

Quarterly Report

(Un-audited)

January - March

2015



THE BANK OF PUNJAB

Passion Reborn



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CORPORATE INFORMATION

Board Of Directors

Mr. Ghafoor Mirza	Chairman
Mr. Naeemuddin Khan	President/CEO
Mr. Javaid Aslam	Director
Mr. Mohammad Jehanzeb Khan	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Dr. Umar Saif	Director
Syed Maratib Ali	Director
Mr. Omar Saeed	Director
Mr. Raza Saeed	Secretary To The Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Omar Saeed	Member
Mr. Saeed Anwar	Member

Board Risk Management Committee (BRMC)

Syed Maratib Ali	Chairman
Mr. Omar Saeed	Member
Mr. Saeed Anwar	Member

Human Resource & Remuneration Committee (HR&RC)

Mr. Mohammad Jehanzeb Khan	Chairman
Khawaja Farooq Saeed	Member
Dr. Umar Saif	Member
Mr. Naeemuddin Khan	Ex-officio Member

Auditors

M/s Yusuf Adil Saleem & Co., Chartered Accountants

Registered Office

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

Website

www.bop.com.pk

Registrar

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

DIRECTORS' REVIEW

Quarterly Financial Statements - March 31, 2015

On behalf of the Board of Directors, I am pleased to present the Un-audited Condensed Interim Financial Statements of The Bank of Punjab for the quarter ended March 31, 2015.

In the current fiscal year, key economic indicators have moved in a favorable direction. GDP growth is expected to improve over FY14 outcome. During 1st quarter 2015, the Policy rate was reduced twice by SBP and expectations for further cut, in near future, are high. The resultant impact of low interest regime is likely to be sustained in coming quarters of the year.

Financial Highlights:

Rs. In Million

Profit before taxation	2,006.3
Taxation	697.6
Profit after taxation	1,308.7
Earnings per share (Rupees)	0.84

During 1st quarter of year 2015, the Net Interest Margin of the Bank improved to Rs. 2,503 million as against Rs. 1,004 million for corresponding period last year, while the Non Mark-up/Interest Income also improved to Rs. 1,871 million with 130% rise over corresponding period last year. Accordingly, the Bank was able to post a pre-tax profit of Rs. 2,006 million as against Rs. 691 million for corresponding period last year thereby registering a rise of 190%. The Earnings per Share remained at Rs. 0.84 per share as against Rs. 0.41 per share for 1st quarter 2014.

As on March 31, 2015, the deposits stood at Rs. 329.6 billion, while investments and Gross Advances stood at Rs. 179.6 billion and Rs. 205.7 billion, respectively. The Tier-1 Equity improved to Rs. 16.6 billion as against Rs. 15.3 billion as on December 31, 2014. The Bank enjoys long term and short term entity ratings of AA- and A1+, respectively, by PACRA.

The arrangements regarding the relaxations granted by the State Bank of Pakistan from provisioning against certain advances and capital regulatory requirements, based on the LOCs issued by the Government of the Punjab, have been fully explained in the Condensed Interim Financial Statements.

While acknowledging the support and trust of our valued clients and shareholders, I assure that the Bank would continue its efforts to maintain and accelerate the growth trends.

I wish to extend my gratitude to the Government of the Punjab and the State Bank of Pakistan for their constant support and guidance to the Bank. The Bank employees also deserve to be complimented for their hard work and dedication in achieving an improved financial position of the Bank

For and on behalf of the Board

Ghafoor Mirza
Chairman

Unconsolidated Condensed Interim Financial Statements
for the quarter ended March 31, 2015 (Un-Audited)



Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2015

		(Un-audited) March 31, 2015	(Audited) December 31, 2014
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		21,260,006	23,622,411
Balances with other banks		2,098,484	2,239,170
Lendings to financial institutions	5	8,469,192	32,748,623
Investments - net	6	179,592,804	154,874,757
Advances - net	7	178,286,571	170,312,593
Operating fixed assets	8	5,756,906	5,490,121
Deferred tax assets - net	9	8,564,751	9,845,426
Other assets - net		21,202,013	21,237,087
		425,230,727	420,370,188
LIABILITIES			
Bills payable		2,726,244	1,727,731
Borrowings	10	58,960,356	44,742,624
Deposits and other accounts	11	329,623,050	342,290,763
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		929	1,128
Deferred tax liabilities - net		-	-
Other liabilities		10,113,562	10,281,235
		403,424,141	401,043,481
NET ASSETS		21,806,586	19,326,707
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Reserves		2,081,243	2,081,243
Share deposit money	13	7,000,000	7,000,000
Accumulated losses		(7,789,980)	(9,113,154)
		16,579,237	15,256,063
Surplus on revaluation of assets - net of tax	14	5,227,349	4,070,644
		21,806,586	19,326,707
Contingencies and commitments	15		

The annexed notes from 1 to 20 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Three Months Ended March 31, 2015 (Un-audited)

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
Mark-up / return / interest earned	8,169,783	6,494,701
Mark-up / return / interest expensed	5,666,318	5,490,678
Net mark-up / return / interest income	2,503,465	1,004,023
Provision / (Reversal of provision) against non-performing loans and advances - net	606,985	(138,063)
Provision / (Reversal of provision) for diminution in the value of investments - net	5,776	(98,136)
Bad debts written off directly	-	-
	612,761	(236,199)
Net mark-up / return / interest income after provisions	1,890,704	1,240,222
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	165,971	137,318
Dividend income	15,773	11,456
Income from dealing in foreign currencies	42,463	44,311
Gain on sale and redemption of securities - net	984,007	178,697
Unrealized loss on revaluation of investments classified as held for trading	(22,130)	(507)
Other income	685,019	440,817
Total non-markup / interest income	1,871,103	812,092
	3,761,807	2,052,314
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	1,714,545	1,355,191
Provision against other assets	8,331	5,899
Provision against off balance sheet obligations	32,274	-
Other charges	309	8
Total non-markup / interest expenses	1,755,459	1,361,098
	2,006,348	691,216
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	2,006,348	691,216
Taxation - Current	100,409	73,122
- Prior years	-	-
- Deferred	597,204	167,220
	697,613	240,342
PROFIT AFTER TAXATION	1,308,735	450,874
Earnings per share - basic and diluted (Rupees) - Note 16	0.84	0.41

The annexed notes from 1 to 20 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income For the Three Months Ended March 31, 2015 (Un-audited)

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
Profit after taxation for the period	1,308,735	450,874
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:		
Actuarial gains on remeasurement recognized during the period	-	-
Comprehensive income transferred to equity	1,308,735	450,874
Components of comprehensive income not reflected in equity		
Items to be reclassified to profit and loss in subsequent periods:		
Surplus on revaluation of investments - net of tax	1,171,144	319,368
Items not to be reclassified to profit and loss in subsequent periods:		
Surplus on revaluation of fixed assets - net of tax	-	-
Total comprehensive income for the period	2,479,879	770,242

The annexed notes from 1 to 20 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Cash Flow Statement

For the Three Months Ended March 31, 2015 (Un-audited)

