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CORPORATE INFORMATION

Board Of Directors

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

Central Audit Committee (CAC)

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

Board Risk Management Committee (BRMC)

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

Human Resource & Remuneration Committee (HR&RC)

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

Auditors

Deloitte Yousuf Adil, Chartered Accountants

Registered Office

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

Website

www.bop.com.pk

Registrar

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

DIRECTORS' REVIEW

Quarterly Financial Statements - September 30, 2016

On behalf of the Board of Directors, I am pleased to present Un-audited Condensed Interim Financial Statements of The Bank of Punjab for the nine months period ended September 30, 2016.

Country's economy has performed well so far owing to supporting macroeconomic environment and the record-high foreign exchange reserves have supported stability in the foreign exchange market. However, the current account deficit is at the risk of widening further owing to declining exports and rising imports. SBP policy rate has been maintained at 5.75 percent in the Monetary Policy announced in September 2016. Liquidity conditions in the money market remained broadly comfortable and overnight money market repo rate mostly remained close to the SBP policy rate.

Financial Highlights:

Rs. In Million

Profit before taxation	6,036
Taxation	2,105
Profit after taxation	3,931
Earnings per share (Rupees)	2.53

During Jan-Sep 2016, the Net Interest Margin improved to Rs. 8,905 million as against Rs. 8,146 million for corresponding period last year. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 3,965 million and 5,853 million, respectively. Accordingly, the Bank was able to post a pre-tax profit of Rs. 6,036 million and the Earnings per Share remained at Rs. 2.53.

As on September 30, 2016, the Deposits stood at Rs. 420.5 billion as against Rs. 375.0 billion as of December 31, 2015 thereby registering a rise of 12%, while Total Assets increased to Rs. 526.6 billion as against Rs. 472.3 billion as on December 31, 2015. Investments and Gross Advances stood at Rs. 209.1 billion and Rs. 273.3 billion, respectively. During the period, the Bank has utilized Statutory Reserve of Rs. 2.0 billion towards accumulated losses and unappropriated profit now stood at Rs. 0.8 billion as against accumulated losses of Rs.(5.2) billion as on December 31, 2015. The Tier-I Equity improved to Rs. 23.4 billion as against Rs. 19.4 billion as on December 31, 2015.

While acknowledging financial improvements, M/s PACRA has upgraded long term entity rating to "AA" from "AA-", with short term rating already being at the highest rank of "A1+". Further, with opening of 13 new branches during year 2016, the Bank now has a nationwide network of 419 online branches.

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 Bank would continue its efforts to maintain and accelerate the 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 to the Bank. The Bank also acknowledges and appreciates dedication of its human resource and trust that same will continue in further strengthening the financial position of the Bank.

For and on behalf of the Board

Naeemuddin Khan
President/CEO

ڈائریکٹرز کا جائزہ:

دی بینک آف پنجاب نو ماہی مالیاتی حسابات ۳۰ ستمبر ۲۰۱۶ء :

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

ملکی معیشت کی کارکردگی سازگار ماحول کی وجہ سے مثبت رہی اور تاریخی سطح پر رہنے والے زرمبادلہ کے ذخائر کی بدولت زرمبادلہ کی مارکیٹ کی صورتحال تسلی بخش رہی۔ تاہم کم ہوتی برآمدات اور درآمدات میں اضافہ کی وجہ سے کرنٹ اکاؤنٹ خسارے میں اضافہ کا خدشہ ہے۔ ستمبر ۲۰۱۶ء میں اعلان کردہ مالیاتی پالیسی میں اسٹیٹ بینک آف پاکستان نے شرح سود 5.75 فیصد پر برقرار رکھی ہے۔ بازار زرعی صورتحال اطمینان بخش رہی اور شبینہ بازار زرعی پورٹ اسٹیٹ بینک آف پاکستان کے پالیسی ریٹ کے قریب رہا۔

مالیاتی نتائج :

قبل از ٹیکس منافع	6,036
ٹیکس	2,105
بعد از ٹیکس منافع	3,931
فی حصص منافع (روپیہ)	2.53

سال ۲۰۱۶ء کے پہلے نو ماہ کے دوران بینک کا نیٹ انٹرسٹ مارجن 8,905 ملین روپے کی سطح پر پہنچ گیا جو کہ پچھلے سال اسی مدت کے دوران 8,146 ملین روپے پر تھا۔ جبکہ نان مارک اپ ریسٹ انٹرسٹ انکم اور نان مارک اپ / انٹرسٹ اخراجات بالترتیب 3,965 ملین روپے اور 5,853 ملین روپے رہے۔ لہذا بینک نے 6,036 ملین روپے کا قبل از ٹیکس منافع کمایا اور بینک کی فی حصص آمدنی 2.53 روپیہ رہی۔

۳۰ ستمبر ۲۰۱۶ء کو بینک کے ڈپازٹ 12 فیصد اضافہ کے ساتھ 420.5 ارب روپے کی سطح پر پہنچ گئے جو کہ ۳۱ دسمبر ۲۰۱۵ء کو 375.0 ارب روپے کی سطح پر تھے۔ اسی طرح بینک کے اثاثہ جات 526.6 ارب روپے کی سطح پر پہنچ گئے جو کہ ۳۱ دسمبر ۲۰۱۵ء کو 472.3 ارب روپے کی سطح پر تھے۔ بینک کی سرمایہ کاری اور قرضہ جات بالترتیب 209.1 ارب روپے اور 273.3 ارب روپے کی سطح پر رہے۔ اس مدت کے دوران بینک نے مجموعی خسارے کو کم کرنے کے لیے 2.0 ارب روپے کے لازمی ذخائر استعمال کیے اور اس طرح بینک کا غیر تقسیم شدہ منافع 0.8 ارب روپے ہے جبکہ ۳۱ دسمبر ۲۰۱۵ء کو بینک کا مجموعی خسارہ (5.2) ارب روپے تھا۔ بینک کی ٹیرون اکیوئیٹی 23.4 ارب روپے کی سطح پر پہنچ گئی جو کہ ۳۱ دسمبر ۲۰۱۵ء کو 19.4 ارب روپے کی سطح پر تھی۔

پاکستان کریڈیٹ ریٹنگ ایجنسی نے بینک کی شاندار کارکردگی کو سراہتے ہوئے طویل مدت کے لیے بینک کی ریٹنگ AA سے بڑھا کر AA+ کر دی ہے جبکہ مختصر مدت کے لیے A1+ کی ریٹنگ، پہلے ہی بلند ترین سطح پر ہے۔ علاوہ ازیں سال ۲۰۱۶ء میں کھولے جانے والی 13 شاخوں کے افتتاح سے بینک کی مجموعی شاخوں کی تعداد 419 ہو گئی ہے۔

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

اپنے معزز صارفین اور حصص داران کے تعاون اور اعتماد کا شکریہ ادا کرتے ہوئے میں اس بات کا یقین دلاتا ہوں کہ بینک کی انتظامیہ ترقی کی موجودہ رفتار کو مزید تیز کرنے کے لئے اپنی کاوشیں جاری رکھے گی۔ میں حکومت پنجاب اور اسٹیٹ بینک آف پاکستان کے مسلسل تعاون اور معاونت کا تہہ دل سے شکر گزار ہوں۔ میں بینک کے تمام ملازمین کی انتھک محنت کا معترف ہوں جسکی وجہ سے بینک نے قابل ذکر کارکردگی کا مظاہرہ کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

نعیم الدین خان
صدر / ای ایو



UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

for the nine months ended
September 30, 2016 (Un-Audited)

