

Quarterly Report
(Un-audited)
January - September
2015



Passion Reborn



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CORPORATE INFORMATION

Board Of Directors

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

Central Audit Committee (CAC)

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

Board Risk Management Committee (BRMC)

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

Human Resource & Remuneration Committee (HR&RC)

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

Auditors

Deloitte Yousuf Adil, Chartered Accountants

Registered Office

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

Website

www.bop.com.pk

Registrar

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

DIRECTORS' REVIEW

Quarterly Financial Statements - September 30, 2015

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 nine months period ended September 30, 2015.

Owing to favorable supply shocks and effective demand management policies, while following its declining trend of the past several months, the 12-month moving average CPI inflation came down to 3.6% in August 2015 from 8.4% in August 2014. Accordingly, SBP kept on reducing discount rate during 2015 which fell down to 6.50% in September 2015. Implementation of infrastructure development and energy projects under China Pakistan Economic Corridor would further enhance the improving investment environment. Therefore, there is anticipation of higher economic activity in FY16 which is expected to boost credit uptake. Going forward, much needed boost to Pakistani exports may come through US economic recovery and through further gains in EU's GSP-Plus scheme. However, structural bottlenecks especially in the textile sector and subdued international commodity prices remain the major risk to exports outlook.

Financial Highlights:

Rs. In Million

Profit before taxation	5,638.5
Taxation	1,955.9
Profit after taxation	3,682.6
Earnings per share (Rupees)	2.37

During 1st nine months of year 2015, the Net Interest Margin improved to Rs. 8,146 million as against Rs. 4,655 million for corresponding period last year thereby registering a rise of 75%. Non Mark-up/ Interest Income also improved to Rs. 5,882 million with 203% rise over corresponding period last year. Accordingly, the Bank was able to post a pre-tax profit of Rs. 5,639 million as against Rs. 3,142 million for corresponding period last year thereby registering a rise of 79%. The Earnings per Share also improved to Rs. 2.37 per share as against Rs. 1.45 per share for corresponding period last year.

As on September 30, 2015, the deposits stood at Rs. 356.6 billion as against Rs. 342.3 billion as of December 31, 2014. Investments and Gross Advances stood at Rs. 188.7 billion and Rs. 231.7 billion, respectively. The Tier-1 Equity improved to Rs. 19.0 billion as against Rs. 15.3 billion as on December 31, 2014. The Bank also enjoys long term and short term entity ratings of AA- and A1+, respectively, by PACRA with a "Positive Outlook".

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

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

I also wish to extend my gratitude to the Government of the Punjab and the State Bank of Pakistan for their constant support and guidance to the Bank. I would also like to complement Bank's employees for their hard work and consistent commitment in achieving the targeted goals

For and on behalf of the Board

Ghafoor Mirza
Chairman

Unconsolidated Condensed Interim Financial Statements
for the nine months ended September 30, 2015 (Un-Audited)



Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2015

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		19,751,596	23,622,411
Balances with other banks		2,140,604	2,239,170
Lendings to financial institutions	5	4,913,974	32,748,623
Investments - net	6	188,694,631	154,874,757
Advances - net	7	202,029,712	170,312,593
Operating fixed assets	8	6,440,907	5,490,121
Deferred tax assets - net	9	8,133,172	9,845,426
Other assets - net		23,623,693	21,237,087
		455,728,289	420,370,188
LIABILITIES			
Bills payable		2,224,689	1,727,731
Borrowings	10	58,998,365	44,742,624
Deposits and other accounts	11	356,580,670	342,290,763
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		-	1,128
Deferred tax liabilities - net		-	-
Other liabilities		12,976,476	10,281,235
		432,780,200	401,043,481
NET ASSETS		22,948,089	19,326,707
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Share deposit money	13	7,000,000	7,000,000
Reserves		2,081,243	2,081,243
Accumulated losses		(5,387,244)	(9,113,154)
		18,981,973	15,256,063
Surplus on revaluation of assets - net of tax	14	3,966,116	4,070,644
		22,948,089	19,326,707
Contingencies and commitments	15		

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

President

Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Nine Months Ended September 30, 2015 (Un-audited)

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Rupees in '000'				
Mark-up / return / interest earned	7,465,126	23,682,060	7,455,205	21,308,843
Mark-up / return / interest expensed	4,746,183	15,535,856	5,575,348	16,653,404
Net mark-up / return / interest income	2,718,943	8,146,204	1,879,857	4,655,439
Provision / (Reversal of provision) against non-performing loans and advances - net	874,998	2,821,816	(141,221)	(1,212,030)
(Reversal of provision) / Provision for diminution in the value of investments - net	78,225	64,815	5,759	92,210
Bad debts written off directly	-	-	-	-
	953,223	2,886,631	(135,462)	(1,119,820)
Net mark-up / return / interest income after provisions	1,765,720	5,259,573	2,015,319	5,775,259
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	146,559	666,444	224,094	596,682
Dividend income	9,157	37,395	4,695	27,631
Income from dealing in foreign currencies	20,304	83,723	52,457	146,547
Gain on sale and redemption of securities - net	1,170,720	3,891,381	63,018	306,782
Unrealized gain / (loss) on revaluation of investments classified as held for trading	3,289	(11,609)	(4,763)	(2,298)
Other income	234,332	1,214,897	341,962	868,877
Total non-markup / interest income	1,584,361	5,882,231	681,463	1,944,221
	3,350,081	11,141,804	2,696,782	7,719,480
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	1,922,139	5,440,229	1,603,314	4,541,831
Provision / (Reversal of provision) against other assets	2,230	10,901	-	(2,422)
Provision against off balance sheet obligations	-	32,274	18,200	18,200
Other charges	187	19,839	-	19,479
Total non-markup / interest expenses	1,924,556	5,503,243	1,621,514	4,577,088
	1,425,525	5,638,561	1,075,268	3,142,392
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	1,425,525	5,638,561	1,075,268	3,142,392
Taxation - Current	90,495	295,643	80,834	231,477
- Prior years	-	-	-	-
- Deferred	416,004	1,660,326	302,676	881,921
	506,499	1,955,969	383,510	1,113,398
PROFIT AFTER TAXATION	919,026	3,682,592	691,758	2,028,994
Earnings per share - basic and diluted (Rupees) - Note 16	0.59	2.37	0.49	1.45

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

President

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Nine Months Ended September 30, 2015 (Un-audited)

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
	Rupees in '000'			
Profit after taxation for the period	919,026	3,682,592	691,758	2,028,994
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:				
Actuarial gains on remeasurement recognized during the period	-	-	-	-
Comprehensive income transferred to equity	919,026	3,682,592	691,758	2,028,994
Components of comprehensive income not reflected in equity				
Items to be reclassified to profit and loss in subsequent periods:				
Surplus on revaluation of investments - net of tax	61,463	(61,210)	(173,986)	(148,440)
Total comprehensive income for the period	980,489	3,621,382	517,772	1,880,554

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

President

Director

Unconsolidated Condensed Interim Cash Flow Statement

For the Nine Months Ended September 30, 2015 (Un-audited)

