QUARTERLY REPORT

(Un-audited)

JANUARY - MARCH 2017




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Corporate Information

Board of Directors

Dr. Pervez Tahir	Chairman
Mr. Naeemuddin Khan	President / CEO
Mr. Mohammad Jehanzeb Khan	Director
Mr. Hamed Yaqoob Sheikh	Director
Dr. Umar Saif	Director
Syed Maratib Ali	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Mohammed Afzaal Bhatti	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Mr. Omar Saeed	Director
Mr. Raza Saeed	Secretary to the Board

Central Audit Committee (CAC)

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

EY Ford Rhodes, Chartered Accountants

Registered Office

BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III, Lahore.
Telephones: +92 - 042-35783700-10
Fax No. +92 - 042 - 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. +92 042 35869037

Directors' Report

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, 2017.

The real economic activity continues to gather pace at the back of better agricultural output, increase in key Large-scale Manufacturing sectors, and a healthy uptick in the credit to private sector. This expansion is helped by a range of factors including low cost of inputs, upbeat economic sentiments, improved energy supplies and investments related to China Pakistan Economic Corridor. Prudent monetary policy stance has translated well into low and stable market interest rates and interbank liquidity was managed well with calibrated open market operations that kept the weighted average overnight repo rate close to the policy rate. SBP policy rate was maintained at 5.75 percent in the Monetary Policy announced in March 2017.

Financial Highlights:	Rs. in Million
Profit before taxation	2,401
Taxation	839
Profit after taxation	1,562
Earnings per share (Rupees)	1.00

During 1st quarter 2017, the Net Interest Margin significantly improved to Rs. 3,278 million as against Rs. 2,652 million for corresponding period last year. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 925 million and Rs. 2,254 million, respectively. Accordingly, the Bank was able to post a pre-tax profit of Rs. 2,401 million and the Earnings per Share remained at Rs. 1.00.

As on March 31, 2017, the Deposits increased to Rs. 459.8 billion as against Rs. 453.2 billion as of December 31, 2016, while Total Assets increased to Rs. 551.9 billion as against Rs. 545.2 billion as on December 31, 2016. Investments and Gross Advances stood at Rs. 207.8 billion and Rs. 303.4 billion, respectively. The Tier-I Equity also improved to Rs. 25.9 billion as against Rs. 24.2 billion as on December 31, 2016.

In order to support the business growth, strengthen capital structure of the Bank, comply with Basel-III Capital Requirements and to support retirement of LOCs issued by GOPb, in March 2017, the Board of Directors has also approved issue of 1,088,579,215 right shares (70%) for Rs. 12.00 per share at a premium of Rs. 2.00 per share.

The Bank has been assigned long term entity rating of "AA" by M/s PACRA with short term rating being at the highest rank of "A1+". Further, the Bank now has a nationwide network of 453 online branches, including 3 sub-branches, and the Bank has planned to further expand its outreach during the year 2017.

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 Note 1.2 to the Condensed Interim Financial Statements.

I am thankful to our valued clients and shareholders for their support and trust and assure that the Bank would continue its efforts to accelerate the current 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. I also appreciate the contribution of the Bank's staff in strengthening the financial position of the Bank.

For and on behalf of the Board

Dr. Pervez Tahir
Chairman

ڈائریکٹرز کا جائزہ

دی بینک آف پنجاب سہ ماہی مالیاتی حسابات ۳۱ مارچ ۲۰۱۷ء :

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ مارچ ۲۰۱۷ء کو اختتام پذیر ہونے والی سہ ماہی کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

ملکی معیشت بہتر زرعی پیداوار، بڑے پیداواری شعبے میں بہتری اور نجی شعبے کو قرضے کی سہولت میں اضافہ کی وجہ سے ترقی کی راہ پر گامزن رہی۔ معیشت میں موجودہ ترقی پیداواری لاگت میں کمی، سازگار معاشی ماحول، بہتر ہوتی توانائی کی صورتحال اور پاک چین راہداری منصوبے سے منسلک سرمایہ کاری کی مرہون منت ہے۔ محتاط زری پالیسی کا نتیجہ مارکیٹ میں کم اور مستحکم شرح سود کی صورت میں عمدگی سے نکلا۔ بازار زر کی صورتحال اطمینان بخش رہی اور شبینہ بازار زر ریپو ریٹ اسٹیٹ بینک آف پاکستان کے پالیسی ریٹ کے قریب رہا۔ مارچ ۲۰۱۷ میں اعلان کردہ مالیاتی پالیسی میں اسٹیٹ بینک آف پاکستان نے شرح سود 5.75 فیصد پر برقرار رکھی ہے۔

مالیاتی نتائج :	روپیہ ملین میں
قبل از ٹیکس منافع	2,401
ٹیکس	839
بعد از ٹیکس منافع	1,562
فی حصص منافع (روپیہ)	1.00

سال ۲۰۱۷ء کی پہلی سہ ماہی کے دوران بینک کا نیٹ انٹرسٹ مارجن 3,278 ملین روپے کی سطح پر پہنچ گیا جو کہ پچھلے سال اسی مدت کے دوران 2,652 ملین روپے پر تھا۔ جبکہ نان مارک اپ/انٹرسٹ انکم اور نان مارک اپ/انٹرسٹ اخراجات بالترتیب 925 ملین روپے اور 2,254 ملین روپے رہے۔ لہذا بینک نے 2,401 ملین روپے کا قبل از ٹیکس منافع کمایا اور بینک کی فی حصص آمدنی 1.00 روپیہ رہی۔

۳۱ مارچ ۲۰۱۷ء کو بینک کے ڈپازٹ 459.8 ارب روپے کی سطح پر پہنچ گئے جو کہ ۳۱ دسمبر ۲۰۱۶ کو 453.2 ارب روپے کی سطح پر تھے۔ اسی طرح بینک کے اثاثہ جات 551.9 ارب روپے کی سطح پر پہنچ گئے جو کہ ۳۱ دسمبر ۲۰۱۶ کو 545.2 ارب روپے کی سطح پر تھے۔ بینک کی سرمایہ کاری اور قرضہ جات بالترتیب 207.8 ارب روپے اور 303.4 ارب روپے کی سطح پر رہے۔

بینک کی ٹیئر ون ایکویٹی 25.9 ارب روپے کی سطح پر پہنچ گئی جو کے ۳۱ دسمبر ۲۰۱۶ء کو 24.2 ارب روپے کی سطح پر تھی۔