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		30,796,480	26,190,481
Balances with other banks		4,931,537	4,512,033
Lendings to financial institutions	5	8,425,242	6,113,262
Investments - net	6	209,095,836	176,043,046
Advances - net	7	241,508,164	219,398,631
Operating fixed assets	8	6,563,550	6,484,312
Deferred tax assets - net	9	6,242,713	7,905,981
Other assets - net		19,009,890	25,635,908
		526,573,412	472,283,654
LIABILITIES			
Bills payable		3,503,010	1,887,432
Borrowings	10	57,833,487	55,236,429
Deposits and other accounts	11	420,464,385	374,961,096
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		15,662,101	15,520,357
		499,462,983	449,605,314
NET ASSETS			
		27,110,429	22,678,340
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Share deposit money		7,000,000	7,000,000
Reserves		329,001	2,329,001
Unappropriated profit / (accumulated losses)		751,205	(5,220,276)
		23,368,180	19,396,699
Surplus on revaluation of assets - net of tax	13	3,742,249	3,281,641
		27,110,429	22,678,340
Contingencies and commitments	14		

The annexed notes from 1 to 19 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Nine Months Ended September 30, 2016 (Un-audited)

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
	Rupees in '000'			
Mark-up / return / interest earned	7,328,050	21,930,613	7,465,126	23,682,060
Mark-up / return / interest expensed	4,371,674	13,025,201	4,746,183	15,535,856
Net mark-up / return / interest income	2,956,376	8,905,412	2,718,943	8,146,204
Provision against non-performing loans and advances - net	(252,609)	883,713	874,998	2,821,816
Provision for diminution in the value of investments - net	-	97,987	78,225	64,815
Bad debts written off directly	-	-	-	-
	(252,609)	981,700	953,223	2,886,631
Net mark-up / return / interest income after provisions	3,208,985	7,923,712	1,765,720	5,259,573
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	204,762	732,221	146,559	666,444
Dividend income	11,952	42,406	9,157	37,395
Income from dealing in foreign currencies	9,760	51,060	20,304	83,723
Gain on sale and redemption of securities - net	268,422	2,013,748	1,170,720	3,891,381
Unrealized (loss) / gain on revaluation of investments classified as held for trading	(11,050)	(11,668)	3,289	(11,609)
Other income	250,879	1,137,648	234,332	1,214,897
Total non-markup / interest income	734,725	3,965,415	1,584,361	5,882,231
	3,943,710	11,889,127	3,350,081	11,141,804
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	2,149,135	6,243,236	1,922,139	5,440,229
(Reversal of provision) / provision against other assets	(593)	30,042	2,230	10,901
(Reversal of provision) / provision against off balance sheet obligations	-	(453,394)	-	32,274
Other charges	3,855	33,386	187	19,839
Total non-markup / interest expenses	2,152,397	5,853,270	1,924,556	5,503,243
	1,791,313	6,035,857	1,425,525	5,638,561
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	1,791,313	6,035,857	1,425,525	5,638,561
Taxation - Current	344,252	712,172	90,495	295,643
- Prior years	-	-	-	-
- Deferred	283,476	1,393,183	416,004	1,660,326
	627,728	2,105,355	506,499	1,955,969
PROFIT AFTER TAXATION	1,163,585	3,930,502	919,026	3,682,592
Earnings per share - basic and diluted (Rupees) - Note 15	0.75	2.53	0.59	2.37

The annexed notes from 1 to 19 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income For the Nine Months Ended September 30, 2016 (Un-audited)

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
	Rupees in '000'			
Profit after taxation for the period	1,163,585	3,930,502	919,026	3,682,592
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:				
Actuarial gains on re-measurement recognized during the period	-	-	-	-
Comprehensive income transferred to equity	1,163,585	3,930,502	919,026	3,682,592
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	(310,004)	501,587	61,463	(61,210)
Total comprehensive income for the period	853,581	4,432,089	980,489	3,621,382

The annexed notes from 1 to 19 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Cash Flow Statement

For the Nine Months Ended September 30, 2016 (Un-audited)

	Nine months ended	
	September 30, 2016	September 30, 2015
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,035,857	5,638,561
Less: Dividend income	(42,406)	(37,395)
	5,993,451	5,601,166
Adjustments for:		
Depreciation on property and equipment	507,298	388,521
Depreciation on non banking assets acquired in satisfaction of claims	82,861	-
Depreciation on ijarah assets under IFAS - 2	53,332	41,226
Amortization on intangible assets	17,584	8,115
Amortization of premium on debt securities	513,157	241,765
Unrealized loss on revaluation of investments classified as held for trading	11,668	11,609
Provision against non-performing loans and advances - net	883,713	2,821,816
Provision for diminution in the value of investments - net	97,987	64,815
Provision for employees compensated absences	7,003	10,651
Provision for gratuity	58,026	67,265
(Reversal of provision) / provision against off balance sheet obligations	(453,394)	32,274
Provision against other assets	30,042	10,901
Net profit on sale of property and equipment	(17,295)	(8,943)
Net profit on sale of non-banking assets acquired in satisfaction of claims	-	(20,202)
Gain on sale and redemption of securities - net	(2,013,748)	(3,891,381)
Finance charges on leased assets	-	16
	(221,766)	(221,552)
	5,771,685	5,379,614
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(2,311,980)	27,234,649
Net investments in held for trading securities	(22,012,764)	(11,856,717)
Advances - net	(23,046,578)	(34,580,161)
Other assets - net	6,570,285	(2,823,133)
	(40,801,037)	(22,025,362)
Increase / (Decrease) in operating liabilities:		
Bills payable	1,615,578	496,958
Borrowings	2,671,518	14,180,641
Deposits and other accounts	45,503,289	14,289,907
Other liabilities	530,109	2,585,051
	50,320,494	31,552,557
	15,291,142	14,906,809
Financial charges paid	-	(16)
Income tax paid	(826,065)	(329,480)
Net cash flow from operating activities	14,465,077	14,577,313
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(23,877,417)	(18,399,239)
Net investments in held to maturity securities	15,000,000	-
Dividends received	53,199	36,204
Investments in operating fixed assets	(563,293)	(1,276,117)
Sale proceeds of property and equipment disposed-off	22,397	12,418
Sale proceeds of non-banking assets disposed-off	-	406,068
Net cash used in investing activities	(9,365,114)	(19,220,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	-	(1,128)
Net cash used in financing activities	-	(1,128)
Net increase / (decrease) in cash and cash equivalents	5,099,963	(4,644,481)
Cash and cash equivalents at beginning of the period	30,627,855	26,368,200
Cash and cash equivalents at end of the period	35,727,818	21,723,719
Cash and cash equivalents:		
Cash and balances with treasury banks	30,796,480	19,751,596
Balances with other banks	4,931,537	2,140,604
Overdrawn nostro accounts	(199)	(168,481)
	35,727,818	21,723,719

The annexed notes from 1 to 19 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the Nine Months Ended September 30, 2016 (Un-audited)

	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Capital Reserves Restructuring reserve	Revenue Reserve Unappropriated profit / (accumulated losses)	Total
				Rupees in '000'				
Balance as at January 1, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(9,113,154)	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
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	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
Total comprehensive income for the three months ended December 31, 2015	-	-	-	-	-	-	1,095,079	1,095,079
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	14,420	14,420
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,133	7,133
Transfer from restructuring reserve against NPLs	-	-	-	-	-	(701,906)	-	(701,906)
Transfer to statutory reserve	-	-	-	949,664	-	-	(949,664)	-
Balance as at December 31, 2015	15,551,132	(263,158)	7,000,000	2,291,119	37,882	-	(5,220,276)	19,396,699
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	-	3,930,502	3,930,502
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	40,979	40,979
Transfer to accumulated losses	-	-	-	(2,000,000)	-	-	2,000,000	-
Balance as at September 30, 2016	15,551,132	(263,158)	7,000,000	291,119	37,882	-	751,205	23,368,180

The annexed notes from 1 to 19 and Annexure - I form an integral part of this unconsolidated condensed interim financial information.

