105,824,202
Sale		95,236,833	99,817,691
		198,729,171	205,641,893
<b>24.2.2 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	49,279,431	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.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021	
24.3	Other contingent liabilities	24.3.1	661,807	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.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021	
24.4	Claims against the Bank not acknowledged as debts	24.4.1	50,328,762	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.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021
<b>25.</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	On loans and advances	27,039,683	16,588,328
	On investments:		
	Available for sale securities	25,153,252	16,960,976
	Held for trading securities	603,517	1,053,654
	Held to maturity securities	4,859,831	3,705,555
	On lendings to financial institutions:		
	Securities purchased under resale agreements	578,114	456,218
	Call lending	41,169	4,384
	Letters of placement	475,298	156,219
	On balances with banks	186,579	2,254
		58,937,443	38,927,588

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021
<b>26. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits and other accounts		36,745,044	20,726,778
Borrowings:			
Securities sold under repurchase agreements		4,296,597	531,062
Call borrowings		5,291	2,501,155
Borrowing from Pakistan Mortgage Refinance Company Limited		66,868	32,409
SBP refinance borrowing		662,127	390,376
Subordinated debts:			
Mark-up on subordinated perpetual term finance certificates		191,963	-
Mark-up on privately placed term finance certificates		407,400	289,642
Mark-up on lease liability against right of use assets		639,956	513,295
		43,015,246	24,984,717
<b>27 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		184,568	271,183
Consumer finance related fees		210,173	199,525
Card related fees		562,321	375,191
Credit related fees		922,336	536,138
Branchless banking fees		87,354	92,090
Commission on trade		609,682	408,366
Commission on guarantees		189,780	171,413
Commission on cash management		159,929	52,472
Commission on remittances including home remittances		207,206	189,227
Commission on bancassurance		42,740	53,449
Commission on wheat financing		-	8,330
SMS banking income		227,825	154,968
		3,403,914	2,512,352
<b>28 (LOSS) / GAIN ON SECURITIES - NET</b>			
Realized (loss) / gain on sale of securities - net	28.1	(861,011)	1,636,591
Unrealized loss - held for trading		-	(21,619)
		(861,011)	1,614,972
<b>28.1 Realized (loss) / gain on sale of securities - net:</b>			
Federal government securities		(743,085)	1,177,462
Shares and certificates		(117,926)	459,129
		(861,011)	1,636,591
<b>29 OTHER INCOME - NET</b>			
Gain / (loss) on sale of property and equipment - net		58,256	(110)
Gain on sale of non banking assets - net		114,420	28,345
Loss on termination of lease liability against right of use assets		13,171	712
Notice pay on resignations		12,593	6,543
Others		-	(1,288)
		198,440	34,202

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Un-audited) June 30, 2021
<b>30. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		7,569,622	5,590,722
<b>Property expense:</b>			
Rent and taxes		9,283	10,864
Insurance		5,217	7,442
Utilities cost		427,007	313,597
Security		378	681
Repair and maintenance including janitorial charges		44,309	24,821
Depreciation		321,031	264,863
Depreciation on right of use assets		581,087	473,376
		1,388,312	1,095,644
<b>Information technology expenses:</b>			
Software maintenance		339,700	186,932
Hardware maintenance		36,926	29,237
Depreciation on computer equipment		199,856	171,475
Amortization on intangible assets		129,179	110,262
Network charges		242,019	213,700
		947,680	711,606
<b>Other operating expenses:</b>			
Directors' fees and allowances		28,404	21,375
Fees and allowances to shariah board		4,865	1,540
Legal and professional charges		107,855	118,852
Subscription charges		21,935	15,800
Outsourced staff services costs		266,814	211,995
Travelling and conveyance		659,776	334,816
NIFT clearing charges		39,090	28,488
Depreciation		196,969	171,956
Depreciation on non banking assets acquired in satisfaction of claims	15.2	21,420	25,365
Depreciation on ijarah assets under IFAS - 2		124,282	119,234
Training and development		97,804	13,382
Postage and courier charges		95,050	67,864
Stationery and printing		246,001	227,891
Marketing, advertisement and publicity		481,031	259,005
Donations	30.1	15,000	-
Insurance		134,259	114,533
Deposit protection fee		254,641	221,513
Repair and maintenance		171,352	138,458
Entertainment expenses		92,608	65,454
Fuel for generator		90,974	45,532
Commission and brokerage		181,127	132,716
Bank charges		19,844	16,978
SMS banking charges		51,457	14,704
ATM charges including ATM maintenance charges		180,720	86,434
Cash remittance charges		199,703	137,459
Branch license fee		16,446	14,976
CNIC verification / ECIB charges		104,288	109,509
COVID-19 related expenses		5,848	24,173
Miscellaneous expenses		155,403	95,096
		4,064,966	2,835,098
		13,970,580	10,233,070



