

دی بینک آف پنجاب رکھے
HarFardKaKhayal



QUARTERLY REPORT
(Un-audited)
JANUARY - MARCH
2020

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Corporate Information

Board of Directors

Mr. Mohammad Jehanzeb Khan	Director
Mr. Muhammad Abdullah Khan Sumbal	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Shaharyar Ahmad	Director
Mr. Zafar Masud	President / CEO
Mr. Kamran Hafeez	Secretary to the Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Saeed Anwar	Member
Mr. Muhammad Abdullah Khan Sumbal	Member
Mr. Shaharyar Ahmad	Member

Board Risk Management Committee (BRMC)

Mr. Mohammad Jehanzeb Khan	Chairman
Mr. Saeed Anwar	Member
Mr. Shaharyar Ahmad	Member
Mr. Muhammad Abdullah Khan Sumbal	Member

Human Resource & Remuneration Committee (HR&RC)

Khawaja Farooq Saeed	Chairman
Mr. Mohammad Jehanzeb Khan	Member
Dr. Muhammad Amjad Saqib	Member
Mr. Muhammad Abdullah Khan Sumbal	Member

Research, Development & Islamic Banking Committee (RDIBC)

Dr. Muhammad Amjad Saqib	Chairman
Khawaja Farooq Saeed	Member
Mr. Khalid S. Tirmizey	Member

Information Technology Review Committee (ITRC)

Mr. Mohammad Jehanzeb Khan	Chairman
Mr. Saeed Anwar	Member
Dr. Muhammad Amjad Saqib	Member
Khawaja Farooq Saeed	Member

Auditors

EY Ford Rhodes, Chartered Accountants

Registered Office

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

Registrar

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

Website

www.bop.com.pk

Directors' Report

Quarterly Financial Statements - March 31, 2020

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, 2020.

In prevalent COVID-19 situation, the global and local economy has deteriorated very sharply. The world economy is expected to enter into the sharpest downturn since the great depression, contracting by as much as 3 percent in 2020, according to projections released by the IMF. This is a much deeper recession than the 0.07 percent contraction during the global financial crisis in 2009. In addition, global oil prices have plummeted further, with futures markets suggesting low prices will persist.

Locally, while there is exceptionally high uncertainty about the severity and duration of the Coronavirus shock, the developments imply further downward revision in the outlook for growth and inflation. The economy is expected to contract by -1.5 percent in FY20 before recovering to around 2 percent growth in FY21. Inflation is expected to be close to the lower end of the previously announced 11-12 percent range this fiscal year and to fall to 7-9 percent range next fiscal year. While there are some upside risks to headline inflation in case of temporary supply disruptions or food price shocks, these are unlikely to generate strong second-round effects due to the weakness of the economy. Similarly, the inflationary impact of the recent exchange rate depreciation is expected to be contained given low import demand and falling global prices. In light of this reduction in growth and inflation expectations, SBP has cut the policy rate to single digit of 8 percent.

In the above difficult economic background, the Bank has managed its financial position as mentioned below:

Financial Highlights:

Rs. in Million

Profit before taxation	2,668.404
Taxation	1,167.502
Profit after taxation	1,500.902
Earnings per share (Rupees)	0.57

During 1st quarter of year 2020, Bank's Net Interest Margin (NIM) remained a little subdued at Rs. 5.9 billion as against Rs. 6.3 billion last year, due to the strategy of the Bank to focus on avenues of investments other than the traditional interest income of loans & advances. Accordingly, Non-Markup/ Interest Income increased to Rs. 2.0 billion as against Rs. 0.8 billion showing a substantial increase of 150%. Keeping in view the prevalent economic situation, Bank opted to create provision against certain loans & advances on prudent basis. Therefore, during 1st quarter of the year, the Bank posted after tax profit of Rs. 1.5 billion as against Rs. 1.9 billion earned during 1st quarter of year 2019. Earnings per Share (EPS) for the 1st quarter of year 2020 remained at the level of Rs. 0.57 per share.

The Bank's Total Assets as at March 31, 2020 improved to Rs. 899.1 billion as against Rs. 868.9 billion as of December 31, 2019. The Deposits of the Bank touched the level of Rs. 716.1 billion, while Investments and Gross Advances were recorded at Rs. 387.9 billion and Rs. 417.5 billion, respectively. The Tier-I equity remained at Rs. 40.9 billion and Capital Adequacy Ratio (CAR) also improved to 16.69% from 14.80% as on December 31, 2019. As on March 31, 2020, the Bank stands fully compliant with the SBP's prescribed requirement of CAR.

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 624 online branches, including 100 Taqwa Islamic Banking Branches and 17 sub-branches, strategically located across the Country. Further, the Bank has a vast network of 563 ATMs providing 24/7 banking services to the customers.

I am thankful to our valued customers and shareholders for their continuous support and assure that the Bank would continue its efforts to maintain current growth trends in prevalent difficult economic conditions. I wish to extend my gratitude to the Government of the Punjab and State Bank of Pakistan for their support and guidance. I would also like to appreciate Bank’s management and staff for their contribution towards the progress and prosperity of the Bank.

For and on behalf of the Board

Chairman

ڈائریکٹرز کا جائزہ

دی بینک آف پنجاب کے سہ ماہی مالیاتی نتائج 31 مارچ 2020ء

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2020ء کو اختتام پذیر ہونے والی سہ ماہی کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

Covid-19 کی موجودہ صورتحال میں، عالمی اور مقامی معیشت بہت تیزی سے خراب ہوئی ہے۔ آئی ایم ایف کی جانب سے جاری کردہ تخمینوں کے مطابق 2020 میں 3 فیصد سے زیادہ کمی کے ساتھ Great Depression کے بعد میں شدید ترین کمی ہے۔ عالمی معیشت میں یہ 2009 میں عالمی مالیاتی بحران کے دوران 0.07 فیصد کے تناسب سے کہیں زیادہ گہری کساد بازاری ہے۔ اس کے علاوہ، تیل کی عالمی قیمتوں میں مزید کمی آچکی ہے، جبکہ مستقبل کی منڈیوں کی تجویز ہے کہ کم قیمتیں برقرار رہیں گی۔

مقامی طور پر، جبکہ کورونا وائرس جھٹکے کی شدت اور مدت کے بارے میں غیر یقینی صورتحال موجود ہے۔ اس پیشرفت سے نمو اور افراط زر کی شرح میں مزید کمی متوقع ہے۔ توقع کی جارہی ہے کہ مالی سال 2020 میں معیشت 1-1.5 فیصد تک تنزلی کرے گی۔ اس سے قبل مالی سال 2021 میں 2 فیصد اضافے کو حاصل کیا جائے گا۔ توقع ہے کہ افراط زر اس مالی سال میں پہلے اعلان کردہ 11-12 فیصد کی حد کے نچلے سرے کے قریب اور اگلے مالی سال 7-9 فیصد کی حد تک گر جائے گا۔ اگرچہ ماضی رسد میں خلل یا کھانے کی قیمتوں میں کمی کی صورت میں موہنگائی کا خطرہ ہے۔ لیکن معیشت کی کمزوری کی وجہ سے دوسرے دور کے مضبوط اثرات پیدا کرنے کا امکان نہیں ہے۔ اسی طرح زرمبادلہ کی شرح میں کمی کے افراط زر کے اثرات درآمد کی کم طلب اور گرتی ہوئی عالمی قیمتوں کے پیش نظر ہونے کی امید ہے۔ نمو اور افراط زر کی توقعات میں اس کمی کی روشنی میں اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو 8 فیصد کے سنگل ہندسے تک کم کر دیا ہے۔

ان مشکل مالی حالات میں بینک نے اپنی ترقی کا سفر جاری رکھا ہے۔ جو کہ مالیاتی نتائج سے ظاہر ہوتا ہے۔

مالیاتی نتائج	روپیہ ملین میں
قبل از ٹیکس منافع	2,668.404
ٹیکس	1,167.502
بعد از ٹیکس منافع	1,500.902
فی حصص منافع (روپیہ)	0.57

سال 2020 کی پہلی سہ ماہی کے دوران بینک کا نیٹ انٹرسٹ مارجن (این آئی ایم) تھوڑا سا کم ہوتے ہوئے 5.9 ارب روپے کی سطح پر رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 6.3 ارب روپے تھا۔ این آئی ایم میں یہ کمی بینک کی اس مربوط حکمت عملی کا نتیجہ ہے جس کے تحت عام سودی قرضہ جات کی بجائے بینک نے دیگر سرمایہ کاری کے ذرائع پر توجہ دی ہے۔ بینک کی نان مارک اپ/ انٹرسٹ آمدن 150 فیصد کے شاندار اضافہ کے ساتھ 2 ارب روپے کی سطح پر رہی جو کہ پچھلے سال 0.8 ارب روپے کی سطح پر تھی۔ موجودہ معاشی صورتحال کو مد نظر رکھتے ہوئے بینک نے چند مخصوص قرضہ جات پر محتاط انداز میں پروڈیشن کی ہے۔ اسی طرح سال 2020 کی پہلی سہ ماہی میں بینک نے 1.5 ارب روپے کا بعد از ٹیکس منافع کمایا ہے جو کہ پچھلے سال کی اسی مدت کے دوران 1.9 ارب روپے تھا۔ سال 2020 کی پہلی سہ ماہی کے دوران بینک کی فی حصص آمدن 0.57 روپے رہی۔

31 مارچ 2020 کو بینک کے کل اثاثہ جات 899.1 ارب روپے تک پہنچ گئے جو کہ 31 دسمبر 2019 کو 868.9 ارب روپے تھے۔ بینک کے ڈیپازٹ 716.1 ارب روپے ہو رہے جبکہ سرمایہ کاری اور قرضہ جات بالترتیب 387.9 ارب روپے اور 417.5 ارب روپے رہے۔ بینک کی ٹیڑون ایکویٹی 40.9 ارب روپے رہی جبکہ کلیٹل ایڈیوکیٹی ریشو بہتر ہوتے ہوئے 16.69 فیصد ہوئی جو کہ 31 دسمبر 2019 کو 14.80 فیصد تھی۔ 31 مارچ 2020 کو بینک اسٹیٹ بینک آف پاکستان کی جانب سے مقرر کردہ کلیٹل ایڈیوکیٹی ریشو کی مطلوبہ سطح سے مطابقت رکھتا ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی نے بینک کو طویل مدت ریٹنگ "AA" دی ہے جبکہ مختصر مدت کے لیے "A1+" کی ریٹنگ بلند ترین سطح پر ہے۔ بینک نے اپنے برانچ نیٹ ورک میں مزید توسیع کا فیصلہ کیا ہے۔ اس وقت بینک کی 624 آن لائن برانچز بشمول 100 تقویٰ اسلامک بینکنگ برانچز اور 17 سب برانچز ملک بھر میں موجود ہیں۔ اس کے علاوہ ازیں بینک کا وسیع 563 اے ٹی ایم کا نیٹ ورک صارفین کو خدمات فراہم کر رہا ہے۔

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

بورڈ آف ڈائریکٹرز کی جانب سے

چیئرمین



**Unconsolidated Condensed Interim
Financial Information**
for the period ended March 31, 2020

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	49,037,637	53,414,628
Balances with other banks	8	3,504,386	10,310,569
Lendings to financial institutions	9	39,638,514	4,059,771
Investments - net	10	387,886,892	361,452,930
Advances - net	11	371,382,690	383,313,380
Fixed assets	12	14,985,955	15,218,893
Intangible assets	13	791,528	793,285
Deferred tax assets - net	14	4,564,691	6,567,783
Other assets - net	15	27,321,700	33,796,541
		899,113,993	868,927,780
LIABILITIES			
Bills payable	17	2,927,410	3,421,083
Borrowings	18	78,019,178	77,044,955
Deposits and other accounts	19	716,057,288	691,017,447
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	8,794,420	8,794,420
Deferred tax liabilities		-	-
Other liabilities	21	43,312,085	41,967,541
		849,110,381	822,245,446
NET ASSETS		50,003,612	46,682,334
REPRESENTED BY			
Share capital - net		26,173,766	26,173,766
Reserves		6,640,276	6,640,276
Surplus on revaluation of assets - net of tax	22	9,149,103	5,371,207
Unappropriated profit		8,040,467	8,497,085
		50,003,612	46,682,334
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The annexed notes from 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Profit and Loss Account For the Three Months Ended March 31, 2020 (Un-audited)

	Note	Three Months Ended March 31, 2020 Rupees in '000'	Restated Three Months Ended March 31, 2019
Mark-up / return / interest earned	24	24,212,251	16,086,993
Mark-up / return / interest expensed	25	18,313,115	9,739,762
Net mark-up / interest income		5,899,136	6,347,231
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	851,627	767,182
Dividend income		41,780	28,205
Foreign exchange (loss) / income		72,680	(2,690)
Income / (loss) from derivatives		-	-
Gain on securities - net	27	1,004,103	13,990
Other income - net	28	32,175	4,911
Total non-markup / interest income		2,002,365	811,598
Total income		7,901,501	7,158,829
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	4,200,553	3,448,519
Workers welfare fund		57,973	-
Other charges	30	287,666	1,021
Total non-markup / interest expenses		4,546,192	3,449,540
Profit before provisions		3,355,309	3,709,289
Provisions and write offs - net	31	686,904	250,162
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,668,405	3,459,127
Taxation - net	32	1,167,502	1,563,808
PROFIT AFTER TAXATION		1,500,903	1,895,319
Basic earnings per share - Rupees	33	0.57	0.72
Diluted earnings per share - Rupees	34	0.57	0.72

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

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Three Months Ended March 31, 2020 (Un-audited)

	Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
	Rupees in '000'	
Profit after taxation for the period	1,500,903	1,895,319
Other comprehensive income:		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	(9,167)	-
	(9,167)	-
	1,491,736	1,895,319
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	3,812,311	(15,605)
Total comprehensive income for the period	5,304,047	1,879,714

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

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Statement of Changes in Equity For the Three Months Ended March 31, 2020 (Un-audited)