President

Director

Notes to the Unconsolidated Condensed Interim Financial Information

For the Nine Months Ended September 30, 2016 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 419 branches including 03 sub branches and 48 Islamic banking branches (2015: 406 branches including 01 sub branch and 48 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).
- 1.2 As on September 30, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 23,368,180 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 18,156,922 thousand (December 31, 2015: Rs. 20,391,075 thousand) requiring additional provision of Rs. 17,155,029 thousand (December 31, 2015: Rs. 19,450,421 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2016/4001 dated February 16, 2016, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

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

During the year 2016, the Bank will be required to record further provisioning in staggered manner against exposure cover under LOCs. i.e. 7% by June 30, 2016 and additional 8% by December 31, 2016 so as to ensure that total staggering by end of year 2016 would not be less than 15%. The requirement of recording further provisioning of 7% by June 30, 2016, in staggered manner has been duly complied with by the Bank. As communicated by SBP, going forward, further extension in these relaxations would be considered upon satisfactory compliance of the conditions / requirements of SBP as well as the Bank's future performance based on the Bank's business plan.

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

2. STATEMENT OF COMPLIANCE

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

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

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

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

The disclosures made in this unconsolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and this unconsolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2015. This unconsolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange and Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2015.

However, the SBP vide BPRD Circular No.01 dated January 01, 2016, issued Regulations for Debt Property Swap. These regulations require the Bank to charge depreciation and measure non banking assets on revaluation basis. Accordingly, depreciation expense of Rs. 82,861 thousand has been recognized in this unconsolidated condensed interim financial information. Furthermore, the management is in process of making reliable estimate of the revalued amounts of these non banking assets.

4. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	5.1	3,605,242	4,513,262
Certificates of investment		200,000	1,000,000
Placements		4,620,000	600,000
		<u>8,425,242</u>	<u>6,113,262</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) September 30, 2016			(Audited) December 31, 2015		
	Rupees in '000'			Rupees in '000'		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market treasury bills	3,355,242	-	3,355,242	2,263,262	-	2,263,262
Pakistan investment bonds	250,000	-	250,000	2,250,000	-	2,250,000
	<u>3,605,242</u>	<u>-</u>	<u>3,605,242</u>	<u>4,513,262</u>	<u>-</u>	<u>4,513,262</u>

Market value of securities held as collateral as at September 30, 2016 amounted to Rs. 3,628,772 thousand (December 31, 2015: Rs. 4,745,547 thousand). These carry mark-up at rate ranging from 6.00% to 6.25% per annum (December 31, 2015: 6.40% to 7.50% per annum).

6. INVESTMENTS - NET

	(Un-audited) September 30, 2016			(Audited) December 31, 2015		
	Rupees in '000'			Rupees in '000'		
Note	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
Held for trading securities:						
Ordinary shares of listed companies	101,149	-	101,149	98,411	-	98,411
Market treasury bills	21,960,948	-	21,960,948	-	-	-
	<u>22,062,097</u>	<u>-</u>	<u>22,062,097</u>	<u>98,411</u>	<u>-</u>	<u>98,411</u>
Available for sale securities:						
Market treasury bills	80,437,730	19,562,160	99,999,890	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	45,904,587	27,350,155	73,254,742	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	1,368,870	-	1,368,870	1,510,314	-	1,510,314
Preference shares of listed companies	340,451	-	340,451	415,451	-	415,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijarah sukuk bonds	1,332,623	-	1,332,623	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	5,748,849	-	5,748,849	5,503,881	-	5,503,881
Listed term finance certificates	662,990	-	662,990	664,623	-	664,623
Unlisted term finance certificates	4,320,931	-	4,320,931	3,455,200	-	3,455,200
	<u>140,142,031</u>	<u>46,912,315</u>	<u>187,054,346</u>	<u>120,041,242</u>	<u>41,716,199</u>	<u>161,757,441</u>
Held to maturity securities:						
Pakistan investment bonds	254,239	-	254,239	15,191,724	-	15,191,724
WAPDA bonds	400	-	400	400	-	400
	<u>254,639</u>	<u>-</u>	<u>254,639</u>	<u>15,192,124</u>	<u>-</u>	<u>15,192,124</u>
Subsidiary:						
Punjab modaraba services (private) limited	164,945	-	164,945	164,945	-	164,945
	<u>164,945</u>	<u>-</u>	<u>164,945</u>	<u>164,945</u>	<u>-</u>	<u>164,945</u>
Total investments at cost	<u>162,623,712</u>	<u>46,912,315</u>	<u>209,536,027</u>	<u>135,496,722</u>	<u>41,716,199</u>	<u>177,212,921</u>
Provision for diminution in the value of investment - net	(3,087,782)	-	(3,087,782)	(3,048,940)	-	(3,048,940)
	<u>159,535,930</u>	<u>46,912,315</u>	<u>206,448,245</u>	<u>132,447,782</u>	<u>41,716,199</u>	<u>174,163,981</u>
Investments net of provisions						
Surplus on revaluation of available for sale securities	2,659,259	-	2,659,259	1,887,587	-	1,887,587
Deficit on revaluation of held for trading securities	(11,668)	-	(11,668)	(8,522)	-	(8,522)
	<u>2,647,591</u>	<u>-</u>	<u>2,647,591</u>	<u>1,879,065</u>	<u>-</u>	<u>1,879,065</u>
Total investments at market value	<u>162,183,521</u>	<u>46,912,315</u>	<u>209,095,836</u>	<u>134,326,847</u>	<u>41,716,199</u>	<u>176,043,046</u>

6.1 Market value of held to maturity investments is Rs. 266,046 thousand (December 31, 2015: Rs. 15,647,265 thousand).

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		217,567,562	200,787,493
Net investment in finance lease - In Pakistan		40,628,216	41,290,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		470,946	230,780
Islamic financing and related assets		7,210,243	4,316,782
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		5,574,736	2,186,757
-Payable outside Pakistan		1,873,339	1,529,217
		7,448,075	3,715,974
Advances - gross		273,325,042	250,341,712
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(31,438,574)	(30,596,588)
-General	7.3	(378,304)	(346,493)
		(31,816,878)	(30,943,081)
Advances - net of provision		241,508,164	219,398,631

7.1 Provision against certain net advances amounting to Rs. 18,156,922 thousand (December 31, 2015: Rs. 20,391,075 thousand) requiring additional provisioning of Rs. 17,155,029 thousand (December 31, 2015: Rs. 19,450,421 thousand) has not been considered necessary in this unconsolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2.

