



# Corporate Information

## Board of Directors

Dr. Muhammad Amjad Saqib  
Syed Ghazanfar Abbas Jilani  
Mr. Mujahid Sherdil  
Mr. Mohammad Mudassir Amray  
Mr. Asif Reza Sana  
Ms. Nadia Rehman  
Mr. Muhammad Naeem Khan  
Mr. Zafar Masud

Director  
Director  
Director  
Director  
Director  
Director  
Director  
President & CEO

Mr. Kamran Hafeez

Secretary to the Board

## Board Audit Committee

Mr. Mohammad Mudassir Amray  
Syed Ghazanfar Abbas Jilani  
Mr. Mohammad Naeem Khan

Chairman  
Member  
Member

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

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

Chairman  
Member  
Member  
Member  
Member

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

Mr. Asif Reza Sana  
Dr. Muhammad Amjad Saqib  
Syed Ghazanfar Abbas Jilani

Chairman  
Member  
Member

## Strategy, Islamic and Priority Sector Financing Committee (SI&PSFC)

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

Chairman  
Member  
Member  
Member

## Information Technology and Communications Committee (ITCC)

Ms. Nadia Rehman  
Mr. Mohammad Mudassir Amray  
Mr. Asif Reza Sana  
Mr. Zafar Masud

Member  
Member  
Member  
Member

## Auditors

A.F. Ferguson & Co.  
Chartered Accountants

## Registered Office

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

## Registrar

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

## Website

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

# **The Bank of Punjab**

## **Directors' Report**

### **Quarterly Financial Statements - March 31, 2023**

On behalf of the Board of Directors, I am pleased to present Un-audited Condensed Interim Financial Statements of The Bank of Punjab for the three months period ended March 31, 2023.

The 2022 super floods have led to a significant economic shock with a sharp increase in prices of food commodities and disruption in economic activity. According to the National Disaster Management Authority (NDMA), more than 30 million people were displaced and nearly a million homes have been partially or completely destroyed. The government's Post Disaster Needs Assessment (PDNA) report has placed estimated cost of damages, loss and needs caused by devastating floods at US\$ 15bn.

The Macroeconomic environment in 2023 remains difficult with heightened political uncertainty and volatile global economic conditions. As a result, GDP growth is likely to slow down sharply to below 0.5% in FY2023, according to the latest IMF report. The manufacturing sector has posted a contraction of 5.5% in the first eight months of the fiscal year. Similarly, power generation has recorded a decline of 8% in the first nine months of the current fiscal year.

Headline inflation has accelerated sharply to 35.4% in March 2023, the highest recorded in the last fifty years, with food inflation rising alarmingly to 50%. To contain inflation, the SBP has aggressively tightened monetary policy, raising policy rates to 21%. The high cost of doing business combined with a slowdown in economic activity has raised risks on non-performing loans (NPLs) for the banking sector. Banks remain well-capitalized and highly liquid and have adequately provisioned against NPLs.

The key support to the economy will come as a result of the resumption of the \$ 6.5bn IMF EFF program. The resumption of this program will be positive for the economy and will support macroeconomic stability. This will also unlock financial assistance from multilateral and bilateral development partners, which are critical to rebuilding the SBP reserves.

During 1<sup>st</sup> Quarter of year 2023, the Bank has maintained its growth trends as mentioned hereunder:

<b>Financial Highlights:</b>	<b>Rs. In Million</b>
Profit before taxation	2,108.554
Taxation	906.895
Profit after taxation	1,201.659
Earnings per share (Rupees)	0.40

During 1st quarter 2023, Non-Markup/ Interest Income (excluding gains on securities) increased to Rs. 2.68 billion as against Rs. 1.80 billion during 1st quarter 2022 showing an increase of 49%. However, Bank's Net Interest Margin (NIM) remained at Rs. 7.77 billion as against Rs. 8.11 billion during 1<sup>st</sup> quarter 2022. During 1st quarter of the year, the Bank posted before tax profit of Rs. 2.11 billion and earnings per share (EPS) for the 1st quarter of year 2023 remained at Rs. 0.40 per share.

As at March 31, 2023, Bank's Total Assets improved to Rs. 1,604.4 billion as against Rs. 1,481.9 billion as of December 31, 2022. The Deposits of the Bank remained at Rs. 1,189.2 billion, while Investments and Gross Advances were recorded at Rs. 803.2 billion and Rs. 612.1 billion, respectively. Tier-1 Equity improved to Rs. 68.6 billion and Capital Adequacy Ratio (including ASM of TFC-III) stood at 12.91% against regulatory requirement of 11.50%.

The Bank has been assigned long term entity rating of "AA+" by M/s PACRA with short term rating being at the highest rank of "A1+". The Bank currently has a network of 780 online branches, including 140 Taqwa Islamic Banking Branches and 16 sub-branches. Further, the Bank has a network of 715 ATMs providing 24/7 banking services to the customers. Besides, Bank is also offering a wide range of products/services to its valued clients including Branchless Banking, Mobile Banking, Internet Banking, Credit Card and Cash Management services.

On behalf of the Board, I express my gratitude to our valued customers and shareholders for their enduring support and also assure them that the Bank would maintain its growth trends. I also extend my gratitude to the Government of the Punjab and State Bank of Pakistan for their continuous support and guidance. Further, the Board also appreciates the efforts of management and staff for good financial performance.

For and on behalf of the Board

**President/CEO**

**Director**



**UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**THE BANK OF PUNJAB**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

		<b>(Un-audited)</b> <b>March 31,</b> <b>2023</b>	(Audited) December 31, 2022
	Note	<b>Rupees in '000'</b>	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	<b>83,608,014</b>	73,203,096
Balances with other banks	8	<b>5,750,927</b>	4,814,454
Lendings to financial institutions	9	<b>27,146,501</b>	69,819,342
Investments - net	10	<b>803,222,416</b>	638,258,636
Advances - net	11	<b>567,532,903</b>	589,581,439
Fixed assets	12	<b>30,532,298</b>	30,339,290
Intangible assets	13	<b>1,807,228</b>	1,767,987
Deferred tax assets - net	14	<b>17,373,251</b>	14,554,517
Other assets - net	15	<b>67,388,021</b>	59,551,375
		<b>1,604,361,559</b>	1,481,890,136
<b>LIABILITIES</b>			
Bills payable	17	<b>5,630,290</b>	6,323,641
Borrowings	18	<b>238,388,223</b>	80,820,212
Deposits and other accounts	19	<b>1,189,218,981</b>	1,227,339,490
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	<b>18,294,760</b>	17,203,760
Deferred tax liabilities		-	-
Other liabilities	21	<b>90,612,711</b>	85,151,020
		<b>1,542,144,965</b>	1,416,838,123
<b>NET ASSETS</b>			
		<b>62,216,594</b>	65,052,013
<b>REPRESENTED BY</b>			
Share capital - net	22	<b>29,478,381</b>	29,478,381
Reserves		<b>15,898,378</b>	12,683,892
Deficit on revaluation of assets - net of tax	23	<b>(6,395,800)</b>	(2,323,430)
Unappropriated profit		<b>23,235,635</b>	25,213,170
		<b>62,216,594</b>	65,052,013
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Chairman

Director

Director

**THE BANK OF PUNJAB**

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

**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	Note	Three Months Ended	
		March 31, 2023	March 31, 2022
Rupees in '000'			
Mark-up / return / interest earned	25	50,675,868	26,792,348
Mark-up / return / interest expensed	26	42,908,380	18,679,520
Net mark-up / interest income		7,767,488	8,112,828
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	1,723,245	1,371,261
Dividend income		137,189	163,510
Foreign exchange income		780,381	128,844
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	28	59,579	(123,680)
Other income - net	29	40,257	133,264
Total non-markup / interest income		2,740,651	1,673,199
Total income		10,508,139	9,786,027
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	30	8,348,193	7,300,170
Workers welfare fund		31,013	62,105
Other charges	31	597	4,014
Total non-markup / interest expenses		8,379,803	7,366,289
Profit before provisions		2,128,336	2,419,738
Provisions / (reversal of provisions) and write offs - net	32	19,782	(1,063,984)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		2,108,554	3,483,722
Taxation - net	33	906,895	1,323,195
<b>PROFIT AFTER TAXATION</b>		1,201,659	2,160,527
			(Restated)
<b>Basic earnings per share - Rupees</b>	34	0.40	0.73
<b>Diluted earnings per share - Rupees</b>	35	0.40	0.73

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

Chief Financial Officer

President

Chairman

Director

Director

**THE BANK OF PUNJAB**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	March 31, 2022
<b>Rupees in '000'</b>		
Profit after taxation for the period	1,201,659	2,160,527
<b>Other comprehensive (loss) / income for the period:</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in deficit on revaluation of investments - net of tax	(4,037,078)	(1,507,913)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	396,562
	-	396,562
<b>Total comprehensive (loss) / income for the period</b>	<b>(2,835,419)</b>	<b>1,049,176</b>

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

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**President**

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**Chairman**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**



**THE BANK OF PUNJAB**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Surplus / (Deficit) - net of tax on revaluation of		Unappropriated profit	Total
							Investments	Fixed / non banking assets		
	Rupees in '000'									
<b>Balance as on January 01, 2022 - audited</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	8,302,011	(6,446,164)	5,077,454	19,510,769	54,832,876
Profit after taxation for the three months ended March 31, 2022	-	-	-	-	-	-	-	-	2,160,527	2,160,527
Other comprehensive (loss) / income	-	-	-	-	-	-	(1,507,913)	396,562	-	(1,111,351)
Total comprehensive (loss) / income for the three months ended March 31, 2022	-	-	-	-	-	-	(1,507,913)	396,562	2,160,527	1,049,176
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(27,979)	27,979	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(3,260)	3,260	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(39,653)	41,266	1,613
<b>Transactions with owners recognized directly in equity:</b>										
Final stock dividend - December 31, 2021 declared subsequent to year end at 12.5% per share	-	-	-	-	3,304,615	-	-	-	(3,304,615)	-
	-	-	-	-	3,304,615	-	-	-	(3,304,615)	-
<b>Balance as on March 31, 2022 - un-audited</b>	26,436,924	(263,158)	26,173,766	2,215,040	3,304,615	8,302,011	(7,954,077)	5,403,124	18,439,186	55,883,665
Profit after taxation for the nine months ended December 31, 2022	-	-	-	-	-	-	-	-	8,673,680	8,673,680
Other comprehensive income	-	-	-	-	-	-	134,812	190,264	169,420	494,496
Total comprehensive income for the nine months ended December 31, 2022	-	-	-	-	-	-	134,812	190,264	8,843,100	9,168,176
Transfer to statutory reserve during the period	-	-	-	-	-	2,166,841	-	-	(2,166,841)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(95,681)	95,681	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,038)	2,038	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	166	6	172
<b>Transactions with owners recognized directly in equity:</b>										
Issuance of bonus shares during the period	3,304,615	-	3,304,615	-	(3,304,615)	-	-	-	-	-
	3,304,615	-	3,304,615	-	(3,304,615)	-	-	-	-	-
<b>Balance as on December 31, 2022 - audited</b>	29,741,539	(263,158)	29,478,381	2,215,040	-	10,468,852	(7,819,265)	5,495,835	25,213,170	65,052,013
Profit after taxation for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	1,201,659	1,201,659
Other comprehensive (loss) / income	-	-	-	-	-	-	(4,037,078)	-	-	(4,037,078)
Total comprehensive (loss) / income for the three months ended March 31, 2023	-	-	-	-	-	-	(4,037,078)	-	1,201,659	(2,835,419)
Transfer to statutory reserve during the period	-	-	-	-	-	240,332	-	-	(240,332)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(33,894)	33,894	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(1,398)	1,398	-
<b>Transactions with owners recognized directly in equity:</b>										
Final stock dividend - December 31, 2022 declared subsequent to year end at 10% per share	-	-	-	-	2,974,154	-	-	-	(2,974,154)	-
	-	-	-	-	2,974,154	-	-	-	(2,974,154)	-
<b>Balance as on March 31, 2022 - un-audited</b>	29,741,539	(263,158)	29,478,381	2,215,040	2,974,154	10,709,184	(11,856,343)	5,460,543	23,235,635	62,216,594

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

Chief Financial Officer

President

Chairman

Director

Director

**THE BANK OF PUNJAB**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

		Three Months Ended	
		March 31, 2023	March 31, 2022
		Rupees in '000'	
Note			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	Profit before taxation	2,108,554	3,483,722
	Less: Dividend income	(137,189)	(163,510)
		1,971,365	3,320,212
	Adjustments:		
	Depreciation on fixed assets	416,120	371,635
	Depreciation on non banking assets acquired in satisfaction of claims	5,663	11,770
	Depreciation on ijarah assets under IFAS - 2	44,691	28,868
	Depreciation on right of use assets	403,478	271,554
	Amortization on intangible assets	53,560	49,936
	Amortization of discount on debt securities - net	(1,846,830)	(865,572)
	Mark-up on lease liability against right of use assets	454,278	296,605
	Unrealized loss on revaluation of investments classified as held for trading	27,324	13,428
	Provision / (reversal of provisions) and write-offs - net	19,782	(1,063,984)
	Workers' welfare fund	31,013	62,105
	(Gain) / loss on termination of lease liability against right of use assets	(32,657)	2,454
	Gain on sale of property and equipment - net	(987)	(15,693)
	Gain on sale of non banking assets - net	-	(114,420)
	Realized (gain) / loss on sale of securities - net	(86,903)	110,252
	Provision for employees compensated absences	5,836	3,010
	Provision for gratuity	111,390	85,008
		(394,242)	(753,044)
		1,577,123	2,567,168
	(Increase) / decrease in operating assets:		
	Lendings to financial institutions	42,772,841	25,317,441
	Held for trading securities	5,848,051	29,573,568
	Advances - net	22,186,786	(19,257,470)
	Others assets - net	(7,786,236)	(3,655,441)
		63,021,442	31,978,098
	Increase / (decrease) in operating liabilities:		
	Bills payable	(693,351)	(3,931,207)
	Borrowings from financial institutions	157,492,249	46,135,031
	Deposits	(38,120,509)	15,688,763
	Other liabilities (excluding taxation - net and gratuity fund)	5,559,853	5,246,570
		124,238,242	63,139,157
	Payment made to gratuity fund	-	(268,144)
	Income tax paid	(1,122,305)	(844,818)
		(1,122,305)	(1,112,962)
	<b>Net cash flow from operating activities</b>	<b>187,714,502</b>	<b>96,571,461</b>

**THE BANK OF PUNJAB**

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) (Continued...)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

		<b>Three Months Ended</b>	
		<b>March 31, 2023</b>	March 31, 2022
		<b>Rupees in '000'</b>	
<b>Note</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Net investments in available for sale securities	(176,193,297)	(63,953,796)
	Net investments in held to maturity securities	-	(32,539,047)
	Dividends received	83,681	123,177
	Investments in operating fixed assets	(717,855)	(711,642)
	Investments in intangible assets	(92,801)	(123,859)
	Proceeds from sale of fixed assets	2,661	16,023
	Proceeds from sale of non banking assets acquired in satisfaction of claims	-	470,848
	<b>Net cash used in investing activities</b>	<b>(176,917,611)</b>	<b>(96,718,296)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Repayment of subordinated debts	(2,494,000)	-
	Subscription received - subordinated perpetual term finance certificates	-	2,167,500
20.1			
	Subscription received - privately placed term finance certificates - III	3,585,000	-
20.4			
	Payment of lease liability against right of use assets	(522,262)	(357,843)
	<b>Net cash flow from financing activities</b>	<b>568,738</b>	<b>1,809,657</b>
	<b>Increase in cash and cash equivalents</b>	<b>11,365,629</b>	<b>1,662,822</b>
	Cash and cash equivalents at beginning of the period	78,017,550	80,036,375
	Cash and cash equivalents at end of the period	<b>89,383,179</b>	<b>81,699,197</b>
<b>Cash and cash equivalents:</b>			
	Cash and balances with treasury banks	83,608,014	73,171,898
	Balances with other banks	5,750,927	9,002,475
	Call money lendings	100,000	-
	Overdrawn nostro accounts	(75,762)	(475,176)
		<b>89,383,179</b>	<b>81,699,197</b>

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
President

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## **THE BANK OF PUNJAB**

### **NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2023**

#### **1. STATUS AND NATURE OF BUSINESS**

The Bank of Punjab (the Bank) was constituted in Pakistan pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 780 branches including 16 sub branches and 140 Islamic banking branches (December 31, 2022: 780 branches including 16 sub branches and 140 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir (AJK) at the period end. The Bank also has 40 Islamic banking windows (December 31, 2022: 40) The Bank's ordinary shares are listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

#### **2 BASIS OF PRESENTATION**

In accordance with the directives of the Government of Pakistan regarding conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

These unconsolidated condensed interim financial statements are separate financial statements of the Bank in which the investment in subsidiaries is stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee. Consolidated condensed interim financial statements of the Group are being issued separately.

The financial results of Islamic Banking business have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 40 of these unconsolidated condensed interim financial statements.

##### **2.1 Statement of compliance**

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

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

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

**2.1.2** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 29, 2019 and IAS 34, "Interim Financial Reporting". Accordingly, these unconsolidated condensed interim financial statements do not include all the information and disclosures required for annual unconsolidated financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

**2.1.3** SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, “Financial Instruments: Recognition and Measurement” and International Accounting Standard (IAS) 40, “Investment Property” for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 “Financial Instruments: Disclosures” has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in preparation of these unconsolidated condensed interim financial statements.

