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CORPORATE INFORMATION

Board Of Directors

Dr. Pervez Tahir	Chairman
Mr. Naeemuddin Khan	President/CEO
Mr. Mohammad Jehanzeb Khan	Director
Mr. Shoukat Ali	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

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

Half Yearly Financial Statements - June 30, 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 half year ended June 30, 2016.

During FY16, Pakistan's economy posted noteworthy improvements as average annual CPI inflation declined to a 47 year low of 2.9% and real GDP growth touched an 8-year high of 4.7%. Concomitantly, foreign exchange reserves recorded steady increase, revenue collection exceeded expectations, private sector credit posted significant growth and government borrowing remained lower. On account of above improvements, SBP cut its policy rate by a cumulative 75bps in FY16. Further, despite a decline in exports growth, foreign exchange market remained broadly stable due to lower oil prices, healthy workers' remittances and adequate official capital inflows.

Financial Highlights:

Rs. In Million

Profit before taxation	4,245
Taxation	1,478
Profit after taxation	2,767
Earnings per share (Rupees)	1.78

During 1st half of year 2016, the Net Interest Margin improved to Rs. 5,949 million as against Rs. 5,427 million for corresponding period last year. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 3,231 million and 3,701 million, respectively. Accordingly, the Bank was able to post a pre-tax profit of Rs. 4,245 million and the Earnings per Share remained at Rs. 1.78 per share.

As on June 30, 2016, the Deposits stood at Rs. 430.0 billion as against Rs. 375.0 billion as of December 31, 2015 thereby registering a rise of 15%, while Total Assets increased to Rs. 489.6 billion as against Rs. 472.3 billion as on December 31, 2015. Investments and Gross Advances stood at Rs. 167.5 billion and Rs. 278.6 billion, respectively. During the period, the Bank has utilized Statutory Reserve of Rs. 2.0 billion towards accumulated losses. The Tier-1 Equity improved to Rs. 22.2 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 a "Positive Outlook".

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.

While acknowledging the support and trust of our valued clients and shareholders, I assure that the management will continue all out efforts to maintain and accelerate the growth trends.

I also wish to express my deep gratitude to the Government of the Punjab and the State Bank of Pakistan for their continuous support and guidance. I would also like to acknowledge the valuable contribution of Bank's employees enabling the Bank to post noteworthy performance.

For and on behalf of the Board

Naeemuddin Khan
President/CEO

ششماہی مالیاتی حسابات ۳۰ جون ۲۰۱۶ء:

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ جون ۲۰۱۶ء کو اختتام پذیر ہونے والی ششماہی کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

مالی سال 2016ء کے دوران ملکی معیشت میں خاطر خواہ بہتری دیکھی گئی ہے۔ اسی دوران افراط زر کی شرح گزشتہ 47 سال کی کم ترین سطح 2.9 فیصد پر رہی اور GDP میں 4.7 فیصد کی شرح سے اضافہ ہوا جو کہ پچھلے 8 سال کی بلند ترین سطح ہے اسی طرح غیر ملکی زرمبادلہ کے ذخائر میں بتدریج اضافہ ہوا۔ محصولات کی وصولی توقع سے زیادہ رہی، نجی شعبہ کے قرضہ جات میں قابل ذکر اضافہ ہوا اور حکومتی قرضہ جات میں کمی آئی۔ معاشی حالات میں بہتری کی وجہ سے اسٹیٹ بینک آف پاکستان نے مالی سال 2016ء کے دوران شرح سود میں 75 bps کی کمی کی۔ علاوہ ازیں برآمدات میں کمی کے باوجود خام تیل کی گرتی ہوئی قیمتوں، بیرونی ترسیلات اور سرمایہ کاری میں اضافے کی وجہ سے غیر ملکی کرنسی کی مارکیٹ مستحکم رہی۔

مالیاتی نتائج کی جھلکیاں :

روپیہ ملین میں	قبل از ٹیکس منافع
4,245	ٹیکس
1,478	بعد از ٹیکس منافع
2,767	فی حصص منافع (روپیہ)
1.78	

سال ۲۰۱۶ء کی پہلی ششماہی میں بینک کا نیٹ انٹرسٹ مارجن 5,949 ملین روپے کی سطح پر پہنچ گیا جو کہ پچھلے سال اسی مدت کے دوران 5,427 ملین روپے پر تھا۔ جبکہ نان مارک اپ انٹرسٹ انکم اور نان مارک اپ/انٹرسٹ اخراجات بالترتیب 3,231 ملین روپے اور 3,701 ملین روپے رہے۔

لہذا بینک نے 4,245 ملین روپے کا قبل از ٹیکس منافع کمایا اور بینک کی فی حصص آمدنی 1.78 روپیہ رہی۔ ۳۰ جون ۲۰۱۶ء کو بینک کے کل ڈپازٹ 430.0 ارب روپے کی سطح پر پہنچ گئے جو کہ 31 دسمبر 2015ء کو 375.0 ارب روپے کی سطح پر تھے۔ اسی طرح بینک کے اثاثہ جات 489.6 ارب روپے کی سطح پر پہنچ گئے جو کہ 31 دسمبر 2015ء کو 472.3 ارب روپے کی سطح پر تھے۔ بینک کی سرمایہ کاری اور قرضہ جات بالترتیب 167.5 ارب اور 278.6 ارب روپے کی سطح پر رہے۔ اس مدت کے دوران بینک نے مجموعی خسارے کو کم کرنے کے لیے 2.0 ارب روپے کے لازمی ذخائر استعمال کیے ہیں۔ بینک کی ٹیرون اکیویتی 22.2 ارب روپے کی سطح پر پہنچ گئی جو کہ ۳۱ دسمبر ۲۰۱۵ء کو 19.4 ارب روپے کی سطح پر تھی۔ پاکستان کریڈیٹ 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 کردی 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۔ 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

نعیم الدین خان

صدر ایف ایگزیکٹو آفیسر

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Bank of Punjab (the Bank) as at June 30, 2016, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity together with the explanatory notes forming part thereof (here-in-after referred to as "the interim financial information") for the six months then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2016 and June 30, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2016.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to Note 1.2 to the interim financial information in which the matters related to equity injection by the Government of Punjab (GoPb), regulatory compliance and relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances based on the undertaking by GoPb in respect of the capital injection and enduring support of GoPb have been discussed, and also to note 9.1 wherein basis for recognizing deferred tax asset have been explained. The preparation of projections involve certain key assumptions by the management and any significant change therein may have an effect on the realisability of deferred tax asset. Our conclusion is not qualified in respect of these matters.

