



ENRICHING LIVES EMPOWERING PEOPLE



SPREADING COLORS OF PROSPERITY

HALF YEARLY REPORT (UN-AUDITED)

JANUARY - JUNE



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Corporate Information

Board of Directors

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

Board Audit Committee

Mr. Saeed Anwar Chairman
Mr. Mohammad Jehanzeb Khan Member
Mr. Iftikhar Ali Sahoo Member
Syed Ghazanfar Abbas Jilani Member

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

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
Mr. Iftikhar Ali Sahoo Member

Strategy, Islamic and Priority Sector Financing Committee

Dr. Muhammad Åmjad Saqib
Mr. Saeed Anwar
Mr. Shaharyar Ahmad
Mr. Iftikhar Ali Sahoo

Chairman
Member
Member
Mr. Htikhar Ali Sahoo

Member

Information Technology and Communications Committee

Mr. Mohammad Jehanzeb Khan
Mr. Saeed Anwar
Khawaja Farooq Saeed
Mr. Shaharyar Ahmad

Chairman
Member
Member
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

Website

www.bop.com.pk

The Bank of Punjab

Directors' Review

Half Yearly Financial Statements - June 30, 2021

On behalf of the Board of Directors, we are pleased to present Un-audited Condensed Interim Financial Statements of The Bank of Punjab for the six months period ended June 30, 2021.

The economy has rebounded strongly from last year's severe COVID-19 shock and economic recovery continues, driven by industry large scale manufacturing, construction and services. Several high frequency indicators show strong year-on-year growth including fast moving consumer goods (FMCG) sales, steel production, cement sales, POL sales and electricity generation. The recent month-on-month deceleration witnessed in some indicators is mainly seasonal and in the case of automobile sales was compounded by delayed bookings in anticipation of supportive measures in the FY22 budget. Notwithstanding the upswing in activity, capacity utilization in manufacturing is still below its peak levels during FY16-18 and services sector activity has not yet fully returned to normal due to intermittent mobility restrictions.

It is expected that growth will pick up further, supported by measures announced in the budget, accommodative monetary conditions and disbursements under the SBP's TERF facility for investment and other refinance facilities. Key budgetary measures include increased development spending and reduced regulatory duties, custom duties, FED and sales tax on the import of raw materials and capital goods. These measures will directly benefit construction and allied industries, as well as export oriented industries. Agricultural growth is also expected to contribute favorably despite reported water shortages at the start of the sowing period of Kharif crops. The key downside risk to growth stems from the resurgence of COVID cases associated with new strains of the virus both globally and domestically, amid still low vaccination rates.

The FY22 budget is expected to be broadly inflation neutral as most tax rates have been left unchanged. The government expects the budget deficit to decline from 7.1 percent of GDP last year to 6.3 percent in FY22, on the back of strong growth in both tax and non-tax revenue, mainly from income and sales tax as well as the petroleum development levy (PDL). This higher revenue is expected to offset significant growth in both development and non-interest current expenditure

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

Financial Highlights: Rs. in Million

Profit before taxation	7,369
Taxation	1,771
Profit after taxation	5,598
Earnings per share (Rupees)	2.12

During 1st half of year 2021, Bank's Net Interest Margin (NIM) improved to Rs. 13.88 billion as against Rs. 11.55 billion during 1st half 2020 registering a growth of 20%. Similarly, Non-Markup/ Interest Income, excluding Gain on Securities, increased to Rs. 2.77 billion as against Rs. 2.13 billion during 1st half 2020 showing significant increase of 30%. During 1st half of the year, the Bank posted after tax profit of Rs. 5.60 billion as against Rs. 3.65 billion earned during 1st half of year 2020 with a growth of 53%. Earnings per Share (EPS) for the 1st half of year 2021 also improved to Rs. 2.12 per share as against Rs. 1.38 per share for 1st half of year 2020.

Bank's Total Assets as at June 30, 2021 improved to Rs. 1,167.36 billion as against Rs. 1,095.45 billion as of December 31, 2020. The Deposits of the Bank improved to Rs. 925.66 billion as against Rs. 835.07 billion registering a growth of 11%. Investments improved to Rs. 584.99 billion as against Rs. 567.79 billion as on December 31, 2020. Similarly, Gross Advances improved to Rs. 486.48 billion as against Rs. 442.76 billion as on December 31, 2020 registering a growth of 10%. Equity improved to Rs. 52.47 billion and Capital Adequacy Ratio (CAR) stood at 15.09% against regulatory requirement of 11.50%.

During 1st half of year 2021, Pakistan Credit Rating Agency (PACRA) upgraded Bank's long term entity rating to "AA+" with short term rating being already at the highest rank of "A1+". The Bank currently has a network of 640 online branches, including 105 Taqwa Islamic Banking Branches and 18 sub-branches. Further, the Bank has a network of 634 ATMs providing 24/7 banking services to the customers.

On behalf of Bank's Board of Directors, we are pleased to acknowledge support of our valued customers and shareholders and assure that Bank is committed to provide best services to its clients while ensuring achievement of business targets. We are also pleased to extend my gratitude to the Government of the Punjab and State Bank of Pakistan for their continuous support and guidance.

For and on behalf of the Board

PRESIDENT/CEO DIRECTOR

ڈائر یکٹرزر بوبو

دى بينك آف پنجاب ك ششاى مالياتى نتائج 30 جون 2021ء

بیبات ہمارے لیے باعث مسرت ہے کہ ہم دی بینک آف پنجاب کے بورڈ آف ڈائر کیٹرز کی جانب سے 30 جون 2021 کواختیا م پذیر ہونے والی ششما ہی کے غیر آ ڈٹ شدہ صابات پیش کررہے ہیں۔

پاکتان کی اقتصادی بحالی کاعمل جاری ہے، جس میں صنعت بالخصوص بڑے پیانے کی اشیاسازی (ایل ایس ایم) اور تغییرات اور خدمات کا کردار ہے۔ بلند تعدد کے ٹئ اظہار بول بشمول جلد فروخت ، پٹر ول مصنوعات کی فروخت ، ولاد کی پیداوار سے اظہار بول بشمول جلد فروخت ، پٹر ول مصنوعات کی فروخت کا تعلق ہے ، مالی مضبوط سال بسال نموظا ہم ہوتی ہے۔ چندا ظہار بول میں جو حالیہ ماہ بدماہ کی دکھائی دے رہی ہے وہ موسی نوعیت کی ہے ، اور جہاں تک گاڑیوں کی فروخت کا تعلق ہے ، مالی سال 22ء کے بجٹ میں معاون افتد امات کی توقع کے باعث بلنگ میں تا خیر سے میعضر اور بڑھ گیا۔ سرگری میں اضافے کے باوجود اشیاسازی میں استعداد کا استعمال اب بھی مالی سال 16ء تا 18ء کے نقط عروج کی سطح سے بینے ہے اور نقل وحرکت پروقفے وقفے سے پابندیاں لگنے کے باعث شعبہ خدمات کی سرگر میاں بھی تا حال معمول کی سطح بنیوں پہنچ کی ہیں۔

مالی سال 22ء کے دوران نمویٹ مزید بہتری آنے کی توقع ہے، جس کے اسباب بجٹ میں اعلان کردہ اقد امات، گنجائن زری حالات اوراسٹیٹ بینک کی ٹی ای آرائیف سہولت برائے سرما بیکاری اور دیگرری فنانس سہولتوں کے تحت رقوم کی تقسیم ہیں۔ ترقیاتی اخراجات میں اضافہ اور ریگولیٹری ڈیوٹی، سٹم ڈیوٹی، مٹم ڈیوٹی، فیڈرل ایسائز ڈیوٹی اورخام مال وسرما بیہ جاتی اور سایہ جاتی اور ساتھ برآ مدی صنعتوں کو بھی براہ راست فائدہ بیٹے گا۔ خریف کی اصلال کی بوائی کے شروع میں بتائی گئی پانی کی قلت کے باوجود زرعی پیداوار بھی بجر پورر ہنے کی توقع ہے نمومیٹ کی کا بڑا خطرہ ملکی اور عالمی سطح پر کورونا وائرس کی نئی شکلوں کے سبب کووڈ کیسوں میں پھراضافہ ہے کیونکہ دیکسیوں گلوائے جانے کی شرح آب بھی پست ہے۔

توقع ہے کہ مالی سال22ء کا بجٹ مہنگائی کے معاملے میں نیوٹرل ہوگا کیونکہ ٹیس کی اکثر شرحوں کو برقر اردکھا گیا ہے۔ حکومت توقع کرتی ہے کہ مالی سال22ء میں بجٹ خسارہ کم ہوکر بی ڈی پی کے تقریباً 6.3 فیصد تک آ جائے گا جو گذشتہ سال بی ڈی پی کا 7.1 فیصد تھا۔ اس توقع کا سبب یہ ہے کہ بنیادی طور پر آمدنی اور سیاٹیکس کی بناپر اور ساتھ ساتھ پڑولیم ڈیویلپہنٹ لیوی (پی ڈی ایل) کے باعث ٹیکس اور نان ٹیکس محاصل دونوں میں طاقتور نمو ہوگی۔ محاصل میں اس بلندنمو سے ترقیاتی اور فیرسودی اخراجات جارید دونوں میں معقول نموکا از الد ہوجانے کی توقع ہے۔

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

رو پییلین میں	مالياتى نتائج
7,369	قبل از ٹیکس منافع
1,771	ئى س
5,598	بعداز ثيكس منافع
2.12	فی حصص منافع (روپیهه)

سال 2021ء کی پہلی ششما ہی کے دوران بینک کا نیٹ انٹرسٹ مارجن (این آئی ایم) 20 فیصد اضافہ کے ساتھ 13.88 ارب روپ کی سطح پر رہاجو کہ گزشتہ

سال کی ای مدت کے دوران 11.55 ارب روپے تھا۔ بینک کی نان مارک اپ/انٹرسٹ آمدن (سکیوریٹیز پر گین کے علاوہ) 30 فیصدا ضافہ کے ساتھ 2.77 ارب روپے کی سطح پر رہی جو کہ پچھلے سال کی اس مدت کے دوران 2.13 ارب روپے کی سطح پرتنی ۔ اس طرح سال 2021ء کی پہلی ششماہی میں مینک نے 5.60 ارب روپے کا بعداز نگس منافع کمایا ہے جو کہ پچھلے سال کی اس مدت کے دوران 3.65 ارب روپے تھا۔ سال 2021ء کی پہلی ششماہی کے دوران بینک کی فی صصص آمدن 2.12 روپے رہی جو کہ گزشتہ سال کی بہلی ششماہی کے دوران 1.38 روپے تھی۔

سال2021ء کی پہلی ششمان کے دوران پاکستان کریٹرٹ ریٹنگ ایجنس نے بینک کی طویل مدت ریٹنگ "+AA" کردی ہے جبکہ مختصر مدت کے لیے "+A1" کی ریٹنگ بلندترین سطح پر ہے۔ بینک نے اپنے برائج نیٹ ورک میں مزید توسیح کا فیصلہ کیا ہے۔ اس وقت بینک کی 640 آن لائن برائج ریشمول 105 تقوی اسلامک بینکنگ برائج واد 18 سب برائج ملک بھر میں موجود ہیں۔ اس کے علاوہ بینک کاوسیع 634 اے ٹیا ایم کا نیٹ ورک صارفین کوخدمات فراہم کر رہا ہے۔

ہم اپنے معزز صارفین اور حصص داران کے تعاون پر مشکور ہیں اور اس بات کا لیقین دلاتے ہیں کہ بینک اپنے صارفین کواعلی معیار کی خدمات مہیار کرتا رہے گا اور تمام کاروباری اہداف حاصل کرنے کوئینی بنائے گا۔ ہم حکومت پنجاب اورامٹیٹ بینک آف پاکستان کےمسلس لتعاون اور معاونت کا تہددل سے شکر گزار ہیں۔

بورد آف ڈائر کیٹرزی جانب سے

رپیذی<u>ن</u>نٹ *اس*ای او ڈائر یکٹر



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Bank of Punjab

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Bank of Punjab (the Bank) as at 30 June 2021, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the three month period ended 30 June 2021 and 30 June 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended 30 June 2021.

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

EY Ford Rhodes Chartered Accountants Lahore: 27 August 2021



Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2021

		(Un-audited)	(Audited)
		June 30,	December 31,
		2021	2020
	Note	Rupees	s in '000'
ASSETS			
Cash and balances with treasury banks	7	78,135,271	69,271,804
Balances with other banks	8	2,305,936	2,397,707
Lendings to financial institutions	9	11,586,174	16,086,867
Investments - net	10	584,987,825	567,788,623
Advances - net	11	434,412,774	391,160,612
Fixed assets	12	15,868,067	14,812,949
Intangible assets	13	869,782	688,508
Deferred tax assets - net	14	10,584,550	7,774,264
Other assets - net	15	28,605,248	25,464,682
		1,167,355,627	1,095,446,016
LIABILITIES			
Bills payable	17	4,724,798	4,168,641
Borrowings	18	131,549,334	154,841,415
Deposits and other accounts	19	925,660,620	835,067,592
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	6,790,340	6,791,700
Deferred tax liabilities		-	
Other liabilities	21	46,159,306	42,315,157
		1,114,884,398	1,043,184,505
NET ASSETS		52,471,229	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	3,150,666	5,955,359
Unappropriated profit		15,117,773	12,103,362
		52,471,229	52,261,511

CONTINGENCIES AND COMMITMENTS

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

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Chief Financial Officer	President	Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Six Months Ended June 30, 2021 (Un-audited)

	Note	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020 Rupees	Six Months Ended June 30, 2021 in '000'	Six Months Ended June 30, 2020
Mark-up / return / interest earned Mark-up / return / interest expensed	24 25	19,459,695 12,445,930	22,655,011 17,006,768	38,865,407 24,983,698	46,867,262 35,319,883
Net mark-up / interest income		7,013,765	5,648,243	13,881,709	11,547,379
NON MARK-UP / INTEREST INCOME					
Fee and commission income Dividend income Foreign exchange income Income / (loss) from derivatives	26	1,375,108 49,180 66,047	959,976 22,508 133,157	2,491,903 105,001 140,764	1,811,603 64,288 205,837
Gain on securities - net Other income - net	27 28	352,825 10,919	3,761,213 12,575	1,614,972 35,490	4,765,316 44,750
Total non-markup / interest income		1,854,079	4,889,429	4,388,130	6,891,794
Total income		8,867,844	10,537,672	18,269,839	18,439,173
NON MARK-UP / INTEREST EXPENSES					
Operating expenses Workers welfare fund Other charges	29 30	4,741,963 101,889 352	3,957,674 103,765 653	10,141,868 167,415 502	8,158,227 161,738 288,319
Total non-markup / interest expenses		4,844,204	4,062,092	10,309,785	8,608,284
Profit before provisions (Reversal) / provisions and write offs - net Extra ordinary / unusual items	31	4,023,640 (278,357)	6,475,580 2,803,488 -	7,960,054 591,168	9,830,889 3,490,392
PROFIT BEFORE TAXATION		4,301,997	3,672,092	7,368,886	6,340,497
Taxation - net	32	537,112	1,523,533	1,771,377	2,691,035
PROFIT AFTER TAXATION		3,764,885	2,148,559	5,597,509	3,649,462
Basic earnings per share - Rupees	33	1.43	0.81	2.12	1.38
Diluted earnings per share - Rupees	34	1.43	0.81	2.12	1.38

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

Chief Financial Officer	President	Director
		HALF YEARLY REPORT JANUARY - JUNE 2021
		HALF YEARLY REPORT JANUARY - JU

Unconsolidated Condensed Interim Statement of Comprehensive Income For the Six Months Ended June 30, 2021 (Un-audited)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020 Rupees	Ended June 30, 2021	Six Months Ended June 30, 2020
Profit after taxation for the period	3,764,885	2,148,559	5,597,509	3,649,462
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	(90,596)	-	(90,596)	(9,167)
	(90,596)	-	(90,596)	(9,167)
Items that may be reclassified to profit and loss account in subsequent periods:	3,674,289	2,148,559	5,506,913	3,640,295
Movement in surplus / (deficit) on revaluation of investments - net of tax	253,499	2,943,322	(2,660,212)	6,755,633
Total comprehensive income for the period	3,927,788	5,091,881	2,846,701	10,395,928

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 Changes in Equity For the Six Months Ended June 30, 2021 (Un-audited)

