



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

یہ بات 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۔

پاکستان 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 ٹی اظہار یوں بشمول جلد فروخت ، پٹرول مصنوعات کی فروخت ، ولاد کی پیداوار سے اظہار یوں بشمول جلد فروخت ، پٹرول مصنوعات کی فروخت کا تعلق ہے ، مالی مضبوط سال بسال نموظا ہم ہوتی ہے۔ چندا ظہار یوں 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 اقد امات کی توقع کے باعث بنگ 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 ہوتھ و تقفے سے پابندیاں لگنے کے باعث شعبہ خدمات کی سرگرمیاں بھی تا حال معمول کی سطح بنہیں پہنچ سی ہیں۔

مالی سال 22ء کے دوران نمویٹ مزید بہتری آنے کی توقع ہے، جس کے اسباب بجٹ میں اعلان کردہ اقد امات، گنجائن ذری 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، فیڈرل ایسائز ڈیوٹی اورخام مال وسرما بیہ جاتی اٹیسیز بیکس میں کی بجٹ کے اہم اقد امات میں شامل ہے۔ ان سے تغییرات اور شلکہ صنعتوں اور اس کے ساتھ برآ مدی صنعتوں کو بھی براہ راست فائدہ پنچے گا۔ خریف کی فصلوں کی بوائی کے شروع میں بتائی گئی پانی کی قلت کے باوجود زرعی پیداوار بھی بھر پورر ہنے کی توقع ہے نہومیس کی کا بڑا خطرہ ملکی اور عالمی سطح پر کورونا وائرس کی نئی شکلوں کے سبب کووڈ کیسوں میں بھراضا فدھے کیونکہ ویکسیوں کی ان شرح اب بھی بست ہے۔

توقع ہے کہ مالی سال22ء کا بجٹ مہنگائی کے معاطم میں نیوٹرل ہوگا کیونکہ ٹیکس کی اکثر شرحوں کو برقر اردکھا گیا ہے۔ حکومت توقع کرتی ہے کہ مالی سال22ء میں بجٹ خسارہ کم ہوکر جی ڈی پی کے تقریباً 6.3 فیصد تک آجائے گا جو گذشتہ سال جی ڈی پی کا 7.1 فیصد تھا۔ اس توقع کا سبب یہ ہے کہ بنیادی طور پر آمد نی اور بلز ٹیکس کی بناپر اور ساتھ ساتھ پٹرولیم ڈیو پلیپنٹ لیوی (پی ڈی ایل) کے باعث ٹیکس اور نان ٹیکس محاصل دونوں میں طاقتور نمو ہوگی۔ محاصل میں اس بلند نموسے ترقیاتی اور غیر سودی اخراجات جار بیدونوں میں معقول نموکا از الد ہوجائے 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 پیدلین میں	مالياتي نتائج
7,369	قبل از فیکس منافع
1,771	^و ئيس
5,598	بعداز فيكس 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 (سکیو ریٹیز پر گین کے علاوہ) 30 فیصدا ضافہ کے ساتھ 2.77 ارب روپے کی سطح پر رہی جو کہ پچھلے سال کی ای مدت کے دوران 2.13 ارب روپے کی سطح پرتھی۔ ای طرح سال 2021ء کی پہلی ششماہی کے دوران بینک کی فی حصص ارب روپے کا بعداز نگس منافع کمایا ہے جو کہ پچھلے سال کی ای مدت کے دوران 3.65 ارب روپے تھا۔ سال 2021ء کی پہلی ششماہی کے دوران بینک کی فی حصص آمدن 2.12 روپے رہی جو کہ گزشتہ سال کی بہلی ششماہی کے دوران 1.38 روپے تھی۔

30 جون 2021ء کو بینک کے گل اٹا ثیجات 1,167.36 ارب روپ تیک بین گئے جو کہ 31 دسمبر 2020ء کو 1,095.4 ارب روپ تھے۔ بینک کے ڈیپازٹس 11 فیصد اضافہ کے ساتھ 925.66 ارب روپ تھے۔ بینک کی سرماہیکاری 884.99 ارب روپ رہی تھے۔ بینک کی سرماہیکاری 884.99 ارب روپ رہی جو کہ 31 دوس میں جو کہ 30 دوس میں میں جو کہ 31 دوس میں جو کہ

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

رپیذیذنے/سیایاو ڈائر میکٹر



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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) June 30, 2021	(Audited) December 31, 2020
	Note		s in '000'
ASSETS			
Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Investments - net Advances - net Fixed assets Intangible assets Deferred tax assets - net Other assets - net	7 8 9 10 11 12 13 14	78,135,271 2,305,936 11,586,174 584,987,825 434,412,774 15,868,067 869,782 10,584,550 28,605,248	69,271,804 2,397,707 16,086,867 567,788,623 391,160,612 14,812,949 688,508 7,774,264 25,464,682
		1,167,355,627	1,095,446,016
LIABILITIES			
Bills payable Borrowings Deposits and other accounts Liabilities against assets subject to finance lease Subordinated debts Deferred tax liabilities Other liabilities	17 18 19 20 21	4,724,798 131,549,334 925,660,620 - 6,790,340 - 46,159,306	4,168,641 154,841,415 835,067,592 - 6,791,700 - 42,315,157
		1,114,884,398	1,043,184,505
NET ASSETS		52,471,229	52,261,511
REPRESENTED BY			
Share capital - net Reserves Surplus on revaluation of assets - net of tax Unappropriated profit	22	26,173,766 8,029,024 3,150,666 15,117,773 52,471,229	26,173,766 8,029,024 5,955,359 12,103,362 52,261,511

(Un-audited)

(Audited)

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	Ended June 30, 2021	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.