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Dated: August 29, 2016

Karachi



UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended
June 30, 2016 (Un-Audited)

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2016

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		32,833,931	26,190,481
Balances with other banks		6,021,689	4,512,033
Lendings to financial institutions	5	4,550,738	6,113,262
Investments - net	6	167,492,152	176,043,046
Advances - net	7	246,526,217	219,398,631
Operating fixed assets	8	6,579,177	6,484,312
Deferred tax assets - net	9	6,359,264	7,905,981
Other assets - net		19,188,574	25,635,908
		489,551,742	472,283,654
LIABILITIES			
Bills payable		3,858,222	1,887,432
Borrowings	10	11,538,482	55,236,429
Deposits and other accounts	11	429,982,641	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		15,915,549	15,520,357
		463,294,894	449,605,314
NET ASSETS			
		26,256,848	22,678,340
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		329,001	2,329,001
Accumulated losses		(426,040)	(5,220,276)
		22,190,935	19,396,699
Surplus on revaluation of assets - net of tax	13	4,065,913	3,281,641
		26,256,848	22,678,340
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 Six Months Ended June 30, 2016 (Un-audited)

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Rupees in '000'				
Mark-up / return / interest earned	7,535,977	14,602,563	8,047,151	16,216,934
Mark-up / return / interest expensed	4,238,578	8,653,527	5,123,355	10,789,673
Net mark-up / return / interest income	3,297,399	5,949,036	2,923,796	5,427,261
Provision against non-performing loans and advances - net	739,592	1,136,322	1,339,833	1,946,818
Provision / (Reversal of provision) for diminution in the value of investments - net	488	97,987	(19,186)	(13,410)
	740,080	1,234,309	1,320,647	1,933,408
Net mark-up / return / interest income after provisions	2,557,319	4,714,727	1,603,149	3,493,853
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	347,270	527,459	353,914	519,885
Dividend income	9,806	30,454	12,465	28,238
Income from dealing in foreign currencies	22,527	41,300	20,956	63,419
Gain on sale and redemption of securities - net	783,064	1,745,326	1,736,654	2,720,661
Unrealized gain / (loss) on revaluation of investments classified as held for trading	1,182	(618)	7,232	(14,898)
Other income	395,626	886,769	295,546	980,565
Total non-markup / interest income	1,559,475	3,230,690	2,426,767	4,297,870
	4,116,794	7,945,417	4,029,916	7,791,723
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	2,149,298	4,094,101	1,803,545	3,518,090
Provision against other assets	30,385	30,635	340	8,671
(Reversal of provision) / provision against off balance sheet obligations	(95,352)	(453,394)	-	32,274
Other charges	29,513	29,531	19,343	19,652
Total non-markup / interest expenses	2,113,844	3,700,873	1,823,228	3,578,687
	2,002,950	4,244,544	2,206,688	4,213,036
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	2,002,950	4,244,544	2,206,688	4,213,036
Taxation - Current	280,542	367,920	104,739	205,148
- Prior years	-	-	-	-
- Deferred	413,177	1,109,707	647,118	1,244,322
	693,719	1,477,627	751,857	1,449,470
PROFIT AFTER TAXATION	1,309,231	2,766,917	1,454,831	2,763,566
Earnings per share - basic and diluted (Rupees) - Note 15	0.84	1.78	0.94	1.78

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 Six Months Ended June 30, 2016 (Un-audited)

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
	Rupees in '000'			
Profit after taxation for the period	1,309,231	2,766,917	1,454,831	2,763,566
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	1,309,231	2,766,917	1,454,831	2,763,566
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	85,363	811,591	(1,293,817)	(122,673)
Total comprehensive income for the period	1,394,594	3,578,508	161,014	2,640,893

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 Six Months Ended June 30, 2016 (Un-audited)

	Six Months Ended	
	June 30, 2016	June 30, 2015
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,244,544	4,213,036
Less: Dividend income	(30,454)	(28,238)
	4,214,090	4,184,798
Adjustments for:		
Depreciation on property and equipment	331,872	254,156
Depreciation on non banking assets acquired in satisfaction of claims	55,241	-
Depreciation on ijarah assets under IFAS - 2	35,812	27,054
Amortization on intangible assets	11,981	3,610
Amortization of premium on debt securities	383,790	135,270
Unrealized loss on revaluation of investments classified as held for trading	618	14,898
Provision against non-performing loans and advances - net	1,136,322	1,946,818
Provision / (Reversal of Provision) for diminution in the value of investments - net	97,987	(13,410)
Provision for employees compensated absences	4,669	7,125
Provision for gratuity	38,684	44,843
(Reversal of Provision) / Provision against off balance sheet obligations	(453,394)	32,274
Provision against other assets	30,635	8,671
Net profit on sale of property and equipment	(17,337)	(8,693)
Net profit on sale of non-banking assets acquired in satisfaction of claims	-	(12,574)
Gain on sale and redemption of securities - net	(1,745,326)	(2,720,661)
Finance charges on leased assets	-	16
	(88,446)	(280,603)
	4,125,644	3,904,195
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	1,562,524	26,675,781
Net investments in held for trading securities	(88,490)	(6,484,894)
Advances - net	(28,299,720)	(26,890,280)
Other assets - net	6,216,278	(3,723,185)
	(20,609,408)	(10,422,578)
Increase / (Decrease) in operating liabilities:		
Bills payable	1,970,790	1,561,851
Borrowings	(43,780,948)	(29,752,516)
Deposits and other accounts	55,021,545	43,805,987
Other liabilities	805,233	2,250,451
	14,016,620	17,865,773
	(2,467,144)	11,347,390
	-	(16)
Financial charges paid	(281,947)	(214,544)
Income tax paid	(281,947)	(214,544)
Net cash (used in) / flow from operating activities	(2,749,091)	11,132,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	11,150,917	(6,509,528)
Dividends received	43,731	27,743
Investments in operating fixed assets	(395,483)	(1,050,980)
Sale proceeds of property and equipment disposed-off	20,031	10,495
Sale proceeds of non-banking assets disposed-off	-	121,540
Net cash flow from / (used in) investing activities	10,819,196	(7,400,730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	-	(1,128)
Net cash used in financing activities	-	(1,128)
Net increase in cash and cash equivalents	8,070,105	3,730,972
Cash and cash equivalents at beginning of the period	30,627,855	26,368,200
Cash and cash equivalents at end of the period	38,697,960	30,099,172
Cash and cash equivalents:		
Cash and balances with treasury banks	32,833,931	25,383,882
Balances with other banks	6,021,689	5,117,469
Overdrawn nostro accounts	(157,660)	(402,179)
	38,697,960	30,099,172

