



Quarterly Report  
(Un-audited)  
January - March 2016



*Passion Reborn*



## CONTENTS

Corporate Information.....	02
Directors' Review .....	03
Unconsolidated Condensed Interim Financial Statements of The Bank of Punjab .....	05
Consolidated Condensed Interim Financial Statements of The Bank of Punjab and its Subsidiary Punjab Modaraba Services(Pvt.) Ltd. ....	23

# CORPORATE INFORMATION

## Board Of Directors

Mr. Ghafoor Mirza	Chairman
Mr. Naeemuddin Khan	President/CEO
Mr. Mohammad Jehanzeb Khan	Director
Dr. Umar Saif	Director
Syed Maratib Ali	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Mr. Omar Saeed	Director
Mr. Mohammed Afzaal Bhatti	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Raza Saeed	Secretary To The Board

## Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Saeed Anwar	Member
Mr. Omar Saeed	Member
Mr. Mohammed Afzaal Bhatti	Member

## Board Risk Management Committee (BRMC)

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

## Human Resource & Remuneration Committee (HR&RC)

Mr. Mohammad Jehanzeb Khan	Chairman
Syed Maratib Ali	Member
Mr. Mohammed Afzaal Bhatti	Member
Mr. Naeemuddin Khan	Ex-officio Member

## Auditors

Deloitte Yousuf Adil, 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](http://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, 2016

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 quarter ended March 31, 2016.

During this period, while the YoY inflation rose from 1.3 percent in September 2015 to 3.9 percent in March 2016, the period average inflation increased from 1.7 percent to 2.6 percent. However, these trends in inflation indicate pickup in aggregate demand, amid both improved security situation and real incomes. At the same time, with improved business sentiments, lower input prices and better energy availability, supply conditions have improved as well.

### Financial Highlights:

Rs. In Million

Profit before taxation	2,242
Taxation	784
Profit after taxation	1,458
Earnings per share (Rupees)	0.94

During 1st quarter of year 2016, the Net Interest Margin improved to Rs. 2,652 million as against Rs. 2,503 million for corresponding period last year, while the Non Mark-up/Interest Income touched the level of Rs. 1,671 million. Accordingly, the Bank was able to post a pre-tax profit of Rs. 2,242 million as against Rs. 2,006 million for corresponding period last year thereby registering a rise of 12%. The Earnings per Share remained at Rs. 0.94 per share as against Rs. 0.84 per share for 1st quarter 2015.

As on March 31, 2016, the deposits stood at Rs. 378 billion, while investments and Gross Advances stood at Rs. 151 billion and Rs. 272 billion, respectively. The Tier-1 Equity improved to Rs. 20.9 billion as against Rs. 19.4 billion as on December 31, 2015. The Bank also enjoys long term and short term entity ratings of AA- and A1+, respectively, by PACRA with positive outlook.

The arrangements regarding the relaxations granted by the State Bank of Pakistan from provisioning against certain advances, based on the LOCs issued by the Government of the Punjab, have been fully explained in Note 1.2 to the Condensed Interim Financial Statements.

While acknowledging the support and confidence shown by our valued clients and shareholders, I assure that the management will continue its endeavors for maintaining and further accelerating the current growth trends. I also wish to extend my gratitude to the Government of the Punjab and the State Bank of Pakistan for their consistent support and guidance which proved instrumental in salvaging the Bank. I would also like to acknowledge the hard work and dedication of the Bank's employees in achieving marked improvement in all facets of operations

For and on behalf of the Board

**Ghafoor Mirza**  
Chairman

## ڈائریکٹرز کا جائزہ:

سہ ماہی مالیاتی حسابات ۳۱ مارچ ۲۰۱۶ء

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ مارچ ۲۰۱۶ء کو اختتام پذیر ہونے والی سہ ماہی کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

اس مدت میں سالانہ بنیادوں پر شرح افراط زر مارچ ۲۰۱۶ء میں 3.9 فیصد تک پہنچ گئی جو کہ ستمبر ۲۰۱۵ء میں 1.3 فیصد تھی۔ جبکہ اسی مدت میں اوسط شرح افراط زر 1.7 فیصد سے بڑھ کر 2.6 فیصد ہو گئی۔ تاہم افراط زر میں موجودہ اضافہ بہتر ہوتی ہوئی ملکی یکپورٹی کی صورتحال اور آمدن میں اضافہ کی وجہ سے بڑھتی ہوئی طلب کو ظاہر کر رہا ہے۔ اسی طرح بہتر ہوتے ہوئے کاروباری حالات، خام مال کی گرتی ہوئی قیمتوں اور توانائی کی دستیابی میں بہتری کی وجہ سے رسد کی صورتحال بھی بہتر ہوتی ہے۔

### مالیاتی نتائج کی جھلکیاں :

روپیہ ملیین میں

قبل از ٹیکس منافع	2,242
ٹیکس	784
بعد از ٹیکس منافع	1,458
فی حصص منافع (روپیہ)	0.94

سال ۲۰۱۶ء کی پہلی سہ ماہی میں بینک کا نیٹ انٹرسٹ مارجن 2,652 ملین روپے کی سطح پر پہنچ گیا جو کہ پچھلے سال اسی مدت کے دوران 2,503 ملین روپے پر تھا۔ جبکہ نان مارک اپ انٹرسٹ اکم 1,671 ملین روپے کی سطح پر رہی۔ لہذا بینک نے 2,242 ملین روپے کا قبل از ٹیکس منافع کمایا۔ جو کہ پچھلے سال اسی مدت کے دوران کمائے جانے والے 2,006 ملین روپے کے منافع سے 12 فیصد زیادہ ہے۔ بینک کی فی حصص آمدنی 0.94 روپیہ رہی جو کہ پچھلے سال کی پہلی سہ ماہی میں 0.84 روپیہ تھی۔

۳۱ مارچ ۲۰۱۶ء کو بینک کے کل ڈپازٹ 378 ارب کی سطح پر پہنچ گئے۔ جبکہ سرمایہ کاری اور قرضہ جات بالترتیب 151 ارب اور 272 ارب روپے کی سطح پر رہے۔ بینک کی ٹیرون اکیویٹی 20.9 ارب روپے کی سطح پر پہنچ گئی جو کہ ۳۱ دسمبر ۲۰۱۵ء کو 19.4 ارب روپے کی سطح پر تھی۔ پاکستان کریڈٹ ریٹنگ ایجنسی نے طویل مدت کے لیے بینک کو AA- اور مختصر مدت کے لیے A1+ کی ریٹنگ، مثبت رجحان کے ساتھ تفویض کی ہیں۔

اسٹیٹ بینک آف پاکستان کی طرف سے حکومت پنجاب کے لیٹر آف کمفرٹ کی بنیاد پر چند غیر فعال قرضہ جات کی پروڈن پر دی جانے والی رعایت مالیاتی حسابات کے نوٹ نمبر 1.2 میں مکمل طور پر بیان کر دی گئی ہے۔