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

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

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

There are certain amendments and interpretations of existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either not relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

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

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

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

As per SBP's BPRD Circular Letter No. 07 dated April 13, 2023, the applicability of IFRS 9 in Pakistan has been deferred to accounting periods beginning on or after January 1, 2024. Accordingly, these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime.

<b>Standard or Interpretations</b>		<b>Effective date (annual periods beginning on or after)</b>
IFRS 9	Financial Instruments	January 01, 2024
IAS 1	Classification of Liabilities as Current or Non-current	January 01, 2024
IFRS 16	Amendments to IFRS-16 Leases on sale and leaseback	January 01, 2024

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

**3. BASIS OF MEASUREMENT**

**3.1** These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and lease liability against right of use asset and certain staff retirement benefits at present value. Right of use assets which are initially measured at an amount equal to the corresponding lease liability against right of use assets and depreciated over the respective lease terms.

**3.2** These unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

**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 audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

**6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

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		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>March 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
Note		<b>Rupees in '000'</b>	
<b>7</b>	<b>CASH AND BALANCES WITH TREASURY BANKS</b>		
	In hand:		
	Local currency	26,769,606	26,710,371
	Foreign currencies	1,513,742	1,491,640
		<b>28,283,348</b>	28,202,011
	With SBP in:		
	Local currency current account	40,614,690	38,888,327
	Foreign currency current account	2,310,066	1,797,861
	Foreign currency deposit account	5,229,020	3,734,458
		<b>48,153,776</b>	44,420,646
	With National Bank of Pakistan in:		
	Local currency current account	7,102,625	519,449
	Prize bonds	68,265	60,990
		<b>83,608,014</b>	<b>73,203,096</b>
<b>8</b>	<b>BALANCES WITH OTHER BANKS</b>		
	In Pakistan:		
	Current accounts	65,132	69,188
	Deposit accounts	1,737	1,710
		<b>66,869</b>	70,898
	Outside Pakistan:		
	Current accounts	1,992,690	2,233,769
	Deposit accounts	3,691,368	2,509,787
		<b>5,684,058</b>	4,743,556
		<b>5,750,927</b>	4,814,454
<b>9</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
	Call money lendings	100,000	-
	Repurchase agreement lendings (Reverse Repo)	25,171,501	52,244,342
	Placements	1,875,000	17,575,000
		<b>27,146,501</b>	<b>69,819,342</b>
<b>9.1</b>	<b>Particulars of lendings</b>		
	In local currency	27,146,501	69,819,342
	In foreign currencies	-	-
		<b>27,146,501</b>	<b>69,819,342</b>

9.2 Securities held as collateral against repurchase agreement lendings (reverse repo)	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	15,171,501	-	15,171,501	52,244,342	-	52,244,342
Pakistan investment bonds	10,000,000	-	10,000,000	-	-	-
	<u>25,171,501</u>	<u>-</u>	<u>25,171,501</u>	<u>52,244,342</u>	<u>-</u>	<u>52,244,342</u>

Market value of securities held as collateral as at March 31, 2023 amounted to Rs. 22,446,758 thousand (December 31, 2022: Rs. 52,351,059 thousand). These carry mark-up at rate ranging from 19.00% to 20.00% per annum (December 31, 2022: 16.00% to 16.40% per annum).

9.3 These carry profit rates ranging from 15.80% to 20.10% per annum (December 31, 2022: 14.65% to 16.20% per annum) with maturities up to June 29, 2023.

## 10 INVESTMENTS - NET

		March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
10.1 Investments by type:	Note	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		Rupees in '000'							
<b>Held-for-trading securities</b>									
Federal government securities	10.1.1	-	-	-	-	6,048,429	-	(1,471)	6,046,958
Ordinary shares		543,828	-	(27,324)	516,504	383,064	-	(62,038)	321,026
		<u>543,828</u>	<u>-</u>	<u>(27,324)</u>	<u>516,504</u>	<u>6,431,493</u>	<u>-</u>	<u>(63,509)</u>	<u>6,367,984</u>
<b>Available-for-sale securities</b>									
Federal government securities	10.1.1 & 10.2	702,649,840	-	(19,229,464)	683,420,376	524,597,694	-	(12,526,946)	512,070,748
Shares		10,384,430	(1,831,529)	(1,540,768)	7,012,133	11,148,229	(2,156,597)	(1,144,246)	7,847,386
Mutual fund & investment trust units		2,628,680	-	9,539	2,638,219	2,628,680	-	6,458	2,635,138
Non government debt securities		15,036,584	(2,646,432)	(39,909)	12,350,243	14,936,247	(2,441,149)	(53,276)	12,441,822
Foreign securities		11,957	-	-	11,957	11,957	-	-	11,957
		<u>730,711,491</u>	<u>(4,477,961)</u>	<u>(20,800,602)</u>	<u>705,432,928</u>	<u>553,322,807</u>	<u>(4,597,746)</u>	<u>(13,718,010)</u>	<u>535,007,051</u>
<b>Held-to-maturity securities</b>									
Federal government securities	10.1.1 & 10.4	97,272,984	-	-	97,272,984	96,883,601	-	-	96,883,601
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		<u>97,273,384</u>	<u>(400)</u>	<u>-</u>	<u>97,272,984</u>	<u>96,884,001</u>	<u>(400)</u>	<u>-</u>	<u>96,883,601</u>
<b>Subsidiaries</b>									
		164,945	(164,945)	-	-	164,945	(164,945)	-	-
<b>Total investments</b>									
		<u>828,693,648</u>	<u>(4,643,306)</u>	<u>(20,827,926)</u>	<u>803,222,416</u>	<u>656,803,246</u>	<u>(4,763,091)</u>	<u>(13,781,519)</u>	<u>638,258,636</u>

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

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



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**10.1.3** The SBP vide letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 has allowed the Bank to stagger unrealized mark-to-market (MTM) loss as on March 31, 2023 to the extent of 25 percent on certain Pakistan Investment Bonds (PIBs) having face value of Rs. 140,443,600 thousand and maturity upto August 20, 2023 held as Available-for-sale securities. As of March 31, 2023, the cumulative unrealized MTM loss on these PIBs amounted to Rs. 6,535,838 thousand. Accordingly, the Bank has availed benefit of the said relaxation and accounted for impact of 75 percent MTM loss in these unconsolidated condensed interim financial statements. This has resulted in a net of tax positive impact of Rs. 913,357 thousand on the unconsolidated condensed interim statement of financial position as of March 31, 2023 with corresponding positive impact on the unconsolidated condensed interim statement of comprehensive income for the three months ended March 31, 2023. Pursuant to the aforementioned SBP letter, MTM loss on these PIBs may be accounted for in future as follows:

- 100% by June 30, 2023

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

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
		Rupees in '000'	
Market treasury bills		-	1,380,412
Pakistan investment bonds		<b>161,598,313</b>	506,634
		<b>161,598,313</b>	<b>1,887,046</b>

**10.3 Provision for diminution in value of investments**

**10.3.1 Movement in provision for diminution in value of investments**

Opening balance		<b>4,763,091</b>	4,110,937
Charge / (reversals):			
Charge for the period / year	32	<b>256,765</b>	1,462,220
Reversals for the period / year		<b>(51,482)</b>	(84,414)
		<b>205,283</b>	1,377,806
Reversal on disposal during the period / year		<b>(325,068)</b>	(725,652)
Closing balance		<b>4,643,306</b>	4,763,091

**10.3.2 Particulars of provision against debt securities**

Category of classification	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	NPI	Provision	NPI	Provision
<b>Domestic</b>	Rupees in '000'			
Loss	<b>2,646,832</b>	<b>2,646,832</b>	2,441,549	2,441,549
<b>Total</b>	<b>2,646,832</b>	<b>2,646,832</b>	2,441,549	2,441,549

**10.4** Market value of held to maturity investments amounted to Rs. 83,701,095 thousand (December 31, 2022: Rs. 87,756,050 thousand).

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	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	<b>Rupees in '000'</b>					
Loans, cash credits, running finances, etc.	479,736,640	496,499,192	48,049,045	48,468,065	527,785,685	544,967,257
Net book value of assets in ijarah under IFAS 2 - In Pakistan	2,127,126	2,272,312	188,546	189,245	2,315,672	2,461,557
Islamic financing and related assets	50,703,314	52,397,637	2,855,643	2,886,934	53,558,957	55,284,571
Bills discounted and purchased	28,466,927	31,645,333	17,221	17,221	28,484,148	31,662,554
Advances - gross	<b>561,034,007</b>	582,814,474	<b>51,110,455</b>	51,561,465	<b>612,144,462</b>	634,375,939
Provision against advances:						
- Specific	-	-	(43,976,753)	(44,179,521)	(43,976,753)	(44,179,521)
- General	(634,806)	(614,979)	-	-	(634,806)	(614,979)
	<b>(634,806)</b>	(614,979)	<b>(43,976,753)</b>	(44,179,521)	<b>(44,611,559)</b>	(44,794,500)
Advances - net of provision	<b>560,399,201</b>	582,199,495	<b>7,133,702</b>	7,381,944	<b>567,532,903</b>	589,581,439
					<b>(Un-audited)</b>	(Audited)
					<b>March 31,</b>	December 31,
					<b>2023</b>	2022
					<b>Rupees in '000'</b>	
In local currency					<b>603,569,047</b>	628,970,208
In foreign currencies					<b>8,575,415</b>	5,405,731
					<b>612,144,462</b>	634,375,939

**11.1 Particulars of advances (gross)**

11.2 Advances include Rs. 51,110,455 thousand (December 31, 2022: Rs. 51,561,465 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	411,208	9,145	258,462	5,390
Substandard	1,952,205	186,646	2,394,414	109,910
Doubtful	3,068,587	1,144,421	2,872,452	982,934
Loss	45,678,455	42,636,541	46,036,137	43,081,287
Total	51,110,455	43,976,753	51,561,465	44,179,521

11.3 Particulars of provision against advances	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	44,179,521	614,979	44,794,500	46,702,829	3,054,945	49,757,774
Charge for the period / year	498,561	-	498,561	1,427,397	60,034	1,487,431
Reversals for the period / year	(701,329)	19,827	(681,502)	(3,950,705)	(2,500,000)	(6,450,705)
	(202,768)	19,827	(182,941)	(2,523,308)	(2,439,966)	(4,963,274)
Amounts written off	-	-	-	-	-	-
Closing balance	43,976,753	634,806	44,611,559	44,179,521	614,979	44,794,500
11.3.1 Particulars of provision against advances with respect to currencies						
In local currency	43,976,753	634,806	44,611,559	44,179,521	614,979	44,794,500
In foreign currencies	-	-	-	-	-	-
	43,976,753	634,806	44,611,559	44,179,521	614,979	44,794,500

11.3.2 This includes general provision against consumer, SME financing portfolio and credit cards as required by Prudential Regulations issued by the SBP.

11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 3,275,464 thousand (December 31, 2022: Rs 3,115,010 thousand). The FSV benefit availed is not available for cash or stock dividend.

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	(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>12</b>	<b>Rupees in '000'</b>	
<b>FIXED ASSETS</b>		
Capital work-in-progress	1,000,969	980,802
Right of use assets	11,995,107	12,102,160
Property and equipment	17,536,222	17,256,328
	<u>30,532,298</u>	<u>30,339,290</u>
<b>12.1 Capital work-in-progress</b>		
Civil works	1,000,969	980,802
	<u>(Un-audited) March 31, 2023</u>	<u>(Un-audited) March 31, 2022</u>
<b>12.2 Additions to fixed assets</b>	<b>Rupees in '000'</b>	
The following additions have been made to fixed assets during the period:		
<b>Capital work-in-progress</b>	20,167	270,488
<b>Property and equipment:</b>		
Building on freehold land	64,002	2,758,220
Furniture and fixture	79,141	30,486
Office equipment	179,788	74,204
Computer equipment	96,313	271,313
Lease hold improvements	278,444	65,151
	<u>697,688</u>	<u>3,199,374</u>
	<u>717,855</u>	<u>3,469,862</u>
<b>12.3 Addition to right of use assets</b>	<u>315,098</u>	<u>345,426</u>
<b>12.4 Termination of right of use assets</b>	<u>18,673</u>	<u>25,372</u>
<b>12.5 Disposal of property and equipment:</b>		
The net book value of property and equipment disposed off during the period is as follows:		
Furniture and fixture	551	65
Office equipment	1,123	265
Computer equipment	-	-
Vehicles	-	-
	<u>1,674</u>	<u>330</u>
Gross carrying amount of computer equipment and vehicles disposed off during the period was Rs. 3,374 thousand and Rs. 681 thousand respectively (March 31, 2022: Rs. 333 thousand and Rs. 12,002 thousand respectively).		
<b>13</b>	(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>INTANGIBLE ASSETS</b>	<b>Rupees in '000'</b>	
Capital work-in-progress	456,460	370,152
Softwares	1,350,768	1,397,835
	<u>1,807,228</u>	<u>1,767,987</u>

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		<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
		<b>Rupees in '000'</b>	
<b>13.1</b>	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Intangible in progress	86,308	(82,778)
	Intangible assets purchased	6,493	206,637
		<b>92,801</b>	<b>123,859</b>
		<b>(Un-audited) March 31, 2023</b>	<b>(Audited) December 31, 2022</b>
<b>14</b>	<b>DEFERRED TAX ASSETS - NET</b>	<b>Rupees in '000'</b>	
	Deductible temporary differences on:		
	Deficit on revaluation of investments	8,944,259	5,898,745
	Right of use assets	1,098,006	967,786
	Workers welfare fund	437,632	424,296
	Provision against advances	9,508,279	9,894,016
		<b>19,988,176</b>	<b>17,184,843</b>
	Taxable temporary differences on:		
	Surplus on revaluation of property and equipment	(2,019,989)	(2,045,558)
	Accelerated tax depreciation	(511,656)	(500,433)
	Surplus on revaluation of non banking assets	(83,280)	(84,335)
		<b>(2,614,925)</b>	<b>(2,630,326)</b>
		<b>17,373,251</b>	<b>14,554,517</b>
<b>15</b>	<b>OTHER ASSETS - NET</b>		
	Income / mark-up accrued in local currency	37,351,277	35,599,543
	Income / mark-up accrued in foreign currency	5,183	2,639
	Advances, deposits, advance rent and other prepayments	1,513,948	1,292,514
	Non-banking assets acquired in satisfaction of claims	2,530,345	2,533,555
	Acceptances	20,549,682	17,268,248
	Branch adjustment account	371,393	27,811
	Mark to market gain on forward foreign exchange contracts - net	852,435	-
	Stock of stationery	374,907	279,117
	Suspense account	61,877	51,416
	Zakat recoverable from National Investment Trust Limited (NITL)	36,790	36,790
	Unrealized gain on revaluation of foreign bills and trade loans	1,019,131	105,884
	Claims receivable against fraud and forgeries	223,790	246,077
	Auto Teller Machine and Point of Sale receivable - net	54,001	200,131
	IBFT receivable	366,273	389,268
	Others	1,535,727	978,733
		<b>66,846,759</b>	<b>59,011,726</b>
	Less: Provision held against other assets	(630,951)	(635,017)
	Other assets (net of provision)	<b>66,215,808</b>	<b>58,376,709</b>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,172,213	1,174,666
	Other assets - total	<b>67,388,021</b>	<b>59,551,375</b>

Note

15.1

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		(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>15.1 Provision held against other assets</b>	<b>Note</b>	<b>Rupees in '000'</b>	
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		30,876	30,876
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries	15.1.2	215,345	219,411
Others		312,217	312,217
	15.1.1	<b>630,951</b>	<b>635,017</b>
<b>15.1.1 Movement in provision held against other assets</b>			
Opening balance		635,017	1,914,474
Charge for the year		-	33,619
Reversals during the year		(2,560)	(1,307,908)
		(2,560)	(1,274,289)
Amount written off		(1,506)	(5,168)
Closing balance		<b>630,951</b>	<b>635,017</b>
<b>15.1.2</b> This includes provision amounted to Rs. 4,795 thousand (December 31, 2022: Rs. 4,795 thousand) maintained against certain closed cases as per approval of the management.			
		(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>16 CONTINGENT ASSETS</b>			
Contingent assets		Nil	Nil
<b>17 BILLS PAYABLE</b>			
In Pakistan		5,630,290	6,323,641
Outside Pakistan		-	-
		<b>5,630,290</b>	<b>6,323,641</b>
<b>18 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from SBP under:			
Export Refinance Scheme (ERF)		31,160,154	31,180,373
Long Term Financing Facility (LTFF)		13,128,185	13,668,052
Finance Facility for Storage of Agricultural Produce (FFSAP)		215,986	224,873
Finance facility for Renewable Energy Performance Platform (REPP)		6,669,299	6,693,669
Refinancing facility for payment of salaries and wages		-	969,351
Refinancing facility for combating COVID-19		971,688	1,042,632
Refinancing facility for working capital of small and medium enterprises		66,000	69,000
Finance Facility for Temporary Relief Refinance scheme (TERF)		19,997,110	19,889,392
Finance Facility for women entrepreneurs		1,200	1,300
Finance Islamic facility for Saaf Rozgar Reimbursement Credit		3,658,936	3,840,524
Finance Facility for Shamsi Tawanai Consumer		38,750	50,981
Refinancing facility for modernization of Small and Medium Enterprises (SMEs)		166,797	175,343
		<b>76,074,105</b>	<b>77,805,490</b>
Repurchase agreement borrowings		160,648,180	1,379,807
Borrowing from Pakistan Mortgage Refinance Company Limited		1,590,176	1,634,915
<b>Total secured</b>		<b>238,312,461</b>	<b>80,820,212</b>
<b>Unsecured</b>			
Overdrawn nostro accounts		75,762	-
		<b>238,388,223</b>	<b>80,820,212</b>

## 19 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Rupees in '000'</b>						
<b>Customers:</b>						
Current deposits	198,191,910	6,071,484	204,263,394	207,308,574	4,661,424	211,969,998
Savings deposits	544,405,747	4,930,800	549,336,547	553,914,328	3,861,179	557,775,507
Term deposits	357,774,346	34,423,791	392,198,137	361,810,847	25,430,470	387,241,317
Others	30,893,781	-	30,893,781	24,170,731	-	24,170,731
	<b>1,131,265,784</b>	<b>45,426,075</b>	<b>1,176,691,859</b>	<b>1,147,204,480</b>	<b>33,953,073</b>	<b>1,181,157,553</b>
<b>Financial institutions:</b>						
Current deposits	2,287,897	1,436,620	3,724,517	2,481,448	1,375,936	3,857,384
Savings deposits	7,597,604	105,187	7,702,791	20,629,277	3,785	20,633,062
Term deposits	957,000	-	957,000	21,643,000	-	21,643,000
Others	142,814	-	142,814	48,491	-	48,491
	<b>10,985,315</b>	<b>1,541,807</b>	<b>12,527,122</b>	<b>44,802,216</b>	<b>1,379,721</b>	<b>46,181,937</b>
	<b>1,142,251,099</b>	<b>46,967,882</b>	<b>1,189,218,981</b>	<b>1,192,006,696</b>	<b>35,332,794</b>	<b>1,227,339,490</b>

(Un-audited) (Audited)  
**March 31,** December 31,  
**2023** 2022

Note

Rupees in '000'

## 20 SUBORDINATED DEBTS

Subordinated perpetual term finance certificates - ADT - I	20.1	<b>8,017,500</b>	8,017,500
Privately placed term finance certificates - I	20.2	-	2,494,000
Privately placed term finance certificates - II	20.3	<b>4,292,260</b>	4,292,260
Advance subscription money - privately placed term finance certificates - III	20.4	<b>5,985,000</b>	2,400,000
		<b>18,294,760</b>	17,203,760

## 20.1 Subordinated perpetual term finance certificates

The Bank has issued unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier -I capital under section 66 (1) of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	"AA-" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non-cumulative basis.
Profit rate:	Floating rate of return at base rate plus 200 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	Not applicable.

Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

## **20.2 Privately placed term finance certificates - I**

During the year, the Bank exercised call option for premature repayment and repaid Rs. 2,494,000 thousand to respective investors. Accordingly, the total liability against privately placed term finance certificates - I stands fully settled. The salient features of the TFC's issue were as follows:

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

## **20.3 Privately placed term finance certificates - II**

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

Issue amount:	Rs. 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).



Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

#### 20.4 Advance subscription money - privately placed term finance certificates - III

Prior to close of period ended March 31, 2023, the Bank received Rs. 5,985,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / listed, unsecured and subordinated debt instrument in the nature of Tier II capital term finance certificates. The instrument will be unsecured and subordinated as to payment of principal and profit to other indebtedness of the Bank, including deposits, but will rank pari passu with other Tier II instruments and superior to Additional Tier I instruments. The instrument will be structured to redeem 0.36% of the issue amount during the first 9 years after the issue date and the remaining issue amount of 99.64% in two (2) equal semi - annual installments of 49.82% each in the last year. The advance subscription money carries mark-up at rate of 6 month KIBOR plus spread of 125 bps per annum.

21 OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
Rupees in '000'			
Mark-up / return / interest payable in local currency		28,792,418	29,550,942
Mark-up / return / interest payable in foreign currency		1,646,259	644,270
Lease key money		13,632,501	13,384,899
Provision for taxation (provisions less payments)		2,778,213	3,220,400
Sundry creditors and accrued expenses		1,658,992	1,509,474
Acceptances	15	20,549,682	17,268,248
Mark-up payable on subordinated debts		971,067	206,610
Unclaimed dividends		2,586	2,586
Payable to gratuity fund		282,542	171,152
Gratuity payable to key management personnel		12,190	12,190
Payable to charity fund		359	195
Provision against off-balance sheet obligations	21.2	43,983	43,983
Provision for employees compensated absences		158,638	153,884
Mark to market loss on forward foreign exchange contracts - net	15	-	112,585
Taxes / zakat / import fee payable		2,541,143	1,770,460
Lease liability against right of use assets		14,548,611	14,352,825
Workers welfare fund	21.1	1,302,706	1,271,693
Others		1,690,821	1,474,624
		<b>90,612,711</b>	<b>85,151,020</b>

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

21.2 Provision against off-balance sheet obligations	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
Rupees in '000'		
	<b>43,983</b>	<b>43,983</b>

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

**22 SHARE CAPITAL - NET****22.1 Authorized capital**

(Un-audited) March 31, 2022	(Audited) December 31, 2022		(Un-audited) March 31, 2023	(Audited) December 31, 2022
Number of shares			Rupees in '000'	
<b>5,000,000,000</b>	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	<b>50,000,000</b>	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each. The board of directors has approved to increase authorized share capital of the Bank to 10,000,000 thousand shares amounting to Rs. 100,000,000 thousand. The Bank is in process of obtaining necessary approvals to increase the authorized capital of the Bank.

**22.2 Issued, subscribed and paid up capital**

(Un-audited) March 31, 2023	(Audited) December 31, 2022		(Un-audited) March 31, 2023	(Audited) December 31, 2022
Number of shares			Rupees in '000'	
		<b>Opening Balance</b>		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158	5,263,158
839,925,583	509,464,036	Issued as bonus shares	8,399,256	5,094,641
<b>2,974,153,927</b>	2,643,692,380		<b>29,741,539</b>	26,436,924
		<b>Movement during the period</b>		
-	330,461,547	Issued as bonus shares	-	3,304,615
		<b>Closing Balance</b>		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158	5,263,158
839,925,583	839,925,583	Issued as bonus shares	8,399,256	8,399,256
<b>2,974,153,927</b>	2,974,153,927		<b>29,741,539</b>	29,741,539
-	-	Less: Discount on issue of shares	(263,158)	(263,158)
<b>2,974,153,927</b>	2,974,153,927		<b>29,478,381</b>	29,478,381

GoPb held 57.47% shares in the Bank as at March 31, 2023 (December 31, 2022: 57.47%).

**23 DEFICIT ON REVALUATION OF ASSETS - NET OF TAX**

(Deficit) / surplus on revaluation of:

- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

10.1	<b>(20,800,602)</b>	(13,718,010)
	<b>6,391,599</b>	6,451,062
15	<b>1,172,213</b>	1,174,666
	<b>(13,236,790)</b>	(6,092,282)

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

- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

<b>8,944,259</b>	5,898,745
<b>(2,019,989)</b>	(2,045,558)
<b>(83,280)</b>	(84,335)
<b>6,840,990</b>	3,768,852
<b>(6,395,800)</b>	(2,323,430)

**24 CONTINGENCIES AND COMMITMENTS**

Guarantees	24.1	<b>108,209,336</b>	99,484,058
Commitments	24.2	<b>361,320,691</b>	401,862,159
Other contingent liabilities	24.3	<b>291,951</b>	291,951
		<b>469,821,978</b>	501,638,168

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		(Un-audited) March 31, 2023	(Audited) December 31, 2022
		Rupees in '000'	
	Note		
<b>24.1</b>	<b>Guarantees:</b>		
	Financial guarantees	22,967,276	22,805,891
	Performance guarantees	21,733,348	22,031,727
	Other guarantees	63,508,712	54,646,440
		<b>108,209,336</b>	<b>99,484,058</b>
<b>24.2</b>	<b>Commitments:</b>		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	189,720,964	170,302,819
	Commitments in respect of:		
	- forward foreign exchange contracts	150,051,811	198,951,177
	- forward lending	21,307,245	32,465,327
	Commitments for acquisition of:		
	- fixed assets	60,389	23,097
	- intangible assets	180,282	119,739
		<b>361,320,691</b>	<b>401,862,159</b>
<b>24.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	83,041,305	105,509,624
	Sale	67,010,506	93,441,553
		<b>150,051,811</b>	<b>198,951,177</b>
<b>24.2.2</b>	<b>Commitments in respect of forward lending</b>		
	Undrawn formal standby facilities, credit lines and other commitments to lend	21,307,245	32,465,327

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

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
		Rupees in '000'	
	Note		
<b>24.3</b>	<b>Other contingent liabilities</b>	<b>291,951</b>	291,951

**24.3.1** For tax years 2014 - 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.

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

**24.4 Claims against the Bank not acknowledged as debts**

An amount of Rs. 51,208,973 thousand (December 31, 2022: Rs. 51,158,973 thousand) 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 Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

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	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Rupees in '000'	
<b>25 MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances	21,999,862	11,959,438
On investments:		
Available for sale securities	23,685,356	11,458,170
Held for trading securities	726,690	475,670
Held to maturity securities	2,876,168	2,024,322
On lendings to financial institutions:		
Securities purchased under resale agreements	751,178	293,199
Call lending	2,522	36,007
Letters of placement	550,765	391,189
On balances with banks	83,327	154,353
	<b>50,675,868</b>	<b>26,792,348</b>
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits and other accounts	35,945,859	16,963,687
Borrowings:		
Securities sold under repurchase agreements	4,649,278	875,393
Call borrowings	14,392	-
Borrowing from Pakistan Mortgage Refinance Company Limited	40,476	43,601
SBP refinance borrowing	946,010	284,006
Subordinated debts:		
Mark-up on subordinated perpetual term finance certificates	-	35,462
Mark-up on privately placed term finance certificates	858,087	180,766
Mark-up on lease liability against right of use assets	454,278	296,605
	<b>42,908,380</b>	<b>18,679,520</b>
<b>27 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	100,549	139,832
Consumer finance related fees	109,481	86,682
Card related fees	416,295	277,127
Credit related fees	133,519	136,958
Investment banking fees	66,192	93,844
Branchless banking fees	42,754	32,442
Commission on trade	334,362	264,745
Commission on guarantees	120,339	82,920
Commission on cash management	73,618	31,039
Commission on remittances including home remittances	116,315	99,559
Commission on bancassurance	46,644	17,616
SMS banking income	163,177	108,497
	<b>1,723,245</b>	<b>1,371,261</b>
<b>28 GAIN / LOSS ON SECURITIES - NET</b>		
Realized gain / (loss) on sale of securities - net	86,903	(110,252)
Unrealized loss - held for trading	(27,324)	(13,428)
	<b>59,579</b>	<b>(123,680)</b>
<b>28.1 Realized gain / (loss) on sale of securities - net:</b>		
Federal government securities	(25,985)	(125,238)
Shares and certificates	112,888	14,986
	<b>86,903</b>	<b>(110,252)</b>

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<b>29 OTHER INCOME - NET</b>	<b>Note</b>	<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
		<b>Rupees in '000'</b>	
Gain on sale of property and equipment - net		987	15,693
Gain on sale of non banking assets - net		-	114,420
Gain / (loss) on termination of lease liability against right of use assets		32,657	(2,454)
Notice pay on resignations		6,613	5,605
		<b>40,257</b>	<b>133,264</b>
<b>30 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		<b>3,905,053</b>	<b>4,402,748</b>
<b>Property expense:</b>			
Rent and taxes		5,391	3,333
Insurance		4,055	2,802
Utilities cost		207,612	159,560
Security		3,844	341
Repair and maintenance including janitorial charges		30,885	21,958
Depreciation		172,163	182,917
Depreciation on right of use assets		403,478	271,554
		<b>827,428</b>	<b>642,465</b>
<b>Information technology expenses:</b>			
Software maintenance		254,752	121,346
Hardware maintenance		15,416	16,958
Depreciation on computer equipment		111,483	96,071
Amortization on intangible assets		53,560	49,936
Network charges		108,809	128,354
		<b>544,020</b>	<b>412,665</b>
<b>Other operating expenses:</b>			
Directors' fees and allowances		13,833	12,041
Fees and allowances to shariah board		2,355	2,210
Legal and professional charges		58,003	53,182
Subscription charges		4,584	10,100
Outsourced staff services costs		181,676	129,593
Travelling and conveyance		464,527	297,473
NIFT clearing charges		25,281	19,565
Depreciation		132,474	92,647
Depreciation on non banking assets acquired in satisfaction of claims	15.2	5,663	11,770
Depreciation on ijarah assets under IFAS - 2		44,691	28,868
Training and development		29,998	28,256
Postage and courier charges		71,581	49,826
Credit card charges		3,502	-
Stationery and printing		98,555	86,629
Marketing, advertisement and publicity		349,729	265,336
Insurance		73,400	69,727
Deposit protection fee		145,257	127,320
Repair and maintenance		99,434	71,754
Entertainment expenses		65,447	43,760
Fuel for generator		88,061	29,740
Commission and brokerage		82,658	99,438
Bank charges		11,566	7,776
SMS banking charges		89,303	21,957
ATM charges including mastercard charges		568,105	65,437
Cash remittance charges		130,002	90,419
Branch license fee		17,845	15,173
CNIC verification / ECIB charges		63,319	49,976
COVID-19 related expenses		318	3,347
Miscellaneous expenses		150,525	58,972
		<b>3,071,692</b>	<b>1,842,292</b>
		<b>8,348,193</b>	<b>7,300,170</b>

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		<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
		<b>Rupees in '000'</b>	
<b>31 OTHER CHARGES</b>	<b>Note</b>		
Penalties imposed by SBP		597	4,014
<b>32 Provisions / (reversal of provisions) and write offs - net</b>			
Provisions for diminution in value of investments	10.3.1	205,283	-
(Reversal of provision) / provision against advances	11.3	(182,941)	7,273
Reversal of provision against other assets - net		(2,560)	(1,071,291)
Bad debts written off directly		-	34
		<b>19,782</b>	<b>(1,063,984)</b>
<b>33 TAXATION - NET</b>			
Current	33.1	680,118	1,228,604
Deferred		226,777	94,591
		<b>906,895</b>	<b>1,323,195</b>

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

		<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
<b>34 BASIC EARNINGS PER SHARE</b>			
Profit after taxation for the period (Rs in '000')		1,201,659	2,160,527
Weighted average number of ordinary shares (No.).		2,974,153,927	(Restated) 2,974,153,927
Basic earnings per share - Rs.		0.40	0.73

**35 DILUTED EARNINGS PER SHARE**

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

**36 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

**36.1** The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

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

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

## 36.2 Fair value of financial assets

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

	March 31, 2023 (Un-audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	Rupees in '000'				
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
Government securities	683,420,376	-	683,420,376	-	683,420,376
Shares	7,528,637	7,509,110	19,527	-	7,528,637
Non-Government debt securities	9,099,928	-	9,099,928	-	9,099,928
Mutual fund & investment trust units	2,638,219	-	2,638,219	-	2,638,219
Foreign securities	11,957	-	-	11,957	11,957
Subsidiary company	-	-	-	-	-
<b>Financial assets disclosed but not measured at fair value:</b>					
Government securities	97,272,984	-	83,701,095	-	83,701,095
Unlisted term finance certificates / sukuks	3,250,315	-	3,250,315	-	3,250,315
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	86,627,877	-	86,627,877	-	86,627,877
Forward sale of foreign exchange contracts	69,744,643	-	69,744,643	-	69,744,643
	December 31, 2022 (Audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	Rupees in '000'				
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
Government securities	518,117,706	-	518,117,706	-	518,117,706
Shares	8,168,412	8,148,885	19,527	-	8,168,412
Non-Government debt securities	8,856,478	-	8,856,478	-	8,856,478
Mutual funds & investment trust units	2,635,138	-	2,635,138	-	2,635,138
Foreign securities	11,957	-	-	11,957	11,957
Subsidiary company	-	-	-	-	-
<b>Financial assets disclosed but not measured at fair value:</b>					
Government securities	96,883,601	-	87,756,050	-	87,756,050
Unlisted term finance certificates / sukuks / commercial paper	3,585,344	-	3,585,344	-	3,585,344
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	105,808,826	-	105,808,826	-	105,808,826
Forward sale of foreign exchange contracts	93,853,340	-	93,853,340	-	93,853,340

## 36.3 Fair value of non financial assets

	March 31, 2023 (Un-audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	Rupees in '000'				
<b>Non financial assets measured at fair value:</b>					
Property and equipment (land & building)	12,341,891	-	12,341,891	-	12,341,891
Non banking assets acquired in satisfaction of claims	3,671,682	-	3,671,682	-	3,671,682
	December 31, 2022 (Audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	Rupees in '000'				
<b>Non financial assets measured at fair value:</b>					
Property and equipment (land & building)	12,400,348	-	12,400,348	-	12,400,348
Non banking assets acquired in satisfaction of claims	3,677,345	-	3,677,345	-	3,677,345

