

ENRICHING LIVES
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SPREADING **COLORS** OF PROSPERITY

QUARTERLY REPORT (UN-AUDITED)
JANUARY-MARCH

2021

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Corporate Information

Board of Directors

Mr. Mohammad Jehanzeb Khan	Director
Mr. Iftikhar Ali Sahoo	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Shaharyar Ahmad	Director
Syed Ghazanfar Abbas Jilani	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Mr. Zafar Masud	President & CEO

Board Audit Committee

Mr. Saeed Anwar	Chairman
Mr. Mohammad Jehanzeb Khan	Member
Mr. Shaharyar Ahmad	Member
Syed Ghazanfar Abbas Jilani	Member

Board Risk Management, Compliance and NPL Review Committee

Mr. Shaharyar Ahmad	Chairman
Khawaja Farooq Saeed	Member
Dr. Muhammad Amjad Saqib	Member
Syed Ghazanfar Abbas Jilani	Member

Board Human Resource, Compensation and Nomination Committee

Khawaja Farooq Saeed	Chairman
Mr. Mohammad Jehanzeb Khan	Member
Dr. Muhammad Amjad Saqib	Member
Syed Ghazanfar Abbas Jilani	Member

Board Strategy, Islamic and Priority Sector Financing Committee

Dr. Muhammad Amjad Saqib	Chairman
Mr. Saeed Anwar	Member
Mr. Shaharyar Ahmad	Member

Board Information Technology and Communications Committee

Mr. Mohammad Jehanzeb Khan	Chairman
Mr. Saeed Anwar	Member
Khawaja Farooq Saeed	Member

Auditors

EY Ford Rhodes, Chartered Accountants

Registered Office

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

Registrar

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

Directors' Report

Quarterly Financial Statements - March 31, 2021

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 three months period ended March 31, 2021.

Owing to supportive monetary policy, SBP's Covid related concessions and financing/ refinancing facilities, gradual economic recovery is underway. Large-scale manufacturing (LSM) grew further by 10.8 percent (y/y) in December 2020 and 9.1 percent (y/y) in January 2021. During first seven months of FY21, LSM has grown by 7.9 percent, compared to a contraction of 3.2 percent during the same period last year. Nevertheless, capacity utilization in a number of industries is still lagging and labor market slack remains. A wide range of other high-frequency indicators signal robust growth, including sales of fast-moving consumer goods, automobiles, cement, POL and electricity. In services, transportation is benefiting from the pick-up in manufacturing, while business sentiment indicators foresee further improvements in both activity and employment in coming months. In agriculture, all major Kharif crops except cotton have surpassed production levels in FY20 and targets for FY21, and indicators of input conditions such as tractor sales, fertilizer usage, water availability and weather suggest strong prospects, especially for wheat.

During the first seven months of FY21, the current account remains in surplus of \$0.9 billion on the back of record remittances, relatively subdued domestic demand and a nascent recovery in exports. At \$230 million, the current account deficit in January was around one-third of its level in December 2020. As the economy recovers, the trade deficit is widening somewhat on the back of imports of capital goods and industrial materials as well as food, together with rising international commodity prices.

During 1st Quarter of year 2021, the Bank has been able to maintain its growth trend as narrated hereunder:

Financial Highlights:	Rs. in Million
Profit before taxation	3,066.889
Taxation	1,234.265
Profit after taxation	1,832.624
Earnings per share (Rupees)	0.69

During 1st quarter of year 2021, Bank's Net Interest Margin (NIM) improved to Rs. 6.87 billion as against Rs. 5.90 billion during 1st quarter 2020 registering a growth of 16%. Similarly, Non-Markup/ Interest Income increased to Rs. 2.53 billion as against Rs. 2.00 billion during 1st quarter 2020 showing an increase of 27%. During 1st quarter of the year, the Bank posted after tax profit of Rs. 1.83 billion as against Rs. 1.50 billion earned during 1st quarter of year 2020 with a growth of 22%. Earnings per Share (EPS) for the 1st quarter of year 2021 also improved to Rs. 0.69 per share as against Rs. 0.57 per share for 1st quarter 2020.

Bank's Total Assets as at March 31, 2021 stood at Rs. 1,059.8 billion as against Rs. 1,095.4 billion as of December 31, 2020. The Deposits of the Bank stood at Rs. 826.9 billion, while Investments and Gross Advances were recorded at Rs. 504.0 billion and Rs. 467.4 billion, respectively. Equity remained at Rs. 48.5 billion and Capital Adequacy Ratio (CAR) stood at 14.30% against regulatory requirement of 11.50%.

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 639 online branches, including 105 Taqwa Islamic Banking Branches and 18 sub-branches. Further, the Bank has a network of 623 ATMs providing 24/7 banking services to the customers.

I am very grateful to our valued customers and shareholders for their untiring support and assure that the Bank would achieve all set business targets. I am pleased to extend my gratitude to the Government of the Punjab and State Bank of Pakistan for their continuous support and guidance. Efforts of Bank’s management and staff for provision of banking services to clients during COVID-19 pandemic is also very much appreciated.

For and on behalf of the Board

Chairman

ڈائریکٹرز کا جائزہ

دی بینک آف پنجاب کے سرمایہ مالیاتی نتائج 31 مارچ 2021ء

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2021 کو اختتام پذیر ہونے والی سرمایہ کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

معاون مالیاتی پالیسی کی وجہ سے اسٹیٹ بینک کی کووڈ سے متعلق مراعات اور مالیاتی اعانت کی سہولیات کے بعد معاشی بحالی کا کام بتدریج جاری ہے۔ بڑے پیمانے کی اشیا سازی (ایل ایس ایم) میں دسمبر 2020ء میں 10.8 فیصد (سال بسال) اور جنوری 2021ء میں 9.1 فیصد (سال بسال) کی مزید نمو ہوئی۔ مالی سال 21ء کے ابتدائی سات مہینوں میں بڑے پیمانے کی اشیا سازی میں 7.9 فیصد نمو ہوئی، جبکہ گزشتہ برس کی اسی مدت میں 3.2 فیصد سکڑاؤ ہوا تھا۔ تاہم متعدد صنعتوں میں پیداواری گنجائش کا استعمال ابھی تک کم ہے اور افرادی قوت کی منڈی کچھ سست ہے۔ بلند تعداد اظہاریوں کی بڑی تعداد مضبوط نمونہ کی عکاس ہے، جن میں کم لاگت صارفی اشیا، گاڑیوں، سینٹ، پیٹرولیم مصنوعات اور بجلی کی فروخت شامل ہیں۔ خدمات کے شعبے میں ٹرانسپورٹ کے شعبے کو مینوفیکچرنگ میں تیزی سے فائدہ پہنچ رہا ہے جبکہ کاروباری احساسات کے اظہاریوں میں آئندہ مہینوں کے دوران سرگرمی اور روزگار دونوں میں مزید بہتری کی پیش گوئی کی گئی ہے۔ زراعت میں کپاس کے سوا خریف کی تمام اہم فصلیں مالی سال 20ء کی پیداواری سطح سے تجاوز کر چکی ہیں اور مالی سال 21ء کے اہداف اور ٹریکٹروں کی فروخت، کھاد کے استعمال، موسم، پانی کی دستیابی جیسے خام مال کے اہم اظہاریوں سے مضبوط امکانات کا پتہ چلتا ہے، خصوصاً گندم کے لیے۔

جاری کھاتے کی فاضل رقم 0.9 ارب ڈالر ہے، جو مالی سال 21ء کے پہلے سات ماہ کے دوران موجود رہی کیونکہ ترسیلات زر کا مقدار میں آئیں، بلکی طلب قدرے کم رہی اور برآمدات میں واجبی سی بحالی ہوئی۔ جنوری میں جاری کھاتے کا خسارہ 230 ملین ڈالر تھا جو دسمبر 2020ء کی سطح کے مقابلے میں تقریباً ایک تہائی ہے۔ معیشت جیسے جیسے بحال ہو رہی ہے، تجارتی خسارہ بڑھ رہا ہے جس کا جزوی سبب اشیا کے سرمایہ اور صنعتی سامان کے ساتھ ساتھ غذا کی بھی درآمدات ہیں جبکہ اجناس کی بڑھتی ہوئی عالمی قیمتیں بھی ایک وجہ ہیں۔

2021ء کی پہلی سرمایہ میں بینک نے اپنی ترقی کا سفر جاری رکھا ہے۔ جو کہ مالیاتی نتائج سے ظاہر ہوتا ہے۔

مالیاتی نتائج	روپیہ ملین میں
قبل از ٹیکس منافع	3,066.889
ٹیکس	1,234.265
بعد از ٹیکس منافع	1,832.624
فی حصص منافع (روپیہ)	0.69

سال 2021ء کی پہلی سرمایہ کے دوران بینک کا نیٹ انٹرسٹ مارجن (این آئی ایم) 16 فیصد کے اضافہ کے ساتھ 6.87 ارب روپے کی سطح پر رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 5.90 ارب روپے تھا۔ بینک کے نان مارک اپ/انٹرسٹ آمدن 27 فیصد کے اضافہ کے ساتھ 2.53 ارب روپے کی سطح پر رہی جو کہ پچھلے سال 2.00 ارب کی سطح پر تھی۔ اسی طرح سال 2021ء کی پہلی سرمایہ میں بینک نے 1.83 ارب روپے کا بعد از ٹیکس منافع کمایا ہے جو کہ پچھلے سال کی اسی مدت کے دوران 1.50 ارب روپے تھا۔ سال 2021ء کی پہلی سرمایہ کے دوران بینک کی فی حصص آمدن 0.69 روپے رہی جو کہ گزشتہ سال کی پہلی سرمایہ کے دوران 0.57 روپے تھی۔

31 مارچ 2021ء کو بینک کے کل اثاثہ جات 1059.8 ارب روپے تک پہنچ گئے جو کہ 31 دسمبر 2020ء کو 1095.4 ارب روپے تھے۔ بینک کے ڈیپازٹ 826.9 ارب روپے ہو رہے جبکہ سرمایہ کاری اور قرضہ جات بالترتیب 504.0 ارب روپے اور 467.4 ارب روپے رہے۔ بینک کی ایکویٹی 48.5 ارب روپے رہی جبکہ کلیل ایکویٹی ریٹو 14.30 فیصد ہو گئی۔ جس کی مطلوبہ شرح 11.50 فیصد ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی نے بینک کو طویل مدت ریٹنگ "AA" دی ہے جبکہ مختصر مدت کے لیے "A1+" کی ریٹنگ بلند ترین سطح پر ہے۔ بینک نے اپنے برانچ نیٹ ورک میں مزید توسیع کا فیصلہ کیا ہے۔ اس وقت بینک کی 639 آن لائن برانچز بشمول 105 تقویتی اسلامک بینکنگ برانچز اور 18 سب برانچز ملک بھر میں موجود ہیں۔ اس کے علاوہ ازس بینک کا وسیع 623 اے ٹی ایم کا نیٹ ورک صارفین کو خدمات فراہم کر رہا ہے۔

میں اپنے معزز صارفین اور حصص داران کے تعاون پر مشکور ہوں اور اس بات کا یقین دلاتا ہوں کہ ترقی کی موجودہ رفتار کو ان حالات میں بھی برقرار رکھا جائے گا۔ میں حکومت پنجاب اور اسٹیٹ بینک آف پاکستان کے مسلسل تعاون اور معاونت کا تہہ دل سے شکر گزار ہوں۔ میں بینک کی انتظامیہ اور تمام ملازمین کی انتھک محنت کا معترف ہوں جس کی وجہ سے بینک نے قابل ذکر کارکردگی کا مظاہرہ کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

چیرمین

Unconsolidated Condensed Interim
**FINANCIAL
STATEMENTS**
for the three months ended March 31, 2021



Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2021

As at March 31, 2021		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	62,180,030	69,271,804
Balances with other banks	8	1,382,362	2,397,707
Lendings to financial institutions	9	31,242,987	16,086,867
Investments - net	10	504,047,089	567,788,623
Advances - net	11	415,069,809	391,160,612
Fixed assets	12	15,794,063	14,812,949
Intangible assets	13	649,564	688,508
Deferred tax assets - net	14	9,394,065	7,774,264
Other assets - net	15	20,083,304	25,464,682
		1,059,843,273	1,095,446,016
LIABILITIES			
Bills payable	17	5,479,088	4,168,641
Borrowings	18	130,801,557	154,841,415
Deposits and other accounts	19	826,945,596	835,067,592
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	6,791,700	6,791,700
Deferred tax liabilities		-	-
Other liabilities	21	41,284,011	42,315,157
		1,011,301,952	1,043,184,505
NET ASSETS		48,541,321	52,261,511
REPRESENTED BY			
Share capital - net		26,173,766	26,173,766
Reserves		8,029,024	8,029,024
Surplus on revaluation of assets - net of tax	22	3,014,759	5,955,359
Unappropriated profit		11,323,772	12,103,362
		48,541,321	52,261,511
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Three Months Ended March 31, 2021 (Un-audited)

