



Contents

- 02** Corporate Information
- 03** Directors' Review
- 06** Interim Condensed Unconsolidated
Financial Statements
- 24** Interim Condensed Consolidated
Financial Statements

Corporate Information

Board of Directors

Mr. Ghafoor Mirza	Chairman
Mr. Naeemuddin Khan	President/CEO
Mr. Javaid Aslam	Director
Mr. Tariq Bajwa	Director
Mr. Tariq Mahmood Pasha	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Mr. Junaid Ashraf Khawaja	Director
Dr. Umar Saif	Director
Mr. Raza Saeed	Secretary to the Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Tariq Mahmood Pasha	Member
Mr. Saeed Anwar	Member

Board Risk Management Committee (BRMC)

Mr. Javaid Aslam	Chairman
Mr. Tariq Mahmood Pasha	Member
Mr. Saeed Anwar	Member

Human Resource & Remuneration Committee (HR&RC)

Mr. Tariq Bajwa	Chairman
Khawaja Farooq Saeed	Member
Mr. Naeemuddin Khan	Ex-officio Member

Auditors

M. Yousuf Adil Saleem & Co.,
Chartered Accountants

Credit Ratings by PACRA

Long term	AA-
Short term	A1+

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

On behalf of the Board of Directors, I am pleased to present the un-audited Financial Statements of The Bank of Punjab for the quarter ended March 31, 2013.

During FY12, the economy showed modest improvement, where GDP grew by 3.7% as compared to 3.0% during FY11. The commodity producing sectors posted a growth of 3.3% in FY12 as against 1.5% in FY11, while the services sector showed a growth of 4.0% as against 4.4% during FY11. Average inflation for the first half of FY13 fell to 8.3% as against 10.9% in the corresponding period last year. However, average inflation rate for FY13 is expected to remain in the range of 8.0% to 9.0%. The recent weakening of the Rupee could, however, add to inflationary pressures. Cognizant of emerging risks, especially inflation and external sector, SBP decided to keep the policy rate unchanged at 9.5% in its monetary policy announcement of February 2013.

Financial Highlights:

	Rs. In '000
Profit before taxation	513,100
Taxation	(182,527)
Profit after taxation	330,573
Earnings per share-Rupees	0.63

During 1st quarter of the year 2013, the main focus of Bank's Management remained on improving the assets' quality and operational performance of the Bank. During the quarter, the Bank earned before tax profit of Rs. 513.1 Million as against Rs. 212.2 Million during 1st quarter of 2012, registering substantial growth. The Earnings Per Share (EPS) of the Bank stood at Rs. 0.63 as against Rs. 0.26 as on March 31, 2012. The Management also focused on cost reduction and bringing efficiency in banking operations, resultantly, the administrative expenses of the Bank remained well within inflationary parameters with added cost of the enhanced branch network.

In order to rationalize the Deposits Mix with a view to reduce the average cost, high cost deposits were re-priced during the quarter. The Deposits as at the close of 1st quarter 2013 stood at Rs. 269.1 Billion as against Rs.266.1 Billion as at close of the year 2012.

In order to improve the Risk profile of the Assets, the major concentration of Investments remained in Government Securities. As at March 31, 2013, Investments of the Bank stood at Rs. 115.8 Billion, while the Gross Advances of the Bank stood at Rs. 163.9 Billion. The Bank realizes that there is still room for further improvement in the overall performance.

We wish to acknowledge and appreciate the guidance and support from Government of the Punjab and the State Bank of Pakistan in helping improvement in various areas of operation of the Bank. We are grateful to our valued customers and respected shareholders for their support, trust and confidence reposed in us. We also wish to thank all our employees for their dedicated work and contribution towards growth.

For and on behalf of the Board

Ghafoor Mirza
Chairman

The Bank of Punjab
**Interim Condensed Unconsolidated
Financial Statements**
for the quarter ended March 31, 2013 (Un-Audited)



Condensed Interim Unconsolidated Statement of Financial Position as at March 31, 2013 (un-audited)