ہم اپنے معزز صارفین اور حصص داران کے تعاون اور اعتماد پر شکر گزار ہیں اور میں اس بات کا یقین دلاتا ہوں کہ بینک کی انتظامیہ ترقی کی موجودہ رفتار کو مزید تیز کرنے کے لئے اپنی کاوشیں جاری رکھے گی۔ میں حکومت پنجاب اور اسٹیٹ بینک آف پاکستان کے مسلسل تعاون اور معاونت کا تہہ دل سے شکر گزار ہوں جس کی وجہ سے بینک کی صورتحال کو بہتر بنانے میں بہت زیادہ مدد ملی۔ میں بینک کے تمام ملازمین کی انتھک محنت کا اعتراف کرتا ہوں جسکی وجہ سے بینک نے تمام شعبہ جات میں شاندار ترقی کی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

غفور مرزا  
چیئرمین



**UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

for the quarter ended  
March 31, 2016 (Un-Audited)

## Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2016

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'			
<b>ASSETS</b>			
Cash and balances with treasury banks		23,833,778	26,190,481
Balances with other banks		2,670,393	4,512,033
Lendings to financial institutions	5	1,672,804	6,113,262
Investments - net	6	150,835,898	176,043,046
Advances - net	7	240,312,225	219,398,631
Operating fixed assets	8	6,631,898	6,484,312
Deferred tax assets - net	9	6,818,404	7,905,981
Other assets - net		18,116,945	25,635,908
		450,892,345	472,283,654
<b>LIABILITIES</b>			
Bills payable		2,610,231	1,887,432
Borrowings	10	28,147,061	55,236,429
Deposits and other accounts	11	377,803,448	374,961,096
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		15,469,351	15,520,357
		426,030,091	449,605,314
<b>NET ASSETS</b>		<b>24,862,254</b>	<b>22,678,340</b>
<b>REPRESENTED BY</b>			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Reserves		2,329,001	2,329,001
Share deposit money		7,000,000	7,000,000
Accumulated losses		(3,748,930)	(5,220,276)
		20,868,045	19,396,699
Surplus on revaluation of assets - net of tax	13	3,994,209	3,281,641
		<b>24,862,254</b>	<b>22,678,340</b>
Contingencies and commitments	14		

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
Mark-up / return / interest earned	7,066,586	8,169,783
Mark-up / return / interest expensed	4,414,949	5,666,318
Net mark-up / return / interest income	2,651,637	2,503,465
Provision against non-performing loans and advances - net	396,730	606,985
Provision for diminution in the value of investments - net	97,499	5,776
Bad debts written off directly	-	-
	494,229	612,761
Net mark-up / return / interest income after provisions	2,157,408	1,890,704
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee, commission and brokerage income	180,189	165,971
Dividend income	20,648	15,773
Income from dealing in foreign currencies	18,773	42,463
Gain on sale and redemption of securities - net	962,262	984,007
Unrealized loss on revaluation of investments classified as held for trading	(1,800)	(22,130)
Other income	491,143	685,019
Total non-markup / interest income	1,671,215	1,871,103
	3,828,623	3,761,807
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Administrative expenses	1,944,803	1,714,545
Provision against other assets	250	8,331
(Reversal of provision) / Provision against off balance sheet obligations	(358,042)	32,274
Other charges	18	309
Total non-markup / interest expenses	1,587,029	1,755,459
	2,241,594	2,006,348
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	2,241,594	2,006,348
Taxation - Current	87,378	100,409
- Prior years	-	-
- Deferred	696,530	597,204
	783,908	697,613
<b>PROFIT AFTER TAXATION</b>	1,457,686	1,308,735
Earnings per share - basic and diluted (Rupees) - Note 15	0.94	0.84

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
Profit after taxation for the period	1,457,686	1,308,735
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	1,457,686	1,308,735
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	726,228	1,171,144
Items not to be reclassified to profit and loss in subsequent periods:		
Surplus on revaluation of fixed assets - net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>2,183,914</b>	<b>2,479,879</b>

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,241,594	2,006,348
Less: Dividend income	(20,648)	(15,773)
	2,220,946	1,990,575
Adjustments for:		
Depreciation on property and equipment	160,796	97,683
Depreciation on non banking assets acquired in satisfaction of calims	29,973	-
Depreciation on ijarah assets under IFAS - 2	15,915	11,375
Amortization on intangible assets	5,953	1,265
Amortization of premium on debt securities	295,531	47,257
Unrealized loss on revaluation of investments classified as held for trading	1,800	22,130
Provision against non-performing loans and advances - net	396,730	606,985
Provision for diminution in the value of investments - net	97,499	5,776
Provision for employees compensated absences	2,334	3,598
(Reversal of provision) / Provision for gratuity	19,342	22,422
Provision against off balance sheet obligations	(358,042)	32,274
Provision against other assets	250	8,331
Net profit on sale of property and equipment	(17,367)	(117)
Net profit on sale of non-banking assets acquired in satisfaction of claims	-	(1,074)
Gain on sale and redemption of securities - net	(962,262)	(984,007)
Finance charges on leased assets	-	9
	(311,548)	(126,093)
	1,909,398	1,864,482
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	4,440,458	23,679,431
Net investments in held for trading securities	(2,909,405)	(12,752,167)
Advances - net	(21,326,239)	(8,592,338)
Other assets - net	7,461,010	(95,324)
	(12,334,176)	2,239,602
Increase / (Decrease) in operating liabilities:		
Bills payable	722,799	998,513
Borrowings	(27,104,096)	14,211,190
Deposits and other accounts	2,842,352	(12,667,713)
Other liabilities	285,360	(225,967)
	(23,253,585)	2,316,023
Financial charges paid	(33,678,363)	6,420,107
Income tax paid	-	(9)
	(92,086)	(32,172)
<b>Net cash flow from operating activities</b>	<b>(33,770,449)</b>	<b>6,387,926</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	29,801,261	(9,172,315)
Net investments in held to maturity securities	-	(30,106)
Dividends received	7,154	3,247
Investments in operating fixed assets	(270,492)	(366,222)
Sale proceeds of property and equipment disposed-off	19,455	606
Sale proceeds of non-banking assets disposed-off	-	67,430
<b>Net cash flow / (used) in investing activities</b>	<b>29,557,378</b>	<b>(9,497,360)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease obligations	-	(199)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(199)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,213,071)</b>	<b>(3,109,633)</b>
Cash and cash equivalents at beginning of the period	30,627,855	26,368,200
Cash and cash equivalents at end of the period	26,414,784	23,258,567
<b>Cash and cash equivalents:</b>		
Cash and balances with treasury banks	23,833,778	21,260,006
Balances with other banks	2,670,393	2,098,484
Call money lendings	-	-
Overdrawn nostro accounts	(89,387)	(99,923)
	26,414,784	23,258,567

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Capital Reserves					Revenue Reserve		Total
	Share capital	Discount on issue of shares	Statutory reserve	Share premium	Restructuring reserve	Share deposit money	Accumulated losses	
<b>Balance as at January 1, 2015</b>	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
<b>Balance as at March 31, 2015</b>	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	(7,789,980)	16,579,237
Total comprehensive income for the nine months ended December 31, 2015	-	-	-	-	-	-	3,468,936	3,468,936
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	43,299	43,299
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,133	7,133
Transfer from restructuring reserve against NPLs	-	-	-	-	(701,906)	-	-	(701,906)
Transfer to statutory reserve	-	-	949,664	-	-	-	(949,664)	-
<b>Balance as at December 31, 2015</b>	15,551,132	(263,158)	2,291,119	37,882	-	7,000,000	(5,220,276)	19,396,699
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	-	1,457,686	1,457,686
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	13,660	13,660
<b>Balance as at March 31, 2016</b>	15,551,132	(263,158)	2,291,119	37,882	-	7,000,000	(3,748,930)	20,868,045

The annexed notes from 1 to 19 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, 2016 (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 408 branches including 03 sub branches and 48 islamic banking branches. (2015: 406 branches including 01 sub branch and 48 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).
- 1.2 As on March 31, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 20,868,045 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 20,323,125 thousand (December 31, 2015: Rs. 20,391,075 thousand) requiring additional provision of Rs. 19,399,832 thousand (December 31, 2015: Rs. 19,450,421 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)-2016/4001 dated February 16, 2016, 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. 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 2016, the Bank will be required to record further provisioning in staggered manner against exposure cover under LOCs. i.e. 7% by June 30, 2016 and additional 8% by December 31, 2016 so as to ensure that total staggering by end of year 2016 would not be less than 15%. 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, 2015. This unconsolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange 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, 2015.