	Nine months ended	
	September 30, 2015	September 30, 2014
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,638,561	3,142,392
Less: Dividend income	(37,395)	(27,631)
	5,601,166	3,114,761
Adjustments for:		
Depreciation on property and equipment	388,521	284,103
Depreciation on ijarah assets under IFAS - 2	41,226	-
Amortization on intangible assets	8,115	3,058
Amortization of premium / (discount) on debt securities	241,765	(105,265)
Unrealized loss on revaluation of investments classified as held for trading	11,609	2,298
Provision / (Reversal of provision) against non-performing loans and advances - net	2,821,816	(1,212,030)
Provision for diminution in the value of investments - net	64,815	92,210
Provision for employees compensated absences	10,651	12,418
Provision for gratuity	67,265	62,157
Provision against off balance sheet obligations	32,274	18,200
Provision / (Reversal of provision) against other assets	10,901	(2,422)
Net profit on sale of property and equipment	(8,943)	(22,324)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(20,202)	(14,122)
Gain on sale and redemption of securities - net	(3,891,381)	(306,782)
Finance charges on leased assets	16	128
	(221,552)	(1,188,373)
	5,379,614	1,926,388
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	27,234,649	(2,240,737)
Net investments in held for trading securities	(11,856,717)	9,804,905
Advances - net	(34,580,161)	(5,718,510)
Other assets - net	(2,823,133)	(4,579,200)
	(22,025,362)	(2,733,542)
Increase / (Decrease) in operating liabilities:		
Bills payable	496,958	542,871
Borrowings	14,180,641	(8,964,380)
Deposits and other accounts	14,289,907	20,679,536
Other liabilities	2,585,051	708,726
	31,552,557	12,966,753
	14,906,809	12,159,599
Financial charges paid	(16)	(128)
Income tax paid	(329,480)	(228,685)
Net cash flow from operating activities	14,577,313	11,930,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(18,399,239)	(3,481,808)
Net investments in held to maturity securities	-	(13,695,487)
Dividends received	36,204	23,457
Investments in operating fixed assets	(1,276,117)	(363,421)
Sale proceeds of property and equipment disposed-off	12,418	58,336
Sale proceeds of non-banking assets disposed-off	406,068	267,199
Net cash used in investing activities	(19,220,666)	(17,191,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Right shares issue cost	-	(103,620)
Payment of lease obligations	(1,128)	(950)
Net cash used in financing activities	(1,128)	(104,570)
Net decrease in cash and cash equivalents	(4,644,481)	(5,365,508)
Cash and cash equivalents at beginning of the period	26,368,200	28,854,680
Cash and cash equivalents at end of the period	21,723,719	23,489,172
Cash and cash equivalents:		
Cash and balances with treasury banks	19,751,596	20,789,008
Balances with other banks	2,140,604	2,365,318
Call money lendings	-	475,000
Overdrawn nostro accounts	(168,481)	(140,154)
	21,723,719	23,489,172

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

President

Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the Nine Months Ended September 30, 2015 (Un-audited)

	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Capital Reserves	Revenue Reserve	Total
				Rupees	in '000'	Restructuring reserve	Accumulated losses	
Balance as at January 1, 2014	10,551,132	(263,158)	12,000,000	783,965	37,882	717,812	(11,250,885)	12,576,748
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	2,028,994	2,028,994
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,426	7,426
	-	-	-	-	-	-	(980)	(980)
Transactions with owners, recorded directly in equity:								
Issue of right shares during the period	5,000,000	-	(5,000,000)	-	-	-	-	-
Right shares issue cost	-	-	-	-	-	-	(103,620)	(103,620)
	5,000,000	-	(5,000,000)	-	-	-	(103,620)	(103,620)
Balance as at September 30, 2014	15,551,132	(263,158)	7,000,000	783,965	37,882	717,812	(9,319,065)	14,508,568
Total comprehensive income for the three months ended December 31, 2014	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	760,969	760,969
Transfer from restructuring reserve against NPLs	-	-	-	-	-	(15,906)	2,432	2,432
Transfer to statutory reserve	-	-	-	557,490	-	-	(557,490)	-
Balance as at December 31, 2014	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(9,113,154)	15,256,063
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	3,682,592	3,682,592
	-	-	-	-	-	-	43,318	43,318
Balance as at September 30, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(5,387,244)	18,981,973

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

President

Director

Notes to the Unconsolidated Condensed Interim Financial Information

For the Nine Months Ended September 30, 2015 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 371 branches including 39 Islamic banking branches. (2014: 364 branches including 37 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GoPb).
- 1.2 As on September 30, 2015, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 18,981,973 thousand. The Capital Adequacy Ratio (CAR) remained above the required level of 10 %. As at the close of the period, net advances aggregating to Rs. 20,729,895 thousand (December 31, 2014: Rs. 21,681,471 thousand) requiring additional provision of Rs. 19,859,005 thousand (December 31, 2014: Rs. 20,689,119 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2015/5065 dated February 27, 2015, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

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

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

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

2. STATEMENT OF COMPLIANCE

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

Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

- 2.2 SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of this unconsolidated condensed interim financial information.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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

4. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending		-	600,000
Reverse repurchase agreement lendings	5.1	3,403,974	27,719,623
Certificates of investment		300,000	300,000
Placements		1,210,000	4,129,000
		<u>4,913,974</u>	<u>32,748,623</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited)			(Audited)		
	September 30, 2015			December 31, 2014		
	Rupees in '000'			Rupees in '000'		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market treasury bills	1,353,974	-	1,353,974	62,787	-	62,787
Pakistan investment bonds	2,050,000	-	2,050,000	27,656,836	-	27,656,836
	3,403,974	-	3,403,974	27,719,623	-	27,719,623

Market value of securities held as collateral as at September 30, 2015 amounted to Rs. 3,522,650 thousand (December 31, 2014: 29,291,585 thousand). These carry mark-up at rate ranging from 6.50% to 8.00% per annum (December 31, 2014: 9.70% to 11.50 % per annum).

6. INVESTMENTS - NET

Note	(Un-audited)			(Audited)		
	September 30, 2015			December 31, 2014		
	Rupees in '000'			Rupees in '000'		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities:						
Ordinary shares of listed companies	140,307	-	140,307	45,932	-	45,932
Market treasury bills	11,852,613	-	11,852,613	-	-	-
	11,992,920	-	11,992,920	45,932	-	45,932
Available for sale securities:						
Market treasury bills	41,221,524	47,984,640	89,206,164	52,979,483	33,804,515	86,783,998
Pakistan investment bonds	60,755,578	-	60,755,578	44,708,426	-	44,708,426
Ordinary shares / certificates of listed companies and modarabas	1,285,432	-	1,285,432	1,293,905	-	1,293,905
Preference shares of listed companies	415,451	-	415,451	495,451	-	495,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Mutual fund units	79,568	-	79,568	373,802	-	373,802
Government of Pakistan ijara sukuk bonds	5,592,296	-	5,592,296	1,706,588	-	1,706,588
Listed term finance certificates	666,274	-	666,274	736,008	-	736,008
Unlisted term finance certificates	3,507,147	-	3,507,147	3,644,013	-	3,644,013
	113,548,270	47,984,640	161,532,910	105,962,676	33,804,515	139,767,191
Held to maturity securities:						
Pakistan investment bonds	15,161,605	-	15,161,605	15,090,774	-	15,090,774
WAPDA bonds	400	-	400	400	-	400
	15,162,005	-	15,162,005	15,091,174	-	15,091,174
Subsidiary:						
Punjab modaraba services (private) limited	164,945	-	164,945	164,945	-	164,945
Total investments at cost	140,868,140	47,984,640	188,852,780	121,264,727	33,804,515	155,069,242
Provision for diminution in the value of investment - net	(3,057,848)	-	(3,057,848)	(3,114,422)	-	(3,114,422)
Investments net of provisions	137,810,292	47,984,640	185,794,932	118,150,305	33,804,515	151,954,820
Surplus on revaluation of available for sale securities	2,911,308	-	2,911,308	2,920,591	-	2,920,591
Deficit on revaluation of held for trading securities	(11,609)	-	(11,609)	(654)	-	(654)
Total investments at market value	140,709,991	47,984,640	188,694,631	121,070,242	33,804,515	154,874,757

6.1 Market value of held to maturity investments is Rs. 15,796,593 thousand (December 31, 2014: Rs. 15,612,502 thousand).