President	-	Director
	HALF YEARLY REPORT JAN	IUARY - JUNE 2021
	President	President HALF YEARLY REPORT JAN

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)

					S	Surplus / (Deficit) - net of tax on revaluation of	net of tax on of		
	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Investments	Fixed / non banking assets	Unappropriated profit	Total
			Ru	Rupees in '000'	٥,				
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		1	3,649,462	3,649,462
Other comprehensive income / (loss)	•	•	•	•	1	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		(1,982,769)	(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 Other comprehensive (loss) / income						(6,048,284)	2,189	3,294,277 (87,285)	3,294,277 (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 Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal							(12,140)	14,963 24,043	2,823
Balance as on December 31, 2020 - audited	26,436,924	(263,158)	26,173,766	2,215,040	5,813,984	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)	(969'06)	5,597,509	5,597,509 (2,750,808)
Total comprehensive (loss) / income for the six months ended June 30, 2021		'			•	(2,660,212)	(965'06)	5,597,509	2,846,701
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax		•			•	•	(59,699)	29,699	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal							(4,681) (19,505)	4,681 26,214	6,709
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

HALF YEARLY REPORT JANUARY - JUNE 2021

Unconsolidated Condensed Interim Cash Flow Statement

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

	Note	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020 in '000'
OACH ELOMO EDOM OBEDATINO ACTIVITIES	14010	Паросо	
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	007,400	347,400
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 Gain on sale of non banking assets - net	28 28	110 (28,345)	(20,254) (18,535)
Gain on securities - net	20 27	(1,636,591)	(4,765,294)
Provision for employees compensated absences	21	6,991	6,949
Provision for gratuity		103,474	78,677
Troviolon for gratuity			
		355,459	(1,598,004)
(Increase) / decrease in operating assets:		7,619,344	4,678,205
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
Increase / (decrease) in operating liabilities:		(36,718,896)	2,318,325
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
			Rupees	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:			
	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	9.3	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) lune 30, 2021		De	(Audited) cember 31, 202	20	
		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	(1,356,008) (2,525,563)	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	(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	Provision	NPI	Provision
		Rupees ii	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 Perfo	rming	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 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
		LIAL EVEABLY DEPORT	IANULADY HINE 2004

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 loans	Provision	Non performing loans	Provision	
	Rupees in '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)			Decem	dited)	
	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.

		Note	June 30, 2021	(Audited) December 31, 2020 S in '000'
12.	FIXED ASSETS	14010	Парсос	
	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

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(Un-audited) June 30, 2021 (Audited) December 31, 2020

Note Rupees in '000' 14. **DEFERRED TAX ASSETS - NET** Deductible temporary differences on: Right of use assets 524,317 361.644 Provision against advances, off balance sheet etc. 11,355,760 10,051,802 11.880.077 10.413.446 Taxable temporary differences on: Surplus on revaluation of fixed assets (741,289)(680,942)Accelerated tax depreciation (265,699)(266,486)Surplus on revaluation of investments (175,213)(1,579,987)Surplus on revaluation of non banking assets (113,326)(111,767)(1,295,527)(2,639,182)10,584,550 7,774,264 15. OTHER ASSETS - NET 17,077,615 15,302,821 Income / mark-up accrued in local currency Income / mark-up accrued in foreign currency 1,023 4,526 Profit paid in advance on pehlay munafa scheme 113 539 Advances, deposits, advance rent and other prepayments 571,986 432,004 Advance taxation (payments less provisions) 3,740 Non-banking assets acquired in satisfaction of claims 5,635,820 5,866,478 4.749.644 Acceptances 2.821.232 Branch adjustment account 8.751 Mark to market gain on forward foreign exchange contracts 20,250 Stock of stationery 128.192 129,902 Suspense account 8.377 7.413 Zakat recoverable from NITL 36.790 36.790 Unrealized gain on revaluation of foreign bills and trade loans 41.129 477,739 Fraud and forgeries 462,656 Unearned income on sale of sukuk on bai-muajjal basis 160,906 336,351 Others 621,203 791,096 26,265,678 29,469,408 Less: Provision held against other assets 15.1 (2,062,615) (2.037,220)Other assets (net of provision) 27,406,793 24,228,458 Surplus on revaluation of non-banking assets acquired in satisfaction of claims 1.198.455 1.236.224 25,464,682 Other assets - total 28,605,248 15.1 Provision held against other assets Advances, deposits, advance rent & other prepayments 35,723 35,723 Non banking assets acquired in satisfaction of claims 1,198,555 1,198,555 Zakat recoverable from NITL 36,790 36,790 Fraud and forgeries 484.488 459.093 Others 307.059 307.059 2,062,615 2,037,220

D	pees	in 1	$\alpha \alpha \alpha'$
nu	nees	1111	UUU

		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
	,		
	Repurchase agreement borrowings	54,784,111	52,273,770 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
		131,049,334	104,039,279
	Unsecured		
	Overdrawn nostro accounts	-	2,136
		131,549,334	154,841,415
	DEPOSITO AND OTHER ACCOUNTS		

19. DEPOSITS AND OTHER ACCOUNTS

	June	30, 2021 (Un-audi	ited)	Decer	mber 31, 2020 (Au	dited)
	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

			(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

principal amount.