	Note	Three Months Ended March 31, 2021 Rupees in '000'	Three Months Ended March 31, 2020
Mark-up / return / interest earned	24	19,405,712	24,212,251
Mark-up / return / interest expensed	25	12,537,768	18,313,115
Net mark-up / interest income		6,867,944	5,899,136
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	1,116,795	851,627
Dividend income		55,821	41,780
Foreign exchange income		74,717	72,680
Income / (loss) from derivatives		-	-
Gain on securities - net	27	1,262,147	1,004,103
Other income - net	28	24,571	32,175
Total non-markup / interest income		2,534,051	2,002,365
Total income		9,401,995	7,901,501
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,399,905	4,200,553
Workers welfare fund		65,526	57,973
Other charges	30	150	287,666
Total non-markup / interest expenses		5,465,581	4,546,192
Profit before provisions		3,936,414	3,355,309
Provisions and write offs - net	31	869,525	686,904
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,066,889	2,668,405
Taxation - net	32	1,234,265	1,167,502
PROFIT AFTER TAXATION		1,832,624	1,500,903
Basic earnings per share - Rupees	33	0.69	0.57
Diluted earnings per share - Rupees	34	0.69	0.57

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Three Months Ended March 31, 2021 (Un-audited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	Rupees in '000'	
Profit after taxation for the period	1,832,624	1,500,903
Other comprehensive income:		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	(9,167)
	-	(9,167)
	1,832,624	1,491,736
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	(2,913,711)	3,812,311
Total comprehensive (loss) / income for the period	(1,081,087)	5,304,047

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director

For the Three Months Ended March 31, 2021 (Un-audited)

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

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Director

Unconsolidated Condensed Interim Cash Flow Statement

For the Three Months Ended March 31, 2021 (Un-audited)

	Note	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,066,889	2,668,405
Less: Dividend income		(55,821)	(41,780)
		3,011,068	2,626,625
Adjustments:			
Depreciation on fixed assets	29	304,827	265,447
Depreciation on non banking assets acquired in satisfaction of claims	29	13,278	14,827
Depreciation on ijarah assets under IFAS - 2	29	34,747	41,727
Depreciation on right of use assets	29	238,995	217,064
Amortization on intangible assets	29	57,151	48,644
Amortization of discount on debt securities - net		(364,010)	(1,171,156)
Mark-up on lease liability against right of use assets	25	257,391	222,963
Unrealized loss / (gain) on revaluation of investments classified as held for trading	27	39,565	(71,445)
Provision and write-offs - net	31	869,525	686,904
Gain on termination of lease liability against right of use assets	28	-	(273)
Loss / (gain) on sale of fixed assets - net	28	185	(20,801)
Gain on sale of non banking assets - net	28	(21,716)	(8,236)
Gain on securities - net	27	(1,301,712)	(932,658)
Provision for employees compensated absences		3,496	3,475
Provision for gratuity		51,737	46,531
		183,459	(656,987)
		3,194,527	1,969,638
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(15,156,120)	(35,428,743)
Held for trading securities		(13,614,777)	(21,447,309)
Advances - net		(24,710,321)	11,291,004
Others assets - net		5,464,892	6,692,123
		(48,016,326)	(38,892,925)
Increase / (Decrease) in operating liabilities:			
Bills Payable		1,310,447	(493,673)
Borrowings from financial institutions		(24,089,136)	1,113,025
Deposits		(8,121,996)	25,039,841
Other liabilities		(4,199,154)	(717,276)
		(35,099,839)	24,941,917
Income tax paid		(1,488,511)	(1,477,244)
Net cash used in operating activities		(81,410,149)	(13,458,614)

Cash Flow Statement (Cont:)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	Rupees in '000'	
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	74,413,946	2,990,537
Dividends received	55,824	19,800
Investments in fixed assets	(991,702)	(194,910)
Investments in intangible assets	(18,207)	(46,887)
Proceeds from sale of fixed assets	347	21,175
Proceeds from sale of non banking assets	115,617	23,200
Net cash flow from investing activities	73,575,825	2,812,915
CASH FLOW FROM FINANCING ACTIVITIES		
Payment - lease liability against right of use assets	(322,073)	(248,673)
Net cash used in financing activities	(322,073)	(248,673)
Decrease in cash and cash equivalents	(8,156,397)	(10,894,372)
Cash and cash equivalents at beginning of the period	71,667,375	63,586,009
Cash and cash equivalents at end of the period	63,510,978	52,691,637
Cash and cash equivalents:		
Cash and balances with treasury banks	62,180,030	49,037,637
Balances with other banks	1,382,362	3,504,386
Call lendings	-	150,000
Overdrawn nostro accounts	(51,414)	(386)
	63,510,978	52,691,637

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Three Months Ended March 31, 2021 (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 639 branches including 18 sub branches and 105 Islamic banking branches (December 31, 2020: 636 branches including 18 sub branches and 104 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir (AJK) at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

2. 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 unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

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 39 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. The accounting and reporting standards comprise of:

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

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

2.1.2 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on SBP BPRD Circular Letter No. 05 of 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 should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2020.

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 the preparation of these unconsolidated 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 (IFFS). The standard will result in certain new disclosures in these unconsolidated condensed interim financial statements of the Bank.

2.1.5 New accounting standards/ amendments and IFRS interpretations that are effective for the current period:

During the period, certain amendments to standards, interpretations and improvements to accounting standards became effective, however the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements.

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

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

The SBP vide BPRD Circular No. 04 dated October 23, 2019 has notified the effective date of IFRS 9, 'Financial Instruments' as January 01, 2021. 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. The Bank has calculated the impact of adoption of IFRS 9 on the financial statements on the date of initial application, which will be finalized post issuance of IFRS 9 guidelines from SBP. Accordingly, the requirements of IFRS 9 have not been considered in preparation of these condensed interim financial statements.

Standard or Interpretations	Effective date (accounting periods beginning on or after)
IFRS 3	Reference to conceptual framework - Amendments
IAS 16	Property, plant and equipment: Proceeds before intended use -Amendments
IAS 37	Onerous contracts - costs of fulfilling a contract - Amendments
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
AIP IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities
AIP IAS 41	Agriculture – Taxation in fair value measurements
IFRS 17	Insurance contracts
IAS 1	Classification of liabilities as current or non-current -Amendments
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture - Amendments

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

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, 2020.

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, 2020.

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, 2020.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	15,823,481	17,921,687
Foreign currencies	4,167,596	4,182,816
	19,991,077	22,104,503
With SBP in:		
Local currency current accounts	32,736,814	33,648,507
Foreign currency current accounts	501,812	484,298
Foreign currency deposit accounts	991,152	956,624
	34,229,778	35,089,429
With National Bank of Pakistan in:		
Local currency current account	7,671,679	11,200,818
Prize bonds	287,496	877,054
	62,180,030	69,271,804

		(Un-audited) March 31, 2021	(Audited) December 31, 2020				
	Note	Rupees in '000'					
8. BALANCES WITH OTHER BANKS							
In Pakistan:							
Current accounts		483,318	404,719				
Deposit accounts		887	887				
		484,205	405,606				
Outside Pakistan:							
Current accounts		502,313	229,657				
Deposit accounts		395,844	1,762,444				
		898,157	1,992,101				
		1,382,362	2,397,707				
9. LENDINGS TO FINANCIAL INSTITUTIONS							
Repurchase agreement lendings (Reverse Repo)	9.2	28,242,987	7,454,867				
Placements	9.3	3,000,000	8,632,000				
		31,242,987	16,086,867				
9.1 Particulars of lendings							
In local currency		31,242,987	16,086,867				
In foreign currencies		-	-				
		31,242,987	16,086,867				
9.2 Securities held as collateral against lendings to financial institutions							
		(Un-audited) March 31, 2021	(Audited) December 31, 2020				
		Held by bank Further given as collateral Total	Held by bank Further given as collateral Total				
		Rupees in '000'					
Market treasury bills		21,757,682	-	21,757,682	4,154,867	-	4,154,867
Pakistan investment bonds		6,485,305	-	6,485,305	3,300,000	-	3,300,000
		28,242,987	-	28,242,987	7,454,867	-	7,454,867

Market value of securities held as collateral as at March 31, 2021 amounted to Rs. 28,308,350 thousand (December 31, 2020: Rs. 6,651,750 thousand). These carry mark-up at rates ranging from 7.04% to 7.09% per annum (December 31, 2020: 6.00% to 7.30% per annum).

- 9.3** These carry profit rates ranging from 7.00% to 7.25% per annum (December 31, 2020: 6.40% to 7.00% per annum) with maturities upto May 20, 2021.

10. INVESTMENTS - NET

10.1 Investments by type:

		(Un-audited) March 31, 2021				(Audited) December 31, 2020			
	Note	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000'									
Held-for-trading securities									
Federal government securities	10.1.1	32,390,139	-	662	32,390,801	19,146,767	-	1,630	19,148,397
Ordinary shares		373,325	-	(40,227)	333,098	-	-	-	-
		32,763,464	-	(39,565)	32,723,899	19,146,767	-	1,630	19,148,397
Available-for-sale securities									
Federal government securities	10.1.1 & 10.2	391,453,749	-	180,019	391,633,768	465,221,303	-	4,453,720	469,675,023
Shares and certificates		5,522,642	(1,384,488)	(47,747)	4,090,407	4,815,673	(1,378,194)	199,777	3,637,256
Non government debt securities		17,553,812	(2,536,232)	(100,654)	14,916,926	17,516,016	(2,536,232)	(139,247)	14,840,537
Foreign securities		4,019	-	-	4,019	4,019	-	-	4,019
		414,534,222	(3,920,720)	31,618	410,645,120	487,557,011	(3,914,426)	4,514,250	488,156,835
Held-to-maturity securities									
Federal government securities	10.1.1 & 10.4	60,678,070	-	-	60,678,070	60,483,391	-	-	60,483,391
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		60,678,470	(400)	-	60,678,070	60,483,791	(400)	-	60,483,391
Subsidiaries		164,945	(164,945)	-	-	164,945	(164,945)	-	-
Total investments		508,141,101	(4,086,065)	(7,947)	504,047,089	567,352,514	(4,079,771)	4,515,880	567,788,623

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.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		Rupees in '000'	
10.2 Investments given as collateral			
Pakistan investment bonds		47,334,637	66,472,184
Market treasury bills		28,498,840	35,514,708
		75,833,477	101,986,892
10.3 Provision for diminution in value of investments			
10.3.1 Opening balance		4,079,771	3,696,054
Charge / reversals:			
Charge for the period / year		85,891	516,324
Reversals for the period / year		-	(7,500)
		85,891	508,824
Reversal on disposal during the period / year		(79,597)	(125,107)
Closing balance		4,086,065	4,079,771

10.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,536,632	2,536,632	2,536,632	2,536,632
Total	2,536,632	2,536,632	2,536,632	2,536,632

10.4 Market value of held to maturity investments amounted to Rs. 67,826,031 thousand (December 31, 2020: Rs. 69,082,534 thousand).

11. ADVANCES - NET

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2021	(Audited) December 31, 2020	(Un-audited) March 31, 2021	(Audited) December 31, 2020	(Un-audited) March 31, 2021	(Audited) December 31, 2020
Rupees in '000'						
Loans, cash credits, running finances, etc.	365,868,693	340,882,450	54,039,175	54,343,717	419,907,868	395,226,167
Net book value of assets in ijarah under IFAS 2 - In Pakistan	1,742,577	1,773,841	215,000	215,000	1,957,577	1,988,841
Islamic financing and related assets	28,194,084	29,209,198	2,735,733	2,661,933	30,929,817	31,871,131
Bills discounted and purchased	14,609,678	13,643,227	30,521	30,521	14,640,199	13,673,748
Advances - gross	410,415,032	385,508,716	57,020,429	57,251,171	467,435,461	442,759,887
Provision against advances:						
- Specific	-	-	(48,589,938)	(47,850,782)	(48,589,938)	(47,850,782)
- General	(3,775,714)	(3,748,493)	-	-	(3,775,714)	(3,748,493)
	(3,775,714)	(3,748,493)	(48,589,938)	(47,850,782)	(52,365,652)	(51,599,275)
Advances - net of provision	406,639,318	381,760,223	8,430,491	9,400,389	415,069,809	391,160,612

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
Rupees in '000'		
11.1 Particulars of advances (gross)		
In local currency	467,306,745	442,580,174
In foreign currencies	128,716	179,713
	467,435,461	442,759,887

- 11.2 Advances include Rs. 57,020,429 thousand (December 31, 2020: Rs. 57,251,171 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	177,957	3,591	190,528	3,495
Substandard	6,205,393	1,271,314	6,286,206	1,234,491
Doubtful	7,621,975	6,098,467	8,086,336	6,149,532
Loss	43,015,104	41,216,566	42,688,101	40,463,264
Total	57,020,429	48,589,938	57,251,171	47,850,782

11.3 Particulars of provision against advances

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000'						
Opening balance	47,850,782	3,748,493	51,599,275	45,119,933	412,641	45,532,574
Charge for the period / year	1,069,665	27,221	1,096,886	4,818,333	3,335,852	8,154,185
Reversals for the period / year	(330,509)	-	(330,509)	(2,087,484)	-	(2,087,484)
Amounts written off	739,156	27,221	766,377	2,730,849	3,335,852	6,066,701
Closing balance	48,589,938	3,775,714	52,365,652	47,850,782	3,748,493	51,599,275

11.3.1 Particulars of provision against advances with respect to currencies

In local currency	48,525,137	3,775,714	52,300,851	47,785,981	3,748,493	51,534,474
In foreign currencies	64,801	-	64,801	64,801	-	64,801
	48,589,938	3,775,714	52,365,652	47,850,782	3,748,493	51,599,275

- 11.3.2 This includes general provision recognized 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. 2,423,363 thousand (December 31, 2020: Rs 2,996,620 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		Rupees in '000'	
12. FIXED ASSETS			
Capital work-in-progress	12.1	795,730	98,500
Right of use assets		6,559,877	6,265,106
Property and equipment		8,438,456	8,449,343
		15,794,063	14,812,949
12.1 Capital work-in-progress			
Civil works		135,730	98,500
Building		660,000	-
		795,730	98,500