- 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.

	Note	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
		Rupees in '000'	
<b>31. OTHER CHARGES</b>			
Penalties imposed by SBP		33,794	502
<b>32. (REVERSAL) / PROVISIONS AND WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	10.3.1	1,059,296	89,222
Provisions against advances	11.3	(2,961,953)	510,945
(Reversal) / provision against other assets - net		(1,038,469)	32,161
Bad debts written off directly		663	-
		(2,940,463)	632,328
<b>33. TAXATION</b>			
Current	33.1	3,644,935	3,262,351
Deferred		(704,621)	(1,489,403)
		2,940,314	1,772,948

- 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 tax rate has been recognized in these consolidated condensed interim financial statements.

	Note	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
		Rupees in '000'	
<b>34. BASIC EARNINGS PER SHARE</b>			
Profit after taxation for the period (Rs in '000')		5,362,041	5,503,348
Weighted average number of ordinary shares (No.)		2,974,153,927	(Restated) 2,974,153,927
Basic earnings per share - Rs.		1.80	1.85

**35. DILUTED EARNINGS PER SHARE**

There is no dilution effect on basic earnings per share.

### 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.
Derivatives	The fair valuation techniques include forward pricing and swap models using present value calculations
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:

June 30, 2022 (Un-audited)					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
Government securities	405,598,699	-	405,598,699	-	405,598,699
Shares and certificates	8,745,758	8,726,231	-	19,527	8,745,758
Mutual funds	66,061	66,061	-	-	66,061
Non-Government debt securities	10,660,907	-	10,660,907	-	10,660,907
Foreign securities	11,957	-	-	11,957	11,957
<b>Financial assets disclosed but not measured at fair value:</b>					
Government securities	95,228,974	-	90,869,826	-	90,869,826
Unlisted term finance certificates / sukuks / commercial paper	3,897,039	-	-	3,897,039	3,897,039
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	108,890,291	-	108,890,291	-	108,890,291
Forward sale of foreign exchange contracts	101,868,039	-	101,868,039	-	101,868,039
December 31, 2021 (Audited)					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
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
<b>Financial assets disclosed but not measured at fair value:</b>					
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
<b>Off balance sheet financial instruments:</b>					
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

June 30, 2022 (Un-audited)					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>Non financial assets measured at fair value:</b>					
Fixed assets (land & building)	12,608,919	-	12,608,919	-	12,608,919
Non banking assets acquired in satisfaction of claims	3,699,364	-	3,699,364	-	3,699,364
December 31, 2021 (Audited)					
Carrying value / National value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>Non financial assets measured at fair value:</b>					
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