Profit rate: Floating rate of return at base rate plus 100 bps n.a. (Rase rate will

rofit 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, December 31, 2021 2020 Note Rupees 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 Pavable to gratuity fund 103.474 261.774 Provision against off-balance sheet obligations 21 1 62.183 62 183 123,506 Provision for employees compensated absences 128,833 Mark to market loss on forward foreign exchange contracts 93,843 526.978 Taxes / zakat / import fee payable 704.628 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 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 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 Rupees	(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'

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	(110) 28,345 712	20,254 18,535
	Notice pay on resignations	6,543	5,769
		35,490	44,750
29.	OPERATING EXPENSES		
	Total compensation expense	5,562,012	4,575,128
	Property expense: Rent and taxes Insurance Utilities cost Security Repair and maintenance including janitorial charges Depreciation Depreciation on right of use assets	10,729 7,442 313,006 681 23,672 264,863 473,376	4,484 8,514 268,004 612 18,468 270,807 429,986
	Others	1 000 700	108
	Information technology expenses: Software maintenance Hardware maintenance Depreciation on computer equipment Amortization on intangible assets Network charges	1,093,769 186,932 29,237 171,475 109,464 213,700	1,000,983 211,721 44,328 130,899 97,171 172,702
	Other operating expenses:	710,808	656,821
	Directors' fees and allowances Fees and allowances to shariah board Legal and professional charges Subscription charges Outsourced staff services costs Travelling and conveyance NIFT clearing charges Depreciation 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	21,375 1,540 117,135 15,253 211,995 334,596 28,488 171,157 25,365 65,063 13,382 67,509 227,374 258,635	20,575 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
	Donations	IALF YEARLY REPORT	10,000 IANUARY - JUNE 2021

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

Note

te Rupees in '000'

Insurance			NOIC	Napees III 000		
30. OTHER CHARGES Penalties imposed by SBP 502 288,319 31. PROVISIONS AND WRITE OFFS - NET Provisions for diminution in value of investments 10.3.1 89,222 288,655 Provisions against advances 11.3 469,785 2,909,860 Provision against other assets - net 32,161 291,877 Bad debts written off directly 591,168 3,490,392 32. TAXATION Current 32.1 3,260,780 3,251,051 Deferred 32.2 (1,489,403) (560,016)		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		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	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	
Penalties imposed by SBP 502 288,319 31. PROVISIONS AND WRITE OFFS - NET Provisions for diminution in value of investments 10.3.1 89,222 288,655 Provisions against advances 11.3 469,785 2,909,860 Provision against other assets - net 32,161 291,877 Bad debts written off directly - 591,168 3,490,392 32. TAXATION Current 32.1 3,260,780 3,251,051 Deferred 32.2 (1,489,403) (560,016)				10,141,868	8,158,227	
Provisions for diminution in value of investments Provisions against advances Provision against other assets - net Provisi	30.			502	288,319	
Current 32.1 3,260,780 3,251,051 Deferred 32.2 (1,489,403) (560,016)	31.	Provisions for diminution in value of investments Provisions against advances Provision against other assets - net		469,785 32,161	2,909,860 291,877	
1,771,377 2,691,035	32.	Current			' '	
				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.

		(Un-audited) (Un-audited) June 30, June 30 2021 2020 Rupees 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:	00 077 100		00 000 005		-
Government securities	60,877,129	-	69,363,295	-	69,363,295
Financial liabilities measured at fair value: Payable to gratuity fund Provision for employees	103,474	-	103,474	-	103,474
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)