	Rupees in '000'							Total	
	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Investments	Fixed / non banking assets		Unappropriated profit
Balance as on January 01, 2019	26,436,924	(263,159)	26,173,766	2,215,040	2,775,530	(11,369)	3,271,681	3,295,643	37,720,291
Profit after taxation for the three months ended March 31, 2019 - restated	-	-	-	-	-	(15,606)	-	1,895,319	1,895,319
Other comprehensive loss	-	-	-	-	-	(15,606)	-	-	(15,606)
Total comprehensive income for the three months ended March 31, 2019 - restated	-	-	-	-	-	(15,606)	-	1,895,319	1,879,714
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(10,759)	10,759	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(4,268)	4,268	-
Transactions with owners recognized directly in equity:									
Final cash dividend - December 31, 2018 declared subsequent to year end at 7.5% per share	-	-	-	-	-	-	-	(1,982,769)	(1,982,769)
Balance as on March 31, 2019 - restated	26,436,924	(263,159)	26,173,766	2,215,040	2,775,530	(26,974)	3,256,654	3,223,220	37,617,236
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	-	-	6,353,210	6,353,210
Other comprehensive income / (loss)	-	-	-	-	-	2,253,868	495,543	(54,429)	2,695,002
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	2,253,868	495,543	6,298,781	9,048,212
Transfer to statutory reserve	-	-	-	-	1,649,706	-	-	(1,649,706)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(32,102)	32,102	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(12,791)	12,791	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal	-	-	-	-	-	-	(558,120)	574,814	16,694
Transfer from surplus on revaluation of non-banking assets to unappropriated profit on disposal	-	-	-	-	-	-	(4,891)	5,083	192
Balance as on December 31, 2019	26,436,924	(263,159)	26,173,766	2,215,040	4,425,236	2,226,914	3,144,293	8,497,085	46,682,334
Profit after taxation for the three months ended March 31, 2020	-	-	-	-	-	-	-	1,500,903	1,500,903
Other comprehensive income	-	-	-	-	-	3,812,311	(9,167)	-	3,803,144
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	3,812,311	(9,167)	1,500,903	5,304,047
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(16,656)	16,656	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(2,389)	2,389	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit on disposal	-	-	-	-	-	-	(6,203)	6,203	-
Transactions with owners recognized directly in equity :									
Final cash dividend - December 31, 2019 declared subsequent to year end at 7.5% per share	-	-	-	-	-	-	-	(1,982,769)	(1,982,769)
Balance as on March 31, 2020	26,436,924	(263,159)	26,173,766	2,215,040	4,425,236	6,039,225	3,109,878	8,040,467	50,003,612

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

Chief Financial Officer

President

Director

Unconsolidated Condensed Interim Cash Flow Statement For the Three Months Ended March 31, 2020 (Un-audited)

	Note	Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,668,405	3,459,127
Less: Dividend income		(41,780)	(28,205)
		2,626,625	3,430,922
Adjustments:			
Depreciation on fixed assets	29	265,447	255,798
Depreciation on non banking assets acquired in satisfaction of claims	29	14,827	18,539
Depreciation on ijarah assets under IFAS - 2	29	41,727	82,831
Depreciation on right of use assets	29	217,064	199,728
Amortization on intangible assets	29	48,644	42,296
Amortization of discount on debt securities - net		(1,171,156)	(118,514)
Mark-up on lease liability against right of use assets	25	222,963	168,596
Unrealized gain / (loss) on revaluation of investments classified as held for trading	27	(71,445)	4,279
Provision and write-offs - net	31	686,904	250,162
Gain on termination of lease liability against right-of-use asset	28	(273)	-
Gain on sale of fixed assets - net	28	(20,801)	(1,445)
Gain on sale of non banking assets - net	28	(8,236)	-
Gain on securities - net	27	(932,658)	(18,269)
Provision for employees compensated absences		3,475	2,617
Provision for gratuity		46,531	28,704
		(656,987)	915,322
		1,969,638	4,346,244
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(35,428,743)	7,508,780
Held for trading securities		(21,447,309)	8,474,138
Advances - net		11,291,004	(3,193,253)
Others assets - net		6,692,123	(3,203,824)
		(38,892,925)	9,585,841
Increase / (Decrease) in operating liabilities:			
Bills Payable		(493,673)	(42,127)
Borrowings from financial institutions		1,113,025	(12,397,769)
Deposits		25,039,841	(2,539,677)
Other liabilities		(717,276)	2,158,797
		24,941,917	(12,820,776)
Income tax paid		(1,477,244)	(731,277)
Net cash (used in) / flow from operating activities		(13,458,614)	380,032

	Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
Rupees in '000'		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	2,990,537	12,557,190
Net investments in held to maturity securities	-	(14,647,570)
Dividends received	19,800	10,124
Investments in fixed assets	(194,910)	(283,635)
Investments in intangible assets	(46,887)	(28,574)
Proceeds from sale of fixed assets	21,175	1,719
Proceeds from sale of non banking assets	23,200	-
Net cash flow from / (used in) investing activities	2,812,915	(2,390,746)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment against lease liability against right of use asset	(248,673)	(253,294)
Net cash used in financing activities	(248,673)	(253,294)
Decrease in cash and cash equivalents	(10,894,372)	(2,264,008)
Cash and cash equivalents at beginning of the period	63,586,009	49,180,556
Cash and cash equivalents at end of the period	52,691,637	46,916,548
Cash and cash equivalents:		
Cash and balances with treasury banks	49,037,637	43,382,797
Balances with other banks	3,504,386	4,211,219
Call lendings	150,000	-
Overdrawn nostro accounts	(386)	(677,468)
	52,691,637	46,916,548

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

Chief Financial Officer

President

Director

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Three Months Ended March 31, 2020 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

The Bank of Punjab (the Bank) was constituted in Pakistan pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 624 branches including 17 sub branches and 100 Islamic banking branches (December 31, 2019: 624 branches including 17 sub branches and 100 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

2. BASIS OF PRESENTATION

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

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

The financial results of Islamic Banking business have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 39 of these unconsolidated condensed interim financial statements.

2.1 Statement of compliance

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

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

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

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

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

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

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

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

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

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

The SBP vide BPRD Circular No. 04 dated October 23, 2019 has notified the effective date of IFRS 9, 'Financial Instruments' as January 01, 2021. IFRS 9, 'Financial Instruments' has replaced IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 9	Financial instruments	January 01, 2021
IFRS 17	Insurance contracts	January 01, 2021

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2019.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The basis for accounting judgments and key estimates adopted in preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2019.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2019. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has damaged all economies in a gradual manner and become a risk around the globe including Pakistan. To reduce its impact on businesses and economies, the SBP has responded through a cut in the policy rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.
- Allowing banks to defer borrowers' principal loan payments by one year;
- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million; and
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;

COVID-19 will impact banks in Pakistan on all fronts including increase in credit risk pertaining to the loans and advances portfolio, reduced fee income, continuity of business operations and managing cybersecurity threat as an ever increasing number of customers are being encouraged to use Bank's digital platform.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'		
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	17,857,489	10,744,173
Foreign currencies	2,074,593	1,862,526
	19,932,082	12,606,699
With SBP in :		
Local currency current accounts	22,592,870	24,791,197
Foreign currency current accounts	471,771	531,902
Foreign currency deposit accounts	1,411,384	1,587,930
	24,476,025	26,911,029
With National Bank of Pakistan in :		
Local currency current account	4,593,434	13,526,747
Prize bonds	36,096	370,153
	49,037,637	53,414,628

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
8. BALANCES WITH OTHER BANKS			
In Pakistan :			
Current accounts		2,579,967	7,261,938
Deposit accounts		4,748	2,763,609
		2,584,715	10,025,547
Outside Pakistan :			
Current accounts		599,198	205,569
Deposit accounts		320,473	79,453
		919,671	285,022
		3,504,386	10,310,569

9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		150,000	-
Repurchase agreement lendings (Reverse Repo)	9.2	36,938,514	564,771
Placements	9.3	2,550,000	3,495,000
		39,638,514	4,059,771

9.1 Particulars of lending

In local currency		39,638,514	4,059,771
In foreign currencies		-	-
		39,638,514	4,059,771

9.2 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2020			(Audited) December 31, 2019		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	36,369,881	-	36,369,881	-	-	-
Pakistan investment bonds	568,633	-	568,633	564,771	-	564,771
	36,938,514	-	36,938,514	564,771	-	564,771

Market value of securities held as collateral as at March 31, 2020 amounted to Rs. 36,974,693 thousand (December 31, 2019: Rs. 564,464 thousand). These carry mark-up at rate ranging from 10.50% to 13.75% per annum (December 31, 2019: 13.75% per annum) with maturities upto April 09, 2020.

- 9.3 These carry profit rates ranging from 10.00% to 12.25% per annum (December 31, 2019: 11.00% to 13.75% per annum) with maturities upto May 25, 2020.

10. INVESTMENTS - NET

10.1 Investments by type:

	Note	(Un-audited) March 31, 2020			(Audited) December 31, 2019				
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
R u p e e s i n ' 0 0 0 '									
Held-for-trading securities									
Federal government securities	10.1.1	31,395,197	-	74,119	31,469,316	9,896,210	-	(1,710)	9,894,500
Ordinary shares		9,951	-	(2,674)	7,277	65,836	-	(2,497)	63,339
		31,405,148	-	71,445	31,476,593	9,962,046	-	(4,207)	9,957,839
Available-for-sale securities									
Federal government securities	10.1.1 & 10.2	277,395,509	-	9,713,727	287,109,236	279,471,832	-	3,305,176	282,777,008
Shares and certificates		3,643,143	(1,221,804)	(454,748)	1,966,591	2,605,974	(1,169,906)	119,326	1,555,394
Non government debt securities		9,735,047	(2,360,803)	20,871	7,395,115	9,755,954	(2,360,803)	1,519	7,396,671
Foreign securities		4,019	-	-	4,019	4,019	-	-	4,019
		290,777,718	(3,582,607)	9,279,850	296,474,961	291,837,779	(3,530,709)	3,426,021	291,733,091
Held-to-maturity securities									
Federal government securities	10.1.1 & 10.4	59,935,338	-	-	59,935,338	59,762,000	-	-	59,762,000
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		59,935,738	(400)	-	59,935,338	59,762,400	(400)	-	59,762,000
Subsidiaries		164,945	(164,945)	-	-	164,945	(164,945)	-	-
Total investments		382,283,549	(3,747,952)	9,351,295	387,886,892	361,727,170	(3,696,054)	3,421,815	361,452,930

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

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'		
10.2 Investments given as collateral		
Pakistan investment bonds	-	41,022,618
Market treasury bills	49,504,261	11,378,650
	49,504,261	52,401,268
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	3,696,054	3,393,101
Charge / reversals :		
Charge for the period / year	51,898	404,485
Reversals for the period / year	-	-
	51,898	404,485
Reversal on disposal during the period / year	-	(101,532)
Closing balance	3,747,952	3,696,054

10.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	308,606	125,678	308,606	125,678
Loss	2,235,525	2,235,525	2,235,525	2,235,525
Total	2,544,131	2,361,203	2,544,131	2,361,203

10.4 Market value of held to maturity investments amounted to Rs. 71,016,698 thousand (December 31, 2019: Rs. 64,466,364 thousand).

11. ADVANCES - NET

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2020	(Audited) December 31, 2019	(Un-audited) March 31, 2020	(Audited) December 31, 2019	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'						
Loans, cash credits, running finances, etc.	315,457,666	319,953,398	52,186,969	51,027,036	367,644,635	370,980,434
Net book value of assets in ijarah under IFAS 2 - In Pakistan	1,486,334	1,522,428	215,000	215,000	1,701,334	1,737,428
Islamic financing and related assets	24,908,132	25,688,577	1,555,272	90,734	26,463,404	25,779,311
Bills discounted and purchased	21,673,156	30,318,260	30,521	30,521	21,703,677	30,348,781
Advances - gross	363,525,288	377,482,663	53,987,762	51,363,291	417,513,050	428,845,954
Provision against advances:						
- Specific	-	-	(45,709,894)	(45,119,933)	(45,709,894)	(45,119,933)
- General	(420,466)	(412,641)	-	-	(420,466)	(412,641)
	(420,466)	(412,641)	(45,709,894)	(45,119,933)	(46,130,360)	(45,532,574)
Advances - net of provision	363,104,822	377,070,022	8,277,868	6,243,358	371,382,690	383,313,380

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
11.1 Particulars of advances (gross)		
In local currency	416,509,538	428,085,025
In foreign currencies	1,003,512	760,929
	417,513,050	428,845,954

11.2 Advances include Rs. 53,987,762 thousand (December 31, 2019: Rs. 51,363,291 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	1,560,053	4,656	185,320	9,079
Substandard	1,633,837	256,157	1,131,078	139,457
Doubtful	8,412,952	5,008,125	8,204,461	4,808,487
Loss	42,380,920	40,440,956	41,842,432	40,162,910
Total	53,987,762	45,709,894	51,363,291	45,119,933

11.3 Particulars of provision against advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000'						
Opening balance	45,119,933	412,641	45,532,574	43,530,419	348,299	43,878,718
Charge for the period / year	845,675	7,825	853,500	3,790,075	64,342	3,854,417
Reversals for the period / year	(255,714)	-	(255,714)	(2,199,509)	-	(2,199,509)
Amounts written off	589,961	7,825	597,786	1,590,566	64,342	1,654,908
	-	-	-	(1,052)	-	(1,052)
Closing balance	45,709,894	420,466	46,130,360	45,119,933	412,641	45,532,574

11.3.1 Particulars of provision against advances with respect to currencies

In local currency	45,709,894	420,466	46,130,360	45,119,933	412,641	45,532,574
In foreign currencies	-	-	-	-	-	-
	45,709,894	420,466	46,130,360	45,119,933	412,641	45,532,574

11.3.2 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 2,786,234 thousand (December 31, 2019: Rs 2,527,122 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	
12. FIXED ASSETS			
Capital work-in-progress	12.1	258,363	192,270
Right of use assets		6,180,140	6,342,167
Property and equipment		8,547,452	8,684,456
		14,985,955	15,218,893
12.1 Capital work-in-progress			
Civil works		258,363	192,270
		258,363	192,270

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	Rupees in '000'	
12.2 Additions to fixed assets		
The following additions / (transfers) have been made to fixed assets during the period:		
Capital work-in-progress	66,093	(89,141)
Right of use assets	60,514	5,191,472
Property and equipment :		
Building on freehold land	-	91,659
Furniture and fixture	14,739	12,619
Office equipment	38,319	85,645
Computer equipment	23,952	44,257
Lease hold improvements	34,222	124,836
Vehicles	17,585	13,760
	128,817	372,776
	255,424	5,475,107

12.3 Disposal of property and equipment:		
The net book value of property and equipment disposed off during the period is as follows:		
Furniture and fixture	138	128
Office equipment	226	146
Computer equipment	10	-
Vehicles	-	-
	374	274

Gross carrying amount of vehicles disposed off during the period was Rs. 20,944 thousand (March 31, 2019: Rs. Nil).