	Note	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
ASSETS			
Cash and balances with treasury banks		16,418,229	17,298,251
Balances with other banks		4,467,814	3,101,170
Lendings to financial institutions	5	7,220,996	1,562,946
Investments - net	6	115,772,329	129,518,999
Advances - net	7	138,022,096	149,605,002
Operating fixed assets	8	3,477,857	3,473,491
Deferred tax assets	9	13,070,293	13,070,614
Other assets		13,131,314	14,480,581
		311,580,928	332,111,054
LIABILITIES			
Bills payable		1,681,268	1,500,709
Borrowings	10	21,003,964	44,683,826
Deposits and other accounts	11	269,137,695	266,055,781
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		3,423	3,601
Deferred tax liabilities		-	-
Other liabilities		7,527,741	7,495,634
		299,354,091	319,739,551
NET ASSETS			
		12,226,837	12,371,503
REPRESENTED BY			
Share capital	12	5,287,974	5,287,974
Reserves		1,187,433	1,187,433
Accumulated loss		(12,409,116)	(12,742,364)
		(5,933,709)	(6,266,957)
Share deposit money	13	17,000,000	17,000,000
		11,066,291	10,733,043
Surplus on revaluation of assets - net of tax	14	1,160,546	1,638,460
		12,226,837	12,371,503
Contingencies and commitments	15		

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Condensed Interim Unconsolidated Profit and Loss Account

for the quarter ended March 31, 2013 (un-audited)

	Quarter ended	
	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
Mark-up/return/interest earned	5,770,883	6,028,658
Mark-up/return/interest expensed	5,295,896	5,532,567
	474,987	496,091
Net mark-up/ interest income		
Reversal of provision against non-performing loans and advances - net	(416,638)	(205,856)
Provision for diminution in the value of investments - net	(286)	32,683
Bad debts written off directly	-	-
	(416,924)	(173,173)
Net mark-up/interest income after provisions	891,911	669,264
NON MARK-UP/INTEREST INCOME		
Fee, commission and brokerage income	134,292	168,838
Dividend income	59,999	86,175
Income from dealing in foreign currencies	15,789	31,572
Gain on sale and redemption of securities	317,949	140,344
Unrealized (loss) / gain on revaluation of investments classified as held for trading	(3,930)	41
Other income	287,268	113,573
Total non-markup/interest income	811,367	540,543
	1,703,278	1,209,807
NON MARK-UP/INTEREST EXPENSES		
Administrative expenses	1,195,508	997,570
Provision against other assets	(5,366)	-
Other charges	36	12
Total non-markup/interest expenses	1,190,178	997,582
PROFIT BEFORE TAXATION	513,100	212,225
Taxation - Current	32,911	-
- Prior years	-	-
- Deferred	149,616	74,761
	182,527	74,761
PROFIT AFTER TAXATION	330,573	137,464
Earnings per share - basic and diluted (Rupees)	0.63	0.26

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Condensed Interim Unconsolidated Statement of Comprehensive Income for the quarter ended March 31, 2013 (un-audited)

	Quarter ended	
	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
Profit after taxation	330,573	137,464
Other comprehensive income	-	-
Total comprehensive income	<u>330,573</u>	<u>137,464</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Condensed Interim Unconsolidated Cash Flow Statement for the quarter ended March 31, 2013 (un-audited)

	Quarter ended	
	March 31, 2013 (Rupees in thousand)	March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	513,100	201,225
Less: dividend income	(59,999)	(86,175)
	<u>453,101</u>	<u>126,050</u>
Adjustments for non-cash charges:		
Depreciation	79,958	78,671
Amortization of premium on Pakistan Investment Bonds	7,507	571
Unrealized loss / (gain) on revaluation of investments classified as held for trading	3,930	(41)
Reversal of provision against non-performing loans and advances - net	(416,638)	(205,856)
Provision for diminution in the value of investments - net	(286)	32,683
Provision for employees compensated absences	1,836	6,068
Provision for gratuity	21,833	19,375
Provision against other assets	(5,366)	-
Net profit on sale of property and equipment	(10,381)	(4,111)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(162,293)	-
Gain on sale and redemption of securities	(317,949)	(140,344)
Finance charges on leased assets	84	219
	<u>(797,765)</u>	<u>(212,765)</u>
	<u>(344,664)</u>	<u>(86,715)</u>
(Increase) / decrease in operating assets:		
Lendings to financial institutions	(5,358,050)	228,002
Net investments in held for trading securities	8,050,438	94,542
Advances	11,999,544	1,768,710
Others assets	660,523	298,718
	<u>15,352,455</u>	<u>2,389,972</u>
Increase / (decrease) in operating liabilities:		
Bills payable	180,559	180,983
Borrowings	(23,689,601)	(3,798,127)
Deposits and other accounts	3,081,914	(7,316,818)
Other liabilities	8,438	(567,217)
	<u>(20,418,690)</u>	<u>(11,501,179)</u>
	<u>(5,410,899)</u>	<u>(9,197,922)</u>
Financial charges paid	(84)	(219)
Income tax paid	(83,949)	(1,652)
	<u>(5,494,932)</u>	<u>(9,199,793)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	5,377,607	4,784,249
Net investments in held to maturity securities	889	8,210
Dividends received	47,446	46,224
Investments in operating fixed assets	(87,505)	(48,077)
Sale proceeds of property and equipment disposed-off	13,561	6,608
Sale proceeds of non-banking assets disposed-off	919,995	-
	<u>6,271,993</u>	<u>4,797,214</u>
Net cash flow from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(178)	(871)
	<u>(178)</u>	<u>(871)</u>
Net cash used in financing activities		
Net increase / (decrease) in cash and cash equivalents during the period	<u>776,883</u>	<u>(4,403,450)</u>
Cash and cash equivalents at beginning of the period	20,398,252	20,496,379
	<u>21,175,135</u>	<u>16,092,929</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	16,418,229	13,200,946
Balance with other banks	4,467,814	2,893,407
Call money lending	300,000	-
Overdrawn nostro accounts	(10,908)	(1,424)
	<u>21,175,135</u>	<u>16,092,929</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