June 30, 2022 (Un-audited)							
	Corporate	Consumer	Retail and		Islamic	Others	
	and investment	and digital	priority sector	Treasury		including	Total
	banking	banking	lending			Head Office	
Rupees in '000'							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	19,240,866	-	4,987,066	30,113,589	4,298,897	297,348	58,937,766
Inter segment (cost) / revenue - net	(15,628,047)	51,706,812	(3,493,867)	(28,192,652)	(235,846)	(4,156,400)	-
Non mark-up / return / interest income	1,470,550	1,310,345	288,300	270,830	104,757	203,464	3,648,246
<b>Total income</b>	<b>5,083,369</b>	<b>53,017,157</b>	<b>1,781,499</b>	<b>2,191,767</b>	<b>4,167,808</b>	<b>(3,655,588)</b>	<b>62,586,012</b>
Segment total expenses	1,191,054	39,496,788	1,132,750	4,496,462	3,340,802	7,508,684	57,166,540
Profit before provisions and tax	3,892,315	13,520,369	648,749	(2,304,695)	827,006	(11,164,272)	5,419,472
Provisions	(3,118,251)	13,475	(72,418)	1,059,296	228,938	(1,051,503)	(2,940,463)
<b>Profit / (loss) before tax</b>	<b>7,010,566</b>	<b>13,506,894</b>	<b>721,167</b>	<b>(3,363,991)</b>	<b>598,068</b>	<b>(10,112,769)</b>	<b>8,359,935</b>
<b>Balance sheet</b>							
Cash & bank balances	-	31,353,550	-	46,210,458	7,135,499	-	84,699,507
Investments - net	-	-	-	498,642,889	25,566,506	-	524,209,395
Net inter segment lending	-	956,640,005	-	-	-	19,327,825	975,967,830
Lendings to financial institutions	-	-	-	32,230,331	2,375,000	-	34,605,331
Advances - performing	367,462,809	-	90,449,606	-	49,671,668	12,928,125	520,512,208
Advances - non-performing - net	2,953,325	-	808,574	-	1,519,586	-	5,281,485
Others	19,756,375	2,111,961	673,871	11,571,519	4,639,076	46,618,035	85,370,837
<b>Total assets</b>	<b>390,172,509</b>	<b>990,105,516</b>	<b>91,932,051</b>	<b>588,655,197</b>	<b>90,907,335</b>	<b>78,873,985</b>	<b>2,230,646,593</b>
<b>Borrowings</b>	<b>74,863,459</b>	<b>-</b>	<b>1,721,838</b>	<b>70,130</b>	<b>1,233,648</b>	<b>-</b>	<b>77,889,075</b>
Subordinated debts	-	-	-	-	-	14,805,120	14,805,120
Deposits & other accounts	-	957,857,791	-	-	74,016,373	-	1,031,874,164
Net inter segment borrowing	256,574,235	-	124,267,649	588,460,778	6,665,168	-	975,967,830
Others	11,306,443	32,133,852	11,851,830	1,681,022	4,322,484	11,802,248	73,097,879
<b>Total liabilities</b>	<b>342,744,137</b>	<b>989,991,643</b>	<b>137,841,317</b>	<b>590,211,930</b>	<b>86,237,673</b>	<b>26,607,368</b>	<b>2,173,634,068</b>
Equity							57,012,587
<b>Total equity &amp; liabilities</b>							<b>2,230,646,655</b>