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
13. INTANGIBLE ASSETS		
Intangible in progress	132,199	126,421
Softwares	659,329	666,864
	791,528	793,285

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	Rupees in '000'	
13.1 Additions to intangible assets		
The following additions / (transfers) have been made to intangible assets during the period:		
Intangible in progress	5,778	11,989
Intangible assets purchased	41,109	16,585
	46,887	28,574

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
14. DEFERRED TAX ASSETS - NET			
Deductible temporary differences on :			
Right-of-use assets		196,771	129,797
Provision against advances, off balance sheet etc.		8,712,663	8,763,726
		8,909,434	8,893,523
Taxable temporary differences on :			
Surplus on revaluation of fixed assets		(708,527)	(717,498)
Accelerated tax depreciation		(295,023)	(306,240)
Surplus on revaluation of investments		(3,240,625)	(1,199,107)
Surplus on revaluation of non banking assets		(100,568)	(102,895)
		(4,344,743)	(2,325,740)
		4,564,691	6,567,783
15. OTHER ASSETS - NET			
Income / mark-up accrued in local currency		13,380,452	19,788,030
Income / mark-up accrued in foreign currency		14,692	3,786
Profit paid in advance on pehlay munafa scheme		753	321
Advances, deposits, advance rent and other prepayments		398,405	474,409
Advance taxation (payments less provisions)		2,071,656	1,799,299
Non-banking assets acquired in satisfaction of claims		7,237,754	7,257,669
Acceptances		2,460,907	2,913,345
Branch adjustment account		116,188	180,250
Mark to market gain on forward foreign exchange contracts		57,341	-
Stock of stationery		201,773	147,340
Suspense account		4,984	5,387
Zakat recoverable from NITL		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		204,749	37,999
Fraud and forgeries		226,818	193,559
Unearned income on sale of sukuk on bai-muajjal basis		602,912	691,120
Others		796,418	700,998
		27,812,592	34,230,302
Less: Provision held against other assets	15.1	(1,804,495)	(1,767,448)
Other assets (net of provision)		26,008,097	32,462,854
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,313,603	1,333,687
Other assets - total		27,321,700	33,796,541
15.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		1,198,555	1,198,555
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries		226,818	190,122
Others		306,609	306,258
		1,804,495	1,767,448

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'		
16. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
17. BILLS PAYABLE		
In Pakistan	2,927,410	3,421,083
Outside Pakistan	-	-
	2,927,410	3,421,083
18. BORROWINGS		
Secured		
Borrowings from SBP under:		
Export refinance scheme (ERF)	16,829,984	16,701,300
Long term financing facility (LTFF)	8,434,845	7,839,710
Finance facility for storage of agricultural produce (FFSAP)	33,917	37,048
Finance facility for renewable energy performance platform (REPP)	1,957,670	2,011,143
Refinancing Facility For Modernization Of Small and Medium Enterprises (SMES)	54,500	-
	27,310,916	26,589,201
Repurchase agreement borrowings	-	11,374,535
Call borrowings	50,707,876	38,942,031
Total secured	78,018,792	76,905,767
Unsecured		
Overdrawn nostro accounts	386	139,188
	78,019,178	77,044,955

19. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Customers:						
Current deposits	113,729,782	2,784,785	116,514,567	128,760,062	2,777,676	131,537,738
Savings deposits	337,137,634	2,367,665	339,505,299	328,444,179	2,683,909	331,128,088
Term deposits	235,790,385	3,239,738	239,030,123	198,611,751	3,210,224	201,821,975
Others	15,653,419	-	15,653,419	16,222,707	-	16,222,707
	702,311,220	8,392,188	710,703,408	672,038,699	8,671,809	680,710,508
Financial institutions:						
Current deposits	1,839,530	526,216	2,365,746	5,068,904	550,472	5,619,376
Savings deposits	2,409,250	215	2,409,465	3,295,307	209	3,295,516
Term deposits	475,000	-	475,000	405,000	864,050	1,269,050
Others	103,669	-	103,669	122,997	-	122,997
	4,827,449	526,431	5,353,880	8,892,208	1,414,731	10,306,939
	707,138,669	8,918,619	716,057,288	680,930,907	10,086,540	691,017,447

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
20. SUBORDINATED DEBTS			
Loan from GoPb	20.1	2,000,000	2,000,000
Privately placed term finance certificates - I	20.2	2,497,000	2,497,000
Privately placed term finance certificates - II	20.3	4,297,420	4,297,420
		8,794,420	8,794,420

20.1 Loan from GoPb

The GoPb extended loan of Rs. 2,000,000 thousand to support capital structure of the Bank for the purpose of the regulatory capital requirement. The loan is unsecured and sub-ordinated to all other indebtedness including deposits. The salient features of the loan are as follows:

Tenor:	07 Years.
Issue date	December 31, 2014
Maturity date	December 30, 2021
Rating	Unrated
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:	Average SBP discount rate. (Average shall be calculated on daily basis)
Conversion option:	May be converted, subject to consent of the parties and necessary regulatory approvals, after a period of five years into ordinary shares at the rate of Rs. 15 per share.
Repayment:	Bullet repayment after lapse of 07 years.
Call / Put option:	Callable after a period of 05 years. However no put option is available to GoPb.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

20.2 Privately placed term finance certificates - I

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

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.

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

20.3 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:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		15,238,220	16,670,871
Mark-up / return / interest payable in foreign currency		90,002	82,589
Lease key money		12,885,088	12,541,675
Sundry creditors and accrued expenses		1,167,027	708,533
Acceptances		2,460,907	2,913,345
Mark-up payable on subordinated debts		446,625	130,626
Unclaimed dividends		2,588	2,588
Dividend payable		1,982,769	-
Mark to market loss on forward foreign exchange contracts		-	155,671
Payable to gratuity fund		258,313	211,782
Gratuity payable to key management personnel		53,145	53,145
Provision against off-balance sheet obligations	21.1	62,183	62,183
Provision for employees compensated absences		113,958	111,612
Taxes / zakat / import fee payable		278,068	372,905
Lease liability against right of use assets		6,746,983	6,717,938
Deferred income on sale of sukuk on bai - muajjal basis		602,912	691,120
Workers welfare fund		342,934	284,961
Others		580,363	255,997
		43,312,085	41,967,541
21.1 Provision against off-balance sheet obligations		62,183	62,183

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

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of :			
- Available for sale securities	10.1	9,279,850	3,426,021
- Fixed assets		2,605,370	2,630,999
- Non-banking assets acquired in satisfaction of claims	15	1,313,603	1,333,687
		13,198,823	7,390,707
Deferred tax on (surplus) / deficit on revaluation of :			
- Available for sale securities		(3,240,625)	(1,199,107)
- Fixed assets		(708,527)	(717,498)
- Non-banking assets acquired in satisfaction of claims		(100,568)	(102,895)
		(4,049,720)	(2,019,500)
		9,149,103	5,371,207

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	57,105,292	57,676,022
Commitments	23.2	145,589,207	137,405,985
Other contingent liabilities	23.3	142,633	142,633
		202,837,132	195,224,640
23.1 Guarantees:			
Financial guarantees		17,471,353	18,399,059
Performance guarantees		16,150,665	16,411,708
Other guarantees		23,483,274	22,865,255
		57,105,292	57,676,022
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		62,805,628	60,718,682
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	60,011,544	53,180,523
- forward lending	23.2.2	22,665,188	23,449,998
Commitments for acquisition of:			
- fixed assets		33,467	50,934
- intangible assets		73,380	5,848
		145,589,207	137,405,985
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		30,669,807	28,416,586
Sale		29,341,737	24,763,937
		60,011,544	53,180,523
23.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	22,665,188	23,449,998

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
23.3 Other contingent liabilities	142,633	142,633

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

23.3.2 The tax authorities of AJK made amendment under section 122(1) of for tax year 2013 to 2018 and created an additional demand of Rs. 133,658 thousands against which the Bank has filed appeal before Commissioner (Appeals) AJK. The management of the Bank, as per opinion of its tax consultant, is confident that the decision for aforementioned tax years will be decided in Bank's favour.

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	
23.4 Claims against the Bank not acknowledged as debts	23.4.1	53,723,429	53,806,237

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

	Note	(Un-audited) March 31, 2020 Rupees in '000'	Restated (Un-audited) March 31, 2019
24. MARK-UP / RETURN / INTEREST EARNED			
a) On loans and advances		12,308,634	10,096,173
b) On investments:			
Available for sale securities		8,655,870	4,145,788
Held for trading securities		564,841	524,851
Held to maturity securities		1,836,476	68,078
c) On lendings to financial institutions:			
Securities purchased under resale agreements		727,018	1,103,359
Call lending		93	2,062
Letters of placement		89,210	116,643
d) On balances with banks		30,109	30,039
		24,212,251	16,086,993
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		15,987,830	8,794,541
Borrowings:			
Securities sold under repurchase agreements		151,851	192,440
Foreign placements		-	10,887
Call borrowings		1,499,278	225,555
SBP refinance borrowing		135,194	106,358
Subordinated debts:			
Mark-up on subordinated loan from GoPb		67,795	52,589
Mark-up on privately placed term finance certificates		248,204	188,796
Mark-up on lease liability against right of use assets		222,963	168,596
		18,313,115	9,739,762
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		140,957	168,682
Consumer finance related fees		49,941	63,275
Card related fees		155,125	115,901
Credit related fees		66,040	78,637
Branchless banking fees		41,970	7,644
Commission on trade		169,584	141,705
Commission on guarantees		54,657	44,699
Commission on cash management		24,718	22,578
Commission on remittances including home remittances		58,219	50,697
Commission on bancassurance		24,549	32,002
Commission on wheat financing		-	1,218
SMS banking income		65,867	40,144
		851,627	767,182
27. GAIN ON SECURITIES - NET			
Realized gain on sale of securities - net	27.1	932,658	18,269
Unrealized gain / (loss) - held for trading		71,445	(4,279)
		1,004,103	13,990

	(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
	Rupees in '000'	
27.1 Realized gain on sale of securities - net:		
Federal Government	907,025	5,533
Shares and certificates	25,633	8,479
Term finance certificates	-	4,257
	932,658	18,269
28. OTHER INCOME - NET		
Rent on property	-	702
Gain on sale of fixed assets - net	20,801	1,445
Gain on sale of non banking assets - net	8,236	-
Gain on termination of lease liability against right of use asset	273	-
Notice pay on resignations	2,865	2,764
	32,175	4,911
29. OPERATING EXPENSES		
Total compensation expense	2,431,914	1,840,588
Property expense:		
Rent and taxes	3,429	27,751
Insurance	4,268	4,691
Utilities cost	123,861	91,368
Security	366	401
Repair and maintenance including janitorial charges	9,076	4,882
Depreciation	129,298	131,588
Depreciation on right of use assets	217,064	199,728
Others	87	1,522
	487,449	461,931
Information technology expenses:		
Software maintenance	94,659	74,486
Hardware maintenance	18,252	9,987
Depreciation on computer equipment	65,335	56,910
Amortization on intangible assets	48,644	42,296
Network charges	71,935	72,525
	298,825	256,204
Other operating expenses:		
Directors' fees and allowances	12,138	3,325
Fees and allowances to shariah board	870	1,085
Legal and professional charges	21,608	24,375
Subscription charges	10,544	7,432
Outsourced staff services costs	68,479	60,122
Travelling and conveyance	157,944	118,424
NIFT clearing charges	18,443	13,125
Depreciation	70,814	67,300
Depreciation on non banking assets	14,827	18,539
Depreciation on ijarah assets	41,727	82,831
Training and development	7,330	3,807
Postage and courier charges	39,774	31,526

	(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
Rupees in '000'		
Stationery and printing	42,866	46,302
Marketing, advertisement and publicity	19,899	17,450
Donations	-	1,000
Insurance	28,785	28,901
Deposit protection fee	87,991	84,344
Repair and maintenance	33,612	30,663
Entertainment expenses	25,674	34,941
Fuel for generator	24,536	23,689
Commission and brokerage	79,889	34,617
Bank charges	12,784	12,336
SMS banking charges	3,890	4,664
ATM charges including ATM maintenance charges	39,961	35,905
Cash remittance charges	41,788	47,452
Branch license fee	13,452	12,453
CNIC verification / ECIB charges	16,509	6,239
Miscellaneous expenses	46,231	36,949
	982,365	889,796
	4,200,553	3,448,519

	Note	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
Rupees in '000'			
30. OTHER CHARGES			
Penalties imposed by SBP		287,666	1,021
31. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	51,898	27,132
Provisions against advances	11.3	597,786	207,606
Provision against other assets - net	15.1	37,047	15,424
Bad debts written off directly		173	-
		686,904	250,162
32. TAXATION			
Current	32.1	-	1,064,388
Prior years		-	250,348
Deferred		(37,385)	249,072
			1,563,808

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

	(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
	Rupees in '000'	
33. BASIC EARNINGS PER SHARE		
Profit after taxation for the period (Rs in '000')	1,500,903	1,895,319
Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
Basic earnings per share (Rs).	0.57	0.72

34. DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

March 31, 2020 (Un-audited)					
Carrying value	Fair value			Total	
	Level 1	Level 2	Level 3		
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	318,578,552	-	318,578,552	-	318,578,552
Shares and certificates	1,973,868	1,888,865	-	85,003	1,973,868
Non-Government debt securities	1,976,597	-	1,976,597	-	1,976,597
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary company	-	-	-	-	-
Financial assets disclosed but not measured at fair value :					
Government securities	59,935,338	-	71,016,698	-	71,016,698
Financial liabilities measured at fair value:					
Payable to gratuity fund	258,313	-	258,313	-	258,313
Provision for employees compensated absences	113,958	-	113,958	-	113,958
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	32,009,464	-	32,009,464	-	32,009,464
Forward sale of foreign exchange contracts	30,624,053	-	30,624,053	-	30,624,053