However, the SBP, vide BPRD circular No. 01 dated January 01, 2016, has issued regulations for Debt Property Swap. In light of the said circular, depreciation on these non-banking assets has been charged in this unconsolidated condensed interim financial information, however, the management is in process of making reliable estimate of the realizable values of these assets.

### 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, 2015.

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'			
<b>5. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Reverse repurchase agreement lendings	5.1	492,804	4,513,262
Certificates of investment		-	1,000,000
Placements		1,180,000	600,000
		<u>1,672,804</u>	<u>6,113,262</u>

### 5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2016			(Audited) December 31, 2015		
	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	242,804	-	242,804	2,263,262	-	2,263,262
Pakistan investment bonds	250,000	-	250,000	2,250,000	-	2,250,000
	492,804	-	492,804	4,513,262	-	4,513,262

Market value of securities held as collateral as at March 31, 2016 amounted to Rs. 514,736 thousand (December 31, 2015: Rs. 4,745,547 thousand). These carry mark-up at rate of 6.50% per annum (December 31, 2015: 6.40% to 7.50% per annum).

### 6. INVESTMENTS - NET

Note	(Un-audited) March 31, 2016			(Audited) December 31, 2015		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
<b>Held for trading securities:</b>						
Ordinary shares of listed companies	13,225	-	13,225	98,411	-	98,411
Market treasury bills	2,944,710	-	2,944,710	-	-	-
	2,957,935	-	2,957,935	98,411	-	98,411
<b>Available for sale securities:</b>						
Market treasury bills	79,181,747	15,705,925	94,887,672	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	26,171,592	-	26,171,592	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	1,582,912	-	1,582,912	1,510,314	-	1,510,314
Preference shares of listed companies	415,451	-	415,451	415,451	-	415,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijara sukuk bonds	-	-	-	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	5,584,640	-	5,584,640	5,503,881	-	5,503,881
Listed term finance certificates	664,633	-	664,633	664,623	-	664,623
Unlisted term finance certificates	3,309,315	-	3,309,315	3,455,200	-	3,455,200
	116,935,290	15,705,925	132,641,215	120,041,242	41,716,199	161,757,441
<b>Held to maturity securities:</b>						
Pakistan investment bonds	15,214,591	-	15,214,591	15,191,724	-	15,191,724
WAPDA bonds	400	-	400	400	-	400
	15,214,991	-	15,214,991	15,192,124	-	15,192,124
<b>Subsidiary:</b>						
Punjab modaraba services (private) limited	164,945	-	164,945	164,945	-	164,945
<b>Total investments at cost</b>	135,273,161	15,705,925	150,979,086	135,496,722	41,716,199	177,212,921
Provision for diminution in the value of investment - net	(3,146,251)	-	(3,146,251)	(3,048,940)	-	(3,048,940)
<b>Investments net of provisions</b>	132,126,910	15,705,925	147,832,835	132,447,782	41,716,199	174,163,981
Surplus on revaluation of available for sale securities	3,004,863	-	3,004,863	1,887,587	-	1,887,587
Deficit on revaluation of held for trading securities	(1,800)	-	(1,800)	(8,522)	-	(8,522)
<b>Total investments at market value</b>	135,129,973	15,705,925	150,835,898	134,326,847	41,716,199	176,043,046

6.1 Market value of held to maturity investments is Rs. 15,483,010 thousand (December 31, 2015: Rs. 15,647,265 thousand).

Note	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
Rupees in '000'		
<b>7. ADVANCES - NET</b>		
Loans, cash credits, running finances, etc. - In Pakistan	219,449,458	200,787,493
Net investment in finance lease - In Pakistan	44,050,150	41,290,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan	462,771	230,780
Islamic financing and related assets	4,325,001	4,316,782
Bills discounted and purchased (excluding treasury bills)		
-Payable in Pakistan	1,951,811	2,186,757
-Payable outside Pakistan	1,403,219	1,529,217
	3,355,030	3,715,974
Advances - gross	271,642,410	250,341,712
Provision for non-performing loans and advances :		
-Specific	7.1 & 7.2 (30,933,206)	(30,596,588)
-General	7.3 (396,979)	(346,493)
	(31,330,185)	(30,943,081)
Advances - net of provision	240,312,225	219,398,631

7.1 Provision against certain net advances amounting to Rs. 20,323,125 thousand (2015: Rs. 20,391,075 thousand) requiring additional provision of Rs.19,399,832 thousand (2015: Rs. 19,450,421 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. However, provision covered under LOCs enhanced by Rs.171,399 thousand (2015:Rs.171,399 thousand) on account of benefit of provision reversed against exposure adjusted through debt property swap in year 2015, wherein the property is in process of transfer in name of the Bank.

7.2 Advances include Rs. 57,123,640 thousand (December 31, 2015: Rs.57,069,295 thousand) which have been placed under non-performing status as on March 31, 2016 as detailed below:

Category of classification	March 31, 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	133,683	-	133,683	632	632
Substandard	4,301,011	-	4,301,011	883,436	883,436
Doubtful	4,116,445	-	4,116,445	2,074,191	2,074,191
Loss	48,572,501	-	48,572,501	27,796,448	27,974,947
	57,123,640	-	57,123,640	30,754,707	30,933,206

The provision held includes Rs.178,499 thousand (2015:Rs.178,499 thousand) held against exposure adjusted through debt property swap in year 2015, wherein the property is in process of transfer in the name of the Bank.

Category of classification	December 31, 2015 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	101,466	-	101,466	857	857
Substandard	4,281,121	-	4,281,121	869,489	869,489
Doubtful	4,474,983	-	4,474,983	2,175,523	2,175,523
Loss	48,211,725	-	48,211,725	27,372,220	27,550,719
	57,069,295	-	57,069,295	30,418,089	30,596,588

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. Nil (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. Nil (March 31, 2015: higher by Rs. 41,018 thousand) and Rs. Nil (March 31, 2015: higher by Rs. 26,662 thousand) respectively.

## 8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 270,492 thousand (March 31, 2015: Rs. 366,222 thousand) and Rs. 38,355 thousand (March 31, 2015: Rs. 11,360 thousand), respectively.