Condensed Interim Unconsolidated Statement of Changes in Equity for the quarter ended March 31, 2013 (un-audited)

	Share capital	Statutory reserve	Capital Reserves		Revenue Reserve	Total
			Share premium	Restructuring reserve	Accumulated loss	
	(R u p e e s i n t h o u s a n d)					
Balance as at January 01, 2012	5,287,974	69,595	37,882	1,807,479	(14,067,841)	(6,864,911)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	2,901	2,901
Profit for the quarter ended March 31, 2012	-	-	-	-	137,464	137,464
Transfer from provision against NPLs	-	-	-	(18,134)	-	(18,134)
Balance as at March 31, 2012	5,287,974	69,595	37,882	1,789,345	(13,927,476)	(6,742,680)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	8,703	8,703
Profit for the period April 01, 2012 to December 31, 2012	-	-	-	-	1,496,377	1,496,377
Transfer from provision against NPLs	-	-	-	(1,036,158)	-	(1,036,158)
Transfer from surplus on revaluation of fixed assets on disposal	-	-	-	-	6,801	6,801
Transfer to statutory reserve	-	326,769	-	-	(326,769)	-
Balance as at December 31, 2012	5,287,974	396,364	37,882	753,187	(12,742,364)	(6,266,957)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	2,675	2,675
Profit for the quarter ended March 31, 2013	-	-	-	-	330,573	330,573
Balance as at March 31, 2013	5,287,974	396,364	37,882	753,187	(12,409,116)	(5,933,709)

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Notes to the Condensed Interim Unconsolidated Financial Statements for the quarter ended March 31, 2013 (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 306 branches including 04 sub branches and 02 Islamic branches (2012: 306 branches) in Pakistan and Azad Jammu and Kashmir at the period ended March 31, 2013. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GOPb).
- 1.2** The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 11,066,291 thousand. The Capital Adequacy Ratio (CAR) remained below the prescribed level of 10%. Further, as at the close of the period ended March 31, 2013, net advances aggregating to Rs. 29,351,273 thousand (2012: Rs. 30,080,298 thousand) requiring additional provision of Rs. 26,743,503 thousand (2012: Rs. 27,055,529 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(1)-2013/3254 dated March 18, 2013, on the basis of two Letters of Comfort (LOC) issued by the GOPb as explained in para 2 below.

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 advance subscription money in the year 2009 and 2011 respectively against future issue of shares by the Bank. During the year ended December 31, 2012, the Board of Directors has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs 0.5 per share as stated in note 12.4. Further, the GOPb vide two Letters of Comfort (LOCs) issued on March 29, 2012 has undertaken to inject the necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 5,800,000 thousand (net of tax @ 35%) and Rs.12,940,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2014 and December 31, 2016 respectively in event of the Bank failing to make provision of Rs.28,840,000 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 above 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

Based on above, the SBP has granted the Bank relaxation from provisioning requirements of SBP's prudential regulations and exemptions from minimum paid up capital net of losses and applicable adequacy ratio (CAR) which should not fall below 7% upto December 31, 2013. During the year 2013, the Bank will be required to record provisioning in staggered manner against outstanding amounts of borrowers covered under above LOCs to at least 4% by June 30, 2013, further 3% during quarter ending September 30, 2013 and another 3% during quarter ending December 31, 2013. However, any account adjustment following the cash recovery/ settlement/ restructuring against these borrowers will reduce the said required provisioning covered under the LOCs. Going forward, further extension in these relaxations beyond 2013 would be considered upon satisfactory compliance of the conditions / requirements of SBP.