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
12.2 Additions / (transfers) to fixed assets		
The following additions / (transfers) have been made to fixed assets during the period:		
Capital work-in-progress	697,230	66,093
Addition to right of use assets	533,765	60,514
Property and equipment:		
Furniture and fixture	18,133	14,739
Office equipment	124,386	38,319
Computer equipment	104,875	23,952
Lease hold improvements	46,998	34,222
Vehicles	80	17,585
	294,472	128,817
	1,525,467	255,424
12.3 Disposal of property and equipment:		
The net book value of property and equipment disposed off during the period is as follows:		
Furniture and fixture	165	138
Office equipment	367	226
Computer equipment	-	10
	532	374

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
13. INTANGIBLE ASSETS		
Intangible in progress	81,391	67,644
Softwares	568,173	620,864
	649,564	688,508

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Intangible in progress	13,747	5,778
Intangible assets purchased	4,460	41,109
	18,207	46,887

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
14. DEFERRED TAX ASSETS - NET			
Deductible temporary differences on:			
Right of use assets		422,653	361,644
Provision against advances, off balance sheet etc.		10,025,822	10,051,802
		10,448,475	10,413,446
Taxable temporary differences on:			
Surplus on revaluation of fixed assets		(672,431)	(680,942)
Accelerated tax depreciation		(265,113)	(266,486)
Surplus on revaluation of investments		(11,066)	(1,579,987)
Surplus on revaluation of non banking assets		(105,800)	(111,767)
		(1,054,410)	(2,639,182)
		9,394,065	7,774,264
15. OTHER ASSETS - NET			
Income / mark-up accrued in local currency		10,237,977	15,302,821
Income / mark-up accrued in foreign currency		1,299	4,526
Profit paid in advance on pehlay munafa scheme		429	539
Advances, deposits, advance rent and other prepayments		552,081	432,004
Advance taxation (payments less provisions)		211,694	3,740
Non-banking assets acquired in satisfaction of claims		5,776,348	5,866,478
Acceptances		2,464,743	2,821,232
Branch adjustment account		-	8,751
Mark to market gain on forward foreign exchange contracts		-	20,250
Stock of stationery		186,380	129,902
Suspense account		6,146	7,413
Zakat recoverable from NITL		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		-	41,129
Fraud and forgeries		480,879	462,656
Unearned income on sale of sukuk on bai-muajjal basis		249,113	336,351
Others		714,532	791,096
		20,918,411	26,265,678
Less: Provision held against other assets	15.1	(2,054,282)	(2,037,220)
Other assets (net of provision)		18,864,129	24,228,458
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,219,175	1,236,224
Other assets - total		20,083,304	25,464,682
15.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		1,198,555	1,198,555
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries		476,155	459,093
Others		307,059	307,059
		2,054,282	2,037,220

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
16. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
17. BILLS PAYABLE		
In Pakistan	5,479,088	4,168,641
Outside Pakistan	-	-
	5,479,088	4,168,641
18. BORROWINGS		
Secured		
Borrowings from SBP under:		
Export refinance scheme (ERF)	23,024,964	22,609,115
Long term financing facility (LTFF)	11,440,213	11,250,709
Finance facility for storage of agricultural produce (FFSAP)	131,813	69,523
Finance facility for renewable energy performance platform (REPP)	2,608,464	1,859,306
Refinancing facility for payment of salaries and wages	15,012,751	16,242,813
Combating COVID-19	298,600	123,005
Finance Islamic facility for working capital financing of SE & ME	23,000	-
Finance Facility for temporary relief refinance scheme (TERF)	1,356,910	-
Finance Facility for women entrepreneurs	5,000	-
Refinancing facility for modernization of small and medium enterprises (SMES)	122,146	119,299
	54,023,861	52,273,770
Repurchase agreement borrowings	-	37,430,967
Call borrowings	75,802,189	64,672,133
Borrowing from Pakistan Mortgage Refinance Company Limited	924,093	462,409
Total secured	130,750,143	154,839,279
Unsecured		
Overdrawn nostro accounts	51,414	2,136
	130,801,557	154,841,415

19. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	139,008,923	3,100,018	142,108,941	144,971,825	3,099,131	148,070,956
Savings deposits	394,220,079	2,506,041	396,726,120	388,946,529	2,635,237	391,581,766
Term deposits	260,808,068	3,647,035	264,455,103	265,567,945	3,594,396	269,162,341
Others	16,488,481	-	16,488,481	19,012,007	-	19,012,007
	810,525,551	9,253,094	819,778,645	818,498,306	9,328,764	827,827,070
Financial institutions:						
Current deposits	1,751,475	339,349	2,090,824	2,690,764	821,999	3,512,763
Savings deposits	2,024,749	8,460	2,033,209	2,746,932	7,427	2,754,359
Term deposits	787,250	2,099,438	2,886,688	889,875	-	889,875
Others	156,230	-	156,230	83,525	-	83,525
	4,719,704	2,447,247	7,166,951	6,411,096	829,426	7,240,522
	815,245,255	11,700,341	826,945,596	824,909,402	10,158,190	835,067,592

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
20. SUBORDINATED DEBTS			
Privately placed term finance certificates - I	20.1	2,496,000	2,496,000
Privately placed term finance certificates - II	20.2	4,295,700	4,295,700
		6,791,700	6,791,700

20.1 Privately placed term finance certificates - I

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

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

20.2 Privately placed term finance certificates - II

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

Issue amount:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA-

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		10,826,788	15,775,068
Mark-up / return / interest payable in foreign currency		83,631	63,615
Lease key money		12,247,421	12,025,862
Sundry creditors and accrued expenses		2,525,009	1,492,807
Acceptances		2,464,743	2,821,232
Mark-up payable on subordinated debts		218,264	75,781
Unclaimed dividends		2,586	2,588
Branch adjustment account		37,663	-
Unrealized loss on revaluation of foreign bills and trade loans		56,276	-
Payable to gratuity fund		51,737	261,774
Provision against off-balance sheet obligations	21.1	62,183	62,183
Provision for employees compensated absences		127,001	123,506
Dividend payable		2,643,692	-
Mark to market loss on forward foreign exchange contracts		144,781	-
Taxes / zakat / import fee payable		395,872	526,978
Lease liability against right of use assets		7,767,457	7,298,374
Deferred income on sale of sukuk on bai - muajjal basis		249,113	336,351
Workers welfare fund		685,369	619,843
IBFT payable		234,741	298,024
Others		459,684	531,171
		41,284,011	42,315,157
21.1 Provision against off-balance sheet obligations		62,183	62,183

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of :			
- Available for sale securities	10.1	31,618	4,514,250
- Fixed assets		2,553,263	2,577,581
- Non-banking assets acquired in satisfaction of claims	15	1,219,175	1,236,224
		3,804,056	8,328,055
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(11,066)	(1,579,987)
- Fixed assets		(672,431)	(680,942)
- Non-banking assets acquired in satisfaction of claims		(105,800)	(111,767)
		(789,297)	(2,372,696)
		3,014,759	5,955,359
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	64,214,018	64,847,674
Commitments	23.2	203,615,086	148,893,256
Other contingent liabilities	23.3	8,975	8,975
		267,838,079	213,749,905
23.1 Guarantees:			
Financial guarantees		18,685,005	18,515,042
Performance guarantees		17,702,690	18,139,861
Other guarantees		27,826,323	28,192,771
		64,214,018	64,847,674
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		82,406,304	78,976,971
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	105,726,389	48,807,235
- forward lending	23.2.2	15,398,637	20,393,865
Commitments for acquisition of:			
- fixed assets		21,925	689,875
- intangible assets		61,831	25,310
		203,615,086	148,893,256
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		54,441,536	24,708,677
Sale		51,284,853	24,098,558
		105,726,389	48,807,235

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
23.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	15,398,637	20,393,865

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
23.3 Other contingent liabilities	23.3.1	8,975	8,975

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
23.4 Claims against the Bank not acknowledged as debts	23.4.1	54,743,496	54,743,496

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Un-audited) March 31, 2020
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		8,178,375	12,308,634
On investments:			
Available for sale securities		8,697,116	8,655,870
Held for trading securities		421,199	564,841
Held to maturity securities		1,847,302	1,836,476
On lendings to financial institutions:			
Securities purchased under resale agreements		158,011	727,018
Call lending		-	93
Letters of placement		101,628	89,210
On balances with banks		2,081	30,109
		19,405,712	24,212,251
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		10,487,987	15,987,830
Borrowings:			
Securities sold under repurchase agreements		301,845	151,851
Call borrowings		1,144,576	1,499,278
Borrowing from Pakistan Mortgage Refinance Company Limited		17,011	-
SBP refinance borrowing		186,475	135,194
Subordinated debts:			
Mark-up on subordinated loan from GoPb		-	67,795
Mark-up on privately placed term finance certificates		142,483	248,204
Mark-up on lease liability against right of use assets		257,391	222,963
		12,537,768	18,313,115
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		135,998	140,957
Consumer finance related fees		94,270	49,941
Card related fees		189,816	155,125
Credit related fees		140,212	66,040
Branchless banking fees		14,082	41,970
Commission on trade		233,796	169,584
Commission on guarantees		58,924	54,657
Commission on cash management		29,035	24,718
Commission on remittances including home remittances		101,724	58,219
Commission on bancassurance		27,077	24,549
Commission on wheat financing		6,609	-
SMS banking income		85,252	65,867
		1,116,795	851,627
27. GAIN ON SECURITIES - NET			
Realized gain on sale of securities - net	27.1	1,301,712	932,658
Unrealized (loss) / gain - held for trading		(39,565)	71,445
		1,262,147	1,004,103

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
27.1 Realized gain on sale of securities - net:		
Federal government securities	1,003,285	907,025
Shares and certificates	298,427	25,633
	1,301,712	932,658
28. OTHER INCOME - NET		
(Loss) / gain on sale of fixed assets - net	(185)	20,801
Gain on sale of non banking assets - net	21,716	8,236
Gain on termination of lease liability against right of use assets	-	273
Notice pay on resignations	3,040	2,865
	24,571	32,175
29. OPERATING EXPENSES		
Total compensation expense	3,176,625	2,431,914
Property expense:		
Rent and taxes	5,598	3,429
Insurance	3,701	4,268
Utilities cost	126,051	123,861
Security	596	366
Repair and maintenance including janitorial charges	8,169	9,076
Depreciation	136,768	129,298
Depreciation on right of use assets	238,995	217,064
Others	-	87
	519,878	487,449
Information technology expenses:		
Software maintenance	91,038	94,659
Hardware maintenance	19,143	18,252
Depreciation on computer equipment	85,553	65,335
Amortization on intangible assets	57,151	48,644
Network charges	119,175	71,935
	372,060	298,825
Other operating expenses:		
Directors' fees and allowances	11,625	12,138
Fees and allowances to shariah board	640	870
Legal and professional charges	59,629	21,608
Subscription charges	7,392	10,544
Outsourced staff services costs	104,950	68,479
Travelling and conveyance	162,253	157,944
NIFT clearing charges	16,620	18,443
Depreciation	82,506	70,814
Depreciation on non banking assets	13,278	14,827
Depreciation on ijarah assets	34,747	41,727
Training and development	6,855	7,330
Postage and courier charges	34,526	39,774
Stationery and printing	50,362	42,866
Marketing, advertisement and publicity	70,121	19,899
Insurance	49,936	28,785
Deposit protection fee	110,757	87,991

		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		Rupees in '000'	
	Repair and maintenance	67,079	33,612
	Entertainment expenses	32,694	25,674
	Fuel for generator	22,984	24,536
	Commission and brokerage	67,778	79,889
	Bank charges	7,072	12,784
	SMS banking charges	8,944	3,890
	ATM charges including ATM maintenance charges	102,411	39,961
	Cash remittance charges	59,065	41,788
	Branch license fee	14,887	13,452
	CNIC verification / ECIB charges	62,939	16,509
	COVID-19 related expenses	11,096	-
	Miscellaneous expenses	58,196	46,231
		1,331,342	982,365
		5,399,905	4,200,553
30.	OTHER CHARGES		
	Penalties imposed by SBP	150	287,666
31.	PROVISIONS AND WRITE OFFS - NET		
	Provisions for diminution in value of investments 10.3.1	85,891	51,898
	Provisions against advances 11.3	766,377	597,786
	Provision against other assets - net	17,257	37,047
	Bad debts written off directly	-	173
		869,525	686,904
32.	TAXATION		
	Current 32.1	1,280,557	1,204,887
	Deferred	(46,292)	(37,385)
		1,234,265	1,167,502
32.1	This includes provision for super tax for the period in accordance with Income Tax Ordinance, 2001.		
		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		Rupees in '000'	
33.	BASIC EARNINGS PER SHARE		
	Profit after taxation for the period (Rs in '000')	1,832,624	1,500,903
	Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
	Basic earnings per share (Rs).	0.69	0.57
34.	DILUTED EARNINGS PER SHARE		
	There is no dilution effect on basic earnings per share.		

35. 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.

35.1 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).