<b>Contingencies &amp; commitments</b>	<b>251,056,454</b>	<b>-</b>	<b>16,702,149</b>	<b>198,729,171</b>	<b>22,155,888</b>	<b>733,879</b>	<b>489,377,541</b>
June 30, 2021 (Un-audited)							
	Corporate	Consumer	Retail and		Islamic	Others	
	and investment	and digital	priority sector	Treasury		including	Total
	banking	banking	lending			Head Office	
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	12,020,309	-	3,223,880	21,363,592	2,129,215	190,592	38,927,588
Inter segment revenue - net	(9,521,539)	29,106,167	(1,967,313)	(15,389,498)	(19,190)	(2,208,627)	-
Non mark-up / return / interest income	901,060	1,094,097	293,989	2,013,706	66,841	37,598	4,407,291
<b>Total income</b>	<b>3,399,830</b>	<b>30,200,264</b>	<b>1,550,556</b>	<b>7,987,800</b>	<b>2,176,866</b>	<b>(1,980,437)</b>	<b>43,334,879</b>
<b>Segment total expenses</b>	<b>749,796</b>	<b>24,757,285</b>	<b>788,699</b>	<b>3,220,304</b>	<b>1,993,027</b>	<b>3,876,593</b>	<b>35,385,704</b>
Profit before provisions and tax	2,650,034	5,442,979	761,857	4,767,496	183,839	(5,857,030)	7,949,175
Provisions	159,521	17,701	62,694	89,222	298,955	4,235	632,328
<b>Profit / (loss) before tax</b>	<b>2,490,513</b>	<b>5,425,278</b>	<b>699,163</b>	<b>4,678,274</b>	<b>(115,116)</b>	<b>(5,861,265)</b>	<b>7,316,847</b>
December 31, 2021 (Audited)							
<b>Balance sheet</b>							
Cash & bank balances	-	25,027,543	-	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	-	922,830,034	-	-	442,430	20,229,405	943,501,869
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
Advances - non-performing	2,675,142	-	818,292	-	1,835,989	57	5,329,480
Others	13,996,342	4,915,621	640,698	11,157,299	3,461,685	36,068,131	70,239,776
<b>Total assets</b>	<b>357,717,660</b>	<b>952,773,198</b>	<b>87,512,609</b>	<b>588,648,455</b>	<b>87,614,794</b>	<b>66,507,362</b>	<b>2,140,774,078</b>
<b>Borrowings</b>	<b>68,607,066</b>	<b>-</b>	<b>1,805,013</b>	<b>-</b>	<b>911,409</b>	<b>-</b>	<b>71,323,488</b>
Subordinated debts	-	-	-	-	-	7,788,980	7,788,980
Deposits & other accounts	-	923,712,185	-	-	79,206,096	-	1,002,918,281
Net inter segment borrowing	280,743,709	-	74,282,001	588,476,159	-	-	943,501,869
Others	8,366,885	29,061,013	11,425,595	172,296	2,944,671	8,360,596	60,331,056
<b>Total liabilities</b>	<b>357,717,660</b>	<b>952,773,198</b>	<b>87,512,609</b>	<b>588,648,455</b>	<b>83,062,176</b>	<b>16,149,576</b>	<b>2,085,863,674</b>
Equity							54,910,404
<b>Total equity &amp; liabilities</b>							<b>2,140,774,078</b>
<b>Contingencies &amp; commitments</b>	<b>255,411,391</b>	<b>-</b>	<b>416,094</b>	<b>205,641,893</b>	<b>7,448,017</b>	<b>106,814</b>	<b>469,024,209</b>