بینک کے کاروباری حجم میں اضافے، ایکویٹی میں مضبوطی، بیزل-III کے تحت کیپٹل کی ضروریات سے مطابقت اور حکومت پنجاب کے جاری کردہ لیٹرز آف کمفرٹ کی ریٹائرمنٹ کو مدنظر رکھتے ہوئے مارچ ۲۰۱۷ میں بینک کے بورڈ آف ڈائریکٹرز نے 1,088,579,215 رائیٹ شیئرز (70%) 12 روپے فی حصص، بشمول 2 روپے فی حصص پریمیم، کے حساب سے اجراء کی منظوری دی ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی نے بینک کو طویل مدت ریٹنگ AA دی ہے جبکہ مختصر مدت کے لیے A1+ کی ریٹنگ بلند ترین سطح پر ہے۔

علاوہ ازیں بینک کی مجموعی شاخوں کی تعداد 453 ہوگئی ہے اور رواں سال بینک کی مزید شاخیں کھولی جائیں گی۔

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

اپنے معزز صارفین اور حصص داران کے تعاون اور اعتماد کا شکریہ ادا کرتے ہوئے 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۔ میں بینک کے تمام ملازمین کی انتھک محنت کا معترف ہوں جسکی وجہ سے بینک نے قابل ذکر کارکردگی کا مظاہرہ کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر پرویز طاہر
چیئرمین

THE BANK OF PUNJAB

Passion Reborn



Unconsolidated Condensed Interim Financial Statements

for the period ended March 31, 2017

Unconsolidated Condensed Interim Statement of Financial Position
As at March 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		30,166,082	35,756,024
Balances with other banks		3,598,084	3,765,867
Lendings to financial institutions	5	6,952,000	11,562,133
Investments - net	6	207,756,793	199,741,990
Advances - net	7	272,013,944	262,067,924
Operating fixed assets	8	7,647,388	7,692,675
Deferred tax assets - net	9	6,235,403	6,480,256
Other assets - net		17,487,281	18,147,262
		551,856,975	545,214,131
LIABILITIES			
Bills payable		3,773,393	4,183,480
Borrowings	10	38,047,447	39,829,134
Deposits and other accounts	11	459,819,792	453,219,740
Sub-ordinated loans		4,500,000	4,500,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		16,220,566	15,627,279
		522,361,198	517,359,633
NET ASSETS		29,495,777	27,854,498
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Share deposit money		7,000,000	7,000,000
Reserves		1,300,673	1,300,673
Unappropriated profit		2,302,529	658,938
		25,891,176	24,247,585
Surplus on revaluation of assets - net of tax	13	3,604,601	3,606,913
		29,495,777	27,854,498
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, 2017 (Un-audited)

	Three Months Ended March 31, 2017	March 31, 2016
	Rupees in '000'	
Mark-up / return / interest earned	7,641,912	7,066,586
Mark-up / return / interest expensed	4,364,239	4,414,949
Net mark-up / return / interest income	3,277,673	2,651,637
(Reversal of provision) / provision against non-performing loans and advances - net	(442,842)	396,730
(Reversal of provision) / provision for diminution in the value of investments - net	(9,226)	97,499
Bad debts written off directly	-	-
	(452,068)	494,229
Net mark-up / return / interest income after provisions	3,729,741	2,157,408
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	238,510	180,189
Dividend income	30,724	20,648
Income from dealing in foreign currencies	19,014	18,773
Gain on sale and redemption of securities - net	114,697	962,262
Unrealized loss on revaluation of investments classified as held for trading	(969)	(1,800)
Other income	522,547	491,143
Total non-markup / interest income	924,523	1,671,215
	4,654,264	3,828,623
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	2,249,379	1,944,803
Provision against other assets	4,243	250
Reversal of provision against off balance sheet obligations	-	(358,042)
Other charges	35	18
Total non-markup / interest expenses	2,253,657	1,587,029
	2,400,607	2,241,594
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	2,400,607	2,241,594
Taxation - Current	630,889	87,378
- Prior years	-	-
- Deferred	207,891	696,530
	838,780	783,908
PROFIT AFTER TAXATION	1,561,827	1,457,686
Earnings per share - basic and diluted (Rupees) - Note 15	1.00	0.94

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, 2017 (Un-audited)

	Three Months Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000'	
Profit after taxation for the period	1,561,827	1,457,686
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:		
Actuarial gains on re-measurement recognized during the period	-	-
Comprehensive income transferred to equity	1,561,827	1,457,686
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	75,671	726,228
Items not to be reclassified to profit and loss in subsequent periods	-	-
Total comprehensive income for the period	1,637,498	2,183,914

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, 2017 (Un-audited)

	Three Months Ended March 31, 2017	March 31, 2016
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,400,607	2,241,594
Less: Dividend income	(30,724)	(20,648)
	2,369,883	2,220,946
Adjustments for:		
Depreciation on property and equipment	203,335	160,796
Depreciation on non banking assets acquired in satisfaction of claims	21,814	29,973
Depreciation on ijarah assets under IFAS - 2	29,520	15,915
Amortization on intangible assets	6,099	5,953
Amortization of premium on debt securities	206,302	295,531
Unrealized loss on revaluation of investments classified as held for trading	969	1,800
(Reversal of provision) / provision against non-performing loans and advances - net	(442,842)	396,730
(Reversal of provision) / provision for diminution in the value of investments - net	(9,226)	97,499
Provision for employees compensated absences	6,719	2,334
Provision for gratuity	19,654	19,342
Reversal of provision against off balance sheet obligations	-	(358,042)
Provision against other assets	4,243	250
Net profit on sale of property and equipment	(679)	(17,367)
Gain on sale and redemption of securities - net	(114,697)	(962,262)
	(68,789)	(311,548)
	2,301,094	1,909,398
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	4,610,133	4,440,458
Net investments in held for trading securities	1,339,551	(2,909,405)
Advances - net	(9,532,698)	(21,326,239)
Other assets - net	128,558	7,461,010
	(3,454,456)	(12,334,176)
Increase / (Decrease) in operating liabilities:		
Bills payable	(410,087)	722,799
Borrowings	(1,915,652)	(27,104,096)
Deposits and other accounts	6,600,052	2,842,352
Other liabilities	566,914	285,360
	4,841,227	(23,253,585)
	3,687,865	(33,678,363)
Income tax paid	(115,618)	(92,086)
Net cash flow from / (used in) operating activities	3,572,247	(33,770,449)

	Three Months Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000'	
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(9,321,286)	29,801,261
Dividends received	20,819	7,154
Investments in operating fixed assets	(244,647)	(270,492)
Sale proceeds of property and equipment disposed-off	81,177	19,455
Net cash (used in) / flow from investing activities	(9,463,937)	29,557,378
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in cash and cash equivalents	(5,891,690)	(4,213,071)
Cash and cash equivalents at beginning of the period	39,437,081	30,627,855
Cash and cash equivalents at end of the period	33,545,391	26,414,784
Cash and cash equivalents:		
Cash and balances with treasury banks	30,166,082	23,833,778
Balances with other banks	3,598,084	2,670,393
Overdrawn nostro accounts	(218,775)	(89,387)
	33,545,391	26,414,784