			Dec	ember 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 compensated absences	261,774 123,506	-	261,774 123,506	-	261,774 123,506
	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) Non banking assets acquired in	5,414,498	-	5,414,498	-	5,414,498
	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	idited)		
	Corporate and investmen banking	Consumer at and digital banking	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total
			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	2,660,913	5,442,979	761,857	4,767,496	183,839	(5,857,030)	7,960,054
Provisions	118,361	17,701	62,694	89,222	298,955	4,235	591,168
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	4,370,586 - - 320,001,088 4,272,236	35,596,295 - 847,750,399 - - -	66,006,593 1,248,795	39,001,778 561,988,852 - 8,586,174 -	5,843,134 18,628,387 1,352,615 3,000,000 33,193,097 2,349,494	24,919,667 - 7,338,717 2,754	11,586,174 426,539,495 7,873,279
Others	11,019,209	683,171	792,750	8,407,451	4,136,069	30,888,997	55,927,647
Total assets	339,663,119	884,029,865	68,048,138	617,984,255	68,502,796		2,041,378,308
Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others	54,104,528 - - - 280,447,116 5,111,475	864,674,325 - 19,355,540	1,885,145 - - 54,006,212 12,156,781	74,880,078 - - 539,569,353 3,534,824	679,583 - 60,986,295 - 2,707,809	6,790,340 - - 8,017,675	131,549,334 6,790,340 925,660,620 874,022,681 50,884,104
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	dited)		
	Corporate and investmen banking	Consumer and digital banking	Retail and priority sector lending	Treasury	Islamic	Others including	Total
	Rupees in '000'						
Profit 9, Ioon			Rupee	s in '000'		Head Office	
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	Rupee 3,291,143 (2,247,997) 84,800	s in '000' 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
Net mark-up / return / profit Inter segment revenue - net	(15,084,075)		3,291,143 (2,247,997)	22,911,017 (19,019,088)	(48,662)	208,616 (1,085,228)	-
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income	(15,084,075) 715,165	849,412	3,291,143 (2,247,997) 84,800	22,911,017 (19,019,088) 5,154,869	(48,662) 42,913	208,616 (1,085,228) 44,635	6,891,794
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses	(15,084,075) 715,165 3,324,609 432,717 2,891,892	849,412 38,334,462 32,546,118 5,788,344	3,291,143 (2,247,997) 84,800 1,127,946 503,446 624,500	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430 4,545,368	(48,662) 42,913 2,757,218 2,253,784 503,434	208,616 (1,085,228) 44,635 (831,977) 3,690,672 (4,522,649)	6,891,794 53,759,056 43,928,167 9,830,889
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses	(15,084,075) 715,165 3,324,609 432,717	849,412 38,334,462 32,546,118	3,291,143 (2,247,997) 84,800 1,127,946 503,446	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430	(48,662) 42,913 2,757,218 2,253,784	208,616 (1,085,228) 44,635 (831,977) 3,690,672	6,891,794 53,759,056 43,928,167
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses Profit before provisions and tax Provisions	(15,084,075) 715,165 3,324,609 432,717 2,891,892 2,347,964	849,412 38,334,462 32,546,118 5,788,344 290,448	3,291,143 (2,247,997) 84,800 1,127,946 503,446 624,500 372,570 251,930	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430 4,545,368 288,655	(48,662) 42,913 2,757,218 2,253,784 503,434 187,379 316,055	208,616 (1,085,228) 44,635 (831,977) 3,690,672 (4,522,649) 3,376	6,891,794 53,759,056 43,928,167 9,830,889 3,490,392
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses Profit before provisions and tax Provisions	(15,084,075) 715,165 3,324,609 432,717 2,891,892 2,347,964	849,412 38,334,462 32,546,118 5,788,344 290,448	3,291,143 (2,247,997) 84,800 1,127,946 503,446 624,500 372,570 251,930	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430 4,545,368 288,655 4,256,713	(48,662) 42,913 2,757,218 2,253,784 503,434 187,379 316,055	208,616 (1,085,228) 44,635 (831,977) 3,690,672 (4,522,649) 3,376	6,891,794 53,759,056 43,928,167 9,830,889 3,490,392
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses Profit before provisions and tax Provisions Profit / (loss) before tax Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing Advances - non-performing	(15,084,075) 715,165 3,324,609 432,717 2,991,892 2,347,964 543,928 2,320,445 2,320,445 2,320,445	849,412 38,334,462 32,546,118 5,788,344 290,448 5,497,896 43,841,350 743,701,158	3,291,143 (2,247,997) 84,800 1,127,946 503,446 624,500 372,570 251,930 Decen	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430 4,545,368 288,655 4,256,713 aber 31, 2020 (22,168,221 548,471,575 7,454,867	(48,662) 42,913 2,757,218 2,253,784 503,434 187,379 316,055 Audited) 5,669,940 16,996,603 951,270 8,632,000 30,983,039 2,218,148	208,616 (1,085,228) 44,635 (831,977) 3,690,672 (4,522,649) 3,376 (4,526,025) - 32,767,984 6,710,329 22,343 22,705,635	6,891,794 53,759,056 43,928,167 9,830,889 3,490,392 6,340,497 71,669,511 567,788,623 777,420,412 16,086,867 381,760,223 9,400,385
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses Profit before provisions and tax Provisions Profit / (loss) before tax Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing Advances - non-performing Others	(15,084,075) 715,165 3,324,609 432,717 2,991,892 2,347,964 543,928 2,320,445 2,320,445 2,320,445 2,320,445 2,320,445 2,320,445	849,412 38,334,462 32,546,118 5,788,344 290,448 5,497,896 43,841,350 743,701,158	3,291,143 (2,247,997) 84,800 1,127,946 503,446 624,500 372,570 261,930 Decen	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430 4,545,368 288,655 4,256,713 hber 31, 2020 (/ 22,168,221 548,471,575 7,454,867	(48,662) 42,913 2,757,218 2,253,784 503,434 187,379 316,055 Audited) 5,659,940 16,996,603 951,270 8,632,000 30,983,039 2,218,148 3,680,612	208,616 (1,085,228) 44,635 (831,977) 3,690,672 (4,522,649) 3,376 (4,526,025) - 32,767,984 6,710,329 22,343 22,705,635	6,891,794 53,759,056 43,928,167 9,830,889 3,490,392 6,340,497 71,669,511 567,788,623 777,420,412 1,872,866,428 154,841,418 6,791,700 835,067,582 2777,420,412
Net mark-up / return / profit Inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses Profit before provisions and tax Provisions Profit / (loss) before tax Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing Advances - non-performing Others Total assets Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others Total liabilities Equity	(15,084,075) 715,165 3,324,609 432,717 2,891,892 2,347,964 543,928 2,320,445 290,749,427 6,229,410 18,282,387 307,581,660 51,665,928	849,412 38,334,462 32,546,118 5,788,344 290,448 5,497,896 43,841,350 743,701,158 6,015,362 793,557,870 773,528,003 20,029,867	3,291,143 (2,247,997) 84,800 1,127,946 503,446 624,500 372,570 251,930 Decen 53,317,428 930,497 746,993 54,994,918 462,409	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430 4,545,368 288,655 4,256,713 aber 31, 2020 (<i>i</i> 22,168,221 548,471,575 7,454,867 7,309,414 585,404,077	(48,662) 42,913 2,757,218 2,253,784 503,434 1187,379 316,055 Audited) 5,659,940 16,996,603 951,270 8,632,000 30,983,039 2,218,148 607,842 61,539,589	208,616 (1,085,228) 44,635 (831,977) 3,690,672 (4,522,649) 3,376 (4,526,025) 32,767,984 6,710,329 22,343 22,705,635 62,206,291 6,791,700 7,267,528	6,891,794 53,759,056 43,928,167 9,830,889 3,490,392 6,340,497 71,669,511 567,788,623 777,420,412 16,086,867 381,760,223 9,400,388 48,740,403 1,872,866,428 154,841,418 6,791,700 835,067,592 777,420,412 46,483,798 1,820,604,917 52,261,511
Net mark-up / return / profit inter segment revenue - net Non mark-up / return / interest income Total income Segment total expenses Profit before provisions and tax Provisions Profit / (loss) before tax Balance sheet Cash & bank balances Investments - net Net inter segment lending Lendings to financial institutions Advances - performing Advances - non-performing Others Total assets Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others Total liabilities	(15,084,075) 715,165 3,324,609 432,717 2,891,892 2,347,964 543,928 2,320,445 290,749,427 6,229,410 18,282,387 307,581,660 51,665,928 253,101,917 2,813,815	849,412 38,334,462 32,546,118 5,788,344 290,448 5,497,896 43,841,350 743,701,158 6,015,362 793,557,870 773,528,003 20,029,867	3,291,143 (2,247,997) 84,800 1,127,946 503,446 624,500 372,570 251,930 Decen 53,317,428 930,497 746,993 54,994,918 462,409 42,481,624 12,050,885	22,911,017 (19,019,088) 5,154,869 9,046,798 4,501,430 4,545,368 288,655 4,256,713 nber 31, 2020 (r 22,168,221 548,471,575 7,454,867 7,309,414 585,404,077	(48,662) 42,913 2,757,218 2,253,784 503,434 1187,379 316,055 Audited) 5,659,940 16,996,603 951,270 8,632,000 30,983,039 2,218,148 607,842 61,539,589 2,859,733	208,616 (1,085,228) 44,635 (831,977) 3,690,672 (4,522,649) 3,376 (4,526,025) 32,767,984 6,710,329 22,343 22,705,635 62,206,291 6,791,700 7,267,528	6,891,794 53,759,056 43,928,167 9,830,889 3,490,392 6,340,497 71,669,511 567,788,623 777,420,412 16,086,867 381,760,223 9,400,388 48,740,403 1,872,866,428 154,841,418 6,791,700 835,067,592 777,420,412 46,483,798