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,006,348	691,216
Less: Dividend income	(15,773)	(11,456)
	1,990,575	679,760
Adjustments for:		
Depreciation on property and equipment	97,683	84,210
Depreciation on ijarah assets under IFAS - 2	11,375	-
Amortization on intangible assets	1,265	1,079
Amortization of premium on debt securities	47,257	5,417
Unrealized loss on revaluation of investments classified as held for trading	22,130	507
Provision / (Reversal of provision) against non-performing loans and advances - net	606,985	(138,063)
Provision / (Reversal of provision) for diminution in the value of investments - net	5,776	(98,136)
Provision for employees compensated absences	3,598	4,139
Provision for gratuity	22,422	20,719
Provision against off balance sheet obligations	32,274	-
Provision against other assets	8,331	5,899
Net profit on sale of property and equipment	(117)	(18,057)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(1,074)	(7,398)
Gain on sale and redemption of securities - net	(984,007)	(178,697)
Finance charges on leased assets	9	35
	(126,093)	(318,346)
	1,864,482	361,414
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	23,679,431	6,220,395
Net investments in held for trading securities	(12,752,167)	6,132,148
Advances - net	(8,592,338)	2,861,345
Other assets - net	(95,324)	(2,987,452)
	2,239,602	12,226,436
Increase / (Decrease) in operating liabilities:		
Bills payable	998,513	385,753
Borrowings	14,211,190	15,230,770
Deposits and other accounts	(12,667,713)	(8,266,895)
Other liabilities	(225,967)	1,480,309
	2,316,023	8,829,937
	6,420,107	21,417,787
Financial charges paid	(9)	(35)
Income tax paid	(32,172)	(3,374)
Net cash flow from operating activities	6,387,926	21,414,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(9,172,315)	(20,030,425)
Net investments in held to maturity securities	(30,106)	(9,846,684)
Dividends received	3,247	5,487
Investments in operating fixed assets	(366,222)	(128,812)
Sale proceeds of property and equipment disposed-off	606	43,139
Sale proceeds of non-banking assets disposed-off	67,430	96,300
Net cash used in investing activities	(9,497,360)	(29,860,995)
CASH FLOWS FROM FINANCING ACTIVITIES		
Right shares issue cost	-	(103,620)
Payment of lease obligations	(199)	(182)
Net cash used in financing activities	(199)	(103,802)
Net decrease in cash and cash equivalents	(3,109,633)	(8,550,419)
Cash and cash equivalents at beginning of the period	26,368,200	28,854,680
Cash and cash equivalents at end of the period	23,258,567	20,304,261
Cash and cash equivalents:		
Cash and balances with treasury banks	21,260,006	17,980,156
Balances with other banks	2,098,484	2,343,983
Overdrawn nostro accounts	(99,923)	(19,878)
	23,258,567	20,304,261

The annexed notes from 1 to 20 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the Three Months Ended March 31, 2015 (Un-audited)

	Capital Reserves						Revenue Reserve	Total
	Share capital	Discount on issue of shares	Statutory reserve	Share premium	Restructuring reserve	Share deposit money		
	Rupees in '000'							
Balance as at January 1, 2014	10,551,132	(263,158)	783,965	37,882	717,812	12,000,000	(11,250,885)	12,576,748
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	-	450,874	450,874
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	2,497	2,497
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	(8,967)	(8,967)
Transactions with owners, recorded directly in equity:								
Issue of right shares during the period	5,000,000	-	-	-	-	(5,000,000)	-	-
Right shares issue cost	-	-	-	-	-	-	(103,620)	(103,620)
Balance as at March 31, 2014	15,551,132	(263,158)	783,965	37,882	717,812	7,000,000	(10,910,101)	12,917,532
Total comprehensive income for the nine months ended December 31, 2014	-	-	-	-	-	-	2,339,089	2,339,089
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	7,361	7,361
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,987	7,987
Transfer from restructuring reserve against NPLs	-	-	-	-	(15,906)	-	-	(15,906)
Transfer to statutory reserve	-	-	557,490	-	-	-	(557,490)	-
Balance as at December 31, 2014	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	(9,113,154)	15,256,063
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	-	1,308,735	1,308,735
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	14,439	14,439
Balance as at March 31, 2015	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	(7,789,980)	16,579,237

The annexed notes from 1 to 20 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Notes to the Unconsolidated Condensed Interim Financial Information For the Three Months Ended March 31, 2015 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Punjab (the Bank) was constituted 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-2, Main Boulevard, Gulberg III, Lahore. The Bank has 364 branches including 37 Islamic banking branches. (2014: 364 branches including 37 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GoPb).
- 1.2 As on March 31, 2015, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 16,579,237 thousand. The Capital Adequacy Ratio (CAR) remained above the required level of 10%. As at the close of the period, net advances aggregating to Rs. 22,457,975 thousand (December 31, 2014: Rs. 21,681,471 thousand) requiring additional provision of Rs. 21,551,218 thousand (December 31, 2014: Rs. 20,689,119 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No. OS/ED/Div-01/SEU-03/010(01)-2015/5065 dated February 27, 2015, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

The GoPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand and Rs. 7,000,000 thousand as share deposit money in the year 2009 and 2011 respectively against future issue of shares by the Bank. During the year 2014, the Bank has issued 500,000,000 right shares (47.39%) for Rs. 5,000,000 thousand at par value against share deposit money of Rs. 10,000,000 thousand deposited by GoPb in year 2009. Accordingly, the entire amount of share deposit money deposited in year 2009 has been converted into paid up capital of the Bank. Further, the GoPb vide two LOCs has also undertaken to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 3,580,000 thousand (net of tax @ 35%) and Rs. 10,570,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2018 if the Bank fails to make provision of Rs. 21,770,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GoPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

During the year 2015, the Bank is required to record further provisioning in staggered manner against outstanding exposure of borrowers covered under above LOCs i.e. 5% by June 30, 2015 and additional 10% by December 31, 2015 so as to ensure that total staggering by end of the year 2015 would not be less than 15% of the additional provision of Rs. 20,689,119 thousand required as on December 31, 2014. As communicated by SBP, going forward, further extension in these relaxations would be considered upon satisfactory compliance of the conditions / requirements of SBP as well as the Bank's future performance based on the Bank's business plan.

On the basis of enduring support of GoPb, the arrangements as outlined above and the business plan prepared by the management which has been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. STATEMENT OF COMPLIANCE

- 2.1 This unconsolidated condensed interim financial information has been prepared in accordance with the directives issued by the SBP, requirements of the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. 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 Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

- 2.2 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 this unconsolidated condensed interim financial information.

This unconsolidated condensed interim financial information is separate interim financial information of the Bank in which the investment in subsidiary is stated at cost less provision for impairment (if any) and has not been accounted for on the basis of reported results and net assets of the investee.

The financial results of Islamic banking business have been consolidated in this unconsolidated condensed interim financial information for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic banking business are disclosed in Annexure-I to this unconsolidated condensed interim financial information.

The disclosures made in this unconsolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and this unconsolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2014. This unconsolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of stock exchanges of Pakistan and Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2014.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2014.

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending		-	600,000
Reverse repurchase agreement lendings	5.1	7,669,192	27,719,623
Certificates of investment		-	300,000
Placements		800,000	4,129,000
		8,469,192	32,748,623

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2015			(Audited) December 31, 2014		
	Rupees in '000'			Rupees in '000'		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market treasury bills	1,919,192	-	1,919,192	62,787	-	62,787
Pakistan investment bonds	5,750,000	-	5,750,000	27,656,836	-	27,656,836
	<u>7,669,192</u>	<u>-</u>	<u>7,669,192</u>	<u>27,719,623</u>	<u>-</u>	<u>27,719,623</u>

Market value of securities held as collateral as at March 31, 2015 amounted to Rs. 8,169,804 thousand (December 31, 2014: 29,291,585 thousand). These carry mark-up at rate ranging from 7.80% to 8.45% per annum (December 31, 2014: 9.70% to 11.50 % per annum).