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 Six Months Ended June 30, 2016 (Un-audited)

	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Capital Reserves Restructuring reserve	Revenue Reserve Accumulated losses	Total
				Rupees	in '000'			
				1,341,455	37,882	701,906	(9,113,154)	15,256,063
Balance as at January 1, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(9,113,154)	15,256,063
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	2,763,566	2,763,566
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	28,879	28,879
Balance as at June 30, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(6,320,709)	18,048,508
Total comprehensive income for the six months ended December 31, 2015	-	-	-	-	-	-	2,014,105	2,014,105
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	28,859	28,859
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)	-
Balance as at December 31, 2015	15,551,132	(263,158)	7,000,000	2,291,119	37,882	-	(5,220,276)	19,396,699
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	-	2,766,917	2,766,917
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	27,319	27,319
Transfer to accumulated losses	-	-	-	(2,000,000)	-	-	2,000,000	-
Balance as at June 30, 2016	15,551,132	(263,158)	7,000,000	291,119	37,882	-	(426,040)	22,190,935

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 Six Months Ended June 30, 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 June 30, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 22,190,935 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 19,010,911 thousand (December 31, 2015: Rs. 20,391,075 thousand) requiring additional provision of Rs. 18,087,938 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%. The requirement of recording further provisioning of 7% by June 30, 2016, in staggered manner has been duly complied with by the Bank. 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, issued Regulations for Debt Property Swap. These regulations require the Bank to charge depreciation and measure non banking assets on revaluation basis. Accordingly, depreciation expense of Rs. 55,241 thousand has been recognized in this unconsolidated condensed interim financial information. Furthermore, the management is in process of revaluing these assets based on reliable market estimates.

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) June 30, 2016	(Audited) December 31, 2015
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	5.1	2,945,738	4,513,262
Certificates of investment		200,000	1,000,000
Placements		1,405,000	600,000
		<u>4,550,738</u>	<u>6,113,262</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) June 30, 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	2,725,738	-	2,725,738	2,263,262	-	2,263,262
Pakistan investment bonds	220,000	-	220,000	2,250,000	-	2,250,000
	2,945,738	-	2,945,738	4,513,262	-	4,513,262

Market value of securities held as collateral as at June 30, 2016 amounted to Rs. 2,970,873 thousand (December 31, 2015: Rs. 4,745,547 thousand). These carry mark-up at rate ranging from 6.25% to 6.50% per annum (December 31, 2015: 6.40% to 7.50% per annum).

6. INVESTMENTS - NET

	(Un-audited) June 30, 2016			(Audited) December 31, 2015		
	Rupees in '000'			Rupees in '000'		
Note	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
Held for trading securities:						
Ordinary shares of listed companies	24,333	-	24,333	98,411	-	98,411
Pakistan investment bonds	109,675	-	109,675	-	-	-
	134,008	-	134,008	98,411	-	98,411
Available for sale securities:						
Market treasury bills	84,036,238	-	84,036,238	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	54,965,146	-	54,965,146	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	1,539,971	-	1,539,971	1,510,314	-	1,510,314
Preference shares of listed companies	340,451	-	340,451	415,451	-	415,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijarah sukuk bonds	299,406	-	299,406	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	5,666,296	-	5,666,296	5,503,881	-	5,503,881
Listed term finance certificates	662,981	-	662,981	664,623	-	664,623
Unlisted term finance certificates	4,365,846	-	4,365,846	3,455,200	-	3,455,200
	151,901,335	-	151,901,335	120,041,242	41,716,199	161,757,441
Held to maturity securities:						
Pakistan investment bonds	15,245,322	-	15,245,322	15,191,724	-	15,191,724
WAPDA bonds	400	-	400	400	-	400
	15,245,722	-	15,245,722	15,192,124	-	15,192,124
Subsidiary:						
Punjab modaraba services (private) limited	164,945	-	164,945	164,945	-	164,945
Total investments at cost	167,446,010	-	167,446,010	135,496,722	41,716,199	177,212,921
Provision for diminution in the value of investment - net	(3,089,428)	-	(3,089,428)	(3,048,940)	-	(3,048,940)
Investments net of provisions	164,356,582	-	164,356,582	132,447,782	41,716,199	174,163,981
Surplus on revaluation of available for sale securities	3,136,188	-	3,136,188	1,887,587	-	1,887,587
Deficit on revaluation of held for trading securities	(618)	-	(618)	(8,522)	-	(8,522)
Total investments at market value	167,492,152	-	167,492,152	134,326,847	41,716,199	176,043,046

6.1 Market value of held to maturity investments is Rs. 15,306,337 thousand (December 31, 2015: Rs. 15,647,265 thousand).

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		224,630,410	200,787,493
Net investment in finance lease - In Pakistan		42,080,388	41,290,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		452,465	230,780
Islamic financing and related assets		6,656,742	4,316,782
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		3,426,051	2,186,757
-Payable outside Pakistan		1,349,903	1,529,217
		4,775,954	3,715,974
Advances - gross		278,595,959	250,341,712
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(31,659,396)	(30,596,588)
-General	7.3	(410,346)	(346,493)
		(32,069,742)	(30,943,081)
Advances - net of provision		246,526,217	219,398,631

7.1 Provision against certain net advances amounting to Rs. 19,010,911 thousand (December 31, 2015: Rs. 20,391,075 thousand) requiring additional provisioning of Rs. 18,087,938 thousand (December 31, 2015: Rs. 19,450,421 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. Further, during the period, in order to meet the staggering requirement of 7% an additional provision net off recoveries amounting to Rs. 860,816 thousand (June 30, 2015: Rs. 1,122,755 thousand) has been recognized.

7.2 Advances include Rs. 56,581,220 thousand (December 31, 2015: Rs. 57,069,295 thousand) which have been placed under non-performing status as on June 30, 2016 as detailed below:

Category of classification	June 30, 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	98,944	-	98,944	2,932	2,932
Substandard	4,509,880	-	4,509,880	883,131	883,131
Doubtful	3,831,759	-	3,831,759	2,007,365	2,007,365
Loss	48,140,637	-	48,140,637	28,765,968	28,765,968
	56,581,220	-	56,581,220	31,659,396	31,659,396

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 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. 73,443 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the six months ended would have been higher by Rs. 73,443 thousand (June 30, 2015: higher by Rs. 132,360 thousand) and Rs. 47,738 thousand (June 30, 2015: higher by Rs. 86,034 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 395,483 thousand (June 30, 2015: Rs. 1,050,980 thousand) and Rs. 43,279 thousand (June 30, 2015: Rs. 39,631 thousand), respectively.