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:

March 31, 2021 (Un-audited)					
	Fair value				Total
	Carrying value	Level 1	Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	424,024,569	-	424,024,569	-	424,024,569
Shares and certificates	4,423,505	4,338,502	-	85,003	4,423,505
Non-Government debt securities	10,026,997	-	10,026,997	-	10,026,997
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary company	-	-	-	-	-
Financial assets disclosed but not measured at fair value:					
Government securities	60,678,070	-	67,826,031	-	67,826,031
Financial liabilities measured at fair value:					
Payable to gratuity fund	51,737	-	51,737	-	51,737
Provision for employees compensated absences	127,001	-	127,001	-	127,001
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	52,195,123	-	52,195,123	-	52,195,123
Forward sale of foreign exchange contracts	49,183,221	-	49,183,221	-	49,183,221

December 31, 2020 (Audited)

December 31, 2023 (continued)						
	Carrying value	Level 1	Fair value		Level 3	Total
			Level 2			
			Rupees in '000'			
On balance sheet financial instruments						
Financial assets measured at fair value :						
Government securities	488,823,420	-	488,823,420	-		488,823,420
Shares and certificates	3,637,256	3,621,674	-	15,582		3,637,256
Non-Government debt securities	10,139,836	-	10,139,836	-		10,139,836
Foreign securities	4,019	-	-	4,019		4,019
Subsidiary Company	-	-	-	-		-
Financial assets disclosed but not measured at fair value:						
Government securities	60,483,391	-	69,082,534	-		69,082,534
Financial liabilities measured at fair value:						
Payable to gratuity fund	261,774	-	261,774	-		261,774
Provision for employees compensated absences	123,506	-	123,506	-		123,506
Off balance sheet financial instruments:						
Forward purchase of foreign exchange contracts	24,343,173	-	24,343,173	-		24,343,173
Forward sale of foreign exchange contracts	23,712,804	-	23,712,804	-		23,712,804

35.2 Fair value of non financial assets

March 31, 2021 (Un-audited)

March 31, 2021 ('000 Rupees)					
	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,448,302	-	5,448,302	-	5,448,302
Non banking assets acquired in satisfaction of claims	5,796,968	-	5,796,968	-	5,796,968

December 31, 2020 (Audited)

December 31, 2022 (Rupees)					
	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000'				
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,497,765	-	5,497,765	-	5,497,765
Non banking assets acquired in satisfaction of claims	5,904,147	-	5,904,147	-	5,904,147

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

March 31, 2021 (Un-audited)							
	Corporate and investment banking	Consumer and digital banking	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	5,890,307	-	1,607,154	10,721,820	1,089,541	96,890	19,405,712
Inter segment (cost) / revenue - net	(4,367,602)	13,955,043	(962,243)	(7,635,128)	(12,269)	(977,801)	-
Non mark-up / return / interest income	148,174	456,209	145,763	1,728,825	30,692	24,388	2,534,051
Total income	1,670,879	14,411,252	790,674	4,815,517	1,107,964	(856,523)	21,939,763
Segment total expenses	291,118	12,594,012	335,157	1,526,776	956,271	2,300,015	18,003,349
Profit before provisions and tax	1,379,761	1,817,240	455,517	3,288,741	151,693	(3,156,538)	3,936,414
Provisions	673,842	-	12,251	85,891	79,249	18,292	869,525
Profit / (loss) before tax	705,919	1,817,240	443,266	3,202,850	72,444	(3,174,830)	3,066,889
Balance sheet							
Cash & bank balances	-	30,786,394	-	28,381,377	4,394,621	-	63,562,392
Investments - net	4,428,090	-	-	481,079,795	18,539,204	-	504,047,089
Net inter segment lending	-	757,479,762	-	-	-	25,085,389	782,565,151
Lendings to financial institutions	-	-	-	28,242,987	3,000,000	-	31,242,987
Advances - performing	309,357,829	-	60,309,234	-	29,936,662	7,035,593	406,639,318
Advances - non-performing - net	4,907,096	-	1,286,465	-	2,212,440	24,490	8,430,491
Others	7,917,975	973,665	698,401	2,113,976	3,922,043	30,294,936	45,920,996
Total assets	326,610,990	789,239,821	62,294,100	539,818,135	62,004,970	62,440,408	1,842,408,424
Borrowings	53,358,199	-	924,093	75,853,603	665,662	-	130,801,557
Subordinated debts	-	-	-	-	-	6,791,700	6,791,700
Deposits & other accounts	-	773,226,728	-	-	53,718,868	-	826,945,596
Net inter segment borrowing	270,866,612	-	49,290,073	461,832,178	576,288	-	782,565,151
Others	2,386,179	16,013,093	12,079,934	2,132,354	2,795,390	11,356,149	46,763,099
Total liabilities	326,610,990	789,239,821	62,294,100	539,818,135	57,756,208	18,147,849	1,793,867,103
Equity							48,541,321
Total equity & liabilities							1,842,408,424
Contingencies & commitments	157,450,738	-	102,099	105,726,389	4,466,123	92,730	267,838,079
March 31, 2020 (Un-audited)							
	Corporate and investment banking	Consumer and digital banking	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	9,493,105	-	1,765,800	11,346,969	1,491,136	115,241	24,212,251
Inter segment revenue - net	(7,807,372)	19,700,657	(1,372,218)	(10,180,349)	(8,743)	(331,975)	-
Non mark-up / return / interest income	131,276	231,627	91,679	1,491,280	24,788	31,715	2,002,365
Total income	1,817,009	19,932,284	485,261	2,657,900	1,507,181	(185,019)	26,214,616
Segment total expenses	274,077	17,342,532	238,227	1,754,754	1,190,043	2,059,674	22,859,307
Profit before provisions and tax	1,542,932	2,589,752	247,034	903,146	317,138	(2,244,693)	3,355,309
Provisions	468,677	36,903	130,818	51,898	(207)	(1,185)	686,904
Profit / (loss) before tax	1,074,255	2,552,849	116,216	851,248	317,345	(2,243,508)	2,668,405
December 31, 2020 (Audited)							
Balance sheet							
Cash & bank balances	-	43,841,350	-	22,168,221	5,659,940	-	71,669,511
Investments - net	2,320,445	-	-	548,471,575	16,996,603	-	567,788,623
Net inter segment lending	-	743,701,158	-	-	951,270	32,767,984	777,420,412
Lendings to financial institutions	-	-	-	7,454,867	8,632,000	-	16,086,867
Advances - performing	290,749,427	-	53,317,428	-	30,983,039	6,710,329	381,760,223
Advances - non-performing	6,229,401	-	930,497	-	2,218,148	22,343	9,400,389
Others	8,282,387	6,015,362	746,993	7,309,414	3,680,612	22,705,635	48,740,403
Total assets	307,581,660	793,557,870	54,994,918	585,404,077	69,121,612	62,206,291	1,872,866,428
Borrowings	51,665,928	-	462,409	102,105,236	607,842	-	154,841,415
Subordinated debts	-	-	-	-	-	6,791,700	6,791,700
Deposits & other accounts	-	773,528,003	-	-	61,539,589	-	835,067,592
Net inter segment borrowing	253,101,917	-	42,481,624	481,836,871	-	-	777,420,412
Others	2,813,815	20,029,867	12,050,885	1,461,970	2,859,733	7,267,528	46,483,798
Total liabilities	307,581,660	793,557,870	54,994,918	585,404,077	65,007,164	14,059,228	1,820,604,917
Equity							52,261,511
Total equity & liabilities							1,872,866,428
Contingencies & commitments	160,308,823	-	639,748	48,807,235	3,269,939	724,160	213,749,905

Due to change in reportable business segments, the figures of comparative period (March 31, 2020) are realigned for the purposes of comparison.

37. RELATED PARTY TRANSACTIONS

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

	March 31, 2021 (Un-audited)					December 31, 2020 (Audited)				
	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee funds	Others related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee funds	Others related parties
	Rupees in '000'					Rupees in '000'				
Lendings to financial institutions :										
Opening balance	-	-	1,000,000	-	-	-	-	400,000	-	-
Addition during the period	-	-	1,000,000	-	-	-	-	4,000,000	-	-
Repaid during the period	-	-	1,000,000	-	-	-	-	3,400,000	-	-
Closing balance	-	-	1,000,000	-	-	-	-	1,000,000	-	-
Investments (gross)	-	-	164,945	-	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	-	164,945	-	-	-	-	164,945	-	-
Advances (gross):										
Opening balance	-	161,708	686,633	-	595,721	-	311,603	1,258,526	-	-
Addition during the period	-	2,547	1,101,404	-	46,700	-	51,412	3,904,573	-	5,541,638
Repaid during the period	-	6,740	1,134,362	-	128,500	-	201,307	4,476,466	-	4,945,917
Closing balance	-	157,515	653,675	-	513,921	-	161,708	686,633	-	595,721
Provision held against advances	-	-	59,757	-	-	-	-	59,757	-	-
Financial guarantees	-	-	7,000	-	473,284	-	-	7,000	-	419,488
Other assets - markup receivable	-	11,355	37,158	-	9,411	-	11,049	36,846	-	14,491
Right of use assets	-	-	-	-	65,092	-	-	-	-	66,055
Lease liability against right of use assets	-	-	-	-	20,702	-	-	-	-	20,030
Deposits and other accounts:										
Opening balance	598	24,363	11,287	3,071,616	33,878	61	13,746	1,588	2,564,910	876
Received during the period	1,455	83,453	1,164,592	498,540	63,594	4,353	457,854	4,158,702	1,152,506	122,199
Withdrawn during the period	1,362	78,527	1,171,723	131,464	96,482	3,816	447,237	4,149,003	645,800	89,197
Closing balance	691	29,289	4,156	3,438,692	990	598	24,363	11,287	3,071,616	33,878
	March 31, 2021 (Un-audited)					March 31, 2020 (Un-audited)				
Income:										
Mark-up / return / interest earned	-	2,098	30,007	-	9,411	-	4,703	54,509	-	-
Non markup interest income	-	-	-	-	1,048	-	-	-	-	-
Expense:										
Mark-up / return / interest expensed	6	149	-	50,456	226	3	124	-	80,997	20
Depreciation on right of use assets	-	-	-	-	963	-	-	-	-	1,287
Mark-up on lease liability against right of use assets	-	-	-	-	672	-	-	-	-	1,307
Compensation expense	-	129,768	-	-	-	-	111,118	-	-	-
Commission expense	-	-	1,732	-	-	-	-	30	-	-
Provision:										
Charge of provision - advances	-	-	-	-	-	-	-	1,609	-	-

37.1 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.

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

As at Statement of Financial Position date the loans and advances, deposits, acceptances and contingencies relating to GoPb and its related entities amounted to Rs. 36,259,403 thousand (December 31, 2020: Rs. 37,126,458 thousand), Rs. 424,298,654 thousand (December 31, 2020: Rs. 421,019,222 thousand), Rs. 71,929 thousand (December 31, 2020: 71,929 thousand) and Rs. 25,458,523 thousand (December 31, 2020: Rs. 27,070,415 thousand) respectively. Markup / interest earned and markup receivable from these loans & advances amounted to Rs.754,645 thousand and 823,800 thousand respectively. Markup / interest expensed and markup payable on these deposits amounted to Rs. 6,386,615 thousand and Rs. 6,514,553 thousand respectively. Income on contingencies is Rs. 4,822 thousand.

- 37.3** The Bank made contribution of Rs. 72,186 thousand (March 31, 2020: Rs. 56,864 thousand) to employees provident fund during the period.
- 37.4** First Punjab Modaraba and Punjab Modaraba Services (Pvt) Limited are using owned premises of The Bank of Punjab free of cost.
- 37.5** Advances to employees as at March 31, 2021, other than key management personnel, amounted to Rs. 7,773,667 thousand (December 31, 2020: Rs. 7,375,234 thousand) with markup receivable of Rs. 524,458 thousand (December 31, 2020: Rs 519,593 thousand) and markup income of Rs 93,546 thousand. (March 31, 2020: Rs. 102,664 thousand).
- 37.6** 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 as per Bank's policy.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	39,798,363	41,936,560
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	39,798,363	41,936,560
Eligible Tier 2 Capital	12,463,809	15,270,354
Total Eligible Capital (Tier 1 + Tier 2)	52,262,172	57,206,914
Risk Weighted Assets (RWAs):		
Credit risk	300,235,282	289,144,564
Market risk	8,848,725	6,871,393
Operational risk	56,498,084	56,498,084
Total	365,582,091	352,514,041
Common equity tier I capital adequacy ratio	10.89%	11.90%
Tier I CAR (%)	10.89%	11.90%
Total CAR (%)	14.30%	16.23%

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
38.1 Leverage Ratio (LR):		
Eligible Tier-I Capital	39,798,363	41,936,560
Total exposures	1,224,713,423	1,307,635,296
LR (%)	3.25%	3.21%
38.2 Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	523,961,167	538,917,589
Total net cash outflow	405,139,374	386,811,819
LCR (%)	129.33%	139.32%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	598,546,459	600,034,473
Total required stable funding	432,823,287	471,758,220
NSFR (%)	138.29%	127.19%

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2021, the Bank is operating 103 Islamic banking branches and 02 sub Islamic banking branches (December 31, 2020: 102 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
ASSETS			
Cash and balances with treasury banks		4,125,321	5,351,954
Balances with other banks		269,300	307,986
Due from financial institutions	39.1	3,000,000	8,632,000
Investments - net	39.2	18,539,204	16,996,603
Islamic financing and related assets - net	39.3	32,149,102	33,201,187
Fixed assets		1,789,639	1,670,801
Intangible assets		8,150	6,626
Due from head office		-	951,270
Other assets		2,124,254	2,003,185
Total assets		62,004,970	69,121,612
LIABILITIES			
Bills payable		280,177	212,448
Due to financial institutions		665,662	607,842
Deposits and other accounts	39.4	53,718,868	61,539,589
Due to head office		576,288	-
Subordinated debt		-	-
Other liabilities		2,515,213	2,647,285
		57,756,208	65,007,164
NET ASSETS		4,248,762	4,114,448
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		4,879	735
Deficit on revaluation of assets		(39,439)	(97,165)
Unappropriated profit	39.5	2,783,322	2,710,878
		4,248,762	4,114,448
CONTINGENCIES AND COMMITMENTS	39.6		