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

	Share capital	Discount on issue of shares	Share capital - net	Share	Statutory	Investments	Fixed / non banking assets	Unappropriated profit	Total
			Ru	Rupees in '000'	,0				
Balance as on January 01, 2020 - audited	26,436,924	(263,158)	26,173,766	2,215,040	4,425,236	2,226,914	3,144,293	8,497,085	46,682,334
Profit after taxation for the six months ended June 30, 2020	•	•	•	'	1	•	•	3,649,462	3,649,462
Other comprehensive income / (loss)	•	•	•	•	•	6,755,633	(9,167)	•	6,746,466
Total comprehensive income / (loss) for the six months ended June 30, 2020	•	'	'	'	'	6,755,633	(9,167)	3,649,462	10,395,928
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax		•			•		(33,312)	33,312	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax		•			•		(4,729)	4,729	
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	•	•	•	•	•	•	(6,400)	6,400	•
Final cash dividend - December 31, 2019 declared subsequent to year end at 7.5% per share	1	1	•	•	1	1	1	(1,982,769)	(1,982,769)
				, 				(1,982,769)	(1,982,769)
Balance as on June 30, 2020 - unaudited	26,436,924	(263,158)	26,173,766	2,215,040	4,425,236	8,982,547	3,090,685	10,208,219	55,095,493
Profit after taxation for the six months ended December 31, 2020	•	1	•		•	•	1	3,294,277	3,294,277
Other comprehensive (loss) / income	•	'	•	•	•	(6,048,284)	2,189	(87,285)	(6,133,380)
Total comprehensive (loss) / income for the six months ended December 31, 2020						(6,048,284)	2,189	3,206,992	(2,839,103)
Transfer to statutory reserve					1,388,748		•	(1,388,748)	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax				•	•		(33,198)	33,198	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax					•		(4,695)	4,695	
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal					•		(12,140)	14,963	2,823
I ranster from surplus on revaluation of non banking assets to unappropriated profit on disposal							(21,745)	24,043	2,298
Balance as on December 31, 2020 - audited	26,436,924	(263,158)	26,173,766	2,215,040	5,813,984	2,934,263	3,021,096	12,103,362	52,261,511
Profit after taxation for the six months ended June 30, 2021 Other comprehensive loss						(2,660,212)	(962'06)	5,597,509	5,597,509 (2,750,808)
Total comprehensive (loss) / income for the six months ended June 30, 2021						(2.660.212)	(90,596)	5.597,509	2,846,701
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	•	•		•	•		(29,699)	29,699	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax					•		(4,681)	4,681	
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	•	•	•		•	•	(19,505)	26,214	602'9
Final cash dividend - December 31, 2020 declared subsequent to year end at 10% per share	1	,	,	,		•	,	(2,643,692)	(2,643,692)
						•	•	(2,643,692)	(2,643,692)
Balance as on June 30, 2021 - unaudited	26,436,924	(263,158)	26,173,766	2,215,040	5,813,984	274,051	2,876,615	15,117,773	52,471,229

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 Cash Flow Statement

For the Six Months Ended June 30, 2021 (Un-audited)

	Note	Six Months Ended June 30, 2021 Rupees	Six Months Ended June 30, 2020
	Note	Rupees	111 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,368,886	6,340,497
Less: Dividend income		(105,001)	(64,288)
Adjustments:		7,263,885	6,276,209
Depreciation on fixed assets	29	607,495	547,439
Depreciation on non banking assets acquired in	20	007,100	017,100
satisfaction of claims	29	25,365	29,654
Depreciation on ijarah assets under IFAS - 2	29	65,063	82,529
Depreciation on right of use assets	29	473,376	429,986
Amortization on intangible assets	29	109,464	97,171
Amortization of discount on debt securities - net		(496,313)	(2,005,318)
Mark-up on lease liability against right of use assets	25	513,295	448,814
Unrealized loss / (gain) on revaluation of investments		· ·	·
classified as held for trading	27	21,619	(22)
Provision and write-offs - net	31	591,168	3,490,392
Gain on termination of lease liability against right of use assets	28	(712)	(192)
Loss / (gain) on sale of fixed assets - net	28	110	(20,254)
Gain on sale of non banking assets - net	28	(28,345)	(18,535)
Gain on securities - net	27	(1,636,591)	(4,765,294)
Provision for employees compensated absences		6,991	6,949
Provision for gratuity		103,474	78,677
		355,459	(1,598,004)
		7,619,344	4,678,205
(Increase) / decrease in operating assets:			
Lendings to financial institutions		4,500,693	(5,028,828)
Held for trading securities		6,014,171	9,951,255
Advances - net		(43,787,010)	(2,634,827)
Others assets - net		(3,446,750)	30,725
		(36,718,896)	2,318,325
Increase / (decrease) in operating liabilities:			
Bills Payable		556,157	(326,382)
Borrowings from financial institutions		(23,289,945)	25,622,067
Deposits		90,593,028	114,699,705
Other liabilities		2,360,740	2,813,489
		70,219,980	142,808,879
Income tax paid		(2,684,569)	(2,449,978)
Net cash flow from operating activities		38,435,859	147,355,431

Cash Flow Statement (Cont:)

Six Months
Ended
June 30,
2021

Six Months
Ended
June 30,
2020

Rupees in '000'

	<u> </u>	
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non banking assets	(25,256,299) 106,860 (1,158,367) (290,738) 881 255,509	(129,286,881) 62,058 (311,643) (87,724) 23,714 38,988
Net cash used in investing activities	(26,342,154)	(129,561,488)
CASH FLOW FROM FINANCING ACTIVITIES Repayment of subordinated debts Dividend paid Payment - lease liability against right of use assets Net cash used in financing activities	(1,360) (2,643,692) (674,821) (3,319,873)	(2,001,360) (1,982,769) (521,536) (4,505,665)
Decrease in cash and cash equivalents Cash and cash equivalents at beginning of the period	8,773,832 71,667,375	13,288,278 63,586,009
Cash and cash equivalents at end of the period	80,441,207	76,874,287
Cash and cash equivalents: Cash and balances with treasury banks Balances with other banks Call lendings Overdrawn nostro accounts	78,135,271 2,305,936 - - 80,441,207	68,702,886 8,436,025 - (264,624) 76,874,287

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 Six Months Ended June 30, 2021 (Un-audited)

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 640 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, and these unconsolidated condensed interim 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 (IIFS). 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 notified the effective date of IFRS 9, 'Financial Instruments' as January 01, 2021. However, the initial application date has been extended to January 01, 2022 by SBP vide BPRD Circular Letter No. 24 dated July 05, 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. Presently, the Bank calculates the impact of adoption of IFRS 9 on the financial statements on parallel run basis as advised by the SBP.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 9	Financial instruments	1 January 2022
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 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.

The Bank has further strengthened its credit review procedures in the light of COVID-19 pandemic situation by reviewing the portfolio to identify accounts susceptible to higher risk and accordingly has created a buffer against unforeseen loan losses and to preserve the quality of the credit portfolio

by enhancing the general provision to 1.20 % from 1.00 % on funded credit portfolio, excluding Government guaranteed exposure and exposure secured against cash and equivalents, to mitigate any adverse impact on equity, performance and related regulatory compliance.

Accordingly, a further general provision of Rs 834,876 thousand, in addition to Rs. 3,281,355 thousand already held, has been recognized in these unconsolidated condensed interim financial statements.

(Un-audited)

(Audited)

			June 30, 2021	December 31, 2020
				s in '000'
7.	CASH AND BALANCES WITH TREASURY BANKS			
	In hand:			
	Local currency		16,300,974	17,921,687
	Foreign currencies		4,578,493	4,182,816
	With SBP in:		20,879,467	22,104,503
	Local currency current accounts		39,774,738	33,648,507
	Foreign currency current accounts		637,264	484,298
	Foreign currency deposit accounts		1,482,229	956,624
			41,894,231	35,089,429
	With National Bank of Pakistan in:		10.050.000	11 000 010
	Local currency current account		13,856,822	11,200,818
	Prize bonds		1,504,751	877,054
			78,135,271	69,271,804
8.	BALANCES WITH OTHER BANKS			
	In Pakistan:			
	Current accounts		470,014	404,719
	Deposit accounts		912	887
			470,926	405,606
	Outside Pakistan:			
	Current accounts		927,170	229,657
	Deposit accounts		907,840	1,762,444
			1,835,010	1,992,101
			2,305,936	2,397,707
9.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Repurchase agreement lendings (Reverse Repo) 9	.2	8,586,174	7,454,867
	Placements 9	0.3	3,000,000	8,632,000
			11,586,174	16,086,867
9.1	Particulars of lendings			
	In local currency		11,586,174	16,086,867
	In foreign currencies		-	-
			11,586,174	16,086,867

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

		(Un-audited) June 30, 2021			(Audited) December 31, 2020		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total	
		Rup	ees in	'000'			
Market treasury bills Pakistan investment bonds	8,586,174	-	- 8,586,174	4,154,867 3,300,000	-	4,154,867 3,300,000	
	8,586,174	-	8,586,174	7,454,867	=	7,454,867	

Market value of securities held as collateral as at June 30, 2021 amounted to Rs. 8,643,411 thousand (December 31, 2020: Rs. 6,651,750 thousand). These carry mark-up at rates ranging from 7.10% to 7.45% per annum (December 31, 2020: 6.00% to 7.30% per annum).

9.3 These carry profit rates ranging from 6.65% to 7.00% per annum (December 31, 2020: 6.40% to 7.00% per annum) with maturities upto September 21, 2021.

10. INVESTMENTS - NET

10.1 Investments by type:

	.5 51			(Un-audited) une 30, 2021		De	(Audited) cember 31, 202	0	
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Note			Ru	pees in	'000'			
Held-for-trading securities Federal government securities Ordinary shares	10.1.1	12,932,509 202,353		(694) (20,925)	12,931,815 181,428	19,146,767	-	1,630	19,148,397
		13,134,862	-	(21,619)	13,113,243	19,146,767	-	1,630	19,148,397
Available-for-sale securities Federal government securities Shares and certificates Non government debt securities Foreign securities	10.1.1 & 10.2	490,240,201 6,642,793 17,534,809 11,957		352,156 140,385 (43,277)	490,592,357 5,427,170 14,965,969 11,957	465,221,303 4,815,673 17,516,016 4,019	(1,378,194) (2,536,232)	4,453,720 199,777 (139,247)	469,675,023 3,637,256 14,840,537 4,019
		514,429,760	(3,881,571)	449,264	510,997,453	487,557,011	(3,914,426)	4,514,250	488,156,835
Held-to-maturity securities Federal government securities WAPDA bonds	10.1.1 & 10.4	60,877,129 400		-	60,877,129	60,483,391 400	(400)	-	60,483,391
		60,877,529	(400)	-	60,877,129	60,483,791	(400)	-	60,483,391
Subsidiaries		164,945	(164,945)			164,945	(164,945)	-	-
Total investments		588,607,096	(4,046,916)	427,645	584,987,825	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) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
10.2	Investments given as collateral		
	Pakistan investment bonds Market treasury bills	48,301,219 28,999,750	35,514,708 66,472,184
		77,300,969	101,986,892

(Un-audited) (Audited) June 30, December 31, 2021 2020 Rupees in '000'

10.3	Provision for diminution in value of investments		
10.3.1	Opening balance Charge / reversals:	4,079,771	3,696,054
	Charge for the period / year Reversals for the period / year	99,891 (10,669)	516,324 (7,500)
	Reversal on disposal during the period / year	89,222 (122,077)	508,824 (125,107)
	Closing balance	4,046,916	4,079,771

10.3.2 Particulars of provision against debt securities

	(Un-audited) June 30, 2021		(Audite December 31	,
	NPI	NPI Provision		Provision
		Rupees in	า '000'	
Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,525,963	2,525,963	2,536,632	2,536,632
Total	2,525,963	2,525,963	2,536,632	2,536,632

10.4 Market value of held to maturity investments amounted to Rs. 69,363,295 thousand (December 31, 2020: Rs. 69,082,534 thousand).

11. **ADVANCES - NET**

	Performing		Non Performing		Tot	al
	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
			Rupees in '000'			
Loans, cash credits, running finances, etc. Net book value of assets in ijarah under	383,091,485	340,882,450	51,974,238	54,343,717	435,065,723	395,226,167
IFAS 2 - In Pakistan Islamic financing and related assets Bills discounted and purchased	1,715,761 31,477,335 14,885,983	1,773,841 29,209,198 13,643,227	215,000 3,092,600 29,321	215,000 2,661,933 30,521	1,930,761 34,569,935 14,915,304	1,988,841 31,871,131 13,673,748
Advances - gross	431,170,564	385,508,716	55,311,159	57,251,171	486,481,723	442,759,887
Provision against advances: - Specific - General	(4,631,069)	(3,748,493)	(47,437,880)	(47,850,782)	(47,437,880) (4,631,069)	(47,850,782) (3,748,493)
	(4,631,069)	(3,748,493)	(47,437,880)	(47,850,782)	(52,068,949)	(51,599,275)
Advances - net of provision	426,539,495	381,760,223	7,873,279	9,400,389	434,412,774	391,160,612

		(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
11.1	Particulars of advances (gross)		
	In local currency In foreign currencies	486,295,990 185,733	442,580,174 179,713
		486,481,723	442,759,887
		HALE VEADLY DEDODT	IANIIIADV - IIINIE 2021

11.2 Advances include Rs. 55,311,159 thousand (December 31, 2020: Rs. 57,251,171 thousand) which have been placed under non-performing status as detailed below:

	(Un-aud June 30	*	(Audited) December 31, 2020		
Category of classification	Non performing Provision loans		Non performing loans	Provision	
		Rupees ir	n '000'		
Domestic					
Other assets especially mentioned	194,517	4,194	190,528	3,495	
Substandard	3,462,449	528,266	6,286,206	1,234,491	
Doubtful	10,663,436	7,570,858	8,086,336	6,149,532	
Loss	40,990,757	39,334,562	42,688,101	40,463,264	
Total	55,311,159	47,437,880	57,251,171	47,850,782	

11.3 Particulars of provision against advances

	June 30, 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 Reversals for the period / year	2,018,724 (2,431,515)	882,576 -	2,901,300 (2,431,515)	4,818,333 (2,087,484)	3,335,852 -	8,154,185 (2,087,484)	
Amounts written off	(412,791) (111)	882,576 -	469,785 (111)	2,730,849	3,335,852	6,066,701	
Closing balance	47,437,880	4,631,069	52,068,949	47,850,782	3,748,493	51,599,275	

11.3.1 Particulars of provision against advances with respect to currencies

In local currency	47,373,079	4,631,069	52,004,148	47,785,981	3,748,493	51,534,474
In foreign currencies	64,801	-	64,801	64,801		64,801
	47,437,880	4,631,069	52,068,949	47,850,782	3,748,493	51,599,275

- 11.3.2 This includes general provision recognized during the period as explained in note 6 of these unconsolidated condensed interim financial statements and provision against advances and provision against consumer and SME financing portfolio as required by Prudential Regulations issued by the SBP.
- 11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 2,345,734 thousand (December 31, 2020: Rs 2,996,620 thousand). The FSV benefit availed is not available for cash or stock dividend.