December 31, 2019 (Audited)					
Carrying value	Fair value			Total	
	Level 1	Level 2	Level 3		
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	292,671,508	-	292,671,508	-	292,671,508
Shares and certificates	1,618,733	1,533,730	-	85,003	1,618,733
Non-Government debt securities	1,978,127	-	1,978,127	-	1,978,127
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary Company	-	-	-	-	-
Financial assets disclosed but not measured at fair value :					
Government securities	59,762,000	-	64,466,364	-	64,466,364
Financial liabilities measured at fair value:					
Payable to gratuity fund	211,782	-	211,782	-	211,782
Provision for employees compensated absences	111,612	-	111,612	-	111,612
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	27,819,676	-	27,819,676	-	27,819,676
Forward sale of foreign exchange contracts	24,322,698	-	24,322,698	-	24,322,698

35.2 Fair value of non financial assets

March 31, 2020 (Un-audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,853,626	-	5,853,626	-	5,853,626
Non banking assets acquired in satisfaction of claims	7,352,802	-	7,352,802	-	7,352,802
December 31, 2019 (Audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,906,710	-	5,906,710	-	5,906,710
Non banking assets acquired in satisfaction of claims	7,392,801	-	7,392,801	-	7,392,801

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

(Un-audited) March 31, 2020							
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	9,486,447	6,658	1,765,800	11,346,969	1,491,136	115,241	24,212,251
Inter segment revenue - net	(7,807,372)	19,746,508	(1,352,368)	(10,170,601)	(8,743)	(407,424)	-
Non mark-up / return / interest income	131,276	231,627	91,679	1,491,280	24,788	31,715	2,002,365
Total income	1,810,351	19,984,793	505,111	2,667,648	1,507,181	(260,468)	26,214,616
Segment total expenses	274,077	17,296,681	218,377	1,745,006	1,190,043	2,135,123	22,859,307
Profit before provisions and tax	1,536,274	2,688,112	286,734	922,642	317,138	(2,395,591)	3,355,309
Provisions	468,677	36,903	130,818	51,898	(207)	(1,185)	686,904
Profit / (loss) before tax	1,067,597	2,651,209	155,916	870,744	317,345	(2,394,406)	2,668,405
Balance sheet							
Cash & bank balances	-	32,125,404	-	15,993,674	4,422,945	-	52,542,023
Investments - net	2,548,460	-	-	370,782,235	14,556,197	-	387,886,892
Net inter segment lending	-	653,059,535	-	-	1,321,114	29,012,779	683,393,428
Loanings to financial institutions	-	-	-	37,088,514	2,550,000	-	39,638,514
Advances - performing	279,990,752	-	51,263,968	-	26,394,467	5,455,635	363,104,822
Advances - non-performing - net	5,554,000	-	1,192,336	-	1,524,504	7,028	8,277,868
Others	10,761,668	5,308,933	1,083,771	2,212,572	4,262,212	24,034,718	47,663,874
Total assets	298,854,880	690,493,872	53,540,075	426,076,995	55,031,439	58,510,160	1,582,507,421
Borrowings	27,310,916	-	-	50,708,262	-	-	78,019,178
Subordinated debts	-	-	-	-	-	8,794,420	8,794,420
Deposits & other accounts	-	668,380,414	-	-	47,676,874	-	716,057,288
Net inter segment borrowing	269,083,057	-	40,611,018	373,699,353	-	-	683,393,428
Others	2,460,907	22,113,458	12,929,057	1,669,380	3,244,099	3,822,594	46,239,495
Total liabilities	298,854,880	690,493,872	53,540,075	426,076,995	50,920,973	12,617,014	1,532,503,809
Equity	-	-	-	-	-	-	50,003,612
Total equity & liabilities	-	-	-	-	-	-	1,582,507,421
Contingencies & commitments	125,294,434	-	742,252	60,011,544	16,539,422	249,480	202,837,132

	Restated (Un-audited) March 31, 2019						
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	8,133,006	7,025	1,375,946	5,546,492	972,798	51,726	16,086,993
Inter segment revenue - net	(6,111,308)	12,195,468	(1,125,254)	(4,885,079)	(4,904)	(68,923)	-
Non mark-up / return / interest income	155,476	288,517	53,519	308,608	20,401	(14,923)	811,598
Total income	2,177,174	12,491,010	304,211	970,021	988,295	(32,120)	16,898,591
Segment total expenses	262,849	10,104,262	147,965	502,808	761,149	1,410,269	13,189,302
Inter segment expense allocation	-	-	-	-	-	-	-
Profit before provisions and tax	1,914,325	2,386,748	156,246	467,213	227,146	(1,442,389)	3,709,289
Provisions	172,245	14,624	44,922	27,132	(1,592)	(7,169)	250,162
Profit / (loss) before tax	1,742,080	2,372,124	111,324	440,081	228,738	(1,435,220)	3,459,127
(Audited) December 31, 2019							
Balance sheet							
Cash & bank balances	-	36,534,123	-	20,093,277	7,097,797	-	63,725,197
Investments - net	2,569,293	-	-	349,947,441	8,936,196	-	361,452,930
Net inter segment lending	-	625,626,216	-	-	2,342,604	24,456,858	652,425,678
Lendings to financial institutions	-	-	-	664,771	3,395,000	-	4,059,771
Advances - performing	290,116,157	-	54,477,738	-	27,211,005	5,265,122	377,070,022
Advances - non-performing	5,302,696	-	862,781	-	59,967	17,914	6,243,358
Others	14,081,124	5,727,520	1,169,369	7,888,965	4,221,371	23,288,153	56,376,502
Total assets	312,069,270	667,887,859	56,509,888	378,594,454	53,263,940	53,028,047	1,521,353,458
Borrowings	26,589,201	-	-	50,455,754	-	-	77,044,955
Subordinated debts	-	-	-	-	-	8,794,420	8,794,420
Deposits & other accounts	-	644,928,438	-	-	46,089,009	-	691,017,447
Net inter segment borrowing	282,566,724	-	43,904,084	325,954,870	-	-	652,425,678
Others	2,913,345	22,959,421	12,605,804	2,183,830	3,419,840	1,306,384	45,388,624
Total liabilities	312,069,270	667,887,859	56,509,888	378,594,454	49,508,849	10,100,804	1,474,671,124
Equity	-	-	-	-	-	-	46,682,334
Total equity & liabilities							1,521,353,458
Contingencies & commitments	124,290,688	-	746,379	53,180,523	16,807,634	199,416	195,224,640

37. RELATED PARTY TRANSACTIONS

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

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties
Rupees in '000'								
Lendings to financial institutions :								
Opening balance	-	400,000	-	-	-	400,000	-	-
Addition during the period	-	1,000,000	-	-	-	1,600,000	-	-
Repaid during the period	-	400,000	-	-	-	1,600,000	-	-
Closing balance	-	1,000,000	-	-	-	400,000	-	-
Investments (gross) :	-	164,945	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	164,945	-	-	-	164,945	-	-

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others related parties
	Rupees in '000'				Rupees in '000'			
Advances :								
Opening balance	308,233	1,258,526	-	-	197,801	1,287,780	-	-
Addition during the period	9,386	543,709	-	-	219,850	1,300,324	-	-
Repaid during the period	65,511	1,111,444	-	-	109,418	1,329,578	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	252,108	690,791	-	-	308,233	1,258,526	-	-
Provision held against advances	-	57,910	-	-	-	56,301	-	-
Markup receivable	300	53,767	-	-	353	51,978	-	-
Right of use assets	-	-	-	92,095	-	-	-	93,381
Lease liability against right of use assets	-	-	-	39,809	-	-	-	38,502
Deposits and other accounts :								
Opening balance	13,746	1,588	2,564,910	876	37,858	19,999	2,398,389	7,753
Received during the period	139,125	606,555	289,568	10,200	530,706	1,474,110	1,148,293	85,894
Withdrawn during the period	97,666	606,252	148,148	10,909	554,818	1,492,521	981,772	92,771
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	55,205	1,891	2,706,330	167	13,746	1,588	2,564,910	876

	March 31, 2020 (Un-audited)				March 31, 2019 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Income :								
Mark-up / return / interest earned	4,703	54,509	-	-	2,118	43,523	-	-
Mark-up on lease liability against right of use assets	-	-	-	1,307	-	-	-	1,131
Expense :								
Mark-up / return / interest paid	124	-	80,997	20	699	-	58,090	375
Depreciation on right of use assets	-	-	-	1,287	-	-	-	1,287
Compensation expense	111,118	-	-	-	77,673	-	-	-
Commission expense	-	30	-	-	-	21	-	-
Provision :								
Charge of provision - investment	-	-	-	-	-	1,698	-	-
Charge of provision - advances	-	1,609	-	-	-	2,472	-	-

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

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 43,304,936 thousand (December 31, 2019: Rs. 43,767,706 thousand), Rs. 383,385,858 thousand (December 31, 2019: Rs. 357,426,911 thousand) and Rs. 30,273,597 thousand (December 31, 2019: Rs. 29,655,042 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 67,795 thousand (March 31, 2019: Rs. 52,589 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

37.3 The Bank made contribution of Rs. 56,864 thousand (March 31, 2019: Rs. 41,737 thousand) to employees provident fund during the period.

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

37.5 Advances to employees as at March 31, 2020, other than key management personnel, amounted to Rs. 5,767,368 thousand (December 31, 2019: Rs. 5,494,198 thousand).

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'		
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	39,207,927	37,926,403
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	39,207,927	37,926,403
Eligible Tier 2 Capital	14,331,754	11,742,487
Total Eligible Capital (Tier 1 + Tier 2)	53,539,681	49,668,890
Risk Weighted Assets (RWAs):		
Credit risk	270,891,652	286,447,542
Market risk	4,177,001	3,381,838
Operational risk	45,712,499	45,712,499
Total	320,781,152	335,541,879
Common equity tier I capital adequacy ratio	12.22%	11.30%
Tier I CAR (%)	12.22%	11.30%
Total CAR (%)	16.69%	14.80%
38.1 Leverage Ratio (LR):		
Eligible Tier-I Capital	39,207,927	37,926,403
Total exposures	1,095,569,935	1,063,176,213
LR (%)	3.58%	3.57%
38.2 Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	408,576,501	346,077,837
Total net cash outflow	341,919,050	293,511,879
LCR (%)	119.50%	117.91%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	484,943,000	474,402,901
Total required stable funding	418,017,000	441,990,495
NSFR (%)	116.01%	107.33%

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2020, the Bank is operating 98 Islamic banking branches and 02 sub Islamic banking branches (December 31, 2019: 98 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As At March 31, 2020

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
ASSETS			
Cash and balances with treasury banks		4,137,369	3,742,675
Balances with other banks		285,576	3,355,122
Due from financial institutions	39.1	2,550,000	3,395,000
Investments - net	39.2	14,556,197	8,936,196
Islamic financing and related assets - net	39.3	27,918,971	27,270,972
Fixed assets		1,740,917	1,757,599
Intangible assets		4,988	4,428
Due from head office		1,321,114	2,342,604
Other assets		2,516,307	2,459,344
Total assets		55,031,439	53,263,940
LIABILITIES			
Bills payable		157,921	250,213
Due to financial institutions		-	-
Deposits and other accounts	39.4	47,676,874	46,089,009
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		3,086,178	3,169,627
		50,920,973	49,508,849
NET ASSETS		4,110,466	3,755,091
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		27,778	32,768
Surplus on revaluation of assets		110,718	67,698
Unappropriated profit	39.5	2,471,970	2,154,625
		4,110,466	3,755,091
CONTINGENCIES AND COMMITMENTS	39.6		

ISLAMIC BANKING BUSINESS Profit and Loss Account

For the Three Months Ended March 31, 2020 (Un-audited)

		Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
Rupees in '000'			
Profit / return earned	39.7	1,491,136	972,798
Profit / return expensed	39.8	790,716	423,915
Net profit / return		700,420	548,883
Fee and commission income		22,921	19,381
Dividend income		-	-
Foreign exchange income		1,407	86
Income / (loss) from derivatives		-	-
Loss on securities		-	(634)
Other income		460	1,568
		24,788	20,401
Total income		725,208	569,284
Other expenses			
Operating expenses		408,050	341,453
Workers welfare fund		-	-
Other charges		20	685
		408,070	342,138
Profit before provisions		317,138	227,146
Reversals and write offs - net		(207)	(1,592)
Profit before taxation		317,345	228,738

39.1 DUE FROM FINANCIAL INSTITUTIONS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Placements	2,550,000	-	2,550,000	3,395,000	-	3,395,000

39.2 INVESTMENTS - NET

Investments by segment:

	(Un-audited) March 31, 2020				(Audited) December 31, 2019			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Rupees in '000'							
Federal government securities:								
-Ijarah sukuk	7,562,729	-	37,272	7,600,001	1,985,749	-	(5,749)	1,980,000
-Sale of sukuk- bai muajjal	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
Non government debt securities	10,318,925	-	37,272	10,356,197	4,741,945	-	(5,749)	4,736,196
-Listed								
-Unlisted	4,200,000	-	-	4,200,000	4,200,000	-	-	4,200,000
Total investments	14,518,925	-	37,272	14,556,197	8,941,945	-	(5,749)	8,936,196

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

(Audited)
December 31,
2019

39.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	1,701,334	1,737,428
Murabaha	1,013,590	1,272,740
Musharaka	10,845,431	10,684,948
Diminishing musharaka	10,283,750	10,599,650
Payment against documents	55,304	55,303
Istisna	4,265,329	3,166,670
Gross islamic financing and related assets	28,164,738	27,516,739
Less: provision against islamic financings		
- Specific	245,767	245,767
- General	-	-
	245,767	245,767
Islamic financing and related assets - net of provision	27,918,971	27,270,972

39.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers :						
Current deposits	8,111,184	255,134	8,366,318	9,093,509	330,022	9,423,531
Savings deposits	36,170,639	106,045	36,276,684	33,025,303	98,310	33,123,613
Term deposits	1,151,798	-	1,151,798	1,092,240	-	1,092,240
Others	717,217	-	717,217	1,125,855	-	1,125,855
	46,150,838	361,179	46,512,017	44,336,907	428,332	44,765,239
Financial institutions :						
Current deposits	46,311	-	46,311	200,243	-	200,243
Savings deposits	1,118,022	-	1,118,022	1,122,998	-	1,122,998
Others	524	-	524	529	-	529
	1,164,857	-	1,164,857	1,323,770	-	1,323,770
	47,315,695	361,179	47,676,874	45,660,677	428,332	46,089,009

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
39.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS		
Opening balance	2,154,625	869,194
Islamic banking profit for the period / year	317,345	1,285,431
Closing balance	2,471,970	2,154,625
39.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	1,024,311	1,095,316
-Commitments	15,515,111	15,712,318
	16,539,422	16,807,634
	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	Rupees in '000'	
39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	1,012,001	606,847
Investments	378,097	251,660
Placements	88,344	105,698
Deposits with financial institutions	12,694	8,593
	1,491,136	972,798
	(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
	Rupees in '000'	
39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	738,313	392,318
Markup on lease liability against right-of-use asset	43,661	26,693
Profit on deposits from conventional head office	8,742	4,904
	790,716	423,915

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

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 20:80.
- ii) Profit equalization reserve upto 2% of net income will be created, if needed.
- iii) Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

40. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on May 19, 2020 by the Board of Directors of the Bank.