7.2 Advances include Rs. 56,310,832 thousand (December 31, 2015: Rs. 57,069,295 thousand) which have been placed under non-performing status as on September 30, 2016 as detailed below:

Category of classification	September 30, 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	447,847	-	447,847	3,053	3,053
Substandard	4,973,079	-	4,973,079	976,380	976,380
Doubtful	4,089,656	-	4,089,656	2,087,134	2,087,134
Loss	46,800,250	-	46,800,250	28,372,007	28,372,007
	56,310,832	-	56,310,832	31,438,574	31,438,574
December 31, 2015 (Audited)					
	Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000'					
Other assets especially mentioned	101,466	-	101,466	857	857
Substandard	4,281,121	-	4,281,121	869,489	869,489
Doubtful	4,474,983	-	4,474,983	2,175,523	2,175,523
Loss	48,211,725	-	48,211,725	27,372,220	27,550,719
	57,069,295	-	57,069,295	30,418,089	30,596,588

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

7.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 152,409 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 nine months ended would have been higher by Rs. 152,409 thousand (September 30, 2015: higher by Rs. 141,674 thousand) and Rs. 99,066 thousand (September 30, 2015: higher by Rs. 92,088 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 563,293 thousand (September 30, 2015: Rs. 1,276,117 thousand) and Rs. 54,987 thousand (September 30, 2015: Rs. 53,169 thousand), respectively.

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
9. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(566,351)	(588,418)
Surplus on available for sale securities	(930,740)	(660,655)
Accelerated tax depreciation	(212,391)	(212,391)
Deductible temporary differences:		
Loan loss provision	7,952,195	8,597,319
Business loss	-	770,126
	<u>6,242,713</u>	<u>7,905,981</u>

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	8,600,834	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	-	4,331
-Long term financing facility (LTFF)	2,327,619	1,358,063
Repurchase agreement borrowings	46,904,835	41,709,003
	<u>57,833,288</u>	<u>53,860,238</u>
Unsecured		
Foreign placement	-	1,301,532
Overdrawn nostro accounts	199	74,659
	<u>57,833,487</u>	<u>55,236,429</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	123,795,199	126,553,494
Savings deposits	183,352,590	147,719,737
Current accounts - non - remunerative	100,565,431	88,424,644
Sundry deposits, margin accounts, etc.	8,251,387	8,268,024
	<u>415,964,607</u>	<u>370,965,899</u>
Financial Institutions		
Remunerative deposits	3,302,128	2,668,511
Non-remunerative deposits	1,197,650	1,326,686
	<u>4,499,778</u>	<u>3,995,197</u>
	<u>420,464,385</u>	<u>374,961,096</u>
11.1 Particulars of deposits		
In local currency	412,686,301	368,143,873
In foreign currencies	7,778,084	6,817,223
	<u>420,464,385</u>	<u>374,961,096</u>

12. SHARE CAPITAL

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

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

12.2 Issued, subscribed and paid up capital

	(Un-audited) September 30, 2016	(Audited) December 31, 2015		(Un-audited) September 30, 2016	(Audited) December 31, 2015
	(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

12.3 GoPb held 57.47% shares in the Bank as at September 30, 2016 (December 31, 2015: 57.47 %).

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of operating fixed assets	2,013,730	2,054,709
Surplus on revaluation of available for sale securities	1,728,519	1,226,932
	3,742,249	3,281,641

14. CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,242,335	1,656,157
	1,242,335	1,656,157

14.2 Transaction related contingent liabilities

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	560,708	410,060
Financial institutions	8,370,074	6,028
Others	22,486,499	19,075,322
	31,417,281	19,491,410

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		Rupees in '000'	
14.3 Trade related contingent liabilities			
Government		7,808,454	3,784,344
Financial institutions		-	-
Others		16,534,394	12,423,750
		<u>24,342,848</u>	<u>16,208,094</u>
14.4 Other contingencies			
Claims against the Bank not acknowledged as debts	14.4.1	<u>33,406,676</u>	<u>31,077,751</u>

14.4.1 The amount involved in the claims filed against the Bank are yet to be adjudicated by the concerned courts as the same have been filed as outburst to Bank's recovery suits. Up till now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because the claims are frivolous.

14.5 Income tax related contingency

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

14.6 Commitments to extend credit

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
14.7 Commitments in respect of forward exchange contracts		
Purchase	8,443,562	12,160,726
Sale	5,782,882	9,624,791
	<u>14,226,444</u>	<u>21,785,517</u>
14.8 Commitments for the acquisition of operating fixed assets	<u>145,642</u>	<u>111,537</u>

15. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Profit after taxation (Rupees in thousand)	<u>1,163,585</u>	<u>3,930,502</u>	<u>919,026</u>	<u>3,682,592</u>
Weighted average number of ordinary shares (thousand)	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>
Earnings per share - basic and diluted (Rupees)	<u>0.75</u>	<u>2.53</u>	<u>0.59</u>	<u>2.37</u>

16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000'						
Nine Months Ended September 30, 2016 (Un-audited)						
Total income	11,523,089	3,303,947	10,657,677	348,443	62,872	25,896,028
Total expenses	1,578,760	2,652,838	15,628,573	-	-	19,860,171
Inter segment transfer revenue / (cost)	(4,461,117)	659,840	3,801,277	-	-	-
Income taxes	-	-	-	-	-	2,105,355
Net income / (loss)	5,483,212	1,310,949	(1,169,619)	348,443	62,872	3,930,502
Segment assets (gross)	251,559,530	49,972,096	249,207,698	-	-	550,739,324
Segment non performing advances / investments	3,135,169	2,302,301	54,008,531	-	-	59,446,001
Segment specific provision required	3,087,782	1,641,848	29,796,726	-	-	34,526,356
Segment liabilities	50,475,114	69,732,027	379,255,842	-	-	499,462,983
Segment return on net assets (ROA) (%)	8.78%	10.07%	8.95%			
Segment cost of funds (%)	6.10%	6.37%	5.94%			

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 transfer revenue / (cost)	(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 specific provision required	3,057,848	1,687,655	27,679,858	-	-	32,425,361
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%			

17. RELATED PARTY TRANSACTIONS

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

	September 30, 2016 (Un-audited)				December 31, 2015 (Audited)			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
Advances								
Opening balance	117,456	855,445	-	-	121,056	760,121	-	61,874
Loans granted during the period	32,382	578,495	-	-	69,064	744,280	-	-
Repayments received during the period	(33,047)	(462,919)	-	-	(72,664)	(648,956)	-	(61,874)
Closing balance	116,791	971,021	-	-	117,456	855,445	-	-
Deposits								
Opening balance	18,544	52,651	2,317,942	12,277	15,177	20,407	2,076,040	46,545
Placements made during the period	223,936	709,152	354,778	220,636	299,492	762,852	7,536,662	552,485
Withdrawals during the period	(213,334)	(758,897)	(233,838)	(198,098)	(296,125)	(730,608)	(7,294,760)	(586,753)
Closing balance	29,146	2,906	2,438,882	34,815	18,544	52,651	2,317,942	12,277
Placements	-	200,000	-	-	-	100,000	-	-

	September 30, 2016 (Un-audited)				September 30, 2015 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	5,280	51,818	-	-	6,792	44,690	-	-
Mark-up/interest expensed	497	-	102,218	338	489	-	120,356	1,459
Contribution to employees funds	-	-	68,515	-	-	-	58,422	-

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

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

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities and loans against GoPb guarantees amounted to Rs. 45,508,169 thousand (December 31, 2015: Rs. 35,710,375 thousand), Rs. 203,412,859 thousand (December 31, 2015: Rs. 170,215,660 thousand), Rs. 8,669,069 thousand (December 31, 2015: Rs. 4,051,764 thousand) and Rs. 339,280 thousand (December 31, 2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 95,438 thousand (September 30, 2015: Rs. 115,753 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

18. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issuance on October 27, 2016 by the Board of Directors of the Bank.