6. INVESTMENTS - NET

Note	(Un-audited) March 31, 2015			(Audited) December 31, 2014		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
Held for trading securities:						
Ordinary shares of listed companies	244,465	-	244,465	45,932	-	45,932
Market treasury bills	6,616,592	-	6,616,592	-	-	-
Pakistan investment bonds	5,956,568	-	5,956,568	-	-	-
	<u>12,817,625</u>	<u>-</u>	<u>12,817,625</u>	<u>45,932</u>	<u>-</u>	<u>45,932</u>
Available for sale securities:						
Market treasury bills	36,627,254	34,315,413	70,942,667	52,979,483	33,804,515	86,783,998
Pakistan investment bonds	55,094,767	11,886,521	66,981,288	44,708,426	-	44,708,426
Ordinary shares / certificates of listed companies and modarabas	1,344,741	-	1,344,741	1,293,905	-	1,293,905
Preference shares of listed companies	415,451	-	415,451	495,451	-	495,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Mutual fund units	79,568	-	79,568	373,802	-	373,802
Government of Pakistan ijara sukuk bonds	5,618,459	-	5,618,459	1,706,588	-	1,706,588
Listed term finance certificates	735,372	-	735,372	736,008	-	736,008
Unlisted term finance certificates	3,603,602	-	3,603,602	3,644,013	-	3,644,013
	<u>103,544,214</u>	<u>46,201,934</u>	<u>149,746,148</u>	<u>105,962,676</u>	<u>33,804,515</u>	<u>139,767,191</u>
Held to maturity securities:						
Pakistan investment bonds	15,110,963	-	15,110,963	15,090,774	-	15,090,774
WAPDA bonds	400	-	400	400	-	400
	<u>15,111,363</u>	<u>-</u>	<u>15,111,363</u>	<u>15,091,174</u>	<u>-</u>	<u>15,091,174</u>
Subsidiary:						
Punjab modaraba services (private) limited	164,945	-	164,945	164,945	-	164,945
Total investments at cost	131,638,147	46,201,934	177,840,081	121,264,727	33,804,515	155,069,242
Provision for diminution in the value of investment - net	(3,000,353)	-	(3,000,353)	(3,114,422)	-	(3,114,422)
Investments net of provisions	128,637,794	46,201,934	174,839,728	118,150,305	33,804,515	151,954,820
Surplus on revaluation of available for sale securities	4,775,206	-	4,775,206	2,920,591	-	2,920,591
Deficit on revaluation of held for trading securities	(22,130)	-	(22,130)	(654)	-	(654)
Total investments at market value	133,390,870	46,201,934	179,592,804	121,070,242	33,804,515	154,874,757

6.1 Market value of held to maturity investments is Rs. 15,844,969 thousand (December 31, 2014: Rs. 15,612,502 thousand).

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		180,317,000	173,992,109
Net investment in finance lease - In Pakistan		20,175,028	17,372,840
Net book value of assets in ijarah under IFAS 2 - In Pakistan		416,194	217,559
Islamic financing and related assets		1,572,985	1,381,515
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		1,904,563	2,187,991
-Payable outside Pakistan		1,317,556	1,970,349
		3,222,119	4,158,340
Advances - gross		205,703,326	197,122,363
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(27,283,459)	(26,702,645)
-General	7.3	(133,296)	(107,125)
		(27,416,755)	(26,809,770)
Advances - net of provision		178,286,571	170,312,593

7.1 Provision against certain net advances amounting to Rs. 22,457,975 thousand (December 31, 2014: Rs. 21,681,471 thousand) requiring additional provisioning of Rs. 21,551,218 thousand (December 31, 2014: Rs. 20,689,119 thousand) has not been considered necessary in this unconsolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2.

7.2 Advances include Rs. 57,588,188 thousand (December 31, 2014: Rs. 55,650,453 thousand) which have been placed under non-performing status as on March 31, 2015 as detailed below:

Category of classification	March 31, 2015 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	83,695	-	83,695	1,335	1,335
Substandard	8,886,433	-	8,886,433	2,202,256	2,202,256
Doubtful	984,895	-	984,895	355,880	355,880
Loss	47,633,165	-	47,633,165	24,723,988	24,723,988
	57,588,188	-	57,588,188	27,283,459	27,283,459
December 31, 2014 (Audited)					
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	68,097	-	68,097	415	415
Substandard	8,429,852	-	8,429,852	2,070,332	2,070,332
Doubtful	743,240	-	743,240	284,398	284,398
Loss	46,409,264	-	46,409,264	24,347,500	24,347,500
	55,650,453	-	55,650,453	26,702,645	26,702,645

7.3 General provision represents provision against consumer financing portfolio as required by the prudential regulations issued by the SBP.

7.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 41,018 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the three months ended would have been higher by Rs. 41,018 thousand (March 31, 2014: higher by Rs. 341,538 thousand) and Rs. 26,662 thousand (March 31, 2014: higher by Rs. 222,000 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 366,226 thousand (March 31, 2014: Rs. 128,812 thousand) and Rs. 11,360 thousand (March 31, 2014: Rs. 25,082 thousand), respectively.

9. DEFERRED TAX ASSETS - NET

The management has prepared a business plan on the basis of the arrangements as disclosed in Note 1.2. The business plan includes certain key assumptions such as deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan etc. Any significant change in the key assumptions may have an impact on the projections, however, the management believes that it is probable that the Bank will be able to achieve the projections as per the business plan and future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'		
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	10,163,225	9,581,230
-Long term financing - export oriented projects (LTF-EOP)	29,793	54,872
-Long term financing facility (LTFF)	1,513,722	1,404,893
Repurchase agreement borrowings	46,192,419	33,608,248
	<u>57,899,159</u>	<u>44,649,243</u>
Unsecured		
Foreign placements	961,274	-
Overdrawn nostro accounts	99,923	93,381
	<u>58,960,356</u>	<u>44,742,624</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	117,436,377	120,193,692
Savings deposits	132,106,829	132,651,725
Current accounts - non - remunerative	71,064,767	77,060,744
Sundry deposits, margin accounts, etc.	5,781,690	8,223,503
	<u>326,389,663</u>	<u>338,129,664</u>
Financial Institutions		
Remunerative deposits	2,244,492	2,845,709
Non-remunerative deposits	988,895	1,315,390
	<u>3,233,387</u>	<u>4,161,099</u>
	<u>329,623,050</u>	<u>342,290,763</u>
11.1 Particulars of deposits		
In local currency	324,323,517	335,644,581
In foreign currencies	5,299,533	6,646,182
	<u>329,623,050</u>	<u>342,290,763</u>

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'		
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	2,102,645	2,117,084
Surplus on revaluation of available for sale securities	3,124,704	1,953,560
	<u>5,227,349</u>	<u>4,070,644</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favor of:

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'		
Government	-	-
Financial institutions	-	-
Others	2,247,977	996,208
	<u>2,247,977</u>	<u>996,208</u>

15.2 Transaction related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favor of:

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
Government		458,965	508,758
Financial institutions		14,469	14,469
Others		16,724,618	15,823,674
		<u>17,198,052</u>	<u>16,346,901</u>

15.3 Trade related contingent liabilities

Government	6,393,347	9,540,901
Financial institutions	-	-
Others	9,119,825	11,199,942
	<u>15,513,172</u>	<u>20,740,843</u>

15.4 Other contingencies

Claims against the Bank not acknowledged as debts	15.4.1	31,112,362	35,192,352
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- 15.4.1 The amount involved in the claims filed against the Bank are yet to be adjudicated by the concerned courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because the claims are frivolous.