	(Un-audited) June 30, 2016	(Audited) December 31, 2015
Rupees in '000'		
9. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(573,706)	(588,418)
Surplus on available for sale securities	(1,097,665)	(660,655)
Accelerated tax depreciation	(212,391)	(212,391)
Deductible temporary differences:		
Loan loss provision	8,243,026	8,597,319
Business loss	-	770,126
	<u>6,359,264</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) June 30, 2016	(Audited) December 31, 2015
Rupees in '000'		
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	9,243,216	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	1,444	4,331
-Long term financing facility (LTFF)	2,136,162	1,358,063
Repurchase agreement borrowings	-	41,709,003
	<u>11,380,822</u>	<u>53,860,238</u>
Unsecured		
Foreign placement	-	1,301,532
Overdrawn nostro accounts	157,660	74,659
	<u>11,538,482</u>	<u>55,236,429</u>

11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	123,122,314	126,553,494
Savings deposits	181,624,397	147,719,737
Current accounts - non - remunerative	113,286,568	88,424,644
Sundry deposits, margin accounts, etc.	6,898,052	8,268,024
	<u>424,931,331</u>	<u>370,965,899</u>
Financial Institutions		
Remunerative deposits	3,525,911	2,668,511
Non-remunerative deposits	1,525,399	1,326,686
	<u>5,051,310</u>	<u>3,995,197</u>
	<u>429,982,641</u>	<u>374,961,096</u>
11.1 Particulars of deposits		
In local currency	422,065,014	368,143,873
In foreign currencies	7,917,627	6,817,223
	<u>429,982,641</u>	<u>374,961,096</u>

12. SHARE CAPITAL

(Un-audited) June 30, 2016 (No. of shares)	(Audited) December 31, 2015		(Un-audited) June 30, 2016 Rupees in '000'	(Audited) December 31, 2015
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12.1 Authorized capital

5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000
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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) June 30, 2016 (No. of shares)	(Audited) December 31, 2015		(Un-audited) June 30, 2016 Rupees in '000'	(Audited) December 31, 2015
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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 June 30, 2016 (December 31, 2015: 57.47 %).

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of operating fixed assets	2,027,390	2,054,709
Surplus on revaluation of available for sale securities	2,038,523	1,226,932
	4,065,913	3,281,641

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) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,566,869	1,656,157
	<u>1,566,869</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) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
	Note	
Government	433,637	410,060
Financial institutions	7,314,445	6,028
Others	22,640,157	19,075,322
	<u>30,388,239</u>	<u>19,491,410</u>

14.3 Trade related contingent liabilities

Government	6,506,776	3,784,344
Financial institutions	-	-
Others	16,566,544	12,423,750
	<u>23,073,320</u>	<u>16,208,094</u>

14.4 Other contingencies

Claims against the Bank not acknowledged as debts	14.4.1	<u>33,641,929</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. 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 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) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
14.7 Commitments in respect of forward exchange contracts		
Purchase	9,155,698	12,160,726
Sale	6,536,131	9,624,791
	<u>15,691,829</u>	<u>21,785,517</u>
14.8 Commitments for the acquisition of operating fixed assets	<u>112,324</u>	<u>111,537</u>

15. EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Un-audited) -----			
	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Profit after taxation (Rupees in thousand)	<u>1,309,231</u>	<u>2,766,917</u>	<u>1,454,831</u>	<u>2,763,566</u>
Weighted average number of ordinary shares (thousand)	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>
Earnings per share - basic and diluted (Rupees)	<u>0.84</u>	<u>1.78</u>	<u>0.94</u>	<u>1.78</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'					
Six Months Ended						
June 30, 2016 (Un-audited)						
Total income	7,963,723	2,301,643	7,285,941	238,369	43,577	17,833,253
Total expenses	1,086,518	1,825,828	10,676,363	-	-	13,588,709
Inter segment transfer revenue / (cost)	(4,501,796)	676,393	3,825,403	-	-	-
Income taxes	-	-	-	-	-	1,477,627
Net income / (loss)	2,375,409	1,152,208	434,981	238,369	43,577	2,766,917
Segment assets (gross)	208,511,900	51,039,476	254,016,718	-	-	513,568,094
Segment non performing advances / investments	3,136,729	1,959,886	54,621,334	-	-	59,717,949
Segment specific provision required	3,089,428	1,647,459	30,011,937	-	-	34,748,824
Segment liabilities	4,095,380	72,977,144	386,222,370	-	-	463,294,894
Segment return on net assets (ROA) (%)	9.75%	10.49%	9.29%			
Segment cost of funds (%)	6.19%	6.45%	6.03%			

Six Months Ended June 30, 2015 (Un-audited)

Total income	11,201,047	1,738,833	7,293,435	238,289	43,200	20,514,804
Total expenses	1,316,470	2,047,052	12,938,246	-	-	16,301,768
Inter segment transfer revenue / (cost)	(5,838,618)	886,105	4,952,513	-	-	-
Income taxes	-	-	-	-	-	1,449,470
Net income / (loss)	4,045,959	577,886	(692,298)	238,289	43,200	2,763,566
Segment assets (gross)	208,317,374	31,072,333	220,178,919	-	-	459,568,626
Segment non performing advances / investments	3,040,391	2,124,690	55,412,942	-	-	60,578,023
Segment specific provision required	2,980,435	1,698,753	26,845,559	-	-	31,524,747
Segment liabilities	6,991,097	61,133,832	351,176,237	-	-	419,301,166
Segment return on net assets (ROA) (%)	13.06%	14.35%	12.86%			
Segment cost of funds (%)	8.05%	7.63%	7.78%			

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.