ISLAMIC BANKING BUSINESS

Profit and Loss Account

For the Three Months Ended March 31, 2021 (Un-audited)

	Note	Three Months Ended March 31, 2021 Rupees in '000'	Three Months Ended March 31, 2020
Profit / return earned	39.7	1,089,541	1,491,136
Profit / return expensed	39.8	535,385	790,716
Net profit / return		554,156	700,420
Fee and commission income		31,008	22,921
Dividend income		-	-
Foreign exchange (loss) / income		(2,693)	1,407
Income / (loss) from derivatives		-	-
Gain on securities - net		2,194	-
Other income		183	460
		30,692	24,788
Total income		584,848	725,208
Operating expenses		433,120	408,050
Workers welfare fund		-	-
Other charges		35	20
		433,155	408,070
Profit before provisions		151,693	317,138
Provisions / (reversals) and write offs - net		79,249	(207)
Profit before taxation		72,444	317,345
Taxation	39.9	-	-
Profit after taxation		72,444	317,345

39.1 DUE FROM FINANCIAL INSTITUTIONS

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Placements	3,000,000	-	3,000,000	8,632,000	-	8,632,000

39.2 INVESTMENTS - NET

Investments by segment:

	(Un-audited) March 31, 2021				(Audited) December 31, 2020			
	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	3,249,697	-	13,053	3,262,750	2,249,072	-	1,078	2,250,150
-Sale of sukuk- bai muajjal	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
	6,005,893	-	13,053	6,018,946	5,005,268	-	1,078	5,006,346
Non government debt securities								
-Sukuk	8,505,939	-	(125,939)	8,380,000	8,521,689	-	(171,690)	8,349,999
-Unlisted	4,140,258	-	-	4,140,258	3,640,258	-	-	3,640,258
	12,646,197	-	(125,939)	12,520,258	12,161,947	-	(171,690)	11,990,257
Total investments	18,652,090	-	(112,886)	18,539,204	17,167,215	-	(170,612)	16,996,603

(Un-audited) (Audited)
March 31, December 31,
2021 2020
Rupees in '000'

39.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	1,957,577	1,988,841
Murabaha	396,144	220,091
Musharaka	8,252,961	9,347,782
Diminishing musharaka	18,209,635	18,353,796
Payment against documents	55,304	55,304
Istisna	4,015,773	3,894,158
Gross islamic financing and related assets	32,887,394	33,859,972
Less: provision against islamic financings		
- Specific	738,292	658,785
- General	-	-
	738,292	658,785
Islamic financing and related assets - net of provision	32,149,102	33,201,187

39.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Customers :						
Current deposits	10,282,397	289,458	10,571,855	11,129,196	361,767	11,490,963
Savings deposits	39,618,195	54,276	39,672,471	46,122,394	65,342	46,187,736
Term deposits	1,999,945	-	1,999,945	1,967,176	-	1,967,176
Others	1,192,285	-	1,192,285	1,581,404	-	1,581,404
	53,092,822	343,734	53,436,556	60,800,170	427,109	61,227,279
Financial institutions:						
Current deposits	223,179	234	223,413	216,155	-	216,155
Savings deposits	53,846	5,053	58,899	90,864	5,291	96,155
	277,025	5,287	282,312	307,019	5,291	312,310
	53,369,847	349,021	53,718,868	61,107,189	432,400	61,539,589

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
39.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS		
Opening balance	2,710,878	2,154,625
Islamic banking profit for the period / year	72,444	556,253
Closing balance	2,783,322	2,710,878
39.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	1,437,612	1,683,665
-Commitments	3,028,511	1,586,274
	4,466,123	3,269,939
	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	628,782	1,012,001
Investments	359,131	378,097
Placements	101,628	88,344
Deposits with financial institutions	-	12,694
	1,089,541	1,491,136
39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	475,374	738,313
Markup on lease liability against right of use assets	47,791	43,661
Profit on deposits from conventional head office	12,220	8,742
	535,385	790,716
39.9	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. 29,151 thousand (March 31, 2020: Rs. 138,834 thousand).	

39.10 During the period, Special Pool XX (SP-XX) has been created. The main characteristics of the pool are as under:

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 30:70.
- 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.

40. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on April 29, 2021 by the Board of Directors of the Bank.

41. GENERAL

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

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

Chief Financial Officer

President

Director

A black and white photograph of a desk. In the foreground, a black calculator is partially visible on the right side. To its left, a pen lies diagonally across the frame. Below the pen, a document with a bar chart is visible. The bar chart has several vertical bars of varying heights. In the background, there are some papers and a pen. A white rectangular box with a slight shadow is positioned in the upper right area of the image, containing the title and subtitle text.

**Consolidated Condensed Interim
FINANCIAL
STATEMENTS**
for the three months ended March 31, 2021
(The Bank of Punjab & Its Subsidiaries)

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2021

As at March 31, 2021		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	62,180,403	69,272,177
Balances with other banks	8	1,467,324	2,507,010
Lendings to financial institutions	9	30,242,987	15,086,867
Investments - net	10	504,061,981	567,803,516
Advances - net	11	415,827,049	391,889,808
Fixed assets	12	15,797,841	14,817,059
Intangible assets	13	656,704	695,648
Deferred tax assets - net	14	9,458,464	7,838,663
Other assets - net	15	20,546,455	25,937,481
		1,060,239,208	1,095,848,229
LIABILITIES			
Bills payable	17	5,479,088	4,168,641
Borrowings	18	130,768,324	154,841,415
Deposits and other accounts	19	826,945,596	835,070,362
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	6,791,700	6,791,700
Deferred tax liabilities		-	-
Other liabilities	21	41,588,514	42,593,336
		1,011,573,222	1,043,465,454
NET ASSETS		48,665,986	52,382,775
REPRESENTED BY			
Share capital - net		26,173,766	26,173,766
Reserves		8,113,976	8,113,976
Non controlling interest		527,278	506,993
Surplus on revaluation of assets - net of tax	22	3,014,759	5,955,359
Unappropriated profit		10,836,207	11,632,681
		48,665,986	52,382,775
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Consolidated Condensed Interim Profit and Loss Account

For the Three Months Ended March 31, 2021 (Un-audited)

	Note	Three Months Ended March 31, 2021 Rupees in '000'	Three Months Ended March 31, 2020
Mark-up / return / interest earned	24	19,428,257	24,224,521
Mark-up / return / interest expensed	25	12,538,042	18,332,444
Net mark-up / interest income		6,890,215	5,892,077
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	1,124,394	859,444
Dividend income		55,821	41,780
Foreign exchange income		74,717	72,680
Income / (loss) from derivatives		-	-
Gain on securities - net	27	1,262,147	1,004,103
Other income - net	28	24,887	32,175
Total non-markup / interest income		2,541,966	2,010,182
Total income		9,432,181	7,902,259
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,444,741	4,213,564
Workers welfare fund		65,526	57,973
Other charges	30	150	287,666
Total non-markup / interest expenses		5,510,417	4,559,203
Profit before provisions		3,921,764	3,343,056
Provisions and write offs - net	31	850,569	685,310
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,071,195	2,657,746
Taxation - net	32	1,235,170	1,167,188
PROFIT AFTER TAXATION		1,836,025	1,490,558
Basic earnings per share - Rupees	33	0.69	0.56
Diluted earnings per share - Rupees	34	0.69	0.56
PROFIT ATTRIBUTEABLE TO:			
Equity holders of the parent		1,815,740	1,481,009
Non-controlling interest		20,285	9,549
		1,836,025	1,490,558

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director

FIRST QUARTER 2021

Consolidated Condensed Interim Statement of Comprehensive Income

For the Three Months Ended March 31, 2021 (Un-audited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	Rupees in '000'	
Profit after taxation for the period	1,836,025	1,490,558
Other comprehensive income:		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	(9,167)
	-	(9,167)
	1,836,025	1,481,391
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	(2,913,711)	3,812,311
Total comprehensive (loss) / income for the period	(1,077,686)	5,293,702
Total comprehensive income attributable to:		
Equity holder of the parent	(1,097,971)	5,284,153
Non - controlling interest	20,285	9,549
	(1,077,686)	5,293,702

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Consolidated Condensed Interim Statement of Changes in Equity

For the Three Months Ended March 31, 2021 (Un-audited)

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Rupees in '000'				Unappropriated profit	Non-controlling interest	Total
						Share capital	Investments	Fixed / non banking assets	Surplus / (Deficit) - net of tax on revaluation of			
Balance as on January 01, 2020 - audited	26,436,924	(263,158)	26,173,766	2,215,040	4,510,188	2,226,914	3,144,293	8,151,276	445,331			46,866,898
Profit after taxation for the three months ended March 31, 2020	-	-	-	-	-	-	-	-	-	1,481,009	9,549	1,490,558
Other comprehensive income / (loss)	-	-	-	-	-	-	-	(9,167)	-	-	-	3,803,144
Total comprehensive income / (loss) for the three months ended March 31, 2020	-	-	-	-	-	-	-	(9,167)	-	1,481,009	9,549	5,293,702
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	3,812,311	(16,656)	-	16,656	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,389)	-	2,389	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(6,203)	-	6,203	-	-
Transactions with owners recognized directly in equity:												
Final cash dividend - December 31, 2019 declared subsequent to year end at 7.5% per share	-	-	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
Balance as on March 31, 2020	26,436,924	(263,158)	26,173,766	2,215,040	4,510,188	6,039,225	3,109,878	7,674,764	454,880	(1,982,769)	-	50,177,741
Profit after taxation for the nine months ended December 31, 2020	-	-	-	-	-	-	-	-	-	5,337,858	52,113	5,390,971
Other comprehensive (loss) / income	-	-	-	-	-	-	-	2,189	-	(87,285)	-	(3,190,058)
Total comprehensive (loss) / income for the nine months ended December 31, 2020	-	-	-	-	-	-	-	2,189	-	5,250,573	52,113	2,199,913
Transfer to statutory reserve	-	-	-	-	1,388,748	-	-	(49,854)	-	(1,388,748)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(7,035)	-	7,035	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(12,140)	-	14,963	-	2,823
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(21,942)	-	24,240	-	2,298
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on December 31, 2020 - audited	26,436,924	(263,158)	26,173,766	2,215,040	5,898,936	2,934,263	3,021,086	11,632,681	506,993	-	-	52,382,775
Profit after taxation for the three months ended March 31, 2021	-	-	-	-	-	-	-	-	-	1,815,740	20,285	1,836,025
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	-	(2,913,711)
Total comprehensive (loss) / income for the three months ended March 31, 2021	-	-	-	-	-	-	-	-	-	1,815,740	20,285	(1,077,686)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(2,913,711)	(15,807)	-	15,807	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,559)	-	2,559	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(8,523)	-	13,112	-	4,589
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)
Balance as on March 31, 2021	26,436,924	(263,158)	26,173,766	2,215,040	5,898,936	20,552	2,994,207	10,836,207	527,278	(2,643,692)	-	48,665,986

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Consolidated Condensed Interim Cash Flow Statement

For the Three Months Ended March 31, 2021 (Un-audited)

		Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	Note	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,071,195	2,657,746
Less: Dividend income		(55,821)	(41,780)
		3,015,374	2,615,966
Adjustments:			
Depreciation on fixed assets	29	305,308	265,684
Depreciation on non banking assets acquired in satisfaction of claims	29	13,278	14,827
Depreciation on ijarah assets under IFAS - 2	29	63,591	41,727
Depreciation on right of use assets	29	238,995	217,064
Amortization on intangible assets	29	58,052	48,644
Amortization of discount on debt securities - net		(364,010)	(1,171,156)
Mark-up on lease liability against right of use assets	25	257,391	222,963
Unrealized loss / (gain) on revaluation of investments classified as held for trading	27	39,565	(71,445)
Provision and write-offs - net	31	850,569	685,310
Gain on termination of lease liability against right of use assets	28	-	(273)
(Gain) on sale of fixed assets - net	28	(131)	(20,801)
Gain on sale of non banking assets - net	28	(21,716)	(8,236)
Gain on securities - net	27	(1,301,712)	(932,658)
Provision for employees compensated absences		3,496	3,475
Provision for gratuity		51,737	46,531
		194,413	(658,344)
		3,209,787	1,957,622
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(15,156,120)	(34,528,743)
Held for trading securities		(13,614,777)	(21,447,309)
Advances - net		(24,767,209)	10,742,105
Others assets - net		5,483,347	6,656,119
		(48,054,759)	(38,577,828)
Increase / (Decrease) in operating liabilities:			
Bills Payable		1,310,447	(493,673)
Borrowings from financial institutions		(24,122,369)	812,929
Deposits		(8,124,766)	25,039,537
Other liabilities		(4,172,830)	(713,392)
		(35,109,518)	24,645,401
Income tax paid		(1,498,223)	(1,476,930)
Net cash used in operating activities		(81,452,713)	(13,451,735)

Cash Flow Statement (Cont:)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	Rupees in '000'	
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	74,432,903	2,990,537
Dividends received	55,824	19,800
Investments in fixed assets	(991,851)	(194,939)
Investments in intangible assets	(19,108)	(46,887)
Proceeds from sale of fixed assets	663	21,175
Proceeds from sale of non banking assets	115,617	23,200
Net cash flow from investing activities	73,594,048	2,812,886
CASH FLOW FROM FINANCING ACTIVITIES		
Payment - lease liability against right of use assets	(322,073)	(248,673)
Net cash used in financing activities	(322,073)	(248,673)
Decrease in cash and cash equivalents	(8,180,738)	(10,887,522)
Cash and cash equivalents at beginning of the period	71,777,051	63,649,828
Cash and cash equivalents at end of the period	63,596,313	52,762,306
Cash and cash equivalents:		
Cash and balances with treasury banks	62,180,403	49,037,672
Balances with other banks	1,467,324	3,575,020
Call lendings	-	150,000
Overdrawn nostro accounts	(51,414)	(386)
	63,596,313	52,762,306

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Notes to the Consolidated Condensed Interim Financial Statements

For the Three Months Ended March 31, 2021 (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-2021	% age of holding-2020
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 639 branches including 18 sub branches and 105 Islamic banking branches (December 31, 2020: 636 branches including 18 sub branches and 104 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir (AJK) at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

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 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

Punjab Capital Securities (Private) Limited

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

1.2 Basis of Consolidation

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

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

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 39 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:

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

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

2.1.2 The disclosures made in these consolidated condensed interim financial statements have been limited based on SBP BPRD Circular Letter No. 05 of 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 should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2020.