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 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	-	į	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

	Note	(Un-audited) June 30, 2021 Rupees	(Audited) December 31, 2020 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 Other liabilities	39.4	302,764 679,583 60,986,295 - 2,405,045	212,448 607,842 61,539,589 - 2,647,285
NET ASSETS		64,373,687	65,007,164
		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	Three Months Ended June 30, 2020 Rupees in	Ended June 30, 2021	Six Months Ended June 30, 2020
	.,,,,,		napoco n		
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		32,146	186,296	183,839	503,434
Provisions and write offs - net		219,706	187,586	298,955	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:

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
	Rup	ees in	'000'				
2,756,196	-	29,732	3,279,449 2,756,196 301,607	2,249,072 2,756,196	-	1,078	2,250,150 2,756,196
6,307,520	-	29,732	6,337,252	5,005,268	-	1,078	5,006,346
-, -, -, -		(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
18,673,669	-	(45,282)	18,628,387	17,167,215	-	(170,612)	16,996,603
	Cost / Amortized cost 3,249,717 2,756,196 301,607 6,307,520 8,490,013 3,876,136	Cost / Amortized cost R u p 3,249,717 - 2,756,196 - 301,607 - 6,307,520 - 8,490,013 - 3,876,136 - 12,366,149	Cost / Amortized Provision for Amortized Provision for Amortized R u p e e s i n	Cost / Amortized cost Provision for diminution Surplus / Carrying value	Cost / Amortized cost Provision for diminution Cost / Amortized cost R u p e e s i n '0 0 0'	Cost / Amortized cost Provision for Amortized cost R u p e e s i n '000'	Cost / Amortized cost Provision for Amortized cost Provision for Gliminution Cost / Amortized cost R u p e e s i n '000' 2,756,196 2,756,196 2,756,196 301,607 2 9,732 3,249,717 2 9,732 3,249,717 2 9,732 3,256,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2,756,196 2

(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 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	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 Rupee	(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	1,788,434 835,922 125,917 12,694
		2,129,215	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).