			June 30, 2021	December 31, 2020
		Note	Rupees	s in '000'
12.	FIXED ASSETS			
	Capital work-in-progress Right of use assets Property and equipment	12.1	775,526 6,754,444 8,338,097	98,500 6,265,106 8,449,343
			15,868,067	14,812,949
12.1	Capital work-in-progress			
	Civil works Building		115,526 660,000	98,500
			775,526	98,500

		(Un-audited) June 30, 2021 Rupee	(Un-audited) June 30, 2020 s 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	677,026	(28,295)
	Addition to right of use assets	964,667	165,221
	Property and equipment:		
	Furniture and fixture Office equipment Computer equipment Lease hold improvements Vehicles	32,151 178,294 133,156 107,267 30,473	24,470 53,695 32,525 164,587 64,661
		2,123,034	476,864
		2,120,001	
12.3	Termination of right of use assets	1,953	5,984
12.4	Disposal of property and equipment:		
	The net book value of property and equipment disposed off during the period is as follows: Furniture and fixture Office equipment Computer equipment	352 639 -	183 1,845 1,432
		991	3,460
		(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
13.	INTANGIBLE ASSETS		
	Intangible in progress Softwares	334,997 534,785	67,644 620,864
		869,782	688,508
		(Un-audited) June 30, 2021 Rupee	(Un-audited) June 30, 2020 s in '000'
13.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Intangible in progress Intangible assets purchased	267,353 23,385	54,523 33,201
		290,738	87,724

HALF YEARLY REPORT JANUARY - JUNE 2021

(Un-audited) June 30, 2021

(Audited) December 31, 2020

	N	2021	2020
	Note	Rupees	s in '000'
14.	DEFERRED TAX ASSETS - NET		
	Deductible temporary differences on:		
	Right of use assets Provision against advances, off balance sheet etc.	524,317 11,355,760	361,644 10,051,802
	Taxable temporary differences on:	11,880,077	10,413,446
	Surplus on revaluation of fixed assets Accelerated tax depreciation Surplus on revaluation of investments Surplus on revaluation of non banking assets	(741,289) (265,699) (175,213) (113,326)	(680,942) (266,486) (1,579,987) (111,767)
		(1,295,527)	(2,639,182)
		10,584,550	7,774,264
15.	OTHER ASSETS - NET		
	Income / mark-up accrued in local currency Income / mark-up accrued in foreign currency Profit paid in advance on pehlay munafa scheme Advances, deposits, advance rent and other prepayments Advance taxation (payments less provisions) Non-banking assets acquired in satisfaction of claims Acceptances Branch adjustment account Mark to market gain on forward foreign exchange contracts Stock of stationery Suspense account Zakat recoverable from NITL Unrealized gain on revaluation of foreign bills and trade loans Fraud and forgeries Unearned income on sale of sukuk on bai-muajjal basis Others	17,077,615 1,023 113 571,986 - 5,635,820 4,749,644 - 128,192 8,377 36,790 - 477,739 160,906 621,203 29,469,408	15,302,821 4,526 539 432,004 3,740 5,866,478 2,821,232 8,751 20,250 129,902 7,413 36,790 41,129 462,656 336,351 791,096
	Less: Provision held against other assets 15.1	(2,062,615)	(2,037,220)
	Other assets (net of provision) Surplus on revaluation of non-banking assets acquired in satisfaction of claims	27,406,793 1,198,455	24,228,458 1,236,224
	Other assets - total	28,605,248	25,464,682
15.1	Provision held against other assets		· · · ·
	Advances, deposits, advance rent & other prepayments Non banking assets acquired in satisfaction of claims Zakat recoverable from NITL Fraud and forgeries Others	35,723 1,198,555 36,790 484,488 307,059	35,723 1,198,555 36,790 459,093 307,059
		2,062,615	2,037,220

Rupees in '000'

		Rupees	in '000'
16.	CONTINGENT ASSETS		
	Contingent assets	Nil	Nil
17.	BILLS PAYABLE		
	In Pakistan Outside Pakistan	4,724,798 -	4,168,641 -
		4,724,798	4,168,641
18.	BORROWINGS		
	Secured Borrowings from SBP under:		
	Export refinance scheme (ERF)	24,650,922	22,609,115
	Long term financing facility (LTFF)	11,355,711	11,250,709
	Finance facility for storage of agricultural produce (FFSAP)	185,961	69,523
	Finance facility for renewable energy performance		
	platform (REPP)	2,879,126	1,859,306
	Refinancing facility for payment of salaries and wages	12,875,229	16,242,813
	Combating COVID-19	291,760	123,005
	Finance Islamic facility for working capital financing of SE & ME	23,000	
	Finance Facility for temporary relief refinance scheme (TERF)	2,397,751	_
	Finance Facility for women entrepreneurs	6,900	_
	Refinancing facility for modernization of small and	0,000	
	medium enterprises (SMES)	117,751	119,299
		54,784,111	52,273,770
	Repurchase agreement borrowings	-	37,430,967
	Call borrowings	74,880,078	64,672,133
	Borrowing from Pakistan Mortgage Refinance Company Limited	1,885,145	462,409
	Total secured	131,549,334	154,839,279
	Unsecured		
	Overdrawn nostro accounts	-	2,136
		131,549,334	154,841,415
10	DEDOSITS AND OTHER ACCOUNTS		

19. DEPOSITS AND OTHER ACCOUNTS

	June	June 30, 2021 (Un-audited)		December 31, 2020 (Au		udited)
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
			Rupees in	'000'		
Customers:						
Current deposits	178,484,220	3,061,450	181,545,670	144,971,825	3,099,131	148,070,956
Savings deposits	456,243,819	2,812,484	459,056,303	388,946,529	2,635,237	391,581,766
Term deposits	245,106,920	3,700,593	248,807,513	265,567,945	3,594,396	269,162,341
Others	30,047,077	-	30,047,077	19,012,007	-	19,012,007
	909,882,036	9,574,527	919,456,563	818,498,306	9,328,764	827,827,070
Financial institutions:						
Current deposits	2,080,755	597,076	2,677,831	2,690,764	821,999	3,512,763
Savings deposits	2,312,522	4,712	2,317,234	2,746,932	7,427	2,754,359
Term deposits	939,250	-	939,250	889,875	-	889,875
Others	269,742		269,742	83,525	-	83,525
	5,602,269	601,788	6,204,057	6,411,096	829,426	7,240,522
	915,484,305	10,176,315	925,660,620	824,909,402	10,158,190	835,067,592

		Note	(Un-audited) June 30, 2021 Rupees	(Audited) December 31, 2020 s in '000'
20.	SUBORDINATED DEBTS		·	
	Privately placed term finance certificates - I Privately placed term finance certificates - II	20.1 20.2	2,495,500 4,294,840	2,496,000 4,295,700
			6,790,340	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

(Un-audited)

(Audited)

date of trigger of PONV as declared by the SBP.

		June 30, 2021	December 31, 2020
	Note	Rupees	s in '000'
21.	OTHER LIABILITIES		
	Mark-up / return / interest payable in local currency	15,946,932	15,775,068
	Mark-up / return / interest payable in foreign currency	23,867	63,615
	Lease key money	12,091,737	12,025,862
	Provision for taxation (provisions less payments)	572,471	-
	Sundry creditors and accrued expenses	1,296,471	1,492,807
	Acceptances	4,749,644	2,821,232
	Mark-up payable on subordinated debts	77,499	75,781
	Unclaimed dividends	2,586	2,588
	Branch adjustment account	70,300	-
	Unrealized loss on revaluation of foreign bills		
	and trade loans	36,406	-
	Payable to gratuity fund	103,474	261,774
	Provision against off-balance sheet obligations 21.1	62,183	62,183
	Provision for employees compensated absences	128,833	123,506
	Mark to market loss on forward foreign exchange contracts	93,843	
	Taxes / zakat / import fee payable	704,628	526,978
	Lease liability against right of use assets	8,098,847	7,298,374
	Deferred income on sale of sukuk on bai - muajjal basis	160,906	336,351
	Workers welfare fund	787,258	619,843
	IBFT payable	327,996	298,024
	Others	823,425	531,171
		46,159,306	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) June 30, 2021 Rupees	(Audited) December 31, 2020 s in '000'
22.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus on revaluation of : - Available for sale securities - Fixed assets - Non-banking assets acquired in satisfaction of claims	10.1 15	449,264 2,532,775 1,198,455	4,514,250 2,577,581 1,236,224
	Deferred tax on surplus on revaluation of:		4,180,494	8,328,055
	 Available for sale securities Fixed assets Non-banking assets acquired in satisfaction of claims 		(175,213) (741,289) (113,326)	(1,579,987) (680,942) (111,767)
			(1,029,828)	(2,372,696)
			3,150,666	5,955,359
23.	CONTINGENCIES AND COMMITMENTS			
	Guarantees Commitments Other contingent liabilities	23.1 23.2 23.3	83,051,657 274,553,205 8,975	64,847,674 148,893,256 8,975
			357,613,837	213,749,905
23.1	Guarantees:			
	Financial guarantees Performance guarantees Other guarantees		18,877,595 17,655,883 46,518,179	18,515,042 18,139,861 28,192,771
			83,051,657	64,847,674
23.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit Commitments in respect of:		97,064,944	78,976,971
	- forward foreign exchange contracts	23.2.1 23.2.2	141,073,460 36,317,887	48,807,235 20,393,865
	- fixed assets - intangible assets		56,888 40,026	689,875 25,310
			274,553,205	148,893,256
23.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase Sale		69,710,572 71,362,888	24,708,677 24,098,558
			141,073,460	48,807,235

		Note	(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
23.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	36,317,887	20,393,865

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

			(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
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 filed 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.

			(Un-audited) June 30, 2021	(Audited) December 31, 2020	
		Note	Rupees	s in '000'	
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) June 30, 2021 Rupee	(Un-audited) June 30, 2020 s in '000'
24.	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances On investments:	16,526,185	22,841,194
	Available for sale securities Held for trading securities Held to maturity securities	16,960,976 1,053,654 3,705,555	18,376,219 836,509 3,666,794
	On lendings to financial institutions: Securities purchased under resale agreements Call lending Letters of placement On balances with banks	456,218 4,384 156,219 2,216	983,999 94 131,441 31,012
		38,865,407	46,867,262
25.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits and other accounts Borrowings:	20,726,778	29,720,021
	Securities sold under repurchase agreements Call borrowings Borrowing from Pakistan Mortgage Refinance	530,043 2,501,155	1,468,075 2,841,441
	Company Limited SBP refinance borrowing Subordinated debts:	32,409 390,376	286,129
	Mark-up on subordinated loan from GoPb Mark-up on privately placed term finance certificates Mark-up on lease liability against right of use assets	- 289,642 513,295	106,644 448,759 448,814
		24,983,698	35,319,883
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees Consumer finance related fees Card related fees Credit related fees Branchless banking fees Commission on trade Commission on guarantees Commission on cash management Commission on remittances including home remittances Commission on bancassurance	271,183 192,732 375,191 536,138 92,090 394,710 171,413 52,472 189,227 53,449	249,948 97,699 278,977 417,377 48,513 292,567 105,576 39,737 131,682 27,580
	Commission on wheat financing SMS banking income	8,330 154,968	- 121,947
		2,491,903	1,811,603
27.	GAIN ON SECURITIES - NET		
	Realized gain on sale of securities - net 27.1 Unrealized (loss) / gain - held for trading	1,636,591 (21,619)	4,765,294 22
		1,614,972	4,765,316

(Un-audited) (Un-audited) June 30, June 30, 2021 2020 Rupees in '000'

Closs / gain on sale of fixed assets - net	27.1	Realized gain on sale of securities - net:		
Class / gain on sale of fixed assets - net		•		
CLoss) / gain on sale of fixed assets - net			1,636,591	4,765,294
Gain on sale of non banking assets - net 28,345 18,535 Gain on termination of lease liability against right of use assets 712 192 Notice pay on resignations 6,543 5,769 29. OPERATING EXPENSES 35,490 44,750 29. OPERATING EXPENSES 10,729 4,575,128 Property expense: Rent and taxes 10,729 4,484 Insurance 7,442 8,514 Utilities cost 313,006 268,004 Security 881 612 Repair and maintenance including janitorial charges 23,672 18,488 Depreciation 264,863 270,807 Others 1,093,769 1,000,983 Information technology expenses: 1,093,769 1,000,983 Information technology expenses: 1,000,083 221,775 Software maintenance 29,237 44,328 Depreciation on computer equipment 171,475 130,899 Amortization on intangible assets 10,464 97,171 Network charges 213,700 17,40	28.	OTHER INCOME - NET		
Notice pay on resignations		Gain on sale of non banking assets - net Gain on termination of lease liability against	28,345	20,254 18,535
Total compensation expense 5,562,012 4,575,128				5,769
Total compensation expense 5,562,012 4,575,128			35,490	44,750
Property expense: 10,729 4,484 Insurance 7,442 8,514 Utilities cost 313,006 268,004 Security 681 612 Repair and maintenance including janitorial charges 23,672 18,468 Depreciation on right of use assets 270,807 473,376 429,986 Others 1,093,769 1,000,983 Information technology expenses: 168,932 211,721 Software maintenance 186,932 211,721 Hardware maintenance 29,237 44,328 Depreciation on computer equipment 171,475 130,899 Amortization on intangible assets 109,464 97,171 Network charges 213,700 172,702 710,808 656,821 Other operating expenses: 21,375 20,575 Fees and allowances to shariah board 1,540 1,740 Legal and professional charges 15,253 14,838 Outsourced staff services costs 211,995 144,788 Travelling and conveyance 334,596	29.	OPERATING EXPENSES		
Rent and taxes		Total compensation expense	5,562,012	4,575,128
Rent and taxes		Property expense;		
Security 681 612 Repair and maintenance including janitorial charges 23,672 18,468 Depreciation 264,863 270,807 Depreciation on right of use assets 473,376 429,986 Others 1,093,769 1,000,983 Information technology expenses: 186,932 211,721 Software maintenance 29,237 44,328 Hardware maintenance 29,237 44,328 Depreciation on computer equipment 171,475 130,899 Amortization on intangible assets 109,464 97,171 Network charges 213,700 172,702 710,808 656,821 Other operating expenses: 21,375 20,575 Fees and allowances to shariah board 1,540 1,740 Legal and professional charges 117,135 33,652 Subscription charges 15,253 18,483 Outsourced staff services costs 211,995 144,788 Travelling and conveyance 334,596 268,279 NIFT clearing charges 28,488 <td< td=""><td></td><td>Rent and taxes Insurance</td><td>7,442</td><td></td></td<>		Rent and taxes Insurance	7,442	
Depreciation 264,863 270,807 Depreciation on right of use assets 473,376 429,986 108 1,093,769 1,000,983		Security	681	612
Depreciation on right of use assets Others		· · · · · · · · · · · · · · · · · · ·		
Information technology expenses: 186,932 211,721 Hardware maintenance 29,237 44,328 Depreciation on computer equipment 171,475 130,899 Amortization on intangible assets 109,464 97,171 Network charges 213,700 172,702 710,808 656,821 Other operating expenses: Directors' fees and allowances 21,375 20,575 Fees and allowances to shariah board 1,540 1,740 Legal and professional charges 117,135 33,652 Subscription charges 15,253 18,483 Outsourced staff services costs 211,995 144,788 Travelling and conveyance 334,596 268,279 NIFT clearing charges 28,488 33,199 Depreciation on non banking assets acquired in satisfaction of claims 25,365 29,654 Depreciation on ijarah assets 65,063 82,529 Training and development 13,382 9,983 Postage and courier charges 67,509 98,462 Stationery and printing		Depreciation on right of use assets		429,986 108
Software maintenance 186,932 211,721 Hardware maintenance 29,237 44,328 Depreciation on computer equipment 171,475 130,899 Amortization on intangible assets 109,464 97,171 Network charges 213,700 172,702 710,808 656,821 Other operating expenses: Directors' fees and allowances 21,375 20,575 Fees and allowances to shariah board 1,540 1,740 Legal and professional charges 117,135 33,652 Subscription charges 15,253 18,483 Outsourced staff services costs 211,995 144,788 Travelling and conveyance 334,596 268,279 NIFT clearing charges 28,488 33,199 Depreciation on non banking assets acquired in satisfaction of claims 25,365 29,654 Depreciation on ijarah assets 65,063 82,529 Training and development 13,382 9,983 Postage and courier charges 67,509 98,462 Stationery and printing 227,37		I to a serious test and a serious	1,093,769	1,000,983
Amortization on intangible assets 109,464 97,171 Network charges 213,700 172,702 710,808 656,821 Other operating expenses: Directors' fees and allowances 21,375 20,575 Fees and allowances to shariah board 1,540 1,740 Legal and professional charges 117,135 33,652 Subscription charges 15,253 18,483 Outsourced staff services costs 211,995 144,788 Travelling and conveyance 334,596 268,279 NIFT clearing charges 28,488 33,199 Depreciation 171,157 145,733 Depreciation on non banking assets acquired in satisfaction of claims 25,365 29,654 Depreciation on ijarah assets 65,063 82,529 Training and development 13,382 9,983 Postage and courier charges 67,509 98,462 Stationery and printing 227,374 97,737 Marketing, advertisement and publicity 258,635 78,974 Donations 10,000		Software maintenance Hardware maintenance	29,237	44,328
Other operating expenses: 710,808 656,821 Directors' fees and allowances 21,375 20,575 Fees and allowances to shariah board 1,540 1,740 Legal and professional charges 117,135 33,652 Subscription charges 15,253 18,483 Outsourced staff services costs 211,995 144,788 Travelling and conveyance 334,596 268,279 NIFT clearing charges 28,488 33,199 Depreciation 171,157 145,733 Depreciation on non banking assets acquired in satisfaction of claims 25,365 29,654 Depreciation on ijarah assets 65,063 82,529 Training and development 13,382 9,983 Postage and courier charges 67,509 98,462 Stationery and printing 227,374 97,737 Marketing, advertisement and publicity 258,635 78,974 Donations 10,000 10,000				
Other operating expenses:Directors' fees and allowances21,37520,575Fees and allowances to shariah board1,5401,740Legal and professional charges117,13533,652Subscription charges15,25318,483Outsourced staff services costs211,995144,788Travelling and conveyance334,596268,279NIFT clearing charges28,48833,199Depreciation171,157145,733Depreciation on non banking assets acquired in satisfaction of claims25,36529,654Depreciation on ijarah assets65,06382,529Training and development13,3829,983Postage and courier charges67,50998,462Stationery and printing227,37497,737Marketing, advertisement and publicity258,63578,974Donations-10,000		Network charges	213,700	172,702
Directors' fees and allowances 21,375 20,575 Fees and allowances to shariah board 1,540 1,740 Legal and professional charges 117,135 33,652 Subscription charges 15,253 18,483 Outsourced staff services costs 211,995 144,788 Travelling and conveyance 334,596 268,279 NIFT clearing charges 28,488 33,199 Depreciation 171,157 145,733 Depreciation on non banking assets acquired in satisfaction of claims 25,365 29,654 Depreciation on ijarah assets 65,063 82,529 Training and development 13,382 9,983 Postage and courier charges 67,509 98,462 Stationery and printing 227,374 97,737 Marketing, advertisement and publicity 258,635 78,974 Donations - 10,000		Other operating expenses:	710,808	656,821
		Fees and allowances to shariah board Legal and professional charges Subscription charges Outsourced staff services costs Travelling and conveyance NIFT clearing charges Depreciation Depreciation on non banking assets acquired in satisfaction of claims Depreciation on ijarah assets Training and development Postage and courier charges Stationery and printing Marketing, advertisement and publicity	1,540 117,135 15,253 211,995 334,596 28,488 171,157 25,365 65,063 13,382 67,509 227,374	1,740 33,652 18,483 144,788 268,279 33,199 145,733 29,654 82,529 9,983 98,462 97,737 78,974
			IALF YEARLY REPORT .	