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, 2017 (Un-audited)

	Capital Reserve					Revenue Reserve	
	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Unappropriated profit / (accumulated losses)	Total
	Rupees in '000'						
Balance as at January 1, 2016	15,551,132	(263,158)	7,000,000	2,291,119	37,882	(5,220,276)	19,396,699
Total comprehensive income for the three month ended March 31, 2016	-	-	-	-	-	1,457,686	1,457,686
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	13,660	13,660
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	-
Balance as at March 31, 2016	15,551,132	(263,158)	7,000,000	2,291,119	37,882	(3,748,930)	20,868,045
Total comprehensive income for the nine months ended December 31, 2016	-	-	-	-	-	3,336,048	3,336,048
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	40,979	40,979
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	2,513	2,513
Transfer from restructuring reserve against NPLs	-	-	-	-	-	-	-
Transfer to unappropriated profit / (accumulated losses)	-	-	-	(2,000,000)	-	2,000,000	-
Transfer to statutory reserve	-	-	-	971,672	-	(971,672)	-
Balance as at December 31, 2016	15,551,132	(263,158)	7,000,000	1,262,791	37,882	658,938	24,247,585
Total comprehensive income for the three monthsended March 31, 2017	-	-	-	-	-	1,561,827	1,561,827
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	12,921	12,921
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal	-	-	-	-	-	68,246	68,246
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	597	597
Balance as at March 31, 2017	15,551,132	(263,158)	7,000,000	1,262,791	37,882	2,302,529	25,891,176

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, 2017 (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 453 branches including 03 sub branches and 48 Islamic banking branches (2016: 453 branches including 03 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, 2017, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 25,891,176 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 17,482,712 thousand (December 31, 2016: Rs. 17,529,757 thousand) requiring additional provision of Rs. 16,380,402 thousand (December 31, 2016: Rs. 16,505,482 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)-2017/005967 dated March 09, 2017, 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.

SBP vide above referred letter advised the Bank to record provisioning against exposures covered under LOCs in a staggered manner as follows:

- Staggering of provision at an aggregate rate of 25%, i.e.12.5% by June 30, 2017 and additional 12.5% by December 31, 2017 against exposure covered under LOCs as of December 31, 2016.

- Going forward, exposure covered under LOCs at the beginning of 2018 would be subject to 25% provision staggering by June 30, 2018 and remaining balance by December 31, 2018.

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, 2016. 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, 2016.

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, 2016.

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	5.1	150,000	6,162,133
Placements		6,802,000	5,400,000
		6,952,000	11,562,133

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2017			(Audited) December 31, 2016		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	-	-	-	3,302,133	-	3,302,133
Pakistan investment bonds	150,000	-	150,000	2,860,000	-	2,860,000
	150,000	-	150,000	6,162,133	-	6,162,133

Market value of securities held as collateral as at March 31, 2017 amounted to Rs. 154,021 thousand (December 31, 2016: 6,225,139 thousand). These carry mark-up at the rate of 6.25% per annum (December 31, 2016: 5.90% to 6.25% per annum).

6. INVESTMENTS - NET

	Note	(Un-audited) March 31, 2017			(Audited) December 31, 2016		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000'					
Held for trading securities:							
Ordinary shares of listed companies		28,207	-	28,207	-	-	-
Market treasury bills		21,930,014	-	21,930,014	23,298,833	-	23,298,833
		21,958,221	-	21,958,221	23,298,833	-	23,298,833
Available for sale securities:							
Market treasury bills		111,691,487	1,476,735	113,168,222	80,885,259	9,925,825	90,811,084
Pakistan investment bonds		41,450,273	20,167,223	61,617,496	59,242,027	15,979,961	75,221,988
Ordinary shares / certificates of listed companies and modarabas		1,352,127	-	1,352,127	1,305,364	-	1,305,364
Preference shares of listed companies		401,739	-	401,739	401,739	-	401,739
Ordinary shares of unlisted company		25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijarah sukuk		2,883,148	-	2,883,148	2,885,472	-	2,885,472
Listed term finance certificates		1,679,439	-	1,679,439	1,193,277	-	1,193,277
Unlisted term finance certificates / sukuks		5,894,801	-	5,894,801	5,954,475	-	5,954,475
		165,378,014	21,643,958	187,021,972	151,892,613	25,905,786	177,798,399
Held to maturity securities:							
Pakistan investment bonds	6.1	253,430	-	253,430	253,867	-	253,867
WAPDA bonds		400	-	400	400	-	400
		253,830	-	253,830	254,267	-	254,267
Subsidiary:							
Punjab modaraba services (private) limited		164,945	-	164,945	164,945	-	164,945
Total investments at cost		187,755,010	21,643,958	209,398,968	175,610,658	25,905,786	201,516,444
Provision for diminution in the value of investments - net		(3,052,427)	-	(3,052,427)	(3,068,083)	-	(3,068,083)
Investments net of provisions		184,702,583	21,643,958	206,346,541	172,542,575	25,905,786	198,448,361
Surplus on revaluation of available for sale securities		1,350,227	60,994	1,411,221	1,264,948	29,857	1,294,805
Deficit on revaluation of held for trading securities		(969)	-	(969)	(1,176)	-	(1,176)
Total investments at market value		186,051,841	21,704,952	207,756,793	173,806,347	25,935,643	199,741,990

6.1 Market value of held to maturity investments is Rs. 262,871 thousand (December 31, 2016: Rs. 263,326 thousand).

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		247,515,578	237,926,509
Net investment in finance lease - In Pakistan		38,274,489	39,519,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		963,621	517,073
Islamic financing and related assets		8,338,189	8,419,676
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		7,223,525	6,043,018
-Payable outside Pakistan		1,109,520	1,495,896
		8,333,045	7,538,914
Advances - gross		303,424,922	293,921,855
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(31,011,307)	(31,462,960)
-General	7.3	(399,671)	(390,971)
		(31,410,978)	(31,853,931)
Advances - net of provision		272,013,944	262,067,924

7.1 Provision against certain net advances amounting to Rs. 17,482,712 thousand (December 31, 2016: Rs. 17,529,757 thousand) requiring additional provisioning of Rs. 16,380,402 thousand (December 31, 2016: Rs. 16,505,482 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. 54,728,956 thousand (December 31, 2016: Rs. 54,953,553 thousand) which have been placed under non-performing status as on March 31, 2017 as detailed below:

	March 31, 2017 (Un-audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	497,394	-	497,394	6,124	6,124
Substandard	1,969,680	-	1,969,680	130,132	130,132
Doubtful	7,408,578	-	7,408,578	3,606,530	3,606,530
Loss	44,853,304	-	44,853,304	27,268,521	27,268,521
	54,728,956	-	54,728,956	31,011,307	31,011,307

	December 31, 2016 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	337,806	-	337,806	2,042	2,042
Substandard	1,585,906	-	1,585,906	80,564	80,564
Doubtful	7,450,320	-	7,450,320	3,609,147	3,609,147
Loss	45,579,521	-	45,579,521	27,771,207	27,771,207
	54,953,553	-	54,953,553	31,462,960	31,462,960

7.3 General provision represents provision against consumer and SME 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) (March 31, 2016: Rs. Nil), 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 thousand (March 31, 2016: Rs. Nil) and Rs. Nil thousand (March 31, 2016: higher by Rs. Nil) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals (at cost) from operating fixed assets amounted to Rs. 244,647 thousand (March 31, 2016: Rs. 270,492 thousand) and Rs. 95,550 thousand (March 31, 2016: Rs. 38,355 thousand), respectively.

