

KARACHI STOCK EXCHANGE LIMITED

KSE/N-2102

NOTICE

April 12, 2013

Reproduced hereunder Financial Projection received from **THE BANK OF PUNJAB**, for information of all concerned.

(Copy of the same is also available on our Website www.kse.com.pk).

THE BANK OF PUNJAB

31.12.2012

Purpose and Benefits of the Right Issue:

As per audited financial statements of the Bank, paid up capital of the Bank (net of losses) as on December 31, 2008 was Rs.5.06 billion as against minimum required level of Rs.5.00 billion, as required vide BSD Circular No.19 of 2008, after utilization of available reserves. However, the Capital Adequacy Ratio (CAR) was 1.92% as against required level of 9.0% applicable at that time.

In order to cover up above shortfall in Capital Adequacy Ratio (CAR), in June 2009, the Government of Punjab (GOPb), being the major shareholder, extended its support and deposited with the Bank an amount of Rs.10.00 billion as advance subscription money against future proposed issue of right shares. Accordingly, the adjusted CAR then enhanced to 7.67% on account of advance subscription money of Rs.10.0 billion.

In terms of the agreement executed between the Bank and the Government of Punjab, the Bank was required to issue right shares for a minimum amount of Rs.10.00 billion by March 31, 2010. However, due to consistent rise in NPLs during 2009-2010, the shortfall in meeting required levels of Minimum Capital Requirements widened and in the absence of capital support arrangements, the annual audited financial statements of the Bank for the years 2009 and 2010 could not be finalized and the proposed right issue also remained at a standstill.

Before close of the year 2011, in addition to Rs.10.0 billion deposited in year 2009, the Government of Punjab (GOPb) deposited another Rs.7.0 billion as advance subscription money against future issue of shares by the Bank and the SBP also allowed necessary relaxations for provisioning and minimum capital requirements enabling the Bank to release its pending financial statements.

Accordingly, Bank's financial statements for the years 2009, 2010 and 2011 were released in March 2012. As on December 31, 2011, the paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounted to Rs.10.1 billion, as against the minimum regulatory capital requirement of Rs.8.0 billion and Capital Adequacy Ratio (CAR) at 7.12%.

However, net advances aggregating to Rs. 33.1 billion requiring additional provision of Rs. 28.6 billion there-against were not subjected to provisioning criteria as prescribed in SBP prudential

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