

# HALF YEARLY REPORT

(Un-audited)

JANUARY - JUNE 2017



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## Corporate Information

### Board of Directors

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

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### Central Audit Committee (CAC)

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

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### Board Risk Management Committee (BRMC)

Syed Maratib Ali	Chairman
Mr. Saeed Anwar	Member

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### 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

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### Auditors

EY Ford Rhodes, Chartered Accountants

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### Registered Office

BOP Tower, 10-B, Block-E-II,  
Main Boulevard, Gulberg-III, Lahore.  
Telephones: +92 - 042-35783700-10  
Fax No. +92 - 042 - 35783975  
UAN: 111-200-100

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### Website

[www.bop.com.pk](http://www.bop.com.pk)

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### Registrar

M/s. Corplink (Pvt) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.  
Telephones: +92 42 35916714, 35916719, 35839182  
Fax No. +92 042 35869037

## Directors' Review

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, 2017.

As per recently issued Monetary Policy Statement of SBP, money market liquidity was able to accommodate strong credit demand from the private sector. The SBP Policy Rate remained stable during 1st half of year 2017. In fact, increased economic activity, considerable increase in bank deposits, and low interest rates translated into private sector credit flows in FY17 reaching a decade high of Rs. 748 billion as compared with Rs. 446 billion in FY16. It is encouraging that fixed investments and working capital loans grew by Rs. 258.5 billion and Rs. 360.5 billion in FY17 compared with an expansion of Rs. 171.7 billion and Rs. 219.3 billion last year, respectively. Demand for consumer financing, especially for auto and personal loans, also gathered pace during FY17. These trends are set to continue in FY18 given the developments on the real side.

Financial Highlights:	Rs. in Million
Profit before taxation	3,801
Taxation	1,612
Profit after taxation	2,189
Earnings per share (Rupees)	1.41

During 1st half of year 2017, Bank's Net Interest Margin significantly improved to Rs. 7,160 million as against Rs. 5,949 million for corresponding period last year. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 3,008 million and Rs. 4,916 million, respectively. Accordingly, the Bank was able to post a pre-tax profit of Rs. 3,801 million and the Earnings per Share remained at Rs. 1.41.

As on June 30, 2017, the Deposits increased to Rs. 528.8 billion as against Rs. 453.2 billion as of December 31, 2016, while Total Assets increased to Rs. 627.5 billion as against Rs. 545.2 billion as on December 31, 2016. Investments and Gross Advances stood at Rs. 235.6 billion and Rs. 336.2 billion, respectively. The Tier-I Equity also improved to Rs. 27.1 billion as against Rs. 24.2 billion as on December 31, 2016.

In order to support the business growth and to strengthen capital structure of the Bank for complying with Basel-III Capital Requirements, the Board of Directors approved issue of 70% right shares in March 2017, which has been successfully closed in July 2017.

The Bank has been assigned long term entity rating of "AA" by M/s PACRA with short term rating being at the highest rank of "A1+". Further, the Bank now has a nationwide network of 453 online branches, including 3 sub-branches, and the Bank has planned to further expand its outreach during the year with a branch network of 528 Branches as on December 31, 2017.

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

I am thankful to our valued clients and shareholders for their continuous support and confidence and assure that the Bank would continue its efforts to accelerate the current growth trends. I wish to extend my gratitude to the Government of the Punjab and the State Bank of Pakistan for their constant support and guidance. I also appreciate the valuable contribution of the Bank's staff in strengthening the financial position of the Bank.

For and on behalf of the Board

**Dr. Pervez Tahir**  
Chairman

دی بینک آف پنجاب ششماہی مالیاتی حسابات 30 جون 2017ء :

یہ بات میرے لیے باعث مسرت ہے کہ میں دی بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2017ء کو اختتام پذیر ہونے والی ششماہی کے غیر آڈٹ شدہ حسابات پیش کر رہا ہوں۔

اسٹیٹ بینک آف پاکستان کی حالیہ زری پالیسی بیان کے مطابق بازار زرکی سیالیت نجی شعبے سے قرضے کی مضبوط طلب کو پورا کرنے کے لیے کافی تھی۔ سال 2017ء کی پہلی ششماہی کے دوران اسٹیٹ بینک آف پاکستان کے پالیسی ریٹ کو ساقیہ شرح پر برقرار رکھا گیا۔ درحقیقت مالی سرگرمیوں کے بڑھنے، بینک ڈیپازٹس میں خاصے اضافے اور کم شرح سود کے نتیجے میں نجی شعبے کو قرضوں کا بہاؤ مالی سال 17ء میں ایک دہائی کی بلند ترین سطح 1748 ارب روپے تک جا پہنچا جبکہ مالی سال 16ء میں یہ 446 ارب روپے تھا۔ یہ امر حوصلہ افزا ہے کہ مالی سال 17ء کے دوران معینہ سرمایہ کاری اور جاری سرمائے کے قرضوں میں بالترتیب 258.5 ارب روپے اور 360.5 ارب روپے اضافہ ہوا جبکہ گذشتہ سال ان میں بالترتیب 171.7 ارب روپے اور 219.3 ارب روپے اضافہ ہوا تھا۔ صارفی مالکاری کی طلب بھی خاص طور پر کار اور ذاتی قرضوں کے لیے مالی سال 17ء کے دوران بڑھ گئی۔ حقیقی شعبے میں ہونے والی پیش رفت کو دیکھتے ہوئے یہ رجحانات مالی سال 18ء میں بھی جاری رہنے کی توقع ہے۔

مالیاتی نتائج	روپیہ ملین میں
قبل از ٹیکس منافع	3,801
ٹیکس	1,612
بعد از ٹیکس منافع	2,189
فی حصص منافع (روپیہ)	1.41

سال 2017ء کی پہلی ششماہی کے دوران بینک کا نیٹ انٹرسٹ مارجن 7,160 ملین روپے کی سطح پر پہنچ گیا جو کہ پچھلے سال اسی مدت کے دوران 5,949 ملین روپے تھا۔ جبکہ نان مارک اپ/ انٹرسٹ اکم اور نان مارک اپ/ انٹرسٹ اخراجات بالترتیب 3,008 ملین روپے اور 4,916 ملین روپے رہے۔ لہذا بینک نے 3,801 ملین روپے کا قبل از ٹیکس منافع کمایا اور بینک کی فی حصص آمدنی 1.41 روپیہ رہی۔

30 جون 2017ء کو بینک کے ڈیپازٹس 528.8 ارب روپے کی طرح پہنچ گئے جو کہ 31 دسمبر 2016ء کو 453.2 ارب روپے کی سطح پر تھے۔ اسی طرح بینک کے اثاثہ جات 627.5 ارب روپے کی سطح پر پہنچ گئے جو کہ 31 دسمبر 2016ء کو 545.2 ارب روپے کی سطح پر تھے۔ بینک کی سرمایہ کاری اور قرضہ جات بالترتیب 235.6 ارب روپے اور 336.2 ارب روپے کی سطح پر رہے۔

بینک کی ٹیڈر ون اکیویٹی 27.1 ارب روپے کی سطح پر پہنچ گئی جو کہ 31 دسمبر 2016ء کو 24.2 ارب روپے کی سطح پر تھی۔ بینک کے کاروباری حجم میں اضافہ اور بیزل-III کے تحت کیپٹل کی ضروریات کے مطابق اکیویٹی میں مضبوطی کو مد نظر رکھتے ہوئے مارچ 2017ء میں بینک کے بورڈ آف ڈائریکٹرز نے 70 فیصد راجسٹریڈڈ شیئرز کے اجراء کی منظوری دی۔ جو کہ جولائی 2017ء میں کامیابی سے تکمیل کو پہنچ چکا ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی نے بینک کو طویل مدت ریٹنگ AA دی ہے جبکہ مختصر مدت کے لیے A1+ کی ریٹنگ بلند ترین سطح پر ہے۔ علاوہ ازیں بینک کی مجموعی شاخوں کی تعداد 453 ہو گئی ہے اور رواں سال بینک کی مزید شاخیں کھولی جائیں گی جس کے بعد 31 دسمبر 2017ء کو بینک کا برانچ نیٹ ورک 528 برانچوں تک پہنچ جائے گا۔

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

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 لیے اپنی کاوشیں جاری رکھے گی۔ میں حکومت پنجاب اور اسٹیٹ بینک آف پاکستان کے مسلسل تعاون اور معاونت کا تہ دل سے شکر گزار ہوں۔ میں بینک کے تمام ملازمین کی انتھک محنت کا معترف ہوں جس کی وجہ سے بینک نے قابل ذکر کارکردگی کا مظاہرہ کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر پرویز طاہر

چیئرمین



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Chartered Accountants  
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## Independent Auditors' Report to the Members on Review of 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 30 June 2017, 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 explanatory notes forming part thereof (here-in-after referred as "the unconsolidated condensed interim financial information") for the six months then ended. Management is responsible for the preparation and presentation of this unconsolidated condensed 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 unconsolidated condensed interim financial information based on our review.