9. DEFERRED TAX ASSETS - NET

The management has recorded deferred tax asset based on financial projections indicating realizibility of deferred tax asset over a number of future years by considering tax planning opportunities with respect to the provision, reversals, recoveries and write offs. The financial projections also include certain key assumptions such as growth of deposits and advances, potential provision / (reversals) against risk assets etc. Any significant change in the key assumptions may have an effect on the realisability of deferred tax asset.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Rupees in '000'	
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	10,770,955	10,282,058
-Long term financing facility (LTFF)	3,884,542	3,163,460
-Finance facility for storage of agricultural produce (FFSAP)	11,667	12,834
Repurchase agreement borrowings	1,476,497	15,879,035
Call borrowings	19,833,756	9,911,835
	35,977,417	39,249,222
Unsecured		
Call borrowings	497,199	495,102
Foreign placement	1,354,056	-
Overdrawn nostro accounts	218,775	84,810
	38,047,447	39,829,134

		(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
11.	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers		
	Fixed deposits	127,966,952	129,533,881
	Savings deposits	202,195,986	193,301,179
	Current accounts - non - remunerative	112,398,804	117,973,360
	Sundry deposits, margin accounts, etc.	12,661,555	6,399,769
		455,223,297	447,208,189
	Financial Institutions		
	Remunerative deposits	3,594,204	4,722,171
	Non-remunerative deposits	1,002,291	1,289,380
		4,596,495	6,011,551
		459,819,792	453,219,740
11.1	**Particulars of deposits**		
	In local currency	452,491,653	445,571,885
	In foreign currencies	7,328,139	7,647,855
		459,819,792	453,219,740

12. SHARE CAPITAL

12.1 Authorized capital

(Un-audited) March 31, 2017 (No. of shares)	(Audited) December 31, 2016 (No. of shares)		(Un-audited) March 31, 2017 Rupees in '000'	(Audited) December 31, 2016 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, 2017 (No. of shares)	(Audited) December 31, 2016 (No. of shares)		(Un-audited) March 31, 2017 Rupees in '000'	(Audited) December 31, 2016 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
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, 2017 (December 31, 2016: 57.47 %). Further, the Board of Directors in their meeting held on March 29, 2017 approved 1,088,579,215 (70%) right shares at a price of Rs. 12.00 per share including premium of Rs. 2.00 per share.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Rupees in '000'	
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	2,064,451	2,141,837
Surplus on non banking assets acquired in satisfaction of claims	622,856	623,453
Surplus on revaluation of available for sale securities	917,294	841,623
	3,604,601	3,606,913

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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	2,049,968	2,209,896
	2,049,968	2,209,896

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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	650,486	601,271
Financial institutions	2,917,549	8,564,597
Others	35,439,557	23,878,852
	39,007,592	33,044,720

14.3 Trade related contingent liabilities

Government	12,013,507	6,719,311
Financial institutions	-	-
Others	18,118,997	20,163,620
	30,132,504	26,882,931

		Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
			Rupees in '000'	
14.4	**Other contingencies**			
	Claims against the Bank not acknowledged as debts	14.4.1	30,185,974	29,750,928

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. Up till 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 against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision 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, 2017	(Audited) December 31, 2016
		Rupees in '000'	
14.7	**Commitments in respect of forward exchange contracts**		
	Purchase	11,347,825	9,594,731
	Sale	6,964,190	6,997,174
		18,312,015	16,591,905
14.8	**Commitments for the acquisition of operating fixed assets**	27,740	27,095

		(Un-audited) Three Months Ended March 31, 2017	March 31, 2016
		Rupees in '000'	
15.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after taxation (Rupees in thousand)	1,561,827	1,457,686
	Weighted average number of ordinary shares (thousand)	1,555,113	1,555,113
	Earnings per share - basic and diluted (Rupees)	1.00	0.94

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'			
Three Months Ended March 31, 2017 (Un-audited)						
Total income	3,399,906	1,031,438	3,929,829	150,236	55,026	8,566,435
Total expenses	339,828	928,130	4,897,870	-	-	6,165,828
Inter segment transfer revenue / (cost)	(1,627,988)	241,126	1,386,862	-	-	-
Income taxes	-	-	-	-	-	838,780
Net income / (loss)	1,432,090	344,434	418,821	150,236	55,026	1,561,827
Segment assets (gross)	248,699,896	48,346,302	280,831,418	-	-	577,877,616
Segment non performing advances / investments	3,099,814	2,213,990	52,514,966	-	-	57,828,770
Segment specific provision required	3,052,427	1,660,546	29,350,761	-	-	34,063,734
Segment liabilities	27,553,209	77,723,991	417,083,998	-	-	522,361,198
Segment return on net assets (ROA) (%)	6.80%	9.96%	8.52%			
Segment cost of funds (%)	5.95%	5.81%	5.77%			
Three Months Ended March 31, 2016 (Un-audited)						
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 specific provision required	3,146,251	1,628,790	29,304,416	-	-	34,079,457
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%			

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, 2017 (Un-audited)				December 31, 2016 (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	114,850	1,078,614	-	-	117,456	855,445	-	-
Loans granted during the period	18,884	279,868	-	-	38,064	932,466	-	-
Repayments received during the period	(8,714)	(208,256)	-	-	(40,670)	(709,297)	-	-
Closing balance	125,020	1,150,226	-	-	114,850	1,078,614	-	-
Deposits								
Opening balance	28,730	56,238	2,459,349	51,488	18,544	52,651	2,317,942	262,770
Placements made during the period	113,803	356,099	112,304	168,417	305,191	1,157,283	455,520	1,324,912
Withdrawals during the period	(124,136)	(405,969)	(66,886)	(164,458)	(295,005)	(1,153,696)	(314,113)	(1,536,194)
Closing balance	18,397	6,368	2,504,767	55,447	28,730	56,238	2,459,349	51,488
Placements	-	300,000	-	-	-	300,000	-	-

	March 31, 2017 (Un-audited)				March 31, 2016 (Un-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'			
Transactions during the period :								
Mark-up/return earned	1,421	21,469	-	-	1,926	16,482	-	-
Mark-up/interest expensed	254	-	34,027	527	241	-	34,552	105
Contribution to employees funds	-	-	32,142	-	-	-	26,098	-

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 Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 34,845,203 thousand (December 31, 2016: Rs. 40,923,548 thousand), Rs. 228,426,172 thousand (December 31, 2016: Rs. 212,000,928 thousand) and Rs. 25,238,964 thousand (December 31, 2016: Rs. 11,373,982 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 30,822 thousand (March 31, 2016: Rs. 32,322 thousand) on subordinated loan of Rs. 2,000,000 thousand

received from GoPb in year 2014. In addition, subsidiary company and managed modaraba are provided with office space within the Bank's premises.

18. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issuance on April 27, 2017 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, 2017

The Bank is operating 48 Islamic banking branches and 02 sub Islamic banking branches at close of March 31, 2017 (December 31, 2016: 48 branches and 02 sub Islamic banking branches).

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		1,492,421	2,302,273
Balance with other banks		158,866	1,755,658
Due from financial institutions		6,502,000	5,100,000
Investments		5,486,962	5,512,287
Islamic financing and related assets	A	9,301,810	8,936,749
Operating fixed assets		259,949	272,007
Deferred tax assets		-	-
Other assets		346,918	251,092
TOTAL ASSETS		23,548,926	24,130,066
LIABILITIES			
Bills payable		150,374	227,700
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		5,831,446	6,126,472
- Saving accounts		14,729,052	14,680,150
- Term deposits		772,212	813,678
- Others		305,192	225,814
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		339,350	684,727
Other liabilities		57,186	62,053
		22,184,812	22,820,594
NET ASSETS		1,364,114	1,309,472
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		-	-
Unappropriated profit		307,842	230,200
		1,307,842	1,230,200
Surplus on revaluation of assets		56,272	79,272
		1,364,114	1,309,472
Remuneration to Shariah Advisor / Board		1,230	5,144

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
CHARITY FUND			
Opening balance		533	1,871
Additions during the period		13	533
Payments / utilization during the period		-	(1,871)
Closing balance		546	533
A. Islamic financing and related assets			
Islamic mode of financing	A.1	9,301,810	8,936,749
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		1,248,000	1,651,000
Murabaha		1,030,316	1,009,083
Diminishing musharaka		5,110,673	4,618,083
Istisna		949,200	1,141,510
Ijarah		963,621	517,073
		9,301,810	8,936,749

Islamic Banking Business - Profit and Loss Account

For the Three Months Ended March 31, 2017 (Un-audited)

	March 31, 2017	March 31, 2016
	Rupees in '000'	
Profit / Return earned on financing, investment and placements	381,773	214,987
Return on deposits and other dues expensed	129,735	65,894
Net spread earned	252,038	149,093
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	252,038	149,093
Other income		
Fee, commission and brokerage income	7,617	4,647
Dividend income	-	-
Income from dealing in foreign currencies	29	2,744
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	8,884	8,046
Total other income	16,530	15,437
	268,568	164,530
Other expenses		
Administrative expenses	190,926	146,725
Other provisions/write offs/reversals	-	-
Other charges	-	-
Total other expenses	190,926	146,725
	77,642	17,805
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	77,642	17,805

THE BANK OF PUNJAB

Passion Reborn



Consolidated Condensed Interim Financial Statements

for the period ended March 31, 2017

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

Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		30,166,082	35,756,024
Balances with other banks		3,598,084	3,765,867
Lendings to financial institutions	5	6,952,000	11,562,133
Investments - net	6	207,802,092	199,784,353
Advances - net	7	271,969,392	262,025,131
Operating fixed assets	8	7,647,388	7,692,675
Deferred tax assets - net	9	6,235,403	6,480,256
Other assets - net		17,492,970	18,152,867
		551,863,411	545,219,306
LIABILITIES			
Bills payable		3,773,393	4,183,480
Borrowings	10	38,047,447	39,829,134
Deposits and other accounts	11	459,819,792	453,219,740
Sub-ordinated loans		4,500,000	4,500,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		16,220,714	15,627,465
		522,361,346	517,359,819
NET ASSETS		29,502,065	27,859,487
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Share deposit money		7,000,000	7,000,000
Reserves		1,300,673	1,300,673
Unappropriated profit		2,308,817	663,927
		25,897,464	24,252,574
Surplus on revaluation of assets - net of tax	13	3,604,601	3,606,913
		29,502,065	27,859,487
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, 2017 (Un-audited)

	Three Months Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000'	
ASSETS		
Mark-up / return / interest earned	7,641,210	7,065,879
Mark-up / return / interest expensed	4,364,239	4,414,949
Net mark-up / return / interest income	3,276,971	2,650,930
(Reversal of provision) / provision against non-performing loans and advances - net	(442,842)	396,730
(Reversal of provision) / provision for diminution in the value of investments - net	(12,162)	95,048
Bad debts written off directly	-	-
	(455,004)	491,778
Net mark-up / return / interest income after provisions	3,731,975	2,159,152
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	238,510	180,189
Dividend income	30,724	20,648
Income from dealing in foreign currencies	19,014	18,773
Gain on sale and redemption of securities - net	114,697	962,262
Unrealized loss on revaluation of investments classified as held for trading	(969)	(1,800)
Other income	522,547	491,143
Total non-markup / interest income	924,523	1,671,215
	4,656,498	3,830,367
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	2,250,314	1,945,635
Provision against other assets	4,243	250
Reversal of provision against off balance sheet obligations	-	(358,042)
Other charges	35	18
Total non-markup / interest expenses	2,254,592	1,587,861
	2,401,906	2,242,506
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	2,401,906	2,242,506
Taxation - Current	630,889	87,378
- Prior years	-	-
- Deferred	207,891	696,530
	838,780	783,908
PROFIT AFTER TAXATION	1,563,126	1,458,598
Earnings per share - basic and diluted (Rupees) - Note 15	1.01	0.94

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, 2017 (Un-audited)

	Three Months Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000'	
Profit after taxation for the period	1,563,126	1,458,598
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:		
Actuarial gains on re-measurement recognized during the period	-	-
Comprehensive income transferred to equity	1,563,126	1,458,598
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	75,671	726,228
Items to be reclassified to profit and loss in subsequent periods	-	-
Total comprehensive income for the period	1,638,797	2,184,826

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, 2017 (Un-audited)