41. GENERAL

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

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

SECP vide SRO 434 (I)/2018 dated 9th April 2018, had directed the companies to follow IFRS 16 - Leases instead of IAS 17 - Leases, for annual reporting periods beginning on or after January 01, 2019. The SBP deferred the application of IFRS 16 on banking companies for the quarter ended March 31, 2019. Accordingly, for reporting period of March 31, 2019, the requirements of this standard were not considered in the preparation of the condensed interim financial statements. For reporting period June 30, 2019, the Bank adopted IFRS 16 effective from January 01, 2019, and did not restate comparatives for the reporting period of 2018, as permitted under the specific transitional provisions in the standard.

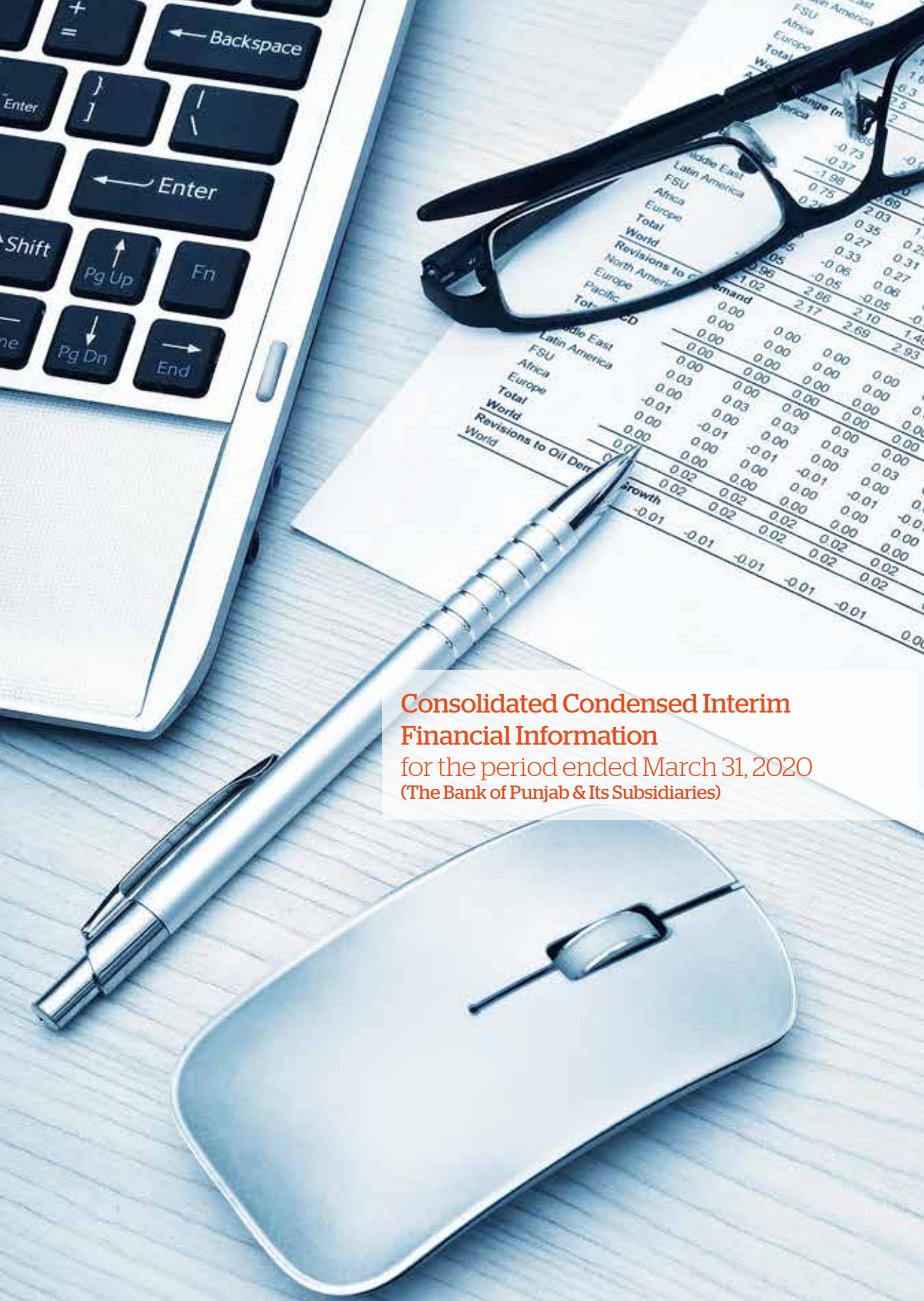
Since the Bank adopted the IFRS-16 effective from January 01, 2019, the Bank has restated the prior period presented in these unconsolidated condensed interim financial statements for the period ended March 31, 2019. The said restatement has resulted in the following significant changes:

Particulars	Before restatement - March 31, 2019	Restatement- Impact of IFRS 16	After restatement - March 31, 2019
	Rupees in '000'		
Condensed Interim Profit and loss account - Un-audited			
Mark-up / return / interest expensed	9,571,166	168,596	9,739,762
Operating expenses	3,502,085	(53,566)	3,448,519
Profit before taxation	3,574,157	(115,030)	3,459,127
Taxation	1,608,670	(44,862)	1,563,808
Profit after taxation	1,965,487	(70,168)	1,895,319
Earnings per share - basic and diluted - Rupees	0.74	(0.02)	0.72

Chief Financial Officer

President

Director



**Consolidated Condensed Interim
Financial Information**
for the period ended March 31, 2020
(The Bank of Punjab & Its Subsidiaries)

Consolidated Condensed Interim Statement of Financial Position As at March 31, 2020

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	7	49,037,672	53,414,645
Balances with other banks	8	3,575,020	10,374,371
Lendings to financial institutions	9	38,638,514	3,959,771
Investments - net	10	387,901,784	361,467,822
Advances - net	11	372,266,419	383,646,616
Fixed assets	12	14,990,455	15,223,601
Intangible assets	13	798,668	800,425
Deferred tax assets - net	14	4,629,090	6,632,182
Other assets - net	15	27,723,567	34,162,404
		899,561,189	869,681,837
LIABILITIES			
Bills payable	17	2,927,410	3,421,083
Borrowings	18	78,032,739	77,358,612
Deposits and other accounts	19	716,055,396	691,015,859
Liabilities against assets subject to finance lease		-	-
Subordinated debts	20	8,794,420	8,794,420
Deferred tax liabilities		-	-
Other liabilities	21	43,573,483	42,225,055
		849,383,448	822,815,029
NET ASSETS		50,177,741	46,866,808
REPRESENTED BY			
Share capital - net		26,173,766	26,173,766
Reserves		6,725,228	6,725,228
Surplus on revaluation of assets - net of tax	22	9,149,103	5,371,207
Non controlling interest		454,880	445,331
Unappropriated profit		7,674,764	8,151,276
		50,177,741	46,866,808
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Profit and Loss Account For the Three Months Ended March 31, 2020 (Un-audited)

	Note	Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
		Rupees in '000'	
Mark-up / return / interest earned	24	24,224,521	16,108,362
Mark-up / return / interest expensed	25	18,332,444	9,738,554
Net mark-up / interest income		5,892,077	6,369,808
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	859,444	774,388
Dividend income		41,780	28,205
Foreign exchange (loss) / income		72,680	(2,690)
Income / (loss) from derivatives		-	-
Gain on securities - net	27	1,004,103	13,990
Other income - net	28	32,175	6,054
Total non-markup / interest income		2,010,182	819,947
Total income		7,902,259	7,189,755
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	4,213,564	3,479,423
Workers welfare fund		57,973	-
Other charges	30	287,666	1,021
Total non-markup / interest expenses		4,559,203	3,480,444
Profit before provisions		3,343,056	3,709,311
Provisions and write offs - net	31	685,310	245,993
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,657,746	3,463,318
Taxation - net	32	1,167,188	1,564,356
PROFIT AFTER TAXATION		1,490,558	1,898,962
Basic earnings per share - Rupees	33	0.56	0.72
Diluted earnings per share - Rupees	34	0.56	0.72
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent		1,481,009	1,871,435
Non-controlling interest		9,549	27,527
		1,490,558	1,898,962

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Statement of Comprehensive Income

For the Three Months Ended March 31, 2020 (Un-audited)

	Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
	Rupees in '000'	
Profit after taxation for the period	1,490,558	1,898,962
Other comprehensive income:		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations	-	-
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	(9,167)	-
	(9,167)	-
	1,481,391	1,898,962
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	3,812,311	(15,605)
Total comprehensive income for the period	5,293,702	1,883,357

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Statement of Changes in Equity For the Three Months Ended March 31, 2020 (Un-audited)

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Statutory reserve	Investments	Fixed / non banking assets	Unappropriated profit / (accumulated loss)	Non-controlling interest	Total
	Rupees in '000'									
Balance as on January 01, 2019	26,436,924	(263,159)	26,173,766	2,215,040	2,859,890	(11,369)	3,271,681	3,039,684	328,052	37,875,744
Profit after taxation for the three months ended March 31, 2019 - restated	-	-	-	-	-	(15,605)	-	1,871,435	27,527	1,898,962
Other comprehensive loss	-	-	-	-	-	(15,605)	-	(15,605)	-	(15,605)
Total comprehensive income for the three months ended March 31, 2019 - restated	-	-	-	-	-	-	-	1,871,435	27,527	1,898,962
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(10,759)	10,759	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(4,268)	4,268	-	-
Transactions with owners recognized directly in equity :										
Final cash dividend - December 31, 2018 declared subsequent to year end at 7.5% per share	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
Balance as on March 31, 2019 - restated	26,436,924	(263,159)	26,173,766	2,215,040	2,859,890	(26,974)	3,256,654	2,942,377	355,579	37,776,332
Profit after taxation for the nine months ended December 31, 2019	-	-	-	-	-	-	-	6,289,536	89,752	6,378,598
Other comprehensive income / (loss)	-	-	-	-	-	2,253,888	495,543	(54,429)	-	2,695,002
Total comprehensive income for the nine months ended December 31, 2019	-	-	-	-	-	2,253,888	495,543	6,234,407	89,752	9,073,590
Transfer to statutory reserve	-	-	-	-	1,650,298	-	-	(1,650,298)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(32,102)	32,102	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(12,791)	12,791	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal	-	-	-	-	-	-	(938,520)	574,614	-	16,664
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	(4,181)	5,083	-	192
Balance as on December 31, 2019	26,436,924	(263,159)	26,173,766	2,215,040	4,510,188	2,226,914	3,144,293	8,151,276	445,331	46,866,808
Profit after taxation for the three months ended March 31, 2020	-	-	-	-	-	-	-	1,481,009	9,549	1,490,558
Other comprehensive income	-	-	-	-	-	3,812,311	(9,167)	-	-	3,803,144
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	3,812,311	(9,167)	1,481,009	9,549	5,293,702
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(16,656)	16,656	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(2,389)	2,389	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	(6,203)	6,203	-	-
Transactions with owners recognized directly in equity :										
Final cash dividend - December 31, 2019 declared subsequent to year end at 7.5% per share	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
	-	-	-	-	-	-	-	(1,982,769)	-	(1,982,769)
Balance as on March 31, 2020	26,436,924	(263,159)	26,173,766	2,215,040	4,510,188	6,039,225	3,109,878	7,674,764	454,880	50,177,741

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

Chief Financial Officer

President

Director

Consolidated Condensed Interim Cash Flow Statement For the Three Months Ended March 31, 2020 (Un-audited)

	Note	Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,657,746	3,463,318
Less: Dividend income		(41,780)	(28,205)
		2,615,966	3,435,113
Adjustments:			
Depreciation on fixed assets	29	265,684	256,460
Depreciation on non banking assets acquired in satisfaction of claims	29	14,827	18,539
Depreciation on ijarah assets under IFAS - 2	29	41,727	125,589
Depreciation on right of use assets	29	217,064	199,728
Amortization on intangible assets	29	48,644	42,296
Amortization of discount on debt securities - net		(1,171,156)	(118,514)
Mark-up on lease liability against right of use assets	25	222,963	168,596
Unrealized gain / (loss) on revaluation of investments classified as held for trading	27	(71,445)	4,279
Provision and write offs - net	31	685,310	245,993
Gain on termination of lease liability against right-of-use asset	28	(273)	-
Gain on sale of fixed assets - net	28	(20,801)	(2,586)
Gain on sale of non banking assets - net	28	(8,236)	-
Gain on securities - net	27	(932,658)	(18,269)
Provision for employees compensated absences		3,475	2,617
Provision for gratuity		46,531	28,704
		(658,344)	953,432
		1,957,622	4,388,545
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(34,528,743)	7,508,780
Held for trading securities		(21,447,309)	8,474,138
Advances - net		10,742,105	(3,277,543)
Others assets - net		6,656,119	(3,188,824)
		(38,577,828)	9,516,551
Increase / (Decrease) in operating liabilities:			
Bills Payable		(493,673)	(42,127)
Borrowings from financial institutions		812,929	(12,380,307)
Deposits		25,039,537	(2,519,978)
Other liabilities		(713,392)	2,202,581
		24,645,401	(12,739,831)
Income tax paid		(1,476,930)	(731,825)
Net cash (used in) / flow from operating activities		(13,451,735)	433,440

	Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
Rupees in '000'		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	2,990,537	12,557,190
Net investments in held to maturity securities	-	(14,647,570)
Dividends received	19,800	10,124
Investments in fixed assets	(194,939)	(283,952)
Investments in intangible assets	(46,887)	(28,574)
Proceeds from sale of fixed assets	21,175	2,860
Proceeds from sale of non banking assets	23,200	-
Net cash flow from / (used in) investing activities	2,812,886	(2,389,922)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment against lease liability against right of use asset	(248,673)	(253,294)
Net cash used in financing activities	(248,673)	(253,294)
Decrease in cash and cash equivalents	(10,887,522)	(2,209,776)
Cash and cash equivalents at beginning of the period	63,649,828	49,216,809
Cash and cash equivalents at end of the period	52,762,306	47,007,033
Cash and cash equivalents :		
Cash and balances with treasury banks	49,037,672	43,382,814
Balances with other banks	3,575,020	4,301,687
Call lendings	150,000	-
Overdrawn nostro accounts	(386)	(677,468)
	52,762,306	47,007,033

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

Chief Financial Officer

President

Director

Notes to the Consolidated Condensed Interim Financial Statements

For the Three Months Ended March 31, 2020 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

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

1.1 The Group consists of:

Parent

The Bank of Punjab

Subsidiary Companies

	% age of holding-2019	% age of holding-2018
Punjab Modaraba services (Private) Limited	100.00%	100.00%
First Punjab Modaraba	39.16%	39.16%
Punjab Capital Securities (Private) Limited	39.16%	39.16%

The subsidiary company of the Group, Punjab Modaraba services (Private) Limited exercises control over First Punjab Modaraba, as its management company and also has a direct economic interest in it. Further, Punjab Capital Securities (Private) Limited is a 100% subsidiary of FPM. The Group has consolidated the financial statements of the modaraba and PCSL as the ultimate parent. The Group is principally engaged in commercial banking, modaraba management, leasing, brokerage, etc. Brief profile of the Bank and subsidiaries is as follows:

The Bank of Punjab (the Bank) was constituted in Pakistan pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 624 branches including 17 sub branches and 100 Islamic banking branches (December 31, 2019: 624 branches including 17 sub branches and 100 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

Punjab Modaraba Service (Private) Limited

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

First Punjab Modaraba

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

Punjab Capital Securities (Private) Limited

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

1.2 Basis of Consolidation

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

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

These consolidated condensed interim financial statements are the consolidated financial statements of the Group in which investments in subsidiaries is accounted for on the basis of acquisition method. Standalone financial statements of the Bank and its subsidiaries are prepared separately.