## 37 SEGMENT INFORMATION

## 37.1 Segment details with respect to business activities

(Un-audited)  
March 31, 2023

	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	16,048,330	750	3,971,906	26,703,786	3,763,924	187,172	50,675,868
Inter segment (cost) / revenue - net	(14,072,428)	30,018,816	15,550,614	(26,599,073)	(52,628)	(4,845,301)	-
Non mark-up / return / interest income	441,424	394,753	255,486	1,317,008	76,651	255,329	2,740,651
Total income	2,417,326	30,414,319	19,778,006	1,421,721	3,787,947	(4,402,800)	53,416,519
Segment total expenses	1,122,854	24,320,910	12,891,451	4,757,568	3,305,138	4,890,262	51,288,183
Profit before provisions and tax	1,294,472	6,093,409	6,886,555	(3,335,847)	482,809	(9,293,062)	2,128,336
Provisions	(55,594)	-	(22,321)	-	101,412	(3,715)	19,782
Profit / (loss) before tax	1,350,066	6,093,409	6,908,876	(3,335,847)	381,397	(9,289,347)	2,108,554
<b>Balance sheet</b>							
Cash & bank balances	-	289,771	32,258,823	48,203,628	8,606,719	-	89,358,941
Investments - net	3,061,432	-	-	768,208,655	31,952,329	-	803,222,416
Net inter segment lending	-	669,885,682	302,618,118	-	1,909,018	22,915,905	997,328,723
Lendings to financial institutions	-	-	-	25,271,501	1,875,000	-	27,146,501
Advances - performing	378,504,109	280,609	111,713,861	-	52,830,439	17,070,183	560,399,201
- non-performing - net	4,100,486	-	1,682,258	-	1,343,832	7,126	7,133,702
Others	36,203,298	66	3,827,268	15,097,582	9,652,759	52,319,825	117,100,798
<b>Total assets</b>	<b>421,869,325</b>	<b>670,456,128</b>	<b>452,100,328</b>	<b>856,781,366</b>	<b>108,170,096</b>	<b>92,313,039</b>	<b>2,601,690,282</b>
Borrowings	74,547,394	-	1,590,176	160,723,942	1,526,711	-	238,388,223
Subordinated debts	-	-	-	-	-	18,294,760	18,294,760
Deposits & other accounts	-	662,127,869	433,534,759	-	93,556,353	-	1,189,218,981
Net inter segment borrowing	301,840,171	-	-	695,488,552	-	-	997,328,723
Others	45,481,760	8,328,259	16,975,393	568,872	7,084,382	17,804,335	96,243,001
<b>Total liabilities</b>	<b>421,869,325</b>	<b>670,456,128</b>	<b>452,100,328</b>	<b>856,781,366</b>	<b>102,167,446</b>	<b>36,099,095</b>	<b>2,539,473,688</b>
Equity							62,216,594
<b>Total equity &amp; liabilities</b>							<b>2,601,690,282</b>
<b>Contingencies &amp; commitments</b>	<b>303,132,586</b>	<b>-</b>	<b>8,326,424</b>	<b>150,051,811</b>	<b>7,778,535</b>	<b>532,622</b>	<b>469,821,978</b>



(Un-audited)  
March 31, 2022

	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	8,460,429	226	2,295,590	13,974,776	1,943,266	118,061	26,792,348
Inter segment revenue - net	(6,850,734)	14,818,923	7,278,264	(12,882,828)	(57,483)	(2,306,142)	-
Non mark-up / return / interest income	360,382	365,124	242,564	355,392	53,816	295,921	1,673,199
Total income	1,970,077	15,184,273	9,816,418	1,447,340	1,939,599	(1,892,160)	28,465,547
Segment total expenses	535,425	12,167,504	6,624,669	982,133	1,682,154	4,053,924	26,045,809
Profit before provisions and tax	1,434,652	3,016,769	3,191,749	465,207	257,445	(5,946,084)	2,419,738
Provisions	(29,716)	-	(27,574)	-	46,594	(1,053,288)	(1,063,984)
Profit / (loss) before tax	1,464,368	3,016,769	3,219,323	465,207	210,851	(4,892,796)	3,483,722
(Audited) December 31, 2022							
<b>Balance sheet</b>							
Cash & bank balances	-	147,504	26,232,485	42,779,915	8,857,646	-	78,017,550
Investments - net	2,877,025	-	-	602,990,890	32,390,721	-	638,258,636
Net inter segment lending	-	652,432,669	340,600,294	-	2,723,384	27,952,943	1,023,709,290
Lendings to financial institutions	-	-	-	52,244,342	17,575,000	-	69,819,342
Advances - performing	396,470,662	123,805	115,139,152	-	54,669,949	15,795,927	582,199,495
- non-performing	4,585,725	-	1,296,104	-	1,477,233	22,882	7,381,944
Others	32,434,475	6,016	6,943,631	12,742,007	8,088,570	45,998,470	106,213,169
<b>Total assets</b>	436,367,887	652,709,994	490,211,666	710,757,154	125,782,503	89,770,222	2,505,599,426
Borrowings	76,278,779	-	1,634,915	1,379,807	1,526,711	-	80,820,212
Subordinated debts	-	-	-	-	-	17,203,760	17,203,760
Deposits & other accounts	-	645,158,868	470,533,859	-	111,646,763	-	1,227,339,490
Net inter segment borrowing	314,934,826	-	-	708,774,464	-	-	1,023,709,290
Others	45,154,282	7,551,126	18,042,892	602,883	6,570,925	13,552,553	91,474,661
<b>Total liabilities</b>	436,367,887	652,709,994	490,211,666	710,757,154	119,744,399	30,756,313	2,440,547,413
Equity							65,052,013
<b>Total equity &amp; liabilities</b>							2,505,599,426
<b>Contingencies &amp; commitments</b>	274,997,186	-	8,969,055	198,951,177	18,285,963	434,787	501,638,168

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

## 38 RELATED PARTY TRANSACTIONS

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

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

	(Un-audited) March 31, 2023					(Audited) December 31, 2022				
	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties
	<b>Rupees in '000'</b>									
<b>Lendings to financial institutions:</b>										
Opening balance	-	-	1,825,000	-	-	-	-	1,600,000	-	-
Addition during the period / year	-	-	1,675,000	-	-	-	-	7,775,000	-	-
Repaid during the period / year	-	-	1,625,000	-	-	-	-	7,550,000	-	-
Closing balance	-	-	1,875,000	-	-	-	-	1,825,000	-	-
<b>Investments (gross)</b>	-	-	164,945	-	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	-	164,945	-	-	-	-	164,945	-	-
<b>Advances (gross):</b>										
Opening balance	-	361,604	-	-	-	-	269,016	132,431	-	1,318,019
Addition during the period / year	-	111,025	-	-	-	-	249,032	156,395	-	804,387
Repaid during the period / year	-	20,942	-	-	-	-	156,444	288,826	-	2,122,406
Closing balance	-	451,687	-	-	-	-	361,604	-	-	-
<b>Contingencies (non fund exposure)</b>	-	-	-	-	49,822	-	-	-	-	49,822
Other assets - advance deposits and prepayments	-	163	100,000	-	-	-	8,992	100,000	-	-
Other assets - markup receivable	-	19,231	39,422	-	-	-	16,720	28,097	-	-
<b>Right of use assets</b>	-	-	-	-	65,930	-	-	-	-	67,036
<b>Lease liability against right of use assets</b>	-	-	-	-	13,749	-	-	-	-	13,302
<b>Deposits and other accounts:</b>										
Opening balance	239	30,825	40,067	1,036,847	26,391	902	26,795	36,387	374,772	1,558,999
Received during the period / year	5,345	134,239	764,706	579,361	49,133	7,764	833,334	2,518,801	3,805,306	70,813,694
Withdrawn during the period / year	1,940	143,468	736,245	171,897	63,443	8,427	829,304	2,515,121	3,143,231	72,346,302
Closing balance	3,644	21,596	68,528	1,444,311	12,081	239	30,825	40,067	1,036,847	26,391
Other liabilities - markup payable	34	60	416	-	-	8	108	259	-	-
Other liabilities - sundry creditors & accrued expenses	-	-	914	-	-	-	-	124	-	-

	March 31, 2023 (Un-audited)					March 31, 2022 (Un-audited)				
	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee Funds	Other related parties
	<b>Rupees in '000'</b>									
<b>Income:</b>										
Mark-up / return / interest earned	-	4,663	73,139	-	-	-	4,278	42,691	-	5,678
Fee and commission income	-	-	-	-	-	-	-	-	-	3,424
<b>Expense:</b>										
Mark-up / return / interest expensed	100	137	1,048	46,249	1,000	5	32	194	10,821	40,439
Depreciation on right of use assets	-	-	-	-	1,107	-	-	-	-	963
Mark-up on lease liability against right of use assets	-	-	-	-	447	-	-	-	-	769
Compensation expense	-	97,610	-	-	-	-	195,323	-	-	-
Commission expense	-	-	1,298	-	-	-	-	1,020	-	-
Directors fee and allowances	13,833	-	-	-	-	12,041	-	-	-	-

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

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

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	<b>Rupees in '000'</b>	
Loans & advances	32,202,164	52,906,885
Deposits	558,002,382	549,974,639
Acceptances	71,929	71,929
Contingencies	29,967,560	31,495,126
Mark-up receivable	3,714,534	5,188,460
Mark-up payable	18,342,184	19,952,701
	<b>Rupees in '000'</b>	
Mark-up earned	2,110,562	1,443,861
Mark-up expensed	19,162,013	10,221,074
Income on contingencies	53,272	16,929

38.3 The Bank made contribution of Rs. 118,578 thousand (March 31, 2022: Rs. 87,414 thousand) to employees provident fund during the period.

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

38.5 Advances to employees as at March 31, 2023, other than key management personnel, amounted to Rs. 18,938,521 thousand (December 31, 2022: Rs. 17,568,136 thousand) with markup receivable of Rs. 673,624 thousand (December 31, 2022: Rs. 633,165 thousand) and markup income of Rs. 206,914 thousand (March 31, 2022: Rs. 127,788 thousand). Compensation expense includes deferred cash bonus for President / CEO, key management personnel and other material risk takers / controllers. Deferred cash bonus as on March 31, 2023 stood at Rs. 63,031 thousand (December 31, 2022: Rs. 58,282 thousand).

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

**39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	Rupees in '000'	
<b>Minimum Capital Requirement (MCR):</b>			
Paid-up capital including share premium (net of losses)		34,667,575	31,693,421
<b>Capital Adequacy Ratio (CAR):</b>			
Eligible Common Equity Tier 1 (CET 1) Capital		47,878,703	53,858,265
Eligible Additional Tier 1 (ADT 1) Capital		8,017,500	8,017,500
Total Eligible Tier 1 Capital		55,896,203	61,875,765
Eligible Tier 2 Capital		4,922,081	6,396,254
Total Eligible Capital (Tier 1 + Tier 2)		60,818,284	68,272,019
Risk Weighted Assets (RWAs):			
Credit risk		431,746,197	430,945,557
Market risk		15,368,331	19,124,408
Operational risk		70,680,644	70,680,644
Total		517,795,172	520,750,609
Common equity tier I capital adequacy ratio		9.25%	10.34%
Tier I CAR (%)		10.80%	11.88%
Total CAR (%)		11.75%	13.11%
Total CAR (%) including advance subscription TFC-III	20.4	12.91%	13.57%
<b>39.1 Leverage Ratio (LR):</b>			
Eligible Tier-I Capital		55,896,203	61,875,765
Total exposures		1,930,619,188	1,787,497,376
LR (%)		2.90%	3.46%
LR (%) including including advance subscription TFC-III	20.4	2.90%	3.46%
<b>39.2 Liquidity Coverage Ratio (LCR):</b>			
Total high quality liquid assets		794,748,425	646,611,725
Total net cash outflow		444,607,345	469,412,209
LCR (%)		178.75%	137.75%
<b>Net Stable Funding Ratio (NSFR):</b>			
Total available stable funding		827,424,199	838,164,000
Total required stable funding		656,846,265	683,105,000
NSFR (%)		125.97%	122.70%
NSFR (%) including advance subscription TFC-III	20.4	126.88%	123.05%

As explained in note 10.1.3, the Bank availed the benefit and staggered the MTM losses on certain AFS PIBs securities. Had the said benefit not been accounted for the Capital Adequacy Ratio (CAR), Leverage Ratio (LR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) ratio would have been 12.57%, 2.81% 178.39% and 126.87% respectively.

## 40 ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2023, the Bank is operating 140 Islamic banking branches (December 31, 2022: 140 Islamic banking branches) and 40 Islamic banking windows (December 31, 2022: 40)

**STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2023**

		<b>(Un-audited) March 31, 2023</b>	(Audited) December 31, 2022
	<b>Note</b>	<b>Rupees in '000'</b>	
<b>ASSETS</b>			
Cash and balances with treasury banks		7,563,042	8,122,079
Balances with other banks		1,043,677	735,567
Due from financial institutions	40.1	1,875,000	17,575,000
Investments - net	40.2	31,952,329	32,390,721
Islamic financing and related assets - net	40.3	54,174,271	56,147,182
Fixed assets		3,271,836	3,209,170
Intangible assets		9,488	6,298
Due from head office		1,909,018	2,723,384
Other assets		6,371,435	4,873,102
<b>Total assets</b>		<b>108,170,096</b>	<b>125,782,503</b>
<b>LIABILITIES</b>			
Bills payable		1,062,418	647,861
Due to financial institutions		1,526,711	1,526,711
Deposits and other accounts	40.4	93,556,353	111,646,763
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		6,021,964	5,923,064
		<b>102,167,446</b>	<b>119,744,399</b>
<b>NET ASSETS</b>		<b>6,002,650</b>	<b>6,038,104</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		2,000,000	2,000,000
Reserves		38,149	26,464
Deficit on revaluation of assets		(1,057,671)	(629,134)
Unappropriated profit	40.5	5,022,172	4,640,774
		<b>6,002,650</b>	<b>6,038,104</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	40.6		

**ISLAMIC BANKING BUSINESS  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	Note	Three Months Ended	
		March 31, 2023	March 31, 2022
		Rupees in '000'	
Profit / return earned	40.7	3,763,924	1,943,266
Profit / return expensed	40.8	2,604,710	1,082,913
Net profit / return		1,159,214	860,353
Fee and commission income		69,448	56,032
Dividend income		-	-
Foreign exchange income / (loss)		5,932	(811)
Income / (loss) from derivatives		-	-
Gain on securities - net		10	-
Other income / (loss)		1,261	(1,405)
		76,651	53,816
Total income		1,235,865	914,169
Operating expenses		753,055	656,724
Workers welfare fund		-	-
Other charges		-	-
		753,055	656,724
Profit before provisions		482,810	257,445
Provisions and write offs - net		101,412	46,594
Profit before taxation		381,398	210,851
Taxation	40.9	-	-
Profit after taxation		381,398	210,851

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>40.1 DUE FROM FINANCIAL INSTITUTIONS</b>	<b>Rupees in '000'</b>					
Unsecured	<b>1,875,000</b>	-	<b>1,875,000</b>	17,575,000	-	17,575,000

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost/ Amortized cost	Provision for diminution	(Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	(Deficit)	Carrying value
<b>40.2 INVESTMENTS - NET</b>	<b>Rupees in '000'</b>							
<b>Investments by segment</b>								
Federal government securities:								
-Ijarah sukuks	21,236,010	-	(1,113,792)	20,122,218	21,243,759	-	(669,504)	20,574,255
-Naya Pakistan Certificates (Roshan Digital)	739,595	-	-	739,595	682,588	-	-	682,588
	<b>21,975,605</b>	-	<b>(1,113,792)</b>	<b>20,861,813</b>	21,926,347	-	(669,504)	21,256,843
Non government debt securities :								
-Listed	8,378,185	-	(38,184)	8,340,001	8,393,936	-	(53,935)	8,340,001
-Unlisted	2,750,515	-	-	2,750,515	2,793,877	-	-	2,793,877
	<b>11,128,700</b>	-	<b>(38,184)</b>	<b>11,090,516</b>	11,187,813	-	(53,935)	11,133,878
Total investments	<b>33,104,305</b>	-	<b>(1,151,976)</b>	<b>31,952,329</b>	33,114,160	-	(723,439)	32,390,721

	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
<b>40.3 ISLAMIC FINANCING AND RELATED ASSETS</b>	<b>Rupees in '000'</b>	
Ijarah	2,315,672	2,461,557
Murabaha	3,274,317	4,870,837
Musharaka	11,967,060	14,045,205
Diminishing musharaka	27,362,912	27,207,841
Payment against documents	55,304	55,304
Waqala	3,875,568	3,203,972
Istisna	6,212,644	5,209,531
Musawamah Financing	724,971	574,056
Tijarah	86,181	117,825
Gross islamic financing and related assets	<b>55,874,629</b>	57,746,128
Less: provision against islamic financings		
- Specific	1,700,358	1,598,946
- General	-	-
Islamic financing and related assets - net of provision	<b>54,174,271</b>	56,147,182

## 40.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
<b>Customers:</b>						
Current deposits	17,143,742	696,114	17,839,856	16,598,382	513,205	17,111,587
Savings deposits	63,940,446	410,585	64,351,031	55,880,913	289,392	56,170,305
Term deposits	5,859,398	186,877	6,046,275	15,066,050	-	15,066,050
Others	1,407,993	-	1,407,993	1,499,138	-	1,499,138
	<b>88,351,579</b>	<b>1,293,576</b>	<b>89,645,155</b>	<b>89,044,483</b>	<b>802,597</b>	<b>89,847,080</b>
<b>Financial institutions:</b>						
Current deposits	53,547	70,091	123,638	100,316	71,130	171,446
Savings deposits	3,787,224	284	3,787,508	2,753,014	223	2,753,237
Term deposits	-	-	-	18,875,000	-	18,875,000
Others	52	-	52	-	-	-
	<b>3,840,823</b>	<b>70,375</b>	<b>3,911,198</b>	<b>21,728,330</b>	<b>71,353</b>	<b>21,799,683</b>
	<b>92,192,402</b>	<b>1,363,951</b>	<b>93,556,353</b>	<b>110,772,813</b>	<b>873,950</b>	<b>111,646,763</b>

## 40.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS

(Un-audited) (Audited)  
March 31, December 31,  
2023 2022

Rupees in '000'

Opening balance	4,640,774	2,550,132
Add: Islamic banking profit / (loss) for the period / year	381,398	2,090,642
Closing balance	<b>5,022,172</b>	<b>4,640,774</b>

## 40.6 CONTINGENCIES AND COMMITMENTS

(Un-audited) (Un-audited)  
March 31, March 31,  
2023 2022

Rupees in '000'

-Guarantees	2,263,834	2,049,966
-Commitments	5,514,701	16,235,997
	<b>7,778,535</b>	<b>18,285,963</b>

## 40.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT

(Un-audited) (Un-audited)  
March 31, March 31,  
2023 2022

Rupees in '000'

Profit earned on:		
Financing	2,062,705	1,128,202
Investments	1,173,852	567,729
Placements	527,340	93,154
Deposits with financial institutions	27	154,181
	<b>3,763,924</b>	<b>1,943,266</b>



**THE BANK OF PUNJAB**

(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
Rupees in '000'	

**40.8 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

2,456,876	968,295
86,640	54,628
8,566	2,507
<b>52,628</b>	<b>57,483</b>
<b>2,604,710</b>	<b>1,082,913</b>

**40.9** The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 164,039 thousand (March 31, 2022: tax expense Rs. 80,081 thousand).