	Three Months Ended March 31, 2017	March 31, 2016
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,401,906	2,242,506
Less: Dividend income	(30,724)	(20,648)
	2,371,182	2,221,858
Adjustments for:		
Depreciation on property and equipment	203,335	160,796
Depreciation on non banking assets acquired in satisfaction of claims	21,814	29,973
Depreciation on ijarah assets under IFAS - 2	29,520	15,915
Amortization on intangible assets	6,099	5,953
Amortization of premium on debt securities	206,302	295,531
Unrealized loss on revaluation of investments classified as held for trading	969	1,800
(Reversal of provision) / provision against non-performing loans and advances - net	(442,842)	396,730
(Reversal of provision) / provision for diminution in the value of investments - net	(12,162)	95,048
Provision for employees compensated absences	6,719	2,334
Provision for gratuity	19,654	19,342
Reversal of provision against off balance sheet obligations	-	(358,042)
Provision against other assets	4,243	250
Net profit on sale of property and equipment	(679)	(17,367)
Gain on sale and redemption of securities - net	(114,697)	(962,262)
	(71,725)	(313,999)
	2,299,457	1,907,859
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	4,610,133	4,440,458
Net investments in held for trading securities	1,339,551	(2,909,405)
Advances - net	(9,530,939)	(21,324,398)
Other assets - net	128,474	7,460,129
	(3,452,781)	(12,333,216)
Increase / (Decrease) in operating liabilities:		
Bills payable	(410,087)	722,799
Borrowings	(1,915,652)	(27,104,096)
Deposits and other accounts	6,600,052	2,842,352
Other liabilities	566,876	285,939
	4,841,189	(23,253,006)
	3,687,865	(33,678,363)
Income tax paid	(115,618)	(92,086)
Net cash flow from / (used in) operating activities	3,572,247	(33,770,449)

	Three Months Ended	
	March 31, 2017	March 31, 2016
	Rupees in '000'	
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(9,321,286)	29,801,261
Dividends received	20,819	7,154
Investments in operating fixed assets	(244,647)	(270,492)
Sale proceeds of property and equipment disposed-off	81,177	19,455
Net cash (used in) / flow from investing activities	(9,463,937)	29,557,378
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in cash and cash equivalents	(5,891,690)	(4,213,071)
Cash and cash equivalents at beginning of the period	39,437,081	30,627,855
Cash and cash equivalents at end of the period	33,545,391	26,414,784
Cash and cash equivalents:		
Cash and balances with treasury banks	30,166,082	23,833,778
Balances with other banks	3,598,084	2,670,393
Overdrawn nostro accounts	(218,775)	(89,387)
	33,545,391	26,414,784

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, 2017 (Un-audited)

					Capital Reserve	Revenue Reserve	
	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Unappropriated profit / (accumulated losses)	Total
				Rupees in '000'			
Balance as at January 1, 2016	15,551,132	(263,158)	7,000,000	2,291,119	37,882	(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 unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	13,660	13,660
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	-
Balance as at March 31, 2016	15,551,132	(263,158)	7,000,000	2,291,119	37,882	(3,748,595)	20,868,380
Total comprehensive income for the nine months ended December 31, 2016	-	-	-	-	-	3,340,702	3,340,702
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	40,979	40,979
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	2,513	2,513
Transfer from restructuring reserve against NPLs	-	-	-	-	-	-	-
Transfer to unappropriated profit / (accumulated losses)	-	-	-	(2,000,000)	-	2,000,000	-
Transfer to statutory reserve	-	-	-	971,672	-	(971,672)	-
Balance as at December 31, 2016	15,551,132	(263,158)	7,000,000	1,262,791	37,882	663,927	24,252,574
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	1,563,126	1,563,126
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	12,921	12,921
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal	-	-	-	-	-	68,246	68,246
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	597	597
Balance as at March 31, 2017	15,551,132	(263,158)	7,000,000	1,262,791	37,882	2,308,817	25,897,464

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, 2017 (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 of Punjab 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 453 branches including 03 sub branches and 48 Islamic banking branches (2016: 453 branches including 03 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 floating and managing modarabas.

1.2 As on March 31, 2017, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Group amounts to Rs. 25,897,464 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 17,438,160 thousand (December 31, 2016: Rs. 17,486,964 thousand) requiring additional provision of Rs. 16,335,850 thousand (December 31, 2016: Rs. 16,462,689 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)-2017/005967 dated March 09, 2017, 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.

SBP vide above referred letter advised the Bank to record provisioning against exposures covered under LOCs in a staggered manner as follows:

- Staggering of provision at an aggregate rate of 25%, i.e.12.5% by June 30, 2017 and additional 12.5% by December 31, 2017 against exposure covered under LOCs as of December 31, 2016.
- Going forward, exposure covered under LOCs at the beginning of 2018 would be subject to 25% provision staggering by June 30, 2018 and remaining balance by December 31, 2018.

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, 2016. 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, 2016.

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, 2016.

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	5.1	150,000	6,162,133
Placements		6,802,000	5,400,000
		6,952,000	11,562,133

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) March 31, 2017			(Audited) December 31, 2016		
	Held by group	Further given as collateral	Total	Held by group	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	-	-	-	3,302,133	-	3,302,133
Pakistan investment bonds	150,000	-	150,000	2,860,000	-	2,860,000
	150,000	-	150,000	6,162,133	-	6,162,133

Market value of securities held as collateral as at March 31, 2017 amounted to Rs. 154,021 thousand (December 31, 2016: 6,225,139 thousand). These carry mark-up at the rate of 6.25% per annum (December 31, 2016: 5.90% to 6.25% per annum).

6. INVESTMENTS - NET

	Note	(Un-audited) March 31, 2017			(Audited) December 31, 2016		
		Held by group	Given as collateral	Total	Held by group	Given as collateral	Total
		Rupees in '000'					
Held for trading securities:							
Ordinary shares of listed companies		28,207	-	28,207	-	-	-
Market treasury bills		21,930,014	-	21,930,014	23,298,833	-	23,298,833
		21,958,221	-	21,958,221	23,298,833	-	23,298,833
Available for sale securities:							
Market treasury bills		111,691,487	1,476,735	113,168,222	80,885,259	9,925,825	90,811,084
Pakistan investment bonds		41,450,273	20,167,223	61,617,496	59,242,027	15,979,961	75,221,988
Ordinary shares / certificates of listed companies and modarabas		1,517,070	-	1,517,070	1,470,307	-	1,470,307
Preference shares of listed companies		401,739	-	401,739	401,739	-	401,739
Ordinary shares of unlisted company		25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijarah sukuk		2,883,148	-	2,883,148	2,885,472	-	2,885,472
Listed term finance certificates		1,679,439	-	1,679,439	1,193,277	-	1,193,277
Unlisted term finance certificates / sukuks		5,894,801	-	5,894,801	5,954,475	-	5,954,475
		165,542,957	21,643,958	187,186,915	152,057,556	25,905,786	177,963,342
Held to maturity securities:							
Pakistan investment bonds	6.1	253,430	-	253,430	253,867	-	253,867
WAPDA bonds		400	-	400	400	-	400
		253,830	-	253,830	254,267	-	254,267
Total investments at cost		187,755,008	21,643,958	209,398,966	175,610,656	25,905,786	201,516,442
Provision for diminution in the value of investments - net		(3,007,126)	-	(3,007,126)	(3,025,718)	-	(3,025,718)
Investments net of provisions		184,747,882	21,643,958	206,391,840	172,584,938	25,905,786	198,490,724
Surplus on revaluation of available for sale securities		1,350,227	60,994	1,411,221	1,264,948	29,857	1,294,805
Deficit on revaluation of held for trading securities		(969)	-	(969)	(1,176)	-	(1,176)
Total investments at market value		186,097,140	21,704,952	207,802,092	173,848,710	25,935,643	199,784,353