### 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 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 unconsolidated condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of matter

We draw attention to Note 1.2 to the unconsolidated condensed interim financial information which fully explains the matter related to relaxation granted by the State Bank of Pakistan (SBP) from provisions against certain advances based on the undertaking by Government of the Punjab (GoPb) in respect of capital injection and enduring support of GoPb.

Our conclusion is not qualified in respect of the above matter.



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### Other Matters

The unconsolidated condensed interim financial information for the six months ended 30 June 2016 and the annual financial statements for the year ended 31 December 2016 of the Bank were reviewed and audited, respectively, by another firm of chartered accountants. The review report dated 29 August 2016 expressed an unmodified conclusion with an emphasis of matter paragraph in respect of relaxation granted by the SBP from provision against certain advances and recognition of deferred tax asset whilst the audit report dated 29 March 2017 expressed an unmodified opinion with an emphasis of matter paragraph in respect of relaxation granted by the SBP from provision against certain advances.

The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2017 and 30 June 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months ended 30 June 2017.

Chartered Accountants  
Engagement Partner: Farooq Hameed  
Dated: August 16, 2017  
Lahore



**Unconsolidated Condensed Interim  
Financial Information**  
for the period ended June 30, 2017

# Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2017

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		38,684,287	35,756,024
Balances with other banks		9,997,489	3,765,867
Lendings to financial institutions	6	7,412,000	11,562,133
Investments - net	7	235,606,789	199,741,990
Advances - net	8	302,857,705	262,067,924
Operating fixed assets	9	7,943,704	7,692,675
Deferred tax assets - net	10	6,835,178	6,480,256
Other assets - net		18,129,641	18,147,262
		627,466,793	545,214,131
<b>LIABILITIES</b>			
Bills payable		3,755,174	4,183,480
Borrowings from financial institutions	11	43,430,706	39,829,134
Deposits and other accounts	12	528,796,790	453,219,740
Sub-ordinated loans		4,500,000	4,500,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		17,007,472	15,627,279
		597,490,142	517,359,633
<b>NET ASSETS</b>		29,976,651	27,854,498
<b>REPRESENTED BY</b>			
Share capital	13	15,551,132	15,551,132
Share deposit money	14	7,526,285	7,000,000
Discount on issue of shares		(263,158)	(263,158)
Reserves		1,300,673	1,300,673
Unappropriated profit		2,944,973	658,938
		27,059,905	24,247,585
Surplus on revaluation of assets - net of tax	15	2,916,746	3,606,913
		29,976,651	27,854,498
Contingencies and commitments	16		

The annexed notes from 1 to 22 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

# Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For the Six Months Ended June 30, 2017

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017 Rupees in '000'	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
<b>Mark-up / return / interest earned</b>	8,360,263	16,002,175	7,535,977	14,602,563
<b>Mark-up / return / interest expensed</b>	4,477,699	8,841,938	4,238,578	8,653,527
Net mark-up / return / interest income	3,882,564	7,160,237	3,297,399	5,949,036
Provision against non-performing advances - net	1,895,285	1,452,443	739,592	1,136,322
Provision / (reversal of provision) for diminution in the value of investments - net	7,691	(1,535)	488	97,987
Bad debts written off directly	-	-	-	-
	1,902,976	1,450,908	740,080	1,234,309
Net mark-up / return / interest income after provisions	1,979,588	5,709,329	2,557,319	4,714,727
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	331,938	570,448	347,270	527,459
Dividend income	12,028	42,752	9,806	30,454
Income from dealing in foreign currencies	28,433	47,447	22,527	41,300
Gain on sale and redemption of securities - net	1,070,165	1,184,862	783,064	1,745,326
Unrealized gain / (loss) on revaluation of investments classified as held for trading	30	(939)	1,182	(618)
Other income	641,025	1,163,572	395,626	886,769
Total non-markup / interest income	2,083,619	3,008,142	1,559,475	3,230,690
	4,063,207	8,717,471	4,116,794	7,945,417
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	2,591,639	4,841,018	2,149,298	4,094,101
Provision against other assets	29,139	33,382	30,385	30,635
Reversal of provision against off balance sheet obligations	-	-	(95,352)	(453,394)
Other charges	41,968	42,003	29,513	29,531
Total non-markup / interest expenses	2,662,746	4,916,403	2,113,844	3,700,873
Extraordinary / unusual items	1,400,461	3,801,068	2,002,950	4,244,544
	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	1,400,461	3,801,068	2,002,950	4,244,544
Taxation - Current	745,768	1,376,657	280,542	367,920
- Prior years	264,576	264,576	-	-
- Deferred	(237,419)	(29,528)	413,177	1,109,707
	772,925	1,611,705	693,719	1,477,627
<b>PROFIT AFTER TAXATION</b>	627,536	2,189,363	1,309,231	2,766,917
<b>Earnings per share - basic and diluted (Rupees) - Note 17</b>	0.40	1.41	0.84	1.78

The annexed notes from 1 to 22 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the Six Months Ended June 30, 2017

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017 Rupees in '000'	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
<b>Profit after taxation for the period</b>	627,536	2,189,363	1,309,231	2,766,917
<b>Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement adjustments on employee benefits - net of tax	-	-	-	-
<b>Comprehensive income transferred to equity</b>	627,536	2,189,363	1,309,231	2,766,917
<b>Components of comprehensive income not reflected in equity:</b>				
<b>Items to be reclassified to profit and loss in subsequent periods:</b>				
Surplus on revaluation of investments - net of tax	(672,947)	(597,276)	85,363	811,591
<b>Total comprehensive income for the period</b>	(45,411)	1,592,087	1,394,594	3,578,508

The annexed notes from 1 to 22 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

**President**

**Director**

## Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For the Six Months Ended June 30, 2017

	Six Months Ended	
	June 30, 2017	June 30, 2016
	Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,801,068	4,244,544
Less: Dividend income	(42,752)	(30,454)
	3,758,316	4,214,090
Adjustments for:		
Depreciation on property and equipment	378,901	331,872
Depreciation on non banking assets acquired in satisfaction of claims	43,609	55,241
Depreciation on ijarah assets under IFAS - 2	126,426	35,812
Amortization on intangible assets	12,331	11,981
Amortization of premium on debt securities	417,548	383,790
Unrealized loss on revaluation of investments classified as held for trading	939	618
Provision against non-performing loans and advances - net (Reversal of provision) / provision for diminution in the value of investments - net	1,452,443	1,136,322
Provision for employees compensated absences	(1,535)	97,987
Provision for gratuity	13,434	4,669
Provision for gratuity	39,308	38,684
Provision against other assets	33,382	30,635
Reversal of provision against off balance sheet obligations	-	(453,394)
Net profit on sale of property and equipment	(7,560)	(17,337)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(10,605)	-
Gain on sale and redemption of securities - net	(1,184,862)	(1,745,326)
	1,313,759	(88,446)
	5,072,075	4,125,644
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	4,150,133	1,562,524
Net investments in held for trading securities	(7,025,107)	(88,490)
Advances - net	(42,368,650)	(28,299,720)
Other assets - net	(733,405)	6,216,278
	(45,977,029)	(20,609,408)
Increase / (Decrease) in operating liabilities:		
Bills payable	(428,306)	1,970,790
Borrowings from financial institutions	3,510,129	(43,780,948)
Deposits and other accounts	75,577,050	55,021,545
Other liabilities	1,327,451	805,233
	79,986,324	14,016,620
	39,081,370	(2,467,144)
Income tax paid	(1,158,427)	(281,947)
<b>Net cash flow from / (used in) operating activities</b>	<b>37,922,943</b>	<b>(2,749,091)</b>

**Six Months Ended**  
**June 30,**                      **June 30,**  
**2017**                              **2016**

**Rupees in '000'**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net investments in available for sale securities	(28,990,668)	11,150,917
Dividend received	44,587	43,731
Investments in operating fixed assets	(723,601)	(395,483)
Sale proceeds of property and equipment disposed-off	88,898	20,031
Sale proceeds of non-banking assets disposed-off	200,000	-
<b>Net cash (used in) / flow from investing activities</b>	<b>(29,380,786)</b>	<b>10,819,196</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Share deposit money received against right issue	526,285	-
<b>Net increase in cash and cash equivalents</b>	<b>9,068,442</b>	<b>8,070,105</b>
Cash and cash equivalents at beginning of the period	39,437,081	30,627,855
Cash and cash equivalents at end of the period	<b>48,505,523</b>	<b>38,697,960</b>