15.5 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank has filed appeals before Commissioner Inland Revenue Appeals. The expected tax liability in respect of aforesaid tax years amounts to Rs 162,772 thousand and minimum tax under section 113 amounts to Rs 257,967 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the appeals filed for the aforementioned tax years will be decided in Bank's favour.

15.6 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'		
15.7 Commitments in respect of forward exchange contracts		
Purchase	6,548,377	5,314,736
Sale	4,638,451	3,658,932
	<u>11,186,828</u>	<u>8,973,668</u>
15.8 Commitments for the acquisition of operating fixed assets	<u>683,941</u>	<u>63,278</u>

16. EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Un-audited) ----- Three months ended	
	March 31, 2015	March 31, 2014
Profit after taxation (Rupees in thousand)	<u>1,308,735</u>	<u>450,874</u>
Weighted average number of ordinary shares (Number)	<u>1,555,113,165</u>	<u>1,086,866,272</u>
Earnings per share - basic and diluted (Rupees)	<u>0.84</u>	<u>0.41</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000'						
Three Months Ended						
March 31, 2015 (Un-audited)						
Total income	5,383,029	947,224	3,575,016	114,139	21,478	10,040,886
Total expenses	784,268	1,092,581	6,157,689	-	-	8,034,538
Inter segment transfer revenue / (cost)	(2,998,580)	483,799	2,514,781	-	-	-
Income taxes	-	-	-	-	-	697,613
Net income / (loss)	1,600,181	338,442	(67,892)	114,139	21,478	1,308,735
Segment assets (gross)	210,655,659	23,746,696	206,058,035	-	-	440,460,390
Segment non performing advances / investments	3,141,346	2,106,996	55,481,192	-	-	60,729,534
Segment provision required	3,000,353	1,863,850	25,552,905	-	-	30,417,108
Segment liabilities	36,581,049	61,752,120	305,090,972	-	-	403,424,141
Segment return on net assets (ROA) (%)	12.53%	19.86%	12.90%			
Segment cost of funds (%)	8.87%	7.54%	8.30%			
Three Months Ended						
March 31, 2014 (Un-audited)						
Total income	3,585,004	568,892	3,037,435	95,094	20,368	7,306,793
Total expenses	184,237	1,061,469	5,369,871	-	-	6,615,577
Inter segment transfer revenue / (cost)	(2,634,081)	402,901	2,231,180	-	-	-
Income taxes	-	-	-	-	-	240,342
Net income / (loss)	766,686	(89,676)	(101,256)	95,094	20,368	450,874
Segment assets (gross)	175,766,268	19,907,802	180,475,414	-	-	376,149,484
Segment non performing advances / investments	3,126,348	2,140,089	56,000,295	-	-	61,266,732
Segment provision required	3,031,000	1,792,160	23,745,037	-	-	28,568,197
Segment liabilities	31,308,613	49,502,881	267,248,364	-	-	348,059,858
Segment return on net assets (ROA) (%)	11.61%	13.85%	11.69%			
Segment cost of funds (%)	10.70%	8.76%	8.93%			

18. 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, 2015 (Un-audited)				December 31, 2014 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
Advances								
Opening balance	121,056	760,121	-	61,874	86,027	1,091,975	-	52,591
Loans granted during the period	-	229,842	-	-	70,710	649,808	-	267,235
Repayments received during the period	(29,493)	(284,254)	-	(61,874)	(35,681)	(981,662)	-	(257,952)
Closing balance	91,563	705,709	-	-	121,056	760,121	-	61,874
Deposits								
Opening balance	15,177	20,407	2,076,040	46,545	25,092	26,195	805,346	29,657
Placements made during the period	43,844	222,049	2,094,367	8,848	279,029	790,050	6,566,043	70,317
Withdrawals during the period	(46,351)	(240,148)	(2,101,719)	(4,892)	(288,944)	(795,838)	(5,295,349)	(53,429)
Closing balance	12,670	2,308	2,068,688	50,501	15,177	20,407	2,076,040	46,545
Placements	-	100,000	-	-	-	100,000	-	-
Lease liability	-	929	-	-	-	1,129	-	-

	March 31, 2015 (Un-audited)				March 31, 2014 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	2,363	41,156	-	-	2,062	17,352	-	1,597
Mark-up/interest expensed	181	-	44,669	705	309	-	13,398	369
Contribution to employees funds	-	-	19,787	-	-	-	19,149	-

18.1 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.

18.2 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 Government related entities amounted to Rs. 25,848,324 thousand (December 31, 2014: Rs. 23,818,185 thousand), Rs. 146,186,009 thousand (December 31, 2014: Rs.146,442,712 thousand) and Rs. 5,185,469 thousand (December 31, 2014: Rs. 10,179,293 thousand) respectively.

19. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issuance on April 28, 2015 by the Board of Directors of the Bank.

20. GENERAL

20.1 The corresponding figures have been restated, where necessary, for the purposes of comparison. However, no significant reclassification has been made during the period.

20.2 Figures have been rounded off to the nearest thousand.

President

Director

Islamic Banking Business - Statement of Financial Position As at March 31, 2015

Annexure - I

The Bank is operating 37 Islamic banking branches at close of March 31, 2015 (December 31, 2014: 37 branches).

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		876,071	869,772
Balance with other banks		69,652	150,225
Due from financial institutions		700,000	4,029,000
Investments		5,544,195	1,627,737
Islamic financing and related assets	A	1,989,179	1,599,074
Operating fixed assets		157,933	100,407
Deferred tax assets		-	-
Other assets		165,101	125,329
TOTAL ASSETS		9,502,131	8,501,544
LIABILITIES			
Bills payable		32,075	63,129
Due to financial institutions		-	264
Deposit and other accounts:			
- Current accounts		3,516,256	3,250,964
- Saving accounts		4,365,758	3,916,827
- Term deposits		357,549	284,189
- Others		109,643	129,835
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		518,334	275,970
Other liabilities		35,990	28,781
		8,935,605	7,949,959
NET ASSETS		566,526	551,585
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		65,790	55,436
		565,790	555,436
Surplus / (deficit) on revaluation of assets		736	(3,851)
		566,526	551,585
Remuneration to Shariah Advisor / Board		465	2,054
CHARITY FUND			
Opening balance		-	19
Additions during the period		1,466	1
Payments / utilization during the period		-	(20)
Closing balance		1,466	-
A. Islamic financing and related assets			
Islamic mode of financing	A.1	1,989,179	1,599,074
A.1 Islamic mode of financing			
Murabaha		342,000	180,439
Diminishing musharaka		1,230,985	1,009,628
Ijarah		416,194	409,007
		1,989,179	1,599,074

Islamic Banking Business - Profit and Loss Account

For the Three Months Ended March 31, 2015 (Un-audited)

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
Profit / Return earned on financing, investment and placements	153,934	30,431
Return on deposits and other dues expensed	54,880	5,793
Net spread earned	99,054	24,638
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Income after provisions	99,054	24,638
Other income		
Fee, commission and brokerage income	1,784	492
Dividend income	-	-
(Loss) / Income from dealing in foreign currencies	(56)	14
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	4,318	841
Total other income	6,046	1,347
	105,100	25,985
Other expenses		
Administrative expenses	94,735	18,929
Other provisions/write offs/reversals	-	-
Other charges	11	-
Total other expenses	94,746	18,929
	10,354	7,056
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	10,354	7,056

Consolidated Condensed Interim Financial Statements

for the quarter ended March 31, 2015 (Un-Audited)

(The Bank of Punjab & Punjab Modaraba Services (Pvt) Ltd.)



Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2015

		(Un-audited) March 31, 2015	(Audited) December 31, 2014
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		21,260,006	23,622,411
Balances with other banks		2,098,484	2,239,170
Lendings to financial institutions	5	8,469,192	32,748,623
Investments - net	6	179,665,002	154,943,890
Advances - net	7	178,239,572	170,273,415
Operating fixed assets	8	5,756,906	5,490,121
Deferred tax assets - net	9	8,564,751	9,845,426
Other assets - net		21,207,643	21,237,382
		425,261,556	420,400,438
LIABILITIES			
Bills payable		2,726,244	1,727,731
Borrowings	10	58,960,356	44,742,624
Deposits and other accounts	11	329,622,325	342,290,693
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		929	1,128
Deferred tax liabilities - net		-	-
Other liabilities		10,113,654	10,281,610
		403,423,508	401,043,786
NET ASSETS		21,838,048	19,356,652
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Reserves		2,081,243	2,081,243
Share deposit money	13	7,000,000	7,000,000
Accumulated losses		(7,758,518)	(9,083,209)
		16,610,699	15,286,008
Surplus on revaluation of assets - net of tax	14	5,227,349	4,070,644
		21,838,048	19,356,652
Contingencies and commitments	15		

The annexed notes from 1 to 20 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Profit and Loss Account

For the Three Months Ended March 31, 2015 (Un-audited)

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
Mark-up / return / interest earned	8,168,952	6,493,560
Mark-up / return / interest expensed	5,666,318	5,490,678
Net mark-up / return / interest income	2,502,634	1,002,882
Provision / (Reversal of provision) against non-performing loans and advances - net	606,985	(138,063)
Provision / (Reversal of provision) for diminution in the value of investments - net	2,712	(98,136)
Bad debts written off directly	-	-
	609,697	(236,199)
Net mark-up / return / interest income after provisions	1,892,937	1,239,081
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	165,971	137,318
Dividend income	15,773	11,456
Income from dealing in foreign currencies	42,463	44,311
Gain on sale and redemption of securities - net	984,007	178,697
Unrealized loss on revaluation of investments classified as held for trading	(22,130)	(507)
Other income	685,019	440,817
Total non-markup / interest income	1,871,103	812,092
	3,764,040	2,051,173
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	1,715,261	1,355,200
Provision against other assets	8,331	5,899
Provision against off balance sheet obligations	32,274	-
Other charges	309	8
Total non-markup / interest expenses	1,756,175	1,361,107
	2,007,865	690,066
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	2,007,865	690,066
Taxation - Current	100,409	73,122
- Prior years	-	-
- Deferred	597,204	167,220
	697,613	240,342
PROFIT AFTER TAXATION	1,310,252	449,724
Earnings per share - basic and diluted (Rupees) - Note 16	0.84	0.41

The annexed notes from 1 to 20 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Statement of Comprehensive Income For the Three Months Ended March 31, 2015 (Un-audited)

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
Profit after taxation for the period	1,310,252	449,724
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:		
Actuarial gains on remeasurement recognized during the period	-	-
Comprehensive income transferred to equity	1,310,252	449,724
Components of comprehensive income not reflected in equity		
Items to be reclassified to profit and loss in subsequent periods:		
Surplus on revaluation of investments - net of tax	1,171,144	319,368
Items not to be reclassified to profit and loss in subsequent periods:		
Surplus on revaluation of fixed assets - net of tax	-	-
Total comprehensive income for the period	2,481,396	769,092

The annexed notes from 1 to 20 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Cash Flow Statement For the Three Months Ended March 31, 2015 (Un-audited)

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,007,865	690,066
Less: Dividend income	(15,773)	(11,456)
	1,992,092	678,610
Adjustments for:		
Depreciation on property and equipment	97,683	84,210
Depreciation on ijarah assets under IFAS - 2	11,375	-
Amortization on intangible assets	1,265	1,079
Amortization of premium on debt securities	47,257	5,417
Unrealized loss on revaluation of investments classified as held for trading	22,130	507
Provision / (Reversal of provision) against non-performing loans and advances - net	606,985	(138,063)
Provision / (Reversal of provision) for diminution in the value of investments - net	2,712	(98,136)
Provision for employees compensated absences	3,598	4,139
Provision for gratuity	22,422	20,719
Provision against off balance sheet obligations	32,274	-
Provision against other assets	8,331	5,899
Net profit on sale of property and equipment	(117)	(18,057)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(1,074)	(7,398)
Gain on sale and redemption of securities - net	(984,007)	(178,697)
Finance charges on leased assets	9	35
	(129,157)	(318,346)
	1,862,935	360,264
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	23,679,431	6,220,395
Net investments in held for trading securities	(12,752,167)	6,132,148
Advances - net	(8,584,517)	2,861,345
Other assets - net	(100,659)	(2,986,302)
	2,242,088	12,227,586
Increase / (Decrease) in operating liabilities:		
Bills payable	998,513	385,753
Borrowings	14,211,190	15,230,770
Deposits and other accounts	(12,668,368)	(8,266,863)
Other liabilities	(226,250)	1,480,277
	2,315,085	8,829,937
	6,420,108	21,417,787
Financial charges paid	(9)	(35)
Income tax paid	(32,172)	(3,374)
Net cash flow from operating activities	6,387,927	21,414,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(9,172,316)	(20,030,425)
Net investments in held to maturity securities	(30,106)	(9,846,684)
Dividends received	3,247	5,487
Investments in operating fixed assets	(366,222)	(128,812)
Sale proceeds of property and equipment disposed-off	606	43,139
Sale proceeds of non-banking assets disposed-off	67,430	96,300
Net cash used in investing activities	(9,497,361)	(29,860,995)
CASH FLOWS FROM FINANCING ACTIVITIES		
Right shares issue cost	-	(103,620)
Payment of lease obligations	(199)	(182)
Net cash used in financing activities	(199)	(103,802)
Net decrease in cash and cash equivalents	(3,109,633)	(8,550,419)
Cash and cash equivalents at beginning of the period	26,368,200	28,854,680
Cash and cash equivalents at end of the period	23,258,567	20,304,261
Cash and cash equivalents:		
Cash and balances with treasury banks	21,260,006	17,980,156
Balances with other banks	2,098,484	2,343,983
Overdrawn nostro accounts	(99,923)	(19,878)
	23,258,567	20,304,261

The annexed notes from 1 to 20 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Statement of Changes in Equity

For the Three Months Ended March 31, 2015 (Un-audited)