(Un-audited) June 30, 2021 (Un-audited) June 30, 2020

Note Rupees in '000'

(Un-audited)

(Un-audited)

			Парссэ III 000			
	Insurance Deposit protection fee Repair and maintenance Entertainment expenses Fuel for generator Commission and brokerage Bank charges SMS banking charges ATM charges including ATM maintenance charges Cash remittance charges Branch license fee CNIC verification / ECIB charges COVID-19 related expenses Miscellaneous expenses		114,429 221,513 138,458 65,207 45,532 136,000 16,978 14,704 86,434 137,459 14,976 109,509 24,173 91,040 2,775,279	57,055 175,982 60,833 47,813 39,179 124,229 26,016 15,297 58,643 100,306 13,627 23,638 14,611 94,278		
			-, ,			
30.	OTHER CHARGES					
	Penalties imposed by SBP		502	288,319		
31.	PROVISIONS AND WRITE OFFS - NET					
	Provisions for diminution in value of investments Provisions against advances Provision against other assets - net Bad debts written off directly	10.3.1 11.3	89,222 469,785 32,161	288,655 2,909,860 291,877		
			591,168	3,490,392		
32.	TAXATION					
	Current Deferred	32.1 32.2	3,260,780 (1,489,403)	3,251,051 (560,016)		
			1,771,377	2,691,035		

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

32.2 The Government vide Finance Act 2022, has changed the effective tax rate for banking industry from 35% to 39% by enacting super tax at the rate of 4% for indefinite period of time. Accordingly, the effect of change in tax rate has been recognized in these unconsolidated condensed interim financial statements.

		June 30, 2021 Rupees	June 30, 2020 s in '000'
33.	BASIC EARNINGS PER SHARE		
	Profit after taxation for the period (Rs in '000')	5,597,509	3,649,462
	Weighted average number of ordinary shares (No.).	2,643,692,380	2,643,692,380
	Basic earnings per share (Rs).	2.12	1.38

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

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

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

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

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

June 30, 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	503,524,172	-	503,524,172	-	503,524,172
Shares and certificates	5,608,598	5,593,016	-	15,582	5,608,598
Non-Government debt securities	10,150,843	-	10,150,843		10,150,843
Foreign securities	11,957	-	-	11,957	11,957
Subsidiary company	-	-	-	-	-
Financial assets disclosed but not measured at fair value:					-
Government securities	60,877,129	-	69,363,295	-	69,363,295
Financial liabilities measured at fair value: Payable to gratuity fund	103,474	-	103,474	-	103,474
Provision for employees					
compensated absences	128,833	-	128,833	-	128,833
Off balance sheet financial instruments: Forward purchase of foreign exchange contracts Forward sale of foreign exchange contracts	69,672,714 71,418,873	- -	69,672,714 71,418,873	- -	69,672,714 71,418,873

December 31, 2020 (Audited)

		December 31, 2020 (Audited)						
				Fair value				
		Carrying value	Level 1	Level 2	Level 3	Total		
	On balance sheet financial instruments			Rupees in '000'				
	Financial assets measured at fair value :							
	Government securities Shares and certificates Non-Government debt securities Foreign securities Subsidiary Company	488,823,420 3,637,256 10,139,836 4,019	3,621,674 - - -	488,823,420 - 10,139,836 - -	15,582 - 4,019	488,823,420 3,637,256 10,139,836 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 Provision for employees	261,774	-	261,774	-	261,774		
	compensated absences	123,506	-	123,506	-	123,506		
	Off balance sheet financial instruments: Forward purchase of foreign exchange contracts Forward sale of foreign exchange contracts	24,343,173 23,712,804	- -	24,343,173 23,712,804	-	24,343,173 23,712,804		
35.2	Fair value of non financial assets		lune	30, 2021 (Un-aud	ited)			
			Julie	Fair value	iteu)			
		Carrying value	Level 1	Level 2	Level 3	Total		
		Carrying value	Level I	Rupees in '000'	Level 3	Total		
	Non Financial assets measured at fair value : Fixed assets (land & building)	5,414,498	-	5,414,498	-	5,414,498		
	Non banking assets acquired in satisfaction of claims	5,635,720	-	5,635,720	-	5,635,720		
			December 31, 2020 (Audited)					
				Fair value				
		Carrying value	Level 1	Level 2	Level 3	Total		
	Non Financial assets measured at fair value :			Rupees in '000'				
	Fixed assets (land & building) Non banking assets acquired in	5,497,765	=	5,497,765	=	5,497,765		
	satisfaction of claims	5,904,147	-	5,904,147	-	5,904,147		

36. SEGMENT INFORMATION

Contingencies & commitments

36.1 Segment details with respect to business activities

				June 3	0, 2021 (Un-au	ıdited)		
		Corporate and investmen banking	Consumer t and digital banking		Treasury	Islamic	Others including Head Office	Total
	B. (1) 0.1			Rup	ees in '000'			
	Profit & loss Net mark-up / return / profit Inter segment (cost) / revenue - net Non mark-up / return / interest income	11,958,128 (9,521,539) 881,899	29,106,167 1,094,097	3,223,880 (1,967,313) 293,989	21,363,592 (15,389,498) 2,013,706	2,129,215 (19,190) 66,841	190,592 (2,208,627) 37,598	38,865,407 - 4,388,130
	Total income	3,318,488	30,200,264	1,550,556	7,987,800	2,176,866	(1,980,437)	43,253,537
	Segment total expenses	657,575	24,757,285	788,699	3,220,304	1,993,027	3,876,593	35,293,483
	Profit before provisions and tax Provisions	2,660,913 118,361	5,442,979 17,701	761,857 62,694	4,767,496 89,222	183,839 298,955	(5,857,030) 4,235	7,960,054 591,168
	Profit / (loss) before tax	2,542,552	5,425,278	699,163	4,678,274	(115,116)	(5,861,265)	7,368,886
	Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing - non-performing - net Others	4,370,586 - - 320,001,088 4,272,236 11,019,209	35,596,295 - 847,750,399 - - - - 683,171	- - - 66,006,593 1,248,795 792,750	39,001,778 561,988,852 8,586,174 - - 8,407,451	5,843,134 18,628,387 1,352,615 3,000,000 33,193,097 2,349,494 4,136,069	24,919,667 - 24,938,717 2,754 30,888,997	11,586,174
	Total assets	339,663,119		68,048,138	617,984,255	68,502,796		2,041,378,308
_	Borrowings	54,104,528		1,885,145	74,880,078	679,583	-	131,549,334
	Subordinated debts Deposits & other accounts Net inter segment borrowing Others	280,447,116 5,111,475	- 864,674,325 - 19,355,540	54,006,212 12,156,781	539,569,353 3,534,824	60,986,295 - 2,707,809	6,790,340 - - 8,017,675	6,790,340 925,660,620 874,022,681
	Total liabilities Equity	339,663,119	884,029,865	68,048,138	617,984,255	64,373,687	14,808,015	1,988,907,079 52,471,229
	Total equity & liabilities							2,041,378,308
	Contingencies & commitments	210,242,868	-	61,857	141,073,460	6,129,763	105,889	357,613,837
				June 3	30, 2020 (Un-au	idited)		
		Corporate and investmen banking	Consumer and digital banking		Treasury	Islamic	Others including Head Office	Total
	B. (1) 0.1			Rupee	s in '000'			
	Profit & loss Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income	17,693,519 (15,084,075) 715,165	37,485,050 849,412	3,291,143 (2,247,997) 84,800	22,911,017 (19,019,088) 5,154,869	2,762,967 (48,662) 42,913	208,616 (1,085,228) 44,635	46,867,262 - 6,891,794
	Total income	3,324,609	38,334,462	1,127,946	9,046,798	2,757,218	(831,977)	53,759,056
	Segment total expenses	432,717	32,546,118	503,446	4,501,430	2,253,784	3,690,672	43,928,167
	Profit before provisions and tax Provisions	2,891,892 2,347,964	5,788,344 290,448	624,500 372,570	4,545,368 288,655	503,434 187,379	(4,522,649) 3,376	9,830,889 3,490,392
_	Profit / (loss) before tax	543,928	5,497,896	251,930	4,256,713	316,055	(4,526,025)	6,340,497
				Decen	nber 31, 2020 (Audited)		
	Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing Advances - non-performing Others	2,320,445 - - 290,749,427 6,229,401 8,282,387	43,841,350 - 743,701,158 - - - 6,015,362	53,317,428 930,497 746,993	22,168,221 548,471,575 - 7,454,867 - - 7,309,414	5,659,940 16,996,603 951,270 8,632,000 30,983,039 2,218,148 3,680,612	32,767,984 - 6,710,329 22,343 22,705,635	71,669,511 567,788,623 777,420,412 16,086,867 381,760,223 9,400,389 48,740,403
	Total assets	307,581,660	793,557,870	54,994,918	585,404,077	69,121,612		1,872,866,428
	Borrowings	51,665,928	773,528,003	462,409	102,105,236	607,842 - 61,539,589	6,791,700	154,841,415 6,791,700 835,067,592 777,420,412
	Subordinated debts Deposits & other accounts Net inter segment borrowing Others	253,101,917 2,813,815	20,029,867	42,481,624 12,050,885	481,836,871 1,461,970	2,859,733	7,267,528	46,483,798
	Deposits & other accounts Net inter segment borrowing		-			2,859,733 65,007,164		

Due to change in reportable business segments, the figures of comparative period (June 30, 2020) are realigned for the purposes of comparison.

639,748

48,807,235

160,308,823

3,269,939

724,160 213,749,905

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.

		June	June 30, 2021 (Un-audited) December 31, 2020 ((Audited)				
	Directors	Key management personnel	Subsidiary companies and managed modaraba		e Others related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee funds	Others related parties
			Rupees in '0	00'				Rupees in '00	0'	
Lendings to financial institutions : Opening balance Addition during the period	-	1	1,000,000	-			-	400,000 4,000,000	=	-
Repaid during the period	-	-	2,000,000	-	-	-	-	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 Addition during the period Repaid during the period	- - -	161,708 36,165 23,802	686,633 2,162,009 2,312,278	- - -	595,721 358,682 308,146	- - -	311,603 51,412 201,307	1,258,526 3,904,573 4,476,466	- - -	5,541,638 4,945,917
Closing balance	-	174,071	536,364	-	646,257	-	161,708	686,633	-	595,721
Provision held against advances	-	-	-	-	-	-	-	59,757	-	-
Financial guarantees	-	÷	7,000	ē	394,320	-	-	7,000	-	419,488
Other assets	-	11,325	123,975	ē	9,893	-	11,049	36,846	-	14,491
Right of use assets Lease liability against right of use assets	-		-	-	64,129 21,405	-	-	-	-	66,055 20,030
Deposits and other accounts: Opening balance Received during the period Withdrawn during the period	598 9,379 4,498	24,363 309,443 297,234	2,395,149	3,071,616 686,668 3,299,200	33,878 80,827 112,050	61 4,353 3,816	13,746 457,854 447,237	1,588 4,158,702 4,149,003	2,564,910 1,152,506 645,800	876 122,199 89,197
Closing balance	5,479	36,572	33,148	459,084	2,655	598	24,363	11,287	3,071,616	33,878
		June	30, 2021 (Un-	audited)		June	30, 2020 (Un-au	udited)		
Income: Mark-up / return / interest earned Non markup interest income	-	3,982	59,391	-	19,304 1,061	:	8,407	99,925	-	=
Expense: Mark-up / return / interest expensed Depreciation on right of use assets Mark-up on lease liability against right of use assets Compensation expense Commission expense Directors fee and allowances	11 - - - - 21,375	155 - - - 223,719 -	- - 3,284 -	76,403 - - - -	248 1,926 1,375	12 - - - - 20,575	170 - - 201,339 -	30	144,557 - - - - -	43 2,573 2,659 -
Provision: (Reversal) / charge of provision - advances	-	-	(59,757)	-	-	-	-	3,621	-	-

- 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. 58,874,306 thousand (December 31, 2020: Rs. 37,126,458 thousand), Rs. 463,871,718 thousand (December 31, 2020: Rs. 421,019,222 thousand) Rs. 71,929 thousand (December 31, 2020: Rs. 71,929 thousand) and Rs. 27,647,855 thousand (December 31, 2020: Rs. 27,070,415 thousand) respectively. Markup / interest earned and markup receivable from these loans and advances amounted to Rs.1,790,818 thousand and Rs.1,270,222 thousand, respectively. Markup / interest expensed and markup payable on these deposits amounted to Rs.12,454,727 thousand and Rs. 8,885,392 thousand, respectively. Income on letter of guarantees and letter of credits is Rs.17,786 thousand.

- 37.3 The Bank made contribution of Rs. 146,196 thousand (June 30, 2020: Rs. 115,835 thousand) to employees provident fund during the period.
- 37.4 First Punjab Modaraba and Punjab Modaraba Services (Pvt) Limited are using premises owned by The Bank of Punjab free of cost.
- 37.5 Advances to employees as at June 30, 2021, other than key management personnel, amounted to Rs. 8,108,514 thousand (December 31, 2020: Rs. 7,375,234 thousand) with markup receivable of Rs. 506,371 thousand (December 31, 2020: Rs.519,593 thousand) and markup income of Rs.179,379 thousand (June 30, 2020: Rs.176,669 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 along with driver and mobile phone as per Bank's policy.

		(Un-audited) June 30, 2021 Rupees	(Audited) December 31, 2020 s 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 Eligible Additional Tier 1 (ADT 1) Capital	42,559,252 -	41,936,560 -
	Total Eligible Tier 1 Capital Eligible Tier 2 Capital	42,559,252 13,481,967	41,936,560 15,270,354
	Total Eligible Capital (Tier 1 + Tier 2)	56,041,219	57,206,914
	Risk Weighted Assets (RWAs):		
	Credit risk Market risk Operational risk	302,955,982 11,885,299 56,498,084	289,144,564 6,871,393 56,498,084
	Total	371,339,365	352,514,041
	Common equity tier I capital adequacy ratio	11.46%	11.90%
	Tier I CAR (%)	11.46%	11.90%
	Total CAR (%)	15.09%	16.23%

		(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
38.1	Leverage Ratio (LR):		
	Eligible Tier-I Capital Total exposures	42,559,252 1,387,450,223	41,936,560 1,307,635,296
	LR (%)	3.07%	3.21%
38.2	Liquidity Coverage Ratio (LCR):		
	Total high quality liquid assets Total net cash outflow	600,490,375 448,206,250	538,917,589 386,811,819
	LCR (%)	133.98%	139.32%
	Net Stable Funding Ratio (NSFR):		
	Total available stable funding Total required stable funding	631,562,454 467,256,714	600,034,473 471,758,220
	NSFR (%)	135.16%	127.19%

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the June 30, 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).