**40.10** During the period, following pool has been created:

- USD Special Pool-2

The main characteristics of the pool are as under:

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 40:60.
- ii) Profit equalization reserve upto 2% of net income will be created, if needed.
- iii) Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

**41 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorized for issue on **April 28, 2023** by the Board of Directors of the Bank.

**42 GENERAL**

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

**42.2** Corresponding figures have been re-arranged or re-classified wherever necessary, for better and fair presentation. However, no significant reclassification or re-arrangement has been made during the period.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
President

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

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Director



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**THE BANK OF PUNJAB**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

		<b>(Un-audited)</b> <b>March 31,</b> <b>2023</b>	(Audited) December 31, 2022
	<b>Note</b>	<b>Rupees in '000'</b>	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	<b>83,608,048</b>	73,203,963
Balances with other banks	8	<b>5,791,457</b>	4,842,758
Lendings to financial institutions	9	<b>25,471,501</b>	68,194,342
Investments - net	10	<b>803,239,584</b>	638,276,903
Advances - net	11	<b>568,897,434</b>	590,934,509
Fixed assets	12	<b>30,536,652</b>	30,344,086
Intangible assets	13	<b>1,816,181</b>	1,776,940
Deferred tax assets - net	14	<b>17,402,309</b>	14,584,059
Other assets - net	15	<b>67,649,064</b>	59,840,459
		<b>1,604,412,230</b>	1,481,998,019
<b>LIABILITIES</b>			
Bills payable	17	<b>5,630,290</b>	6,323,641
Borrowings	18	<b>238,388,223</b>	80,820,212
Deposits and other accounts	19	<b>1,189,150,454</b>	1,227,299,424
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	<b>18,294,760</b>	17,203,760
Deferred tax liabilities		-	-
Other liabilities	21	<b>90,839,493</b>	85,387,012
		<b>1,542,303,220</b>	1,417,034,049
<b>NET ASSETS</b>			
		<b>62,109,010</b>	64,963,970
<b>REPRESENTED BY</b>			
Share capital - net	22	<b>29,478,381</b>	29,478,381
Reserves		<b>15,983,909</b>	12,769,424
Deficit on revaluation of assets - net of tax	23	<b>(6,395,800)</b>	(2,323,430)
Non Controlling Interest		<b>662,554</b>	627,811
Unappropriated profit		<b>22,379,966</b>	24,411,784
		<b>62,109,010</b>	64,963,970
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		

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

Chief Financial Officer

President

Chairman

Director

Director

**THE BANK OF PUNJAB**  
**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

		<b>Three Months Ended</b>	
		<b>March 31,</b>	March 31,
		<b>2023</b>	2022
	<b>Note</b>	<b>Rupees in '000'</b>	
Mark-up / return / interest earned	25	<b>50,689,553</b>	26,819,842
Mark-up / return / interest expensed	26	<b>42,907,230</b>	18,676,928
Net mark-up / interest income		<b>7,782,323</b>	8,142,914
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	<b>1,726,428</b>	1,394,320
Dividend income		<b>137,189</b>	164,143
Foreign exchange income		<b>780,381</b>	128,844
Income / (loss) from derivatives		<b>-</b>	-
Gain / (loss) on securities - net	28	<b>59,579</b>	(123,680)
Other income - net	29	<b>40,257</b>	133,264
Total non-markup / interest income		<b>2,743,834</b>	1,696,891
Total income		<b>10,526,157</b>	9,839,805
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	30	<b>8,395,362</b>	7,349,729
Workers welfare fund		<b>31,013</b>	62,105
Other charges	31	<b>597</b>	4,014
Total non-markup / interest expenses		<b>8,426,972</b>	7,415,848
Profit before provisions		<b>2,099,185</b>	2,423,957
Provisions / (reversal of provisions) and write offs - net	32	<b>10,123</b>	(1,063,925)
Extra ordinary / unusual items		<b>-</b>	-
<b>PROFIT BEFORE TAXATION</b>		<b>2,089,062</b>	3,487,882
Taxation - net	33	<b>906,944</b>	1,324,227
<b>PROFIT AFTER TAXATION</b>		<b>1,182,118</b>	2,163,655
<b>PROFIT ATTRIBUTABLE TO:</b>			
Equity holders of the Bank		<b>1,147,375</b>	2,135,236
Non controlling interest		<b>34,743</b>	28,419
		<b>1,182,118</b>	2,163,655
			(Restated)
<b>Basic earnings per share - Rupees</b>	34	<b>0.39</b>	0.72
<b>Diluted earnings per share - Rupees</b>	35	<b>0.39</b>	0.72

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

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**President**

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**Chairman**

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**Director**

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**Director**

**THE BANK OF PUNJAB**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	March 31,
	<b>2023</b>	2022
	<b>Rupees in '000'</b>	
Profit after taxation for the period	<b>1,182,118</b>	2,163,655
<b>Other comprehensive (loss) / income for the period:</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in deficit on revaluation of investments - net of tax	<b>(4,037,078)</b>	(1,507,913)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	-	396,562
	-	396,562
<b>Total comprehensive (loss) / income for the period</b>	<b>(2,854,960)</b>	1,052,304
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	<b>(2,889,703)</b>	1,023,885
Non controlling interest	<b>34,743</b>	28,419
	<b>(2,854,960)</b>	1,052,304

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

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**President**

\_\_\_\_\_  
**Chairman**

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**Director**

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**Director**

**THE BANK OF PUNJAB**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Surplus / (Deficit) - net of tax on revaluation of		Unappropriated profit	Non Controlling Interest	Total
							Investments	Fixed / non banking assets			
Rupees in '000'											
<b>Balance as on January 01, 2022 - audited</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	8,387,543	(6,446,164)	5,077,454	18,915,186	587,579	54,910,404
Profit after taxation for the three months ended March 31, 2022	-	-	-	-	-	-	-	-	2,135,236	28,419	2,163,655
Other comprehensive (loss) / income	-	-	-	-	-	-	(1,507,913)	396,562	-	-	(1,111,351)
Total comprehensive (loss) / income for the three months ended March 31, 2022	-	-	-	-	-	-	(1,507,913)	396,562	2,135,236	28,419	1,052,304
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(27,979)	27,979	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(3,260)	3,260	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(39,653)	41,266	-	1,613
<b>Transactions with owners recognized directly in equity:</b>											
Final stock dividend - December 31, 2021 declared subsequent to year end at 12.5% per share	-	-	-	-	3,304,615	-	-	-	(3,304,615)	-	-
	-	-	-	-	3,304,615	-	-	-	(3,304,615)	-	-
<b>Balance as on March 31, 2022 - un-audited</b>	26,436,924	(263,158)	26,173,766	2,215,040	3,304,615	8,387,543	(7,954,077)	5,403,124	17,818,312	615,998	55,964,321
Profit after taxation for the nine months ended December 31, 2022	-	-	-	-	-	-	-	-	8,493,168	11,813	8,504,981
Other comprehensive income	-	-	-	-	-	-	134,812	190,264	169,420	-	494,496
Total comprehensive income for the nine months ended December 31, 2022	-	-	-	-	-	-	134,812	190,264	8,662,588	11,813	8,999,477
Transfer to statutory reserve during the period	-	-	-	-	-	2,166,841	-	-	(2,166,841)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(95,681)	95,681	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(2,038)	2,038	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	166	6	-	172
<b>Transactions with owners recognized directly in equity:</b>											
Issuance of bonus shares during the period	3,304,615	-	3,304,615	-	(3,304,615)	-	-	-	-	-	-
	3,304,615	-	3,304,615	-	(3,304,615)	-	-	-	-	-	-
<b>Balance as on December 31, 2022 - audited</b>	29,741,539	(263,158)	29,478,381	2,215,040	-	10,554,384	(7,819,265)	5,495,835	24,411,784	627,811	64,963,970
Profit after taxation for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	1,147,375	34,743	1,182,118
Other comprehensive (loss) / income	-	-	-	-	-	-	(4,037,078)	-	-	-	(4,037,078)
Total comprehensive (loss) / income for the three months ended March 31, 2023	-	-	-	-	-	-	(4,037,078)	-	1,147,375	34,743	(2,854,960)
Transfer to statutory reserve during the period	-	-	-	-	-	240,331	-	-	(240,331)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(33,894)	33,894	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(1,398)	1,398	-	-
<b>Transactions with owners recognized directly in equity:</b>											
Final stock dividend - December 31, 2022 declared subsequent to year end at 10% per share	-	-	-	-	2,974,154	-	-	-	(2,974,154)	-	-
	-	-	-	-	2,974,154	-	-	-	(2,974,154)	-	-
<b>Balance as on March 31, 2022 - un-audited</b>	29,741,539	(263,158)	29,478,381	2,215,040	2,974,154	10,794,715	(11,856,343)	5,460,543	22,379,966	662,554	62,109,010

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

Chief Financial Officer

President

Chairman

Director

Director

**THE BANK OF PUNJAB**  
**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	Note	Three Months Ended	
		March 31, 2023	March 31, 2022
		Rupees in '000'	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,089,062	3,487,882
Less: Dividend income		(137,189)	(164,143)
		1,951,873	3,323,739
Adjustments:			
Depreciation on fixed assets	30	416,592	372,072
Depreciation on non banking assets acquired in satisfaction of claims	30	5,663	11,770
Depreciation on ijarah assets under IFAS - 2	30	66,760	60,063
Depreciation on right of use assets	30	403,478	271,554
Amortization on intangible assets	30	53,560	49,936
Amortization of discount on debt securities - net		(1,846,830)	(865,572)
Mark-up on lease liability against right of use assets	26	454,278	296,605
Unrealized loss on revaluation of investments classified as held for trading	28	27,324	13,428
Provision / (reversal of provisions) and write-offs - net	32	10,123	(1,063,925)
Workers' welfare fund		31,013	62,105
(Gain) / loss on termination of lease liability against right of use assets	29	(32,657)	2,454
Gain on sale of property and equipment - net	29	(987)	(15,693)
Gain on sale of non banking assets - net	29	-	(114,420)
Realized (gain) / loss on sale of securities - net	28	(86,903)	110,252
Provision for employees compensated absences		5,836	3,010
Provision for gratuity		111,390	85,008
		(381,360)	(721,353)
		1,570,513	2,602,386
(Increase) / decrease in operating assets:			
Lendings to financial institutions		42,822,841	25,417,441
Held for trading securities		5,848,051	29,573,568
Advances - net		22,156,930	(19,461,168)
Others assets - net		(7,751,726)	(3,614,673)
		63,076,096	31,915,168
Increase / (decrease) in operating liabilities:			
Bills payable		(693,351)	(3,931,207)
Borrowings from financial institutions		157,492,249	46,186,361
Deposits		(38,148,970)	15,706,914
Other liabilities (excluding taxation - net and gratuity fund)		5,550,643	5,174,155
		124,200,571	63,136,223
Payment made to gratuity fund		-	(268,144)
Income tax paid		(1,122,354)	(845,850)
		(1,122,354)	(1,113,994)
<b>Net cash flow from operating activities</b>		<b>187,724,826</b>	<b>96,539,783</b>

**THE BANK OF PUNJAB**

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) (Continued...)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	Note	Three Months Ended	
		March 31, 2023	March 31, 2022
		Rupees in '000'	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(176,192,198)	(63,953,796)
Net investments in held to maturity securities		-	(32,539,047)
Dividends received		83,681	123,810
Investments in operating fixed assets		(717,885)	(712,308)
Investments in intangible assets		(92,801)	(123,859)
Proceeds from sale of fixed assets		2,661	16,023
Proceeds from sale of non banking assets acquired in satisfaction of claims		-	470,848
<b>Net cash used in investing activities</b>		<b>(176,916,542)</b>	<b>(96,718,329)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of subordinated debts		(2,494,000)	-
Subscription received - subordinated perpetual term finance certificates	20.1	-	2,167,500
Subscription received - privately placed term finance certificates - III	20.4	3,585,000	-
Payment of lease liability against right of use assets		(522,262)	(357,843)
<b>Net cash flow from financing activities</b>		<b>568,738</b>	<b>1,809,657</b>
<b>Increase in cash and cash equivalents</b>		<b>11,377,022</b>	<b>1,631,111</b>
Cash and cash equivalents at beginning of the period		78,046,721	80,177,594
Cash and cash equivalents at end of the period		<b>89,423,743</b>	<b>81,808,705</b>
<b>Cash and cash equivalents:</b>			
Cash and balances with treasury banks		83,608,048	73,171,913
Balances with other banks		5,791,457	9,111,968
Call money lendings		100,000	-
Overdrawn nostro accounts		(75,762)	(475,176)
		<b>89,423,743</b>	<b>81,808,705</b>

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

Chief Financial Officer

President

Chairman

Director

Director



## THE BANK OF PUNJAB

### NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2023

#### 1. STATUS AND NATURE OF BUSINESS

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

##### 1.1 Parent

The Bank of Punjab

##### Subsidiary Companies

Punjab Modaraba services (Private) Limited  
First Punjab Modaraba  
Punjab Capital Securities (Private) Limited

##### % age of holding-2023

##### % age of holding-2022

100.00%

100.00%

39.16%

39.16%

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 780 branches including 16 sub branches and 140 Islamic banking branches (December 31, 2022: 780 branches including 16 sub branches and 140 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir (AJK) at the period end. The Bank also has 40 Islamic banking windows (December 31, 2022: 40). The Bank's ordinary shares are listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

##### Punjab Modaraba Services (Private) Limited

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

##### First Punjab Modaraba

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

##### Punjab Capital Securities (Private) Limited

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

##### 1.2 Basis of Consolidation

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

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

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

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

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

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

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

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

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

## **2 BASIS OF PRESENTATION**

In accordance with the directives of the Government of Pakistan regarding conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

These consolidated condensed interim financial statements are separate financial statements of the Bank in which the investment in subsidiaries is stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee. Consolidated condensed interim financial statements of the Group are being issued separately.

The financial results of Islamic Banking business have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 40 of these consolidated condensed interim financial statements.

## **2.1 Statement of compliance**

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

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

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

**2.1.2** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 29, 2019 and IAS 34, "Interim Financial Reporting". Accordingly, these consolidated condensed interim financial statements do not include all the information and disclosures required for annual consolidated financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the Bank for the year ended December 31, 2022.

**2.1.3** SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in preparation of these consolidated condensed interim financial statements.

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

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

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

There are certain amendments and interpretations of existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either not relevant or not to have any significant impact on the Bank's consolidated condensed interim financial statements.

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

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

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

As per SBP's BPRD Circular Letter No. 07 dated April 13, 2023, the applicability of IFRS 9 in Pakistan has been deferred to accounting periods beginning on or after January 1, 2024. Accordingly, these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime.

**Standard or Interpretations**

**Effective date (annual periods beginning on or after)**

IFRS 9	Financial Instruments	January 01, 2024
IAS 1	Classification of Liabilities as Current or Non-current	January 01, 2024
IFRS 16	Amendments to IFRS-16 Leases on sale and leaseback	January 01, 2024

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

**3. BASIS OF MEASUREMENT**

**3.1** These consolidated condensed interim financial statements have been prepared under the historical cost convention except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and lease liability against right of use asset and certain staff retirement benefits at present value. Right of use assets which are initially measured at an amount equal to the corresponding lease liability against right of use assets and depreciated over the respective lease terms.

**3.2** These consolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Bank for the year ended December 31, 2022.

**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 audited consolidated financial statements of the Bank for the year ended December 31, 2022.

**6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual audited consolidated financial statements of the Bank for the year ended December 31, 2022.