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 the 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 (IIFS). The standard will result in certain new disclosures in these consolidated condensed interim financial statements of the Bank.

2.1.5 New accounting standards/ amendments and IFRS interpretations that are effective for the current period:

During the period, certain amendments to standards, interpretations and improvements to accounting standards became effective, however the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these consolidated condensed interim financial statements.

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

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

The SBP vide BPRD Circular No. 04 dated October 23, 2019 has notified the effective date of IFRS 9, 'Financial Instruments' as January 01, 2021. 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. The Bank has calculated the impact of adoption of IFRS 9 on the financial statements on the date of initial application, which will be finalized post issuance of IFRS 9 guidelines from SBP. Accordingly, the requirements of IFRS 9 have not been considered in preparation of these condensed interim financial statements.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 3	Reference to conceptual framework - Amendments	1 January 2022
IAS 16	Property, plant and equipment: Proceeds before intended use -Amendments	1 January 2022
IAS 37	Onerous contracts - costs of fulfilling a contract - Amendments	1 January 2022
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
AIP IAS 41	Agriculture – Taxation in fair value measurements	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current -Amendments	1 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture - Amendments	1 January 2023

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 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, 2020.

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, 2020.

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, 2020.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	15,823,854	17,921,945
Foreign currencies	4,167,596	4,182,816
	19,991,450	22,104,761
With SBP in:		
Local currency current accounts	32,736,814	33,648,622
Foreign currency current accounts	501,812	484,298
Foreign currency deposit accounts	991,152	956,624
	34,229,778	35,089,544
With National Bank of Pakistan in:		
Local currency current account	7,671,679	11,200,818
Prize bonds	287,496	877,054
	62,180,403	69,272,177

		(Un-audited) March 31, 2021	(Audited) December 31, 2020			
		Rupees in '000'				
Note						
8. BALANCES WITH OTHER BANKS						
In Pakistan:						
Current accounts		568,280	504,317			
Deposit accounts		887	10,592			
		569,167	514,909			
Outside Pakistan:						
Current accounts		502,313	229,657			
Deposit accounts		395,844	1,762,444			
		898,157	1,992,101			
		1,467,324	2,507,010			
9. LENDINGS TO FINANCIAL INSTITUTIONS						
Repurchase agreement lendings (Reverse Repo)	9.2	27,242,987	7,454,867			
Placements	9.3	3,000,000	7,632,000			
		30,242,987	15,086,867			
9.1 Particulars of lendings						
In local currency		30,242,987	15,086,867			
In foreign currencies		-	-			
		30,242,987	15,086,867			
9.2 Securities held as collateral against lendings to financial institutions						
		(Un-audited) March 31, 2021	(Audited) December 31, 2020			
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Rupees in '000'						
Market treasury bills	21,757,682	-	21,757,682	4,154,867	-	4,154,867
Pakistan investment bonds	6,485,305	-	6,485,305	3,300,000	-	3,300,000
	28,242,987	-	28,242,987	7,454,867	-	7,454,867

Market value of securities held as collateral as at March 31, 2021 amounted to Rs. 28,308,350 thousand (December 31, 2020: Rs. 6,651,750 thousand). These carry mark-up at rates ranging from 7.04% to 7.09% per annum (December 31, 2020: 6.00% to 7.30% per annum).

- 9.3 These carry profit rates ranging from 7.00% to 7.25% per annum (December 31, 2020: 6.40% to 7.00% per annum) with maturities upto May 20, 2021.

10. INVESTMENTS - NET

10.1 Investments by type:

		(Un-audited) March 31, 2021				(Audited) December 31, 2020			
	Note	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000'									
Held-for-trading securities									
Federal government securities	10.1.1	32,390,139	-	662	32,390,801	19,146,767	-	1,630	19,148,397
Ordinary shares		373,325	-	(40,227)	333,098	-	-	-	-
		32,763,464	-	(39,565)	32,723,899	19,146,767	-	1,630	19,148,397
Available-for-sale securities									
Federal government securities	10.1.1 & 10.2	391,453,749	-	180,019	391,633,768	465,221,303	-	4,453,720	469,675,023
Shares and certificates		5,537,534	(1,384,488)	(47,747)	4,105,299	4,830,566	(1,378,194)	199,777	3,652,149
Non government debt securities		17,553,812	(2,536,232)	(100,654)	14,916,926	17,516,016	(2,536,232)	(139,247)	14,840,537
Foreign securities		4,019	-	-	4,019	4,019	-	-	4,019
		414,549,114	(3,920,720)	31,618	410,660,012	487,571,904	(3,914,426)	4,514,250	488,171,728
Held-to-maturity securities									
Federal government securities	10.1.1 & 10.4	60,678,070	-	-	60,678,070	60,483,391	-	-	60,483,391
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		60,678,470	(400)	-	60,678,070	60,483,791	(400)	-	60,483,391
Total investments		507,991,048	(3,921,120)	(7,947)	504,061,981	567,202,462	(3,914,826)	4,515,880	567,803,516

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.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
Rupees in '000'			
10.2 Investments given as collateral			
Pakistan investment bonds		47,334,637	66,472,184
Market treasury bills		28,498,840	35,514,708
		75,833,477	101,986,892
10.3 Provision for diminution in value of investments			
10.3.1 Opening balance		3,914,826	3,531,109
Charge / reversals:			
Charge for the period / year		85,891	516,324
Reversals for the period / year		-	(7,500)
		85,891	508,824
Reversal on disposal during the period / year		(79,597)	(125,107)
Closing balance		3,921,120	3,914,826

10.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,536,632	2,536,632	2,536,632	2,536,632
Total	2,536,632	2,536,632	2,536,632	2,536,632

10.4 Market value of held to maturity investments amounted to Rs. 67,826,031 thousand (December 31, 2020: Rs. 69,082,534 thousand).

11. ADVANCES - NET

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2021	(Audited) December 31, 2020	(Un-audited) March 31, 2021	(Audited) December 31, 2020	(Un-audited) March 31, 2021	(Audited) December 31, 2020
Rupees in '000'						
Loans, cash credits, running finances, etc.	366,625,933	341,611,646	54,265,118	54,569,660	420,891,051	396,181,306
Net book value of assets in ijarah under IFAS 2 - In Pakistan	1,742,577	1,773,841	215,000	215,000	1,957,577	1,988,841
Islamic financing and related assets	28,194,084	29,209,198	2,735,733	2,661,933	30,929,817	31,871,131
Bills discounted and purchased	14,609,678	13,643,227	30,521	30,521	14,640,199	13,673,748
Advances - gross	411,172,272	386,237,912	57,246,372	57,477,114	468,418,644	443,715,026
Provision against advances:						
- Specific	-	-	(48,815,881)	(48,076,725)	(48,815,881)	(48,076,725)
- General	(3,775,714)	(3,748,493)	-	-	(3,775,714)	(3,748,493)
	(3,775,714)	(3,748,493)	(48,815,881)	(48,076,725)	(52,591,595)	(51,825,218)
Advances - net of provision	407,396,558	382,489,419	8,430,491	9,400,389	415,827,049	391,889,808

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
11.1 Particulars of advances (gross)		
In local currency	468,289,928	443,535,313
In foreign currencies	128,716	179,713
	468,418,644	443,715,026

- 11.2 Advances include Rs. 57,246,372 thousand (December 31, 2020: Rs. 57,477,114 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	177,957	3,591	190,528	3,495
Substandard	6,205,393	1,271,314	6,286,206	1,234,491
Doubtful	7,621,975	6,098,467	8,086,336	6,149,532
Loss	43,241,047	41,442,509	42,914,044	40,689,207
Total	57,246,372	48,815,881	57,477,114	48,076,725

11.3 Particulars of provision against advances

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000'						
Opening balance	48,076,725	3,748,493	51,825,218	45,338,255	412,641	45,750,896
Charge for the period / year	1,069,665	27,221	1,096,886	4,825,954	3,335,852	8,161,806
Reversals for the period / year	(330,509)	-	(330,509)	(2,087,484)	-	(2,087,484)
Amounts written off	739,156	27,221	766,377	2,738,470	3,335,852	6,074,322
Closing balance	48,815,881	3,775,714	52,591,595	48,076,725	3,748,493	51,825,218

11.3.1 Particulars of provision against advances with respect to currencies

In local currency	48,751,080	3,775,714	52,526,794	48,011,924	3,748,493	51,760,417
In foreign currencies	64,801	-	64,801	64,801	-	64,801
	48,815,881	3,775,714	52,591,595	48,076,725	3,748,493	51,825,218

- 11.3.2 This includes general provision recognized 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. 2,423,363 thousand (December 31, 2020: Rs 2,996,620 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		Rupees in '000'	
12. FIXED ASSETS			
Capital work-in-progress	11.1	795,730	98,500
Right of use assets		6,559,877	6,265,106
Property and equipment	11.2	8,442,234	8,453,453
		15,797,841	14,817,059
12.1 Capital work-in-progress			
Civil works		135,730	98,500
Building		660,000	-
		795,730	98,500

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
12.2 Additions / (transfers) to fixed assets		
The following additions / (transfers) have been made to fixed assets during the period:		
Capital work-in-progress	697,230	66,093
Addition to right of use assets	533,765	60,514
Property and equipment:		
Furniture and fixture	18,133	14,768
Office equipment	124,386	38,319
Computer equipment	105,024	23,952
Lease hold improvements	46,998	34,222
Vehicles	80	17,585
	294,621	128,846
	1,525,616	255,453
12.3 Disposal of property and equipment:		
The net book value of property and equipment disposed off during the period is as follows:		
Furniture and fixture	165	138
Office equipment	367	226
Computer equipment	-	10
	532	374
	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
13. INTANGIBLE ASSETS		
Intangible in progress	81,391	67,644
Softwares	575,313	628,004
	656,704	695,648
	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Intangible in progress	13,747	5,778
Intangible assets purchased	5,361	41,109
	19,108	46,887

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		Rupees in '000'	
14. DEFERRED TAX ASSETS - NET			
Deductible temporary differences on:			
Right of use assets		422,653	361,644
Provision against advances, off balance sheet etc.		10,025,822	10,051,802
Business loss - Subsidiaries		64,399	64,399
		10,512,874	10,477,845
Taxable temporary differences on:			
Surplus on revaluation of fixed assets		(672,431)	(680,942)
Accelerated tax depreciation		(265,113)	(266,486)
Surplus on revaluation of investments		(11,066)	(1,579,987)
Surplus on revaluation of non banking assets		(105,800)	(111,767)
		(1,054,410)	(2,639,182)
		9,458,464	7,838,663
15. OTHER ASSETS - NET			
Income / mark-up accrued in local currency		10,456,050	15,558,654
Income / mark-up accrued in foreign currency		1,299	4,526
Profit paid in advance on pehlay munafa scheme		429	539
Advances, deposits, advance rent and other prepayments		784,273	637,991
Advance taxation (payments less provisions)		224,580	7,819
Non-banking assets acquired in satisfaction of claims		5,776,348	5,866,478
Acceptances		2,464,743	2,821,232
Branch adjustment account		-	8,751
Mark to market gain on forward foreign exchange contracts		-	20,250
Stock of stationery		186,380	129,902
Suspense account		6,146	7,413
Zakat recoverable from NITL		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		-	41,129
Fraud and forgeries		480,879	462,656
Unearned income on sale of sukuk on bai-muajjal basis		249,113	336,351
Others		714,532	797,996
		21,381,562	26,738,477
Less: Provision held against other assets	15.1	(2,054,282)	(2,037,220)
Other assets (net of provision)		19,327,280	24,701,257
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,219,175	1,236,224
Other assets - total		20,546,455	25,937,481
15.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		1,198,555	1,198,555
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries		476,155	459,093
Others		307,059	307,059
		2,054,282	2,037,220