ISLAMIC BANKING BUSINESS STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	Rupees	s in '000'
ASSETS			
Cash and balances with treasury banks Balances with other banks Due from financial institutions Investments - net Islamic financing and related assets - net Fixed assets Intangible assets Due from head office Other assets	39.1 39.2 39.3	5,503,453 339,681 3,000,000 18,628,387 35,542,591 1,787,365 8,094 1,352,615 2,340,610	5,351,954 307,986 8,632,000 16,996,603 33,201,187 1,670,801 6,626 951,270 2,003,185
Total assets		68,502,796	69,121,612
LIABILITIES			
Bills payable Due to financial institutions Deposits and other accounts Due to head office Subordinated debt	39.4	302,764 679,583 60,986,295	212,448 607,842 61,539,589
Other liabilities		2,405,045	2,647,285
		64,373,687	65,007,164
NET ASSETS		4,129,109	4,114,448
REPRESENTED BY			
Islamic banking fund Reserves Surplus / (deficit) on revaluation of assets Unappropriated profit	39.5	1,500,000 5,181 28,166 2,595,762	1,500,000 735 (97,165) 2,710,878
		4,129,109	4,114,448

CONTINGENCIES AND COMMITMENTS

39.6

ISLAMIC BANKING BUSINESS Profit and Loss Account

For the Six Months Ended June 30, 2021 (Un-audited)

	Note	Three Months Ended June 30, 2021	s Three Months Ended June 30, 2020 Rupees ir	Ended June 30, 2021	Six Months Ended June 30, 2020
Profit / return earned Profit / return expensed	39.7 39.8	1,039,674 479,091	1,271,831 710,471	2,129,215 1,014,476	2,762,967 1,501,187
Net profit / return		560,583	561,360	1,114,739	1,261,780
Fee and commission income Dividend income		34,384	17,596	65,392	40,517
Foreign exchange (loss) / income Income / (loss) from derivatives		757	281	(1,936)	1,688
Gain on securities - net		-	_	2,194	_
Other income		1,008	248	1,191	708
		36,149	18,125	66,841	42,913
Total income		596,732	579,485	1,181,580	1,304,693
Operating expenses Workers welfare fund		564,574	393,189	997,694	801,239
Other charges		12	-	47	20
		564,586	393,189	997,741	801,259
Profit before provisions Provisions and write offs - net		32,146 219,706	186,296 187,586	183,839 298,955	503,434 187,379
(Loss) / profit before taxation Taxation	39.9	(187,560)	(1,290)	(115,116)	316,055
(Loss) / profit after taxation		(187,560)	(1,290)	(115,116)	316,055

DUE FROM FINANCIAL INSTITUTIONS

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local In foreign Total currency currencies		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:

investments by segm	ent.	(Un-audited) June 30, 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
Federal government securities:		Rupe	ees in	'000'				
-ljarah sukuks -Sale of sukuk- bai muajjal -Naya Pakistan Certificates (Roshan Digital)	3,249,717 2,756,196 301,607	-	29,732	3,279,449 2,756,196 301,607	2,249,072 2,756,196		1,078 - -	2,250,150 2,756,196
Non government debt securities :	6,307,520) -	29,732	6,337,252	5,005,268	-	1,078	5,006,346
-Sukuks -Unlisted	8,490,013 3,876,136		(75,014)	8,414,999 3,876,136	8,521,689 3,640,258	-	(171,690)	8,349,999 3,640,258
	12,366,149	-	(75,014)	12,291,135	12,161,947	-	(171,690)	11,990,257
Total investments	18,673,669	-	(45,282)	18,628,387	17,167,215	-	(170,612)	16,996,603

(Un-audited) (Audited) June 30, December 31, 2020 2021 Rupees in '000'

39.3 ISLAMIC FINANCING AND RELATED ASSETS 1,988,841 ljarah 1,930,761 Murabaha 726,030 220,091 Musharaka 12,765,474 9,347,782 Diminishing musharaka 17,401,511 18,353,796 Payment against documents 55,304 55,304 Istisna 3,621,616 3,894,158 Gross islamic financing and related assets 36,500,696 33,859,972 Less: provision against islamic financings - Specific 958,105 658,785 - General 958,105 658,785 Islamic financing and related assets - net of provision 35,542,591 33,201,187

39.4 **DEPOSITS AND OTHER ACCOUNTS**

	June	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total	
Customers:			Rupees in '000'				
Current deposits Savings deposits Term deposits Others	13,832,608 42,532,134 1,898,973 1,994,631	327,470 111,993 -	14,160,078 42,644,127 1,898,973 1,994,631	11,129,196 46,122,394 1,967,176 1,581,404	361,767 65,342 -	11,490,963 46,187,736 1,967,176 1,581,404	
Financial institutions:	60,258,346	439,463	60,697,809	60,800,170	427,109	61,227,279	
Current deposits Savings deposits Others	202,225 80,392 926	3,196 1,747	205,421 82,139 926	216,155 90,864	5,291 -	216,155 96,155 -	
	283,543	4,943	288,486	307,019	5,291	312,310	
	60,541,889	444,406	60,986,295	61,107,189	432,400	61,539,589	

		(Un-audited) June 30, 2021 Rupee:	(Audited) December 31, 2020 s in '000'
39.5	UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS	·	
	Opening balance Islamic banking (loss) / profit for the period / year	2,710,878 (115,116)	2,154,625 556,253
	Closing balance	2,595,762	2,710,878
39.6	CONTINGENCIES AND COMMITMENTS		
	-Guarantees -Commitments	1,614,679 4,515,084	1,683,665 1,586,274
		6,129,763	3,269,939
		(Un-audited) June 30, 2021	(Un-audited) June 30, 2020 s in '000'
39.7	PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
	Profit earned on: Financing Investments Placements Deposits with financial institutions	1,233,600 739,396 156,219 - 2,129,215	1,788,434 835,922 125,917 12,694 2,762,967
39.8	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
	Deposits and other accounts Markup on lease liability against right of use assets Markup on borrowings from SBP Profit on deposits from conventional head office	897,660 97,216 410 19,190	1,364,536 87,989 - 48,662
		1,014,476	1,501,187

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 credit for Islamic Banking is expected to be Rs. (27,674 thousand) (June 30, 2020: Rs. 134,134 thousand).

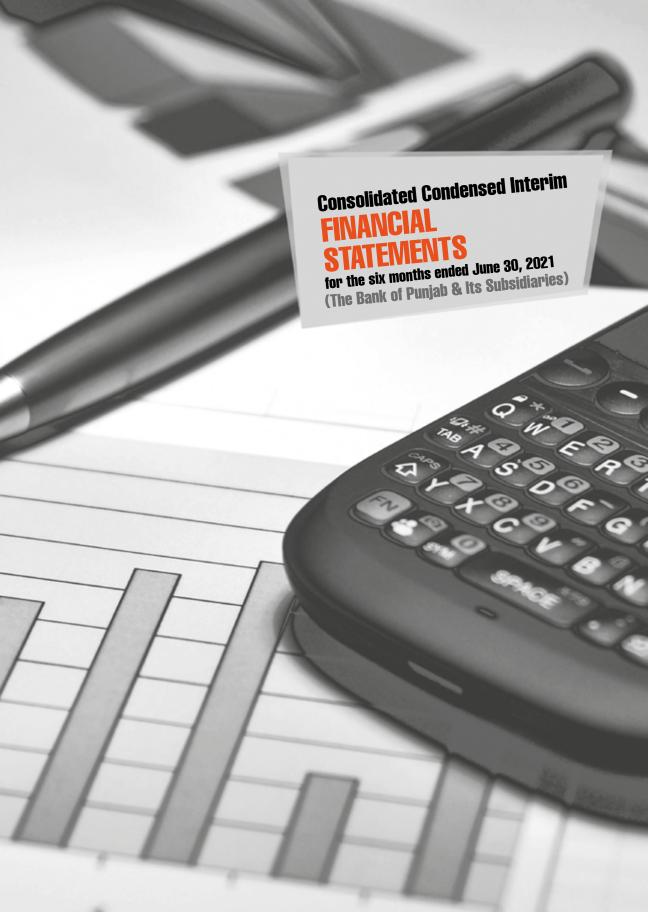
- 39.10 During the period, Special Pool XX (SP-XX) has been created. The main characteristics of the pool are as under:
 - i) Profit sharing ratio between Mudarib and Rab-ul-mal is 30:70.
 - ii) Profit equalization reserve upto 2% of net income will be created, if needed.
 - iii) Investment risk reserve 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 August 27, 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



Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2021

		(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
	Note		2020 s in '000'
	11010	Пароос	
ASSETS			
Cash and balances with treasury banks	7	78,135,273	69,272,177
Balances with other banks	8	2,434,004	2,507,010
Lendings to financial institutions	9	10,586,174	15,086,867
Investments - net	10	585,002,718	567,803,516
Advances - net	11 12	435,154,285	391,889,808
Fixed assets Intangible assets	12	15,871,800 877,324	14,817,059 695,648
Deferred tax assets - net	13	10,648,949	7,838,663
Other assets - net	15	28,988,269	25,937,481
Other decede There	10	, ,	
		1,167,698,796	1,095,848,229
LIABILITIES			
Bills payable	17	4,724,798	4,168,641
Borrowings	18	131,562,200	154,841,415
Deposits and other accounts	19	925,627,471	835,070,362
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	6,790,340	6,791,700
Deferred tax liabilities Other liabilities	21	- 46,455,104	42,593,336
		1,115,159,913	1,043,465,454
NET ASSETS		52,538,883	52,382,775
1217100210		02,000,000	
REPRESENTED BY			
Share capital - net		26,173,766	26,173,766
Reserves		8,113,976	8,113,976
Non controlling interest		547,544	506,993
Surplus on revaluation of assets - net of tax	22	3,150,666	5,955,359
Unappropriated profit		14,552,931	11,632,681
		52,538,883	52,382,775

CONTINGENCIES AND COMMITMENTS

23

Chief Financial Officer	President	Director

Consolidated Condensed Interim Profit and Loss Account For the Six Months Ended June 30, 2021 (Un-audited)

	Note	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020 Rupees	Ended June 30, 2021	Six Months Ended June 30, 2020
Mark-up / return / interest earned Mark-up / return / interest expensed	24 25	19,499,331 12,446,675	22,615,097 16,980,168	38,927,588 24,984,717	46,839,618 35,312,612
Net mark-up / interest income		7,052,656	5,634,929	13,942,871	11,527,006
NON MARK-UP / INTEREST INCOME					
Fee and commission income Dividend income Foreign exchange income Income / (loss) from derivatives	26	1,387,958 49,180 66,047	968,448 22,508 133,157	2,512,352 105,001 140,764	1,827,892 64,288 205,837
Gain on securities - net Other income - net	27 28	352,825 9,315	3,761,213 12,654	1,614,972 34,202	4,765,316 44,829
Total non-markup / interest income		1,865,325	4,897,980	4,407,291	6,908,162
Total income		8,917,981	10,532,909	18,350,162	18,435,168
NON MARK-UP / INTEREST EXPENSES					
Operating expenses Workers welfare fund Other charges	29 30	4,788,329 352	3,975,546 103,765 653	10,233,070 167,415 502	8,189,110 161,738 288,319
Total non-markup / interest expenses		4,890,570	4,079,964	10,400,987	8,639,167
Profit before provisions		4,027,411	6,452,945	7,949,175	9,796,001
(Reversal of provision) / provisions and write offs - net Extra ordinary / unusual items	31	(218,241)	2,801,476	632,328	3,486,786
PROFIT BEFORE TAXATION		4,245,652	3,651,469	7,316,847	6,309,215
Taxation - net	32	537,778	1,523,580	1,772,948	2,690,768
PROFIT AFTER TAXATION		3,707,874	2,127,889	5,543,899	3,618,447
Basic earnings per share - Rupees	33	1.39	0.79	2.08	1.35
Diluted earnings per share - Rupees	34	1.39	0.79	2.08	1.35
PROFIT ATTRIBUTEABLE TO:					
Equity holders of the parent Non-controlling interest		3,687,608 20,266	2,095,467 32,422	5,503,348 40,551	3,576,476 41,971
		3,707,874	2,127,889	5,543,899	3,618,447

Chief Financial Officer	President		Director
		HAI E YEARIY REPORT IAN	JUARY - JUNE 2021

Consolidated Condensed Interim Statement of Comprehensive IncomeFor the Six Months Ended June 30, 2021 (Un-audited)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020 Rupees	Ended June 30, 2021	Six Months Ended June 30, 2020
Profit after taxation for the period	3,707,874	2,127,889	5,543,899	3,618,447
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	-	-	(90,596)	(9,167)
	-	-	(90,596)	(9,167)
Items that may be reclassified to profit and loss account in subsequent periods:	3,707,874	2,127,889	5,453,303	3,609,280
Movement in surplus / (deficit) on revaluation of investments - net of tax	253,499	2,943,322	(2,660,212)	6,755,633
Total comprehensive (loss) / income for the period	3,961,373	5,071,211	2,793,091	10,364,913

Chief Financial Officer	President	Director

Consolidated Condensed Interim Statement of Changes in Equity For the Six Months Ended June 30, 2021 (Un-audited)

						Surplus / (Deficit) - net of tax on revaluation of	- net of tax on of			
	Share	Discount on issue of shares	Share capital - net	Share	Statutory	Investments	Fixed / non banking assets	Unappropriated profit	Non- controlling interest	Total
			Ru	Rupees in '0	,000,					
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	46,866,808
Profit after taxation for the six months ended June 30, 2020 Other comprehensive income / (loss)		1 1			1 1	6,755,633	(9,167)	3,576,476	41,971	3,618,447 6,746,466
	•					6,755,633	(9,167)	3,576,476	41,971	10,364,913
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax Transfer from surplus on revaluation of fixed assets to unappropriated profit.	1 1						(33,312)	33,312 4,729		
(accumulated loss) on disposal Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal							(6,400)	6,400		
ransactions 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)
	'							(1,982,769)		(1,982,769)
Balance as on June 30, 2020 - unaudited	26,436,924	(263,158)	26,173,766	2,215,040	4,510,188	8,982,547	3,090,685	9,789,424	487,302	55,248,952
Profit after taxation for the six months ended December 31, 2020 Other comprehensive (loss) / income						(6,048,284)	2,189	3,242,391 (87,285)	19,691	3,262,082 (6,133,380)
Total comprehensive (loss) / income for the six months ended December 31, 2020 Transfer to eletation receives					1 388 7/8	(6,048,284)	2,189	3,155,106	19,691	(2,871,298)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax					1		(33,198)	33,198		
rians let not supplied in the Valentian of the American Carlo discount of the American Carlo							(4,693) (12,140) (21,745)	4,695 14,963 24,043		2,823
Balance as on December 31, 2020 - audited	26,436,924	(263, 158)	26,173,766	2,215,040	5,898,936	2,934,263	3,021,096	11,632,681	506,993	52,382,775
Profit after taxation for the six months ended June 30, 2021 Other comprehensive loss	1 1	1 1	1 1	1 1	1 1	(2,660,212)	(965,06)	5,503,348	40,551	5,543,899 (2,750,808)
Total comprehensive (loss) / income for the six months ended June 30, 2021	1	1			'	(2,660,212)	(90;296)	5,503,348	40,551	2,793,091
Iranster from surplus on revaluation of fixed assets to unappropriated profit - net of tax Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax							(29,699)	29,699		
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal							(19,505)	26,214		602'9
ransactions with owners recognized directly in equity: Final cash dividend - December 31, 2020 declared subsequent to year end at 10% per share	1	•	•	•	•	•	•	(2,643,692)		(2,643,692)
								(2,643,692)		(2,643,692)
Balance as on June 30, 2021 - unaudited	26,436,924	(263, 158)	26,173,766	2,215,040	5,898,936	274,051	2,876,615	14,552,931	547,544	52,538,883