**Cash and cash equivalents:**

Cash and balances with treasury banks	38,684,287	32,833,931
Balances with other banks	9,997,489	6,021,689
Overdrawn nostro accounts	(176,253)	(157,660)
	<b>48,505,523</b>	<b>38,697,960</b>

The annexed notes from 1 to 22 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

**President**

**Director**

## Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the Six Months Ended June 30, 2017

	Capital Reserve					Revenue Reserve		Total
	Share capital	Share deposit money	Discount on issue of shares	Statutory reserve	Share premium	Unappropriated profit / (accumulated losses)	Unappropriated profit / (accumulated losses)	
	Rupees in '000'							
<b>Balance as at January 1, 2016</b>	15,551,132	7,000,000	(263,158)	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 unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	27,319	27,319
Transfer to unappropriated profit / (accumulated losses)	-	-	-	(2,000,000)	-	-	2,000,000	-
<b>Balance as at June 30, 2016</b>	15,551,132	7,000,000	(263,158)	291,119	37,882	-	(426,040)	22,190,935
Total comprehensive income for the six months ended December 31, 2016	-	-	-	-	-	-	2,026,617	2,026,617
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	27,320	27,320
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	2,513	2,513
Transfer to statutory reserve	-	-	-	971,672	-	-	(971,672)	-
<b>Balance as at December 31, 2016</b>	15,551,132	7,000,000	(263,158)	1,262,791	37,882	-	659,938	24,247,585
Total comprehensive income for the six months ended June 30, 2017	-	-	-	-	-	-	2,189,363	2,189,363
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	23,734	23,734
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal	-	-	-	-	-	-	68,246	68,246
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	1,194	1,194
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	1,478	1,478
Share deposit money received against right issue	-	526,285	-	-	-	-	-	526,285
<b>Balance as at June 30, 2017</b>	15,551,132	7,526,285	(263,158)	1,262,791	37,882	-	2,944,973	27,059,905

The annexed notes from 1 to 22 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

**President**

**Director**

# Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the Six Months Ended June 30, 2017

## 1. STATUS AND NATURE OF BUSINESS

**1.1** The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989 and was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. The Bank 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 operates 453 branches including 03 sub branches and 48 Islamic banking branches (2016: 453 branches including 03 sub branches and 48 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir as 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 at June 30, 2017, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 27,059,905 thousand. The Capital Adequacy Ratio (CAR) also remained above the required level. As at the close of the period, net advances aggregating to Rs. 15,533,227 thousand (December 31, 2016: Rs. 17,529,757 thousand) requiring additional provision of Rs. 14,413,562 thousand (December 31, 2016: Rs. 16,505,482 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP till December 31, 2017 vide letter No.OSED/Div-01/SEU-03/010(01)-2017/005967 dated March 09, 2017, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

The GoPb being the majority shareholder, has issued two LOCs on behalf of the Bank, undertaking to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 3,580,000 thousand (net of tax @ 35%) and Rs. 10,570,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2018 if the Bank fails to make provision of Rs. 21,770,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GoPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

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

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

On the basis of enduring support of GoPb and the arrangements as outlined above, 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 (repealed - note 2.1.1) 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 (repealed - note 2.1.1). 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 (repealed - note 2.1.1) 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 (repealed - note 2.1.1) take precedence.

- 2.1.1** The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 17 dated 20 July 2017 read with related press release, this unconsolidated condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 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.
- 2.3** 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.
- 2.4** 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.
- 2.5** The disclosures made in this unconsolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and this unconsolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2016. This unconsolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange and Section 245 of the Companies Ordinance, 1984.

### 3. BASIS OF MEASUREMENT

This unconsolidated condensed interim financial information has been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2016.

### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2016.

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
		Rupees in '000'	
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Sukuk Bai - Muajjal	6.1	767,000	-
Reverse repurchase agreement lendings	6.2	-	6,162,133
Placements		6,645,000	5,400,000
		7,412,000	11,562,133

6.1 This represent outright purchase of Government Ijarah Sukuks by SBP on deferred payment basis (Bai-Muajjal) at returns ranging from 5.65 % to 5.75% per annum (2016: Nil).

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

	(Un-audited) June 30, 2017			(Audited) December 31, 2016		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
<b>R u p e e s i n ' 0 0 0 '</b>						
Market treasury bills	-	-	-	3,302,133	-	3,302,133
Pakistan investment bonds	-	-	-	2,860,000	-	2,860,000
	-	-	-	6,162,133	-	6,162,133

Market value of securities held as collateral as at June 30, 2017 amounted to Rs. Nil (December 31, 2016: Rs. 6,225,139 thousand). These carry mark-up at the rate of Nil % (December 31, 2016: 5.90% to 6.25% per annum).

## 7. INVESTMENTS - NET

	Note	(Un-audited) June 30, 2017			(Audited) December 31, 2016		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
<b>R u p e e s i n ' 0 0 0 '</b>							
<b>Held for trading securities:</b>							
Ordinary shares of listed companies		24,480	-	24,480	-	-	-
Market treasury bills		30,302,299	-	30,302,299	23,298,833	-	23,298,833
		30,326,779	-	30,326,779	23,298,833	-	23,298,833
<b>Available for sale securities:</b>							
Market treasury bills		127,085,765	3,354,380	130,440,145	80,885,259	9,925,825	90,811,084
Pakistan investment bonds		42,107,858	20,093,046	62,200,904	59,242,027	15,979,961	75,221,988
Ordinary shares / certificates of listed companies and modarabas		1,732,428	-	1,732,428	1,305,364	-	1,305,364
Preference shares		401,739	-	401,739	401,739	-	401,739
Ordinary shares of unlisted company		25,000	-	25,000	25,000	-	25,000
Pre - IPO Investment in TFC		250,000	-	250,000	-	-	-
Government of Pakistan ijarah sukuk		5,043,600	-	5,043,600	2,885,472	-	2,885,472
Listed term finance certificates		1,440,697	-	1,440,697	1,193,277	-	1,193,277
Unlisted term finance certificates / sukuks / commercial paper		6,011,982	-	6,011,982	5,954,475	-	5,954,475
		184,099,069	23,447,426	207,546,495	151,892,613	25,905,786	177,798,399
<b>Held to maturity securities:</b>							
Pakistan investment bonds	7.1	253,043	-	253,043	253,867	-	253,867
WAPDA bonds		400	-	400	400	-	400
		253,443	-	253,443	254,267	-	254,267
<b>Subsidiary:</b>							
Punjab modaraba services (private) limited		164,945	-	164,945	164,945	-	164,945
<b>Total investments at cost</b>		214,844,236	23,447,426	238,291,662	175,610,658	25,905,786	201,516,444
Provision for diminution in the value of investments - net		(3,059,852)	-	(3,059,852)	(3,068,083)	-	(3,068,083)
<b>Investments net of provisions</b>		211,784,384	23,447,426	235,231,810	172,542,575	25,905,786	198,448,361
Surplus on revaluation of available for sale securities		311,464	64,454	375,918	1,264,948	29,857	1,294,805
Deficit on revaluation of held for trading securities		(939)	-	(939)	(1,176)	-	(1,176)
<b>Total investments at market value</b>		212,094,909	23,511,880	235,606,789	173,806,347	25,935,643	199,741,990

7.1 Market value of held to maturity investments is Rs. 261,653 thousand (December 31, 2016: Rs. 263,326 thousand).

	Note	(Un-audited) June 30, 2017 Rupees in '000'	(Audited) December 31, 2016
<b>8. ADVANCES - NET</b>			
Loans, cash credits, running finances, etc. - In Pakistan		277,345,382	237,926,509
Net investment in finance lease - In Pakistan		36,937,193	39,519,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		881,325	517,073
Islamic financing and related assets		9,965,853	8,419,676
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		9,846,350	6,043,018
-Payable outside Pakistan		1,187,070	1,495,896
		11,033,420	7,538,914
Advances - gross		336,163,173	293,921,855
Provision for non-performing advances :			
-Specific	8.1 & 8.2	(32,896,579)	(31,462,960)
-General	8.3	(408,889)	(390,971)
		(33,305,468)	(31,853,931)
Advances - net of provision		302,857,705	262,067,924

**8.1** Provision against certain net advances amounting to Rs. 15,533,227 thousand (December 31, 2016: Rs. 17,529,757 thousand) requiring additional provisioning of Rs. 14,413,562 thousand (December 31, 2016: Rs. 16,505,482 thousand) has not been considered necessary in this unconsolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2. Further, during the period, in order to meet the staggering requirement of 12.5%, an additional provision net off recoveries amounting to Rs. 1,139,683 thousand (2016: Rs. 1,143,817 thousand) has been recognized.