	Share capital	Discount on issue of shares	Statutory reserve	Capital Reserves			Share deposit money	Revenue Reserve Accumulated losses	Total
				Share premium Rupees in '000'	Restructuring reserve	Share deposit money			
Balance as at January 1, 2014	10,551,132	(263,158)	783,965	37,882	717,812	12,000,000	(11,275,026)	12,552,607	
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	-	449,724	449,724	
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	2,497	2,497	
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	(8,967)	(8,967)	
Transactions with owners, recorded directly in equity:									
Issue of right shares during the period	5,000,000	-	-	-	-	(5,000,000)	-	-	
Right shares issue cost	-	-	-	-	-	-	(103,620)	(103,620)	
Balance as at March 31, 2014	15,551,132	(263,158)	783,965	37,882	717,812	7,000,000	(10,935,392)	12,892,241	
Total comprehensive income for the nine months ended December 31, 2014	-	-	-	-	-	-	2,394,325	2,394,325	
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	7,361	7,361	
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,987	7,987	
Transfer from restructuring reserve against NPLs	-	-	-	-	(15,906)	-	-	(15,906)	
Transfer to statutory reserve	-	-	557,490	-	-	-	(557,490)	-	
Balance as at December 31, 2014	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	(9,083,209)	15,286,008	
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	-	1,310,252	1,310,252	
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	14,439	14,439	
Balance as at March 31, 2015	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	(7,758,518)	16,610,699	

The annexed notes from 1 to 20 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Notes to the Consolidated Condensed Interim Financial Information For the Three Months Ended March 31, 2015 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) Limited. The Bank was constituted 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-2, Main Boulevard, Gulberg III, Lahore. The Bank has 364 branches including 37 Islamic banking branches. (2014: 364 branches including 37 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GoPb).

Punjab Modaraba Services (Private) Limited is a wholly owned subsidiary of The Bank of Punjab and is primarily engaged in the business of floating and managing modarabas.

- 1.2 As on March 31, 2015, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Group amounts to Rs. 16,610,699 thousand. The Capital Adequacy Ratio (CAR) remained above the required level of 10%. As at the close of the period, net advances aggregating to Rs. 22,410,976 thousand (December 31, 2014: Rs. 21,642,293 thousand) requiring additional provision of Rs. 21,504,219 thousand (December 31, 2014: Rs. 20,649,941 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No. OSED/Div-01/SEU-03/010(01)-2015/5065 dated February 27, 2015, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

The GoPb being the majority shareholder, in order to support the Bank, deposited Rs. 10,000,000 thousand and Rs. 7,000,000 thousand as share deposit money in the year 2009 and 2011 respectively against future issue of shares by the Bank. During the year 2014, the Bank has issued 500,000,000 right shares (47.39%) for Rs. 5,000,000 thousand at par value against share deposit money of Rs. 10,000,000 thousand deposited by GoPb in year 2009. Accordingly, the entire amount of share deposit money deposited in year 2009 has been converted into paid up capital of the Bank. Further, the GoPb vide two LOCs has also undertaken to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 3,580,000 thousand (net of tax @ 35%) and Rs. 10,570,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2018 if the Bank fails to make provision of Rs. 21,770,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GoPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

During the year 2015, the Bank is required to record further provisioning in staggered manner against outstanding exposure of borrowers covered under above LOCs i.e. 5% by June 30, 2015 and additional 10% by December 31, 2015 so as to ensure that total staggering by end of the year 2015 would not be less than 15% of the additional provision of Rs. 20,689,119 thousand required as on December 31, 2014. As communicated by SBP, going forward, further extension in these relaxations would be considered upon satisfactory compliance of the conditions / requirements of SBP as well as the Bank's future performance based on the Bank's business plan.

On the basis of enduring support of GoPb, the arrangements as outlined above and the business plan prepared by the management which has been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. STATEMENT OF COMPLIANCE

- 2.1 This consolidated condensed interim financial information has been prepared in accordance with the directives issued by the SBP, requirements of the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting

standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. 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 Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

- 2.2 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 this consolidated condensed interim financial information.

The financial results of Islamic banking business have been consolidated in this consolidated condensed interim financial information for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic banking business are disclosed in Annexure-I to this consolidated condensed interim financial information.

The disclosures made in this consolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2014. This consolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of stock exchanges of Pakistan and Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of annual consolidated financial statements of the Group for the year ended December 31, 2014.

4. 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, 2014.

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending		-	600,000
Reverse repurchase agreement lendings	5.1	7,669,192	27,719,623
Certificates of investment		-	300,000
Placements		800,000	4,129,000
		8,469,192	32,748,623

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2015			(Audited) December 31, 2014		
	Rupees in '000'			Rupees in '000'		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market treasury bills	1,919,192	-	1,919,192	62,787	-	62,787
Pakistan investment bonds	5,750,000	-	5,750,000	27,656,836	-	27,656,836
	7,669,192	-	7,669,192	27,719,623	-	27,719,623

Market value of securities held as collateral as at March 31, 2015 amounted to Rs. 8,169,804 thousand (December 31, 2014: 29,291,585 thousand). These carry mark-up at rate ranging from 7.80% to 8.45% per annum (December 31, 2014: 9.70% to 11.50 % per annum).

6. INVESTMENTS - NET

Note	(Un-audited) March 31, 2015			(Audited) December 31, 2014		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
Held for trading securities:						
Ordinary shares of listed companies	244,465	-	244,465	45,932	-	45,932
Market treasury bills	6,616,592	-	6,616,592	-	-	-
Pakistan investment bonds	5,956,568	-	5,956,568	-	-	-
	12,817,625	-	12,817,625	45,932	-	45,932
Available for sale securities:						
Market treasury bills	36,627,254	34,315,413	70,942,667	52,979,483	33,804,515	86,783,998
Pakistan investment bonds	55,094,767	11,886,521	66,981,288	44,708,426	-	44,708,426
Ordinary shares / certificates of listed companies and modarabas	1,509,684	-	1,509,684	1,458,847	-	1,458,847
Preference shares of listed companies	415,451	-	415,451	495,451	-	495,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Mutual fund units	79,568	-	79,568	373,802	-	373,802
Government of Pakistan ijara sukuk bonds	5,618,459	-	5,618,459	1,706,588	-	1,706,588
Listed term finance certificates	735,372	-	735,372	736,008	-	736,008
Unlisted term finance certificates	3,603,602	-	3,603,602	3,644,013	-	3,644,013
	103,709,157	46,201,934	149,911,091	106,127,618	33,804,515	139,932,133
Held to maturity securities:						
Pakistan investment bonds	15,110,963	-	15,110,963	15,090,774	-	15,090,774
WAPDA bonds	400	-	400	400	-	400
	15,111,363	-	15,111,363	15,091,174	-	15,091,174
Total investments at cost						
	131,638,145	46,201,934	177,840,079	121,264,724	33,804,515	155,069,239
Provision for diminution in the value of investment - net	(2,928,153)	-	(2,928,153)	(3,045,286)	-	(3,045,286)
Investments net of provisions						
	128,709,992	46,201,934	174,911,926	118,219,438	33,804,515	152,023,953
Surplus on revaluation of available for sale securities	4,775,206	-	4,775,206	2,920,591	-	2,920,591
Deficit on revaluation of held for trading securities	(22,130)	-	(22,130)	(654)	-	(654)
Total investments at market value						
	133,463,068	46,201,934	179,665,002	121,139,375	33,804,515	154,943,890

6.1 Market value of held to maturity investments is Rs. 15,844,969 thousand (December 31, 2014: Rs. 15,612,502 thousand).