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 Six Months Ended June 30, 2021 (Un-audited)

	Note	Six Months Ended June 30, 2021 Rupees	Six Months Ended June 30, 2020 in '000'
CASH FLOWS FROM OPERATING ACTIVITIES		·	
Due field of any annual an		7.010.047	0.000.015
Profit before taxation Less: Dividend income		7,316,847 (105,001)	6,309,215 (64,288)
		7,211,846	6,244,927
Adjustments:			
Depreciation on fixed assets	29	608,294	547,857
Depreciation on non banking assets acquired in	00	05.005	00.054
satisfaction of claims	29	25,365	29,654
Depreciation on ijarah assets under IFAS - 2	29	119,234	82,529
Depreciation on right of use assets	29 29	473,376	429,986
Amortization on intangible assets Amortization of discount on debt securities - net	29	110,262 (496,313)	97,171 (2,005,318)
Mark-up on lease liability against right of use assets	25	513,295	448,814
Unrealized loss / (gain) on revaluation of investments	2,5	313,293	440,014
classified as held for trading	27	21,619	(22)
Provision and write-offs - net	31	632,328	3,486,786
Gain on termination of lease liability against right of use assets	28	(712)	(192)
Loss / (gain) on sale of fixed assets - net	28	110	(20,254)
Gain on sale of non banking assets - net	28	(28,345)	(18,535)
Gain on securities - net	27	(1,636,591)	(4,765,294)
Provision for employees compensated absences		6,991	6,949
Provision for gratuity		103,474	78,677
		452,387	(1,601,192)
		7,664,233	4,643,735
(Increase) / Decrease in operating assets:		4.500.000	(4.400.000)
Lendings to financial institutions		4,500,693	(4,128,828)
Held for trading securities Advances - net		6,014,171	9,951,255
Others assets - net		(43,894,656)	(3,185,978)
Others assets - Het		(3,347,572)	(3,552)
Increase / (Decrease) in operating liabilities:		(36,727,364)	2,632,897
Bills Payable		556,157	(326,382)
Borrowings from financial institutions		(23,277,079)	25,322,121
Deposits		90,557,109	114,698,442
Other liabilities		2,378,359	2,838,859
		70,214,546	142,533,040
Income tax paid		(2,695,540)	(2,449,711)
Net cash flow from operating activities		38,455,875	147,359,961

Cash Flow Statement (Cont:)

Six Months
Ended
June 30,
2021

Six Months
Ended
June 30,
June 30,
2020

Rupees in '000'

	Nupccs	
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non banking assets	(25,256,299) 106,860 (1,158,789) (291,938) 881 255,509	(129,286,881) 62,058 (311,735) (87,724) 23,714 38,988
Net cash flow used in investing activities	(26,343,776)	(129,561,580)
CASH FLOW FROM FINANCING ACTIVITIES Repayment of subordinated debts Dividend paid Payment - lease liability against right of use assets	(1,360) (2,643,692) (674,821)	(2,001,360) (1,982,769) (521,536)
Net cash used in financing activities	(3,319,873)	(4,505,665)
Decrease in cash and cash equivalents Cash and cash equivalents at beginning of the period	8,792,226 71,777,051	13,292,716 63,649,828
Cash and cash equivalents at end of the period	80,569,277	76,942,544
Cash and cash equivalents:		
Cash and balances with treasury banks Balances with other banks Call lendings Overdrawn nostro accounts	78,135,273 2,434,004 - -	68,702,886 8,504,282 - (264,624)
	80,569,277	76,942,544

Chief Financial Officer	President	Director

Notes to the Consolidated Condensed Interim Financial Statements

For the Six Months Ended June 30, 2021 (Un-audited)

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 640 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

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, and these consolidated condensed interim 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 notified the effective date of IFRS 9, 'Financial Instruments' as January 01, 2021. However, the initial application date has been extended to January 01, 2022 by SBP vide BPRD Circular Letter No. 24 dated July 05, 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. Presently, the Bank calculates the impact of adoption of IFRS 9 on the financial statements on parallel run basis as advised by the SBP.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 9	Financial instruments	1 January 2022
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

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.

The Bank has further strengthened its credit review procedures in the light of COVID-19 pandemic situation by reviewing the portfolio to identify accounts susceptible to higher risk and accordingly has created a buffer against unforeseen loan losses and to preserve the quality of the credit portfolio by enhancing the general provision to 1.20 % from 1.00 % on funded credit portfolio, excluding Government guaranteed exposure and exposure secured against cash and equivalents, to mitigate any adverse impact on equity, performance and related regulatory compliance.

Accordingly, a further general provision of Rs 834,876/- thousand, in addition to Rs. 3,281,355 thousand already held, has been recognized in these consolidated condensed interim financial statements.

(Un-audited)

June 30,

(Audited)

December 31,

		2021 Rupees	2021 2020 Rupees in '000'			
7.	CASH AND BALANCES WITH TREASURY BANKS					
	In hand:					
	Local currency Foreign currencies	16,300,976 4,578,493	17,921,945 4,182,816			
	With SBP in:	20,879,469	22,104,761			
	Local currency current accounts Foreign currency current accounts Foreign currency deposit accounts	39,774,738 637,264 1,482,229	33,648,622 484,298 956,624			
	With National Bank of Pakistan in:	41,894,231	35,089,544			
	Local currency current account	13,856,822	11,200,818			
	Prize bonds	1,504,751	877,054			
		78,135,273	69,272,177			

			(Un-audited) June 30, 2021	(Audited) December 31, 2020
		Note	Rupees	s in '000'
8.	BALANCES WITH OTHER BANKS			
	In Pakistan:			
	Current accounts Deposit accounts		598,082 912	504,317 10,592
	Outside Pakistan:		598,994	514,909
	Current accounts Deposit accounts		927,170 907,840	229,657 1,762,444
			1,835,010	1,992,101
			2,434,004	2,507,010
9.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Repurchase agreement lendings (Reverse Repo) Placements	9.2 9.3	8,586,174 2,000,000	7,454,867 7,632,000
			10,586,174	15,086,867
9.1	Particulars of lendings			
	In local currency In foreign currencies		10,586,174	15,086,867 -
			10,586,174	15,086,867

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

		(Un-audited) June 30, 2021		Dec	(Audited) ember 31, 20	020
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
		Rup	ees in	'000'		
Market treasury bills Pakistan investment bonds	- 8,586,174	- -	- 8,586,174	4,154,867 3,300,000	-	4,154,867 3,300,000
	8,586,174	-	8,586,174	7,454,867	-	7,454,867

Market value of securities held as collateral as at June 30, 2021 amounted to Rs. 8,643,411 thousand (December 31, 2020: Rs. 6,651,750 thousand). These carry mark-up at rates ranging from 7.10% to 7.45% per annum (December 31, 2020: 6.00% to 7.30% per annum).

9.3 These carry profit rates ranging from 6.65% to 7.00% per annum (December 31, 2020: 6.40% to 7.00% per annum) with maturities upto September 21, 2021.

10. INVESTMENTS - NET

10.1 Investments by type:

				June 30, 2021		De	(Audited) cember 31, 202	0	
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Note			Ru	pees in	'000'			
Held-for-trading securities Federal government securities Ordinary shares	10.1.1	12,932,509 202,353		(694) (20,925)	12,931,815 181,428	19,146,767	-	1,630	19,148,397
		13,134,862	-	(21,619)	13,113,243	19,146,767	-	1,630	19,148,397
Available-for-sale securities Federal government securities Shares and certificates Non government debt securities Foreign securities	10.1.1 & 10.2	490,240,201 6,657,686 17,534,809 11,957	(1,356,008) (2,525,563)	352,156 140,385 (43,277)	490,592,357 5,442,063 14,965,969 11,957	465,221,303 4,830,566 17,516,016 4,019	(1,378,194) (2,536,232)	4,453,720 199,777 (139,247)	469,675,023 3,652,149 14,840,537 4,019
		514,444,653	(3,881,571)	449,264	511,012,346	487,571,904	(3,914,426)	4,514,250	488,171,728
Held-to-maturity securities Federal government securities WAPDA bonds	10.1.1 & 10.4	60,877,129 400		-	60,877,129	60,483,391 400	(400)	-	60,483,391
		60,877,529	(400)	-	60,877,129	60,483,791	(400)	-	60,483,391
Total investments		588,457,044	(3,881,971)	427,645	585,002,718	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) June 30, 2021	(Audited) December 31, 2020
		Rupees	s in '000'
10.2	Investments given as collateral		
	Pakistan investment bonds Market treasury bills	48,301,219 28,999,750	35,514,708 66,472,184
		77,300,969	101,986,892
10.3	Provision for diminution in value of investments		
10.3.1	Opening balance Charge / reversals:	3,914,826	3,531,109
	Charge for the period / year Reversals for the period / year	99,891 (10,669)	516,324 (7,500)
	Reversal on disposal during the period / year	89,222 (122,077)	508,824 (125,107)
	Closing balance	3,881,971	3,914,826

10.3.2 Particulars of provision against debt securities

	(Un-audited) June 30, 2021		(Audite December 31	,
	NPI	Provision	NPI	Provision
		Rupees ir	າ '000'	
Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,525,963	2,525,963	2,536,632	2,536,632
Total	2,525,963	2,525,963	2,536,632	2,536,632

10.4 Market value of held to maturity investments amounted to Rs. 69,363,295 thousand (December 31, 2020: Rs. 69,082,534 thousand).

11. ADVANCES - NET

	Perfor	ming	Non Performing		Total	
	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
			Rupees in '000'			
Loans, cash credits, running finances, etc. Net book value of assets in ijarah	383,581,277	341,611,646	52,493,060	54,569,660	436,074,337	396,181,306
under IFAS 2 - In Pakistan	1,715,761	1,773,841	215,000	215,000	1,930,761	1,988,841
Islamic financing and related assets	31,477,335	29,209,198	3,092,600	2,661,933	34,569,935	31,871,131
Bills discounted and purchased	14,885,983	13,643,227	29,321	30,521	14,915,304	13,673,748
Advances - gross	431,660,356	386,237,912	55,829,981	57,477,114	487,490,337	443,715,026
Provision against advances:						
- Specific	-	-	(47,704,983)	(48,076,725)	(47,704,983)	(48,076,725)
- General	(4,631,069)	(3,748,493)	-	-	(4,631,069)	(3,748,493)
	(4,631,069)	(3,748,493)	(47,704,983)	(48,076,725)	(52,336,052)	(51,825,218)
Advances - net of provision	427,029,287	382,489,419	8,124,998	9,400,389	435,154,285	391,889,808

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		Rupee	s in '000'
11.1	Particulars of advances (gross)		
	In local currency In foreign currencies	487,304,604 185,733	443,535,313 179,713
		487,490,337	443,715,026

11.2 Advances include Rs. 55,829,981 thousand (December 31, 2020: Rs. 57,477,114 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) June 30, 2021		(Audited) December 31, 2020		
Category of classification	Non performing loans	Provision	Non performing loans	Provision	
		Rupees ii	า '000'		
Domestic					
Other assets especially mentioned	194,517	4,194	190,528	3,495	
Substandard	3,462,449	528,266	6,286,206	1,234,491	
Doubtful	10,663,436	7,570,858	8,086,336	6,149,532	
Loss	41,509,579	39,601,665	42,914,044	40,689,207	
Total	55,829,981	47,704,983	57,477,114	48,076,725	

11.3 Particulars of provision against advances

	June 3	June 30, 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 Reversals for the period / year	2,018,724 (2,390,355)	882,576 -	2,901,300 (2,390,355)	4,825,954 (2,087,484)	3,335,852	8,161,806 (2,087,484	
Amounts written off	(371,631) (111)	882,576 -	510,945 (111)	2,738,470	3,335,852	6,074,322	
Closing balance	47,704,983	4,631,069	52,336,052	48,076,725	3,748,493	51,825,21	

		June 30, 2021 (Un-audited)			Decer	nber 31, 2020 (Au	aitea)
		Specific	General	Total	Specific	General	Total
				Rupees in '000'			
11.3.1	Particulars of provision against advances with respect to curren	cies					
	In local currency In foreign currencies	47,640,182 64,801	4,631,069 -	52,271,251 64,801	48,011,924 64,801	3,748,493 -	51,760,417 64,801
		47,704,983	4,631,069	52,336,052	48,076,725	3,748,493	51,825,218

- 11.3.2 This includes general provision recognized during the period as explained in note 6 of these consolidated condensed interim financial statements and provision against advances and provision against consumer and SME financing portfolio as required by Prudential Regulations issued by the SBP.
- 11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 2,345,734 thousand (December 31, 2020: Rs 2,996,620 thousand). The FSV benefit availed is not available for cash or stock dividend.

		Note	(Un-audited) June 30, 2021 Rupees	(Audited) December 31, 2020 S in '000'
12.	FIXED ASSETS			
	Capital work-in-progress Right of use assets Property and equipment	12.1	775,526 6,754,444 8,341,830	98,500 6,265,106 8,453,453
			15,871,800	14,817,059
12.1	Capital work-in-progress			
	Civil works Building		115,526 660,000	98,500
			775,526	98,500
			(Un-audited) June 30, 2021 Rupees	(Un-audited) June 30, 2020 s 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		677,026	(28,295)
	Addition to right of use assets		964,667	165,221
	Property and equipment:			
	Furniture and fixture Office equipment Computer equipment Lease hold improvements Vehicles		32,180 178,689 133,156 107,267 30,473	24,470 53,787 32,525 164,587 64,661
			481,765	340,030
			2,123,458	476,956

	(Un-audited) June 30, 2021 Rupee:	(Un-audited) June 30, 2020 s in '000'
12.3 Termination of right of use assets	1,953	5,984
12.4 Disposal of property and equipment:		
The net book value of property and equipment disposed off during the period is as follows: Furniture and fixture	352	183
Office equipment Computer equipment	639	1,845 1,432
	991	3,460
	(Un-audited) June 30, 2021 Rupee:	(Audited) December 31, 2020 s in '000'
13. INTANGIBLE ASSETS		
Intangible in progress Softwares	334,997 542,327	67,644 628,004
	877,324	695,648
	(Un-audited) June 30, 2021 Rupee:	(Un-audited) June 30, 2020 s in '000'
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period: Intangible in progress	267,353	54,523
Intangible assets purchased	24,585 291,938	33,201 87,724