**8.2** Advances include Rs. 54,262,356 thousand (December 31, 2016: Rs. 54,953,553 thousand) which have been placed under non-performing status as on June 30, 2017 as detailed below:

Category of classification	June 30, 2017 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	137,384	-	137,384	8,500	8,500
Substandard	2,075,789	-	2,075,789	161,718	161,718
Doubtful	7,061,251	-	7,061,251	3,441,643	3,441,643
Loss	44,987,932	-	44,987,932	29,284,718	29,284,718
	54,262,356	-	54,262,356	32,896,579	32,896,579
	December 31, 2016 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	337,806	-	337,806	2,042	2,042
Substandard	1,585,906	-	1,585,906	80,564	80,564
Doubtful	7,450,320	-	7,450,320	3,609,147	3,609,147
Loss	45,579,521	-	45,579,521	27,771,207	27,771,207
	54,953,553	-	54,953,553	31,462,960	31,462,960

**8.3** General provision represents provision against consumer and SME financing portfolio as required by the prudential regulations issued by the SBP.

**8.4** The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. Nil (net of FSV benefit availed during the period) (June 30, 2016: Rs. 73,443 thousand), 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. Nil (June 30, 2016: Rs. 73,443 thousand) and Rs. Nil (June 30, 2016: higher by Rs. 47,738 thousand) respectively.

## 9. OPERATING FIXED ASSETS

During the period, additions to / disposals (at cost) from operating fixed assets amounted to Rs. 723,601 thousand (June 30, 2016: Rs. 395,483 thousand) and Rs. 111,058 thousand (June 30, 2016: Rs. 43,279 thousand), respectively.

Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000'	
<b>10. DEFERRED TAX ASSETS - NET</b>		
<b>Taxable temporary differences:</b>		
Surplus on revaluation of operating fixed assets	(538,931)	(556,582)
Surplus on revaluation of non banking assets	(25,069)	(25,712)
Surplus on available for sale securities	(131,571)	(453,182)
Accelerated tax depreciation	(218,055)	(225,104)
<b>Deductible temporary differences:</b>		
Loan loss provision	7,748,804	7,740,836
	6,835,178	6,480,256
<b>11. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
Borrowings from SBP:		
-Export refinance (ERF)	10,891,982	10,282,058
-Long term financing facility (LTFF)	4,464,747	3,163,460
-Finance facility for storage of agricultural produce (FFSAP)	10,500	12,834
Repurchase agreement borrowings	3,353,808	15,879,035
Call borrowings	11.1 19,833,756	9,911,835
	38,554,793	39,249,222
<b>Unsecured</b>		
Call borrowings	996,411	495,102
Foreign placement	3,703,249	-
Overdrawn nostro accounts	176,253	84,810
	43,430,706	39,829,134

**11.1** These represent secured interbank borrowings, carrying markup rates ranging from 5.75% to 5.80% per annum (December 31, 2016: 5.77% to 5.80 % per annum) maturing on various dates, latest by January 12, 2018.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000'	
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	132,687,667	129,533,881
Savings deposits	236,381,465	193,301,179
Current accounts - non-remunerative	139,926,064	117,973,360
Sundry deposits, margin accounts, etc.	14,524,418	6,399,769
	523,519,614	447,208,189
<b>Financial Institutions</b>		
Remunerative deposits	3,765,577	4,722,171
Non-remunerative deposits	1,511,599	1,289,380
	5,277,176	6,011,551
	528,796,790	453,219,740
<b>12.1 Particulars of deposits</b>		
In local currency	521,521,225	445,571,885
In foreign currencies	7,275,565	7,647,855
	528,796,790	453,219,740

### 13. SHARE CAPITAL

#### 13.1 Authorized capital

	(Un-audited) June 30, 2017	(Audited) December 31, 2016		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(No. of shares)			Rupees in '000'	
	5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000

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

#### 13.2 Issued, subscribed and paid up capital

	(Un-audited) June 30, 2017	(Audited) December 31, 2016		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(No. of shares)			Rupees in '000'	
	519,333,340	519,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	5,193,333
	526,315,789	526,315,789	Ordinary shares of Rs. 10/- each issued at discount	5,263,158	5,263,158
	509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
	1,555,113,165	1,555,113,165		15,551,132	15,551,132

- 13.3** GoPb held 57.47% shares in the Bank as at June 30, 2017 (December 31, 2016: 57.47%). Further, the Board of Directors in their meeting held on March 29, 2017 approved 1,088,579,215 (70%) right shares at a price of Rs. 12.00 per share including premium of Rs. 2.00 per share.

#### **14. SHARE DEPOSIT MONEY**

This represents Rs. 7,000,000 thousand (December 31, 2016: Rs. 7,000,000 thousand) deposited by Government of Punjab (GoPb) in 2011 as share deposit money. Further, upto June 30, 2017, the Bank has also received an amount of Rs. 526,285 thousand against issuance of right shares.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000'	
<b>15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus on revaluation of operating fixed assets	2,051,618	2,141,837
Surplus on non banking assets acquired in satisfaction of claims	620,781	623,453
Surplus on revaluation of available for sale securities	244,347	841,623
	<b>2,916,746</b>	<b>3,606,913</b>

#### **16. CONTINGENCIES AND COMMITMENTS**

##### **16.1 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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	133,897	-
Financial institutions	-	-
Others	1,833,138	2,209,896
	<b>1,967,035</b>	<b>2,209,896</b>

##### **16.2 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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	494,461	601,271
Financial institutions	4,340,011	8,564,597
Others	38,253,612	23,878,852
	<b>43,088,084</b>	<b>33,044,720</b>

	Note	(Un-audited) June 30, 2017 Rupees in '000'	(Audited) December 31, 2016
<b>16.3 Trade related contingent liabilities</b>			
These include letters of credit issued in favour of:			
Government		14,332,247	6,719,311
Financial institutions		-	-
Others		22,706,557	20,163,620
		37,038,804	26,882,931
<b>16.4 Other contingencies</b>			
Claims against the Bank not acknowledged as debts	16.4.1	30,185,974	29,750,928

**16.4.1** 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.

#### 16.5 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

#### 16.6 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, 2017 Rupees in '000'	(Audited) December 31, 2016
<b>16.7 Commitments in respect of forward exchange contracts</b>			
Purchase		13,407,410	9,594,731
Sale		7,816,080	6,997,174
		21,223,490	16,591,905
<b>16.8 Commitments for the acquisition of operating fixed assets</b>		128,619	27,095

## 17. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017 Rupees in '000'	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Profit after taxation (Rupees in thousand)	627,536	2,189,363	1,309,231	2,766,917
Weighted average number of ordinary shares (thousand)	1,555,113	1,555,113	1,555,113	1,555,113
Earnings per share - basic and diluted (Rupees)	0.40	1.41	0.84	1.78

## 18. 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, 2017 (Un-audited)						
Total income	7,796,948	2,285,715	8,550,315	303,907	73,432	19,010,317
Total expenses	681,490	1,887,011	12,640,748	-	-	15,209,249
Inter segment transfer (cost) / revenue	(3,279,409)	464,287	2,815,122	-	-	-
Income taxes	-	-	-	-	-	1,611,705
Net income / (loss)	3,836,049	862,991	(1,275,311)	303,907	73,432	2,189,363
Segment assets (gross)	287,614,772	51,715,399	316,491,351	-	-	655,821,522
Segment non performing advances / investments	3,107,239	2,237,382	52,024,974	-	-	57,369,595
Segment specific provision required	3,059,852	1,691,646	31,204,933	-	-	35,956,431
Segment liabilities	32,544,307	81,591,365	483,354,470	-	-	597,490,142
Segment return on net assets (ROA) (%)	7.75%	10.98%	8.52%			
Segment cost of funds (%)	5.91%	6.02%	5.73%			



- 19.1** Balances pertaining to parties that were related at the beginning of the period 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.
- 19.2** The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 54,509,884 thousand (December 31, 2016: Rs. 40,923,548 thousand), Rs. 276,788,625 thousand (December 31, 2016: Rs. 212,000,928 thousand) and Rs. 27,144,756 thousand (December 31, 2016: Rs. 11,373,982 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 61,986 thousand (June 30, 2016: Rs. 63,931 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

## **20. DATE OF AUTHORIZATION FOR ISSUE**

This unconsolidated condensed interim financial information was authorized for issuance on August 16, 2017 by the Board of Directors of the Bank.

## **21. EVENT AFTER BALANCE SHEET DATE**

Subsequent to June 30, 2017, the Bank has issued 1,088,579,215 right shares at Rs. 12.00 per share including premium of Rs. 2.00 per share.

## **22. GENERAL**

- 22.1** The corresponding figures have been reclassified or rearranged, wherever necessary, for the purpose of comparison. However, no significant reclassification or rearrangement has been made during the period.
- 22.2** Figures have been rounded off to the nearest thousand, unless otherwise stated.

**President**

**Director**

## Islamic Banking Business - Statement of Financial Position

### As at June 30, 2017

The Bank is operating 48 Islamic banking branches and 02 sub Islamic banking branches at close of June 30, 2017 (December 31, 2016: 48 branches and 02 sub Islamic banking branches).