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
Rupees in '000'			
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		189,732,568	173,992,109
Net investment in finance lease - In Pakistan		34,835,320	17,372,840
Net book value of assets in ijarah under IFAS 2 - In Pakistan		401,354	217,559
Islamic financing and related assets		3,266,732	1,381,515
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		2,057,167	2,187,991
-Payable outside Pakistan		1,368,157	1,970,349
		3,425,324	4,158,340
Advances - gross		231,661,298	197,122,363
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(29,367,513)	(26,702,645)
-General	7.3	(264,073)	(107,125)
		(29,631,586)	(26,809,770)
Advances - net of provision		202,029,712	170,312,593

7.1 Provision against certain net advances amounting to Rs. 20,729,895 thousand (December 31, 2014: Rs. 21,681,471 thousand) requiring additional provisioning of Rs. 19,859,005 thousand (December 31, 2014: Rs. 20,689,119 thousand) has not been considered necessary in this unconsolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2.

7.2 Advances include Rs. 57,489,473 thousand (December 31, 2014: Rs. 55,650,453 thousand) which have been placed under non-performing status as on September 30, 2015 as detailed below:

Category of classification	September 30, 2015 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	148,040	-	148,040	1,921	1,921
Substandard	8,006,980	-	8,006,980	2,004,952	2,004,952
Doubtful	1,187,606	-	1,187,606	395,768	395,768
Loss	48,146,847	-	48,146,847	26,964,872	26,964,872
	57,489,473	-	57,489,473	29,367,513	29,367,513
December 31, 2014 (Audited)					
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	68,097	-	68,097	415	415
Substandard	8,429,852	-	8,429,852	2,070,332	2,070,332
Doubtful	743,240	-	743,240	284,398	284,398
Loss	46,409,264	-	46,409,264	24,347,500	24,347,500
	55,650,453	-	55,650,453	26,702,645	26,702,645

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

7.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 141,674 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the three months ended would have been higher by Rs. 141,674 thousand (September 30, 2014: higher by Rs. 941,180 thousand) and Rs. 92,088 thousand (September 30, 2014: higher by Rs. 611,767 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 1,276,117 thousand (September 30, 2014: Rs. 363,421 thousand) and Rs. 53,169 thousand (September 30, 2014: Rs. 99,446 thousand), respectively.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
9. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(598,678)	(622,003)
Surplus on available for sale securities	(1,018,958)	(967,031)
Accelerated tax depreciation	(187,716)	(225,573)
Deductible temporary differences:		
Loan loss provision	8,026,320	8,026,320
Business loss	1,912,204	3,633,713
	<u>8,133,172</u>	<u>9,845,426</u>

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

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	8,755,365	9,581,230
-Long term financing - export oriented projects (LTF-EOP)	7,956	54,872
-Long term financing facility (LTFF)	1,152,314	1,404,893
Repurchase agreement borrowings	47,976,094	33,608,248
	<u>57,891,729</u>	<u>44,649,243</u>
Unsecured		
Foreign placement	938,155	-
Overdrawn nostro accounts	168,481	93,381
	<u>58,998,365</u>	<u>44,742,624</u>

11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	122,253,217	120,193,692
Savings deposits	147,571,145	132,651,725
Current accounts - non - remunerative	75,788,441	77,060,744
Sundry deposits, margin accounts, etc.	6,874,084	8,223,503
	<u>352,486,887</u>	<u>338,129,664</u>
Financial Institutions		
Remunerative deposits	2,643,260	2,845,709
Non-remunerative deposits	1,450,523	1,315,390
	<u>4,093,783</u>	<u>4,161,099</u>
	<u>356,580,670</u>	<u>342,290,763</u>
11.1 Particulars of deposits		
In local currency	350,363,834	335,644,581
In foreign currencies	6,216,836	6,646,182
	<u>356,580,670</u>	<u>342,290,763</u>

12. SHARE CAPITAL

(Un-audited) September 30, 2015 (No. of shares)	(Audited) December 31, 2014	(Un-audited) September 30, 2015 Rupees in '000'	(Audited) December 31, 2014
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12.1 Authorized capital

5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000
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The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of Rupees ten each.

12.2 Issued, subscribed and paid up capital

(Un-audited) September 30, 2015 (No. of shares)	(Audited) December 31, 2014	Note	(Un-audited) September 30, 2015 Rupees in '000'	(Audited) December 31, 2014
		Opening balance		
519,333,340	19,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	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	1,055,113,165		15,551,132	10,551,132
		During the period / year		
-	500,000,000	Issuance of right shares at par value	-	5,000,000
		Closing balance		
519,333,340	519,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	5,193,333
526,315,789	526,315,789	Ordinary shares of Rs. 10/- each issued at discount	5,263,158	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
1,555,113,165	1,555,113,165		15,551,132	15,551,132

12.3 GoPb held 57.47% shares in the Bank as at September 30, 2015 (December 31, 2014: 57.47 %).

13. SHARE DEPOSIT MONEY

Share deposit money - II

7,000,000	7,000,000
7,000,000	7,000,000

13.1 Reconciliation of share deposit money

Opening balance	7,000,000	12,000,000
Right shares issued during the period / year	-	(5,000,000)
Closing balance	7,000,000	7,000,000

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	2,073,766	2,117,084
Surplus on revaluation of available for sale securities	1,892,350	1,953,560
	<u>3,966,116</u>	<u>4,070,644</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

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

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,681,029	996,208
	<u>1,681,029</u>	<u>996,208</u>

15.2 Transaction related contingent liabilities

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

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		Rupees in '000'	
Government		554,076	508,758
Financial institutions		6,028	14,469
Others		17,521,760	15,823,674
		<u>18,081,864</u>	<u>16,346,901</u>

15.3 Trade related contingent liabilities

These include letters of credit issue in favour of:

Government	5,867,306	9,540,901
Financial institutions	-	-
Others	12,552,703	11,199,942
	<u>18,420,009</u>	<u>20,740,843</u>

15.4 Other contingencies

Claims against the Bank not acknowledged as debts	15.4.1	<u>30,399,110</u>	<u>35,192,352</u>
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- 15.4.1** The amount involved in the claims filed against the Bank are yet to be adjudicated by the concerned courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because the claims are frivolous.

15.5 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank had filed appeals before Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief on issue of separate taxation of dividend income. Now, both Bank and the tax department have filed appeals against the respective un-favorable decisions of CIR(A) with the Appellate Tribunal (AT). The expected tax liability in respect of aforesaid tax years amounts to Rs 162,772 thousand and minimum tax under section 113 amounts to Rs 257,967 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the appeals filed for the aforementioned tax years will be decided in Bank's favour.