### 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:

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Directors	Key management personnel	Employee funds	Others related parties	Directors	Key management personnel	Employee funds	Others related parties
	Rupees in '000'				Rupees in '000'			
<b>Advances (gross):</b>								
Opening balance	-	276,599	-	1,318,019	-	171,147	-	595,721
Addition during the period / year	-	148,354	-	804,387	-	156,784	-	2,963,637
Repaid during the period / year	-	81,232	-	2,122,406	-	51,332	-	2,241,339
Closing balance	-	343,721	-	-	-	276,599	-	1,318,019
<b>Financial guarantees</b>	-	-	-	111,822	-	-	-	112,072
<b>Other assets - advance deposits and prepayments</b>	-	7,803	-	-	-	17,547	-	-
Other assets - markup receivable	-	15,313	-	-	-	14,709	-	14,151
Right of use assets	-	-	-	60,276	-	-	-	62,202
Lease liability against right of use assets	-	-	-	24,472	-	-	-	22,900
<b>Deposits and other accounts:</b>								
Opening balance	902	28,390	374,772	1,558,999	598	26,253	3,071,616	33,878
Received during the period / year	3,884	433,946	2,493,478	43,290,537	16,522	545,013	4,247,275	61,507,975
Withdrawn during the period / year	4,370	443,178	2,148,477	42,417,856	16,218	542,876	6,944,119	59,982,854
Closing balance	416	19,158	719,773	2,431,680	902	28,390	374,772	1,558,999
Other liabilities - markup payable	5	41	8,794	83,909	-	-	-	11,087
	June 30, 2022 (Un-audited)				June 30, 2021 (Un-audited)			
	Directors	Key management personnel	Employee funds	Others related parties	Directors	Key management personnel	Employee funds	Others related parties
	Rupees in '000'				Rupees in '000'			
<b>Income:</b>								
Mark-up / return / interest earned	-	8,780	-	5,678	-	4,212	-	19,304
Fee and commission income	-	-	-	5,356	-	-	-	1,061
<b>Expense:</b>								
Mark-up / return / interest expensed	20	81	27,139	96,673	11	165	76,403	248
Depreciation on right of use assets	-	-	-	1,926	-	-	-	1,926
Mark-up on lease liability against right of use assets	-	-	-	1,572	-	-	-	1,375
Compensation expense	-	329,464	-	-	-	223,719	-	-
Commission expense	-	-	-	-	-	-	-	-
Directors fee and allowances	28,404	-	-	-	21,375	-	-	-

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) June 30, 2022	(Un-audited) June 30, 2021
	Rupees in '000'	
Loans & advances	65,672,745	57,299,296
Deposits	540,963,324	484,197,126
Acceptances	71,929	71,929
Contingencies	30,643,999	26,097,691
Mark-up receivable	2,276,112	1,078,401
Mark-up payable	15,393,067	9,079,554
	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	Rupees in '000'	
Mark-up earned	3,391,442	1,790,818
Mark-up expensed	23,031,557	12,454,727
Income on contingencies	71,911	17,786

**38.3** The Bank made contribution of Rs. 178,819 thousand (June 30, 2021: Rs. 146,196 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 June 30, 2022, other than key management personnel, amounted to Rs. 14,237,981 thousand (December 31, 2021: Rs. 11,219,294 thousand) with markup receivable of Rs. 568,457 thousand (December 31, 2021: Rs.678,455 thousand) and markup income of Rs.276,054 thousand (June 30, 2021: Rs. 179,379 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.

	Note	(Un-audited) June 30, 2022 Rupees in '000'	(Audited) December 31, 2021
<b>39. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>			
<b>Minimum Capital Requirement (MCR):</b>			
Paid-up capital including share premium (net of losses)		31,693,421	28,388,806
<b>Capital Adequacy Ratio (CAR):</b>			
Eligible Common Equity Tier 1 (CET 1) Capital		42,486,286	43,965,111
Eligible Additional Tier 1 (ADT 1) Capital		8,017,500	-
Total Eligible Tier 1 Capital		50,503,786	43,965,111
Eligible Tier 2 Capital		6,870,910	9,338,940
Total Eligible Capital (Tier 1 + Tier 2)		57,374,696	53,304,051
<b>Risk Weighted Assets (RWAs):</b>			
Credit risk		375,337,971	353,676,099
Market risk		17,094,903	18,222,882
Operational risk		64,463,283	64,463,283
Total		456,896,157	436,362,264
Common equity tier I capital adequacy ratio		9.30%	10.08%
Tier I CAR (%)		11.05%	10.08%
Total CAR (%)		12.56%	12.22%
<b>39.1 Leverage Ratio (LR):</b>			
Eligible Tier-I Capital		50,503,786	43,965,111
Total exposures		1,547,757,155	1,463,063,318
LR (%)		3.26%	3.08%

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.