**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

		<b>(Un-audited)</b> <b>March 31,</b> <b>2023</b>	<b>(Audited)</b> <b>December 31,</b> <b>2022</b>
	<b>Note</b>	<b>Rupees in '000'</b>	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand:			
Local currency		26,769,636	26,710,456
Foreign currencies		1,513,742	1,491,640
		<b>28,283,378</b>	28,202,096
With SBP in:			
Local currency current account		40,614,694	38,889,109
Foreign currency current account		2,310,066	1,797,861
Foreign currency deposit account		5,229,020	3,734,458
		<b>48,153,780</b>	44,421,428
With National Bank of Pakistan in:			
Local currency current account		7,102,625	519,449
Prize bonds		68,265	60,990
		<b>83,608,048</b>	<b>73,203,963</b>
<b>8 BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
Current accounts		102,218	94,452
Deposit accounts		5,181	4,750
		<b>107,399</b>	99,202
Outside Pakistan:			
Current accounts		1,992,690	2,233,769
Deposit accounts		3,691,368	2,509,787
		<b>5,684,058</b>	4,743,556
		<b>5,791,457</b>	4,842,758
<b>9 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		100,000	-
Repurchase agreement lendings (Reverse Repo)	9.2	25,171,501	52,244,342
Placements	9.3	200,000	15,950,000
		<b>25,471,501</b>	<b>68,194,342</b>
<b>9.1 Particulars of lendings</b>			
In local currency		25,471,501	68,194,342
In foreign currencies		-	-
		<b>25,471,501</b>	<b>68,194,342</b>

9.2 Securities held as collateral against repurchase agreement lendings (reverse repo)	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	<b>Rupees in '000'</b>					
Market treasury bills	15,171,501	-	15,171,501	52,244,342	-	52,244,342
Pakistan investment bonds	10,000,000	-	10,000,000	-	-	-
	<b>25,171,501</b>	<b>-</b>	<b>25,171,501</b>	<b>52,244,342</b>	<b>-</b>	<b>52,244,342</b>

Market value of securities held as collateral as at March 31, 2023 amounted to Rs. 22,446,758 thousand (December 31, 2022: Rs. 52,351,059 thousand). These carry mark-up at rate ranging from 19.00% to 20.00% per annum (December 31, 2022: 16.00% to 16.40% per annum).

9.3 These carry profit rates ranging from 15.80% to 20.10% per annum (December 31, 2022: 16.05% to 16.20% per annum) with maturities up to June 29, 2023.

## 10 INVESTMENTS - NET

### 10.1 Investments by type:

	Note	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		<b>Rupees in '000'</b>							
<b>Held-for-trading securities</b>									
Federal government securities	10.1.1	-	-	-	-	6,048,429	-	(1,471)	6,046,958
Ordinary shares		543,828	-	(27,324)	516,504	383,064	-	(62,038)	321,026
		<b>543,828</b>	<b>-</b>	<b>(27,324)</b>	<b>516,504</b>	<b>6,431,493</b>	<b>-</b>	<b>(63,509)</b>	<b>6,367,984</b>
<b>Available-for-sale securities</b>									
Federal government securities	10.1.1 & 10.2	702,649,840	-	(19,229,464)	683,420,376	524,597,694	-	(12,526,946)	512,070,748
Shares		10,401,598	(1,831,529)	(1,540,768)	7,029,301	11,166,496	(2,156,597)	(1,144,246)	7,865,653
Mutual fund & investment trust units		2,628,680	-	9,539	2,638,219	2,628,680	-	6,458	2,635,138
Non government debt securities		15,036,584	(2,646,432)	(39,909)	12,350,243	14,936,247	(2,441,149)	(53,276)	12,441,822
Foreign securities		11,957	-	-	11,957	11,957	-	-	11,957
		<b>730,728,659</b>	<b>(4,477,961)</b>	<b>(20,800,602)</b>	<b>705,450,096</b>	<b>553,341,074</b>	<b>(4,597,746)</b>	<b>(13,718,010)</b>	<b>535,025,318</b>
<b>Held-to-maturity securities</b>									
Federal government securities	10.1.1 & 10.4	97,272,984	-	-	97,272,984	96,883,601	-	-	96,883,601
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		<b>97,273,384</b>	<b>(400)</b>	<b>-</b>	<b>97,272,984</b>	<b>96,884,001</b>	<b>(400)</b>	<b>-</b>	<b>96,883,601</b>
<b>Total investments</b>		<b>828,545,871</b>	<b>(4,478,361)</b>	<b>(20,827,926)</b>	<b>803,239,584</b>	<b>656,656,568</b>	<b>(4,598,146)</b>	<b>(13,781,519)</b>	<b>638,276,903</b>

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

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

**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

**10.1.3** The SBP vide letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 has allowed the Bank to stagger unrealized mark-to-market (MTM) loss as on March 31, 2023 to the extent of 25 percent on certain Pakistan Investment Bonds (PIBs) having face value of Rs. 140,443,600 thousand and maturity upto August 20, 2023 held as Available-for-sale securities. As of March 31, 2023, the cumulative unrealized MTM loss on these PIBs amounted to Rs. 6,535,838 thousand. Accordingly, the Bank has availed benefit of the said relaxation and accounted for impact of 75 percent MTM loss in these consolidated condensed interim financial statements. This has resulted in a net of tax positive impact of Rs. 913,357 thousand on the consolidated condensed interim statement of financial position as of March 31, 2023 with corresponding positive impact on the consolidated condensed interim statement of comprehensive income for the three months ended March 31, 2023. Pursuant to the aforementioned SBP letter, MTM loss on these PIBs may be accounted for in future as follows:

- 100% by June 30, 2023

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

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
		Rupees in '000'	
<b>10.2 Investments given as collateral - at cost / amortised cost</b>			
Market treasury bills		-	1,380,412
Pakistan investment bonds		<b>161,598,313</b>	506,634
		<b>161,598,313</b>	<b>1,887,046</b>
<b>10.3 Provision for diminution in value of investments</b>			
<b>10.3.1 Movement in provision for diminution in value of investments</b>			
Opening balance		<b>4,598,146</b>	3,945,992
Charge / (reversals):			
Charge for the period / year	32	<b>256,765</b>	1,462,220
Reversals for the period / year		<b>(51,482)</b>	(84,414)
		<b>205,283</b>	1,377,806
Reversal on disposal during the period / year		<b>(325,068)</b>	(725,652)
Closing balance		<b>4,478,361</b>	4,598,146
<b>10.3.2 Particulars of provision against debt securities</b>		(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>Category of classification</b>		<b>NPI</b>	<b>Provision</b>
<b>Domestic</b>		Rupees in '000'	
Loss		<b>2,646,832</b>	2,441,549
<b>Total</b>		<b>2,646,832</b>	2,441,549

**10.4** Market value of held to maturity investments amounted to Rs. 83,701,095 thousand (December 31, 2022: Rs. 87,756,050 thousand).

	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	<b>Rupees in '000'</b>					
Loans, cash credits, running finances, etc.	481,096,024	497,749,289	48,306,013	48,826,533	529,402,037	546,575,822
Net book value of assets in ijarah under IFAS 2 - In Pakistan	2,127,126	2,272,312	188,546	189,245	2,315,672	2,461,557
Islamic financing and related assets	50,703,314	52,397,637	2,855,643	2,886,934	53,558,957	55,284,571
Bills discounted and purchased	28,466,927	31,645,333	17,221	17,221	28,484,148	31,662,554
Advances - gross	562,393,391	584,064,571	51,367,423	51,919,933	613,760,814	635,984,504
Provision against advances:						
- Specific	-	-	(44,228,574)	(44,435,016)	(44,228,574)	(44,435,016)
- General	(634,806)	(614,979)	-	-	(634,806)	(614,979)
	(634,806)	(614,979)	(44,228,574)	(44,435,016)	(44,863,380)	(45,049,995)
Advances - net of provision	561,758,585	583,449,592	7,138,849	7,484,917	568,897,434	590,934,509

11.1 Particulars of advances (gross)

	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	<b>Rupees in '000'</b>	
In local currency	605,185,399	630,578,773
In foreign currencies	8,575,415	5,405,731
	613,760,814	635,984,504



11.2 Advances include Rs. 51,367,423 thousand (December 31, 2022: Rs. 51,919,933 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000'			
<b>Domestic</b>				
Other assets especially mentioned	411,208	9,145	342,812	5,390
Substandard	1,952,205	186,646	2,394,414	109,910
Doubtful	3,068,587	1,144,421	2,891,075	992,245
Loss	45,935,423	42,888,362	46,291,632	43,327,471
Total	51,367,423	44,228,574	51,919,933	44,435,016

11.3 Particulars of provision against advances	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	44,435,016	614,979	45,049,995	46,959,797	3,054,945	50,014,742
Charge for the period / year	498,561	-	498,561	1,427,397	60,034	1,487,431
Reversals for the period / year	(705,003)	19,827	(685,176)	(3,952,178)	(2,500,000)	(6,452,178)
	(206,442)	19,827	(186,615)	(2,524,781)	(2,439,966)	(4,964,747)
Amounts written off	-	-	-	-	-	-
Closing balance	44,228,574	634,806	44,863,380	44,435,016	614,979	45,049,995
<b>11.3.1 Particulars of provision against advances with respect to currencies</b>						
In local currency	44,228,574	634,806	44,863,380	44,435,016	614,979	45,049,995
In foreign currencies	-	-	-	-	-	-
	44,228,574	634,806	44,863,380	44,435,016	614,979	45,049,995

11.3.2 This includes general provision against consumer, SME financing portfolio and credit cards as required by Prudential Regulations issued by the SBP.

11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 3,275,464 thousand (December 31, 2022: Rs 3,115,010 thousand). The FSV benefit availed is not available for cash or stock dividend.

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	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>Rupees in '000'</b>			
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	1,000,969	980,802
Right of use assets		11,995,107	12,102,160
Property and equipment		17,540,576	17,261,124
		<b>30,536,652</b>	<b>30,344,086</b>
<b>12.1 Capital work-in-progress</b>			
Civil works	12	1,000,969	980,802
		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
<b>12.2 Additions to fixed assets</b>		<b>Rupees in '000'</b>	
The following additions have been made to fixed assets during the period:			
<b>Capital work-in-progress</b>		20,167	270,488
<b>Property and equipment:</b>			
Building on freehold land		64,002	2,758,220
Furniture and fixture		79,141	30,591
Office equipment		179,788	74,758
Computer equipment		96,343	271,320
Lease hold improvements		278,444	65,151
		<b>697,718</b>	<b>3,200,040</b>
		<b>717,885</b>	<b>3,470,528</b>
<b>12.3 Addition to right of use assets</b>		<b>315,098</b>	<b>345,426</b>
<b>12.4 Termination of right of use assets</b>		<b>18,673</b>	<b>25,372</b>
<b>12.5 Disposal of property and equipment:</b>			
The net book value of property and equipment disposed off during the period is as follows:			
Furniture and fixture		551	65
Office equipment		1,123	265
Computer equipment		-	-
Vehicles		-	-
		<b>1,674</b>	<b>330</b>
Gross carrying amount of computer equipment and vehicles disposed off during the period was Rs. 3,374 thousand and Rs. 681 thousand respectively (March 31, 2022: Rs. 333 thousand and Rs. 12,002 thousand respectively).			
		(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>Rupees in '000'</b>			
<b>13 INTANGIBLE ASSETS</b>			
Capital work-in-progress		456,460	370,152
Softwares		1,359,721	1,406,788
		<b>1,816,181</b>	<b>1,776,940</b>

**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

		<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
		<b>Rupees in '000'</b>	
<b>13.1</b>	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Intangible in progress	86,308	(82,778)
	Intangible assets purchased	6,493	206,637
		<b>92,801</b>	<b>123,859</b>
		<b>(Un-audited) March 31, 2023</b>	<b>(Audited) December 31, 2022</b>
<b>14</b>	<b>DEFERRED TAX ASSETS - NET</b>	<b>Rupees in '000'</b>	
	Deductible temporary differences on:		
	Deficit on revaluation of investments	8,944,259	5,898,745
	Right of use assets	1,098,006	967,786
	Workers welfare fund	437,632	424,296
	Business losses in subsidiary	29,058	29,555
	Provision against advances	9,508,279	9,894,016
		<b>20,017,234</b>	<b>17,214,398</b>
	Taxable temporary differences on:		
	Surplus on revaluation of property and equipment	(2,019,989)	(2,045,558)
	Accelerated tax depreciation	(511,656)	(500,446)
	Surplus on revaluation of non banking assets	(83,280)	(84,335)
		<b>(2,614,925)</b>	<b>(2,630,339)</b>
		<b>17,402,309</b>	<b>14,584,059</b>
<b>15</b>	<b>OTHER ASSETS - NET</b>		
	Income / mark-up accrued in local currency	37,587,939	35,908,260
	Income / mark-up accrued in foreign currency	5,183	2,639
	Advances, deposits, advance rent and other prepayments	1,605,567	1,359,139
	Non-banking assets acquired in satisfaction of claims	2,530,345	2,533,555
	Acceptances	20,549,682	17,268,248
	Branch adjustment account	371,393	27,811
	Mark to market gain on forward foreign exchange contracts - net	852,435	-
	Stock of stationery	374,907	279,117
	Suspense account	61,877	51,416
	Zakat recoverable from National Investment Trust Limited (NITL)	36,790	36,790
	Unrealized gain on revaluation of foreign bills and trade loans	1,019,131	105,884
	Claims receivable against fraud and forgeries	223,790	246,077
	Auto Teller Machine and Point of Sale receivable - net	54,001	200,131
	IBFT receivable	366,273	389,268
	Others	1,613,100	1,044,624
		<b>67,252,413</b>	<b>59,452,959</b>
	Less: Provision held against other assets	(775,562)	(787,166)
	Other assets (net of provision)	<b>66,476,851</b>	<b>58,665,793</b>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,172,213	1,174,666
	Other assets - total	<b>67,649,064</b>	<b>59,840,459</b>

**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>15.1 Provision held against other assets</b>	<b>Note</b>	<b>Rupees in '000'</b>	
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		30,876	30,876
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries	15.1.2	215,345	219,411
Others		456,828	464,366
	15.1.1	<u>775,562</u>	<u>787,166</u>
<b>15.1.1 Movement in provision held against other assets</b>			
Opening balance		787,166	1,914,474
Charge for the year		-	33,619
Reversals during the year		(8,545)	(1,307,908)
		(8,545)	(1,274,289)
Amount written off		(3,059)	(5,168)
Other adjustments			152,149
Closing balance		<u>775,562</u>	<u>787,166</u>
<b>15.1.2</b>	This includes provision amounted to Rs. 4,795 thousand (December 31, 2022: Rs. 4,795 thousand) maintained against certain closed cases as per approval of the management.		
		(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>16 CONTINGENT ASSETS</b>			
Contingent assets		Nil	Nil
<b>17 BILLS PAYABLE</b>			
In Pakistan		5,630,290	6,323,641
Outside Pakistan		-	-
		<u>5,630,290</u>	<u>6,323,641</u>
<b>18 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from SBP under:			
Export Refinance Scheme (ERF)		31,160,154	31,180,373
Long Term Financing Facility (LTFF)		13,128,185	13,668,052
Finance Facility for Storage of Agricultural Produce (FFSAP)		215,986	224,873
Finance facility for Renewable Energy Performance Platform (REPP)		6,669,299	6,693,669
Refinancing facility for payment of salaries and wages		-	969,351
Refinancing facility for combating COVID-19		971,688	1,042,632
Refinancing facility for working capital of small and medium enterprises		66,000	69,000
Finance Facility for Temporary Relief Refinance scheme (TERF)		19,997,110	19,889,392
Finance Facility for women entrepreneurs		1,200	1,300
Finance Islamic facility for Saaf Rozgar Reimbursement Credit		3,658,936	3,840,524
Finance Facility for Shamsi Tawanai Consumer		38,750	50,981
Refinancing facility for modernization of Small and Medium Enterprises (SMEs)		166,797	175,343
		76,074,105	77,805,490
Repurchase agreement borrowings		160,648,180	1,379,807
Borrowing from Pakistan Mortgage Refinance Company Limited		1,590,176	1,634,915
<b>Total secured</b>		<u>238,312,461</u>	<u>80,820,212</u>
<b>Unsecured</b>			
Overdrawn nostro accounts		75,762	-
		<u>238,388,223</u>	<u>80,820,212</u>

## 19 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Rupees in '000'</b>						
<b>Customers:</b>						
Current deposits	198,123,383	6,071,484	204,194,867	207,308,574	4,661,424	211,969,998
Savings deposits	544,405,747	4,930,800	549,336,547	553,914,328	3,861,179	557,775,507
Term deposits	357,774,346	34,423,791	392,198,137	361,810,847	25,430,470	387,241,317
Others	30,893,781	-	30,893,781	24,170,731	-	24,170,731
	<b>1,131,197,257</b>	<b>45,426,075</b>	<b>1,176,623,332</b>	<b>1,147,204,480</b>	<b>33,953,073</b>	<b>1,181,157,553</b>
<b>Financial institutions:</b>						
Current deposits	2,287,897	1,436,620	3,724,517	2,479,212	1,375,936	3,855,148
Savings deposits	7,597,604	105,187	7,702,791	20,595,447	3,785	20,599,232
Term deposits	957,000	-	957,000	21,639,000	-	21,639,000
Others	142,814	-	142,814	48,491	-	48,491
	<b>10,985,315</b>	<b>1,541,807</b>	<b>12,527,122</b>	<b>44,762,150</b>	<b>1,379,721</b>	<b>46,141,871</b>
	<b>1,142,182,572</b>	<b>46,967,882</b>	<b>1,189,150,454</b>	<b>1,191,966,630</b>	<b>35,332,794</b>	<b>1,227,299,424</b>

(Un-audited) (Audited)  
**March 31,** December 31,  
**2023** 2022

Note

Rupees in '000'

## 20 SUBORDINATED DEBTS

Subordinated perpetual term finance certificates - ADT - I	20.1	<b>8,017,500</b>	8,017,500
Privately placed term finance certificates - I	20.2	-	2,494,000
Privately placed term finance certificates - II	20.3	<b>4,292,260</b>	4,292,260
Advance subscription money - privately placed term finance certificates - III	20.4	<b>5,985,000</b>	2,400,000
		<b>18,294,760</b>	<b>17,203,760</b>

## 20.1 Subordinated perpetual term finance certificates

The Bank has issued unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier -I capital under section 66 (1) of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	"AA-" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non-cumulative basis.
Profit rate:	Floating rate of return at base rate plus 200 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	Not applicable.

Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

## **20.2 Privately placed term finance certificates - I**

During the year, the Bank exercised call option for premature repayment and repaid Rs. 2,494,000 thousand to respective investors. Accordingly, the total liability against privately placed term finance certificates - I stands fully settled. The salient features of the TFC's issue were as follows:

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

## **20.3 Privately placed term finance certificates - II**

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

Issue amount:	Rs. 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).

Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

**20.4 Advance subscription money - privately placed term finance certificates - III**

Prior to close of period ended March 31, 2023, the Bank received Rs. 5,985,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / listed, unsecured and subordinated debt instrument in the nature of Tier II capital term finance certificates. The instrument will be unsecured and subordinated as to payment of principal and profit to other indebtedness of the Bank, including deposits, but will rank pari passu with other Tier II instruments and superior to Additional Tier I instruments. The instrument will be structured to redeem 0.36% of the issue amount during the first 9 years after the issue date and the remaining issue amount of 99.64% in two (2) equal semi - annual installments of 49.82% each in the last year. The advance subscription money carries mark-up at rate of 6 month KIBOR plus spread of 125 bps per annum.

<b>21 OTHER LIABILITIES</b>	<b>Note</b>	<b>(Un-audited) March 31, 2023</b>	<b>(Audited) December 31, 2022</b>
<b>Rupees in '000'</b>			
Mark-up / return / interest payable in local currency		28,812,760	29,650,291
Mark-up / return / interest payable in foreign currency		1,646,259	644,270
Lease key money		13,632,501	13,384,899
Provision for taxation (provisions less payments)		2,778,213	3,220,400
Sundry creditors and accrued expenses		1,847,420	1,642,463
Acceptances	15	20,549,682	17,268,248
Mark-up payable on subordinated debts		971,067	206,610
Unclaimed dividends		2,586	2,586
Payable to gratuity fund		282,542	171,152
Gratuity payable to key management personnel		12,190	12,190
Payable to charity fund		359	195
Provision against off-balance sheet obligations	21.2	43,983	43,983
Provision for employees compensated absences		158,638	153,884
Mark to market loss on forward foreign exchange contracts - net	15	-	112,585
Taxes / zakat / import fee payable		2,541,143	1,770,460
Lease liability against right of use assets		14,548,611	14,352,825
Workers welfare fund	21.1	1,302,706	1,271,693
Others		1,708,833	1,478,278
		<b>90,839,493</b>	<b>85,387,012</b>

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

<b>21.2 Provision against off-balance sheet obligations</b>	<b>Note</b>	<b>(Un-audited) March 31, 2023</b>	<b>(Audited) December 31, 2022</b>
<b>Rupees in '000'</b>			
		<b>43,983</b>	<b>43,983</b>

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

22 SHARE CAPITAL - NET

22.1 Authorized capital

(Un-audited) March 31, 2022	(Audited) December 31, 2022		(Un-audited) March 31, 2023	(Audited) December 31, 2022
Number of shares			Rupees in '000'	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each. The board of directors has approved to increase authorized share capital of the Bank to 10,000,000 thousand shares amounting to Rs. 100,000,000 thousand. The Bank is in process of obtaining necessary approvals to increase the authorized capital of the Bank.

22.2 Issued, subscribed and paid up capital

(Un-audited) March 31, 2023	(Audited) December 31, 2022		(Un-audited) March 31, 2023	(Audited) December 31, 2022
Number of shares			Rupees in '000'	
		<b>Opening Balance</b>		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158	5,263,158
839,925,583	509,464,036	Issued as bonus shares	8,399,256	5,094,641
2,974,153,927	2,643,692,380		29,741,539	26,436,924
		<b>Movement during the period</b>		
-	330,461,547	Issued as bonus shares	-	3,304,615
		<b>Closing Balance</b>		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158	5,263,158
839,925,583	839,925,583	Issued as bonus shares	8,399,256	8,399,256
2,974,153,927	2,974,153,927		29,741,539	29,741,539
-	-	Less: Discount on issue of shares	(263,158)	(263,158)
2,974,153,927	2,974,153,927		29,478,381	29,478,381

GoPb held 57.47% shares in the Bank as at March 31, 2023 (December 31, 2022: 57.47%).

23 DEFICIT ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of:

- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

10.1	(20,800,602)	(13,718,010)
	6,391,599	6,451,062
15	1,172,213	1,174,666
	(13,236,790)	(6,092,282)

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

- Available for sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

	8,944,259	5,898,745
	(2,019,989)	(2,045,558)
	(83,280)	(84,335)
	6,840,990	3,768,852
	(6,395,800)	(2,323,430)

24 CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	108,209,336	99,484,058
Commitments	24.2	361,320,691	401,862,159
Other contingent liabilities	24.3	291,951	291,951
		469,821,978	501,638,168



**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>March 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees in '000'</b>	
<b>24.1 Guarantees:</b>			
Financial guarantees		22,967,276	22,805,891
Performance guarantees		21,733,348	22,031,727
Other guarantees		63,508,712	54,646,440
		<b>108,209,336</b>	<b>99,484,058</b>
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		189,720,964	170,302,819
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	150,051,811	198,951,177
- forward lending	24.2.2	21,307,245	32,465,327
Commitments for acquisition of:			
- fixed assets		60,389	23,097
- intangible assets		180,282	119,739
		<b>361,320,691</b>	<b>401,862,159</b>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		83,041,305	105,509,624
Sale		67,010,506	93,441,553
		<b>150,051,811</b>	<b>198,951,177</b>
<b>24.2.2 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	21,307,245	32,465,327
<b>24.2.2.1</b>			
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>March 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees in '000'</b>	
<b>24.3 Other contingent liabilities</b>	24.3.1	<b>291,951</b>	291,951
<b>24.3.1</b>			
For tax years 2014 - 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.			

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

**24.4 Claims against the Bank not acknowledged as debts**

An amount of Rs. 51,208,973 thousand (December 31, 2022: Rs. 51,158,973 thousand) 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 Bank's 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.

THE BANK OF PUNJAB AND ITS SUBSIDIARIES

		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Note	Rupees in '000'	
<b>25</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances		22,087,733	11,986,911
On investments:			
Available for sale securities		23,685,356	11,458,170
Held for trading securities		726,690	475,670
Held to maturity securities		2,876,168	2,024,322
On lendings to financial institutions:			
Securities purchased under resale agreements		751,178	293,199
Call lending		2,522	36,007
Letters of placement		476,579	391,189
On balances with banks		83,327	154,374
		<b>50,689,553</b>	<b>26,819,842</b>
<b>26</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits and other accounts		35,945,859	16,961,095
Borrowings:			
Securities sold under repurchase agreements		4,648,128	875,393
Call borrowings		14,392	-
Borrowing from Pakistan Mortgage Refinance Company Limited		40,476	43,601
SBP refinance borrowing		946,010	284,006
Subordinated debts:			
Mark-up on subordinated perpetual term finance certificates		-	35,462
Mark-up on privately placed term finance certificates		858,087	180,766
Mark-up on lease liability against right of use assets		454,278	296,605
		<b>42,907,230</b>	<b>18,676,928</b>
<b>27</b>	<b>FEE AND COMMISSION INCOME</b>		
Branch banking customer fees		103,347	139,832
Consumer finance related fees		109,481	92,243
Card related fees		416,295	277,127
Credit related fees		133,904	136,958
Investment banking fees		66,192	93,844
Branchless banking fees		42,754	32,442
Commission on trade		334,362	282,243
Commission on guarantees		120,339	82,920
Commission on cash management		73,618	31,039
Commission on remittances including home remittances		116,315	99,559
Commission on bancassurance		46,644	17,616
SMS banking income		163,177	108,497
		<b>1,726,428</b>	<b>1,394,320</b>
<b>28</b>	<b>GAIN / LOSS ON SECURITIES - NET</b>		
Realized gain / (loss) on sale of securities - net	28.1	86,903	(110,252)
Unrealized loss - held for trading		(27,324)	(13,428)
		<b>59,579</b>	<b>(123,680)</b>
<b>28.1</b>	<b>Realized gain / (loss) on sale of securities - net:</b>		
Federal government securities		(25,985)	(125,238)
Shares and certificates		112,888	14,986
		<b>86,903</b>	<b>(110,252)</b>

**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

<b>29 OTHER INCOME - NET</b>	<b>Note</b>	<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
		<b>Rupees in '000'</b>	
Gain on sale of property and equipment - net		987	15,693
Gain on sale of non banking assets - net		-	114,420
Gain / (loss) on termination of lease liability against right of use assets		32,657	(2,454)
Notice pay on resignations		6,613	5,605
		<b>40,257</b>	<b>133,264</b>
<b>30 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		<b>3,920,175</b>	<b>4,413,841</b>
<b>Property expense:</b>			
Rent and taxes		5,580	3,428
Insurance		4,055	2,802
Utilities cost		208,263	159,965
Security		3,844	915
Repair and maintenance including janitorial charges		30,885	22,074
Depreciation		172,163	182,917
Depreciation on right of use assets		403,478	271,554
		<b>828,268</b>	<b>643,655</b>
<b>Information technology expenses:</b>			
Software maintenance		254,752	121,346
Hardware maintenance		15,416	16,958
Depreciation on computer equipment		111,483	96,071
Amortization on intangible assets		53,560	49,936
Network charges		108,809	128,354
		<b>544,020</b>	<b>412,665</b>
<b>Other operating expenses:</b>			
Directors' fees and allowances		13,833	12,041
Fees and allowances to shariah board		2,355	2,210
Legal and professional charges		58,495	54,026
Subscription charges		9,148	11,060
Outsourced staff services costs		181,676	129,593
Travelling and conveyance		464,632	297,686
NIFT clearing charges		25,281	19,565
Depreciation		132,946	93,084
Depreciation on non banking assets acquired in satisfaction of claims	15.2	5,663	11,770
Depreciation on ijarah assets under IFAS - 2		66,760	60,063
Training and development		29,998	28,256
Postage and courier charges		71,581	50,048
Credit card charges		3,502	-
Stationery and printing		98,760	86,884
Marketing, advertisement and publicity		349,841	269,309
Insurance		74,020	69,777
Deposit protection fee		145,257	127,320
Repair and maintenance		100,122	71,754
Entertainment expenses		65,877	44,026
Fuel for generator		88,061	29,740
Commission and brokerage		82,658	98,418
Bank charges		11,566	7,776
SMS banking charges		89,303	21,957
ATM charges including mastercard charges		568,105	65,437
Cash remittance charges		130,002	90,419
Branch license fee		17,845	15,173
CNIC verification / ECIB charges		63,319	49,976
COVID-19 related expenses		318	3,347
Miscellaneous expenses		151,975	58,853
		<b>3,102,899</b>	<b>1,879,568</b>
		<b>8,395,362</b>	<b>7,349,729</b>

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		<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
	<b>Note</b>	<b>Rupees in '000'</b>	
<b>31 OTHER CHARGES</b>			
Penalties imposed by SBP		597	4,014
<b>32 Provisions / (reversal of provisions) and write offs - net</b>			
Provisions for diminution in value of investments	10.3.1	205,283	-
(Reversal of provision) / provision against advances	11.3	(186,615)	7,332
Reversal of provision against other assets - net		(8,545)	(1,071,291)
Bad debts written off directly		-	34
		<b>10,123</b>	<b>(1,063,925)</b>
<b>33 TAXATION - NET</b>			
Current	33.1	680,167	1,229,636
Deferred		226,777	94,591
		<b>906,944</b>	<b>1,324,227</b>

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

		<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
<b>34 BASIC EARNINGS PER SHARE</b>			
Profit after taxation for the period (Rs in '000')		1,147,375	2,135,236
Weighted average number of ordinary shares (No.).		2,974,153,927	(Restated) 2,974,153,927
Basic earnings per share - Rs.		0.39	0.72

**35 DILUTED EARNINGS PER SHARE**

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

**36 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

**36.1** The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

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

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

36.2 Fair value of financial assets

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

	March 31, 2023 (Un-audited)				Total
	Carrying value / Notional value	Level 1	Level 2	Level 3	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
Government securities	683,420,376	-	683,420,376	-	683,420,376
Shares	7,545,805	7,509,110	36,695	-	7,545,805
Non-Government debt securities	9,099,928	-	9,099,928	-	9,099,928
Mutual fund & investment trust units	2,638,219	-	2,638,219	-	2,638,219
Foreign securities	11,957	-	-	11,957	11,957
<b>Financial assets disclosed but not measured at fair value:</b>					
Government securities	97,272,984	-	83,701,095	-	83,701,095
Unlisted term finance certificates / sukuks	3,250,315	-	3,250,315	-	3,250,315
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	86,627,877	-	86,627,877	-	86,627,877
Forward sale of foreign exchange contracts	69,744,643	-	69,744,643	-	69,744,643
December 31, 2022 (Audited)					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value:</b>					
Government securities	518,117,706	-	518,117,706	-	518,117,706
Shares	8,186,679	8,144,182	42,497	-	8,186,679
Non-Government debt securities	8,856,478	-	8,856,478	-	8,856,478
Mutual funds & investment trust units	2,635,138	-	2,635,138	-	2,635,138
Foreign securities	11,957	-	-	11,957	11,957
<b>Financial assets disclosed but not measured at fair value:</b>					
Government securities	96,883,601	-	87,756,050	-	87,756,050
Unlisted term finance certificates / sukuks / commercial paper	3,585,344	-	3,585,344	-	3,585,344
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	105,808,826	-	105,808,826	-	105,808,826
Forward sale of foreign exchange contracts	93,853,340	-	93,853,340	-	93,853,340

36.3 Fair value of non financial assets

	March 31, 2023 (Un-audited)				Total
	Carrying value / Notional value	Level 1	Level 2	Level 3	
Rupees in '000'					
<b>Non financial assets measured at fair value:</b>					
Property and equipment (land & building)	12,341,891	-	12,341,891	-	12,341,891
Non banking assets acquired in satisfaction of claims	3,671,682	-	3,671,682	-	3,671,682
December 31, 2022 (Audited)					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
<b>Non financial assets measured at fair value:</b>					
Property and equipment (land & building)	12,400,348	-	12,400,348	-	12,400,348
Non banking assets acquired in satisfaction of claims	3,677,345	-	3,677,345	-	3,677,345

## 37 SEGMENT INFORMATION

## 37.1 Segment details with respect to business activities

(Un-audited)  
March 31, 2023

	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	16,062,015	750	3,971,906	26,703,786	3,763,924	187,172	50,689,553
Inter segment (cost) / revenue - net	(14,072,428)	30,018,816	15,550,614	(26,599,073)	(52,628)	(4,845,301)	-
Non mark-up / return / interest income	444,607	394,753	255,486	1,317,008	76,651	255,329	2,743,834
Total income	2,434,194	30,414,319	19,778,006	1,421,721	3,787,947	(4,402,800)	53,433,387
Segment total expenses	1,168,873	24,320,910	12,891,451	4,757,568	3,305,138	4,890,262	51,334,202
Profit before provisions and tax	1,265,321	6,093,409	6,886,555	(3,335,847)	482,809	(9,293,062)	2,099,185
Provisions	(65,253)	-	(22,321)	-	101,412	(3,715)	10,123
Profit / (loss) before tax	1,330,574	6,093,409	6,908,876	(3,335,847)	381,397	(9,289,347)	2,089,062
<b>Balance sheet</b>							
Cash & bank balances	-	330,335	32,258,823	48,203,628	8,606,719	-	89,399,505
Investments - net	3,078,600	-	-	768,208,655	31,952,329	-	803,239,584
Net inter segment lending	-	669,776,591	302,618,118	-	1,909,018	22,808,321	997,112,048
Lendings to financial institutions	-	-	-	23,596,501	1,875,000	-	25,471,501
Advances - performing	379,868,640	280,609	111,713,861	-	52,830,439	17,070,183	561,763,732
- non-performing - net	4,100,486	-	1,682,258	-	1,343,832	7,126	7,133,702
Others	36,506,706	66	3,827,268	15,097,582	9,652,759	52,319,825	117,404,206
<b>Total assets</b>	<b>423,554,432</b>	<b>670,387,601</b>	<b>452,100,328</b>	<b>855,106,366</b>	<b>108,170,096</b>	<b>92,205,455</b>	<b>2,601,524,278</b>
Borrowings	74,547,394	-	1,590,176	160,723,942	1,526,711	-	238,388,223
Subordinated debts	-	-	-	-	-	18,294,760	18,294,760
Deposits & other accounts	-	662,059,342	433,534,759	-	93,556,353	-	1,189,150,454
Net inter segment borrowing	303,298,496	-	-	693,813,552	-	-	997,112,048
Others	45,708,542	8,328,259	16,975,393	568,872	7,084,382	17,804,335	96,469,783
<b>Total liabilities</b>	<b>423,554,432</b>	<b>670,387,601</b>	<b>452,100,328</b>	<b>855,106,366</b>	<b>102,167,446</b>	<b>36,099,095</b>	<b>2,539,415,268</b>
Equity							62,109,010
<b>Total equity &amp; liabilities</b>							<b>2,601,524,278</b>
<b>Contingencies &amp; commitments</b>	<b>303,132,586</b>	<b>-</b>	<b>8,326,424</b>	<b>150,051,811</b>	<b>7,778,535</b>	<b>532,622</b>	<b>469,821,978</b>