19. GENERAL

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

19.2 Figures have been rounded off to the nearest thousand.

President

Director

Islamic Banking Business - Statement of Financial Position

As at September 30, 2016

Annexure - I

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

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		1,435,783	1,201,923
Balance with other banks		2,313,536	1,217,344
Due from financial institutions		4,420,000	500,000
Investments		7,083,227	5,629,443
Islamic financing and related assets	A	7,681,189	4,547,562
Operating fixed assets		291,814	214,912
Deferred tax assets		-	-
Other assets		253,769	436,476
TOTAL ASSETS		23,479,318	13,747,660
LIABILITIES			
Bills payable		150,174	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		5,290,399	4,709,967
- Saving accounts		14,411,608	6,477,449
- Term deposits		638,318	957,062
- Others		279,180	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		1,896,935	433,058
Other liabilities		83,845	348,040
		22,750,459	13,137,473
NET ASSETS		728,859	610,187
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		188,544	109,629
		688,544	609,629
Surplus on revaluation of assets		40,315	558
		728,859	610,187
Remuneration to Shariah Advisor / Board		3,944	2,807
CHARITY FUND			
Opening balance		1,871	-
Additions during the period		359	3,318
Payments / utilization during the period		-	(1,447)
Closing balance		2,230	1,871
A. Islamic financing and related assets			
Islamic mode of financing	A.1	7,681,189	4,547,562
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		2,040,000	-
Murabaha		850,066	1,161,148
Diminishing musharaka		4,110,177	2,709,553
Istisna		210,000	283,000
Ijarah		470,946	393,861
		7,681,189	4,547,562

Islamic Banking Business - Profit and Loss Account

For the Nine Months Ended September 30, 2016 (Un-audited)

Annexure - I

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Profit / Return earned on financing, investment and placements	299,765	740,654	231,059	564,650
Return on deposits and other dues expensed	94,482	220,784	73,546	175,276
Net spread earned	205,283	519,870	157,513	389,374
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	205,283	519,870	157,513	389,374
Other income				
Fee, commission and brokerage income	2,636	11,731	2,305	8,935
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(177)	(155)	(85)	(78)
Gain on sale and redemption of securities	-	-	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	4,108	18,295	4,452	35,183
Total other income	6,567	29,871	6,672	44,040
Other expenses	211,850	549,741	164,185	433,414
Administrative expenses	174,965	470,807	123,907	346,133
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	19	-	11
Total other expenses	174,965	470,826	123,907	346,144
Extra ordinary / unusual items	36,885	78,915	40,278	87,270
	-	-	-	-
PROFIT BEFORE TAXATION	36,885	78,915	40,278	87,270



CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

for the nine months ended
September 30, 2016 (Un-Audited)
(The Bank of Punjab & Punjab Modaraba Services (Pvt) Ltd.)

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2016

		(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		30,796,480	26,190,481
Balances with other banks		4,931,537	4,512,033
Lendings to financial institutions	5	8,425,242	6,113,262
Investments - net	6	209,140,309	176,079,793
Advances - net	7	241,459,659	219,356,020
Operating fixed assets	8	6,563,550	6,484,312
Deferred tax assets - net	9	6,242,713	7,905,981
Other assets - net		19,017,247	25,641,447
		526,576,737	472,283,329
LIABILITIES			
Bills payable		3,503,010	1,887,432
Borrowings	10	57,833,487	55,236,429
Deposits and other accounts	11	420,464,385	374,960,986
Sub-ordinated loan		2,000,000	2,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		15,662,170	15,520,719
		499,463,052	449,605,566
NET ASSETS		27,113,685	22,677,763
REPRESENTED BY			
Share capital	12	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Share deposit money		7,000,000	7,000,000
Reserves		329,001	2,329,001
Unappropriated profit / (accumulated losses)		754,461	(5,220,853)
		23,371,436	19,396,122
Surplus on revaluation of assets - net of tax	13	3,742,249	3,281,641
		27,113,685	22,677,763
Contingencies and commitments	14		

The annexed notes from 1 to 19 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Profit and Loss Account

For the Nine Months Ended September 30, 2016 (Un-audited)

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
	Rupees in '000'			
Mark-up / return / interest earned	7,327,270	21,928,388	7,464,187	23,679,394
Mark-up / return / interest expensed	4,371,674	13,025,201	4,746,183	15,535,856
Net mark-up / return / interest income	2,955,596	8,903,187	2,718,004	8,143,538
Provision against non-performing loans and advances - net	(252,609)	883,713	874,998	2,821,816
Provision for diminution in the value of investments - net	(4,835)	90,261	80,592	93,206
Bad debts written off directly	-	-	-	-
	(257,444)	973,974	955,590	2,915,022
Net mark-up / return / interest income after provisions	3,213,040	7,929,213	1,762,414	5,228,516
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	206,478	733,937	150,662	670,547
Dividend income	11,952	42,406	9,157	37,395
Income from dealing in foreign currencies	9,760	51,060	20,304	83,723
Gain on sale and redemption of securities - net	268,422	2,013,748	1,170,720	3,891,381
Unrealized (loss) / gain on revaluation of investments classified as held for trading	(11,050)	(11,668)	3,289	(11,609)
Other income	249,979	1,137,648	234,332	1,214,897
Total non-markup / interest income	735,541	3,967,131	1,588,464	5,886,334
	3,948,581	11,896,344	3,350,878	11,114,850
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	2,150,161	6,246,603	1,923,139	5,443,423
(Reversal of provision) / provision against other assets	(593)	30,042	2,230	10,901
(Reversal of provision) / provision against off balance sheet obligations	-	(453,394)	-	32,274
Other charges	3,855	33,386	187	19,839
Total non-markup / interest expenses	2,153,423	5,856,637	1,925,556	5,506,437
	1,795,158	6,039,707	1,425,322	5,608,413
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	1,795,158	6,039,707	1,425,322	5,608,413
Taxation - Current	344,260	712,189	90,536	295,684
- Prior years	-	-	-	-
- Deferred	283,476	1,393,183	416,004	1,660,326
	627,736	2,105,372	506,540	1,956,010
PROFIT AFTER TAXATION	1,167,422	3,934,335	918,782	3,652,403
Earnings per share - basic and diluted (Rupees) - Note 15	0.75	2.53	0.59	2.35

The annexed notes from 1 to 19 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Statement of Comprehensive Income

For the Nine Months Ended September 30, 2016 (Un-audited)

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
	Rupees in '000'			
Profit after taxation for the period	1,167,422	3,934,335	918,782	3,652,403
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:				
Actuarial gains on re-measurement recognized during the period	-	-	-	-
Comprehensive income transferred to equity	1,167,422	3,934,335	918,782	3,652,403
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	(310,004)	501,587	61,463	(61,210)
Total comprehensive income for the period	857,418	4,435,922	980,245	3,591,193

The annexed notes from 1 to 19 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Cash Flow Statement

For the Nine Months Ended September 30, 2016 (Un-audited)