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'		
<b>9. DEFERRED TAX ASSETS - NET</b>		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(581,062)	(588,418)
Surplus on available for sale securities	(1,051,702)	(660,655)
Accelerated tax depreciation	(212,391)	(212,391)
Deductible temporary differences:		
Loan loss provision	8,517,022	8,597,319
Business loss	146,537	770,126
	<u>6,818,404</u>	<u>7,905,981</u>

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, 2016	(Audited) December 31, 2015
Rupees in '000'		
<b>10. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from SBP:		
-Export refinance (ERF)	10,661,855	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	2,888	4,331
-Long term financing facility (LTF)	1,689,800	1,358,063
Repurchase agreement borrowings	<u>15,703,131</u>	<u>41,709,003</u>
	28,057,674	53,860,238
<b>Unsecured</b>		
Foreign placements	-	1,301,532
Overdrawn nostro accounts	89,387	74,659
	<u>28,147,061</u>	<u>55,236,429</u>
<b>11. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	117,860,774	126,553,494
Savings deposits	165,272,911	147,719,737
Current accounts - non - remunerative	82,310,980	88,424,644
Sundry deposits, margin accounts, etc.	7,673,447	8,268,024
	373,118,112	370,965,899
<b>Financial Institutions</b>		
Remunerative deposits	3,637,957	2,668,511
Non-remunerative deposits	1,047,379	1,326,686
	4,685,336	3,995,197
	<u>377,803,448</u>	<u>374,961,096</u>
<b>11.1 Particulars of deposits</b>		
In local currency	370,205,636	368,143,873
In foreign currencies	7,597,812	6,817,223
	<u>377,803,448</u>	<u>374,961,096</u>



## 12. SHARE CAPITAL

### 12.1 Authorized capital

(Un-audited) March 31, 2016 (No. of shares)	(Audited) December 31, 2015 (No. of shares)		(Un-audited) March 31, 2016 Rupees in '000'	(Audited) December 31, 2015 Rupees in '000'
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, 2016 (No. of shares)	(Audited) December 31, 2015 (No. of shares)		(Un-audited) March 31, 2016 Rupees in '000'	(Audited) December 31, 2015 Rupees in '000'
519,333,340	519,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	5,193,333
526,315,789	526,315,789	Ordinary shares of Rs. 10/- each issued at discount	5,263,158	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
<u>1,555,113,165</u>	<u>1,555,113,165</u>		<u>15,551,132</u>	<u>15,551,132</u>

12.3 GOPb held 57.47% shares in the Bank as at March 31, 2016 (December 31, 2015: 57.47 %).

## 13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of operating fixed assets	2,041,049	2,054,709
Surplus on revaluation of available for sale securities	1,953,160	1,226,932
	<u>3,994,209</u>	<u>3,281,641</u>

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 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, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,641,876	1,656,157
	<u>1,641,876</u>	<u>1,656,157</u>

#### 14.2 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:

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	1,241,046	562,760
Financial institutions	137,422	6,028
Others	19,566,948	18,922,622
	<u>20,945,416</u>	<u>19,491,410</u>

#### 14.3 Trade related contingent liabilities

These include letters of credit issued in favour of:

Government	3,433,865	4,385,804
Financial institutions	-	-
Others	18,134,305	11,822,290
	<u>21,568,170</u>	<u>16,208,094</u>

#### 14.4 Other contingencies

Claims against the Bank not acknowledged as debts	14.4.1	<u>34,421,138</u>	<u>31,077,751</u>
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14.4.1 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.

#### 14.5 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 had filed appeals before Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief on issue of separate taxation of dividend income. Now, both Bank and the tax department have filed appeals against the respective un-favorable decisions of CIR(A) with the Appellate Tribunal (AT). 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.

#### 14.6 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, 2016	(Audited) December 31, 2015
	Rupees in '000'	
<b>14.7 Commitments in respect of forward exchange contracts</b>		
Purchase	11,411,678	12,160,726
Sale	8,254,983	9,624,791
	<u>19,666,661</u>	<u>21,785,517</u>
<b>14.8 Commitments for the acquisition of operating fixed assets</b>	<u>108,730</u>	<u>111,537</u>

#### 15. EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Un-audited) ----- Three months ended	
	March 31, 2016	March 31, 2015
Profit after taxation (Rupees in thousand)	<u>1,457,686</u>	<u>1,308,735</u>
Weighted average number of ordinary shares (Number)	<u>1,555,113,165</u>	<u>1,555,113,165</u>
Earnings per share - basic and diluted (Rupees)	<u>0.94</u>	<u>0.84</u>

## 16. 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'						
<b>Three Months Ended</b>						
<b>March 31, 2016 (Un-audited)</b>						
Total income	4,148,348	1,064,896	3,390,021	113,370	21,166	8,737,801
Total expenses	692,864	906,405	4,896,938	-	-	6,496,207
Inter segment transfer revenue / (cost)	(2,084,420)	319,601	1,764,819	-	-	-
Income taxes	-	-	-	-	-	783,908
Net income / (loss)	1,371,064	478,092	257,902	113,370	21,166	1,457,686
Segment assets (gross)	178,533,676	47,931,458	247,313,079	-	-	473,778,213
Segment non performing advances / investments	3,192,754	2,040,225	55,083,415	-	-	60,316,394
Segment provision required	3,146,251	2,025,769	29,304,416	-	-	34,476,436
Segment liabilities	18,520,377	68,075,506	339,434,208	-	-	426,030,091
Segment return on net assets (ROA) (%)	10.06%	10.36%	8.97%			
Segment cost of funds (%)	6.23%	6.41%	5.92%			
<b>Three Months Ended</b>						
<b>March 31, 2015 (Un-audited)</b>						
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%			

## 17. 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, 2016 (Un-audited)				December 31, 2015 (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'			
<b>Advances</b>								
Opening balance	117,456	855,445	-	-	121,056	760,121	-	61,874
Loans granted during the period	5,000	238,041	-	-	69,064	744,280	-	-
Repayments received during the period	(8,479)	(151,925)	-	-	(72,664)	(648,956)	-	(61,874)
Closing balance	113,977	941,561	-	-	117,456	855,445	-	-
<b>Deposits</b>								
Opening balance	18,544	52,651	2,317,942	12,277	15,177	20,407	2,076,040	46,545
Placements made during the period	91,275	243,058	104,797	163,289	299,492	762,852	7,536,662	552,485
Withdrawals during the period	(78,050)	(293,022)	(76,449)	(168,945)	(296,125)	(730,608)	(7,294,760)	(586,753)
Closing balance	31,769	2,687	2,346,290	6,621	18,544	52,651	2,317,942	12,277
<b>Placements</b>								
	-	100,000	-	-	-	100,000	-	-
	Rupees in '000'				Rupees in '000'			
<b>Transactions during the period :</b>								
Mark-up/return earned	1,926	16,482	-	-	2,363	41,156	-	-
Mark-up/interest expensed	241	-	34,552	105	181	-	44,669	705
Contribution to employees funds	-	-	26,098	-	-	-	19,787	-

- 17.1 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.
- 17.2 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 GoPb and its 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 and loans disbursed against GoPb guarantees amounted to Rs. 39,315,148 thousand (December 31, 2015: Rs. 35,710,375 thousand), Rs.176,733,078 thousand (December 31, 2015: Rs.170,215,660 thousand), Rs. 3,905,904 thousand (December 31, 2015: Rs. 4,051,764 thousand) and Rs. 11,647,571 thousand (2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense amounted to Rs. 32,322 thousand (2015: Rs. 148,521 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

## 18. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issuance on May 06,2016 by the Board of Directors of the Bank.