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(Un-audited)

March 31, 2022

	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	8,487,923	226	2,295,590	13,974,776	1,943,266	118,061	26,819,842
Inter segment revenue - net	(6,850,734)	14,818,923	7,278,264	(12,882,828)	(57,483)	(2,306,142)	-
Non mark-up / return / interest income	384,074	365,124	242,564	355,392	53,816	295,921	1,696,891
Total income	2,021,263	15,184,273	9,816,418	1,447,340	1,939,599	(1,892,160)	28,516,733
Segment total expenses	582,392	12,167,504	6,624,669	982,133	1,682,154	4,053,924	26,092,776
Profit before provisions and tax	1,438,871	3,016,769	3,191,749	465,207	257,445	(5,946,084)	2,423,957
Provisions	(29,657)	-	(27,574)	-	46,594	(1,053,288)	(1,063,925)
Profit / (loss) before tax	1,468,528	3,016,769	3,219,323	465,207	210,851	(4,892,796)	3,487,882
(Audited)							
December 31, 2022							
<b>Balance sheet</b>							
Cash & bank balances	-	147,504	26,261,656	42,779,915	8,857,646	-	78,046,721
Investments - net	2,895,292	-	-	602,990,890	32,390,721	-	638,276,903
Net inter segment lending	-	652,432,669	340,531,057	-	2,723,384	27,864,900	1,023,552,010
Lendings to financial institutions	-	-	-	50,619,342	17,575,000	-	68,194,342
Advances - performing	397,720,759	123,805	115,139,152	-	54,669,949	15,795,927	583,449,592
- non-performing	4,688,698	-	1,296,104	-	1,477,233	22,882	7,484,917
Others	32,766,850	6,016	6,943,631	12,742,007	8,088,570	45,998,470	106,545,544
<b>Total assets</b>	438,071,599	652,709,994	490,171,600	709,132,154	125,782,503	89,682,179	2,505,550,029
Borrowings	76,278,779	-	1,634,915	1,379,807	1,526,711	-	80,820,212
Subordinated debts	-	-	-	-	-	17,203,760	17,203,760
Deposits & other accounts	-	645,158,868	470,493,793	-	111,646,763	-	1,227,299,424
Net inter segment borrowing	316,402,546	-	-	707,149,464	-	-	1,023,552,010
Others	45,390,274	7,551,126	18,042,892	602,883	6,570,925	13,552,553	91,710,653
<b>Total liabilities</b>	438,071,599	652,709,994	490,171,600	709,132,154	119,744,399	30,756,313	2,440,586,059
Equity							64,963,970
<b>Total equity &amp; liabilities</b>							2,505,550,029
<b>Contingencies &amp; commitments</b>	274,997,186	-	8,969,055	198,951,177	18,285,963	434,787	501,638,168

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

## 38 RELATED PARTY TRANSACTIONS

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

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

	(Un-audited) March 31, 2023				(Audited) December 31, 2022			
	Directors	Key management personnel	Employee Funds	Other related parties	Directors	Key management personnel	Employee Funds	Other related parties
	<b>Rupees in '000'</b>							
<b>Advances (gross):</b>								
Opening balance	-	367,584	-	-	-	276,599	-	1,318,019
Addition during the period / year	-	111,525	-	-	-	249,032	-	804,387
Repaid during the period / year	-	21,361	-	-	-	158,047	-	2,122,406
Closing balance	-	457,748	-	-	-	367,584	-	-
<b>Contingencies (non fund exposure)</b>	-	-	-	49,822	-	-	-	49,822
Other assets - advance deposits and prepayments	-	163	-	-	-	8,992	-	-
Other assets - markup receivable	-	19,265	-	-	-	16,756	-	-
<b>Right of use assets</b>	-	-	-	65,930	-	-	-	67,036
<b>Lease liability against right of use assets</b>	-	-	-	13,749	-	-	-	13,302
<b>Deposits and other accounts:</b>								
Opening balance	239	32,751	1,036,847	26,391	902	28,390	374,772	1,558,999
Received during the period / year	5,345	141,540	579,361	49,133	7,764	850,875	3,805,306	70,813,694
Withdrawn during the period / year	1,940	151,930	171,897	63,443	8,427	846,514	3,143,231	72,346,302
Closing balance	3,644	22,361	1,444,311	12,081	239	32,751	1,036,847	26,391
Other liabilities - markup payable	34	95	-	-	8	124	-	-



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	March 31, 2023 (Un-audited)				March 31, 2022 (Un-audited)			
	Directors	Key management personnel	Employee Funds	Other related parties	Directors	Key management personnel	Employee Funds	Other related parties
	<b>Rupees in '000'</b>							
<b>Income:</b>								
Mark-up / return / interest earned	-	4,966	-	-	-	4,357	-	5,678
Fee and commission income	-	-	-	-	-	-	-	3,424
<b>Expense:</b>								
Mark-up / return / interest expensed	100	153	46,249	1,000	5	56	10,821	40,439
Depreciation on right of use assets	-	-	-	1,107	-	-	-	963
Mark-up on lease liability against right of use assets	-	-	-	447	-	-	-	769
Compensation expense	-	100,803	-	-	-	198,452	-	-
Directors fee and allowances	13,833	-	-	-	12,041	-	-	-

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

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

	<b>(Un-audited) March 31, 2023</b>	<b>(Audited) December 31, 2022</b>
	<b>Rupees in '000'</b>	
Loans & advances	32,202,164	57,299,296
Deposits	558,002,382	484,197,126
Acceptances	71,929	71,929
Contingencies	29,967,560	26,097,691
Mark-up receivable	3,714,534	1,078,401
Mark-up payable	18,342,184	9,079,554
	<b>(Un-audited) March 31, 2023</b>	
	<b>Rupees in '000'</b>	
Mark-up earned	2,110,562	1,443,861
Mark-up expensed	19,162,013	10,221,074
Income on contingencies	53,272	16,929

**38.3** The Bank made contribution of Rs. 118,578 thousand (March 31, 2022: Rs. 87,414 thousand) to employees provident fund during the period.

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

**38.5** Advances to employees as at March 31, 2023, other than key management personnel, amounted to Rs. 18,938,521 thousand (December 31, 2022: Rs. 17,568,136 thousand) with markup receivable of Rs. 673,624 thousand (December 31, 2022: Rs. 633,165 thousand) and markup income of Rs. 206,914 thousand (March 31, 2022: Rs. 127,788 thousand). Compensation expense includes deferred cash bonus for President / CEO, key management personnel and other material risk takers / controllers. Deferred cash bonus as on March 31, 2023 stood at Rs. 63,031 thousand (December 31, 2022: Rs. 58,282 thousand).

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

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>			
	Note	Rupees in '000'	
<b>Minimum Capital Requirement (MCR):</b>			
Paid-up capital including share premium (net of losses)		34,667,575	31,693,421
<b>Capital Adequacy Ratio (CAR):</b>			
Eligible Common Equity Tier 1 (CET 1) Capital		47,683,755	53,722,311
Eligible Additional Tier 1 (ADT 1) Capital		8,017,500	8,017,500
Total Eligible Tier 1 Capital		55,701,255	61,739,811
Eligible Tier 2 Capital		4,922,081	6,396,254
Total Eligible Capital (Tier 1 + Tier 2)		60,623,336	68,136,065
Risk Weighted Assets (RWAs):			
Credit risk		431,973,371	432,338,314
Market risk		15,402,667	19,160,942
Operational risk		70,922,353	70,922,353
Total		518,298,391	522,421,609
Common equity tier I capital adequacy ratio		9.20%	10.28%
Tier I CAR (%)		10.75%	11.82%
Total CAR (%)		11.70%	13.04%
Total CAR (%) including advance subscription TFC-III	20.4	12.85%	13.50%
<b>39.1 Leverage Ratio (LR):</b>			
Eligible Tier-I Capital		55,701,255	61,739,811
Total exposures		1,930,613,316	1,787,557,305
LR (%)		2.89%	3.45%
LR (%) including including advance subscription TFC-III	20.4	2.89%	3.45%
<b>39.2 Liquidity Coverage Ratio (LCR):</b>			
Total high quality liquid assets		794,748,425	646,611,725
Total net cash outflow		444,607,345	469,412,209
LCR (%)		178.75%	137.75%
<b>Net Stable Funding Ratio (NSFR):</b>			
Total available stable funding		827,424,199	838,164,000
Total required stable funding		656,846,265	683,105,000
NSFR (%)		125.97%	122.70%
NSFR (%) including advance subscription TFC-III	20.4	126.88%	123.05%

As explained in note 10.1.3, the Bank availed the benefit and staggered the MTM losses on certain AFS PIBs securities. Had the said benefit not been accounted for the Capital Adequacy Ratio (CAR), Leverage Ratio (LR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) ratio would have been 12.51%, 2.79% 178.39% and 126.87% respectively.

40 ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2023, the Bank is operating 140 Islamic banking branches (December 31, 2022: 140 Islamic banking branches) and 40 Islamic banking windows (December 31, 2022: 40)

STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2023

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		7,563,042	8,122,079
Balances with other banks		1,043,677	735,567
Due from financial institutions	40.1	1,875,000	17,575,000
Investments - net	40.2	31,952,329	32,390,721
Islamic financing and related assets - net	40.3	54,174,271	56,147,182
Fixed assets		3,271,836	3,209,170
Intangible assets		9,488	6,298
Due from head office		1,909,018	2,723,384
Other assets		6,371,435	4,873,102
<b>Total assets</b>		<b>108,170,096</b>	<b>125,782,503</b>
<b>LIABILITIES</b>			
Bills payable		1,062,418	647,861
Due to financial institutions		1,526,711	1,526,711
Deposits and other accounts	40.4	93,556,353	111,646,763
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		6,021,964	5,923,064
		<b>102,167,446</b>	<b>119,744,399</b>
<b>NET ASSETS</b>		<b>6,002,650</b>	<b>6,038,104</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		2,000,000	2,000,000
Reserves		38,149	26,464
Deficit on revaluation of assets		(1,057,671)	(629,134)
Unappropriated profit	40.5	5,022,172	4,640,774
		<b>6,002,650</b>	<b>6,038,104</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	40.6		

**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

**ISLAMIC BANKING BUSINESS  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	Note	<b>Three Months Ended</b>	
		<b>March 31, 2023</b>	March 31, 2022
		<b>Rupees in '000'</b>	
Profit / return earned	40.7	<b>3,763,924</b>	1,943,266
Profit / return expensed	40.8	<b>2,604,710</b>	1,082,913
Net profit / return		<b>1,159,214</b>	860,353
Fee and commission income		<b>69,448</b>	56,032
Dividend income		-	-
Foreign exchange income / (loss)		<b>5,932</b>	(811)
Income / (loss) from derivatives		-	-
Gain on securities - net		<b>10</b>	-
Other income / (loss)		<b>1,261</b>	(1,405)
		<b>76,651</b>	53,816
Total income		<b>1,235,865</b>	914,169
Operating expenses		<b>753,055</b>	656,724
Workers welfare fund		-	-
Other charges		-	-
		<b>753,055</b>	656,724
Profit before provisions		<b>482,810</b>	257,445
Provisions and write offs - net		<b>101,412</b>	46,594
Profit before taxation		<b>381,398</b>	210,851
Taxation	40.9	-	-
Profit after taxation		<b>381,398</b>	210,851

THE BANK OF PUNJAB AND ITS SUBSIDIARIES

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>40.1 DUE FROM FINANCIAL INSTITUTIONS</b>	<b>Rupees in '000'</b>					
Unsecured	<b>1,875,000</b>	-	<b>1,875,000</b>	17,575,000	-	17,575,000

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost/ Amortized cost	Provision for diminution	(Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	(Deficit)	Carrying value
<b>40.2 INVESTMENTS - NET</b>	<b>Rupees in '000'</b>							
<b>Investments by segment</b>								
Federal government securities:								
-Ijarah sukuks	21,236,010	-	(1,113,792)	20,122,218	21,243,759	-	(669,504)	20,574,255
-Naya Pakistan Certificates (Roshan Digital)	739,595	-	-	739,595	682,588	-	-	682,588
	<b>21,975,605</b>	-	<b>(1,113,792)</b>	<b>20,861,813</b>	21,926,347	-	(669,504)	21,256,843
Non government debt securities :								
-Listed	8,378,185	-	(38,184)	8,340,001	8,393,936	-	(53,935)	8,340,001
-Unlisted	2,750,515	-	-	2,750,515	2,793,877	-	-	2,793,877
	<b>11,128,700</b>	-	<b>(38,184)</b>	<b>11,090,516</b>	11,187,813	-	(53,935)	11,133,878
Total investments	<b>33,104,305</b>	-	<b>(1,151,976)</b>	<b>31,952,329</b>	33,114,160	-	(723,439)	32,390,721

	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
<b>40.3 ISLAMIC FINANCING AND RELATED ASSETS</b>	<b>Rupees in '000'</b>	
Ijarah	2,315,672	2,461,557
Murabaha	3,274,317	4,870,837
Musharaka	11,967,060	14,045,205
Diminishing musharaka	27,362,912	27,207,841
Payment against documents	55,304	55,304
Waqala	3,875,568	3,203,972
Istisna	6,212,644	5,209,531
Musawamah Financing	724,971	574,056
Tijarah	86,181	117,825
Gross islamic financing and related assets	<b>55,874,629</b>	57,746,128
Less: provision against islamic financings		
- Specific	1,700,358	1,598,946
- General	-	-
Islamic financing and related assets - net of provision	<b>54,174,271</b>	56,147,182

## 40.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
<b>Customers:</b>						
Current deposits	17,143,742	696,114	17,839,856	16,598,382	513,205	17,111,587
Savings deposits	63,940,446	410,585	64,351,031	55,880,913	289,392	56,170,305
Term deposits	5,859,398	186,877	6,046,275	15,066,050	-	15,066,050
Others	1,407,993	-	1,407,993	1,499,138	-	1,499,138
	<b>88,351,579</b>	<b>1,293,576</b>	<b>89,645,155</b>	<b>89,044,483</b>	<b>802,597</b>	<b>89,847,080</b>
<b>Financial institutions:</b>						
Current deposits	53,547	70,091	123,638	100,316	71,130	171,446
Savings deposits	3,787,224	284	3,787,508	2,753,014	223	2,753,237
Term deposits	-	-	-	18,875,000	-	18,875,000
Others	52	-	52	-	-	-
	<b>3,840,823</b>	<b>70,375</b>	<b>3,911,198</b>	<b>21,728,330</b>	<b>71,353</b>	<b>21,799,683</b>
	<b>92,192,402</b>	<b>1,363,951</b>	<b>93,556,353</b>	<b>110,772,813</b>	<b>873,950</b>	<b>111,646,763</b>

## 40.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS

(Un-audited) (Audited)  
**March 31,** December 31,  
**2023** 2022  
Rupees in '000'

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

**4,640,774** 2,550,132  
**381,398** 2,090,642  
**5,022,172** 4,640,774

## 40.6 CONTINGENCIES AND COMMITMENTS

-Guarantees  
-Commitments

**2,263,834** 2,049,966  
**5,514,701** 16,235,997  
**7,778,535** 18,285,963

## 40.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT

(Un-audited) (Un-audited)  
**March 31,** March 31,  
**2023** 2022  
Rupees in '000'

Profit earned on:  
Financing  
Investments  
Placements  
Deposits with financial institutions

**2,062,705** 1,128,202  
**1,173,852** 567,729  
**527,340** 93,154  
**27** 154,181  
**3,763,924** 1,943,266

**THE BANK OF PUNJAB AND ITS SUBSIDIARIES**

<b>(Un-audited) March 31, 2023</b>	<b>(Un-audited) March 31, 2022</b>
<b>Rupees in '000'</b>	

**40.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED**

Deposits and other accounts	2,456,876	968,295
Markup on lease liability against right of use assets	86,640	54,628
Markup on borrowings from SBP	8,566	2,507
Profit on deposits from conventional head office	52,628	57,483
	<b>2,604,710</b>	<b>1,082,913</b>

**40.9** The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 164,039 thousand (March 31, 2022: tax expense Rs. 80,081 thousand).

**40.10** During the period, following pool has been created:

- USD Special Pool-2

The main characteristics of the pool are as under:

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 40:60.
- ii) Profit equalization reserve upto 2% of net income will be created, if needed.
- iii) Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

**41 DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were authorized for issue on **April 28, 2023** by the Board of Directors of the Bank.

**42 GENERAL**

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

**42.2** Corresponding figures have been re-arranged or re-classified wherever necessary, for better and fair presentation. However, no significant reclassification or re-arrangement has been made during the period.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
President

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# BOP

THE BANK OF PUNJAB



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