15.6 Commitments to extend credit

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

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
15.7 Commitments in respect of forward exchange contracts		
Purchase	9,202,480	5,314,736
Sale	5,886,764	3,658,932
	<u>15,089,244</u>	<u>8,973,668</u>
15.8 Commitments for the acquisition of operating fixed assets	<u>175,878</u>	<u>63,278</u>

16. EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Un-audited) -----			
	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Profit after taxation (Rupees in thousand)	<u>919,026</u>	<u>3,682,592</u>	<u>691,758</u>	<u>2,028,994</u>
Weighted average number of ordinary shares (thousand)	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,400,746</u>	<u>1,400,746</u>
Earnings per share - basic and diluted (Rupees)	<u>0.59</u>	<u>2.37</u>	<u>0.49</u>	<u>1.45</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000'						
Nine Months Ended September 30, 2015 (Un-audited)						
Total income	16,130,818	2,562,126	10,447,127	357,595	66,625	29,564,291
Total expenses	1,728,391	3,073,469	19,123,870	-	-	23,925,730
Inter segment (cost) / transfer revenue	(8,514,279)	1,302,885	7,211,394	-	-	-
Income taxes	-	-	-	-	-	1,955,969
Net income / (loss)	5,888,148	791,542	(1,465,349)	357,595	66,625	3,682,592
Segment assets (gross)	216,030,705	37,606,833	221,778,199	-	-	475,415,737
Segment non performing advances / investments	3,057,848	2,106,359	55,383,114	-	-	60,547,321
Segment provision required	3,057,848	1,951,728	27,679,858	-	-	32,689,434
Segment liabilities	51,407,503	57,383,453	323,989,244	-	-	432,780,200
Segment return on net assets (ROA) (%)	12.64%	11.42%	12.09%			
Segment cost of funds (%)	7.72%	7.28%	7.49%			

Nine Months Ended September 30, 2014 (Un-audited)

Total income	11,044,050	1,997,237	9,832,870	317,393	61,514	23,253,064
Total expenses	1,070,954	3,109,030	15,930,688	-	-	20,110,672
Inter segment (cost) / transfer revenue	(8,316,219)	1,235,363	7,080,856	-	-	-
Income taxes	-	-	-	-	-	1,113,398
Net income / (loss)	1,656,877	123,570	983,038	317,393	61,514	2,028,994
Segment assets (gross)	171,844,501	21,930,171	187,915,872	-	-	381,690,544
Segment non performing advances / investments	3,246,384	2,192,575	53,677,506	-	-	59,116,465
Segment provision required	3,105,391	1,837,631	22,625,598	-	-	27,568,620
Segment liabilities	5,869,206	51,489,485	295,025,408	-	-	352,384,099
Segment return on net assets (ROA) (%)	11.01%	14.96%	13.31%			
Segment cost of funds (%)	9.36%	8.93%	8.81%			

18. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. In addition key management personnel are paid terminal and short-term terminal benefits.

	September 30, 2015 (Un-audited)				December 31, 2014 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
Advances								
Opening balance	121,056	760,121	-	61,874	86,027	1,091,975	-	52,591
Loans granted during the period	64,090	547,715	-	-	70,710	649,808	-	267,235
Repayments received during the period	(70,691)	(574,224)	-	(61,874)	(35,681)	(981,662)	-	(257,952)
Closing balance	114,455	733,612	-	-	121,056	760,121	-	61,874
Deposits								
Opening balance	15,177	20,407	2,076,040	46,545	25,092	26,195	805,346	29,657
Placements made during the period	247,779	541,205	6,454,302	225,567	279,029	790,050	6,566,043	70,317
Withdrawals during the period	(248,308)	(560,967)	(6,235,159)	(192,017)	(288,944)	(795,838)	(5,295,349)	(53,429)
Closing balance	14,648	645	2,295,183	80,095	15,177	20,407	2,076,040	46,545
Placements	-	100,000	-	-	-	100,000	-	-
Lease liability	-	-	-	-	-	1,128	-	-

	September 30, 2015 (Un-audited)				September 30, 2014 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	6,792	44,690	-	-	7,438	61,586	-	-
Mark-up/interest expensed	489	-	120,356	1,459	443	-	129,389	1,891
Contribution to employees funds	-	-	58,422	-	-	-	57,731	-

- 18.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current period are not reflected as part of the closing balance. The same are accounted for through movement presented above.
- 18.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank.

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government related entities amounted to Rs. 37,142,212 thousand (December 31, 2014: Rs. 23,818,185 thousand), Rs. 170,686,449 thousand (December 31, 2014: Rs.146,442,712 thousand) and Rs. 7,480,100 thousand (December 31, 2014: Rs. 10,179,293 thousand) respectively.

19. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issuance on October 29, 2015 by the Board of Directors of the Bank.

20. GENERAL

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

President

Director

Islamic Banking Business - Statement of Financial Position

As at September 30, 2015

Annexure - I

The Bank is operating 39 Islamic banking branches at close of September 30, 2015 (December 31, 2014: 37 branches).

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		989,734	869,772
Balance with other banks		126,744	150,225
Due from financial institutions		1,110,000	4,029,000
Investments		5,532,384	1,627,737
Islamic financing and related assets	A	3,668,086	1,599,074
Operating fixed assets		199,346	100,407
Deferred tax assets		-	-
Other assets		195,406	125,329
TOTAL ASSETS		11,821,700	8,501,544
LIABILITIES			
Bills payable		33,735	63,129
Due to financial institutions		-	264
Deposit and other accounts		-	-
- Current accounts		4,292,045	3,250,964
- Saving accounts		5,445,027	3,916,827
- Term deposits		1,101,603	284,189
- Others		95,835	129,835
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		138,169	275,970
Other liabilities		57,492	28,781
		11,163,906	7,949,959
NET ASSETS		657,794	551,585
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		142,706	55,436
		642,706	555,436
Surplus on revaluation of assets		15,088	(3,851)
		657,794	551,585
Remuneration to Shariah Advisor / Board		1,572	2,054
CHARITY FUND			
Opening balance		-	19
Additions during the period		3,762	1
Payments / utilization during the period		-	(20)
Closing balance		3,762	-
A. Islamic financing and related assets			
Islamic mode of financing	A.1	3,668,086	1,599,074
A.1 Islamic mode of financing			
Murabaha		960,744	180,439
Advance Against Istisna		313,672	-
Diminishing musharaka		1,992,316	1,009,628
Ijarah		401,354	409,007
		3,668,086	1,599,074

Islamic Banking Business - Profit and Loss Account

For the Nine Months Ended September 30, 2015 (Un-audited)

Annexure - I

	Three months ended September 30, 2015	Nine months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2014
	(Rupees in thousand)			
Profit/return earned on financing, investment and placements	231,059	564,650	62,475	138,385
Return on deposits and other dues expensed	73,546	175,276	13,020	26,535
Net spread earned	157,513	389,374	49,455	111,850
Provision against non-performing loans and advances	-	-	-	-
Provision against consumer financings	-	-	-	-
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
Income after provisions	157,513	389,374	49,455	111,850
Other Income				
Fee, commission and brokerage income	2,305	8,935	749	3,077
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(85)	(78)	(8)	18
Gain on sale and redemption of securities	-	-	-	-
Unrealized loss on revaluation of investments classified as held for trading	-	-	-	-
Other income	4,452	35,183	1,009	28,660
Total other income	6,672	44,040	1,750	31,755
	164,185	433,414	51,205	143,605
Other expenses				
Administrative expenses	123,907	346,133	53,319	106,473
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	11	-	-
Total other expenses	123,907	346,144	53,319	106,473
	40,278	87,270	(2,114)	37,132
Extra ordinary/unusual items	-	-	-	-
PROFIT BEFORE TAXATION	40,278	87,270	(2,114)	37,132

Consolidated Condensed Interim Financial Statements
for the nine months ended September 30, 2015 (Un-Audited)
(The Bank of Punjab & Punjab Modaraba Services (Pvt) Ltd.)



Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2015

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		19,751,596	23,622,411
Balances with other banks		2,140,604	2,239,170
Lendings to financial institutions	5	4,913,974	32,748,623
Investments - net	6	188,735,373	154,943,890
Advances - net	7	201,979,385	170,273,415
Operating fixed assets	8	6,440,907	5,490,121
Deferred tax assets - net	9	8,133,172	9,845,426
Other assets - net		23,633,252	21,237,382
		455,728,263	420,400,438
LIABILITIES			
Bills payable		2,224,689	1,727,731
Borrowings	10	58,998,365	44,742,624
Deposits and other accounts	11	356,580,562	342,290,693
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		-	1,128
Deferred tax liabilities - net		-	-
Other liabilities		12,976,802	10,281,610
		432,780,418	401,043,786
NET ASSETS		22,947,845	19,356,652
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Share deposit money	13	7,000,000	7,000,000
Reserves		2,081,243	2,081,243
Accumulated losses		(5,387,488)	(9,083,209)
		18,981,729	15,286,008
Surplus on revaluation of assets - net of tax	14	3,966,116	4,070,644
		22,947,845	19,356,652
Contingencies and commitments	15		

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

President

Director

Consolidated Condensed Interim Profit and Loss Account

For the Nine Months Ended September 30, 2015 (Un-audited)

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Rupees in '000'				
Mark-up / return / interest earned	7,464,187	23,679,394	7,445,461	21,305,710
Mark-up / return / interest expensed	4,746,183	15,535,856	5,575,348	16,653,404
Net mark-up / return / interest income	2,718,004	8,143,538	1,870,113	4,652,306
Provision / (Reversal of provision) against non-performing loans and advances - net	874,998	2,821,816	(141,221)	(1,212,030)
(Reversal of provision) / Provision for diminution in the value of investments - net	80,592	93,206	13,701	71,347
Bad debts written off directly	-	-	-	-
	955,590	2,915,022	(127,520)	(1,140,683)
Net mark-up / return / interest income after provisions	1,762,414	5,228,516	1,997,633	5,792,989
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	150,662	670,547	227,196	599,784
Dividend income	9,157	37,395	11,355	34,291
Income from dealing in foreign currencies	20,304	83,723	52,457	146,547
Gain on sale and redemption of securities - net	1,170,720	3,891,381	63,018	306,782
Unrealized gain / (loss) on revaluation of investments classified as held for trading	3,289	(11,609)	(4,763)	(2,298)
Other income	234,332	1,214,897	341,962	868,877
Total non-markup / interest income	1,588,464	5,886,334	691,225	1,953,983
	3,350,878	11,114,850	2,688,858	7,746,972
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	1,923,139	5,443,423	1,604,213	4,543,274
Provision / (Reversal of provision) against other assets	2,230	10,901	-	(2,422)
Provision against off balance sheet obligations	-	32,274	18,200	18,200
Other charges	187	19,839	-	19,479
Total non-markup / interest expenses	1,925,556	5,506,437	1,622,413	4,578,531
	1,425,322	5,608,413	1,066,445	3,168,441
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	1,425,322	5,608,413	1,066,445	3,168,441
Taxation - Current	90,536	295,684	80,834	231,477
- Prior years	-	-	-	-
- Deferred	416,004	1,660,326	302,676	881,921
	506,540	1,956,010	383,510	1,113,398
PROFIT AFTER TAXATION	918,782	3,652,403	682,935	2,055,043
Earnings per share - basic and diluted (Rupees) - Note 16	0.59	2.35	0.49	1.47

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

President

Director

Consolidated Condensed Interim Statement of Comprehensive Income

For the Nine Months Ended September 30, 2015 (Un-audited)

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
	Rupees in '000'			
Profit after taxation for the period	918,782	3,652,403	682,935	2,055,043
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:				
Actuarial gains on remeasurement recognized during the period	-	-	-	-
Comprehensive income transferred to equity	918,782	3,652,403	682,935	2,055,043
Components of comprehensive income not reflected in equity				
Items to be reclassified to profit and loss in subsequent periods:				
Surplus on revaluation of investments - net of tax	61,463	(61,463)	(173,986)	(148,440)
Total comprehensive income for the period	980,245	3,591,193	508,949	1,906,603

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

President

Director

Consolidated Condensed Interim Cash Flow Statement

For the Nine Months Ended September 30, 2015 (Un-audited)

	Nine months ended	
	September 30, 2015	September 30, 2014
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,608,413	3,168,441
Less: Dividend income	(37,395)	(34,291)
	5,571,018	3,134,150
Adjustments for:		
Depreciation on property and equipment	388,521	284,103
Depreciation on ijarah assets under IFAS - 2	41,226	-
Amortization on intangible assets	8,115	3,058
Amortization of premium / (discount) on debt securities	241,765	(105,265)
Unrealized loss / (gain) on revaluation of investments classified as held for trading	11,609	2,298
Provision / (Reversal of provision) against non-performing loans and advances - net	2,821,816	(1,212,030)
Provision for diminution in the value of investments - net	93,206	71,347
Provision for employees compensated absences	10,651	12,418
Provision for gratuity	67,265	62,157
Provision against off balance sheet obligations	32,274	18,200
Provision / (Reversal of provision) against other assets	10,901	(2,422)
Net profit on sale of property and equipment	(8,943)	(22,324)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(20,202)	(14,122)
Gain on sale and redemption of securities - net	(3,891,381)	(306,782)
Finance charges on leased assets	16	128
	(193,161)	(1,209,236)
	5,377,857	1,924,914
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	27,234,649	(2,240,737)
Net investments in held for trading securities	(11,856,717)	9,804,905
Advances - net	(34,569,012)	(5,717,010)
Other assets - net	(2,832,397)	(4,585,822)
	(22,023,477)	(2,738,664)
Increase / (Decrease) in operating liabilities:		
Bills payable	496,958	542,871
Borrowings	14,180,641	(8,964,380)
Deposits and other accounts	14,289,869	20,679,467
Other liabilities	2,585,002	708,730
	31,552,470	12,966,688
	14,906,850	12,152,938
Financial charges paid	(16)	(128)
Income tax paid	(329,521)	(228,685)
Net cash flow from operating activities	14,577,313	11,924,125
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(18,399,239)	(3,481,807)
Net investments in held to maturity securities	-	(13,695,487)
Dividends received	36,204	30,117
Investments in operating fixed assets	(1,276,117)	(363,421)
Sale proceeds of property and equipment disposed-off	12,418	58,336
Sale proceeds of non-banking assets disposed-off	406,068	267,199
Net cash used in investing activities	(19,220,666)	(17,185,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Right shares issue cost	-	(103,620)
Payment of lease obligations	(1,128)	(950)
Net cash used in financing activities	(1,128)	(104,570)
Net decrease in cash and cash equivalents	(4,644,481)	(5,365,508)
Cash and cash equivalents at beginning of the period	26,368,200	28,854,680
Cash and cash equivalents at end of the period	21,723,719	23,489,172
Cash and cash equivalents:		
Cash and balances with treasury banks	19,751,596	20,789,008
Balances with other banks	2,140,604	2,365,318
Call money lendings	-	475,000
Overdrawn nostro accounts	(168,481)	(140,154)
	21,723,719	23,489,172