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
Note	Rupees in '000'	
<b>ASSETS</b>		
Cash and balances with treasury banks	2,405,676	2,302,273
Balance with other banks	4,090,950	1,755,658
Due from financial institutions	7,012,000	5,100,000
Investments	7,683,996	5,512,287
Islamic financing and related assets	10,847,178	8,936,749
Operating fixed assets	250,700	272,007
Deferred tax assets	-	-
Other assets	1,783,871	251,092
	<b>34,074,371</b>	<b>24,130,066</b>
<b>LIABILITIES</b>		
Bills payable	177,886	227,700
Due to financial institutions	-	-
Deposit and other accounts		
- Current accounts	8,371,262	6,126,472
- Saving accounts	23,059,626	14,680,150
- Term deposits	687,699	813,678
- Others	204,016	225,814
- Deposits from financial institutions - remunerative	-	-
- Deposits from financial institutions - non - remunerative	-	-
Due to head office	-	684,727
Other liabilities	124,246	62,053
	<b>32,624,735</b>	<b>22,820,594</b>
<b>NET ASSETS</b>	<b>1,449,636</b>	<b>1,309,472</b>
<b>REPRESENTED BY</b>		
Islamic banking fund	1,000,000	1,000,000
Reserves	-	-
Unappropriated profit	356,782	230,200
	<b>1,356,782</b>	<b>1,230,200</b>
Surplus on revaluation of assets	92,854	79,272
	<b>1,449,636</b>	<b>1,309,472</b>
Remuneration to Shariah Advisor / Board	2,460	5,144

		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Note	Rupees in '000'	
<b>CHARITY FUND</b>			
Opening balance		533	1,871
Additions during the period		216	533
Payments / utilization during the period		-	(1,871)
Closing balance		749	533
<b>A. Islamic financing and related assets</b>			
Islamic mode of financing	A.1	10,847,178	8,936,749
<b>A.1 Islamic mode of financing</b>			
Financing / Investments / Receivables			
Running Musharakah		2,301,000	1,651,000
Murabaha		916,723	1,009,083
Diminishing musharaka		5,513,210	4,618,083
Istisna		1,234,920	1,141,510
Ijarah		881,325	517,073
		10,847,178	8,936,749

## Islamic Banking Business - Profit and Loss Account

For the Six Months Ended June 30, 2017 (Un-audited)

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
	(Rupees in thousand)			
<b>Profit / Return earned on financing, investment and placements</b>	444,746	826,519	225,902	440,889
<b>Return on deposits and other dues expensed</b>	143,253	272,988	60,408	126,302
<b>Net spread earned</b>	301,493	553,531	165,494	314,587
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	301,493	553,531	165,494	314,587
<b>Other income</b>				
Fee, commission and brokerage income	6,355	13,972	4,448	9,095
Dividend income	-	-	-	-
(Loss) / Income from dealing in foreign currencies	(4)	25	(2,722)	22
Gain on sale and redemption of securities	-	-	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-	-	-
Other income	7,496	16,380	6,141	14,187
Total other income	13,847	30,377	7,867	23,304
	315,340	583,908	173,361	337,891
<b>Other expenses</b>				
Administrative expenses	266,400	457,326	149,117	295,842
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	-	19	19
Total other expenses	266,400	457,326	149,136	295,861
	48,940	126,582	24,225	42,030
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	48,940	126,582	24,225	42,030





## **Consolidated Condensed Interim Financial Information**

for the period ended June 30, 2017  
(The Bank of Punjab & Modaraba Services (Pvt) Ltd.)

## Consolidated Condensed Interim Statement of Financial Position As at June 30, 2017

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		38,684,287	35,756,024
Balances with other banks		9,997,489	3,765,867
Lendings to financial institutions	6	7,412,000	11,562,133
Investments - net	7	235,647,106	199,784,353
Advances - net	8	302,810,291	262,025,131
Operating fixed assets	9	7,943,704	7,692,675
Deferred tax assets - net	10	6,835,178	6,480,256
Other assets - net		18,135,331	18,152,867
		627,465,386	545,219,306
<b>LIABILITIES</b>			
Bills payable		3,755,174	4,183,480
Borrowings from financial institutions	11	43,430,706	39,829,134
Deposits and other accounts	12	528,796,790	453,219,740
Sub-ordinated loans		4,500,000	4,500,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		17,007,574	15,627,465
		597,490,244	517,359,819
<b>NET ASSETS</b>		29,975,142	27,859,487
<b>REPRESENTED BY</b>			
Share capital	13	15,551,132	15,551,132
Share deposit money	14	7,526,285	7,000,000
Discount on issue of shares		(263,158)	(263,158)
Reserves		1,300,673	1,300,673
Unappropriated profit		2,943,464	663,927
		27,058,396	24,252,574
Surplus on revaluation of assets - net of tax	15	2,916,746	3,606,913
		29,975,142	27,859,487
Contingencies and commitments	16		

The annexed notes from 1 to 22 and Annexure - I form an integral part of this consolidated condensed interim financial information.

**President**

**Director**

## Consolidated Condensed Interim Profit and Loss Account (Un-audited) For the Six Months Ended June 30, 2017

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
	Rupees in '000'			
<b>Mark-up / return / interest earned</b>	8,359,575	16,000,785	7,535,239	14,601,118
<b>Mark-up / return / interest expensed</b>	4,477,699	8,841,938	4,238,578	8,653,527
Net mark-up / return / interest income	3,881,876	7,158,847	3,296,661	5,947,591
Provision against non-performing advances - net	1,895,285	1,452,443	739,592	1,136,322
Provision for diminution in the value of investments - net	12,673	511	48	95,096
Bad debts written off directly	-	-	-	-
	1,907,958	1,452,954	739,640	1,231,418
Net mark-up / return / interest income after provisions	1,973,918	5,705,893	2,557,021	4,716,173
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	331,938	570,448	347,270	527,459
Dividend income	12,028	42,752	9,806	30,454
Income from dealing in foreign currencies	28,433	47,447	22,527	41,300
Gain on sale and redemption of securities - net	1,070,165	1,184,862	783,064	1,745,326
Unrealized gain / (loss) on revaluation of investments classified as held for trading	30	(939)	1,182	(618)
Other income	641,025	1,163,572	396,526	887,669
Total non-markup / interest income	2,083,619	3,008,142	1,560,375	3,231,590
	4,057,537	8,714,035	4,117,396	7,947,763
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	2,593,766	4,844,080	2,150,807	4,096,442
Provision against other assets	29,139	33,382	30,385	30,635
Reversal of provision against off balance sheet obligations	-	-	(95,352)	(453,394)
Other charges	41,968	42,003	29,513	29,531
Total non-markup / interest expenses	2,664,873	4,919,465	2,115,353	3,703,214
	1,392,664	3,794,570	2,002,043	4,244,549
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	1,392,664	3,794,570	2,002,043	4,244,549
Taxation - Current	745,768	1,376,657	280,551	367,929
- Prior years	264,576	264,576	-	-
- Deferred	(237,419)	(29,528)	413,177	1,109,707
	772,925	1,611,705	693,728	1,477,636
<b>PROFIT AFTER TAXATION</b>	619,739	2,182,865	1,308,315	2,766,913
<b>Earnings per share - basic and diluted (Rupees) - Note 17</b>	0.40	1.40	0.84	1.78

The annexed notes from 1 to 22 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the Six Months Ended June 30, 2017

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017 Rupees in '000'	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
<b>Profit after taxation for the period</b>	619,739	2,182,865	1,308,315	2,766,913
<b>Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement adjustments on employee benefits - net of tax	-	-	-	-
<b>Comprehensive income transferred to equity</b>	619,739	2,182,865	1,308,315	2,766,913
<b>Components of comprehensive income not reflected in equity:</b>				
<b>Items to be reclassified to profit and loss in subsequent periods:</b>				
Surplus on revaluation of investments - net of tax	(672,947)	(597,276)	85,363	811,591
<b>Total comprehensive income for the period</b>	(53,208)	1,585,589	1,393,678	3,578,504

The annexed notes from 1 to 22 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