**39.2** The SBP vide its letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 (Relaxation) has allowed the Bank to stagger the unrealized mark-to-market loss on certain Available For Sale - Pakistan Investment Bonds (Portfolio) having maturity on August 20, 2023 and face value of Rs. 140,443,600 thousand in the following manner:

- 25 % by September 30, 2022
- 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.

As on June 30, 2022 the Bank has not taken the benefit of the said Relaxation of SBP. Accordingly, Bank's CAR & LR ratios stood at 12.56% & 3.26% respectively. Had the benefit of said Relaxation of SBP been accounted for the CAR & LR ratios would have been stood at 14.64% & 3.89% respectively.

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>39.3 Liquidity Coverage Ratio (LCR):</b>			
Total high quality liquid assets		494,228,332	566,498,287
Total net cash outflow		401,153,722	413,944,607
LCR (%)		123.20%	136.85%
<b>Net Stable Funding Ratio (NSFR):</b>			
Total available stable funding		718,720,155	668,827,072
Total required stable funding		636,344,213	539,376,598
NSFR (%)		112.95%	124.00%

#### 40 ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the June 30, 2022, the Bank is operating 121 Islamic banking branches (December 31, 2021: 114 Islamic banking branches) and 31 Islamic banking windows (December 31, 2021: 25



# ISLAMIC BANKING BUSINESS

## STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		6,503,811	7,527,608
Balances with other banks		631,688	6,059,934
Due from financial institutions	40.1	2,375,000	4,500,000
Investments - net	40.2	25,566,506	16,590,093
Islamic financing and related assets - net	40.3	51,191,254	49,033,044
Fixed assets		2,319,850	2,052,740
Intangible assets		8,666	9,439
Due from head office		-	442,430
Other assets		2,310,560	1,399,506
<b>Total assets</b>		<b>90,907,335</b>	<b>87,614,794</b>
<b>LIABILITIES</b>			
Bills payable		1,027,855	388,599
Due to financial institutions		1,233,648	911,409
Deposits and other accounts	40.4	74,016,373	79,206,096
Due to head office		6,665,168	-
Subordinated debt		-	-
Other liabilities		3,294,629	2,556,072
		86,237,673	83,062,176
<b>NET ASSETS</b>		<b>4,669,662</b>	<b>4,552,618</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		2,000,000	2,000,000
Reserves		21,501	5,505
Deficit on revaluation of assets		(500,039)	(3,019)
Unappropriated profit	40.5	3,148,200	2,550,132
		4,669,662	4,552,618
<b>CONTINGENCIES AND COMMITMENTS</b>	40.6		

## ISLAMIC BANKING BUSINESS

### Profit and Loss Account

For the Six Months Ended June 30, 2022

	Note	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
		Rupees in '000'			
Profit / return earned	40.7	2,355,631	1,039,674	4,298,897	2,129,215
Profit / return expensed	40.8	1,198,290	479,091	2,281,203	1,014,476
Net profit / return		1,157,341	560,583	2,017,694	1,114,739
Fee and commission income		50,217	34,384	106,249	65,392
Dividend income		-	-	-	-
Foreign exchange (loss) / income		(7,167)	757	(7,978)	(1,936)
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net		-	-	-	2,194
Other (loss) / income		7,891	1,008	6,486	1,191
		50,941	36,149	104,757	66,841
Total income		1,208,282	596,732	2,122,451	1,181,580
Operating expenses		638,721	564,574	1,295,445	997,694
Workers welfare fund		-	-	-	-
Other charges		-	12	-	47
		638,721	564,586	1,295,445	997,741
Profit before provisions		569,561	32,146	827,006	183,839
Provisions and write offs - net		182,344	219,706	228,938	298,955
Profit before taxation		387,217	(187,560)	598,068	(115,116)
Taxation	40.9	-	-	-	-
Profit after taxation		387,217	(187,560)	598,068	(115,116)

#### 40.1 DUE FROM FINANCIAL INSTITUTIONS

	June 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'					
Placements	2,375,000	-	2,375,000	4,500,000	-	4,500,000