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

President

Director

Consolidated Condensed Interim Statement of Changes in Equity

For the Nine Months Ended September 30, 2015 (Un-audited)

	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Capital Reserves	Revenue Reserve	Total
				Rupees	in '000'	Re structuring reserve	Accumulated losses	
Balance as at January 1, 2014	10,551,132	(263,158)	12,000,000	783,965	37,882	717,812	(11,275,026)	12,552,607
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	2,055,043	2,055,043
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,426	7,426
	-	-	-	-	-	-	(980)	(980)
Transactions with owners, recorded directly in equity:								
Issue of right shares during the period	5,000,000	-	(5,000,000)	-	-	-	-	-
Right shares issue cost	-	-	-	-	-	-	(103,620)	(103,620)
	5,000,000	-	(5,000,000)	-	-	-	(103,620)	(103,620)
Balance as at September 30, 2014	15,551,132	(263,158)	7,000,000	783,965	37,882	717,812	(9,317,157)	14,510,476
Total comprehensive income for the three months ended December 31, 2014	-	-	-	-	-	-	789,006	789,006
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	2,432	2,432
Transfer from restructuring reserve against NPLs	-	-	-	-	-	(15,906)	-	(15,906)
Transfer to statutory reserve	-	-	-	557,490	-	-	(557,490)	-
Balance as at December 31, 2014	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(9,083,209)	15,286,008
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	-	3,652,403	3,652,403
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	43,318	43,318
	-	-	-	-	-	-	-	-
Balance as at September 30, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(5,387,488)	18,981,729

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

President

Director

Notes to the Consolidated Condensed Interim Financial Information

For the Nine Months Ended September 30, 2015 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) Limited. The Bank was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 371 branches including 39 Islamic banking branches. (2014: 364 branches including 37 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GoPb).

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

- 1.2 As on September 30, 2015, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 18,981,729 thousand. The Capital Adequacy Ratio (CAR) remained above the required level of 10 %. As at the close of the period, net advances aggregating to Rs. 20,679,568 thousand (December 31, 2014: Rs. 21,642,293 thousand) requiring additional provision of Rs. 19,808,678 thousand (December 31, 2014: Rs. 20,649,941 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2015/5065 dated February 27, 2015, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

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

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

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

2. STATEMENT OF COMPLIANCE

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

Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

- 2.2 SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of this consolidated condensed interim financial information.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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

4. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending		-	600,000
Reverse repurchase agreement lendings	5.1	3,403,974	27,719,623
Certificates of investment		300,000	300,000
Placements		1,210,000	4,129,000
		<u>4,913,974</u>	<u>32,748,623</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited)			(Audited)		
	September 30, 2015			December 31, 2014		
	Rupees in '000'			Rupees in '000'		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market treasury bills	1,353,974	-	1,353,974	62,787	-	62,787
Pakistan investment bonds	2,050,000	-	2,050,000	27,656,836	-	27,656,836
	3,403,974	-	3,403,974	27,719,623	-	27,719,623

Market value of securities held as collateral as at September 30, 2015 amounted to Rs. 3,522,650 thousand (December 31, 2014: 29,291,585 thousand). These carry mark-up at rate ranging from 6.50% to 8.00% per annum (December 31, 2014: 9.70% to 11.50 % per annum).

6. INVESTMENTS - NET

Note	(Un-audited)			(Audited)		
	September 30, 2015			December 31, 2014		
	Rupees in '000'			Rupees in '000'		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities:						
Ordinary shares of listed companies	140,307	-	140,307	45,932	-	45,932
Market treasury bills	11,852,613	-	11,852,613	-	-	-
	11,992,920	-	11,992,920	45,932	-	45,932
Available for sale securities:						
Market treasury bills	41,221,524	47,984,640	89,206,164	52,979,483	33,804,515	86,783,998
Pakistan investment bonds	60,755,578	-	60,755,578	44,708,426	-	44,708,426
Ordinary shares / certificates of listed companies and modarabas	1,450,375	-	1,450,375	1,458,847	-	1,458,847
Preference shares of listed companies	415,451	-	415,451	495,451	-	495,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Mutual fund units	79,568	-	79,568	373,802	-	373,802
Government of Pakistan ijara sukuk bonds	5,592,296	-	5,592,296	1,706,588	-	1,706,588
Listed term finance certificates	666,274	-	666,274	736,008	-	736,008
Unlisted term finance certificates	3,507,147	-	3,507,147	3,644,013	-	3,644,013
	113,713,213	47,984,640	161,697,853	106,127,618	33,804,515	139,932,133
Held to maturity securities:						
Pakistan investment bonds	15,161,605	-	15,161,605	15,090,774	-	15,090,774
WAPDA bonds	400	-	400	400	-	400
	15,162,005	-	15,162,005	15,091,174	-	15,091,174
Total investments at cost	140,868,138	47,984,640	188,852,778	121,264,724	33,804,515	155,069,239
Provision for diminution in the value of investment - net	(3,017,104)	-	(3,017,104)	(3,045,286)	-	(3,045,286)
Investments net of provisions	137,851,034	47,984,640	185,835,674	118,219,438	33,804,515	152,023,953
Surplus on revaluation of available for sale securities	2,911,308	-	2,911,308	2,920,591	-	2,920,591
Deficit on revaluation of held for trading securities	(11,609)	-	(11,609)	(654)	-	(654)
Total investments at market value	140,750,733	47,984,640	188,735,373	121,139,375	33,804,515	154,943,890

6.1 Market value of held to maturity investments is Rs. 15,796,593 thousand (December 31, 2014: Rs. 15,612,502 thousand).

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
Rupees in '000'			
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		189,682,241	173,952,931
Net investment in finance lease - In Pakistan		34,835,320	17,372,840
Net book value of assets in ijarah under IFAS 2 - In Pakistan		401,354	217,559
Islamic financing and related assets		3,266,732	1,381,515
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		2,057,167	2,187,991
-Payable outside Pakistan		1,368,157	1,970,349
		3,425,324	4,158,340
Advances - gross		231,610,971	197,083,185
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(29,367,513)	(26,702,645)
-General	7.3	(264,073)	(107,125)
		(29,631,586)	(26,809,770)
Advances - net of provision		201,979,385	170,273,415

7.1 Provision against certain net advances amounting to Rs. 20,679,568 thousand (December 31, 2014: Rs. 21,642,293 thousand) requiring additional provisioning of Rs. 19,808,678 thousand (December 31, 2014: Rs. 20,649,941 thousand) has not been considered necessary in this consolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2.