	(Un-audited) March 31, 2021	(Audited) December 31, 2020				
	Rupees in '000'					
16. CONTINGENT ASSETS						
Contingent assets	Nil	Nil				
17. BILLS PAYABLE						
In Pakistan	5,479,088	4,168,641				
Outside Pakistan	-	-				
	5,479,088	4,168,641				
18. BORROWINGS						
Secured						
Borrowings from SBP under:						
Export refinance scheme (ERF)	23,024,964	22,609,115				
Long term financing facility (LTFF)	11,440,213	11,250,709				
Finance facility for storage of agricultural produce (FFSAP)	131,813	69,523				
Finance facility for renewable energy performance platform (REPP)	2,608,464	1,859,306				
Refinancing facility for payment of salaries and wages	15,012,751	16,242,813				
Combating COVID-19	298,600	123,005				
Finance Islamic facility for working capital financing of SE & ME	23,000	-				
Finance Facility for temporary relief refinance scheme (TERF)	1,356,910	-				
Finance Facility for women entrepreneurs	5,000	-				
Refinancing facility for modernization of small and medium enterprises (SMES)	122,146	119,299				
	54,023,861	52,273,770				
Repurchase agreement borrowings	-	37,430,967				
Call borrowings	75,768,956	64,672,133				
Borrowing from Pakistan Mortgage Refinance Company Limited	924,093	462,409				
Total secured	130,716,910	154,839,279				
Unsecured						
Overdrawn nostro accounts	51,414	2,136				
	130,768,324	154,841,415				
19. DEPOSITS AND OTHER ACCOUNTS						
	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)				
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	139,008,923	3,100,018	142,108,941	144,971,825	3,099,131	148,070,956
Savings deposits	394,220,079	2,506,041	396,726,120	388,946,529	2,635,237	391,581,766
Term deposits	260,808,068	3,647,035	264,455,103	265,567,945	3,594,396	269,162,341
Others	16,488,481	-	16,488,481	19,012,007	-	19,012,007
	810,525,551	9,253,094	819,778,645	818,498,306	9,328,764	827,827,070
Financial institutions:						
Current deposits	1,751,475	339,349	2,090,824	2,679,477	821,999	3,501,476
Savings deposits	2,024,749	8,460	2,033,209	2,746,932	7,427	2,754,359
Term deposits	787,250	2,099,438	2,886,688	889,875	-	889,875
Others	156,230	-	156,230	97,582	-	97,582
	4,719,704	2,447,247	7,166,951	6,413,866	829,426	7,243,292
	815,245,255	11,700,341	826,945,596	824,912,172	10,158,190	835,070,362

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
20. SUBORDINATED DEBTS			
Privately placed term finance certificates - I	20.1	2,496,000	2,496,000
Privately placed term finance certificates - II	20.2	4,295,700	4,295,700
		6,791,700	6,791,700

20.1 Privately placed term finance certificates - I

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

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

20.2 Privately placed term finance certificates - II

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

Issue amount:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA-

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		10,931,969	15,775,450
Mark-up / return / interest payable in foreign currency		83,631	63,615
Lease key money		12,247,421	12,025,862
Sundry creditors and accrued expenses		2,724,331	1,680,865
Acceptances		2,464,743	2,821,232
Mark-up payable on subordinated debts		218,264	75,781
Unclaimed dividends		2,586	2,588
Branch adjustment account		37,663	-
Unrealized loss on revaluation of foreign bills and trade loans		56,276	-
Payable to gratuity fund		51,737	261,774
Provision against off-balance sheet obligations	21.1	62,183	62,183
Provision for employees compensated absences		127,001	123,506
Dividend payable		2,643,692	-
Mark to market loss on forward foreign exchange contracts		144,781	-
Taxes / zakat / import fee payable		395,872	526,978
Lease liability against right of use assets		7,767,457	7,298,374
Deferred income on sale of sukuk on bai - muajjal basis		249,113	336,351
Workers welfare fund		685,369	619,843
IBFT payable		234,741	298,024
Others		459,684	620,910
		41,588,514	42,593,336
21.1 Provision against off-balance sheet obligations		62,183	62,183

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of :			
- Available for sale securities	10.1	31,618	4,514,250
- Fixed assets		2,553,263	2,577,581
- Non-banking assets acquired in satisfaction of claims	15	1,219,175	1,236,224
		3,804,056	8,328,055
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(11,066)	(1,579,987)
- Fixed assets		(672,431)	(680,942)
- Non-banking assets acquired in satisfaction of claims		(105,800)	(111,767)
		(789,297)	(2,372,696)
		3,014,759	5,955,359
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	64,214,018	64,847,674
Commitments	23.2	203,615,086	148,893,256
Other contingent liabilities	23.3	8,975	8,975
		267,838,079	213,749,905
23.1 Guarantees:			
Financial guarantees		18,685,005	18,515,042
Performance guarantees		17,702,690	18,139,861
Other guarantees		27,826,323	28,192,771
		64,214,018	64,847,674
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		82,406,304	78,976,971
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	105,726,389	48,807,235
- forward lending	23.2.2	15,398,637	20,393,865
Commitments for acquisition of:			
- fixed assets		21,925	689,875
- intangible assets		61,831	25,310
		203,615,086	148,893,256
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		54,441,536	24,708,677
Sale		51,284,853	24,098,558
		105,726,389	48,807,235

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
23.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	15,398,637	20,393,865

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
23.3 Other contingent liabilities	23.3.1	8,975	8,975

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
23.4 Claims against the Bank not acknowledged as debts	23.4.1	54,743,496	54,765,641

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

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Un-audited) March 31, 2020
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		8,200,884	12,320,904
On investments:			
Available for sale securities		8,697,116	8,655,870
Held for trading securities		421,199	564,841
Held to maturity securities		1,847,302	1,836,476
On lendings to financial institutions:			
Securities purchased under resale agreements		158,011	727,018
Call lending		-	93
Letters of placement		101,628	89,210
On balances with banks		2,117	30,109
		19,428,257	24,224,521
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		10,487,987	16,007,159
Borrowings:			
Securities sold under repurchase agreements		302,119	151,851
Call borrowings		1,144,576	1,499,278
Borrowing from Pakistan Mortgage Refinance Company Limited		17,011	-
SBP refinance borrowing		186,475	135,194
Subordinated debts:			
Mark-up on subordinated loan from GoPb		-	67,795
Mark-up on privately placed term finance certificates		142,483	248,204
Mark-up on lease liability against right of use assets		257,391	222,963
		12,538,042	18,332,444
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		141,252	140,957
Consumer finance related fees		94,270	57,758
Card related fees		189,816	155,125
Credit related fees		142,557	66,040
Branchless banking fees		14,082	41,970
Commission on trade		233,796	169,584
Commission on guarantees		58,924	54,657
Commission on cash management		29,035	24,718
Commission on remittances including home remittances		101,724	58,219
Commission on bancassurance		27,077	24,549
Commission on wheat financing		6,609	-
SMS banking income		85,252	65,867
		1,124,394	859,444
27. GAIN ON SECURITIES - NET			
Realized gain on sale of securities - net	27.1	1,301,712	932,658
Unrealized (loss) / gain - held for trading		(39,565)	71,445
		1,262,147	1,004,103

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
27.1 Realized gain on sale of securities - net:		
Federal government securities	1,003,285	907,025
Shares and certificates	298,427	25,633
	1,301,712	932,658
28. OTHER INCOME - NET		
Gain on sale of fixed assets - net	131	20,801
Gain on sale of non banking assets - net	21,716	8,236
Gain on termination of lease liability against right of use assets	-	273
Notice pay on resignations	3,040	2,865
	24,887	32,175
29. OPERATING EXPENSES		
Total compensation expense	3,188,312	2,441,833
Property expense:		
Rent and taxes	5,603	3,429
Insurance	3,701	4,268
Utilities cost	126,174	124,232
Security	596	366
Repair and maintenance including janitorial charges	8,456	9,076
Depreciation	136,768	129,298
Depreciation on right of use assets	238,995	217,064
Others	-	87
	520,293	487,820
Information technology expenses:		
Software maintenance	91,038	94,659
Hardware maintenance	19,143	18,252
Depreciation on computer equipment	85,553	65,335
Amortization on intangible assets	58,052	48,644
Network charges	119,175	71,935
	372,961	298,825
Other operating expenses:		
Directors' fees and allowances	11,800	12,138
Fees and allowances to shariah board	640	870
Legal and professional charges	60,336	22,121
Subscription charges	7,570	11,087
Outsourced staff services costs	104,950	68,479
Travelling and conveyance	162,367	158,112
NIFT clearing charges	16,620	18,443
Depreciation	82,987	71,051
Depreciation on non banking assets	13,278	14,827
Depreciation on ijarah assets	63,591	41,727
Training and development	6,855	7,330
Postage and courier charges	34,762	39,774
Stationery and printing	50,791	43,023
Marketing, advertisement and publicity	70,170	19,906
Insurance	49,988	28,923
Deposit protection fee	110,757	87,991

		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		Rupees in '000'	
	Repair and maintenance	67,079	33,924
	Entertainment expenses	32,794	25,818
	Fuel for generator	22,984	24,536
	Commission and brokerage	67,778	79,889
	Bank charges	7,072	12,784
	SMS banking charges	8,944	3,890
	ATM charges including ATM maintenance charges	102,411	39,961
	Cash remittance charges	59,065	41,788
	Branch license fee	14,887	13,452
	CNIC verification / ECIB charges	62,939	16,509
	COVID-19 related expenses	11,096	-
	Miscellaneous expenses	58,664	46,733
		1,363,175	985,086
		5,444,741	4,213,564
30.	OTHER CHARGES		
	Penalties imposed by SBP	150	287,666
31.	PROVISIONS AND WRITE OFFS - NET		
	Provisions for diminution in value of investments 10.3.1	66,935	51,898
	Provisions against advances 11.3	766,377	596,192
	Provision against other assets - net	17,257	37,047
	Bad debts written off directly	-	173
		850,569	685,310
32.	TAXATION		
	Current 32.1	1,281,462	1,204,573
	Deferred	(46,292)	(37,385)
		1,235,170	1,167,188
32.1	This includes provision for super tax for the period in accordance with Income Tax Ordinance, 2001.		
		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		Rupees in '000'	
33.	BASIC EARNINGS PER SHARE		
	Profit after taxation for the period (Rs in '000')	1,836,025	1,490,558
	Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
	Basic earnings per share (Rs).	0.69	0.56
34.	DILUTED EARNINGS PER SHARE		
	There is no dilution effect on basic earnings per share.		

35. 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.

35.1 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).

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:

March 31, 2021 (Un-audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	424,024,569	-	424,024,569	-	424,024,569
Shares and certificates	4,438,397	4,338,502	-	99,895	4,438,397
Non-Government debt securities	10,026,997	-	10,026,997	-	10,026,997
Foreign securities	4,019	-	-	4,019	4,019
Financial assets disclosed but not measured at fair value:					
Government securities	60,678,070	-	67,826,031	-	67,826,031
Financial liabilities measured at fair value:					
Payable to gratuity fund	51,737	-	51,737	-	51,737
Provision for employees compensated absences	127,001	-	127,001	-	127,001
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	52,195,123	-	52,195,123	-	52,195,123
Forward sale of foreign exchange contracts	49,183,221	-	49,183,221	-	49,183,221

December 31, 2020 (Audited)					
	Carrying value	Level 1	Fair value		Total
			Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	488,823,420	-	488,823,420	-	488,823,420
Shares and certificates	3,652,149	3,621,675	-	30,474	3,652,149
Non-Government debt securities	10,139,836	-	10,139,836	-	10,139,836
Foreign securities	4,019	-	-	4,019	4,019
Financial assets disclosed but not measured at fair value:					
Government securities	60,483,391	-	69,082,534	-	69,082,534
Financial liabilities measured at fair value:					
Payable to gratuity fund	261,774	-	261,774	-	261,774
Provision for employees compensated absences	123,506	-	123,506	-	123,506
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	24,343,173	-	24,343,173	-	24,343,173
Forward sale of foreign exchange contracts	23,712,804	-	23,712,804	-	23,712,804

35.2 Fair value of non financial assets

March 31, 2021 (Un-audited)					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,448,302	-	5,448,302	-	5,448,302
Non banking assets acquired in satisfaction of claims	5,796,968	-	5,796,968	-	5,796,968

December 31, 2020 (Audited)					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,497,765	-	5,497,765	-	5,497,765
Non banking assets acquired in satisfaction of claims	5,904,147	-	5,904,147	-	5,904,147