## 19. GENERAL

- 19.1 The corresponding figures have been restated, where necessary, for the purpose of comparison. However, no significant reclassification has been made during the period.
- 19.2 Figures have been rounded off to the nearest thousand.

President

Director

## Islamic Banking Business - Statement of Financial Position

As at March 31, 2016

The Bank is operating 48 Islamic banking branches at close of March 31, 2016 (December 31, 2015: 48 branches).

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,038,988	1,201,923
Balance with other banks		145,358	1,217,344
Due from financial institutions		1,080,000	500,000
Investments		5,584,640	5,629,443
Islamic financing and related assets	A	4,787,773	4,547,562
Operating fixed assets		222,952	214,912
Deferred tax assets		-	-
Other assets		376,272	436,476
<b>TOTAL ASSETS</b>		<b>13,235,983</b>	<b>13,747,660</b>
<b>LIABILITIES</b>			
Bills payable		79,331	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		4,738,858	4,709,967
- Saving accounts		6,553,849	6,477,449
- Term deposits		524,245	957,062
- Others		162,563	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		303,469	433,058
Other liabilities		246,234	348,040
		12,608,549	13,137,473
<b>NET ASSETS</b>		<b>627,434</b>	<b>610,187</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		127,434	109,629
		627,434	609,629
Surplus on revaluation of assets		-	558
		627,434	610,187
Remuneration to Shariah Advisor / Board		1,230	2,807
<b>CHARITY FUND</b>			
Opening balance		1,871	-
Additions during the period		22	3,318
Payments / utilization during the period		-	(1,447)
Closing balance		1,893	1,871
<b>A. Islamic financing and related assets</b>			
Islamic mode of financing	A.1	4,787,773	4,547,562
<b>A.1 Islamic mode of financing</b>			
Financing / Investments / Receivables			
Murabaha		818,736	1,161,148
Diminishing musharaka		3,066,266	2,709,553
Istisna Fiancing		440,000	393,861
Ijarah		462,771	283,000
		4,787,773	4,547,562

## Islamic Banking Business - Profit and Loss Account For the Three Months Ended March 31, 2016 (Un-audited)

Annexure - I

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
Profit / Return earned on financing, investment and placements	214,987	153,934
Return on deposits and other dues expensed	65,894	54,880
<b>Net spread earned</b>	<b>149,093</b>	<b>99,054</b>
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
<b>Income after provisions</b>	<b>149,093</b>	<b>99,054</b>
<b>Other income</b>		
Fee, commission and brokerage income	4,647	1,784
Dividend income	-	-
Income from dealing in foreign currencies	2,744	(56)
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	8,046	4,318
<b>Total other income</b>	<b>15,437</b>	<b>6,046</b>
	<b>164,530</b>	<b>105,100</b>
<b>Other expenses</b>		
Administrative expenses	146,725	94,735
Other provisions/write offs/reversals	-	-
Other charges	-	11
<b>Total other expenses</b>	<b>146,725</b>	<b>94,746</b>
	<b>17,805</b>	<b>10,354</b>
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>17,805</b>	<b>10,354</b>



# CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

for the quarter ended

March 31, 2016 (Un-Audited)

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



## Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2016

		(Un-audited) March 31, 2016	(Audited) December 31, 2015
	Note	Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		23,833,778	26,190,481
Balances with other banks		2,670,393	4,512,033
Lendings to financial institutions	5	1,672,804	6,113,262
Investments - net	6	150,875,096	176,079,793
Advances - net	7	240,267,773	219,356,020
Operating fixed assets	8	6,631,898	6,484,312
Deferred tax assets - net	9	6,818,404	7,905,981
Other assets - net		18,123,365	25,641,447
		450,893,511	472,283,329
<b>LIABILITIES</b>			
Bills payable		2,610,231	1,887,432
Borrowings	10	28,147,061	55,236,429
Deposits and other accounts	11	377,803,338	374,960,986
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		15,470,292	15,520,719
		426,030,922	449,605,566
<b>NET ASSETS</b>		<b>24,862,589</b>	<b>22,677,763</b>
<b>REPRESENTED BY</b>			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Reserves		2,329,001	2,329,001
Share deposit money		7,000,000	7,000,000
Accumulated losses		(3,748,595)	(5,220,853)
		20,868,380	19,396,122
Surplus on revaluation of assets - net of tax	13	3,994,209	3,281,641
		<b>24,862,589</b>	<b>22,677,763</b>
Contingencies and commitments	14		

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
Mark-up / return / interest earned	7,065,879	8,168,952
Mark-up / return / interest expensed	4,414,949	5,666,318
Net mark-up / return / interest income	2,650,930	2,502,634
Provision against non-performing loans and advances - net	396,730	606,985
Provision for diminution in the value of investments - net	95,048	2,712
Bad debts written off directly	-	-
	491,778	609,697
Net mark-up / return / interest income after provisions	2,159,152	1,892,937
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee, commission and brokerage income	180,189	165,971
Dividend income	20,648	15,773
Income from dealing in foreign currencies	18,773	42,463
Gain on sale and redemption of securities - net	962,262	984,007
Unrealized loss on revaluation of investments classified as held for trading	(1,800)	(22,130)
Other income	491,143	685,019
Total non-markup / interest income	1,671,215	1,871,103
	3,830,367	3,764,040
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Administrative expenses	1,945,635	1,715,261
Provision against other assets	250	8,331
(Reversal of provision) / Provision against off balance sheet obligations	(358,042)	32,274
Other charges	18	309
Total non-markup / interest expenses	1,587,861	1,756,175
	2,242,506	2,007,865
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	2,242,506	2,007,865
Taxation - Current	87,378	100,409
- Prior years	-	-
- Deferred	696,530	597,204
	783,908	697,613
<b>PROFIT AFTER TAXATION</b>	1,458,598	1,310,252
Earnings per share - basic and diluted (Rupees) - Note 15	0.94	0.84

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
Profit after taxation for the period	1,458,598	1,310,252
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	1,458,598	1,310,252
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	726,228	1,171,144
Items not to be reclassified to profit and loss in subsequent periods:		
Surplus on revaluation of fixed assets - net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>2,184,826</b>	<b>2,481,396</b>