(Un-audited) June 30, 2021

(Audited) December 31, 2020

Deferred Tax Assets - Net		Note	2021 Pupoo	2020
Deductible temporary differences on: Right of use assets Frovision against advances, off balance sheet etc. 11,355,760 64,399		Note	Rupees	5 111 000
Right of use assets	14.	DEFERRED TAX ASSETS - NET		
Provision against advances, off balance sheet etc. Business loss - Subsidiaries 11,345,760 84,399 11,944,476 10,477,845 11,944,476 11,478,891 11,944,476 10,477,845 11,944,476 10,477,845 11,944,476 10,477,845 11,944,476 10,477,845 11,944,476 10,477,845 11,944,476 10,477,845 11,944,476 10,477,845 11,944,476 10,477,845 11,944,476 11,4289 12,668,999 12,668,489) 12,668,999 12,668,489) 12,668,999 12,668,489) 12,668,999 12,668,489 11,19,48,949 11,19,18,949 11,19		Deductible temporary differences on:		
Taxable temporary differences on: Surplus on revaluation of fixed assets (741,289) (265,699) (266,486) (265,699) (266,486) (275,213) (1,579,987) (175,213) (1,579,987) (171,323) (1,579,987) (111,326) (111,326) (111,767) (1,295,527) (2,639,182) (1,295,555) (1,295,555) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182) (1,295,555) (2,639,182		Provision against advances, off balance sheet etc.	11,355,760	10,051,802
Accelerated tax depreciation Surplus on revaluation of investments (175,213) (175,		Taxable temporary differences on:	11,944,476	10,477,845
10,648,949 7,838,663 7,8		Accelerated tax depreciation Surplus on revaluation of investments	(265,699) (175,213)	(266,486) (1,579,987)
Income / mark-up accrued in local currency			(1,295,527)	(2,639,182)
Income / mark-up accrued in local currency			10,648,949	7,838,663
Income / mark-up accrued in foreign currency	15.	OTHER ASSETS - NET		
Less: Provision held against other assets 15.1 (2,062,615) (2,037,220) Other assets (net of provision) 27,789,814 24,701,257 Surplus on revaluation of non-banking assets acquired in satisfaction of claims 1,198,455 1,236,224 Other assets - total 28,988,269 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		Income / mark-up accrued in foreign currency Profit paid in advance on pehlay munafa scheme Advances, deposits, advance rent and other prepayments Advance taxation (payments less provisions) Non-banking assets acquired in satisfaction of claims Acceptances Branch adjustment account Mark to market gain on forward foreign exchange contracts Stock of stationery Suspense account Zakat recoverable from NITL Unrealized gain on revaluation of foreign bills and trade loans Fraud and forgeries Unearned income on sale of sukuk on bai-muajjal basis	1,023 113 800,825 13,479 5,635,820 4,749,644 - 128,192 8,377 36,790 - 477,739 160,906 628,173	4,526 539 637,991 7,819 5,866,478 2,821,232 8,751 20,250 129,902 7,413 36,790 41,129 462,656 336,351 797,996
Surplus on revaluation of non-banking assets acquired in satisfaction of claims 1,198,455 1,236,224 Other assets - total 28,988,269 25,937,481 15.1 Provision held against other assets Advances, deposits, advance rent & other prepayments Non banking assets acquired in satisfaction of claims 28,988,269 25,937,481 1,198,555 1,198,555 2akat recoverable from NITL 36,790 36,790		Less: Provision held against other assets 15.1		
Other assets - total 28,988,269 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 2akat recoverable from NITL 36,790 36,790		Surplus on revaluation of non-banking assets	27,789,814	24,701,257
15.1 Provision held against other assets Advances, deposits, advance rent & other prepayments Non banking assets acquired in satisfaction of claims Zakat recoverable from NITL 36,790 36,790		acquired in satisfaction of claims		
Advances, deposits, advance rent & other prepayments Non banking assets acquired in satisfaction of claims Zakat recoverable from NITL 35,723 1,198,555 36,790 36,790		Other assets - total	28,988,269	25,937,481
Non banking assets acquired in satisfaction of claims 1,198,555 Zakat recoverable from NITL 36,790 36,790	15.1	Provision held against other assets		
Fraud and forgeries 484,488 459,093 Others 307,059 307,059		Non banking assets acquired in satisfaction of claims Zakat recoverable from NITL Fraud and forgeries	1,198,555 36,790 484,488	1,198,555 36,790 459,093
2,062,615 2,037,220	_		2,062,615	2,037,220

Rupees in '000'

		Rupees	in '000'
16.	CONTINGENT ASSETS		
	Contingent assets	Nil	Nil
17.	BILLS PAYABLE		
	In Pakistan Outside Pakistan	4,724,798 -	4,168,641 -
		4,724,798	4,168,641
18.	BORROWINGS		
	Secured Borrowings from SBP under:		
	Export refinance scheme (ERF)	24,650,922	22,609,115
	Long term financing facility (LTFF)	11,355,711	11,250,709
	Finance facility for storage of agricultural produce (FFSAP)	185,961	69,523
	Finance facility for renewable energy performance		
	platform (REPP)	2,879,126	1,859,306
	Refinancing facility for payment of salaries and wages	12,875,229	16,242,813
	Combating COVID-19	291,760	123,005
	Finance Islamic facility for working capital financing		
	of SE & ME	23,000	-
	Finance Facility for temporary relief refinance scheme (TERF)	2,397,751	-
	Finance Facility for women entrepreneurs	6,900	-
	Refinancing facility for modernization of small and medium enterprises (SMES)	117,751	119,299
	mediam enterprises (divide)		
		54,784,111	52,273,770
	Repurchase agreement borrowings	74,000,044	37,430,967
	Call borrowings	74,892,944	64,672,133
	Borrowing from Pakistan Mortgage Refinance Company Limited	1,885,145	462,409
	Total secured	131,562,200	154,839,279
	Unsecured		
	Overdrawn nostro accounts	-	2,136
		131,562,200	154,841,415
10	DEDOSITS AND OTHER ACCOUNTS		

19. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
			Rupees in	'000'		
Customers:						
Current deposits	178,484,220	3,061,450	181,545,670	144,971,825	3,099,131	148,070,956
Savings deposits	456,243,819	2,812,484	459,056,303	388,946,529	2,635,237	391,581,766
Term deposits	245,106,920	3,700,593	248,807,513	265,567,945	3,594,396	269,162,341
Others	30,047,077	-	30,047,077	19,012,007	-	19,012,007
	909,882,036	9,574,527	919,456,563	818,498,306	9,328,764	827,827,070
Financial institutions:						
Current deposits	2,047,606	597,076	2,644,682	2,679,477	821,999	3,501,476
Savings deposits	2,312,522	4,712	2,317,234	2,746,932	7,427	2,754,359
Term deposits	939,250	-	939,250	889,875	-	889,875
Others	269,742	-	269,742	97,582	-	97,582
	5,569,120	601,788	6,170,908	6,413,866	829,426	7,243,292
	915,451,156	10,176,315	925,627,471	824,912,172	10,158,190	835,070,362

			(Un-audited) June 30, 2021	(Audited) December 31, 2020
		Note	Rupees	s in '000'
20.	SUBORDINATED DEBTS			
	Privately placed term finance certificates - I	20.1	2,495,500	2,496,000
	Privately placed term finance certificates - II	20.2	4,294,840	4,295,700
			6,790,340	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

y: 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

(Un-audited)

(Audited)

date of trigger of PONV as declared by the SBP.

		June 30, 2021	December 31, 2020
	Note	Rupees	s in '000'
21.	OTHER LIABILITIES		
	Mark-up / return / interest payable in local currency	15,937,132	15,775,450
	Mark-up / return / interest payable in foreign currency	23,867	63,615
	Lease key money	12,091,737	12,025,862
	Provision for taxation (provisions less payments)	572,471	-
	Sundry creditors and accrued expenses	1,602,069	1,680,865
	Acceptances	4,749,644	2,821,232
	Mark-up payable on subordinated debts	77,499	75,781
	Unclaimed dividends	2,586	2,588
	Branch adjustment account	70,300	-
	Unrealized loss on revaluation of foreign bills and trade loans	36,406	-
	Payable to gratuity fund	103,474	261,774
	Provision against off-balance sheet obligations 21.1	62,183	62,183
	Provision for employees compensated absences	128,833	123,506
	Mark to market loss on forward foreign		
	exchange contracts	93,843	-
	Taxes / zakat / import fee payable	704,628	526,978
	Lease liability against right of use assets	8,098,847	7,298,374
	Deferred income on sale of sukuk on bai - muajjal basis	160,906	336,351
	Workers welfare fund	787,258	619,843
	IBFT payable	327,996	298,024
	Others	823,425	620,910
		46,455,104	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) June 30, 2021 Rupees	(Audited) December 31, 2020 s in '000'	
22.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX				
	Surplus / (deficit) on revaluation of : - Available for sale securities - Fixed assets - Non-banking assets acquired in satisfaction of claims	10.1	449,264 2,532,775 1,198,455	4,514,250 2,577,581 1,236,224	
	Deferred tax on surplus on revaluation of: - Available for sale securities - Fixed assets - Non-banking assets acquired in satisfaction of claims	ı	4,180,494 (175,213) (741,289) (113,326)	8,328,055 (1,579,987) (680,942) (111,767)	
			(1,029,828)	(2,372,696)	
			3,150,666	5,955,359	
23.	CONTINGENCIES AND COMMITMENTS				
	Guarantees Commitments Other contingent liabilities	23.1 23.2 23.3	83,051,657 274,553,205 8,975	64,847,674 148,893,256 8,975	
			357,613,837	213,749,905	
23.1	Guarantees:				
	Financial guarantees Performance guarantees Other guarantees		18,877,595 17,655,883 46,518,179	18,515,042 18,139,861 28,192,771	
			83,051,657	64,847,674	
23.2	Commitments:				
	Documentary credits and short-term trade-related transactions				
	- letters of credit Commitments in respect of:		97,064,944	78,976,971	
	- forward foreign exchange contracts - forward lending Commitments for acquisition of:	23.2.1 23.2.2	141,073,460 36,317,887	48,807,235 20,393,865	
	- fixed assets - intangible assets		56,888 40,026	689,875 25,310	
			274,553,205	148,893,256	
23.2.1	Commitments in respect of forward foreign exchange contracts				
	Purchase Sale		69,710,572 71,362,888	24,708,677 24,098,558	
			141,073,460	48,807,235	

		Note	(Un-audited) June 30, 2021 Rupees	(Audited) December 31, 2020 s in '000'
23.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	36,317,887	20,393,865

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

			(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 in '000'	
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 filed 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.

			(Un-audited) June 30, 2021	(Audited) December 31, 2020
		Note	Rupees	s in '000'
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) June 30, 2021 Rupee:	(Un-audited) June 30, 2020 s in '000'
24.	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances On investments:	16,588,328	22,813,550
	Available for sale securities Held for trading securities Held to maturity securities On lendings to financial institutions:	16,960,976 1,053,654 3,705,555	18,376,219 836,509 3,666,794
	Securities purchased under resale agreements Call lending Letters of placement On balances with banks	456,218 4,384 156,219 2,254	983,999 94 131,441 31,012
		38,927,588	46,839,618
25.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits and other accounts Borrowings:	20,726,778	29,712,750
	Securities sold under repurchase agreements Call borrowings Borrowing from Pakistan Mortgage Refinance	531,062 2,501,155	1,468,075 2,841,441
	Company Limited SBP refinance borrowing Subordinated debts:	32,409 390,376	286,129
	Mark-up on subordinated loan from GoPb Mark-up on privately placed term finance certificates Mark-up on lease liability against right of use assets	289,642 513,295	106,644 448,759 448,814
		24,984,717	35,312,612
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees Consumer finance related fees Card related fees Credit related fees Branchless banking fees Commission on trade Commission on guarantees Commission on cash management Commission on remittances including home remittances Commission on bancassurance Commission on wheat financing SMS banking income Others	271,183 199,525 375,191 536,138 92,090 408,366 171,413 52,472 189,227 53,449 8,330 154,968	250,013 97,699 278,977 427,490 48,513 292,567 105,576 39,737 131,682 27,580 - 121,947 6,111
		2,512,352	1,827,892
27.	GAIN ON SECURITIES - NET		
	Realized gain on sale of securities - net 27.1 Unrealized (loss) / gain - held for trading	1,636,591 (21,619)	4,765,294 22
		1,614,972	4,765,316

(Un-audited) (Un-a June 30, Jun 2021 20 Rupees in '000'

(Un-audited) June 30, 2020

27.1	Realized gain on sale of securities - net:		
	Federal government securities Shares and certificates	1,177,462 459,129	4,737,633 27,661
		1,636,591	4,765,294
28.	OTHER INCOME - NET		
	(Loss) / gain on sale of fixed assets - net Gain on sale of non banking assets - net Gain on termination of lease liability against right of use assets Notice pay on resignations Others	(110) 28,345 712 6,543 (1,288)	20,254 18,535 192 5,848
		34,202	44,829
29.	OPERATING EXPENSES		
	Total compensation expense	5,590,722	4,600,724
	Property expense: Rent and taxes Insurance Utilities cost Security	10,864 7,442 313,597 681	4,484 8,514 268,390 612
	Repair and maintenance including janitorial charges Depreciation Depreciation on right of use assets Others	24,821 264,863 473,376	18,797 270,807 429,986 108
	Information technology expenses: Software maintenance Hardware maintenance Depreciation on computer equipment Amortization on intangible assets Network charges	1,095,644 186,932 29,237 171,475 110,262 213,700	1,001,698 211,721 44,328 130,899 97,171 172,702
	Other operating expenses: Directors' fees and allowances Fees and allowances to shariah board Legal and professional charges	711,606 21,375 1,540 118,852	20,575 1,740
	Subscription charges Outsourced staff services costs Travelling and conveyance NIFT clearing charges Depreciation Depreciation on non banking assets acquired in	15,800 211,995 334,816 28,488 171,956	34,888 19,306 144,788 268,423 33,199 146,151
	satisfaction of claims Depreciation on ijarah assets Training and development Postage and courier charges Stationery and printing Marketing, advertisement and publicity Donations	25,365 119,234 13,382 67,864 227,891 259,005	29,654 82,529 9,983 98,612 97,956 79,167 10,000

(Un-audited) June 30, 2021

(Un-audited)

(Un-audited)

(Un-audited) June 30, 2020

Note Rupees in '000'

		Note	Rupees	s in '000'
	Insurance Deposit protection fee Repair and maintenance Entertainment expenses Fuel for generator Commission and brokerage Bank charges SMS banking charges ATM charges including ATM maintenance charges Cash remittance charges Branch license fee CNIC verification / ECIB charges COVID-19 related expenses Miscellaneous expenses		114,533 221,513 138,458 65,454 45,532 132,716 16,978 14,704 86,434 137,459 14,976 109,509 24,173 95,096	57,799 175,982 60,983 47,937 39,179 124,431 26,016 15,297 58,643 100,306 13,627 23,638 14,611 94,447
			10,233,070	8,189,110
30.	OTHER CHARGES		500	000.040
	Penalties imposed by SBP		502	288,319
31.	PROVISIONS AND WRITE OFFS - NET			
	Provisions for diminution in value of investments Provisions against advances Provision against other assets - net	10.3.1 11.3	89,222 510,945 32,161	288,655 2,906,254 291,877
			632,328	3,486,786
32.	TAXATION			
	Current Deferred	32.1 32.2	3,262,351 (1,489,403)	3,250,784 (560,016)
			1,772,948	2,690,768

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

32.2 The Government vide Finance Act 2022, has changed the effective tax rate for banking industry from 35% to 39% by enacting super tax at the rate of 4% for indefinite period of time. Accordingly, the effect of change in tax rate has been recognized in these consolidated condensed interim financial statements.

		June 30, 2021 Rupees	June 30, 2020 s in '000'
33.	BASIC EARNINGS PER SHARE	, apos	
	Profit after taxation for the period (Rs in '000')	5,503,348	3,576,476
	Weighted average number of ordinary shares (No.).	2,643,692,380	2,643,692,380
	Basic earnings per share (Rs).	2.08	1.35

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

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

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

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

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

June 30, 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	503,524,172	-	503,524,172	-	503,524,172
Shares and certificates		5,593,016	-	15,582	5,608,598
Non-Government debt securities	10,150,843	-	10,150,843		10,150,843
Foreign securities	11,957	-	-	11,957	11,957
Subsidiary company	-	-	-	-	-
Financial assets disclosed but not measured at fair value:					
Government securities	60,877,129	-	69,363,295	-	69,363,295
Financial liabilities measured at fair value:					
Payable to gratuity fund	103,474	-	103,474	-	103,474
Provision for employees					
compensated absences	128,833	-	128,833	-	128,833
Off balance sheet financial instruments: Forward purchase of foreign					
exchange contracts	69,672,714	-	69,672,714	-	69,672,714
Forward sale of foreign exchange contracts	71,418,873	-	71,418,873	-	71,418,873

December 31, 2020 (Audited)

		December 31, 2020 (Audited)				
				Fair value		
		Carrying value	Level 1	Level 2	Level 3	Total
	On balance sheet financial instruments			Rupees in '000'		
	Financial assets measured at fair value :					
	Government securities Shares and certificates Non-Government debt securities Foreign securities Subsidiary Company	488,823,420 3,652,149 10,139,836 4,019	3,621,675	488,823,420 - 10,139,836 -	30,474 - 4,019	488,823,420 3,652,149 10,139,836 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 Forward sale of foreign exchange contracts	24,343,173 23,712,804	- -	24,343,173 23,712,804	- -	24,343,173 23,712,804
35.2	Fair value of non financial assets					
			June	30, 2021 (Un-aud	ited)	
				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)	5,414,498	-	5,414,498	-	5,414,498
	Non banking assets acquired in satisfaction of claims	5,635,720		5,635,720		5,635,720
	Satisfaction of claims	5,035,720				5,035,720
			Dec	ember 31, 2020	(Audited)	
		0	Laurald	Fair value	110	Total
		Carrying value	Level 1	Level 2	Level 3	Total
	Non Financial assets measured at fair value :			Rupees in '000'		
	Fixed assets (land & building) Non banking assets acquired in	5,497,765	-	5,497,765	-	5,497,765
	satisfaction of claims	5,904,147	-	5,904,147	=	5,904,147

SEGMENT INFORMATION 36.