7.2 Advances include Rs. 57,439,146 thousand (December 31, 2014: Rs. 55,611,275 thousand) which have been placed under non-performing status as on September 30, 2015 as detailed below:

Category of classification	September 30, 2015 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	148,040	-	148,040	1,921	1,921
Substandard	8,006,980	-	8,006,980	2,004,952	2,004,952
Doubtful	1,187,606	-	1,187,606	395,768	395,768
Loss	48,096,520	-	48,096,520	26,964,872	26,964,872
	57,439,146	-	57,439,146	29,367,513	29,367,513
December 31, 2014 (Audited)					
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	68,097	-	68,097	415	415
Substandard	8,429,852	-	8,429,852	2,070,332	2,070,332
Doubtful	743,240	-	743,240	284,398	284,398
Loss	46,370,086	-	46,370,086	24,347,500	24,347,500
	55,611,275	-	55,611,275	26,702,645	26,702,645

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

7.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 141,674 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the three months ended would have been higher by Rs. 141,674 thousand (September 30, 2014: higher by Rs. 941,180 thousand) and Rs. 92,088 thousand (September 30, 2014: higher by Rs. 611,767 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 1,276,117 thousand (September 30, 2014: Rs. 363,421 thousand) and Rs. 53,169 thousand (September 30, 2014: Rs. 99,446 thousand), respectively.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
9. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(598,678)	(622,003)
Surplus on available for sale securities	(1,018,958)	(967,031)
Accelerated tax depreciation	(187,716)	(225,573)
Deductible temporary differences:		
Loan loss provision	8,026,320	8,026,320
Business loss	1,912,204	3,633,713
	<u>8,133,172</u>	<u>9,845,426</u>
9.1 The management has prepared a business plan on the basis of the arrangements as disclosed in Note 1.2. The business plan includes certain key assumptions such as deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan etc. Any significant change in the key assumptions may have an impact on the projections, however, the management believes that it is probable that the Bank will be able to achieve the projections as per the business plan and future taxable income would be sufficient to allow the benefit of the deductible temporary differences.		
	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	8,755,365	9,581,230
-Long term financing - export oriented projects (LTF-EOP)	7,956	54,872
-Long term financing facility (LTFF)	1,152,314	1,404,893
Repurchase agreement borrowings	<u>47,976,094</u>	<u>33,608,248</u>
	57,891,729	44,649,243
Unsecured		
Foreign placement	938,155	-
Overdrawn nostro accounts	168,481	93,381
	<u>58,998,365</u>	<u>44,742,624</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	122,253,217	120,193,692
Savings deposits	147,571,145	132,651,725
Current accounts - non - remunerative	75,788,333	77,060,674
Sundry deposits, margin accounts, etc.	<u>6,874,084</u>	<u>8,223,503</u>
	352,486,779	338,129,594
Financial Institutions		
Remunerative deposits	2,643,260	2,845,709
Non-remunerative deposits	<u>1,450,523</u>	<u>1,315,390</u>
	4,093,783	4,161,099
	<u>356,580,562</u>	<u>342,290,693</u>
11.1 Particulars of deposits		
In local currency	350,363,726	335,644,511
In foreign currencies	<u>6,216,836</u>	<u>6,646,182</u>
	<u>356,580,562</u>	<u>342,290,693</u>

12. SHARE CAPITAL

(Un-audited) September 30, 2015 (No. of shares)	(Audited) December 31, 2014	(Un-audited) September 30, 2015 Rupees in '000'	(Audited) December 31, 2014
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12.1 Authorized capital

5,000,000,000	5,000,000,000	Ordinary or preference shares of Rs. 10/- each	50,000,000	50,000,000
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The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of Rupees ten each.

12.2 Issued, subscribed and paid up capital

(Un-audited) September 30, 2015 (No. of shares)	(Audited) December 31, 2014	Note	(Un-audited) September 30, 2015 Rupees in '000'	(Audited) December 31, 2014
		Opening balance		
519,333,340	19,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	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	1,055,113,165		15,551,132	10,551,132
		During the period / year		
-	500,000,000	Issuance of right shares at par value	-	5,000,000
		Closing balance		
519,333,340	519,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	5,193,333
526,315,789	526,315,789	Ordinary shares of Rs. 10/- each issued at discount	5,263,158	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
1,555,113,165	1,555,113,165		15,551,132	15,551,132

12.3 GoPb held 57.47% shares in the Bank as at September 30, 2015 (December 31, 2014: 57.47 %).

13. SHARE DEPOSIT MONEY

Share deposit money - II

7,000,000	7,000,000
7,000,000	7,000,000

13.1 Reconciliation of share deposit money

Opening balance	7,000,000	12,000,000
Right shares issued during the period / year	-	(5,000,000)
Closing balance	7,000,000	7,000,000

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets	2,073,766	2,117,084
Surplus on revaluation of available for sale securities	1,892,350	1,953,560
	<u>3,966,116</u>	<u>4,070,644</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

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

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,681,029	996,208
	<u>1,681,029</u>	<u>996,208</u>

15.2 Transaction related contingent liabilities

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

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		Rupees in '000'	
Government		554,076	508,758
Financial institutions		6,028	14,469
Others		17,521,760	15,823,674
		<u>18,081,864</u>	<u>16,346,901</u>

15.3 Trade related contingent liabilities

These include letters of credit issue in favour of:

Government	5,867,306	9,540,901
Financial institutions	-	-
Others	12,552,703	11,199,942
	<u>18,420,009</u>	<u>20,740,843</u>

15.4 Other contingencies

Claims against the Bank not acknowledged as debts	15.4.1	<u>30,399,110</u>	<u>35,192,352</u>
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- 15.4.1** The amount involved in the claims filed against the Bank are yet to be adjudicated by the concerned courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because the claims are frivolous.

15.5 Corporate Compliance

The Registrar Modaraba Companies and Modarabas (the Registrar), vide order dated 27 August, 2009, had imposed penalty of Rs.150,000 each on the Ex-Chief Executive, one Ex- Director, one existing Director and the Company through its Chief Executive due to violation of certain provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. The Company had filed an appeal before the Appellate Bench Securities and Exchange Commission of Pakistan (SECP), whereby SECP vide its order dated April 23, 2012 upheld the penalty imposed by the Registrar. The Company has filed an appeal against the said order before Honourable Lahore High Court, Lahore, which is pending adjudication.

15.6 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank had filed appeals before Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief on issue of separate taxation of dividend income. Now, both Bank and the tax department have filed appeals against the respective un-favorable decisions of CIR(A) with the Appellate Tribunal (AT). The expected tax liability in respect of aforesaid tax years amounts to Rs 162,772 thousand and minimum tax under section 113 amounts to Rs 257,967 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the appeals filed for the aforementioned tax years will be decided in Bank's favour.