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		180,270,001	173,952,931
Net investment in finance lease - In Pakistan		20,175,028	17,372,840
Net book value of assets in ijarah under IFAS 2 - In Pakistan		416,194	217,559
Islamic financing and related assets		1,572,985	1,381,515
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		1,904,563	2,187,991
-Payable outside Pakistan		1,317,556	1,970,349
		3,222,119	4,158,340
Advances - gross		205,656,327	197,083,185
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(27,283,459)	(26,702,645)
-General	7.3	(133,296)	(107,125)
		(27,416,755)	(26,809,770)
Advances - net of provision		178,239,572	170,273,415

7.1 Provision against certain net advances amounting to Rs. 22,410,976 thousand (December 31, 2014: Rs. 21,642,293 thousand) requiring additional provisioning of Rs. 21,504,219 thousand (December 31, 2014: Rs. 20,649,941 thousand) has not been considered necessary in this consolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2.

7.2 Advances include Rs. 57,541,189 thousand (December 31, 2014: Rs. 55,611,275 thousand) which have been placed under non-performing status as on March 31, 2015 as detailed below:

Category of classification	March 31, 2015 (Un-audited)			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000'					
Other assets especially mentioned	83,695	-	83,695	1,335	1,335
Substandard	8,886,433	-	8,886,433	2,202,256	2,202,256
Doubtful	984,895	-	984,895	355,880	355,880
Loss	47,586,166	-	47,586,166	24,723,988	24,723,988
	57,541,189	-	57,541,189	27,283,459	27,283,459
December 31, 2014 (Audited)					
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	68,097	-	68,097	415	415
Substandard	8,429,852	-	8,429,852	2,070,332	2,070,332
Doubtful	743,240	-	743,240	284,398	284,398
Loss	46,370,086	-	46,370,086	24,347,500	24,347,500
	55,611,275	-	55,611,275	26,702,645	26,702,645

7.3 General provision represents provision against consumer financing portfolio as required by the prudential regulations issued by the SBP.

7.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 41,018 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the three months ended would have been higher by Rs. 41,018 thousand (March 31, 2014: higher by Rs. 341,538 thousand) and Rs. 26,662 thousand (March 31, 2014: higher by Rs. 222,000 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions / disposals from operating fixed assets amounted to Rs. 366,226 thousand (March 31, 2014: Rs. 128,812 thousand) and Rs. 11,360 thousand (March 31, 2014: Rs. 25,082 thousand), respectively.

9. DEFERRED TAX ASSETS - NET

The management has prepared a business plan on the basis of the arrangements as disclosed in Note 1.2. The business plan includes certain key assumptions such as deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan etc. Any significant change in the key assumptions may have an impact on the projections, however, the management believes that it is probable that the Bank will be able to achieve the projections as per the business plan and future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'		
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	10,163,225	9,581,230
-Long term financing - export oriented projects (LTF-EOP)	29,793	54,872
-Long term financing facility (LTFF)	1,513,722	1,404,893
Repurchase agreement borrowings	46,192,419	33,608,248
	<u>57,899,159</u>	<u>44,649,243</u>
Unsecured		
Foreign placements	961,274	-
Overdrawn nostro accounts	99,923	93,381
	<u>58,960,356</u>	<u>44,742,624</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	117,436,377	120,193,692
Savings deposits	132,106,829	132,651,725
Current accounts - non - remunerative	71,064,042	77,060,674
Sundry deposits, margin accounts, etc.	5,781,690	8,223,503
	<u>326,388,938</u>	<u>338,129,594</u>
Financial Institutions		
Remunerative deposits	2,244,492	2,845,709
Non-remunerative deposits	988,895	1,315,390
	<u>3,233,387</u>	<u>4,161,099</u>
	<u>329,622,325</u>	<u>342,290,693</u>
11.1 Particulars of deposits		
In local currency	324,322,792	335,644,511
In foreign currencies	5,299,533	6,646,182
	<u>329,622,325</u>	<u>342,290,693</u>

12. SHARE CAPITAL

	(Un-audited) March 31, 2015 (No. of shares)	(Audited) December 31, 2014		(Un-audited) March 31, 2015	(Audited) December 31, 2014 Rupees in '000'
12.1 Authorized capital					
	5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of Rupees ten each.

12.2 Issued, Subscribed and Paid up Capital

	(Un-audited) March 31, 2015 (No. of shares)	(Audited) December 31, 2014	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014 Rupees in '000'
Opening balance					
	519,333,340	19,333,340		5,193,333	193,333
	526,315,789	526,315,789		5,263,158	5,263,158
	509,464,036	509,464,036		5,094,641	5,094,641
	1,555,113,165	1,055,113,165		15,551,132	10,551,132
During the period / year					
	-	500,000,000		-	5,000,000
Closing balance					
	519,333,340	519,333,340		5,193,333	5,193,333
	526,315,789	526,315,789		5,263,158	5,263,158
	509,464,036	509,464,036		5,094,641	5,094,641
	1,555,113,165	1,555,113,165		15,551,132	15,551,132

12.3 GOPb held 57.47% shares in the Bank as at March 31, 2015 (December 31, 2014: 57.47 %).

13. SHARE DEPOSIT MONEY

Share deposit money - II				7,000,000	7,000,000
			13.1	7,000,000	7,000,000
13.1 Reconciliation of share deposit money					
Opening balance				7,000,000	12,000,000
Right shares issued during the period / year				-	(5,000,000)
Closing balance				7,000,000	7,000,000

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'		
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	2,102,645	2,117,084
Surplus on revaluation of available for sale securities	3,124,704	1,953,560
	<u>5,227,349</u>	<u>4,070,644</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favor of:

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'		
Government	-	-
Financial institutions	-	-
Others	2,247,977	996,208
	<u>2,247,977</u>	<u>996,208</u>

15.2 Transaction related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favor of:

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
Government		458,965	508,758
Financial institutions		14,469	14,469
Others		16,724,618	15,823,674
		<u>17,198,052</u>	<u>16,346,901</u>

15.3 Trade related contingent liabilities

Government	6,393,347	9,540,901
Financial institutions	-	-
Others	9,119,825	11,199,942
	<u>15,513,172</u>	<u>20,740,843</u>

15.4 Other contingencies

Claims against the Bank not acknowledged as debts	15.4.1	<u>31,112,362</u>	<u>35,192,352</u>
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15.4.1 The amount involved in the claims filed against the Bank are yet to be adjudicated by the concerned courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because the claims are frivolous.

15.5 Corporate compliance

The Registrar Modaraba Companies and Modarabas (the Registrar), vide order dated 27 August, 2009, had imposed penalty of Rs.150 thousand each on the Ex-Chief Executive, one Ex-Director, one existing Director and the Company through its Chief Executive due to violation of certain provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. The Company had filed an appeal before the Appellate Bench Securities and Exchange Commission of Pakistan (SECP), whereby SECP vide its order dated April 23, 2012 upheld the penalty imposed by the Registrar. The Company has filed an appeal against the said order before Honourable Lahore High Court, Lahore, which is pending adjudication.

15.6 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank has filed appeals before Commissioner Inland Revenue Appeals. The expected tax liability in respect of aforesaid tax years amounts to Rs 162,772 thousand and minimum tax under section 113 amounts to Rs 257,967 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the appeals filed for the aforementioned tax years will be decided in Bank's favour.

The PMSL Tax Advisors have certified total refunds due from the Tax Department aggregating Rs. 6,333 thousand. Refund applications of the Company for the Tax Years 2007, 2008 and 2009 amounting to Rs 1,648 thousand, Rs 1,863 thousand and Rs 426,000 respectively were rejected by the Deputy Commissioner of Inland Revenue (DCIR). The Company has filed an appeal before the Commissioner of Inland Revenue Appeals (CIR Appeals) against the said order. CIR Appeals vide its order dated June 21, 2011 has vacated the order issued by the DCIR and referred the case back for denovo proceeding which have been initiated and pending for adjudication.