## Consolidated Condensed Interim Cash Flow Statement (Un-audited) For the Six Months Ended June 30, 2017

	Six Months Ended	
	June 30, 2017	June 30, 2016
	Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,794,570	4,244,549
Less: Dividend income	(42,752)	(30,454)
	3,751,818	4,214,095
Adjustments for:		
Depreciation on property and equipment	378,901	331,872
Depreciation on non banking assets acquired in satisfaction of claims	43,609	55,241
Depreciation on ijarah assets under IFAS - 2	126,426	35,812
Amortization on intangible assets	12,331	11,981
Amortization of premium on debt securities	417,548	383,790
Unrealized loss on revaluation of investments classified as held for trading	939	618
Provision against non-performing loans and advances - net	1,452,443	1,136,322
Provision for diminution in the value of investments - net	511	95,096
Provision for employees compensated absences	13,434	4,669
Provision for gratuity	39,308	38,684
Provision against other assets	33,382	30,635
Reversal of provision against off balance sheet obligations	-	(453,394)
Net profit on sale of property and equipment	(7,560)	(17,337)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(10,605)	-
Gain on sale and redemption of securities - net	(1,184,862)	(1,745,326)
	1,315,805	(91,337)
	5,067,623	4,122,758
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	4,150,133	1,562,524
Net investments in held for trading securities	(7,025,107)	(88,490)
Advances - net	(42,364,029)	(28,295,609)
Other assets - net	(733,490)	6,215,269
	(45,972,493)	(20,606,306)
Increase / (Decrease) in operating liabilities:		
Bills payable	(428,306)	1,970,790
Borrowings from financial institutions	3,510,129	(43,780,948)
Deposits and other accounts	75,577,050	55,021,655
Other liabilities	1,327,367	804,915
	79,986,240	14,016,412
	39,081,370	(2,467,136)
Income tax paid	(1,158,427)	(281,956)
<b>Net cash flow from / (used in) operating activities</b>	<b>37,922,943</b>	<b>(2,749,092)</b>

	<b>Six Months Ended</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>Rupees in '000'</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(28,990,668)	11,150,918
Dividend received	44,587	43,731
Investments in operating fixed assets	(723,601)	(395,483)
Sale proceeds of property and equipment disposed-off	88,898	20,031
Sale proceeds of non-banking assets disposed-off	200,000	-
<b>Net cash (used in) / flow from investing activities</b>	<b>(29,380,786)</b>	<b>10,819,197</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share deposit money received against right issue	526,285	-
<b>Net increase in cash and cash equivalents</b>	<b>9,068,442</b>	<b>8,070,105</b>
Cash and cash equivalents at beginning of the period	39,437,081	30,627,855
Cash and cash equivalents at end of the period	48,505,523	38,697,960
<b>Cash and cash equivalents:</b>		
Cash and balances with treasury banks	38,684,287	32,833,931
Balances with other banks	9,997,489	6,021,689
Overdrawn nostro accounts	(176,253)	(157,660)
	48,505,523	38,697,960

The annexed notes from 1 to 22 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

## Consolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the Six Months Ended June 30, 2017

	Capital Reserve					Revenue Reserve		Total
	Share capital	Share deposit money	Discount on issue of shares	Statutory reserve	Share premium	Unappropriated profit / (accumulated losses)	Unappropriated profit / (accumulated losses)	
	Rupees in '000'							
<b>Balance as at January 1, 2016</b>	15,551,132	7,000,000	(263,158)	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 unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	27,319	27,319
Transfer to unappropriated profit / (accumulated losses)	-	-	-	(2,000,000)	-	-	2,000,000	-
<b>Balance as at June 30, 2016</b>	15,551,132	7,000,000	(263,158)	291,119	37,882	-	(426,621)	22,190,354
Total comprehensive income for the six months ended December 31, 2016	-	-	-	-	-	-	2,032,387	2,032,387
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	27,320	27,320
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	2,513	2,513
Transfer to statutory reserve	-	-	-	971,672	-	-	(971,672)	-
<b>Balance as at December 31, 2016</b>	15,551,132	7,000,000	(263,158)	1,262,791	37,882	-	663,927	24,252,574
Total comprehensive income for the six months ended June 30, 2017	-	-	-	-	-	-	2,182,865	2,182,865
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	23,734	23,734
Transfer from surplus on revaluation of fixed assets to unappropriated profit on disposal	-	-	-	-	-	-	68,246	68,246
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	1,194	1,194
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	1,478	1,478
Share deposit money received against right issue	-	526,285	-	-	-	-	-	526,285
<b>Balance as at June 30, 2017</b>	15,551,132	7,526,285	(263,158)	1,262,791	37,882	-	2,943,464	27,058,396

The annexed notes from 1 to 22 and Annexure - I form an integral part of this consolidated condensed interim financial information.

**President**

**Director**

# Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the Six Months Ended June 30, 2017

## 1. STATUS AND NATURE OF BUSINESS

**1.1** The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) Limited. The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989 and was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. The Bank 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 operates 453 branches including 03 sub branches and 48 Islamic banking branches (2016: 453 branches including 03 sub branches and 48 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir as 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 at June 30, 2017, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Group amounts to Rs. 27,058,396 thousand. The Capital Adequacy Ratio (CAR) also remained above the required level. As at the close of the period, net advances aggregating to Rs. 15,483,938 thousand (December 31, 2016: Rs. 17,486,964 thousand) requiring additional provision of Rs. 14,364,273 thousand (December 31, 2016: Rs. 16,462,689 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP till December 31, 2017 vide letter No.OSED/Div-01/SEU-03/010(01)-2017/005967 dated March 09, 2017, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

The GoPb being the majority shareholder, has issued two LOCs on behalf of the Bank, undertaking to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 3,580,000 thousand (net of tax @ 35%) and Rs. 10,570,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2018 if the Bank fails to make provision of Rs. 21,770,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GoPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

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

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

On the basis of enduring support of GoPb and the arrangements as outlined above, 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 (repealed - note 2.1.1) 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 (repealed - note 2.1.1). 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 (repealed - note 2.1.1) 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 (repealed - note 2.1.1) take precedence.

- 2.1.1** The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 17 dated 20 July 2017 read with related press release, this consolidated condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 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.
- 2.3** 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.
- 2.4** The disclosures made in this consolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2016. This consolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange and Section 245 of the Companies Ordinance, 1984.

### 3. BASIS OF MEASUREMENT

This consolidated condensed interim financial information has been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of annual financial statements of the Group for the year ended December 31, 2016.

### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Group are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2016.

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
		Rupees in '000'	
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Sukuk Bai - Muajjal	6.1	767,000	-
Reverse repurchase agreement lendings	6.2	-	6,162,133
Placements		6,645,000	5,400,000
		7,412,000	11,562,133

6.1 This represent outright purchase of Government Ijarah Sukuks by SBP on deferred payment basis (Bai-Muajjal) at returns ranging from 5.65 % to 5.75% per annum (2016: Nil).

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

	(Un-audited) June 30, 2017			(Audited) December 31, 2016		
	Held by group	Further given as collateral	Total	Held by group	Further given as collateral	Total
<b>R u p e e s i n ' 0 0 0 '</b>						
Market treasury bills	-	-	-	3,302,133	-	3,302,133
Pakistan investment bonds	-	-	-	2,860,000	-	2,860,000
	-	-	-	6,162,133	-	6,162,133

Market value of securities held as collateral as at June 30, 2017 amounted to Rs. Nil (December 31, 2016: Rs. 6,225,139 thousand). These carry mark-up at the rate of Nil % (December 31, 2016: 5.90% to 6.25% per annum).

## 7. INVESTMENTS - NET

	(Un-audited) June 30, 2017			(Audited) December 31, 2016		
	Held by group	Given as collateral	Total	Held by group	Given as collateral	Total
<b>R u p e e s i n ' 0 0 0 '</b>						
<b>Held for trading securities:</b>	Note					
Ordinary shares of listed companies	24,480	-	24,480	-	-	-
Market treasury bills	30,302,299	-	30,302,299	23,298,833	-	23,298,833
	30,326,779	-	30,326,779	23,298,833	-	23,298,833
<b>Available for sale securities:</b>						
Market treasury bills	127,085,765	3,354,380	130,440,145	80,885,259	9,925,825	90,811,084
Pakistan investment bonds	42,107,858	20,093,046	62,200,904	59,242,027	15,979,961	75,221,988
Ordinary shares / certificates of listed companies and modarabas	1,897,371	-	1,897,371	1,470,307	-	1,470,307
Preference shares	401,739	-	401,739	401,739	-	401,739
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Pre - IPO Investment in TFC	250,000	-	250,000	-	-	-
Government of Pakistan ijarah sukuk	5,043,600	-	5,043,600	2,885,472	-	2,885,472
Listed term finance certificates	1,440,697	-	1,440,697	1,193,277	-	1,193,277
Unlisted term finance certificates / sukuks / commercial paper	6,011,982	-	6,011,982	5,954,475	-	5,954,475
	184,264,012	23,447,426	207,711,438	152,057,556	25,905,786	177,963,342
<b>Held to maturity securities:</b>						
Pakistan investment bonds	253,043	-	253,043	253,867	-	253,867
WAPDA bonds	400	-	400	400	-	400
	253,443	-	253,443	254,267	-	254,267
<b>Total investments at cost</b>	214,844,234	23,447,426	238,291,660	175,610,656	25,905,786	201,516,442
Provision for diminution in the value of investments - net	(3,019,533)	-	(3,019,533)	(3,025,718)	-	(3,025,718)
<b>Investments net of provisions</b>	211,824,701	23,447,426	235,272,127	172,584,938	25,905,786	198,490,724
Surplus on revaluation of available for sale securities	311,464	64,454	375,918	1,264,948	29,857	1,294,805
Deficit on revaluation of held for trading securities	(939)	-	(939)	(1,176)	-	(1,176)
<b>Total investments at market value</b>	212,135,226	23,511,880	235,647,106	173,848,710	25,935,643	199,784,353