	June 30, 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'			
Advances								
Opening balance	117,456	855,445	-	-	121,056	760,121	-	61,874
Loans granted during the period	24,947	384,494	-	-	69,064	744,280	-	-
Repayments received during the period	(20,581)	(237,291)	-	-	(72,664)	(648,956)	-	(61,874)
Closing balance	121,822	1,002,648	-	-	117,456	855,445	-	-
Deposits								
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	142,297	411,265	252,556	162,683	299,492	762,852	7,536,662	552,485
Withdrawals during the period	(143,566)	(443,494)	(162,920)	(145,294)	(296,125)	(730,608)	(7,294,760)	(586,753)
Closing balance	17,275	20,422	2,407,578	29,666	18,544	52,651	2,317,942	12,277
Placements	-	100,000	-	-	-	100,000	-	-

	June 30, 2016 (Un-audited)				June 30, 2015 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	3,849	33,091	-	-	4,830	29,683	-	-
Mark-up/interest expensed	242	-	68,861	183	267	-	83,552	1,258
Contribution to employees funds	-	-	41,875	-	-	-	38,865	-

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 and loans against GoPb guarantees amounted to Rs. 43,637,664 thousand (December 31, 2015: Rs. 35,710,375 thousand), Rs. 204,704,562 thousand (December 31, 2015: Rs. 170,215,660 thousand), Rs. 7,949,116 thousand (December 31, 2015: Rs. 4,051,764 thousand) and Rs. 3,718,330 thousand (December 31, 2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 63,931 thousand (June 30, 2015: Rs. 80,931 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 August 29, 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

Annexure - I

As at June 30, 2016

The Bank is operating 48 Islamic banking branches and 02 sub Islamic banking branches at close of June 30, 2016 (December 31, 2015: 48 branches).

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		1,670,432	1,201,923
Balance with other banks		1,440,480	1,217,344
Due from financial institutions		1,305,000	500,000
Investments		5,965,921	5,629,443
Islamic financing and related assets	A	7,109,207	4,547,562
Operating fixed assets		275,744	214,912
Deferred tax assets		-	-
Other assets		278,617	436,476
TOTAL ASSETS		18,045,401	13,747,660
LIABILITIES			
Bills payable		312,591	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		6,511,451	4,709,967
- Saving accounts		8,800,808	6,477,449
- Term deposits		656,770	957,062
- Others		215,373	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		718,213	433,058
Other liabilities		139,757	348,040
		17,354,963	13,137,473
NET ASSETS		690,438	610,187
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		151,659	109,629
		651,659	609,629
Surplus on revaluation of assets		38,779	558
		690,438	610,187
Remuneration to Shariah Advisor / Board		2,460	2,807
CHARITY FUND			
Opening balance		1,871	-
Additions during the period		286	3,318
Payments / utilization during the period		-	(1,447)
Closing balance		2,157	1,871
A. Islamic financing and related assets			
Islamic mode of financing	A.1	7,109,207	4,547,562
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		2,040,000	-
Murabaha		682,562	1,161,148
Diminishing musharaka		3,359,180	2,709,553
Istisna		575,000	283,000
Ijarah		452,465	393,861
		7,109,207	4,547,562

Islamic Banking Business - Profit and Loss Account

For the Period Ended June 30, 2016 (Un-audited)

Annexure - I

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Profit / Return earned on financing, investment and placements	225,902	440,889	179,657	333,591
Return on deposits and other dues expensed	60,408	126,302	46,850	101,730
Net spread earned	165,494	314,587	132,807	231,861
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	165,494	314,587	132,807	231,861
Other income				
Fee, commission and brokerage income	4,448	9,095	4,846	6,630
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(2,722)	22	63	7
Gain on sale and redemption of securities	-	-	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	6,141	14,187	26,413	30,731
Total other income	7,867	23,304	31,322	37,368
	173,361	337,891	164,129	269,229
Other expenses				
Administrative expenses	149,117	295,842	127,851	222,226
Other provisions/write offs/reversals	-	-	-	-
Other charges	19	19	-	11
Total other expenses	149,136	295,861	127,851	222,237
	24,225	42,030	36,278	46,992
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	24,225	42,030	36,278	46,992



CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended

June 30, 2016 (Un-Audited)

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

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2016

		(Un-audited) June 30, 2016	(Audited) December 31, 2015
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		32,833,931	26,190,481
Balances with other banks		6,021,689	4,512,033
Lendings to financial institutions	5	4,550,738	6,113,262
Investments - net	6	167,531,789	176,079,793
Advances - net	7	246,479,495	219,356,020
Operating fixed assets	8	6,579,177	6,484,312
Deferred tax assets - net	9	6,359,264	7,905,981
Other assets - net		19,195,122	25,641,447
		489,551,205	472,283,329
LIABILITIES			
Bills payable		3,858,222	1,887,432
Borrowings	10	11,538,482	55,236,429
Deposits and other accounts	11	429,982,641	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		15,915,593	15,520,719
		463,294,938	449,605,566
NET ASSETS		26,256,267	22,677,763
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		329,001	2,329,001
Accumulated losses		(426,621)	(5,220,853)
		22,190,354	19,396,122
Surplus on revaluation of assets - net of tax	13	4,065,913	3,281,641
		26,256,267	22,677,763
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 Six Months Ended June 30, 2016 (Un-audited)

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Rupees in '000'				
Mark-up / return / interest earned	7,535,239	14,601,118	8,046,255	16,215,207
Mark-up / return / interest expensed	4,238,578	8,653,527	5,123,355	10,789,673
Net mark-up / return / interest income	3,296,661	5,947,591	2,922,900	5,425,534
Provision against non-performing loans and advances - net	739,592	1,136,322	1,339,833	1,946,818
Provision / (Reversal of provision) for diminution in the value of investments - net	48	95,096	9,902	12,614
	739,640	1,231,418	1,349,735	1,959,432
Net mark-up / return / interest income after provisions	2,557,021	4,716,173	1,573,165	3,466,102
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	347,270	527,459	353,914	519,885
Dividend income	9,806	30,454	12,465	28,238
Income from dealing in foreign currencies	22,527	41,300	20,956	63,419
Gain on sale and redemption of securities - net	783,064	1,745,326	1,736,654	2,720,661
Unrealized gain / (loss) on revaluation of investments classified as held for trading	1,182	(618)	7,232	(14,898)
Other income	396,526	887,669	295,546	980,565
Total non-markup / interest income	1,560,375	3,231,590	2,426,767	4,297,870
	4,117,396	7,947,763	3,999,932	7,763,972
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	2,150,807	4,096,442	1,805,023	3,520,284
Provision against other assets	30,385	30,635	340	8,671
(Reversal of provision) / provision against off balance sheet obligations	(95,352)	(453,394)	-	32,274
Other charges	29,513	29,531	19,343	19,652
Total non-markup / interest expenses	2,115,353	3,703,214	1,824,706	3,580,881
	2,002,043	4,244,549	2,175,226	4,183,091
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	2,002,043	4,244,549	2,175,226	4,183,091
Taxation - Current	280,551	367,929	104,739	205,148
- Prior years	-	-	-	-
- Deferred	413,177	1,109,707	647,118	1,244,322
	693,728	1,477,636	751,857	1,449,470
PROFIT AFTER TAXATION	1,308,315	2,766,913	1,423,369	2,733,621
Earnings per share - basic and diluted (Rupees) - Note 15	0.84	1.78	0.92	1.76