15.7 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
	Rupees in '000'	
15.8 Commitments in respect of forward exchange contracts		
Purchase	6,548,377	5,314,736
Sale	4,638,451	3,658,932
	<u>11,186,828</u>	<u>8,973,668</u>
15.9 Commitments for the acquisition of operating fixed assets	<u>683,941</u>	<u>63,278</u>

16. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited) Three months ended March 31, 2015	March 31, 2014
Profit after taxation (Rupees in thousand)	<u>1,310,252</u>	<u>449,724</u>
Weighted average number of ordinary shares (Number)	<u>1,555,113,165</u>	<u>1,086,866,272</u>
Earnings per share - basic and diluted (Rupees)	<u>0.84</u>	<u>0.41</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000'						
Three Months Ended						
March 31, 2015 (Un-audited)						
Total income	5,383,029	947,224	3,574,185	114,139	21,478	10,040,055
Total expenses	781,204	1,092,581	6,158,405	-	-	8,032,190
Inter segment transfer revenue / (cost)	(2,998,580)	483,799	2,514,781	-	-	-
Income taxes	-	-	-	-	-	697,613
Net income / (loss)	1,603,245	338,442	(69,439)	114,139	21,478	1,310,252
Segment assets (gross)	210,655,659	23,746,696	206,058,035	-	-	440,460,390
Segment non performing advances / investments	3,069,146	2,106,996	55,481,192	-	-	60,657,334
Segment provision required	2,928,153	1,863,850	25,552,905	-	-	30,344,908
Segment liabilities	36,581,049	61,752,120	305,090,339	-	-	403,423,508
Segment return on net assets (ROA) (%)	12.53%	19.86%	12.90%			
Segment cost of funds (%)	8.87%	7.54%	8.30%			
Three Months Ended						
March 31, 2014 (Un-audited)						
Total income	3,585,004	568,892	3,036,294	95,094	20,368	7,305,652
Total expenses	184,237	1,061,469	5,369,880	-	-	6,615,586
Inter segment transfer revenue / (cost)	(2,634,081)	402,901	2,231,180	-	-	-
Income taxes	-	-	-	-	-	240,342
Net income / (loss)	766,686	(89,676)	(102,406)	95,094	20,368	449,724
Segment assets (gross)	175,766,268	19,907,802	180,426,159	-	-	376,100,229
Segment non performing advances / investments	3,108,598	2,140,089	55,954,295	-	-	61,202,982
Segment provision required	3,013,250	1,792,160	23,745,037	-	-	28,550,447
Segment liabilities	31,308,613	49,502,881	267,248,617	-	-	348,060,111
Segment return on net assets (ROA) (%)	11.61%	13.85%	11.69%			
Segment cost of funds (%)	10.70%	8.76%	8.93%			

18. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Group 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, 2015 (Un-audited)				December 31, 2014 (Audited)			
	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
Advances								
Opening balance	125,954	720,942	-	61,874	91,202	1,045,975	-	52,591
Loans granted during the period	-	222,021	-	-	70,710	647,533	-	267,235
Repayments received during the period	(29,535)	(284,254)	-	(61,874)	(35,958)	(972,566)	-	(257,952)
Closing balance	96,419	658,709	-	-	125,954	720,942	-	61,874
Deposits								
Opening balance	18,239	20,356	2,076,040	46,545	27,878	26,123	805,346	29,657
Placements made during the period	43,868	214,185	2,094,367	8,848	282,750	787,775	6,566,043	70,317
Withdrawals during the period	(49,437)	(232,960)	(2,101,719)	(4,892)	(292,389)	(793,542)	(5,295,349)	(53,429)
Closing balance	12,670	1,581	2,068,688	50,501	18,239	20,356	2,076,040	46,545
Placements	-	100,000	-	-	-	100,000	-	-
Lease liability	-	929	-	-	-	1,129	-	-
	March 31, 2015 (Un-audited)				March 31, 2014 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	2,452	40,324	-	-	2,062	16,211	-	1,597
Mark-up/interest expensed	206	-	44,669	705	311	-	13,398	369
Contribution to employees funds	-	-	19,787	-	-	-	19,149	-

18.1 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.

18.2 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 Group 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 Government related entities amounted to Rs. 25,848,324 thousand (December 31, 2014: Rs. 23,818,185 thousand), Rs. 146,186,009 thousand (December 31, 2014: Rs.146,442,712 thousand) and Rs. 5,185,469 thousand (December 31, 2014: Rs. 10,179,293 thousand) respectively.

19. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issuance on April 28, 2015 by the Board of Directors of the Bank.

20. GENERAL

20.1 The corresponding figures have been restated, where necessary, for the purpos of comparison. However, no significant reclassification has been made during the period.

20.2 Figures have been rounded off to the nearest thousand.

President

Director

Islamic Banking Business - Statement of Financial Position As at March 31, 2015

Annexure - I

The Bank is operating 37 Islamic banking branches at close of March 31, 2015 (December 31, 2014: 37 branches).

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		876,071	869,772
Balance with other banks		69,652	150,225
Due from financial institutions		700,000	4,029,000
Investments		5,544,195	1,627,737
Islamic financing and related assets	A	1,989,179	1,599,074
Operating fixed assets		157,933	100,407
Deferred tax assets		-	-
Other assets		165,101	125,329
TOTAL ASSETS		9,502,131	8,501,544
LIABILITIES			
Bills payable		32,075	63,129
Due to financial institutions		-	264
Deposit and other accounts:			
- Current accounts		3,516,256	3,250,964
- Saving accounts		4,365,758	3,916,827
- Term deposits		357,549	284,189
- Others		109,643	129,835
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		518,334	275,970
Other liabilities		35,990	28,781
		8,935,605	7,949,959
NET ASSETS		566,526	551,585
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		65,790	55,436
		565,790	555,436
Surplus / (deficit) on revaluation of assets		736	(3,851)
		566,526	551,585
Remuneration to Shariah Advisor / Board		465	2,054
CHARITY FUND			
Opening balance		-	19
Additions during the period		1,466	1
Payments / utilization during the period		-	(20)
Closing balance		1,466	-
A. Islamic financing and related assets			
Islamic mode of financing	A.1	1,989,179	1,599,074
A.1 Islamic mode of financing			
Murabaha		342,000	180,439
Diminishing musharaka		1,230,985	1,009,628
Ijarah		416,194	409,007
		1,989,179	1,599,074

Islamic Banking Business - Profit and Loss Account For the Three Months Ended March 31, 2015 (Un-audited)

Annexure - I

	Three months ended	
	March 31, 2015	March 31, 2014
	Rupees in '000'	
Profit / Return earned on financing, investment and placements	153,934	30,431
Return on deposits and other dues expensed	54,880	5,793
Net spread earned	99,054	24,638
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Income after provisions	99,054	24,638
Other income		
Fee, commission and brokerage income	1,784	492
Dividend income	-	-
(Loss) / Income from dealing in foreign currencies	(56)	14
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	4,318	841
Total other income	6,046	1,347
	105,100	25,985
Other expenses		
Administrative expenses	94,735	18,929
Other provisions/write offs/reversals	-	-
Other charges	11	-
Total other expenses	94,746	18,929
	10,354	7,056
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	10,354	7,056



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