	Nine months ended	
	September 30, 2016	September 30, 2015
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,039,707	5,608,413
Less: Dividend income	(42,406)	(37,395)
	5,997,301	5,571,018
Adjustments for:		
Depreciation on property and equipment	507,298	388,521
Depreciation on non banking assets acquired in satisfaction of claims	82,861	-
Depreciation on ijarah assets under IFAS - 2	53,332	41,226
Amortization on intangible assets	17,584	8,115
Amortization of premium on debt securities	513,157	241,765
Unrealized loss on revaluation of investments classified as held for trading	11,668	11,609
Provision against non-performing loans and advances - net	883,713	2,821,816
Provision for diminution in the value of investments - net	90,261	93,206
Provision for employees compensated absences	7,003	10,651
Provision for gratuity	58,026	67,265
(Reversal of provision) / provision against off balance sheet obligations	(453,394)	32,274
Provision against other assets	30,042	10,901
Net profit on sale of property and equipment	(17,295)	(8,943)
Net profit on sale of non-banking assets acquired in satisfaction of claims	-	(20,202)
Gain on sale and redemption of securities - net	(2,013,748)	(3,891,381)
Finance charges on leased assets	-	16
	(229,492)	(193,161)
	5,767,809	5,377,857
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(2,311,980)	27,234,649
Net investments in held for trading securities	(22,012,764)	(11,856,717)
Advances - net	(23,040,684)	(34,569,012)
Other assets - net	6,568,467	(2,832,397)
	(40,796,961)	(22,023,477)
Increase / (Decrease) in operating liabilities:		
Bills payable	1,615,578	496,958
Borrowings	2,671,518	14,180,641
Deposits and other accounts	45,503,399	14,289,869
Other liabilities	529,816	2,585,002
	50,320,311	31,552,470
	15,291,159	14,906,850
Financial charges paid	-	(16)
Income tax paid	(826,082)	(329,521)
Net cash flow from operating activities	14,465,077	14,577,313
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(23,877,417)	(18,399,239)
Net investments in held to maturity securities	15,000,000	-
Dividends received	53,199	36,204
Investments in operating fixed assets	(563,293)	(1,276,117)
Sale proceeds of property and equipment disposed-off	22,397	12,418
Sale proceeds of non-banking assets disposed-off	-	406,068
Net cash used in investing activities	(9,365,114)	(19,220,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	-	(1,128)
Net cash used in financing activities	-	(1,128)
Net increase / (decrease) in cash and cash equivalents	5,099,963	(4,644,481)
Cash and cash equivalents at beginning of the period	30,627,855	26,368,200
Cash and cash equivalents at end of the period	35,727,818	21,723,719
Cash and cash equivalents		
Cash and balances with treasury banks	30,796,480	19,751,596
Balances with other banks	4,931,537	2,140,604
Overdrawn nostro accounts	(199)	(168,481)
	35,727,818	21,723,719

The annexed notes from 1 to 19 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Consolidated Condensed Interim Statement of Changes in Equity

For the Nine Months Ended September 30, 2016 (Un-audited)

	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Share premium	Capital Reserves	Revenue Reserve	Total
							Unappropriated profit / (accumulated losses)	
Balance as at January 1, 2015	15,551,132	(263,158)	7,000,000	1,341,455	37,882	701,906	(9,083,209)	15,286,008
Total comprehensive income for the 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
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	-	-
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
Total comprehensive income for the three months ended December 31, 2015	-	-	-	-	-	-	1,094,746	1,094,746
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	14,420	14,420
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	-	7,133	7,133
Transfer from restructuring reserve against NPLs	-	-	-	-	-	(701,906)	-	(701,906)
Transfer to statutory reserve	-	-	-	949,664	-	-	(949,664)	-
Balance as at December 31, 2015	15,551,132	(263,158)	7,000,000	2,291,119	37,882	-	(5,220,853)	19,396,122
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	-	3,934,335	3,934,335
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	-	40,979	40,979
Transfer to accumulated losses	-	-	-	(2,000,000)	-	-	2,000,000	-
Balance as at September 30, 2016	15,551,132	(263,158)	7,000,000	291,119	37,882	-	754,461	23,371,436

The annexed notes from 1 to 19 and Annexure - I form an integral part of this consolidated condensed interim financial information.

President

Director

Notes to the Consolidated Condensed Interim Financial Information

For the Nine Months Ended September 30, 2016 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) Limited. The Bank was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 419 branches including 03 sub branches and 48 Islamic banking branches (2015: 406 branches including 01 sub branch and 48 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

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

- 1.2 As on September 30, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Group amounts to Rs. 23,371,436 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the period, net advances aggregating to Rs. 18,108,417 thousand (December 31, 2015: Rs. 20,348,464 thousand) requiring additional provision of Rs. 17,106,524 thousand (December 31, 2015: Rs. 19,407,810 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2016/4001 dated February 16, 2016, on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

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

During the year 2016, the Bank will be required to record further provisioning in staggered manner against exposure cover under LOCs. i.e. 7% by June 30, 2016 and additional 8% by December 31, 2016 so as to ensure that total staggering by end of year 2016 would not be less than 15%. The requirement of recording further provisioning of 7% by June 30, 2016, in staggered manner has been duly complied with by the Bank. As communicated by SBP, going forward, further extension in these relaxations would be considered upon satisfactory compliance of the conditions / requirements of SBP as well as the Bank's future performance based on the Bank's business plan.

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

2. STATEMENT OF COMPLIANCE

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

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

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

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

The disclosures made in this consolidated condensed interim financial information have, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004, BSD Circular letter No. 7 dated April 20, 2010 and International Accounting Standard – 34 Interim Financial Reporting. They do not include all of the disclosures required for annual financial statements, and this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2015. This consolidated condensed interim financial information is being submitted to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange and Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of annual financial statements of the Group for the year ended December 31, 2015.

However, the SBP vide BPRD Circular No.01 dated January 01, 2016, issued Regulations for Debt Property Swap. These regulations require the Bank to charge depreciation and measure non banking assets on revaluation basis. Accordingly, depreciation expense of Rs. 82,861 thousand has been recognized in this consolidated condensed interim financial information. Furthermore, the management is in process of making reliable estimate of the revalued amounts of these non banking assets.

4. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		Rupees in '000'	
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	5.1	3,605,242	4,513,262
Certificates of investment		200,000	1,000,000
Placements		4,620,000	600,000
		<u>8,425,242</u>	<u>6,113,262</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited) September 30, 2016			(Audited) December 31, 2015		
	Rupees in '000'			Rupees in '000'		
	Held by group	Further given as collateral	Total	Held by group	Further given as collateral	Total
Market treasury bills	3,355,242	-	3,355,242	2,263,262	-	2,263,262
Pakistan investment bonds	250,000	-	250,000	2,250,000	-	2,250,000
	3,605,242	-	3,605,242	4,513,262	-	4,513,262

Market value of securities held as collateral as at September 30, 2016 amounted to Rs. 3,628,772 thousand (December 31, 2015: Rs. 4,745,547 thousand). These carry mark-up at rate ranging from 6.00% to 6.25% per annum (December 31, 2015: 6.40% to 7.50% per annum).

6. INVESTMENTS - NET

	(Un-audited) September 30, 2016			(Audited) December 31, 2015		
Note	Held by group	Given as collateral	Total	Held by group	Given as collateral	Total
	Rupees in '000'			Rupees in '000'		
Held for trading securities:						
Ordinary shares of listed companies	101,149	-	101,149	98,411	-	98,411
Market treasury bills	21,960,948	-	21,960,948	-	-	-
	22,062,097	-	22,062,097	98,411	-	98,411
Available for sale securities:						
Market treasury bills	80,437,730	19,562,160	99,999,890	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	45,904,587	27,350,155	73,254,742	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	1,533,813	-	1,533,813	1,675,257	-	1,675,257
Preference shares of listed companies	340,451	-	340,451	415,451	-	415,451
Ordinary shares of unlisted company	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijarah sukuk bonds	1,332,623	-	1,332,623	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	5,748,849	-	5,748,849	5,503,881	-	5,503,881
Listed term finance certificates	662,990	-	662,990	664,623	-	664,623
Unlisted term finance certificates	4,320,931	-	4,320,931	3,455,200	-	3,455,200
	140,306,974	46,912,315	187,219,289	120,206,185	41,716,199	161,922,384
Held to maturity securities:						
Pakistan investment bonds	254,239	-	254,239	15,191,724	-	15,191,724
WAPDA bonds	400	-	400	400	-	400
	254,639	-	254,639	15,192,124	-	15,192,124
Total investments at cost	162,623,710	46,912,315	209,536,025	135,496,720	41,716,199	177,212,919
Provision for diminution in the value of investment - net	(3,043,307)	-	(3,043,307)	(3,012,191)	-	(3,012,191)
Investments net of provisions	159,580,403	46,912,315	206,492,718	132,484,529	41,716,199	174,200,728
Surplus on revaluation of available for sale securities	2,659,259	-	2,659,259	1,887,587	-	1,887,587
Deficit on revaluation of held for trading securities	(11,668)	-	(11,668)	(8,522)	-	(8,522)
Total investments at market value	162,227,994	46,912,315	209,140,309	134,363,594	41,716,199	176,079,793