6.1 Market value of held to maturity investments is Rs. 262,871 thousand (December 31, 2016: Rs. 263,326 thousand).

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		247,471,026	237,883,716
Net investment in finance lease - In Pakistan		38,274,489	39,519,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		963,621	517,073
Islamic financing and related assets		8,338,189	8,419,676
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		7,223,525	6,043,018
-Payable outside Pakistan		1,109,520	1,495,896
		8,333,045	7,538,914
Advances - gross		303,380,370	293,879,062
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(31,011,307)	(31,462,960)
-General	7.3	(399,671)	(390,971)
		(31,410,978)	(31,853,931)
Advances - net of provision		271,969,392	262,025,131

7.1 Provision against certain net advances amounting to Rs. 17,438,160 thousand (December 31, 2016: Rs. 17,486,964 thousand) requiring additional provisioning of Rs. 16,335,850 thousand (December 31, 2016: Rs. 16,462,689 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. 54,684,404 thousand (December 31, 2016: Rs. 54,910,760 thousand) which have been placed under non-performing status as on March 31, 2017 as detailed below:

	March 31, 2017 (Un-audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	497,394	-	497,394	6,124	6,124
Substandard	1,969,680	-	1,969,680	130,132	130,132
Doubtful	7,408,578	-	7,408,578	3,606,530	3,606,530
Loss	44,808,752	-	44,808,752	27,268,521	27,268,521
	54,684,404	-	54,684,404	31,011,307	31,011,307

	December 31, 2016 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	337,806	-	337,806	2,042	2,042
Substandard	1,585,906	-	1,585,906	80,564	80,564
Doubtful	7,450,320	-	7,450,320	3,609,147	3,609,147
Loss	45,536,728	-	45,536,728	27,771,207	27,771,207
	54,910,760	-	54,910,760	31,462,960	31,462,960

7.3 General provision represents provision against consumer and SME 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) (March 31, 2016: Rs. Nil), 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 thousand (March 31, 2016: Rs. Nil) and Rs. Nil thousand (March 31, 2016: higher by Rs. Nil) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals (at cost) from operating fixed assets amounted to Rs. 244,647 thousand (March 31, 2016: Rs. 270,492 thousand) and Rs. 95,550 thousand (March 31, 2016: Rs. 38,355 thousand), respectively.

9. DEFERRED TAX ASSETS - NET

The management has recorded deferred tax asset based on financial projections indicating realizibility of deferred tax asset over a number of future years by considering tax planning opportunities with respect to the provision, reversals, recoveries and write offs. The financial projections also include certain key assumptions such as growth of deposits and advances, potential provision / (reversals) against risk assets etc. Any significant change in the key assumptions may have an effect on the realisability of deferred tax asset.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Rupees in '000'	
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	10,770,955	10,282,058
-Long term financing facility (LTFF)	3,884,542	3,163,460
-Finance facility for storage of agricultural produce (FFSAP)	11,667	12,834
Repurchase agreement borrowings	1,476,497	15,879,035
Call borrowings	19,833,756	9,911,835
	35,977,417	39,249,222
Unsecured		
Call borrowings	497,199	495,102
Foreign placement	1,354,056	-
Overdrawn nostro accounts	218,775	84,810
	38,047,447	39,829,134

		(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
11.	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers		
	Fixed deposits	127,966,952	129,533,881
	Savings deposits	202,195,986	193,301,179
	Current accounts - non - remunerative	112,398,804	117,973,360
	Sundry deposits, margin accounts, etc.	12,661,555	6,399,769
		455,223,297	447,208,189
	Financial Institutions		
	Remunerative deposits	3,594,204	4,722,171
	Non-remunerative deposits	1,002,291	1,289,380
		4,596,495	6,011,551
		459,819,792	453,219,740
11.1	**Particulars of deposits**		
	In local currency	452,491,653	445,571,885
	In foreign currencies	7,328,139	7,647,855
		459,819,792	453,219,740

12. SHARE CAPITAL

12.1 Authorized capital

(Un-audited) March 31, 2017 (No. of shares)	(Audited) December 31, 2016 (No. of shares)		(Un-audited) March 31, 2017 Rupees in '000'	(Audited) December 31, 2016 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, 2017 No. of shares	(Audited) December 31, 2016 No. of shares		(Un-audited) March 31, 2017 Rupees in '000'	(Audited) December 31, 2016 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
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, 2017 (December 31, 2016: 57.47 %). Further, the Board of Directors in their meeting held on March 29, 2017 approved 1,088,579,215 (70%) right shares at a price of Rs. 12.00 per share including premium of Rs. 2.00 per share.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Rupees in '000'	
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	2,064,451	2,141,837
Surplus on non banking assets acquired in satisfaction of claims	622,856	623,453
Surplus on revaluation of available for sale securities	917,294	841,623
	3,604,601	3,606,913

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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	2,049,968	2,209,896
	2,049,968	2,209,896

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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	650,486	601,271
Financial institutions	2,917,549	8,564,597
Others	35,439,557	23,878,852
	39,007,592	33,044,720

14.3 Trade related contingent liabilities

Government	12,013,507	6,719,311
Financial institutions	-	-
Others	18,118,997	20,163,620
	30,132,504	26,882,931

		Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
			Rupees in '000'	
14.4	**Other contingencies**			
	Claims against the Bank not acknowledged as debts	14.4.1	30,185,974	29,750,928

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. Up till 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 against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

The Punjab Modaraba Services (Private) Limited (PMSL) filed a complaint before the Federal Tax Ombudsman, Lahore (FTO) for the non-issuance of income tax refunds in respect of tax year 2007, 2008 and 2009. Based on the complaint, the FTO recommended the Federal Board of Revenue, through order dated September 23, 2016 to dispose of the Company's refund claims and pay off compensation, if any, and report compliance within 21 days, which is pending to date.