#### 40.2 INVESTMENTS - NET

##### Investments by segment:

	(Un-audited) June 30, 2022				(Audited) December 31, 2021			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	R u p e e s i n ' 0 0 0 '							
Federal government securities:								
-Ijarah sukuk	14,142,202	-	(529,209)	13,612,993	4,502,908	-	(1,154)	4,501,754
-Naya Pakistan Certificates (Roshan Digital)	545,274	-	-	545,274	88,600	-	-	88,600
	14,687,476	-	(529,209)	14,158,267	4,591,508	-	(1,154)	4,590,354
Non government debt securities :								
-Listed	8,426,136	-	(65,136)	8,361,000	8,457,812	-	(75,312)	8,382,500
-Unlisted	3,047,239	-	-	3,047,239	3,617,239	-	-	3,617,239
	11,473,375	-	(65,136)	11,408,239	12,075,051	-	(75,312)	11,999,739
Total investments	26,160,851	-	(594,345)	25,566,506	16,666,559	-	(76,466)	16,590,093

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	
40.3 ISLAMIC FINANCING AND RELATED ASSETS		
Ijarah	2,233,146	2,075,758
Murabaha	2,331,318	2,115,237
Musharaka	14,324,403	21,482,411
Diminishing musharaka	25,466,825	20,579,778
Payment against documents	55,304	55,304
Waqala	3,857,807	-
Istisna	4,581,105	4,154,436
Gross islamic financing and related assets	52,849,908	50,462,924
Less: provision against islamic financings		
- Specific	1,658,654	1,429,880
- General	-	-
	1,658,654	1,429,880
Islamic financing and related assets - net of provision	51,191,254	49,033,044

#### 40.4 DEPOSITS AND OTHER ACCOUNTS

	June 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	14,515,860	457,056	14,972,916	14,637,500	413,124	15,050,624
Savings deposits	46,167,310	265,006	46,432,316	44,910,744	223,869	45,134,613
Term deposits	10,496,443	-	10,496,443	7,693,035	-	7,693,035
Others	1,964,233	-	1,964,233	1,545,903	-	1,545,903
	73,143,846	722,062	73,865,908	68,787,182	636,993	69,424,175
Financial institutions:						
Current deposits	12,889	13,351	26,240	221,033	41,503	262,536
Savings deposits	124,024	201	124,225	69,119	185	69,304
Term deposits	-	-	-	9,450,000	-	9,450,000
Others	-	-	-	81	-	81
	136,913	13,552	150,465	9,740,233	41,688	9,781,921
	73,280,759	735,614	74,016,373	78,527,415	678,681	79,206,096

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Rupees in '000'	
<b>40.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS</b>		
Opening balance	2,550,132	2,710,878
Add: Islamic banking profit / (loss) for the period / year	598,068	(160,746)
Closing balance	3,148,200	2,550,132
<b>40.6 CONTINGENCIES AND COMMITMENTS</b>		
- Guarantees	1,652,745	1,662,941
- Commitments	20,503,143	5,785,076
	22,155,888	7,448,017
<b>40.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT</b>		
Profit earned on:		
Financing	2,663,003	1,233,600
Investments	1,298,786	739,396
Placements	156,432	156,219
Deposits with financial institutions	180,676	-
	4,298,897	2,129,215
<b>40.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	1,920,609	897,660
Markup on lease liability against right of use assets	119,807	97,216
Markup on borrowings from SBP	4,941	410
Profit on deposits from conventional head office	235,846	19,190
	2,281,203	1,014,476

**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. 210,221 thousand (June 30, 2021: tax credit Rs. 27,674 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 is 50:50 for SP-XXXII and 05:95 for SP-XXXIII and SP-XXXIV.
- 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.

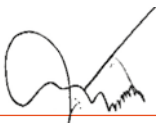
#### 41. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on August 17, 2022 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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