7.1 Market value of held to maturity investments is Rs. 261,653 thousand (December 31, 2016: Rs. 263,326 thousand).

	Note	(Un-audited) June 30, 2017 Rupees in '000'	(Audited) December 31, 2016
<b>8. ADVANCES - NET</b>			
Loans, cash credits, running finances, etc. - In Pakistan		277,297,968	237,883,716
Net investment in finance lease - In Pakistan		36,937,193	39,519,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		881,325	517,073
Islamic financing and related assets		9,965,853	8,419,676
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		9,846,350	6,043,018
-Payable outside Pakistan		1,187,070	1,495,896
		11,033,420	7,538,914
Advances - gross		336,115,759	293,879,062
Provision for non-performing advances :			
-Specific	8.1 & 8.2	(32,896,579)	(31,462,960)
-General	8.3	(408,889)	(390,971)
		(33,305,468)	(31,853,931)
Advances - net of provision		302,810,291	262,025,131

**8.1** Provision against certain net advances amounting to Rs. 15,483,938 thousand (December 31, 2016: Rs. 17,486,964 thousand) requiring additional provisioning of Rs. 14,364,273 thousand (December 31, 2016: Rs. 16,462,689 thousand) has not been considered necessary in this consolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2. Further, during the period, in order to meet the staggering requirement of 12.5%, an additional provision net off recoveries amounting to Rs. 1,139,683 thousand (2016: Rs. 1,143,817 thousand) has been recognized.

**8.2** Advances include Rs. 54,213,067 thousand (December 31, 2016: Rs. 54,910,760 thousand) which have been placed under non-performing status as on June 30, 2017 as detailed below:

Category of classification	June 30, 2017 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	137,384	-	137,384	8,500	8,500
Substandard	2,075,789	-	2,075,789	161,718	161,718
Doubtful	7,061,251	-	7,061,251	3,441,643	3,441,643
Loss	44,938,643	-	44,938,643	29,284,718	29,284,718
	54,213,067	-	54,213,067	32,896,579	32,896,579
	December 31, 2016 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	Rupees in '000'				
Other assets especially mentioned	337,806	-	337,806	2,042	2,042
Substandard	1,585,906	-	1,585,906	80,564	80,564
Doubtful	7,450,320	-	7,450,320	3,609,147	3,609,147
Loss	45,536,728	-	45,536,728	27,771,207	27,771,207
	54,910,760	-	54,910,760	31,462,960	31,462,960

**8.3** General provision represents provision against consumer and SME financing portfolio as required by the prudential regulations issued by the SBP.

**8.4** The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. Nil (net of FSV benefit availed during the period) (June 30, 2016: Rs. 73,443 thousand), 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. Nil (June 30, 2016: Rs. 73,443 thousand) and Rs. Nil (June 30, 2016: higher by Rs. 47,738 thousand) respectively.

## 9. OPERATING FIXED ASSETS

During the period, additions to / disposals (at cost) from operating fixed assets amounted to Rs. 723,601 thousand (June 30, 2016: Rs. 395,483 thousand) and Rs. 111,058 thousand (June 30, 2016: Rs. 43,279 thousand), respectively.

	Note	(Un-audited) June 30, 2017 Rupees in '000'	(Audited) December 31, 2016
<b>10. DEFERRED TAX ASSETS - NET</b>			
<b>Taxable temporary differences:</b>			
Surplus on revaluation of operating fixed assets		(538,931)	(556,582)
Surplus on revaluation of non banking assets		(25,069)	(25,712)
Surplus on available for sale securities		(131,571)	(453,182)
Accelerated tax depreciation		(218,055)	(225,104)
<b>Deductible temporary differences:</b>			
Loan loss provision		7,748,804	7,740,836
		<b>6,835,178</b>	<b>6,480,256</b>
<b>11. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>			
<b>Secured</b>			
Borrowings from SBP:			
-Export refinance (ERF)		10,891,982	10,282,058
-Long term financing facility (LTFF)		4,464,747	3,163,460
-Finance facility for storage of agricultural produce (FFSAP)		10,500	12,834
Repurchase agreement borrowings		3,353,808	15,879,035
Call borrowings	11.1	19,833,756	9,911,835
		<b>38,554,793</b>	<b>39,249,222</b>
<b>Unsecured</b>			
Call borrowings		996,411	495,102
Foreign placement		3,703,249	-
Overdrawn nostro accounts		176,253	84,810
		<b>43,430,706</b>	<b>39,829,134</b>

- 11.1** These represent secured interbank borrowings, carrying markup rates ranging from 5.75% to 5.80% per annum (December 31, 2016: 5.77% to 5.80 % per annum) maturing on various dates, latest by January 12, 2018.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000'	
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	132,687,667	129,533,881
Savings deposits	236,381,465	193,301,179
Current accounts - non-remunerative	139,926,064	117,973,360
Sundry deposits, margin accounts, etc.	14,524,418	6,399,769
	523,519,614	447,208,189
<b>Financial Institutions</b>		
Remunerative deposits	3,765,577	4,722,171
Non-remunerative deposits	1,511,599	1,289,380
	5,277,176	6,011,551
	528,796,790	453,219,740
<b>12.1 Particulars of deposits</b>		
In local currency	521,521,225	445,571,885
In foreign currencies	7,275,565	7,647,855
	528,796,790	453,219,740

### 13. SHARE CAPITAL

#### 13.1 Authorized capital

	(Un-audited) June 30, 2017	(Audited) December 31, 2016		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(No. of shares)			Rupees in '000'	
	5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000

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

#### 13.2 Issued, subscribed and paid up capital

	(Un-audited) June 30, 2017	(Audited) December 31, 2016		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(No. of shares)			Rupees in '000'	
	519,333,340	519,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	5,193,333
	526,315,789	526,315,789	Ordinary shares of Rs. 10/- each issued at discount	5,263,158	5,263,158
	509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
	1,555,113,165	1,555,113,165		15,551,132	15,551,132

- 13.3** GoPb held 57.47% shares in the Bank as at June 30, 2017 (December 31, 2016: 57.47%). Further, the Board of Directors in their meeting held on March 29, 2017 approved 1,088,579,215 (70%) right shares at a price of Rs. 12.00 per share including premium of Rs. 2.00 per share.

#### **14. SHARE DEPOSIT MONEY**

This represents Rs. 7,000,000 thousand (December 31, 2016: Rs. 7,000,000 thousand) deposited by Government of Punjab (GoPb) in 2011 as share deposit money. Further, upto June 30, 2017, the Bank has also received an amount of Rs. 526,285 thousand against issuance of right shares.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000'	
<b>15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus on revaluation of operating fixed assets	2,051,618	2,141,837
Surplus on non banking assets acquired in satisfaction of claims	620,781	623,453
Surplus on revaluation of available for sale securities	244,347	841,623
	<b>2,916,746</b>	<b>3,606,913</b>

#### **16. CONTINGENCIES AND COMMITMENTS**

##### **16.1 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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	133,897	-
Financial institutions	-	-
Others	1,833,138	2,209,896
	<b>1,967,035</b>	<b>2,209,896</b>

##### **16.2 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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
Government	494,461	601,271
Financial institutions	4,340,011	8,564,597
Others	38,253,612	23,878,852
	<b>43,088,084</b>	<b>33,044,720</b>

	Note	(Un-audited) June 30, 2017 Rupees in '000'	(Audited) December 31, 2016
<b>16.3 Trade related contingent liabilities</b>			
These include letters of credit issued in favour of:			
Government		14,332,247	6,719,311
Financial institutions		-	-
Others		22,706,557	20,163,620
		37,038,804	26,882,931
<b>16.4 Other contingencies</b>			
Claims against the Bank not acknowledged as debts	16.4.1	30,185,974	29,750,928

**16.4.1** 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.

#### **16.5 Income tax related contingency**

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

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

The PMSL filed the income tax return for the tax year 2013 on January 30, 2014 which was selected for audit in terms of section 214C of the Ordinance. After the conclusion of the audit proceedings, the Inland Revenue Officer issued his order dated January 20, 2017 and has raised income tax demand amounting to Rs. 4.586 million. Being aggrieved, the Company has filed an appeal with CIR(Appeals), which is pending adjudication.