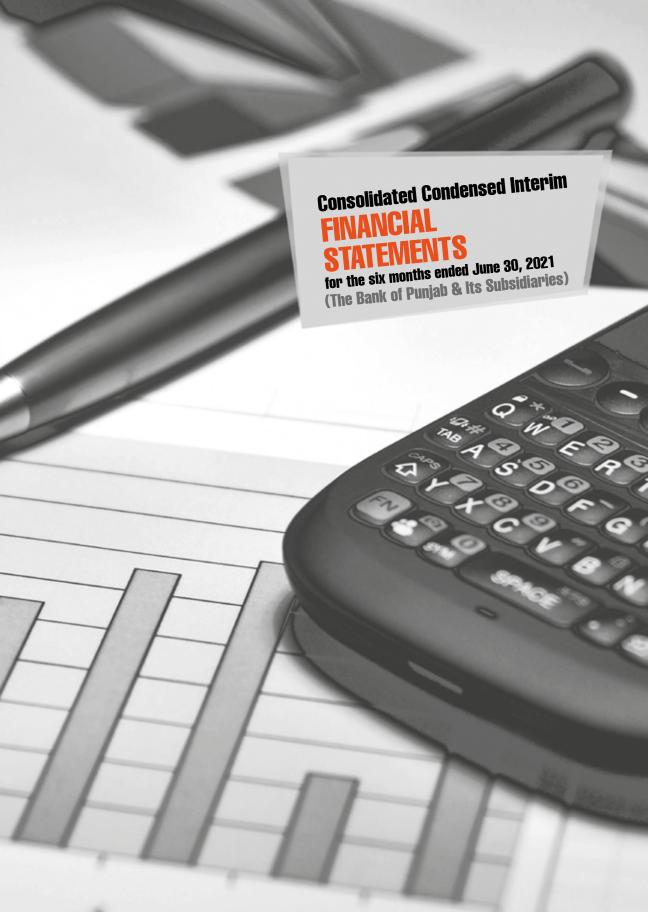
- 39.10 During the period, Special Pool XX (SP-XX) has been created. The main characteristics of the pool are as under:
 - i) Profit sharing ratio between Mudarib and Rab-ul-mal is 30:70.
 - ii) Profit equalization reserve upto 2% of net income will be created, if needed.
 - iii) Investment risk reserve 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) June 30, 2021	(Audited) December 31, 2020
	Note	Rupees	s in '000'
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 Fixed assets	11 12	435,154,285 15,871,800	391,889,808 14,817,059
Intangible assets	13	877,324	695,648
Deferred tax assets - net	14	10,648,949	7,838,663
Other assets - net	15	28,988,269	25,937,481
		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
REPRESENTED BY			
Share capital - net Reserves		26,173,766 8,113,976	26,173,766 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	II IARY - II INF 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
			Bu	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)						6,755,633	(9,167)	3,576,476	41,971	3,618,447 6,746,466
Total comprehensive income / (loss) for the six months ended June 30, 2020		, 	,	'	'	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		•		•	•	•	(33,312)	33,312	•	
rransfer from surplus on revaluation of non banking assets to unappropriated profit - net of fax Transfer from surplus on revaluation of fixed assets to unappropriated profit /							(4,729)	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						(6,048,284)	2,189	3,155,106	19,691	(2,871,298)
Transfer to statutory reserve Transfer from surnlis on evaluation of fixed assets to unanoxomiated oxofit and of tax					1,388,748		(33.108)	(1,388,748)		
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	•	,	,	,	i	•	(4,695)	4,695	•	,
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							(12,140) (21,745)	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					(2,660,212)	- (90,596)	5,503,348	40,551	5,543,899 (2,750,808)
Total comprehensive (loss) / income for the six months ended June 30, 2021					•	(2,660,212)	(90,596)	5,503,348	40,551	2,793,091
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax		•		•	•		(29,699)	29,699	•	
Iranster 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 on disposal							(4,681)	4,681		
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal Transactions with owners recommised directly in equity.						•	(19,505)	26,214		6,709
Final cash dividend - December 31, 2020 declared subsequent to year end at 10% per share	1	•	1	•	1	1	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 angular		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	23	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'

	Пирссо	000
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			

		Note	(Un-audited) June 30, 2021 Rupees	(Audited) December 31, 2020 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:

10.1 Investments	by type.			(Un-audited) June 30, 2021		De	(Audited) ecember 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
Available-for-sale securities Federal government securities Shares and certificates Non government debt securities Foreign securities	10.1.1 & 10.2	13,134,862 490,240,201 6,657,686 17,534,809 11,957	(1,356,008) (2,525,563)		13,113,243 490,592,357 5,442,063 14,965,969 11,957	19,146,767 465,221,303 4,830,566 17,516,016 4,019	- (1,378,194) (2,536,232) -	1,630 4,453,720 199,777 (139,247)	19,148,397 469,675,023 3,652,149 14,840,537 4,019
Held-to-maturity securities Federal government securities WAPDA bonds	10.1.1 & 10.4	514,444,653 60,877,129 400			511,012,346 60,877,129	487,571,904 60,483,391 400	(3,914,426) - (400)	4,514,250 - -	488,171,728 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
		Rupees	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 Non performing Provision loans		(Audited) December 31, 2020		
Category of classification			Non performing loans	Provision	
		Rupees ir	י (000) ו		
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	45,750,8	
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	8,161,8 (2,087,4	
Amounts written off	(371,631) (111)	882,576 -	510,945 (111)	2,738,470	3,335,852	6,074,3	
Closing balance	47,704,983	4,631,069	52,336,052	48,076,725	3,748,493	51,825,2	