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,242,506	2,007,865
Less: Dividend income	(20,648)	(15,773)
	2,221,858	1,992,092
Adjustments for:		
Depreciation on property and equipment - own assets	160,796	97,683
Depreciation on non banking assets acquired in satisfaction of calims	29,973	-
Depreciation on ijarah assets under IFAS - 2	15,915	11,375
Amortization on intangible assets	5,953	1,265
Amortization of premium on debt securities	295,531	47,257
Unrealized loss on revaluation of investments classified as held for trading	1,800	22,130
Provision against non-performing loans and advances - net	396,730	606,985
Provision for diminution in the value of investments - net	95,048	2,712
Provision for employees compensated absences	2,334	3,598
Provision for gratuity	19,342	22,422
(Reversal of provision) / Provision against off balance sheet obligations	(358,042)	32,274
Provision against other assets	250	8,331
Net profit on sale of property and equipment	(17,367)	(117)
Net profit on sale of non-banking assets acquired in satisfaction of claims	-	(1,074)
Gain on sale and redemption of securities - net	(962,262)	(984,007)
Finance charges on leased assets	-	9
	(313,999)	(129,157)
	1,907,859	1,862,935
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	4,440,458	23,679,431
Net investments in held for trading securities	(2,909,405)	(12,752,167)
Advances - net	(21,324,398)	(8,584,517)
Other assets - net	7,460,129	(100,659)
	(12,333,216)	2,242,088
Increase / (Decrease) in operating liabilities:		
Bills payable	722,799	998,513
Borrowings	(27,104,096)	14,211,190
Deposits and other accounts	2,842,352	(12,668,368)
Other liabilities	285,939	(226,250)
	(23,253,006)	2,315,085
	(33,678,363)	6,420,108
Financial charges paid	-	(9)
Income tax paid	(92,086)	(32,172)
<b>Net cash (used in) / flow from operating activities</b>	<b>(33,770,449)</b>	<b>6,387,927</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	29,801,261	(9,172,316)
Net investments in held to maturity securities	-	(30,106)
Dividends received	7,154	3,247
Investments in operating fixed assets	(270,492)	(366,222)
Sale proceeds of property and equipment disposed-off	19,455	606
Sale proceeds of non-banking assets disposed-off	-	67,430
<b>Net cash flow from / (used in) investing activities</b>	<b>29,557,378</b>	<b>(9,497,361)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease obligations	-	(199)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(199)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,213,071)</b>	<b>(3,109,633)</b>
Cash and cash equivalents at beginning of the period	30,627,855	26,368,200
Cash and cash equivalents at end of the period	26,414,784	23,258,567
<b>Cash and cash equivalents:</b>		
Cash and balances with treasury banks	23,833,778	21,260,006
Balances with other banks	2,670,393	2,098,484
Call money lendings	-	-
Overdrawn nostro accounts	(89,387)	(99,923)
	26,414,784	23,258,567

The annexed notes from 1 to 19 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, 2016 (Un-audited)

	Share capital	Discount on issue of shares	Statutory reserve	Capital Reserves			Revenue Reserve		Total
				Share premium	Restructuring reserve	Share deposit money	Accumulated losses		
	Rupees in '000								
<b>Balance as at January 1, 2015</b>	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	
<b>Balance as at March 31, 2015</b>	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	(7,758,518)	16,610,699	
Total comprehensive income for the nine months ended December 31, 2015	-	-	-	-	-	-	3,436,897	3,436,897	
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	43,299	43,299	
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,133	7,133	
Transfer from restructuring reserve against NPLs	-	-	-	-	(701,906)	-	-	(701,906)	
Transfer to statutory reserve	-	-	949,664	-	-	-	(949,664)	-	
<b>Balance as at December 31, 2015</b>	15,551,132	(263,158)	2,291,119	37,882	-	7,000,000	(5,220,853)	19,396,122	
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	-	1,458,598	1,458,598	
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	13,660	13,660	
<b>Balance as at March 31, 2016</b>	15,551,132	(263,158)	2,291,119	37,882	-	7,000,000	(3,748,595)	20,868,380	

The annexed notes from 1 to 19 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, 2016 (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 408 branches including 03 sub branches and 48 islamic banking branches. (2015: 406 branches including 01 sub branch and 48 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 Services (Private) Limited is a wholly owned subsidiary of the Bank and is primarily engaged in the business of floating and managing modarabas.

- 1.2 As on March 31, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Group amounts to Rs. 20,868,380 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 20,278,673 thousand (December 31, 2015: Rs. 20,348,464 thousand) requiring additional provision of Rs. 19,355,380 thousand (December 31, 2015: Rs. 19,407,810 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)-2016/4001 dated February 16, 2016, 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. 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 2016, the Bank will be required to record further provisioning in staggered manner against exposure cover under LOCs. i.e. 7% by June 30, 2016 and additional 8% by December 31, 2016 so as to ensure that total staggering by end of year 2016 would not be less than 15%. 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, 2015. This consolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange 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 financial statements of the Group for the year ended December 31, 2015.

However, the SBP, vide BPRD circular No. 01 dated January 01, 2016, has issued regulations for Debt Property Swap. In light of the said circular, depreciation on these non-banking assets has been charged in this consolidated condensed interim financial information, however, the management is in process of making reliable estimate of the realizable values of these assets.

### 4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Group are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2015.

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'			
<b>5. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Reverse repurchase agreement lendings	5.1	492,804	4,513,262
Certificates of investment		-	1,000,000
Placements		1,180,000	600,000
		<u>1,672,804</u>	<u>6,113,262</u>

### 5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2016			(Audited) December 31, 2015		
	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	242,804	-	242,804	2,263,262	-	2,263,262
Pakistan investment bonds	250,000	-	250,000	2,250,000	-	2,250,000
	492,804	-	492,804	4,513,262	-	4,513,262

Market value of securities held as collateral as at March 31, 2016 amounted to Rs. 514,736 thousand (December 31, 2015: Rs. 4,745,547 thousand). These carry mark-up at rate of 6.50% per annum (December 31, 2015: 6.40% to 7.50% per annum).

### 6. INVESTMENTS - NET

Note	(Un-audited) March 31, 2016			(Audited) December 31, 2015		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
<b>Held for trading securities:</b>						
Ordinary shares of listed companies	13,225	-	13,225	98,411	-	98,411
Market treasury bills	2,944,710	-	2,944,710	-	-	-
	2,957,935	-	2,957,935	98,411	-	98,411
<b>Available for sale securities:</b>						
Market treasury bills	79,181,747	15,705,925	94,887,672	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	26,171,592	-	26,171,592	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	1,747,855	-	1,747,855	1,675,257	-	1,675,257
Preference shares of listed companies	415,451	-	415,451	415,451	-	415,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijara sukuk bonds	-	-	-	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	5,584,640	-	5,584,640	5,503,881	-	5,503,881
Listed term finance certificates	664,633	-	664,633	664,623	-	664,623
Unlisted term finance certificates	3,309,315	-	3,309,315	3,455,200	-	3,455,200
	117,100,233	15,705,925	132,806,158	120,206,185	41,716,199	161,922,384
<b>Held to maturity securities:</b>						
Pakistan investment bonds	15,214,591	-	15,214,591	15,191,724	-	15,191,724
WAPDA bonds	400	-	400	400	-	400
	15,214,991	-	15,214,991	15,192,124	-	15,192,124
<b>Total investments at cost</b>	<b>135,273,159</b>	<b>15,705,925</b>	<b>150,979,084</b>	<b>135,496,720</b>	<b>41,716,199</b>	<b>177,212,919</b>
Provision for diminution in the value of investment - net	(3,107,051)	-	(3,107,051)	(3,012,191)	-	(3,012,191)
<b>Investments net of provisions</b>	<b>132,166,108</b>	<b>15,705,925</b>	<b>147,872,033</b>	<b>132,484,529</b>	<b>41,716,199</b>	<b>174,200,728</b>
Surplus on revaluation of available for sale securities	3,004,863	-	3,004,863	1,887,587	-	1,887,587
Deficit on revaluation of held for trading securities	(1,800)	-	(1,800)	(8,522)	-	(8,522)
<b>Total investments at market value</b>	<b>135,169,171</b>	<b>15,705,925</b>	<b>150,875,096</b>	<b>134,363,594</b>	<b>41,716,199</b>	<b>176,079,793</b>

6.1 Market value of held to maturity investments is Rs. 15,483,010 thousand (December 31, 2015: Rs. 15,647,265 thousand).