#### **16.6 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, 2017	(Audited) December 31, 2016
	Rupees in '000'	
<b>16.7 Commitments in respect of forward exchange contracts</b>		
Purchase	13,407,410	9,594,731
Sale	7,816,080	6,997,174
	21,223,490	16,591,905
<b>16.8 Commitments for the acquisition of operating fixed assets</b>	128,619	27,095

## 17. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
	(Rupees in thousand)			
Profit after taxation (Rupees in thousand)	619,739	2,182,865	1,308,315	2,766,913
Weighted average number of ordinary shares (thousand)	1,555,113	1,555,113	1,555,113	1,555,113
Earnings per share - basic and diluted (Rupees)	0.40	1.40	0.84	1.78

## 18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000'					
<b>Six Months Ended June 30, 2017 (Un-audited)</b>						
Total income	7,796,948	2,285,748	8,548,892	303,907	73,432	19,008,927
Total expenses	683,536	1,887,011	12,643,810	-	-	15,214,357
Inter segment transfer (cost) / revenue	(3,279,409)	464,287	2,815,122	-	-	-
Income taxes	-	-	-	-	-	1,611,705
Net income / (loss)	3,834,003	863,024	(1,279,796)	303,907	73,432	2,182,865
Segment assets (gross)	287,614,772	51,717,274	316,442,060	-	-	655,774,106
Segment non performing advances / investments	3,066,921	2,237,382	51,975,685	-	-	57,279,988
Segment specific provision required	3,019,533	1,691,646	31,204,933	-	-	35,916,112
Segment liabilities	32,544,307	81,591,365	483,354,572	-	-	597,490,244
Segment return on net assets (ROA) (%)	7.75%	10.98%	8.51%			
Segment cost of funds (%)	5.91%	6.02%	5.73%			

	Trading & Sales	Retail Banking	Commercial Banking Rupees in '000'	Payment & Settlement	Agency Services	Total
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 (cost) / revenue	(4,501,796)	676,393	3,825,403	-	-	-
Income taxes	-	-	-	-	-	1,477,636
<b>Net income / (loss)</b>	<b>2,378,300</b>	<b>1,152,208</b>	<b>432,095</b>	<b>238,369</b>	<b>43,577</b>	<b>2,766,913</b>
<b>Segment assets (gross)</b>	<b>208,511,900</b>	<b>51,039,476</b>	<b>253,969,994</b>	<b>-</b>	<b>-</b>	<b>513,521,370</b>
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%	9.29%			
Segment cost of funds (%)	6.19%	6.45%	6.03%			

## 19. 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, 2017 (Un-audited)				December 31, 2016 (Audited)			
	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
<b>Advances</b>								
Opening balance	121,393	1,035,922	-	-	129,294	812,834	-	-
Loans granted during the period	68,956	489,751	-	-	38,064	924,735	-	-
Repayments received during the period	(26,689)	(423,750)	-	-	(45,965)	(701,647)	-	-
<b>Closing balance</b>	<b>163,660</b>	<b>1,101,923</b>	<b>-</b>	<b>-</b>	<b>121,393</b>	<b>1,035,922</b>	<b>-</b>	<b>-</b>
<b>Deposits</b>								
Opening balance	28,732	56,238	2,459,349	51,488	18,572	52,542	2,317,942	262,770
Placements made during the period	242,633	713,672	369,382	810,406	305,765	1,155,514	455,520	1,324,912
Withdrawals during the period	(234,908)	(735,596)	(125,548)	(547,733)	(295,605)	(1,151,818)	(314,113)	(1,536,194)
<b>Closing balance</b>	<b>36,457</b>	<b>34,314</b>	<b>2,703,183</b>	<b>314,161</b>	<b>28,732</b>	<b>56,238</b>	<b>2,459,349</b>	<b>51,488</b>
<b>Placements</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
	June 30, 2017 (Un-audited)				June 30, 2016 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
<b>Transactions during the period:</b>								
Mark-up/return earned	3,223	38,705	-	-	4,091	31,645	-	-
Mark-up/interest expensed	254	-	70,814	1,423	250	-	68,861	183
Contribution to employees funds	-	-	65,054	-	-	-	41,875	-

- 19.1** Balances pertaining to parties that were related at the beginning of the period 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.
- 19.2** The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities amounted to Rs. 54,509,884 thousand (December 31, 2016: Rs. 40,923,548 thousand), Rs. 276,788,625 thousand (December 31, 2016: Rs. 212,000,928 thousand) and Rs. 27,144,756 thousand (December 31, 2016: Rs. 11,373,982 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 61,986 thousand (June 30, 2016: Rs. 63,931 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

**20. DATE OF AUTHORIZATION FOR ISSUE**

This consolidated condensed interim financial information was authorized for issuance on August 16, 2017 by the Board of Directors of the Bank.

**21. EVENT AFTER BALANCE SHEET DATE**

Subsequent to June 30, 2017, the Bank has issued 1,088,579,215 right shares at Rs. 12.00 per share including premium of Rs. 2.00 per share.

**22. GENERAL**

- 22.1** The corresponding figures have been reclassified or rearranged, wherever necessary, for the purpose of comparison. However, no significant reclassification or rearrangement has been made during the period.
- 22.2** Figures have been rounded off to the nearest thousand, unless otherwise stated.

**President**

**Director**

## Islamic Banking Business - Statement of Financial Position

### As at June 30, 2017

The Bank is operating 48 Islamic banking branches and 02 sub Islamic banking branches at close of June 30, 2017 (December 31, 2016: 48 branches and 02 sub Islamic banking branches).

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
Note	Rupees in '000'	
<b>ASSETS</b>		
Cash and balances with treasury banks	2,405,676	2,302,273
Balance with other banks	4,090,950	1,755,658
Due from financial institutions	7,012,000	5,100,000
Investments	7,683,996	5,512,287
Islamic financing and related assets	10,847,178	8,936,749
Operating fixed assets	250,700	272,007
Deferred tax assets	-	-
Other assets	1,783,871	251,092
	<b>34,074,371</b>	<b>24,130,066</b>
<b>LIABILITIES</b>		
Bills payable	177,886	227,700
Due to financial institutions	-	-
Deposit and other accounts		
- Current accounts	8,371,262	6,126,472
- Saving accounts	23,059,626	14,680,150
- Term deposits	687,699	813,678
- Others	204,016	225,814
- Deposits from financial institutions - remunerative	-	-
- Deposits from financial institutions - non - remunerative	-	-
Due to head office	-	684,727
Other liabilities	124,246	62,053
	<b>32,624,735</b>	<b>22,820,594</b>
<b>NET ASSETS</b>	<b>1,449,636</b>	<b>1,309,472</b>
<b>REPRESENTED BY</b>		
Islamic banking fund	1,000,000	1,000,000
Reserves	-	-
Unappropriated profit	356,782	230,200
	<b>1,356,782</b>	<b>1,230,200</b>
Surplus on revaluation of assets	92,854	79,272
	<b>1,449,636</b>	<b>1,309,472</b>
Remuneration to Shariah Advisor / Board	2,460	5,144

		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Note	Rupees in '000'	
<b>CHARITY FUND</b>			
Opening balance		533	1,871
Additions during the period		216	533
Payments / utilization during the period		-	(1,871)
Closing balance		749	533
<b>A. Islamic financing and related assets</b>			
Islamic mode of financing	A.1	10,847,178	8,936,749
<b>A.1 Islamic mode of financing</b>			
Financing / Investments / Receivables			
Running Musharakah		2,301,000	1,651,000
Murabaha		916,723	1,009,083
Diminishing musharaka		5,513,210	4,618,083
Istisna		1,234,920	1,141,510
Ijarah		881,325	517,073
		10,847,178	8,936,749

## Islamic Banking Business - Profit and Loss Account

For the Six Months Ended June 30, 2017 (Un-audited)

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
	(Rupees in thousand)			
<b>Profit / Return earned on financing, investment and placements</b>	444,746	826,519	225,902	440,889
<b>Return on deposits and other dues expensed</b>	143,253	272,988	60,408	126,302
<b>Net spread earned</b>	301,493	553,531	165,494	314,587
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	301,493	553,531	165,494	314,587
<b>Other income</b>				
Fee, commission and brokerage income	6,355	13,972	4,448	9,095
Dividend income	-	-	-	-
(Loss) / Income from dealing in foreign currencies	(4)	25	(2,722)	22
Gain on sale and redemption of securities	-	-	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-	-	-
Other income	7,496	16,380	6,141	14,187
Total other income	13,847	30,377	7,867	23,304
	315,340	583,908	173,361	337,891
<b>Other expenses</b>				
Administrative expenses	266,400	457,326	149,117	295,842
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	-	19	19
Total other expenses	266,400	457,326	149,136	295,861
	48,940	126,582	24,225	42,030
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	48,940	126,582	24,225	42,030









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