6.1 Market value of held to maturity investments is Rs. 266,046 thousand (December 31, 2015: Rs. 15,647,265 thousand).

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		Rupees in '000'	
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - In Pakistan		217,519,057	200,744,882
Net investment in finance lease - In Pakistan		40,628,216	41,290,683
Net book value of assets in ijarah under IFAS 2 - In Pakistan		470,946	230,780
Islamic financing and related assets		7,210,243	4,316,782
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		5,574,736	2,186,757
-Payable outside Pakistan		1,873,339	1,529,217
		7,448,075	3,715,974
Advances - gross		273,276,537	250,299,101
Provision for non-performing loans and advances :			
-Specific	7.1 & 7.2	(31,438,574)	(30,596,588)
-General	7.3	(378,304)	(346,493)
		(31,816,878)	(30,943,081)
Advances - net of provision		241,459,659	219,356,020

7.1 Provision against certain net advances amounting to Rs. 18,108,417 thousand (December 31, 2015: Rs. 20,348,464 thousand) requiring additional provisioning of Rs. 17,106,524 thousand (December 31, 2015: Rs. 19,407,810 thousand) has not been considered necessary in this consolidated condensed interim financial information on the basis of undertaking given by GoPb as stated in Note 1.2.

7.2 Advances include Rs. 56,262,327 thousand (December 31, 2015: Rs. 57,026,684 thousand) which have been placed under non-performing status as on September 30, 2016 as detailed below:

Category of classification	September 30, 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000'				
Other assets especially mentioned	447,847	-	447,847	3,053	3,053
Substandard	4,973,079	-	4,973,079	976,380	976,380
Doubtful	4,089,656	-	4,089,656	2,087,134	2,087,134
Loss	46,751,745	-	46,751,745	28,372,007	28,372,007
	56,262,327	-	56,262,327	31,438,574	31,438,574
December 31, 2015 (Audited)					
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000'				
Other assets especially mentioned	101,466	-	101,466	857	857
Substandard	4,281,121	-	4,281,121	869,489	869,489
Doubtful	4,474,983	-	4,474,983	2,175,523	2,175,523
Loss	48,169,114	-	48,169,114	27,372,220	27,550,719
	57,026,684	-	57,026,684	30,418,089	30,596,588

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

7.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 152,409 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 nine months ended would have been higher by Rs. 152,409 thousand (September 30, 2015: higher by Rs. 141,674 thousand) and Rs. 99,066 thousand (September 30, 2015: higher by Rs. 92,088 thousand) respectively.

8. OPERATING FIXED ASSETS

During the period, additions to / disposals from operating fixed assets amounted to Rs. 563,293 thousand (September 30, 2015: Rs. 1,276,117 thousand) and Rs. 54,987 thousand (September 30, 2015: Rs. 53,169 thousand), respectively.

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
9. DEFERRED TAX ASSETS - NET		
Taxable temporary differences:		
Surplus on revaluation of operating fixed assets	(566,351)	(588,418)
Surplus on available for sale securities	(930,740)	(660,655)
Accelerated tax depreciation	(212,391)	(212,391)
Deductible temporary differences:		
Loan loss provision	7,952,195	8,597,319
Business loss	-	770,126
	<u>6,242,713</u>	<u>7,905,981</u>

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
10. BORROWINGS		
Secured		
Borrowings from SBP:		
-Export refinance (ERF)	8,600,834	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	-	4,331
-Long term financing facility (LTFF)	2,327,619	1,358,063
Repurchase agreement borrowings	46,904,835	41,709,003
	<u>57,833,288</u>	<u>53,860,238</u>
Unsecured		
Foreign placement	-	1,301,532
Overdrawn nostro accounts	199	74,659
	<u>57,833,487</u>	<u>55,236,429</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	123,795,199	126,553,494
Savings deposits	183,352,590	147,719,737
Current accounts - non - remunerative	100,565,431	88,424,534
Sundry deposits, margin accounts, etc.	8,251,387	8,268,024
	<u>415,964,607</u>	<u>370,965,789</u>
Financial Institutions		
Remunerative deposits	3,302,128	2,668,511
Non-remunerative deposits	1,197,650	1,326,686
	<u>4,499,778</u>	<u>3,995,197</u>
	<u>420,464,385</u>	<u>374,960,986</u>
11.1 Particulars of deposits		
In local currency	412,686,301	368,143,763
In foreign currencies	7,778,084	6,817,223
	<u>420,464,385</u>	<u>374,960,986</u>

12. SHARE CAPITAL

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

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

12.2 Issued, subscribed and paid up capital

	(Un-audited) September 30, 2016 (No. of shares)	(Audited) December 31, 2015		(Un-audited) September 30, 2016	(Audited) December 31, 2015
				Rupees in '000'	
	519,333,340	519,333,340	Ordinary shares of Rs. 10/- each paid in cash	5,193,333	5,193,333
	526,315,789	526,315,789	Ordinary shares of Rs. 10/- each issued at discount	5,263,158	5,263,158
	509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
	<u>1,555,113,165</u>	<u>1,555,113,165</u>		<u>15,551,132</u>	<u>15,551,132</u>

12.3 GoPb held 57.47% shares in the Bank as at September 30, 2016 (December 31, 2015: 57.47 %).

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of operating fixed assets	2,013,730	2,054,709
Surplus on revaluation of available for sale securities	1,728,519	1,226,932
	<u>3,742,249</u>	<u>3,281,641</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	-	-
Financial institutions	-	-
Others	1,242,335	1,656,157
	<u>1,242,335</u>	<u>1,656,157</u>

14.2 Transaction related contingent liabilities

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
Government	560,708	410,060
Financial institutions	8,370,074	6,028
Others	22,486,499	19,075,322
	<u>31,417,281</u>	<u>19,491,410</u>

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		Rupees in '000'	
14.3 Trade related contingent liabilities			
Government		7,808,454	3,784,344
Financial institutions		-	-
Others		16,534,394	12,423,750
		<u>24,342,848</u>	<u>16,208,094</u>
14.4 Other contingencies			
Claims against the Bank not acknowledged as debts	14.4.1	<u>33,406,676</u>	<u>31,077,751</u>

14.4.1 The amount involved in the claims filed against the Bank are yet to be adjudicated by the concerned courts as the same have been filed as outburst to Bank's recovery suits. Up till now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because the claims are frivolous.