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

The financial results of Islamic Banking business have been consolidated in these consolidated financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 39 of these consolidated condensed interim financial statements.

2.1 Statement of compliance

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

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

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

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

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

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

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

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

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

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

The SBP vide BPRD Circular No. 04 dated October 23, 2019 has notified the effective date of IFRS 9, 'Financial Instruments' as January 01, 2021. IFRS 9, 'Financial Instruments' has replaced IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IFRS 9	Financial instruments	January 01, 2021
IFRS 17	Insurance contracts	January 01, 2021

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2019.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The basis for accounting judgments and key estimates adopted in preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2019.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Group are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2019. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has damaged all economies in a gradual manner and become a risk around the globe including Pakistan. To reduce its impact on businesses and economies, the SBP has responded through a cut in the policy rate by 225 basis points to 11% in March 2020 and again by 200 basis points to 9% on April 16, 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up.
- Allowing banks to defer borrowers' principal loan payments by one year;
- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million; and
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;

COVID-19 will impact banks in Pakistan on all fronts including increase in credit risk pertaining to the loans and advances portfolio, reduced fee income, continuity of business operations and managing cybersecurity threat as an ever increasing number of customers are being encouraged to use Bank's digital platform.

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	17,857,524	10,744,190
Foreign currencies	2,074,593	1,862,526
	19,932,117	12,606,716
With SBP in :		
Local currency current accounts	22,592,870	24,791,197
Foreign currency current accounts	471,771	531,902
Foreign currency deposit accounts	1,411,384	1,587,930
	24,476,025	26,911,029
With National Bank of Pakistan in :		
Local currency current account	4,593,434	13,526,747
Prize bonds	36,096	370,153
	49,037,672	53,414,645

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
8. BALANCES WITH OTHER BANKS			
In Pakistan :			
Current accounts		2,628,696	7,300,725
Deposit accounts		26,653	2,788,624
		2,655,349	10,089,349
Outside Pakistan :			
Current accounts		599,198	205,569
Deposit accounts		320,473	79,453
		919,671	285,022
		3,575,020	10,374,371
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		150,000	-
Repurchase agreement lendings (Reverse Repo)	9.2	36,938,514	564,771
Placements	9.3	1,550,000	3,395,000
		38,638,514	3,959,771
9.1 Particulars of lending			
In local currency		39,638,514	3,959,771
In foreign currencies		-	-
		39,638,514	3,959,771

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

	(Un-audited) March 31, 2020			(Audited) December 31, 2019		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
R u p e e s i n ' 0 0 0 '						
Market treasury bills	36,369,881	-	36,369,881	-	-	-
Pakistan investment bonds	568,633	-	568,633	564,771	-	564,771
	36,938,514	-	36,938,514	564,771	-	564,771

Market value of securities held as collateral as at March 31, 2020 amounted to Rs. 36,974,693 thousand (December 31, 2019: Rs. 564,464 thousand). These carry mark-up at rate ranging from 10.50% to 13.75% per annum (December 31, 2019: 13.75% per annum) with maturities upto April 09, 2020.

- 9.3 These carry profit rates ranging from 10.00% to 12.25% per annum (December 31, 2019: 11.00% to 13.75% per annum) with maturities upto May 25, 2020.

10. INVESTMENTS - NET

10.1 Investments by type:

	Note	(Un-audited) March 31, 2020				(Audited) December 31, 2019			
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
R u p e e s i n ' 0 0 0 '									
Held-for-trading securities									
Federal government securities	10.1.1	31,395,197	-	74,119	31,469,316	9,896,210	-	(1,710)	9,894,500
Ordinary shares		9,951	-	(2,674)	7,277	65,836	-	(2,497)	63,339
		31,405,148	-	71,445	31,476,593	9,962,046	-	(4,207)	9,957,839
Available-for-sale securities									
Federal government securities	10.1.1 & 10.2	277,395,509	-	9,713,727	287,109,236	279,471,832	-	3,305,176	282,777,008
Shares and certificates		3,658,035	(1,221,804)	(454,748)	1,981,483	2,620,866	(1,169,906)	119,326	1,570,286
Non government debt securities		9,735,047	(2,360,803)	20,871	7,395,115	9,755,954	(2,360,803)	1,519	7,396,671
Foreign securities		4,019	-	-	4,019	4,019	-	-	4,019
		290,792,610	(3,582,607)	9,279,850	296,489,853	291,852,671	(3,530,709)	3,426,021	291,747,983
Held-to-maturity securities									
Federal government securities	10.1.1 & 10.4	59,935,338	-	-	59,935,338	59,762,000	-	-	59,762,000
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		59,935,738	(400)	-	59,935,338	59,762,400	(400)	-	59,762,000
Total investments		382,133,496	(3,583,007)	9,351,295	387,901,784	361,577,117	(3,531,109)	3,421,814	361,467,822

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

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'		
10.2 Investments given as collateral		
Pakistan investment bonds	-	41,022,618
Market treasury bills	49,504,261	11,378,650
	49,504,261	52,401,268
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	3,531,109	3,261,903
Charge / reversals :		
Charge for the period / year	51,898	370,738
Reversals for the period / year	-	-
	51,898	370,738
Reversal on disposal during the period / year	-	(101,532)
Closing balance	3,583,007	3,531,109

10.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	NPI	Provision	NPI	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	308,606	125,678	308,606	125,678
Loss	2,235,525	2,235,525	2,235,525	2,235,525
Total	2,544,131	2,361,203	2,544,131	2,361,203

10.4 Market value of held to maturity investments amounted to Rs. 71,016,698 thousand (December 31, 2019: Rs. 64,466,364 thousand).

11. ADVANCES - NET

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2020	(Audited) December 31, 2019	(Un-audited) March 31, 2020	(Audited) December 31, 2019	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'						
Loans, cash credits, running finances, etc.	316,341,395	320,238,315	52,403,697	51,293,677	368,745,092	371,531,992
Net book value of assets in ijarah under IFAS 2 - In Pakistan	1,486,334	1,522,428	215,000	215,000	1,701,334	1,737,428
Islamic financing and related assets	24,908,132	25,688,577	1,555,272	90,734	26,463,404	25,779,311
Bills discounted and purchased	21,673,156	30,318,260	30,521	30,521	21,703,677	30,348,781
Advances - gross	364,409,017	377,767,580	54,204,490	51,629,932	418,613,507	429,397,512
Provision against advances:						
- Specific	-	-	(45,926,622)	(45,338,255)	(45,926,622)	(45,338,255)
- General	(420,466)	(412,641)	-	-	(420,466)	(412,641)
	(420,466)	(412,641)	(45,926,622)	(45,338,255)	(46,347,088)	(45,750,896)
Advances - net of provision	363,988,551	377,354,939	8,277,868	6,291,677	372,266,419	383,646,616

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
11.1 Particulars of advances (gross)		
In local currency	417,609,995	428,636,583
In foreign currencies	1,003,512	760,929
	418,613,507	429,397,512

- 11.2 Advances include Rs. 54,204,490 thousand (December 31, 2019: Rs. 51,629,932 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Non performing loans	Provision	Non performing loans	Provision
Rupees in '000'				
Domestic				
Other assets especially mentioned	1,560,053	4,656	185,320	9,079
Substandard	1,633,837	256,157	1,179,397	139,457
Doubtful	8,412,952	5,008,125	8,204,461	4,808,487
Loss	42,597,648	40,657,684	42,060,754	40,381,232
Total	54,204,490	45,926,622	51,629,932	45,338,255

11.3 Particulars of provision against advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000'						
Opening balance	45,338,255	412,641	45,750,896	43,763,990	348,299	44,112,289
Charge for the period / year	844,081	7,825	851,906	3,774,826	64,342	3,839,168
Reversals for the period / year	(255,714)	-	(255,714)	(2,199,509)	-	(2,199,509)
Amounts written off	588,367	7,825	596,192	1,575,317	64,342	1,639,659
	-	-	-	(1,052)	-	(1,052)
Closing balance	45,926,622	420,466	46,347,088	45,338,255	412,641	45,750,896

11.3.1 Particulars of provision against advances with respect to currencies

In local currency	45,926,622	420,466	46,347,088	45,338,255	412,641	45,750,896
In foreign currencies	-	-	-	-	-	-
	45,926,622	420,466	46,347,088	45,338,255	412,641	45,750,896

- 11.3.2 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

- 11.3.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 2,786,234 thousand (December 31, 2019: Rs 2,527,122 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'			
12. FIXED ASSETS			
Capital work-in-progress	12.1	258,363	192,270
Right of use assets		6,180,140	6,342,167
Property and equipment		8,551,952	8,689,164
		14,990,455	15,223,601
12.1 Capital work-in-progress			
Civil works		258,363	192,270
		258,363	192,270

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	Rupees in '000'	
12.2 Additions to fixed assets		
The following additions / (transfers) have been made to fixed assets during the period:		
Capital work-in-progress	66,093	(89,141)
Right of use assets	60,514	5,191,472
Property and equipment :		
Building on freehold land	-	91,659
Furniture and fixture	14,768	12,936
Office equipment	38,319	85,645
Computer equipment	23,952	44,257
Lease hold improvements	34,222	124,836
Vehicles	17,585	13,760
	128,846	373,093
	255,453	5,475,424

12.3 Disposal of property and equipment:		
The net book value of property and equipment disposed off during the period is as follows:		
Furniture and fixture	138	128
Office equipment	226	146
Computer equipment	10	-
Vehicles	-	-
	374	274

Gross carrying amount of vehicles disposed off during the period was Rs. 20,944 thousand (March 31, 2019: Rs. Nil).

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
13. INTANGIBLE ASSETS		
Intangible in progress	132,199	126,421
Softwares	666,469	674,004
	798,668	800,425

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	Rupees in '000'	
13.1 Additions to intangible assets		
The following additions / (transfers) have been made to intangible assets during the period:		
Intangible in progress	5,778	11,989
Intangible assets purchased	41,109	16,585
	46,887	28,574

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	
14. DEFERRED TAX ASSETS - NET			
Deductible temporary differences on :			
Right-of-use assets		196,771	129,797
Provision against advances, off balance sheet etc.		8,712,663	8,763,726
Business loss - Subsidiaries		64,399	64,399
		8,973,833	8,957,922
Taxable temporary differences on :			
Surplus on revaluation of fixed assets		(708,527)	(717,498)
Accelerated tax depreciation		(295,023)	(306,240)
Surplus on revaluation of investments		(3,240,625)	(1,199,107)
Surplus on revaluation of non banking assets		(100,568)	(102,895)
		(4,344,743)	(2,325,740)
		4,629,090	6,632,182
15. OTHER ASSETS - NET			
Income / mark-up accrued in local currency		13,336,548	20,059,765
Income / mark-up accrued in foreign currency		14,692	3,786
Profit paid in advance on pehlay munafa scheme		753	321
Advances, deposits, advance rent and other prepayments		556,552	610,934
Advance taxation (payments less provisions)		2,071,656	1,799,299
Non-banking assets acquired in satisfaction of claims		7,237,754	7,257,669
Acceptances		2,460,907	2,913,345
Branch adjustment account		116,188	180,250
Mark to market gain on forward foreign exchange contracts		57,341	-
Stock of stationery		201,773	147,340
Suspense account		4,984	5,387
Zakat recoverable from NITL		36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		204,749	37,999
Fraud and forgeries		226,818	193,559
Unearned income on sale of sukuk on bai-muajjal basis		602,912	691,120
Others		1,084,042	658,601
		28,214,459	34,596,165
Less: Provision held against other assets	15.1	(1,804,495)	(1,767,448)
Other assets (net of provision)		26,409,964	32,828,717
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,313,603	1,333,687
Other assets - total		27,723,567	34,162,404
15.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		1,198,555	1,198,555
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries		226,818	190,122
Others		306,609	306,258
		1,804,495	1,767,448

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'		
16. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
17. BILLS PAYABLE		
In Pakistan	2,927,410	3,421,083
Outside Pakistan	-	-
	2,927,410	3,421,083
18. BORROWINGS		
Secured		
Borrowings from SBP under:		
Export refinance scheme (ERF)	16,829,984	16,701,300
Long term financing facility (LTFF)	8,434,845	7,839,710
Finance facility for storage of agricultural produce (FFSAP)	33,917	37,048
Finance facility for renewable energy performance platform (REPP)	1,957,670	2,011,143
Refinancing Facility For Modernization Of Small and Medium Enterprises (SMES)	54,500	-
	27,310,916	26,589,201
Repurchase agreement borrowings	-	11,688,192
Call borrowings	50,721,437	38,942,031
Total secured	78,032,353	77,219,424
Unsecured		
Overdrawn nostro accounts	386	139,188
	78,032,739	77,358,612

19. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Customers:						
Current deposits	113,729,782	2,784,785	116,514,567	128,760,062	2,777,676	131,537,738
Savings deposits	337,135,742	2,367,665	339,503,407	328,444,179	2,683,909	331,128,088
Term deposits	235,790,385	3,239,738	239,030,123	198,611,751	3,210,224	201,821,975
Others	15,653,419	-	15,653,419	16,222,707	-	16,222,707
	702,309,328	8,392,188	710,701,516	672,038,699	8,671,809	680,710,508
Financial institutions:						
Current deposits	1,839,530	526,216	2,365,746	5,068,904	550,472	5,619,376
Savings deposits	2,409,250	215	2,409,465	3,293,719	209	3,293,928
Term deposits	475,000	-	475,000	405,000	864,050	1,269,050
Others	103,669	-	103,669	122,997	-	122,997
	4,827,449	526,431	5,353,880	8,890,620	1,414,731	10,305,351
	707,136,777	8,918,619	716,055,396	680,929,319	10,086,540	691,015,859

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
20. SUBORDINATED DEBTS			
Loan from GoPb	20.1	2,000,000	2,000,000
Privately placed term finance certificates - I	20.2	2,497,000	2,497,000
Privately placed term finance certificates - II	20.3	4,297,420	4,297,420
		8,794,420	8,794,420

20.1 Loan from GoPb

The GoPb extended loan of Rs. 2,000,000 thousand to support capital structure of the Bank for the purpose of the regulatory capital requirement. The loan is unsecured and sub-ordinated to all other indebtedness including deposits. The salient features of the loan are as follows:

Tenor:	07 Years.
Issue date	December 31, 2014
Maturity date	December 30, 2021
Rating	Unrated
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:	Average SBP discount rate. (Average shall be calculated on daily basis)
Conversion option:	May be converted, subject to consent of the parties and necessary regulatory approvals, after a period of five years into ordinary shares at the rate of Rs. 15 per share.
Repayment:	Bullet repayment after lapse of 07 years.
Call / Put option:	Callable after a period of 05 years. However no put option is available to GoPb.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

20.2 Privately placed term finance certificates - I

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

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.

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

20.3 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:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		15,323,532	16,670,871
Mark-up / return / interest payable in foreign currency		90,002	82,589
Lease key money		12,885,088	12,541,675
Sundry creditors and accrued expenses		1,260,470	851,407
Acceptances		2,460,907	2,913,345
Mark-up payable on subordinated debts		446,625	130,626
Unclaimed dividends		2,588	2,588
Dividend payable		1,982,769	-
Mark to market loss on forward foreign exchange contracts		-	155,671
Payable to gratuity fund		258,313	211,782
Gratuity payable to key management personnel		53,145	53,145
Provision against off-balance sheet obligations	21.1	62,183	62,183
Provision for employees compensated absences		113,958	111,612
Taxes / zakat / import fee payable		278,068	372,905
Lease liability against right of use assets		6,746,983	6,717,938
Deferred income on sale of sukuk on bai - muajjal basis		602,912	691,120
Workers welfare fund		342,934	286,007
Others		663,006	369,591
		43,573,483	42,225,055

21.1 Provision against off-balance sheet obligations		62,183	62,183
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The above provision has been made against letters of guarantee issued by the Bank.

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of :			
- Available for sale securities	10.1	9,279,850	3,426,021
- Fixed assets		2,605,370	2,630,999
- Non-banking assets acquired in satisfaction of claims	15	1,313,603	1,333,687
		13,198,823	7,390,707
Deferred tax on (surplus) / deficit on revaluation of :			
- Available for sale securities		(3,240,625)	(1,199,107)
- Fixed assets		(708,527)	(717,498)
- Non-banking assets acquired in satisfaction of claims		(100,568)	(102,895)
		(4,049,720)	(2,019,500)
		9,149,103	5,371,207

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	57,105,292	57,676,022
Commitments	23.2	145,589,207	137,405,985
Other contingent liabilities	23.3	142,633	142,633
		202,837,132	195,224,640
23.1 Guarantees:			
Financial guarantees		17,471,353	18,399,059
Performance guarantees		16,150,665	16,411,708
Other guarantees		23,483,274	22,865,255
		57,105,292	57,676,022
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		62,805,628	60,718,682
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	60,011,544	53,180,523
- forward lending	23.2.2	22,665,188	23,449,998
Commitments for acquisition of:			
- fixed assets		33,467	50,934
- intangible assets		73,380	5,848
		145,589,207	137,405,985
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		30,669,807	28,416,586
Sale		29,341,737	24,763,937
		60,011,544	53,180,523
23.2.2 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	22,665,188	23,449,998

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

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
23.3 Other contingent liabilities	142,633	142,633

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

23.3.2 The tax authorities of AJK made amendment under section 122(1) of for tax year 2013 to 2018 and created an additional demand of Rs. 133,658 thousands against which the Bank has filed appeal before Commissioner (Appeals) AJK. The management of the Bank, as per opinion of its tax consultant, is confident that the decision for aforementioned tax years will be decided in Bank's favour.

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	
23.4 Claims against the Bank not acknowledged as debts	23.4.1	53,723,429	53,806,237

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

	Note	(Un-audited) March 31, 2020 Rupees in '000'	Restated (Un-audited) March 31, 2019
24. MARK-UP / RETURN / INTEREST EARNED			
a) On loans and advances		12,320,904	10,117,542
b) On investments:			
Available for sale securities		8,655,870	4,145,788
Held for trading securities		564,841	524,851
Held to maturity securities		1,836,476	68,078
c) On lendings to financial institutions:			
Securities purchased under resale agreements		727,018	1,103,359
Certificates of investment			
Call lending		93	2,062
Letters of placement		89,210	116,643
d) On balances with banks		30,109	30,039
		24,224,521	16,108,362
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		16,007,159	8,793,333
Borrowings:			
Securities sold under repurchase agreements		151,851	192,440
Foreign placements		-	10,887
Call borrowings		1,499,278	225,555
SBP refinance borrowing		135,194	106,358
Subordinated debts:			
Mark-up on subordinated loan from GoPb		67,795	52,589
Mark-up on privately placed term finance certificates		248,204	188,796
Mark-up on lease liability against right of use assets		222,963	168,596
		18,332,444	9,738,554
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		140,957	161,760
Consumer finance related fees		57,758	70,481
Card related fees		155,125	115,901
Credit related fees		66,040	78,637
Branchless banking fees		41,970	14,566
Commission on trade		169,584	141,705
Commission on guarantees		54,657	44,699
Commission on cash management		24,718	22,578
Commission on remittances including home remittances		58,219	50,697
Commission on bancassurance		24,549	32,002
Commission on wheat financing		-	1,218
SMS banking income		65,867	40,144
		859,444	774,388
27. GAIN ON SECURITIES - NET			
Realized gain on sale of securities - net	27.1	932,658	18,269
Unrealized gain / (loss) - held for trading		71,445	(4,279)
		1,004,103	13,990

	(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
	Rupees in '000'	
27.1 Realized gain on sale of securities - net:		
Federal Government	907,025	5,533
Shares and certificates	25,633	8,479
Term finance certificates	-	4,257
	932,658	18,269
28. OTHER INCOME - NET		
Rent on property	-	702
Gain on sale of fixed assets - net	20,801	2,586
Gain on sale of non banking assets - net	8,236	-
Gain on termination of lease liability against right of use asset	273	-
Notice pay on resignations	2,865	2,766
	32,175	6,054
29. OPERATING EXPENSES		
Total compensation expense	2,441,833	1,863,006
Property expense:		
Rent and taxes	3,429	28,158
Insurance	4,268	4,691
Utilities cost	124,232	92,374
Security	366	401
Repair and maintenance including janitorial charges	9,076	4,935
Depreciation	129,298	131,588
Depreciation on right of use assets	217,064	199,728
Others	87	1,522
	487,820	463,397
Information technology expenses:		
Software maintenance	94,659	74,486
Hardware maintenance	18,252	9,987
Depreciation on computer equipment	65,335	56,910
Amortization on intangible assets	48,644	42,296
Network charges	71,935	72,525
	298,825	256,204
Other operating expenses:		
Directors' fees and allowances	12,138	3,325
Fees and allowances to shariah board	870	1,085
Legal and professional charges	22,121	25,105
Subscription charges	11,087	9,171
Outsourced staff services costs	68,479	60,122
Travelling and conveyance	158,112	118,621
NIFT clearing charges	18,443	13,125
Depreciation	71,051	67,962
Depreciation on non banking assets	14,827	18,539
Depreciation on ijarah assets	41,727	82,831
Training and development	7,330	3,807
Postage and courier charges	39,774	31,553

		(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
Rupees in '000'			
Stationery and printing		43,023	46,837
Marketing, advertisement and publicity		19,906	18,463
Donations		-	1,000
Auditors remuneration		-	267
Insurance		28,923	29,111
Deposit protection fee		87,991	84,344
Repair and maintenance		33,924	31,266
Entertainment expenses		25,818	35,363
Fuel for generator		24,536	23,689
Commission and brokerage		79,889	34,642
Bank charges		12,784	12,336
SMS banking charges		3,890	4,664
ATM charges including ATM maintenance charges		39,961	35,905
Cash remittance charges		41,788	47,452
Branch license fee		13,452	12,453
CNIC verification / ECIB charges		16,509	6,239
Miscellaneous expenses		46,733	37,539
		985,086	896,816
		4,213,564	3,479,423
	Note	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
Rupees in '000'			
30. OTHER CHARGES			
Penalties imposed by SBP		287,666	1,021
31. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	51,898	25,434
Provisions against advances	11.3	596,192	205,135
Provision against other assets - net	15.1	37,047	15,424
Bad debts written off directly		173	-
		685,310	245,993
32. TAXATION			
Current	32.1	1,204,573	1,064,936
Prior years		-	250,348
Deferred		(37,385)	249,072
		1,167,188	1,564,356

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

	(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
	Rupees in '000'	
33. BASIC EARNINGS PER SHARE		
Profit after taxation for the period (Rs in '000')	1,490,558	1,898,962
Weighted average number of ordinary shares (No.)	2,643,692,380	2,643,692,380
Basic earnings per share (Rs).	0.56	0.72

34. DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

March 31, 2020 (Un-audited)					
Fair value					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value:					
Government securities	318,578,552	-	318,578,552	-	318,578,552
Shares and certificates	1,988,760	1,903,757	-	85,003	1,988,760
Non-Government debt securities	1,976,597	-	1,976,597	-	1,976,597
Foreign securities	4,019	-	-	4,019	4,019
Financial assets disclosed but not measured at fair value :					
Government securities	59,935,338	-	71,016,698	-	71,016,698
Financial liabilities measured at fair value:					
Payable to gratuity fund	258,313	-	258,313	-	258,313
Provision for employees compensated absences	113,958	-	113,958	-	113,958
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	32,009,464	-	32,009,464	-	32,009,464
Forward sale of foreign exchange contracts	30,624,053	-	30,624,053	-	30,624,053
December 31, 2019 (Audited)					
Fair value					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	292,671,508	-	292,671,508	-	292,671,508
Shares and certificates	1,633,625	1,533,730	-	99,895	1,633,625
Non-Government debt securities	1,978,127	-	1,978,127	-	1,978,127
Foreign securities	4,019	-	-	4,019	4,019
Subsidiary Company	-	-	-	-	-
Financial assets disclosed but not measured at fair value :					
Government securities	59,762,000	-	64,466,364	-	64,466,364
Financial liabilities measured at fair value:					
Payable to gratuity fund	211,782	-	211,782	-	211,782
Provision for employees compensated absences	111,612	-	111,612	-	111,612
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	27,819,676	-	27,819,676	-	27,819,676
Forward sale of foreign exchange contracts	24,322,698	-	24,322,698	-	24,322,698

35.2 Fair value of non financial assets

March 31, 2020 (Un-audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,623,848	-	5,623,848	-	5,623,848
Non banking assets acquired in satisfaction of claims	7,352,802	-	7,352,802	-	7,352,802
December 31, 2019 (Audited)					
Fair value					
	Carrying value	Level 1	Level 2	Level 3	Total
Rupees in '000'					
Non Financial assets measured at fair value :					
Fixed assets (land & building)	5,906,710	-	5,906,710	-	5,906,710
Non banking assets acquired in satisfaction of claims	7,392,801	-	7,392,801	-	7,392,801

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

(Un-audited) March 31, 2020							
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others	Total
Rupees in '000'							
Profit & loss							
Net mark-up / return / profit	9,498,717	6,658	1,765,800	11,346,969	1,491,136	115,241	24,224,521
Inter segment revenue - net	(7,807,372)	19,746,508	(1,352,368)	(10,170,601)	(8,743)	(407,424)	-
Non mark-up / return / interest income	139,093	231,627	91,679	1,491,280	24,788	31,715	2,010,182
Total income	1,830,438	19,984,793	505,111	2,667,648	1,507,181	(260,468)	26,234,703
Segment total expenses	306,417	17,296,681	218,377	1,745,006	1,190,043	2,135,123	22,891,647
Profit before provisions and tax	1,524,021	2,688,112	286,734	922,642	317,138	(2,395,591)	3,343,056
Provisions	467,083	36,903	130,818	51,898	(207)	(1,185)	685,310
Profit / (loss) before tax	1,056,938	2,651,209	155,916	870,744	317,345	(2,394,406)	2,657,746
Balance sheet							
Cash & bank balances	-	32,196,073	-	15,993,674	4,422,945	-	52,612,692
Investments - net	2,563,352	-	-	370,782,235	14,556,197	-	387,901,784
Net inter segment lending	-	653,059,535	-	-	1,321,114	29,012,779	683,393,428
Lendings to financial institutions	-	-	-	36,088,514	2,550,000	-	38,638,514
Advances - performing	280,874,481	-	51,263,968	-	26,394,467	5,455,635	363,988,551
- non-performing - net	5,554,000	-	1,192,336	-	1,524,504	7,028	8,277,868
Others	11,239,574	5,308,933	1,083,771	2,212,572	4,262,212	24,034,718	48,141,780
Total assets	300,231,407	690,564,541	53,540,075	425,076,995	55,031,439	58,510,160	1,582,954,617
Borrowings	27,324,477	-	-	50,708,262	-	-	78,032,739
Subordinated debts	-	-	-	-	-	8,794,420	8,794,420
Deposits & other accounts	-	668,378,522	-	-	47,676,874	-	716,055,396
Net inter segment borrowing	269,083,057	-	40,611,018	373,699,353	-	-	683,393,428
Others	2,722,305	22,113,458	12,929,057	1,669,380	3,244,099	3,822,594	46,500,893
Total liabilities	299,129,839	690,491,980	53,540,075	426,076,995	50,920,973	12,617,014	1,532,776,876
Equity	-	-	-	-	-	-	50,177,741
Total equity & liabilities							1,582,954,617
Contingencies & commitments	125,294,434	-	742,252	60,011,544	16,539,422	249,480	202,837,132