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

March 31, 2021 (Un-audited)							
	Corporate and investment banking	Consumer and digital banking	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	5,912,852	-	1,607,154	10,721,820	1,089,541	96,890	19,428,257
Inter segment (cost) / revenue - net	(4,367,602)	13,955,043	(962,243)	(7,635,128)	(12,269)	(977,801)	-
Non mark-up / return / interest income	156,089	456,209	145,763	1,728,825	30,692	24,388	2,541,966
Total income	1,701,339	14,411,252	790,674	4,815,517	1,107,964	(856,523)	21,970,223
Segment total expenses	336,228	12,594,012	335,157	1,526,776	956,271	2,300,015	18,048,459
Profit before provisions and tax	1,365,111	1,817,240	455,517	3,288,741	151,693	(3,156,538)	3,921,764
Provisions	654,886	-	12,251	85,891	79,249	18,292	850,569
Profit / (loss) before tax	710,225	1,817,240	443,266	3,202,850	72,444	(3,174,830)	3,071,195
Balance sheet							
Cash & bank balances	-	30,871,729	-	28,381,377	4,394,621	-	63,647,727
Investments - net	4,442,982	-	-	481,079,795	18,539,204	-	504,061,981
Net inter segment lending	-	757,394,427	-	-	-	25,210,054	782,604,481
Lendings to financial institutions	-	-	-	27,242,987	3,000,000	-	30,242,987
Advances - performing	310,115,069	-	60,309,234	-	29,936,662	7,035,593	407,396,558
Advances - non-performing - net	4,907,096	-	1,286,465	-	2,212,440	24,490	8,430,491
Others	8,456,443	973,665	696,401	2,113,976	3,922,043	30,294,936	46,459,464
Total assets	327,921,590	789,239,821	62,294,100	538,818,135	62,004,970	62,565,073	1,842,843,689
Borrowings	53,358,199	-	924,093	75,820,370	665,662	-	130,768,324
Subordinated debts	-	-	-	-	-	6,791,700	6,791,700
Deposits & other accounts	-	773,226,728	-	-	53,718,868	-	826,945,596
Net inter segment borrowing	271,872,709	-	49,290,073	460,865,411	576,288	-	782,604,481
Others	2,690,682	16,013,093	12,079,934	2,132,354	2,795,390	11,356,149	47,067,602
Total liabilities	327,921,590	789,239,821	62,294,100	538,818,135	57,756,208	18,147,849	1,794,177,703
Equity	-	-	-	-	-	-	48,665,986
Total equity & liabilities	-	-	-	-	-	-	1,842,843,689
Contingencies & commitments	157,450,738	-	102,099	105,726,389	4,466,123	92,730	267,838,079
March 31, 2020 (Un-audited)							
	Corporate and investment banking	Consumer and digital banking	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	9,505,375	-	1,765,800	11,346,969	1,491,136	115,241	24,224,521
Inter segment revenue - net	(7,807,372)	19,700,657	(1,372,218)	(10,180,349)	(8,743)	(331,975)	-
Non mark-up / return / interest income	139,093	231,627	91,679	1,491,280	24,788	31,715	2,010,182
Total income	1,837,096	19,932,284	485,261	2,657,900	1,507,181	(185,019)	26,234,703
Segment total expenses	306,417	17,342,532	238,227	1,754,754	1,190,043	2,059,674	22,891,647
Profit before provisions and tax	1,530,679	2,589,752	247,034	903,146	317,138	(2,244,693)	3,343,056
Provisions	467,083	36,903	130,818	51,898	(207)	(1,185)	685,310
Profit / (loss) before tax	1,063,596	2,552,849	116,216	851,248	317,345	(2,243,508)	2,657,746
December 31, 2020 (Audited)							
Balance sheet							
Cash & bank balances	-	43,951,026	-	22,168,221	5,659,940	-	71,779,187
Investments - net	2,320,445	-	-	548,486,468	16,996,603	-	567,803,516
Net inter segment lending	-	743,594,252	-	-	951,270	32,889,248	777,434,770
Lendings to financial institutions	-	-	-	6,454,867	8,632,000	-	15,086,867
Advances - performing	291,478,623	-	53,317,428	-	30,983,039	6,710,329	382,489,419
Advances - non-performing	6,229,401	-	930,497	-	2,218,148	22,343	9,400,389
Others	8,830,835	6,015,362	746,993	7,309,414	3,680,612	22,705,635	49,288,851
Total assets	308,859,304	793,560,640	54,994,918	584,418,970	69,121,612	62,327,555	1,873,282,999
Borrowings	51,665,928	-	462,409	102,105,236	607,842	-	154,841,415
Subordinated debts	-	-	-	-	-	6,791,700	6,791,700
Deposits & other accounts	-	773,530,773	-	-	61,539,589	-	835,070,362
Net inter segment borrowing	254,101,382	-	42,481,624	480,851,764	-	-	777,434,770
Others	3,091,994	20,029,867	12,050,885	1,461,970	2,859,733	7,267,528	46,761,977
Total liabilities	308,859,304	793,560,640	54,994,918	584,418,970	65,007,164	14,059,228	1,820,900,224
Equity	-	-	-	-	-	-	52,382,775
Total equity & liabilities	-	-	-	-	-	-	1,873,282,999
Contingencies & commitments	160,308,823	-	639,748	48,807,235	3,269,939	724,160	213,749,905

Due to change in reportable business segments, the figures of comparative period (March 31, 2020) are realigned for the purposes of comparison.

FIRST QUARTER 2021

37. RELATED PARTY TRANSACTIONS

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

	March 31, 2021 (Un-audited)				December 31, 2020 (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'			
Advances (gross):								
Opening balance	-	171,147	-	595,721	-	322,244	-	-
Addition during the period	-	2,547	-	46,700	-	51,412	-	5,541,638
Repaid during the period	-	10,646	-	128,500	-	202,509	-	4,945,917
Closing balance	-	163,048	-	513,921	-	171,147	-	595,721
Financial guarantees	-	-	-	473,284	-	-	-	419,488
Other assets - markup receivable	-	12,559	-	9,411	-	12,316	-	14,491
Right of use assets	-	-	-	65,092	-	-	-	66,055
Lease liability against right of use assets	-	-	-	20,702	-	-	-	20,030
Deposits and other accounts:								
Opening balance	598	26,253	3,071,616	33,878	61	13,961	2,564,910	876
Received during the period	1,455	88,286	498,540	63,594	4,353	473,997	1,152,506	122,199
Withdrawn during the period	1,362	84,898	131,464	96,482	3,816	461,705	645,800	89,197
Closing balance	691	29,641	3,438,692	990	598	26,253	3,071,616	33,878

	March 31, 2021 (Un-audited)				March 31, 2020 (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'			
Income :								
Mark-up / return / interest earned	-	2,251	-	9,411	-	5,065	-	-
Non markup interest income	-	-	-	1,048	-	-	-	-
Expense:								
Mark-up / return / interest expensed	6	160	50,456	226	3	108	80,997	20
Depreciation on right of use assets	-	-	-	963	-	-	-	1,287
Mark-up on lease liability against right of use assets	-	-	-	672	-	-	-	1,307
Compensation expense	-	129,768	-	-	-	111,118	-	-
Commission expense	-	-	-	-	-	-	-	-
Provision:								
Charge of provision - advances	-	-	-	-	-	-	-	-

37.1 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.

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

As at Statement of Financial Position date the loans and advances, deposits, acceptances and contingencies relating to GoPb and its related entities amounted to Rs. 36,259,403 thousand (December 31, 2020: Rs. 37,126,458 thousand), Rs. 424,298,654 thousand (December 31, 2020: Rs. 421,019,222 thousand), Rs. 71,929 thousand (December 31, 2020: 71,929 thousand) and Rs. 25,458,523 thousand (December 31, 2020: Rs. 27,070,415 thousand) respectively. Markup / interest earned and markup receivable from these loans & advances amounted to Rs.754,645 thousand and 823,800 thousand respectively. Markup / interest expensed and markup payable on these deposits amounted to Rs. 6,386,615 thousand and Rs. 6,514,553 thousand respectively. Income on contingencies is Rs. 4,822 thousand.

- 37.3** The Bank made contribution of Rs. 72,186 thousand (March 31, 2020: Rs. 56,864 thousand) to employees provident fund during the period.
- 37.4** First Punjab Modaraba and Punjab Modaraba Services (Pvt) Limited are using owned premises of The Bank of Punjab free of cost.
- 37.5** Advances to employees as at March 31, 2021, other than key management personnel, amounted to Rs. 7,773,667 thousand (December 31, 2020: Rs. 7,375,234 thousand) with markup receivable of Rs. 524,458 thousand (December 31, 2020: Rs 519,593 thousand) and markup income of Rs 93,546 thousand. (March 31, 2020: Rs. 102,664 thousand).
- 37.6** 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 as per Bank's policy.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	39,283,238	41,439,997
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	39,283,238	41,439,997
Eligible Tier 2 Capital	12,463,809	15,059,584
Total Eligible Capital (Tier 1 + Tier 2)	51,747,047	56,499,581
Risk Weighted Assets (RWAs):		
Credit risk	301,403,884	289,587,746
Market risk	8,878,513	6,838,846
Operational risk	56,706,471	56,706,471
Total	366,988,868	353,133,063
Common equity tier I capital adequacy ratio	10.70%	11.73%
Tier I CAR (%)	10.70%	11.73%
Total CAR (%)	14.10%	16.00%

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
38.1 Leverage Ratio (LR):		
Eligible Tier-I Capital	39,283,238	41,439,997
Total exposures	1,224,996,845	1,307,635,296
LR (%)	3.21%	3.17%
38.2 Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	523,961,167	538,917,589
Total net cash outflow	405,139,374	386,811,819
LCR (%)	129.33%	139.32%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	598,546,459	600,034,473
Total required stable funding	432,823,287	471,758,220
NSFR (%)	138.29%	127.19%

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2021, the Bank is operating 103 Islamic banking branches and 02 sub Islamic banking branches (December 31, 2020: 102 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	Note	(Un-audited) March 31, 2021 Rupees in '000'	(Audited) December 31, 2020
ASSETS			
Cash and balances with treasury banks		4,125,321	5,351,954
Balances with other banks		269,300	307,986
Due from financial institutions	39.1	3,000,000	8,632,000
Investments - net	39.2	18,539,204	16,996,603
Islamic financing and related assets - net	39.3	32,149,102	33,201,187
Fixed assets		1,789,639	1,670,801
Intangible assets		8,150	6,626
Due from head office		-	951,270
Other assets		2,124,254	2,003,185
Total assets		62,004,970	69,121,612
LIABILITIES			
Bills payable		280,177	212,448
Due to financial institutions		665,662	607,842
Deposits and other accounts	39.4	53,718,868	61,539,589
Due to head office		576,288	-
Subordinated debt		-	-
Other liabilities		2,515,213	2,647,285
		57,756,208	65,007,164
NET ASSETS		4,248,762	4,114,448
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		4,879	735
Deficit on revaluation of assets		(39,439)	(97,165)
Unappropriated profit	39.5	2,783,322	2,710,878
		4,248,762	4,114,448
CONTINGENCIES AND COMMITMENTS	39.6		

ISLAMIC BANKING BUSINESS

Profit and Loss Account

For the Three Months Ended March 31, 2021 (Un-audited)

		Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
		Rupees in '000'	
Profit / return earned	39.7	1,089,541	1,491,136
Profit / return expensed	39.8	535,385	790,716
Net profit / return		554,156	700,420
Fee and commission income		31,008	22,921
Dividend income		-	-
Foreign exchange (loss) / income		(2,693)	1,407
Income / (loss) from derivatives		-	-
Gain on securities - net		2,194	-
Other income		183	460
		30,692	24,788
Total income		584,848	725,208
Operating expenses		433,120	408,050
Workers welfare fund		-	-
Other charges		35	20
		433,155	408,070
Profit before provisions		151,693	317,138
Provisions / (reversals) and write offs - net		79,249	(207)
Profit before taxation		72,444	317,345
Taxation	39.9	-	-
Profit after taxation		72,444	317,345

39.1 DUE FROM FINANCIAL INSTITUTIONS

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Placements	3,000,000	-	3,000,000	8,632,000	-	8,632,000

39.2 INVESTMENTS - NET

Investments by segment:

	(Un-audited) March 31, 2021				(Audited) December 31, 2020			
	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	3,249,697	-	13,053	3,262,750	2,249,072	-	1,078	2,250,150
-Sale of sukuk- bai muajjal	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
	6,005,893	-	13,053	6,018,946	5,005,268	-	1,078	5,006,346
Non government debt securities								
-Sukuk	8,505,939	-	(125,939)	8,380,000	8,521,689	-	(171,690)	8,349,999
-Unlisted	4,140,258	-	-	4,140,258	3,640,258	-	-	3,640,258
	12,646,197	-	(125,939)	12,520,258	12,161,947	-	(171,690)	11,990,257
Total investments	18,652,090	-	(112,886)	18,539,204	17,167,215	-	(170,612)	16,996,603

(Un-audited) (Audited)
March 31, December 31,
2021 2020
Rupees in '000'

39.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	1,957,577	1,988,841
Murabaha	396,144	220,091
Musharaka	8,252,961	9,347,782
Diminishing musharaka	18,209,635	18,353,796
Payment against documents	55,304	55,304
Istisna	4,015,773	3,894,158
Gross islamic financing and related assets	32,887,394	33,859,972
Less: provision against islamic financings		
- Specific	738,292	658,785
- General	-	-
	738,292	658,785
Islamic financing and related assets - net of provision	32,149,102	33,201,187

39.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Customers :						
Current deposits	10,282,397	289,458	10,571,855	11,129,196	361,767	11,490,963
Savings deposits	39,618,195	54,276	39,672,471	46,122,394	65,342	46,187,736
Term deposits	1,999,945	-	1,999,945	1,967,176	-	1,967,176
Others	1,192,285	-	1,192,285	1,581,404	-	1,581,404
	53,092,822	343,734	53,436,556	60,800,170	427,109	61,227,279
Financial institutions:						
Current deposits	223,179	234	223,413	216,155	-	216,155
Savings deposits	53,846	5,053	58,899	90,864	5,291	96,155
	277,025	5,287	282,312	307,019	5,291	312,310
	53,369,847	349,021	53,718,868	61,107,189	432,400	61,539,589

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Rupees in '000'	
39.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS		
Opening balance	2,710,878	2,154,625
Islamic banking profit for the period / year	72,444	556,253
Closing balance	2,783,322	2,710,878
39.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	1,437,612	1,683,665
-Commitments	3,028,511	1,586,274
	4,466,123	3,269,939
	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees in '000'	
39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	628,782	1,012,001
Investments	359,131	378,097
Placements	101,628	88,344
Deposits with financial institutions	-	12,694
	1,089,541	1,491,136
39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	475,374	738,313
Markup on lease liability against right of use assets	47,791	43,661
Profit on deposits from conventional head office	12,220	8,742
	535,385	790,716

39.9 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. 29,151 thousand (March 31, 2020: Rs. 138,834 thousand).

39.10 During the period, Special Pool XX (SP-XX) has been created. The main characteristics of the pool are as under:

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 30:70.
- 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.

40. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on April 29, 2021 by the Board of Directors of the Bank.

41. GENERAL

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

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

Chief Financial Officer

President

Director



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