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 Six Months Ended June 30, 2016 (Un-audited)

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
	Rupees in '000'			
Profit after taxation for the period	1,308,315	2,766,913	1,423,369	2,733,621
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	1,308,315	2,766,913	1,423,369	2,733,621
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	85,363	811,591	(1,293,817)	(122,673)
Total comprehensive income for the period	1,393,678	3,578,504	129,552	2,610,948

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 Six Months Ended June 30, 2016 (Un-audited)

	Six Months Ended	
	June 30, 2016	June 30, 2015
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,244,549	4,183,091
Less: Dividend income	(30,454)	(28,238)
	4,214,095	4,154,853
Adjustments for:		
Depreciation on property and equipment	331,872	254,156
Depreciation on non banking assets acquired in satisfaction of claims	55,241	-
Depreciation on ijarah assets under IFAS - 2	35,812	27,054
Amortization on intangible assets	11,981	3,610
Amortization of premium on debt securities	383,790	135,270
Unrealized loss on revaluation of investments classified as held for trading	618	14,898
Provision against non-performing loans and advances - net	1,136,322	1,946,818
Provision / (Reversal of Provision) for diminution in the value of investments - net	95,096	12,614
Provision for employees compensated absences	4,669	7,125
Provision for gratuity	38,684	44,843
(Reversal of Provision) / Provision against off balance sheet obligations	(453,394)	32,274
Provision against other assets	30,635	8,671
Net profit on sale of property and equipment	(17,337)	(8,693)
Net profit on sale of non-banking assets acquired in satisfaction of claims	-	(12,574)
Gain on sale and redemption of securities - net	(1,745,326)	(2,720,661)
Finance charges on leased assets	-	16
	(91,337)	(254,579)
	4,122,758	3,900,274
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	1,562,524	26,675,781
Net investments in held for trading securities	(88,490)	(6,484,894)
Advances - net	(28,295,609)	(26,881,064)
Other assets - net	6,215,269	(3,728,431)
	(20,606,306)	(10,418,608)
Increase / (Decrease) in operating liabilities:		
Bills payable	1,970,790	1,561,851
Borrowings	(43,780,948)	(29,752,516)
Deposits and other accounts	55,021,655	43,806,031
Other liabilities	804,915	2,250,359
	14,016,412	17,865,725
	(2,467,136)	11,347,391
Financial charges paid	-	(16)
Income tax paid	(281,956)	(214,544)
	(2,749,092)	11,132,831
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	11,150,918	(6,509,529)
Dividends received	43,731	27,743
Investments in operating fixed assets	(395,483)	(1,050,980)
Sale proceeds of property and equipment disposed-off	20,031	10,495
Sale proceeds of non-banking assets disposed-off	-	121,540
Net cash flow from / (used in) investing activities	10,819,197	(7,400,731)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	-	(1,128)
	-	(1,128)
Net increase in cash and cash equivalents	8,070,105	3,730,972
Cash and cash equivalents at beginning of the period	30,627,855	26,368,200
Cash and cash equivalents at end of the period	38,697,960	30,099,172
Cash and cash equivalents:		
Cash and balances with treasury banks	32,833,931	25,383,882
Balances with other banks	6,021,689	5,117,469
Overdrawn nostro accounts	(157,660)	(402,179)
	38,697,960	30,099,172

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 Six Months Ended June 30, 2016 (Un-audited)

	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Capital Reserves Restructuring reserve	Revenue Reserve Accumulated losses	Total
				Rupees in '000'				
Balance as at January 1, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(9,083,209)	15,286,008
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	-	2,733,621	2,733,621
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	28,879	28,879
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	-	-
Balance as at June 30, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(6,320,709)	18,048,508
Total comprehensive income for the six months ended December 31, 2015	-	-	-	-	-	-	2,013,528	2,013,528
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	28,859	28,859
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)	-
Balance as at December 31, 2015	15,551,132	(263,158)	7,000,000	2,291,119	37,882	-	(5,220,853)	19,396,122
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	-	2,766,913	2,766,913
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	27,319	27,319
Transfer to accumulated losses	-	-	-	(2,000,000)	-	-	2,000,000	-
Balance as at June 30, 2016	15,551,132	(263,158)	7,000,000	291,119	37,882	-	(426,621)	22,190,354

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 Six Months Ended June 30, 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 floating and managing modarabas.

- 1.2 As on June 30, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Group amounts to Rs. 22,190,354 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 18,964,189 thousand (December 31, 2015: Rs. 20,348,464 thousand) requiring additional provision of Rs. 18,041,216 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%. The requirement of recording further provisioning of 7% by June 30, 2016, in staggered manner has been duly complied with by the Bank. 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, issued Regulations for Debt Property Swap. These regulations require the Bank to charge depreciation and measure non banking assets on revaluation basis. Accordingly, depreciation expense of Rs. 55,241 thousand has been recognized in this consolidated condensed interim financial information. Furthermore, the management is in process of revaluing these assets based on reliable market estimates.

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) June 30, 2016	(Audited) December 31, 2015
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	5.1	2,945,738	4,513,262
Certificates of investment		200,000	1,000,000
Placements		1,405,000	600,000
		<u>4,550,738</u>	<u>6,113,262</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) June 30, 2016			(Audited) December 31, 2015		
	Rupees in '000'			Rupees in '000'		
	Held by group	Further given as collateral	Total	Held by group	Further given as collateral	Total
Market treasury bills	2,725,738	-	2,725,738	2,263,262	-	2,263,262
Pakistan investment bonds	220,000	-	220,000	2,250,000	-	2,250,000
	2,945,738	-	2,945,738	4,513,262	-	4,513,262

Market value of securities held as collateral as at June 30, 2016 amounted to Rs. 2,970,873 thousand (December 31, 2015: Rs. 4,745,547 thousand). These carry mark-up at rate ranging from 6.25% to 6.50% per annum (December 31, 2015: 6.40% to 7.50% per annum).