	Restated (Un-audited) March 31, 2019						
	Corporate Banking	Retail Banking	Retail Finance Lending	Treasury	Islamic	Others	Total
	Rupees in '000'						
Profit & loss							
Net mark-up / return / profit	8,154,375	7,025	1,375,946	5,546,492	972,798	51,726	16,108,362
Inter segment revenue - net	(6,111,308)	12,195,468	(1,125,254)	(4,885,079)	(4,904)	(68,923)	-
Non mark-up / return / interest income	163,825	288,517	53,519	308,608	20,401	(14,923)	819,947
Total income	2,206,892	12,491,010	304,211	970,021	988,295	(32,120)	16,928,309
Segment total expenses	292,545	10,104,262	147,965	502,808	761,149	1,410,269	13,218,998
Inter segment expense allocation	-	-	-	-	-	-	-
Profit before provisions and tax	1,914,347	2,386,748	156,246	467,213	227,146	(1,442,389)	3,709,311
Provisions	168,076	14,624	44,922	27,132	(1,592)	(7,169)	245,933
Profit / (loss) before tax	1,746,271	2,372,124	111,324	440,081	228,738	(1,435,220)	3,463,318
	(Audited) December 31, 2019						
Balance sheet							
Cash & bank balances	-	36,597,942	-	20,093,277	7,097,797	-	63,789,016
Investments - net	2,569,293	-	-	349,962,333	8,936,196	-	361,467,822
Net inter segment lending	-	625,626,216	-	-	2,342,604	24,456,858	652,425,678
Lendings to financial institutions	-	-	-	664,771	3,295,000	-	3,959,771
Advances - performing	290,401,074	-	54,477,738	-	27,211,005	5,265,122	377,354,939
Advances - non-performing	5,351,015	-	862,781	-	59,967	17,914	6,291,677
Others	14,081,124	6,169,630	1,169,369	7,888,965	4,221,371	23,288,153	56,818,612
Total assets	312,402,506	668,393,788	56,509,888	378,609,346	53,163,940	53,028,047	1,522,107,515
Borrowings	26,589,201	-	-	50,769,411	-	-	77,358,612
Subordinated debts	-	-	-	-	-	8,794,420	8,794,420
Deposits & other accounts	-	644,926,850	-	-	46,089,009	-	691,015,859
Net inter segment borrowing	282,566,724	-	43,904,084	325,954,870	-	-	652,425,678
Others	2,913,345	23,216,935	12,605,804	2,183,830	3,419,840	1,306,384	45,646,138
Total liabilities	312,069,270	668,143,785	56,509,888	378,908,111	49,508,849	10,100,804	1,475,240,707
Equity	-	-	-	-	-	-	46,866,808
Total equity & liabilities							1,522,107,515
Contingencies & commitments	124,290,688	-	746,379	53,180,523	16,807,634	199,416	195,224,640

37. RELATED PARTY TRANSACTIONS

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

	March 31, 2020 (Un-audited)			December 31, 2018 (Audited)		
	Key management personnel Rupees in '000'	Employee funds	Others	Key management personnel Rupees in '000'	Employee funds	Others
Advances						
Opening balance	318,874	-	-	210,446	-	-
Addition during the period	9,386	-	-	221,225	-	-
Repaid during the period	65,776	-	-	112,797	-	-
Closing balance	262,484	-	-	318,874	-	-
Right of use assets			92,095			93,381
Lease liability against right of use assets			39,809			38,502
Markup receivable	5,546			373		

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Key management personnel Rupees in '000'	Employee funds	Others related parties	Key management personnel Rupees in '000'	Employee funds Rupees in '000'	Others related parties
Deposits and other accounts :						
Opening balance	13,423	2,564,910	876	38,172	2,398,389	7,753
Received during the period	140,322	289,568	10,200	544,807	1,148,293	85,894
Withdrawn during the period	101,071	148,148	10,909	569,556	981,772	92,771
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	52,674	2,706,330	167	13,423	2,564,910	876

	March 31, 2020 (Un-audited)			March 31, 2019 (Un-audited)		
	Key management personnel Rupees in '000'	Employee funds	Others related parties	Key management personnel Rupees in '000'	Employee funds Rupees in '000'	Others related parties
Income :						
Mark-up / return / interest earned	5,065	-	-	2,216	-	-
Net gain on sale of fixed assets	-	-	-	-	-	-
Mark-up on lease liability against right of use assets	-	-	1,307	-	-	1,131
Expense :						
Mark-up / return / interest paid	108	80,997	20	694	58,090	375
Depreciation on right of use assets	-	-	1,287	-	-	1,287
Compensation expense	111,118	-	-	76,331	-	-

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

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 43,304,936 thousand (December 31, 2019: Rs. 43,767,706 thousand), Rs. 383,385,858 thousand (December 31, 2019: Rs. 357,426,911 thousand) and Rs. 30,273,597 thousand (December 31, 2019: Rs. 29,655,042 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 67,795 thousand (March 31, 2019: Rs. 52,589 thousand) on subordinated debt of Rs. 2,000,000 thousand received from GoPb in year 2014.

37.3 The Bank made contribution of Rs. 56,864 thousand (March 31, 2019: Rs. 41,737 thousand) to employees provident fund during the period.

37.4 Advances to employees as at March 31, 2020, other than key management personnel, amounted to Rs. 5,767,368 thousand (December 31, 2019: Rs. 5,494,198 thousand).

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
Rupees in '000'		
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	28,388,806	28,388,806
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	38,826,874	37,567,213
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	38,826,874	37,567,213
Eligible Tier 2 Capital	14,170,181	11,742,487
Total Eligible Capital (Tier 1 + Tier 2)	52,997,055	49,309,700
Risk Weighted Assets (RWAs):		
Credit risk	271,123,917	287,094,506
Market risk	4,206,785	3,411,622
Operational risk	45,898,636	45,898,636
Total	321,229,338	336,404,764
Common equity tier I capital adequacy ratio	12.09%	11.17%
Tier I CAR (%)	12.09%	11.17%
Total CAR (%)	16.50%	14.66%
38.1 Leverage Ratio (LR):		
Eligible Tier-I Capital	38,826,874	37,567,213
Total exposures	1,096,516,805	1,063,747,831
LR (%)	3.54%	3.53%
38.2 Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	408,576,501	346,077,837
Total net cash outflow	341,919,050	293,511,879
LCR (%)	119.50%	117.91%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	484,943,000	474,402,901
Total required stable funding	418,017,000	441,990,495
NSFR (%)	116.01%	107.33%

39. ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the March 31, 2020, the Bank is operating 98 Islamic banking branches and 02 sub Islamic banking branches (December 31, 2019: 98 Islamic banking branches and 02 sub Islamic banking branches).

STATEMENT OF FINANCIAL POSITION

As At March 31, 2020

	Note	(Un-audited) March 31, 2020 Rupees in '000'	(Audited) December 31, 2019
ASSETS			
Cash and balances with treasury banks		4,137,369	3,742,675
Balances with other banks		285,576	3,355,122
Due from financial institutions	39.1	2,550,000	3,395,000
Investments - net	39.2	14,556,197	8,936,196
Islamic financing and related assets - net	39.3	27,918,971	27,270,972
Fixed assets		1,740,917	1,757,599
Intangible assets		4,988	4,428
Due from head office		1,321,114	2,342,604
Other assets		2,516,307	2,459,344
Total assets		55,031,439	53,263,940
LIABILITIES			
Bills payable		157,921	250,213
Due to financial institutions		-	-
Deposits and other accounts	39.4	47,676,874	46,089,009
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		3,086,178	3,169,627
		50,920,973	49,508,849
NET ASSETS		4,110,466	3,755,091
REPRESENTED BY			
Islamic banking fund		1,500,000	1,500,000
Reserves		27,778	32,768
Surplus on revaluation of assets		110,718	67,698
Unappropriated profit	39.5	2,471,970	2,154,625
		4,110,466	3,755,091
CONTINGENCIES AND COMMITMENTS	39.6		

ISLAMIC BANKING BUSINESS Profit and Loss Account

For the Three Months Ended March 31, 2020 (Un-audited)

		Three Months Ended March 31, 2020	Restated Three Months Ended March 31, 2019
		Rupees in '000'	
Profit / return earned	39.7	1,491,136	972,798
Profit / return expensed	39.8	790,716	423,915
Net profit / return		700,420	548,883
Fee and commission income		22,921	19,381
Dividend income		-	-
Foreign exchange income		1,407	86
Income / (loss) from derivatives		-	-
Loss on securities		-	(634)
Other income		460	1,568
		24,788	20,401
Total income		725,208	569,284
Other expenses			
Operating expenses		408,050	341,453
Workers welfare fund		-	-
Other charges		20	685
		408,070	342,138
Profit before provisions		317,138	227,146
Reversals and write offs - net		(207)	(1,592)
Profit before taxation		317,345	228,738

39.1 DUE FROM FINANCIAL INSTITUTIONS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Placements	2,550,000	-	2,550,000	3,395,000	-	3,395,000

39.2 INVESTMENTS - NET

Investments by segment:

	(Un-audited) March 31, 2020				(Audited) December 31, 2019			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	Rupees in '000'							
Federal government securities:								
-Ijarah sukuk	7,562,729	-	37,272	7,600,001	1,985,749	-	(5,749)	1,980,000
-Sale of sukuk- bai muajjal	2,756,196	-	-	2,756,196	2,756,196	-	-	2,756,196
Non government debt securities	10,318,925	-	37,272	10,356,197	4,741,945	-	(5,749)	4,736,196
-Unlisted	4,200,000	-	-	4,200,000	4,200,000	-	-	4,200,000
Total investments	14,518,925	-	37,272	14,556,197	8,941,945	-	(5,749)	8,936,196

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

(Audited)
December 31,
2019

39.3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah	1,701,334	1,737,428
Murabaha	1,013,590	1,272,740
Musharaka	10,845,431	10,684,948
Diminishing musharaka	10,283,750	10,599,650
Payment against documents	55,304	55,303
Istisna	4,265,329	3,166,670
Gross islamic financing and related assets	28,164,738	27,516,739
Less: provision against islamic financings		
- Specific	245,767	245,767
- General	-	-
	245,767	245,767
Islamic financing and related assets - net of provision	27,918,971	27,270,972

39.4 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers :						
Current deposits	8,111,184	255,134	8,366,318	9,093,509	330,022	9,423,531
Savings deposits	36,170,639	106,045	36,276,684	33,025,303	98,310	33,123,613
Term deposits	1,151,798	-	1,151,798	1,092,240	-	1,092,240
Others	717,217	-	717,217	1,125,855	-	1,125,855
	46,150,838	361,179	46,512,017	44,336,907	428,332	44,765,239
Financial institutions :						
Current deposits	46,311	-	46,311	200,243	-	200,243
Savings deposits	1,118,022	-	1,118,022	1,122,998	-	1,122,998
Others	524	-	524	529	-	529
	1,164,857	-	1,164,857	1,323,770	-	1,323,770
	47,315,695	361,179	47,676,874	45,660,677	428,332	46,089,009

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000'	
39.5 UNAPPROPRIATED PROFIT - ISLAMIC BANKING BUSINESS		
Opening balance	2,154,625	869,194
Islamic banking profit for the period / year	317,345	1,285,431
Closing balance	2,471,970	2,154,625
39.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	1,024,311	1,095,316
-Commitments	15,515,111	15,712,318
	16,539,422	16,807,634
	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	Rupees in '000'	
39.7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	1,012,001	606,847
Investments	378,097	251,660
Placements	88,344	105,698
Deposits with financial institutions	12,694	8,593
	1,491,136	972,798
	(Un-audited) March 31, 2020	Restated (Un-audited) March 31, 2019
	Rupees in '000'	
39.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	738,313	392,318
Markup on lease liability against right-of-use asset	43,661	26,693
Profit on deposits from conventional head office	8,742	4,904
	790,716	423,915

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

- i) Profit sharing ratio between Mudarib and Rab-ul-mal is 20:80.
- ii) Profit equalization reserve upto 2% of net income will be created, if needed.
- iii) Investment risk reserve upto 1% of distributable profit of depositors will be created, if needed.

40. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on May 19, 2020 by the Board of Directors of the Bank.

41. GENERAL

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

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

SECP vide SRO 434 (I)/2018 dated 9th April 2018, had directed the companies to follow IFRS 16 - Leases instead of IAS 17 - Leases, for annual reporting periods beginning on or after January 01, 2019. The SBP deferred the application of IFRS 16 on banking companies for the quarter ended March 31, 2019. Accordingly, for reporting period of March 31, 2019, the requirements of this standard were not considered in the preparation of the condensed interim financial statements. For reporting period June 30, 2019, the Bank adopted IFRS 16 effective from January 01, 2019, and did not restate comparatives for the reporting period of 2018, as permitted under the specific transitional provisions in the standard.

Since the Bank adopted the IFRS-16 effective from January 01, 2019, and the impact of the standard was considered to be material, the Bank has restated the prior period presented in these financial statements i.e. March 31, 2019. The said restatement has resulted the in following significant changes:

Particulars	Before restatement - March 31, 2019	Restatement- Impact of IFRS 16	After restatement - March 31, 2019
	Rupees in '000'		
Condensed Interim Profit and loss account - Un-audited			
Mark-up / return / interest expensed	9,569,958	168,596	9,738,554
Operating expenses	3,532,989	(53,566)	3,479,423
Profit before taxation	3,578,348	(115,030)	3,463,318
Taxation	1,609,218	(44,862)	1,564,356
Profit after taxation	1,969,130	(70,168)	1,898,962
Earnings per share - basic and diluted - Rupees	0.74	(0.02)	0.72

Chief Financial Officer

President

Director



THE BANK OF PUNJAB

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