The PMSL filed the income tax return for the tax year 2013 on January 30, 2014 which was selected for audit in terms of section 214C of the Ordinance. Subsequent to year end, after the conclusion of the audit proceedings, the Inland Revenue Officer issued his order dated January 20, 2017 and has raised income tax demand amounting to Rs. 4.586 million. Being aggrieved, the Company has filed an appeal with CIR(Appeals), which is pending adjudication. Further for tax year 2015, the PMSL's case has been selected for audit under section 177 of the Ordinance through a notice dated February 14, 2017. The proceeding under the notice is pending till date.

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, 2017	(Audited) December 31, 2016
		Rupees in '000'	
14.7	**Commitments in respect of forward exchange contracts**		
	Purchase	11,347,825	9,594,732
	Sale	6,964,190	6,997,174
		18,312,015	16,591,906
14.8	**Commitments for the acquisition of operating fixed assets**	27,740	27,095

		(Un-audited) Three Months Ended March 31, 2017	March 31, 2016
		Rupees in '000'	
15.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after taxation (Rupees in thousand)	1,563,126	1,458,598
	Weighted average number of ordinary shares (thousand)	1,555,113	1,555,113
	Earnings per share - basic and diluted (Rupees)	1.01	0.94

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'			
Three Months Ended March 31, 2017 (Un-audited)						
Total income	3,399,906	1,031,438	3,929,127	150,236	55,026	8,565,733
Total expenses	336,892	928,130	4,898,805	-	-	6,163,827
Inter segment transfer revenue / (cost)	(1,627,988)	241,126	1,386,862	-	-	-
Income taxes	-	-	-	-	-	838,780
Net income / (loss)	1,435,026	344,434	417,184	150,236	55,026	1,563,126
Segment assets (gross)	248,699,896	48,346,302	280,786,864	-	-	577,833,062
Segment non performing advances / investments	3,054,513	2,213,990	52,470,414	-	-	57,738,917
Segment specific provision required	3,007,126	1,660,546	29,350,761	-	-	34,018,433
Segment liabilities	27,553,209	77,723,991	417,084,146	-	-	522,361,346
Segment return on net assets (ROA) (%)	6.80%	9.96%	8.51%			
Segment cost of funds (%)	5.95%	5.81%	5.77%			
Three Months Ended March 31, 2016 (Un-audited)						
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 specific provision required	3,107,051	1,628,790	29,304,416	-	-	34,040,257
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%			

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 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, 2017 (Un-audited)				December 31, 2016 (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	121,393	1,035,922	-	-	129,294	812,834	-	-
Loans granted during the period	18,884	278,004	-	-	38,064	924,735	-	-
Repayments received during the period	(8,917)	(208,256)	-	-	(45,965)	(701,647)	-	-
Closing balance	131,360	1,105,670	-	-	121,393	1,035,922	-	-
Deposits								
Opening balance	28,732	56,238	2,459,349	51,488	18,572	52,542	2,317,942	262,770
Placements made during the period	113,939	356,099	112,304	168,417	305,765	1,155,514	455,520	1,324,912
Withdrawals during the period	(124,265)	(405,969)	(66,886)	(164,458)	(295,605)	(1,151,818)	(314,113)	(1,536,194)
Closing balance	18,406	6,368	2,504,767	55,447	28,732	56,238	2,459,349	51,488
Placements	-	300,000	-	-	-	300,000	-	-

	March 31, 2017 (Un-audited)				March 31, 2016 (Un-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'			
Transactions during the period :								
Mark-up/return earned	1,494	20,768	-	-	2,048	15,774	-	-
Mark-up/interest expensed	254	-	34,027	527	242	-	34,552	105
Contribution to employees funds	-	-	32,142	-	-	-	26,098	-

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 Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 34,845,203 thousand (December 31, 2016: Rs. 40,923,548 thousand), Rs. 228,426,172 thousand (December 31, 2016: Rs. 212,000,928 thousand) and Rs. 25,238,964 thousand (December 31, 2016: Rs. 11,373,982 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 30,822

thousand (March 31, 2016: Rs. 32,322 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014. In addition, subsidiary company and managed modaraba are provided with office space within the Bank's premises.

18. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issuance on April 27, 2017 by the Board of Directors of the Group.

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, 2017

The Bank is operating 48 Islamic banking branches and 02 sub Islamic banking branches at close of March 31, 2017 (December 31, 2016: 48 branches and 02 sub Islamic banking branches).

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		1,492,421	2,302,273
Balance with other banks		158,866	1,755,658
Due from financial institutions		6,502,000	5,100,000
Investments		5,486,962	5,512,287
Islamic financing and related assets	A	9,301,810	8,936,749
Operating fixed assets		259,949	272,007
Deferred tax assets		-	-
Other assets		346,918	251,092
TOTAL ASSETS		23,548,926	24,130,066
LIABILITIES			
Bills payable		150,374	227,700
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		5,831,446	6,126,472
- Saving accounts		14,729,052	14,680,150
- Term deposits		772,212	813,678
- Others		305,192	225,814
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		339,350	684,727
Other liabilities		57,186	62,053
		22,184,812	22,820,594
NET ASSETS		1,364,114	1,309,472
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		-	-
Unappropriated profit		307,842	230,200
		1,307,842	1,230,200
Surplus on revaluation of assets		56,272	79,272
		1,364,114	1,309,472
Remuneration to Shariah Advisor / Board		1,230	5,144

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in '000'	
CHARITY FUND			
Opening balance		533	1,871
Additions during the period		13	533
Payments / utilization during the period		-	(1,871)
Closing balance		546	533
A. Islamic financing and related assets			
Islamic mode of financing	A.1	9,301,810	8,936,749
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		1,248,000	1,651,000
Murabaha		1,030,316	1,009,083
Diminishing musharaka		5,110,673	4,618,083
Istisna		949,200	1,141,510
Ijarah		963,621	517,073
		9,301,810	8,936,749

Islamic Banking Business - Profit and Loss Account

For the Three Months Ended March 31, 2017 (Un-audited)

	March 31, 2017	March 31, 2016
	Rupees in '000'	
Profit / Return earned on financing, investment and placements	381,773	214,987
Return on deposits and other dues expensed	129,735	65,894
Net spread earned	252,038	149,093
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	252,038	149,093
Other income		
Fee, commission and brokerage income	7,617	4,647
Dividend income	-	-
Income from dealing in foreign currencies	29	2,744
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	8,884	8,046
Total other income	16,530	15,437
	268,568	164,530
Other expenses		
Administrative expenses	190,926	146,725
Other provisions/write offs/reversals	-	-
Other charges	-	-
Total other expenses	190,926	146,725
	77,642	17,805
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	77,642	17,805

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