	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'			
<b>7. ADVANCES - NET</b>			
Loans, cash credits, running finances, etc. - In Pakistan		219,405,006	200,744,882
Net investment in finance lease - In Pakistan		44,050,150	41,290,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		462,771	230,780
Islamic financing and related assets		4,325,001	4,316,782
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		1,951,811	2,186,757
-Payable outside Pakistan		1,403,219	1,529,217
		3,355,030	3,715,974
Advances - gross		271,597,958	250,299,101
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(30,933,206)	(30,596,588)
-General	7.3	(396,979)	(346,493)
		(31,330,185)	(30,943,081)
Advances - net of provision		240,267,773	219,356,020

7.1 Provision against certain net advances amounting to Rs. 20,278,673 thousand (December 31, 2015: Rs. 20,348,464 thousand) requiring additional provision of Rs.19,355,380 thousand (December 31, 2015: Rs. 19,407,810 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. However, provision covered under LOCs enhanced by Rs. 171,399 thousand (December 31, 2015: Rs. 171,399 thousand) on account of benefit of provision reversed against exposure adjusted through debt property swap in year 2015, wherein the property is in process of transfer in name of the Bank.

7.2 Advances include Rs. 57,123,640 thousand (December 31, 2015: Rs. 57,026,684 thousand) which have been placed under non-performing status as on March 31, 2016 as detailed below:

Category of classification	March 31, 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	133,683	-	133,683	632	632
Substandard	4,301,011	-	4,301,011	883,436	883,436
Doubtful	4,116,445	-	4,116,445	2,074,191	2,074,191
Loss	48,572,501	-	48,572,501	27,796,448	27,974,947
	57,123,640	-	57,123,640	30,754,707	30,933,206

The provision held includes Rs. 178,499 thousand (2015: Rs. 178,499 thousand) held against exposure adjusted through debt property swap in year 2015, wherein the property is in process of transfer in the name of the Bank.

	December 31, 2015 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	101,466	-	101,466	857	857
Substandard	4,281,121	-	4,281,121	869,489	869,489
Doubtful	4,474,983	-	4,474,983	2,175,523	2,175,523
Loss	48,169,114	-	48,169,114	27,372,220	27,550,719
	57,026,684	-	57,026,684	30,418,089	30,596,588

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. Nil (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. Nil (March 31, 2015: higher by Rs. 41,018 thousand) and Rs. Nil (March 31, 2015: higher by Rs. 26,662 thousand) respectively.

## 8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 270,492 thousand (March 31, 2015: Rs. 366,226 thousand) and Rs. 38,355 thousand (March 31, 2015: Rs. 11,360 thousand), respectively.

	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'		
<b>9. DEFERRED TAX ASSETS - NET</b>		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(581,062)	(588,418)
Surplus on available for sale securities	(1,051,702)	(660,655)
Accelerated tax depreciation	(212,391)	(212,391)
Deductible temporary differences:		
Loan loss provision	8,517,022	8,597,319
Business loss	146,537	770,126
	<u>6,818,404</u>	<u>7,905,981</u>

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, 2016	(Audited) December 31, 2015
Rupees in '000'		
<b>10. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from SBP:		
-Export refinance (ERF)	10,661,855	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	2,888	4,331
-Long term financing facility (LTF)	1,689,800	1,358,063
Repurchase agreement borrowings	15,703,131	41,709,003
	<u>28,057,674</u>	<u>53,860,238</u>
<b>Unsecured</b>		
Foreign placements	-	1,301,532
Overdrawn nostro accounts	89,387	74,659
	<u>28,147,061</u>	<u>55,236,429</u>
<b>11. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	117,860,774	126,553,494
Savings deposits	165,272,911	147,719,737
Current accounts - non - remunerative	82,310,870	88,424,534
Sundry deposits, margin accounts, etc.	7,673,447	8,268,024
	<u>373,118,002</u>	<u>370,965,789</u>
Financial Institutions		
Remunerative deposits	3,637,957	2,668,511
Non-remunerative deposits	1,047,379	1,326,686
	<u>4,685,336</u>	<u>3,995,197</u>
	<u>377,803,338</u>	<u>374,960,986</u>
<b>11.1 Particulars of deposits</b>		
In local currency	370,205,526	368,143,763
In foreign currencies	7,597,812	6,817,223
	<u>377,803,338</u>	<u>374,960,986</u>

## 12. SHARE CAPITAL

### 12.1 Authorized capital

(Un-audited) March 31, 2016 (No. of shares)	(Audited) December 31, 2015		(Un-audited) March 31, 2016 Rupees in '000'	(Audited) December 31, 2015
<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary or preference shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>

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, 2016 (No. of shares)	(Audited) December 31, 2015		(Un-audited) March 31, 2016 Rupees in '000'	(Audited) December 31, 2015
519,333,340	519,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	5,193,333
526,315,789	526,315,789	Ordinary shares of Rs. 10/- each issued at discount	5,263,158	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
<u>1,555,113,165</u>	<u>1,555,113,165</u>		<u>15,551,132</u>	<u>15,551,132</u>

12.3 GOPb held 57.47% shares in the Bank as at March 31, 2016 (December 31, 2015: 57.47 %).

## 13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of operating fixed assets	2,041,049	2,054,709
Surplus on revaluation of available for sale securities	1,953,160	1,226,932
	<u>3,994,209</u>	<u>3,281,641</u>

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 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, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,641,876	1,656,157
	<u>1,641,876</u>	<u>1,656,157</u>

#### 14.2 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, 2016	(Audited) December 31, 2015
		Rupees in '000'	
Government		1,241,046	562,760
Financial institutions		137,422	6,028
Others		19,566,948	18,922,622
		<u>20,945,416</u>	<u>19,491,410</u>

#### 14.3 Trade related contingent liabilities

These include letters of credit issued in favour of:

Government	3,433,865	4,385,804
Financial institutions	-	-
Others	18,134,305	11,822,290
	<u>21,568,170</u>	<u>16,208,094</u>

#### 14.4 Other contingencies

Claims against the Bank not acknowledged as debts	14.4.1	34,421,138	31,077,751
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14.4.1 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.

The Registrar Modaraba Companies and Modarabas (the Registrar), vide order dated August 27, 2009, has imposed penalty of Rs. 150 thousand each on the Ex-Chief Executive, one Ex-Director, one existing Director and the PMSL 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 PMSL has 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 PMSL has filed an appeal against the said order before Honourable Lahore High Court, Lahore, which is pending adjudication.

#### 14.5 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 had filed appeals before Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief on issue of separate taxation of dividend income. Now, both Bank and the tax department have filed appeals against the respective un-favorable decisions of CIR(A) with the Appellate Tribunal (AT). 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 thousand 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.