15.7 Commitments to extend credit

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

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000'	
15.8 Commitments in respect of forward exchange contracts		
Purchase	9,202,480	5,314,736
Sale	5,886,764	3,658,932
	<u>15,089,244</u>	<u>8,973,668</u>
15.9 Commitments for the acquisition of operating fixed assets	<u>175,878</u>	<u>63,278</u>

16. EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Un-audited) -----			
	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Profit after taxation (Rupees in thousand)	<u>918,782</u>	<u>3,652,403</u>	<u>682,935</u>	<u>2,055,043</u>
Weighted average number of ordinary shares (thousand)	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,400,746</u>	<u>1,400,746</u>
Earnings per share - basic and diluted (Rupees)	<u>0.59</u>	<u>2.35</u>	<u>0.49</u>	<u>1.47</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000'						
Nine Months Ended						
September 30, 2015 (Un-audited)						
Total income	16,130,818	2,562,126	10,448,564	357,595	66,625	29,565,728
Total expenses	1,729,323	3,073,469	19,127,063	-	-	23,957,315
Inter segment (cost) / transfer revenue	(8,514,279)	1,302,885	7,211,394	-	-	-
Income taxes	-	-	-	-	-	1,956,010
Net income / (loss)	5,887,216	791,542	(1,467,105)	357,595	66,625	3,652,403
Segment assets (gross)	216,030,705	37,606,833	221,727,870	-	-	475,365,408
Segment non performing advances / investments	3,017,104	2,106,359	55,332,787	-	-	60,456,250
Segment provision required	3,017,104	1,951,728	27,679,858	-	-	32,648,690
Segment liabilities	51,407,503	57,383,453	323,989,462	-	-	432,780,418
Segment return on net assets (ROA) (%)	12.64%	11.42%	12.08%			
Segment cost of funds (%)	7.72%	7.28%	7.49%			

Nine Months Ended **September 30, 2014 (Un-audited)**

Total income	11,050,710	1,997,237	9,832,839	317,393	61,514	23,259,693
Total expenses	1,070,954	3,109,030	15,911,268	-	-	20,091,252
Inter segment (cost) / transfer revenue	(8,316,219)	1,235,363	7,080,856	-	-	-
Income taxes	-	-	-	-	-	1,113,398
Net income / (loss)	1,663,537	123,570	1,002,427	317,393	61,514	2,055,043
Segment assets (gross)	171,844,501	21,930,171	187,915,872	-	-	381,690,544
Segment non performing advances / investments	3,207,772	2,192,575	53,630,006	-	-	59,030,353
Segment provision required	3,066,779	1,837,631	22,625,598	-	-	27,530,008
Segment liabilities	5,869,206	51,489,485	295,025,596	-	-	352,384,287
Segment return on net assets (ROA) (%)	11.01%	14.96%	13.30%			
Segment cost of funds (%)	9.36%	8.93%	8.81%			

18. RELATED PARTY TRANSACTIONS

Related parties comprise modaraba floated by the wholly owned subsidiary of the Bank, key management personnel and entities in which key management personnel are office holders / members. The Group in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. In addition key management personnel are paid terminal and short-term terminal benefits.

	September 30, 2015 (Un-audited)				December 31, 2014 (Audited)			
	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others
Advances	Rupees in '000'				Rupees in '000'			
Opening balance	125,954	720,942	-	61,874	91,202	1,045,975	-	52,591
Loans granted during the period	71,580	536,567	-	-	70,710	647,533	-	267,235
Repayments received during the period	(78,020)	(574,224)	-	(61,874)	(35,958)	(972,566)	-	(257,952)
Closing balance	119,514	683,285	-	-	125,954	720,942	-	61,874
Deposits								
Opening balance	18,239	20,356	2,076,040	46,545	27,878	26,123	805,346	29,657
Placements made during the period	247,779	531,441	6,454,302	225,567	282,750	787,775	6,566,043	70,317
Withdrawals during the period	(248,308)	(551,261)	(6,235,159)	(192,017)	(292,389)	(793,542)	(5,295,349)	(53,429)
Closing balance	17,710	536	2,295,183	80,095	18,239	20,356	2,076,040	46,545
Placements	-	100,000	-	-	-	100,000	-	-
Lease liability	-	-	-	-	-	1,128	-	-

	September 30, 2015 (Un-audited)				September 30, 2014 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	7,452	42,024	-	-	8,151	58,007	-	-
Mark-up/interest expensed	514	-	120,356	1,459	447	-	129,389	1,891
Contribution to employees funds	-	-	58,422	-	-	-	57,731	-

18.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current period are not reflected as part of the closing balance. The same are accounted for through movement presented above.

18.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank.

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government related entities amounted to Rs. 37,142,212 thousand (December 31, 2014: Rs. 23,818,185 thousand), Rs. 170,686,449 thousand (December 31, 2014: Rs.146,442,712 thousand) and Rs.7,480,100 thousand (December 31, 2014: Rs. 10,179,293 thousand) respectively.

19. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issuance on October 29, 2015 by the Board of Directors of the Bank.

20. GENERAL

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

20.2 Figures have been rounded off to the nearest thousand.

President

Director

Islamic Banking Business - Statement of Financial Position As at September 30, 2015

Annexure - I

The Bank is operating 39 Islamic banking branches at close of September 30, 2015 (December 31, 2014: 37 branches).

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		989,734	869,772
Balance with other banks		126,744	150,225
Due from financial institutions		1,110,000	4,029,000
Investments		5,532,384	1,627,737
Islamic financing and related assets	A	3,668,086	1,599,074
Operating fixed assets		199,346	100,407
Deferred tax assets		-	-
Other assets		195,406	125,329
TOTAL ASSETS		11,821,700	8,501,544
LIABILITIES			
Bills payable		33,735	63,129
Due to financial institutions		-	264
Deposit and other accounts		-	-
- Current accounts		4,292,045	3,250,964
- Saving accounts		5,445,027	3,916,827
- Term deposits		1,101,603	284,189
- Others		95,835	129,835
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		138,169	275,970
Other liabilities		57,492	28,781
		11,163,906	7,949,959
NET ASSETS		657,794	551,585
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		142,706	55,436
		642,706	555,436
Surplus on revaluation of assets		15,088	(3,851)
		657,794	551,585
Remuneration to Shariah Advisor / Board		1,572	2,054
CHARITY FUND			
Opening balance		-	19
Additions during the period		3,762	1
Payments / utilization during the period		-	(20)
Closing balance		3,762	-
A. Islamic financing and related assets			
Islamic mode of financing	A.1	3,668,086	1,599,074
A.1 Islamic mode of financing			
Murabaha		960,744	180,439
Advance Against Istisna		313,672	-
Diminishing musharaka		1,992,316	1,009,628
Ijarah		401,354	409,007
		3,668,086	1,599,074

Islamic Banking Business - Profit and Loss Account

For the Nine Months Ended September 30, 2015 (Un-audited)

Annexure - I

	Three months ended September 30, 2015	Nine months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2014
	(Rupees in thousand)			
Profit/return earned on financing, investment and placements	231,059	564,650	62,475	138,385
Return on deposits and other dues expensed	73,546	175,276	13,020	26,535
Net spread earned	157,513	389,374	49,455	111,850
Provision against non-performing loans and advances	-	-	-	-
Provision against consumer financings	-	-	-	-
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
Income after provisions	157,513	389,374	49,455	111,850
Other Income				
Fee, commission and brokerage income	2,305	8,935	749	3,077
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(85)	(78)	(8)	18
Gain on sale and redemption of securities	-	-	-	-
Unrealized loss on revaluation of investments classified as held for trading	-	-	-	-
Other income	4,452	35,183	1,009	28,660
Total other income	6,672	44,040	1,750	31,755
	164,185	433,414	51,205	143,605
Other expenses				
Administrative expenses	123,907	346,133	53,319	106,473
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	11	-	-
Total other expenses	123,907	346,144	53,319	106,473
	40,278	87,270	(2,114)	37,132
Extra ordinary/unusual items	-	-	-	-
PROFIT BEFORE TAXATION	40,278	87,270	(2,114)	37,132



Head Office:
BOP Tower, 10-B Block E/II, Main Boulevard,
Gulberg-III, Lahore UAN: 111-250-100
www.bop.com.pk