14.5 Income tax related contingency

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

The Punjab Modaraba Services (Private) Limited tax Advisors have certified total refunds due from the tax department aggregating Rs. 6,333 thousand. Refund applications of the Company for the tax years 2007, 2008 and 2009 amounting to Rs. 1,648 thousand, Rs. 1,863 thousand and Rs. 426 thousand respectively were rejected by the Deputy Commissioner of Inland Revenue (DCIR). The Company has filed an appeal before the Commissioner of Inland Revenue Appeals (CIR Appeals) against the said order. CIR Appeals vide its order dated June 21, 2011 has vacated the order issued by DCIR and referred the case back for de-novo proceeding which have been initiated and pending for adjudication.

14.6 Commitments to extend credit

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	Rupees in '000'	
14.7 Commitments in respect of forward exchange contracts		
Purchase	8,443,562	12,160,726
Sale	5,782,882	9,624,791
	<u>14,226,444</u>	<u>21,785,517</u>
14.8 Commitments for the acquisition of operating fixed assets	<u>145,642</u>	<u>111,537</u>

15. EARNINGS PER SHARE - BASIC AND DILUTED

	(Un-audited)			
	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Profit after taxation (Rupees in thousand)	<u>1,167,422</u>	<u>3,934,335</u>	<u>918,782</u>	<u>3,652,403</u>
Weighted average number of ordinary shares (thousand)	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>	<u>1,555,113</u>
Earnings per share - basic and diluted (Rupees)	<u>0.75</u>	<u>2.53</u>	<u>0.59</u>	<u>2.35</u>

16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000'					
Nine Months Ended						
September 30, 2016 (Un-audited)						
Total income	11,523,089	3,303,947	10,657,168	348,443	62,872	25,895,519
Total expenses	1,571,034	2,652,838	15,631,940	-	-	19,855,812
Inter segment transfer revenue / (cost)	(4,461,117)	659,840	3,801,277	-	-	-
Income taxes	-	-	-	-	-	2,105,372
Net income / (loss)	5,490,938	1,310,949	(1,173,495)	348,443	62,872	3,934,335
Segment assets (gross)	251,559,530	49,972,096	249,159,191	-	-	550,690,817
Segment non performing advances / investments	3,090,694	2,302,301	53,960,026	-	-	59,353,021
Segment specific provision required	3,043,307	1,641,848	29,796,726	-	-	34,481,881
Segment liabilities	50,475,114	69,732,027	379,255,911	-	-	499,463,052
Segment return on net assets (ROA) (%)	8.78%	10.07%	8.95%			
Segment cost of funds (%)	6.10%	6.37%	5.94%			

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	1,756,783	3,073,469	19,127,063	-	-	23,957,315
Inter segment transfer revenue / (cost)	(8,514,279)	1,302,885	7,211,394	-	-	-
Income taxes	-	-	-	-	-	1,956,010
Net income / (loss)	5,859,756	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 specific provision required	3,017,104	1,687,655	27,679,858	-	-	32,384,617
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%			

17. RELATED PARTY TRANSACTIONS

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

	September 30, 2016 (Un-audited)				December 31, 2015 (Audited)			
	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
Advances								
Opening balance	129,294	812,834	-	-	125,954	720,942	-	61,874
Loans granted during the period	32,382	572,494	-	-	76,553	731,307	-	-
Repayments received during the period	(33,363)	(462,812)	-	-	(73,213)	(639,415)	-	(61,874)
Closing balance	128,313	922,516	-	-	129,294	812,834	-	-
Deposits								
Opening balance	18,572	52,542	2,317,942	12,277	18,239	20,356	2,076,040	46,545
Placements made during the period	224,373	707,381	354,778	220,636	299,746	752,149	7,536,662	552,485
Withdrawals during the period	(213,793)	(757,019)	(233,838)	(198,098)	(299,413)	(719,963)	(7,294,760)	(586,753)
Closing balance	29,152	2,904	2,438,882	34,815	18,572	52,542	2,317,942	12,277
Placements	-	200,000	-	-	-	100,000	-	-

	September 30, 2016 (Un-audited)				September 30, 2015 (Un-audited)			
	Rupees in '000'				Rupees in '000'			
Transactions during the period :								
Mark-up/return earned	5,692	49,593	-	-	7,452	42,024	-	-
Mark-up/interest expensed	498	-	102,218	338	514	-	120,356	1,459
Contribution to employees funds	-	-	68,515	-	-	-	58,422	-

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

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

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

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities and loans against GoPb guarantees amounted to Rs. 45,508,169 thousand (December 31, 2015: Rs. 35,710,375 thousand), Rs. 203,412,859 thousand (December 31, 2015: Rs. 170,215,660 thousand), Rs. 8,669,069 thousand (December 31, 2015: Rs. 4,051,764 thousand) and Rs. 339,280 thousand (December 31, 2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 95,438 thousand (September 30, 2015: Rs. 115,753 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014.

18. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issuance on October 27, 2016 by the Board of Directors of the Bank.

19. GENERAL

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

President

Director

Islamic Banking Business - Statement of Financial Position

As at September 30, 2016

Annexure - I

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

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks		1,435,783	1,201,923
Balance with other banks		2,313,536	1,217,344
Due from financial institutions		4,420,000	500,000
Investments		7,083,227	5,629,443
Islamic financing and related assets	A	7,681,189	4,547,562
Operating fixed assets		291,814	214,912
Deferred tax assets		-	-
Other assets		253,769	436,476
TOTAL ASSETS		23,479,318	13,747,660
LIABILITIES			
Bills payable		150,174	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		5,290,399	4,709,967
- Saving accounts		14,411,608	6,477,449
- Term deposits		638,318	957,062
- Others		279,180	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		1,896,935	433,058
Other liabilities		83,845	348,040
		22,750,459	13,137,473
NET ASSETS		728,859	610,187
REPRESENTED BY			
Islamic banking fund		500,000	500,000
Reserves		-	-
Unappropriated profit		188,544	109,629
		688,544	609,629
Surplus on revaluation of assets		40,315	558
		728,859	610,187
Remuneration to Shariah Advisor / Board		3,944	2,807
CHARITY FUND			
Opening balance		1,871	-
Additions during the period		359	3,318
Payments / utilization during the period		-	(1,447)
Closing balance		2,230	1,871
A. Islamic financing and related assets			
Islamic mode of financing	A.1	7,681,189	4,547,562
A.1 Islamic mode of financing			
Financing / Investments / Receivables			
Running Musharakah		2,040,000	-
Murabaha		850,066	1,161,148
Diminishing musharaka		4,110,177	2,709,553
Istisna		210,000	283,000
Ijarah		470,946	393,861
		7,681,189	4,547,562

Islamic Banking Business - Profit and Loss Account

For the Nine Months Ended September 30, 2016 (Un-audited)

Annexure - I

	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Profit / Return earned on financing, investment and placements	299,765	740,654	231,059	564,650
Return on deposits and other dues expensed	94,482	220,784	73,546	175,276
Net spread earned	205,283	519,870	157,513	389,374
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	205,283	519,870	157,513	389,374
Other income				
Fee, commission and brokerage income	2,636	11,731	2,305	8,935
Dividend income	-	-	-	-
Income from dealing in foreign currencies	(177)	(155)	(85)	(78)
Gain on sale and redemption of securities	-	-	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	4,108	18,295	4,452	35,183
Total other income	6,567	29,871	6,672	44,040
Other expenses	211,850	549,741	164,185	433,414
Administrative expenses	174,965	470,807	123,907	346,133
Other provisions/write offs/reversals	-	-	-	-
Other charges	-	19	-	11
Total other expenses	174,965	470,826	123,907	346,144
Extra ordinary / unusual items	36,885	78,915	40,278	87,270
	-	-	-	-
PROFIT BEFORE TAXATION	36,885	78,915	40,278	87,270