		June 30, 2021 (Un-audited)			Decen	nber 31, 2020 (Aud	dited)
		Specific	General	Total	Specific	General	Total
				Rupees in '000'			
11.3.1	Particulars of provision against advances with respect to current	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	(Audited) December 31, 2020 Sin '000'
12.	FIXED ASSETS	.,,,,,,	Пароб	
	Capital work-in-progress Right of use assets Property and equipment	12.1	775,526 6,754,444 8,341,830 15,871,800	98,500 6,265,106 8,453,453 14,817,059
12.1	Capital work-in-progress		15,671,600	14,017,059
12.1	Civil works Building		115,526 660,000	98,500
			775,526	98,500
			(Un-audited) June 30, 2021 Rupees	(Un-audited) June 30, 2020 Sin '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 2,123,458	340,030 476,956
			2,123,430	470,900

		(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	639	1,845
	Computer equipment	-	1,432
		991	3,460
		(Un-audited) June 30, 2021 Rupee:	(Audited) December 31, 2020 s in '000'
13.	INTANGIBLE ASSETS		
10.	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	33,201
		291,938	87,724

(Un-audited) June 30, 2021

(Audited) December 31, 2020

	Note	2021 Rupees	2020 s in '000'
	Note	Nupees	3111 000
14.	DEFERRED TAX ASSETS - NET		
	Deductible temporary differences on:		
	Right of use assets Provision against advances, off balance sheet etc. Business loss - Subsidiaries	524,317 11,355,760 64,399	361,644 10,051,802 64,399
	Taxable temporary differences on:	11,944,476	10,477,845
	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)
		10,648,949	7,838,663
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	17,211,348 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 29,852,429	15,558,654 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
	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	27,789,814 1,198,455	24,701,257 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 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'

CONTINGENT ASSETS Contingent assets	Nil	Nil
Contingent assets	Nil	Nil
BILLS PAYABLE		
In Pakistan Outside Pakistan	4,724,798	4,168,641 -
	4,724,798	4,168,641
BORROWINGS		
Secured Borrowings from SBP under: Export refinance scheme (ERF) Long term financing facility (LTFF) Finance facility for storage of agricultural produce (FFSAP) Finance facility for renewable energy performance platform (REPP) Refinancing facility for payment of salaries and wages Combating COVID-19 Finance Islamic facility for working capital financing of SE & ME Finance Facility for temporary relief refinance scheme (TERF) Finance Facility for women entrepreneurs Refinancing facility for modernization of small and	2,879,126 12,875,229 291,760 23,000 2,397,751 6,900	22,609,115 11,250,709 69,523 1,859,306 16,242,813 123,005
medium enterprises (SMES) Repurchase agreement borrowings Call borrowings Borrowing from Pakistan Mortgage Refinance Company Limited Total secured Unsecured	117,751 54,784,111 - 74,892,944 1,885,145 131,562,200	119,299 52,273,770 37,430,967 64,672,133 462,409 154,839,279
Overdrawn nostro accounts	131,562,200	2,136 154,841,415
DEPOSITO AND OTHER ACCOUNTS	131,002,200	104,041,410

19. DEPOSITS AND OTHER ACCOUNTS

	June	June 30, 2021 (Un-audited)			mber 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	2,047,606	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

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) (Audited) June 30, December: 2021 2020 Rupees 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'
22.4	Claims against the Donly not cally suited and as debte	00.44	E 4 7 4 2 4 0 C	E 4 70E 041
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	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
	Others	2,512,352	6,111 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
		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 Repair and maintenance including janitorial charges Depreciation Depreciation on right of use assets Others	10,864 7,442 313,597 681 24,821 264,863 473,376	4,484 8,514 268,390 612 18,797 270,807 429,986
	Outers	1,095,644	1,001,698
	Information technology expenses: Software maintenance Hardware maintenance Depreciation on computer equipment Amortization on intangible assets Network charges	186,932 29,237 171,475 110,262 213,700 711,606	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 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 Donations	21,375 1,540 118,852 15,800 211,995 334,816 28,488 171,956 25,365 119,234 13,382 67,864 227,891 259,005	20,575 1,740 34,888 19,306 144,788 268,423 33,199 146,151 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'

Repair and maintenance 138,458 Entertainment expenses 65,454 Fuel for generator 45,532 Commission and brokerage 132,716 Bank charges 16,978 SMS banking charges 14,704 ATM charges including ATM maintenance charges 86,434	57,799 75,982 60,983 47,937 39,179 24,431 26,016 15,297 58,643 00,306 13,627 23,638 14,611
COVID-19 related expenses Miscellaneous expenses 24,173 95,096	94,447)29,867
10,233,070 8,1	89,110
30. OTHER CHARGES Penalties imposed by SBP 502 2	288,319
Provisions against advances 11.3 510,945 2,9 Provision against other assets - net 32,161	288,655 906,254 291,877
632,328	86,786
32. TAXATION	
Deferred 32.2 (1,489,403) (5	250,784 60,016) 690,768
1,172,940 2,0	30,700

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 Rupee:	June 30, 2020 s in '000'
33.	BASIC EARNINGS PER SHARE		
	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 Forward sale of foreign exchange contracts	69,672,714 71,418,873	-	69,672,714 71,418,873	-	69,672,714 71,418,873
1 of ward sale of foldigit exchange contracts	71,110,070		71,110,070		7 1, 110,070

December 31, 2020 (Audited)