Advances - performing

Deposits & other accounts

Total equity & liabilities

Contingencies & commitments

Net inter segment borrowing Others

Others

Total assets

Borrowings Subordinated debts

Total liabilities

Equity

- non-performing

36.1 Segment details with respect to business activities

	Corporate and investment banking	Consumer t and digital banking		Treasury	Islamic	Others including Head Office	Total
				ees in '000'			
Profit & loss Net mark-up / return / profit Inter segment (cost) / revenue - net Non mark-up / return / interest income	12,020,309 (9,521,539) 901,060	29,106,167 1,094,097	3,223,880 (1,967,313) 293,989	21,363,592 (15,389,498) 2,013,706	2,129,215 (19,190) 66,841	190,592 (2,208,627) 37,598	38,927,588 - 4,407,291
Total income	3,399,830	30,200,264	1,550,556	7,987,800	2,176,866	(1,980,437)	43,334,879
Segment total expenses	749,796	24,757,285	788,699	3,220,304	1,993,027	3,876,593	35,385,704
Profit before provisions and tax Provisions	2,650,034 159,521	5,442,979 17,701	761,857 62,694	4,767,496 89,222	183,839 298,955	(5,857,030) 4,235	7,949,175 632,328
Profit / (loss) before tax	2,490,513	5,425,278	699,163	4,678,274	(115,116)	(5,861,265)	7,316,847
	_,,	-,,		.,	((0,000,000,000,000,000,000,000,000,000,	.,
Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing - non-performing - net Others	4,385,479 - - 320,742,599 4,272,236 11,477,904	35,724,365 - 847,750,399 - - - 683,171	66,006,593 1,248,795 792,750	39,001,778 561,988,852 - 7,586,174 - - 8,407,451	5,843,134 18,628,387 1,352,615 3,000,000 33,193,097 2,349,494 4,136,069	24,919,667 - 7,338,717 2,754 30,888,997	10,586,174
Total assets	340,878,218		68,048,138	616,984,255	68,502,796		2,041,721,47
Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others Total liabilities	54,104,528 - - 280,447,116 5,407,273 339,958,917	864,641,176 - 19,355,540	1,885,145 - - 54,006,212 12,156,781 68,048,138	74,892,944 - - 539,569,353 3,534,824 617,997,121	679,583 - 60,986,295 - 2,707,809 64,373,687	6,790,340 - - 8,017,675	131,562,200 6,790,340 925,627,471 874,022,681 51,179,902 1,989,182,594
Equity Total equity & liabilities	339,930,917	665,990,710	00,040,130	017,337,121	04,373,007		52,538,883 2,041,721,477
Contingencies & commitments	210,242,868	-	61,857	141,073,460	6,129,763	105,889	357,613,837
			June 3	30, 2020 (Un-au	dited)		
	Corporate and investment banking	Consumer and digital banking	Retail and	Treasury	Islamic	Others including Head Office	Total
			Rupee	s in '000'			
Profit & loss Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income	17,665,875 (15,084,075) 731,533	37,485,050 849,412	3,291,143 (2,247,997) 84,800	22,911,017 (19,019,088) 5,154,869	2,762,967 (48,662) 42,913	208,616 (1,085,228) 44,635	46,839,618 - 6,908,162
Total income	3,313,333	38,334,462	1,127,946	9,046,798	2,757,218	(831,977)	53,747,780
Segment total expenses	456,329	32,546,118	503,446	4,501,430	2,253,784	3,690,672	43,951,779
Profit before provisions and tax Provisions	2,857,004 2,344,358	5,788,344 290,448	624,500 372,570	4,545,368 288,655	503,434 187,379	(4,522,649) 3,376	9,796,001 3,486,786
Profit / (loss) before tax	512,646	5,497,896	251,930	4,256,713	316,055	(4,526,025)	6,309,215
			Decen	nber 31, 2020 (/	Audited)		
Balance sheet Cash & bank balances Investments - net	2,320,445	43,951,026	-	22,168,221 548,486,468	5,659,940 16,996,603	-	71,779,187 567,803,516
Net inter segment lending Lendings to financial institutions		743,594,252	- - -	6,454,867	951,270 8,632,000	32,889,248	777,434,770 15,086,867

Due to change in reportable business segments, the figures of comparative period (June 30, 2020) are realigned for the purposes of comparison.

6.015.362

773,530,773

20.029.867

793,560,640

291,478,623

6,229,401

8.830.835

51,665,928

254.101.382

308,859,304

160,308,823

3,091,994

308,859,304 793,560,640

6,710,329

22,705,635

6,791,700

7,267,528

22,343

62,327,555 1,873,282,999

14,059,228 1,820,900,224

724,160 213,749,905

382,489,419 9,400,389 49,288,851

154,841,415

835,070,362 777,434,770 46,761,977

52.382.775

1,873,282,999

6,791,700

30,983,039

2,218,148

3,680,612

69,121,612

61,539,589

2,859,733

65,007,164

3,269,939

607,842

7.309.414

584,418,970

102,105,236

480.851.764

584,418,970

48,807,235

1,461,970

53,317,428

54,994,918

42.481.624

12,050,885

54,994,918

639,748

930,497

746,993

462,409

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.

	June 30, 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'		Rupee	s in '000'		
Advances (gross): Opening balance Addition during the period Repaid during the period		171,147 36,165 28,230	- - -	595,721 358,682 308,146	- - -	322,244 51,412 202,509	- - -	5,541,638 4,945,917
Closing balance	-	179,082	-	646,257	-	171,147	-	595,721
Provision held against advances	-	-	-	-	-	-	-	-
Financial guarantees	-	-	-	394,320	-	-	-	419,488
Other assets - markup receivable	-	12,460	-	9,893	-	12,316	-	14,491
Right of use assets	-	-	-	64,129	-	-	-	66,055
Lease liability against right of use assets	-	-	-	21,405	-	-	-	20,030
Deposits and other accounts: Opening balance Received during the period Withdrawn during the period	598 9,379 4,498	26,253 316,636 305,433	3,071,616 686,668 3,299,200	33,878 80,827 112,050	61 4,353 3,816	13,961 473,997 461,705	2,564,910 1,152,506 645,800	876 122,199 89,197
Closing balance	5,479	37,456	459,084	2,655	598	26,253	3,071,616	33,878

	June	30, 2021 (Un-a	udited)		June	30, 2020 (Un-aı	udited)	
	Directors	Key management personnel	Employee funds	Others related parties	Directors	Key management personnel	Employee funds	Others related parties
Income:		Rupees in	'000'		Rupee	s in '000'		
Mark-up / return / interest earned Non markup interest income	-	4,212	-	19,304 1,061	-	9,094	-	-
Expense:								
Mark-up / return / interest expensed Depreciation on right of use assets Mark-up on lease liability against	11	165	76,403	248 1,926	12 -	176	144,557	43 2,573
right of use assets	-	-	-	1,375	-	-	-	2,659
Compensation expense Commission expense	-	223,719	-	-	-	201,339	-	-
Directors fee and allowances	21,375		-	-	20,575	-	-	-

- 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. 58,874,306 thousand (December 31, 2020: Rs. 37,126,458 thousand), Rs. 463,871,718 thousand (December 31, 2020: Rs. 421,019,222 thousand) Rs. 71,929 thousand (December 31, 2020: Rs. 71,929 thousand) and Rs. 27,647,855 thousand (December 31, 2020: Rs. 27,070,415 thousand) respectively. Markup / interest earned and markup receivable from these loans and advances amounted to Rs.1,790,818 thousand and Rs.1,270,222 thousand, respectively. Markup / interest expensed and markup payable on these deposits amounted to Rs.12,454,727 thousand and Rs. 8,885,392 thousand, respectively. Income on letter of guarantees and letter of credits is Rs.17,786 thousand.

- 37.3 The Bank made contribution of Rs. 146,196 thousand (June 30, 2020: Rs. 115,835 thousand) to employees provident fund during the period.
- 37.4 First Punjab Modaraba and Punjab Modaraba Services (Pvt) Limited are using premises owned by The Bank of Punjab free of cost.
- 37.5 Advances to employees as at June 30, 2021, other than key management personnel, amounted to Rs. 8,108,514 thousand (December 31, 2020: Rs. 7,375,234 thousand) with markup receivable of Rs. 506,371 thousand (December 31, 2020: Rs.519,593 thousand) and markup income of Rs.179,379 thousand (June 30, 2020: Rs.176,669 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 along with driver and mobile phone as per Bank's policy.

		(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s 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 Eligible Additional Tier 1 (ADT 1) Capital	41,958,689 -	41,439,997 -
	Total Eligible Tier 1 Capital	41,958,689	41,439,997
	Eligible Tier 2 Capital	13,481,961	15,059,584
	Total Eligible Capital (Tier 1 + Tier 2)	55,440,650	56,499,581
	Risk Weighted Assets (RWAs):		
	Credit risk	304,787,353	289,587,746
	Market risk	11,915,083	6,838,846
	Operational risk	56,706,471	56,706,471
	Total	373,408,907	353,133,063
	Common equity tier I capital adequacy ratio	11.24%	11.73%
	Tier I CAR (%)	11.24%	11.73%
	Total CAR (%)	14.85%	16.00%

(Lln-audited)

(Audited)

		(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
38.1	Leverage Ratio (LR):		
	Eligible Tier-l Capital Total exposures	41,958,689 1,387,701,211	41,439,997 1,307,635,296
	LR (%)	3.02%	3.17%
38.2	Liquidity Coverage Ratio (LCR):		
	Total high quality liquid assets Total net cash outflow	600,490,375 448,206,250	538,917,589 386,811,819
	LCR (%)	133.98%	139.32%
	Net Stable Funding Ratio (NSFR):		
	Total available stable funding Total required stable funding	631,562,454 467,256,714	600,034,473 471,758,220
	NSFR (%)	135.16%	127.19%

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the June 30, 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).

ISLAMIC BANKING BUSINESS STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020 sin '000'
A00FT0	Note	nupees	3111 000
ASSETS Cash and balances with treasury banks Balances with other banks Due from financial institutions Investments - net Islamic financing and related assets - net Fixed assets Intangible assets Due from head office Other assets	39.1 39.2 39.3	5,503,453 339,681 3,000,000 18,628,387 35,542,591 1,787,365 8,094 1,352,615 2,340,610	5,351,954 307,986 8,632,000 16,996,603 33,201,187 1,670,801 6,626 951,270 2,003,185
Total assets LIABILITIES		68,502,796	69,121,612
Bills payable Due to financial institutions Deposits and other accounts Due to head office Subordinated debt Other liabilities	39.4	302,764 679,583 60,986,295 - - 2,405,045	212,448 607,842 61,539,589 - 2,647,285
		64,373,687	65,007,164
NET ASSETS		4,129,109	4,114,448
REPRESENTED BY			
Islamic banking fund Reserves Surplus / (deficit) on revaluation of assets Unappropriated profit	39.5	1,500,000 5,181 28,166 2,595,762 4,129,109	1,500,000 735 (97,165) 2,710,878 4,114,448
		4,129,109	

CONTINGENCIES AND COMMITMENTS

39.6

ISLAMIC BANKING BUSINESS Profit and Loss Account

For the Six Months Ended June 30, 2021 (Un-audited)

	Note	Three Months Ended June 30, 2021	s Three Months Ended June 30, 2020 Rupees ir	Ended June 30, 2021	Six Months Ended June 30, 2020
Profit / return earned Profit / return expensed	39.7 39.8	1,039,674 479,091	1,271,831 710,471	2,129,215 1,014,476	2,762,967 1,501,187
Net profit / return		560,583	561,360	1,114,739	1,261,780
Fee and commission income Dividend income		34,384	17,596	65,392	40,517
Foreign exchange (loss) / income Income / (loss) from derivatives		757	281	(1,936)	1,688
Gain on securities - net		-	_	2,194	_
Other income		1,008	248	1,191	708
		36,149	18,125	66,841	42,913
Total income		596,732	579,485	1,181,580	1,304,693
Operating expenses Workers welfare fund		564,574	393,189	997,694	801,239
Other charges		12	-	47	20
		564,586	393,189	997,741	801,259
Profit before provisions Provisions and write offs - net		32,146 219,706	186,296 187,586	183,839 298,955	503,434 187,379
(Loss) / profit before taxation Taxation	39.9	(187,560)	(1,290)	(115,116)	316,055
(Loss) / profit after taxation		(187,560)	(1,290)	(115,116)	316,055

39.1 DUE FROM FINANCIAL INSTITUTIONS

	June	30, 2021 (Un-au	dited)	Decer	mber 31, 2020 (Aud	dited)
	In local In foreign Total currency currencies		In local currency	In foreign currencies	Total	
	Rupees in '000'					
Placements	3,000,000	-	3,000,000	8,632,000	-	8,632,000

(Un-audited)

39.2 INVESTMENTS - NET

Investments by segment:

	June 30, 2021					December		
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Federal government securities:		Rup	ees in	'000'				
-ljarah sukuks	3,249,717		29,732	3,279,449	2,249,072	-	1,078	2,250,150
-Sale of sukuk- bai muajjal -Naya Pakistan Certificates (Roshan Digital)	2,756,196 301,607		-	2,756,196 301,607	2,756,196	-	-	2,756,196
NI-	6,307,520	-	29,732	6,337,252	5,005,268	-	1,078	5,006,346
Non government debt securities : -Sukuks	8,490,013		(75,014)	8,414,999	8,521,689		(171,690)	8,349,999
-Unlisted	3,876,136	-	-	3,876,136	3,640,258	-	-	3,640,258
	12,366,149	-	(75,014)	12,291,135	12,161,947	-	(171,690)	11,990,257
Total investments	18,673,669	-	(45,282)	18,628,387	17,167,215	-	(170,612)	16,996,603

(Un-audited) (Audited)
June 30, December 31,
2021 2020
Rupees in '000'

(Audited)

39.3 ISLAMIC FINANCING AND RELATED ASSETS 1,988,841 ljarah 1,930,761 Murabaha 726,030 220,091 Musharaka 12,765,474 9,347,782 Diminishing musharaka 17,401,511 18,353,796 Payment against documents 55,304 55,304 Istisna 3,621,616 3,894,158 Gross islamic financing and related assets 36,500,696 33,859,972 Less: provision against islamic financings - Specific 958,105 658,785 - General 958,105 658,785 Islamic financing and related assets - net of provision 35,542,591 33,201,187

39.4 DEPOSITS AND OTHER ACCOUNTS

	June	30, 2021 (Un-aud	ited)	Decer	mber 31, 2020 (Au	dited)
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers:			Rupees in '000'			
Current deposits	13,832,608	327,470	14,160,078	11,129,196	361,767	11,490,963
Savings deposits	42,532,134	111,993	42,644,127	46,122,394	65,342	46,187,736
Term deposits	1,898,973		1,898,973	1,967,176		1,967,176
Others	1,994,631	-	1,994,631	1,581,404	-	1,581,404
	60,258,346	439,463	60,697,809	60,800,170	427,109	61,227,279
Financial institutions:						
Current deposits	202,225	3,196	205,421	216,155	-	216,155
Savings deposits	80,392	1,747	82,139	90,864	5,291	96,155
Others	926	-	926	-	-	-
	283,543	4,943	288,486	307,019	5,291	312,310
	60,541,889	444,406	60,986,295	61,107,189	432,400	61,539,589

		(Un-audited) June 30, 2021 Rupee:	(Audited) December 31, 2020 s in '000'
39.5	UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS	·	
	Opening balance Islamic banking (loss) / profit for the period / year	2,710,878 (115,116)	2,154,625 556,253
	Closing balance	2,595,762	2,710,878
39.6	CONTINGENCIES AND COMMITMENTS		
	-Guarantees -Commitments	1,614,679 4,515,084	1,683,665 1,586,274
		6,129,763	3,269,939
		(Un-audited) June 30, 2021	(Un-audited) June 30, 2020 s in '000'
39.7	PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
	Profit earned on: Financing Investments Placements Deposits with financial institutions	1,233,600 739,396 156,219 - 2,129,215	1,788,434 835,922 125,917 12,694 2,762,967
39.8	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
	Deposits and other accounts Markup on lease liability against right of use assets Markup on borrowings from SBP Profit on deposits from conventional head office	897,660 97,216 410 19,190	1,364,536 87,989 - 48,662
		1,014,476	1,501,187

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 credit for Islamic Banking is expected to be Rs. (27,674 thousand) (June 30, 2020: Rs. 134,134 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 August 27, 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