#### 14.6 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, 2016	(Audited) December 31, 2015
	Rupees in '000'	
<b>14.7 Commitments in respect of forward exchange contracts</b>		
Purchase	11,411,678	12,160,726
Sale	8,254,983	9,624,791
	<u>19,666,661</u>	<u>21,785,517</u>
<b>14.8 Commitments for the acquisition of operating fixed assets</b>	<u>108,730</u>	<u>111,537</u>

#### 15. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)	
	Three months ended	
	March 31, 2016	March 31, 2015
Profit after taxation (Rupees in thousand)	<u>1,458,598</u>	<u>1,310,252</u>
Weighted average number of ordinary shares (Number)	<u>1,555,113,165</u>	<u>1,555,113,165</u>
Earnings per share - basic and diluted (Rupees)	<u>0.94</u>	<u>0.84</u>

## 16. 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'						
<b>Three Months Ended</b>						
<b>March 31, 2016 (Un-audited)</b>						
Total income	4,148,348	1,064,896	3,389,314	113,370	21,166	8,737,094
Total expenses	690,412	906,405	4,897,771	-	-	6,494,588
Inter segment transfer revenue / (cost)	(2,084,420)	319,601	1,764,819	-	-	-
Income taxes	-	-	-	-	-	783,908
Net income / (loss)	1,373,516	478,092	256,362	113,370	21,166	1,458,598
Segment assets (gross)	178,533,676	47,931,458	247,268,625	-	-	473,733,759
Segment non performing advances / investments	3,153,554	2,040,225	55,083,415	-	-	60,277,194
Segment provision required	3,107,051	2,025,769	29,304,416	-	-	34,437,236
Segment liabilities	18,520,377	68,075,506	339,435,039	-	-	426,030,922
Segment return on net assets (ROA) (%)	10.06%	10.36%	8.98%			
Segment cost of funds (%)	6.23%	6.41%	5.92%			
<b>Three Months Ended</b>						
<b>March 31, 2015 (Un-audited)</b>						
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	55,434,193	-	-	60,610,335
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%			

## 17. RELATED PARTY TRANSACTIONS

Related parties comprise modaraba floated by the wholly owned subsidiary of the Bank, 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, 2016 (Un-audited)				December 31, 2015 (Audited)			
	Key management personnel	Modarba floated by the wholly owned subsidiary of the bank	Employee funds	Others	Key management personnel	Modarba floated by the wholly owned subsidiary of the bank	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
<b>Advances</b>								
Opening balance	129,294	812,834	-	-	125,954	720,942	-	61,874
Loans granted during the period	5,000	236,200	-	-	69,064	731,307	-	-
Repayments received during the period	(8,601)	(151,925)	-	-	(72,664)	(639,415)	-	(61,874)
Closing balance	125,693	897,109	-	-	122,354	812,834	-	-
<b>Deposits</b>								
Opening balance	18,572	52,543	2,317,942	12,277	18,239	20,356	2,076,040	46,545
Placements made during the period	91,389	243,058	104,797	163,289	299,492	753,149	7,536,662	552,485
Withdrawals during the period	(78,191)	(293,022)	(76,449)	(168,945)	(296,125)	(719,963)	(7,294,760)	(586,753)
Closing balance	31,770	2,579	2,346,290	6,621	21,606	53,542	2,317,942	12,277
<b>Placements</b>								
	-	100,000	-	-	-	100,000	-	-

	March 31, 2016 (Un-audited)				March 31, 2015 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
<b>Transactions during the period :</b>								
Mark-up/return earned	2,048	15,774	-	-	2,452	40,324	-	-
Mark-up/interest expensed	242	-	34,552	105	206	-	44,669	705
Contribution to employees funds	-	-	26,098	-	-	-	19,787	-

17.1 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.

17.2 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 GoPb and its 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 and loans disbursed against GoPb guarantees amounted to Rs. 39,315,148 thousand (December 31, 2015: Rs. 35,710,375 thousand), Rs.176,733,078 thousand (December 31, 2015: Rs.170,215,660 thousand), Rs. 3,905,904 thousand (December 31, 2015: Rs. 4,051,764 thousand) and Rs. 11,647,571 thousand (2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense amounted to Rs. 32,322 thousand (2015: Rs. 148,521 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

## 18. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issuance on May 06,2016 by the Board of Directors of the Bank.

## 19. GENERAL

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

19.2 Figures have been rounded off to the nearest thousand.

President

Director

## Islamic Banking Business - Statement of Financial Position

As at March 31, 2016

The Bank is operating 48 Islamic banking branches at close of March 31, 2016 (December 31, 2015: 48 branches).

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
Rupees in '000'			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,038,988	1,201,923
Balance with other banks		145,358	1,217,344
Due from financial institutions		1,080,000	500,000
Investments		5,584,640	5,629,443
Islamic financing and related assets	A	4,787,773	4,547,562
Operating fixed assets		222,952	214,912
Deferred tax assets		-	-
Other assets		376,272	436,476
<b>TOTAL ASSETS</b>		<b>13,235,983</b>	<b>13,747,660</b>
<b>LIABILITIES</b>			
Bills payable		79,331	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		4,738,858	4,709,967
- Saving accounts		6,553,849	6,477,449
- Term deposits		524,245	957,062
- Others		162,563	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		303,469	433,058
Other liabilities		246,234	348,040
		12,608,549	13,137,473
<b>NET ASSETS</b>		<b>627,434</b>	<b>610,187</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		127,434	109,629
		627,434	609,629
Surplus on revaluation of assets		-	558
		627,434	610,187
Remuneration to Shariah Advisor / Board		1,230	2,807
<b>CHARITY FUND</b>			
Opening balance		1,871	-
Additions during the period		22	3,318
Payments / utilization during the period		-	(1,447)
Closing balance		1,893	1,871
<b>A. Islamic financing and related assets</b>			
Islamic mode of financing	A.1	4,787,773	4,547,562
<b>A.1 Islamic mode of financing</b>			
Financing / Investments / Receivables			
Murabaha		818,736	1,161,148
Diminishing musharaka		3,066,266	2,709,553
Istisna Financing		440,000	393,861
Ijarah		462,771	283,000
		4,787,773	4,547,562



## Islamic Banking Business - Profit and Loss Account For the Three Months Ended March 31, 2016 (Un-audited)

Annexure - I

	Three months ended	
	March 31, 2016	March 31, 2015
	Rupees in '000'	
Profit / Return earned on financing, investment and placements	214,987	153,934
Return on deposits and other dues expensed	65,894	54,880
<b>Net spread earned</b>	<b>149,093</b>	<b>99,054</b>
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
<b>Income after provisions</b>	<b>149,093</b>	<b>99,054</b>
<b>Other income</b>		
Fee, commission and brokerage income	4,647	1,784
Dividend income	-	-
Income from dealing in foreign currencies	2,744	(56)
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	8,046	4,318
<b>Total other income</b>	<b>15,437</b>	<b>6,046</b>
	<b>164,530</b>	<b>105,100</b>
<b>Other expenses</b>		
Administrative expenses	146,725	94,735
Other provisions/write offs/reversals	-	-
Other charges	-	11
<b>Total other expenses</b>	<b>146,725</b>	<b>94,746</b>
	<b>17,805</b>	<b>10,354</b>
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>17,805</b>	<b>10,354</b>

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