			Dec	ember 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	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
	Subsidiary Company	-	-	-	-	-
	Financial assets disclosed but not measured at fair value:					
	Government securities	60,483,391	-	69,082,534	-	69,082,534
	Financial liabilities measured at fair value:					
	Payable to gratuity fund 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	24,343,173	-	24,343,173	-	24,343,173
	Forward sale of foreign exchange contracts		-	23,712,804	-	23,712,804
35.2	Fair value of non financial assets		luma	20, 2021 (He and	(ابـ مـد:	
			June	30, 2021 (Un-aud	itea)	
				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) Non banking assets acquired in	5,414,498	-	5,414,498	-	5,414,498
	satisfaction of claims	5,635,720	-	5,635,720	-	5,635,720
			Dec	ember 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

36.1	Segment details with respe	oct to busin	ess activi		0, 2021 (Un-au	ıdited)					
		Corporate and investmer banking	Consumer and digital banking			Islamic	Others including Head Office	Total			
		Rupees in '000'									
	Profit & loss Net mark-up / return / profit Inter segment (cost) / revenue - net	12,020,309 (9,521,539)	29,106,167	3,223,880 (1,967,313)	21,363,592 (15,389,498)	2,129,215 (19,190)	190,592 (2,208,627)	38,927,588			
	Non mark-up / return / interest income Total income	901,060	1,094,097 30,200,264	293,989 1,550,556	2,013,706 7,987,800	66,841 2,176,866	37,598	4,407,291 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	2,650,034	5,442,979	761,857	4,767,496	183,839	(5,857,030)	7,949,175			
	Provisions	159,521	17,701	62,694	89,222	298,955	4,235	632,328			
	Profit / (loss) before tax	2,490,513	5,425,278	699,163	4,678,274	(115,116)	(5,861,265)	7,316,847			
	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	884,157,935	68,048,138	616,984,255	68,502,796	63,150,135	2,041,721,477			
	Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others	54,104,528 - - 280,447,116 5,407,273	864,641,176 - 19,355,540	1,885,145 - 54,006,212 12,156,781	74,892,944 - - 539,569,353 3,534,824	679,583 - 60,986,295 - 2,707,809	6,790,340 - -	131,562,200 6,790,340 925,627,471 874,022,681 51,179,902			
	Total liabilities Equity		883,996,716	68,048,138	617,997,121	64,373,687		1,989,182,594 52,538,883			
	Total equity & liabilities							2,041,721,477			
	Contingencies & commitments	210,242,868	-	61,857	141,073,460	6,129,763	105,889	357,613,837			
		June 30, 2020 (Un-audited)									
		Corporate and investmer banking	Consumer and digital banking	Retail and priority sector lending	Treasury	Islamic	Others including Head Office	Total			
	Profit & loss			Rupee	s in '000'						
	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 Net inter segment lending Lendings to financial institutions Advances - performing - non-performing Others	2,320,445 - - 291,478,623 6,229,401 8,830,835	43,951,026 - 743,594,252 - - - 6,015,362	53,317,428 930,497 746,993	22,168,221 548,486,468 - 6,454,867 - 7,309,414	5,659,940 16,996,603 951,270 8,632,000 30,983,039 2,218,148 3,680,612	32,889,248 - 6,710,329 22,343	71,779,187 567,803,516 777,434,770 15,086,867 382,489,419 9,400,389 49,288,851			
	Total assets	308,859,304	793,560,640	54,994,918	584,418,970	69,121,612	62,327,555	1,873,282,999			
	Borrowings Subordinated debts Deposits & other accounts Net inter segment borrowing Others	51,665,928 - - 254,101,382 3,091,994	773,530,773 - 20,029,867	462,409 - - 42,481,624 12,050,885	102,105,236 - - 480,851,764 1,461,970	607,842 - 61,539,589 - 2,859,733	6,791,700 - -	154,841,415 6,791,700 835,070,362 777,434,770 46,761,977			
	Total liabilities	308,859,304	793,560,640	54,994,918	584,418,970	65,007,164		1,820,900,224			
	Equity Total equity & liabilities							52,382,775 1,873,282,999			

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

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	30, 2021 (Un-a	udited)		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-audited)			
	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 Compensation expense	-	000 740	-	1,375	-	201,339	-	2,659
Commission expense 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'
		Парсо	
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%

		(Un-audited) June 30, 2021 Rupee	(Audited) December 31, 2020 s in '000'
38.1	Leverage Ratio (LR):		
	Eligible Tier-I 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 Rupees	(Audited) December 31, 2020 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 Other liabilities	39.4	302,764 679,583 60,986,295 - 2,405,045	212,448 607,842 61,539,589 - 2,647,285
NET ASSETS		64,373,687	65,007,164
		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 in	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-aud	dited)	December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		Rupees in '000'				
Placements	3,000,000 -		3,000,000	8,632,000	-	8,632,000

(Un-audited)

39.2 INVESTMENTS - NET

Investments by segment:

	June 30, 2021				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:		Rup	ees in	'000'				
-ljarah sukuks	3,249,717		29,732	3,279,449	2,249,072	-	1,078	2,250,150
-Śale of sukuk- bai muajjal	2,756,196	-		2,756,196	2,756,196	-	-	2,756,196
-Naya Pakistan Certificates (Roshan Digital)	301,607	-	-	301,607	-	-	-	-
	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-audit	ed)	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 Rupee	(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	1,788,434 835,922 125,917 12,694
		2,129,215	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