6. INVESTMENTS - NET

	(Un-audited) June 30, 2016			(Audited) December 31, 2015		
	Rupees in '000'			Rupees in '000'		
Note	Held by group	Given as collateral	Total	Held by group	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
Held for trading securities:						
Ordinary shares of listed companies	24,333	-	24,333	98,411	-	98,411
Pakistan investment bonds	109,675	-	109,675	-	-	-
	134,008	-	134,008	98,411	-	98,411
Available for sale securities:						
Market treasury bills	84,036,238	-	84,036,238	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	54,965,146	-	54,965,146	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	1,704,914	-	1,704,914	1,675,257	-	1,675,257
Preference shares of listed companies	340,451	-	340,451	415,451	-	415,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijarah sukuk bonds	299,406	-	299,406	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	5,666,296	-	5,666,296	5,503,881	-	5,503,881
Listed term finance certificates	662,981	-	662,981	664,623	-	664,623
Unlisted term finance certificates	4,365,846	-	4,365,846	3,455,200	-	3,455,200
	152,066,278	-	152,066,278	120,206,185	41,716,199	161,922,384
Held to maturity securities:						
Pakistan investment bonds	15,245,322	-	15,245,322	15,191,724	-	15,191,724
WAPDA bonds	400	-	400	400	-	400
	15,245,722	-	15,245,722	15,192,124	-	15,192,124
Total investments at cost	167,446,008	-	167,446,008	135,496,720	41,716,199	177,212,919
Provision for diminution in the value of investment - net	(3,049,789)	-	(3,049,789)	(3,012,191)	-	(3,012,191)
Investments net of provisions	164,396,219	-	164,396,219	132,484,529	41,716,199	174,200,728
Surplus on revaluation of available for sale securities	3,136,188	-	3,136,188	1,887,587	-	1,887,587
Deficit on revaluation of held for trading securities	(618)	-	(618)	(8,522)	-	(8,522)
Total investments at market value	167,531,789	-	167,531,789	134,363,594	41,716,199	176,079,793

6.1 Market value of held to maturity investments is Rs. 15,306,337 thousand (December 31, 2015: Rs. 15,647,265 thousand).

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		224,583,688	200,744,882
Net investment in finance lease - In Pakistan		42,080,388	41,290,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		452,465	230,780
Islamic financing and related assets		6,656,742	4,316,782
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		3,426,051	2,186,757
-Payable outside Pakistan		1,349,903	1,529,217
		4,775,954	3,715,974
Advances - gross		278,549,237	250,299,101
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(31,659,396)	(30,596,588)
-General	7.3	(410,346)	(346,493)
		(32,069,742)	(30,943,081)
Advances - net of provision		246,479,495	219,356,020

7.1 Provision against certain net advances amounting to Rs. 18,964,189 thousand (December 31, 2015: Rs. 20,348,464 thousand) requiring additional provisioning of Rs. 18,041,216 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. Further, during the period, in order to meet the staggering requirement of 7% an additional provision net off recoveries amounting to Rs. 860,816 thousand (June 30, 2015: Rs. 1,122,755 thousand) has been recognized.

7.2 Advances include Rs. 56,534,498 thousand (December 31, 2015: Rs. 57,026,684 thousand) which have been placed under non-performing status as on June 30, 2016 as detailed below:

Category of classification	June 30, 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	98,944	-	98,944	2,932	2,932
Substandard	4,509,880	-	4,509,880	883,131	883,131
Doubtful	3,831,759	-	3,831,759	2,007,365	2,007,365
Loss	48,093,915	-	48,093,915	28,765,968	28,765,968
	56,534,498	-	56,534,498	31,659,396	31,659,396
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 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. 73,443 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the six months ended would have been higher by Rs. 73,443 thousand (June 30, 2015: higher by Rs. 132,360 thousand) and Rs. 47,738 thousand (June 30, 2015: higher by Rs. 86,034 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 395,483 thousand (June 30, 2015: Rs. 1,050,980 thousand) and Rs. 43,279 thousand (June 30, 2015: Rs. 39,631 thousand), respectively.

	(Un-audited) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
9. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(573,706)	(588,418)
Surplus on available for sale securities	(1,097,665)	(660,655)
Accelerated tax depreciation	(212,391)	(212,391)
Deductible temporary differences:		
Loan loss provision	8,243,026	8,597,319
Business loss	-	770,126
	6,359,264	7,905,981

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) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	9,243,216	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	1,444	4,331
-Long term financing facility (LTFF)	2,136,162	1,358,063
Repurchase agreement borrowings	-	41,709,003
	11,380,822	53,860,238
Unsecured		
Foreign placement	-	1,301,532
Overdrawn nostro accounts	157,660	74,659
	11,538,482	55,236,429
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	123,122,314	126,553,494
Savings deposits	181,624,397	147,719,737
Current accounts - non - remunerative	113,286,568	88,424,534
Sundry deposits, margin accounts, etc.	6,898,052	8,268,024
	424,931,331	370,965,789
Financial Institutions		
Remunerative deposits	3,525,911	2,668,511
Non-remunerative deposits	1,525,399	1,326,686
	5,051,310	3,995,197
	429,982,641	374,960,986
11.1 Particulars of deposits		
In local currency	422,065,014	368,143,763
In foreign currencies	7,917,627	6,817,223
	429,982,641	374,960,986

12. SHARE CAPITAL

	(Un-audited) June 30, 2016 (No. of shares)	(Audited) December 31, 2015		(Un-audited) June 30, 2016 Rupees in '000'	(Audited) December 31, 2015
12.1	Authorized capital				
	5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000

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

12.2 Issued, subscribed and paid up capital

	(Un-audited) June 30, 2016 (No. of shares)	(Audited) December 31, 2015		(Un-audited) June 30, 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
	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 June 30, 2016 (December 31, 2015: 57.47 %).

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of operating fixed assets	2,027,390	2,054,709
Surplus on revaluation of available for sale securities	2,038,523	1,226,932
	4,065,913	3,281,641

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) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,566,869	1,656,157
	<u>1,566,869</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) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Note		
Government	433,637	410,060
Financial institutions	7,314,445	6,028
Others	22,640,157	19,075,322
	<u>30,388,239</u>	<u>19,491,410</u>

14.3 Trade related contingent liabilities

Government	6,506,776	3,784,344
Financial institutions	-	-
Others	16,566,544	12,423,750
	<u>23,073,320</u>	<u>16,208,094</u>

14.4 Other contingencies

Claims against the Bank not acknowledged as debts	14.4.1	<u>33,641,929</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 our 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 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 Punjab Modaraba Services (Private) Limited 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 DCIR and referred the case back for de-novo 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) June 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
14.7 Commitments in respect of forward exchange contracts		
Purchase	9,155,698	12,160,726
Sale	6,536,131	9,624,791
	<u>15,691,829</u>	<u>21,785,517</u>
14.8 Commitments for the acquisition of operating fixed assets	<u>112,324</u>	<u>111,537</u>

15. EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Un-audited) -----			
	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Profit after taxation (Rupees in thousand)	<u>1,308,315</u>	<u>2,766,913</u>	<u>1,423,369</u>	<u>2,733,621</u>
Weighted average number of ordinary shares (thousand)	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>
Earnings per share - basic and diluted (Rupees)	<u>0.84</u>	<u>1.78</u>	<u>0.92</u>	<u>1.76</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'					
Six Months Ended						
June 30, 2016 (Un-audited)						
Total income	7,963,723	2,301,643	7,285,396	238,369	43,577	17,832,708
Total expenses	1,083,627	1,825,828	10,678,704	-	-	13,588,159
Inter segment transfer revenue / (cost)	(4,501,796)	676,393	3,825,403	-	-	-
Income taxes	-	-	-	-	-	1,477,636
Net income / (loss)	2,378,300	1,152,208	432,095	238,369	43,577	2,766,913
Segment assets (gross)	208,511,900	51,039,476	253,969,994	-	-	513,521,370
Segment non performing advances / investments	3,097,090	1,959,886	54,574,612	-	-	59,631,588
Segment specific provision required	3,049,789	1,647,459	30,011,937	-	-	34,709,185
Segment liabilities	4,095,380	72,977,144	386,222,414	-	-	463,294,938
Segment return on net assets (ROA) (%)	9.75%	10.49%	9.28%			
Segment cost of funds (%)	6.19%	6.45%	6.03%			
Six Months Ended						
June 30, 2015 (Un-audited)						
Total income	11,201,047	1,738,833	7,291,708	238,289	43,200	20,513,077
Total expenses	1,342,494	2,047,052	12,940,440	-	-	16,329,986
Inter segment transfer revenue / (cost)	(5,838,618)	886,105	4,952,513	-	-	-
Income taxes	-	-	-	-	-	1,449,470
Net income / (loss)	4,019,935	577,886	(696,219)	238,289	43,200	2,733,621
Segment assets (gross)	208,317,374	31,072,333	220,130,523	-	-	459,520,230
Segment non performing advances / investments	2,948,780	2,124,690	55,412,942	-	-	60,486,412
Segment specific provision required	2,937,323	1,911,029	26,845,559	-	-	31,693,911
Segment liabilities	6,991,097	61,133,832	351,176,494	-	-	419,301,423
Segment return on net assets (ROA) (%)	13.06%	14.35%	12.86%			
Segment cost of funds (%)	8.05%	7.63%	7.78%			

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.

	June 30, 2016 (Un-audited)				December 31, 2015 (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	129,294	812,834	-	-	125,954	720,942	-	61,874
Loans granted during the period	24,947	380,275	-	-	76,553	731,307	-	-
Repayments received during the period	(20,817)	(237,184)	-	-	(73,213)	(639,415)	-	(61,874)
Closing balance	133,424	955,925	-	-	129,294	812,834	-	-
Deposits								
Opening balance	18,572	52,544	2,317,942	12,277	18,239	20,356	2,076,040	46,545
Placements made during the period	171,303	410,233	252,556	162,683	299,746	752,149	7,536,662	552,485
Withdrawals during the period	(170,958)	(442,355)	(162,920)	(145,294)	(299,413)	(719,963)	(7,294,760)	(586,753)
Closing balance	18,917	20,422	2,407,578	29,666	18,572	52,542	2,317,942	12,277
Placements								
	-	100,000	-	-	-	100,000	-	-
	June 30, 2016 (Un-audited)				June 30, 2015 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	4,091	31,645	-	-	4,830	27,956	-	-
Mark-up/interest expensed	250	-	68,861	183	291	-	83,552	1,258
Contribution to employees funds	-	-	41,875	-	-	-	38,865	-

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 and loans against GoPb guarantees amounted to Rs. 43,637,664 thousand (December 31, 2015: Rs. 35,710,375 thousand), Rs. 204,704,562 thousand (December 31, 2015: Rs. 170,215,660 thousand), Rs. 7,949,116 thousand (December 31, 2015: Rs. 4,051,764 thousand) and Rs. 3,718,330 thousand (December 31, 2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 63,931 thousand (June 30, 2015: Rs. 80,931 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

18. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issuance on August 29, 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

Annexure - I

As at June 30, 2016

The Bank is operating 48 Islamic banking branches and 02 sub Islamic banking branches at close of June 30, 2016 (December 31, 2015: 48 branches).

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		1,670,432	1,201,923
Balance with other banks		1,440,480	1,217,344
Due from financial institutions		1,305,000	500,000
Investments		5,965,921	5,629,443
Islamic financing and related assets	A	7,109,207	4,547,562
Operating fixed assets		275,744	214,912
Deferred tax assets		-	-
Other assets		278,617	436,476
TOTAL ASSETS		18,045,401	13,747,660
LIABILITIES			
Bills payable		312,591	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		6,511,451	4,709,967
- Saving accounts		8,800,808	6,477,449
- Term deposits		656,770	957,062
- Others		215,373	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		718,213	433,058
Other liabilities		139,757	348,040
		17,354,963	13,137,473
NET ASSETS		690,438	610,187
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		151,659	109,629
		651,659	609,629
Surplus on revaluation of assets		38,779	558
		690,438	610,187
Remuneration to Shariah Advisor / Board		2,460	2,807
CHARITY FUND			
Opening balance		1,871	-
Additions during the period		286	3,318
Payments / utilization during the period		-	(1,447)
Closing balance		2,157	1,871
A. Islamic financing and related assets			
Islamic mode of financing	A.1	7,109,207	4,547,562
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		2,040,000	-
Murabaha		682,562	1,161,148
Diminishing musharaka		3,359,180	2,709,553
Istisna		575,000	283,000
Ijarah		452,465	393,861
		7,109,207	4,547,562

Islamic Banking Business - Profit and Loss Account

For the Period Ended June 30, 2016 (Un-audited)

Annexure - I

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Profit / Return earned on financing, investment and placements	225,902	440,889	179,657	333,591
Return on deposits and other dues expensed	60,408	126,302	46,850	101,730
Net spread earned	165,494	314,587	132,807	231,861
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	165,494	314,587	132,807	231,861
Other income				
Fee, commission and brokerage income	4,448	9,095	4,846	6,630
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(2,722)	22	63	7
Gain on sale and redemption of securities	-	-	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	6,141	14,187	26,413	30,731
Total other income	7,867	23,304	31,322	37,368
	173,361	337,891	164,129	269,229
Other expenses				
Administrative expenses	149,117	295,842	127,851	222,226
Other provisions/write offs/reversals	-	-	-	-
Other charges	19	19	-	11
Total other expenses	149,136	295,861	127,851	222,237
	24,225	42,030	36,278	46,992
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	24,225	42,030	36,278	46,992