On the basis of enduring support of Government of the Punjab, the arrangements as out lined 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

These condensed interim unconsolidated financial statements have 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) 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.

SBP as per BSD Circular No. 10, dated 26 August 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 28 April 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 these interim condensed unconsolidated financial statements. However, investments have been classified in accordance with requirements prescribed by the SBP through various circulars.

These interim condensed unconsolidated financial statements are being submitted to shareholders in accordance with the requirements of listing regulations of Stock Exchanges in Pakistan.

The disclosures made in these condensed interim unconsolidated financial statements 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 these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2012.

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, 2012.

5. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
Call money lendings		300,000	-
Repurchase agreement lendings (Reverse Repo)	5.1	6,290,676	-
Placements		630,320	1,562,946
		<u>7,220,996</u>	<u>1,562,946</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited)			(Audited)		
	March 31, 2013			December 31, 2012		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	(R u p e e s i n t h o u s a n d)					
Market Treasury Bills	5,990,676	-	5,990,676	-	-	-
Pakistan Investment Bonds	300,000	-	300,000	-	-	-
	<u>6,290,676</u>	<u>-</u>	<u>6,290,676</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. INVESTMENTS - NET

	(Un-audited)			(Audited)		
	March 31, 2013			December 31, 2012		
Note	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(R u p e e s i n t h o u s a n d)					
Held for trading securities						
Ordinary Shares of Listed Companies	33,066	-	33,066	22,447	-	22,447
Pakistan Investment Bonds	-	-	-	102,487	-	102,487
Market Treasury Bills	5,137,408	-	5,137,408	10,303,206	2,784,152	13,087,358
	<u>5,170,474</u>	<u>-</u>	<u>5,170,474</u>	<u>10,428,140</u>	<u>2,784,152</u>	<u>13,212,292</u>
Available for sale securities						
Market Treasury Bills	72,748,045	15,103,025	87,851,070	53,284,273	34,852,255	88,136,528
Pakistan Investment Bonds	14,473,555	-	14,473,555	19,096,422	-	19,096,422
Ordinary Shares / Certificates of Listed Companies and Modarabas	2,103,380	-	2,103,380	2,315,182	-	2,315,182
Preference Shares of Listed Companies	520,451	-	520,451	520,451	-	520,451
Ordinary Shares of Unlisted Company	25,000	-	25,000	25,000	-	25,000
Mutual Funds Units	1,557,212	-	1,557,212	2,642,873	-	2,642,873
Listed Term Finance Certificates	346,531	-	346,531	365,308	-	365,308
Unlisted Term Finance Certificates	3,533,382	-	3,533,382	3,823,583	-	3,823,583
Sukuk Bonds	1,010,000	-	1,010,000	-	-	-
	<u>96,317,556</u>	<u>15,103,025</u>	<u>111,420,581</u>	<u>82,073,092</u>	<u>34,852,255</u>	<u>116,925,347</u>
Held to maturity securities						
Pakistan Investment Bonds	1,880,262	-	1,880,262	1,888,658	-	1,888,658
WAPDA Bonds	400	-	400	400	-	400
	<u>1,880,662</u>	<u>-</u>	<u>1,880,662</u>	<u>1,889,058</u>	<u>-</u>	<u>1,889,058</u>
Subsidiary						
Punjab Modaraba Services (Private) Limited	164,945	-	164,945	164,945	-	164,945
Total investment at cost	<u>103,533,637</u>	<u>15,103,025</u>	<u>118,636,662</u>	<u>94,555,235</u>	<u>37,636,407</u>	<u>132,191,642</u>
Provision for diminution in the value of investment	(3,214,629)	-	(3,214,629)	(3,660,023)	-	(3,660,023)
Investments net of provisions	<u>100,319,008</u>	<u>15,103,025</u>	<u>115,422,033</u>	<u>90,895,212</u>	<u>37,636,407</u>	<u>128,531,619</u>
Surplus on revaluation of available for sale securities	354,226	-	354,226	978,760	-	978,760
(Deficit) / Surplus on revaluation of held for trading securities	(3,930)	-	(3,930)	8,620	-	8,620
Total investment at market value	<u>100,669,304</u>	<u>15,103,025</u>	<u>115,772,329</u>	<u>91,882,592</u>	<u>37,636,407</u>	<u>129,518,999</u>

6.1 As per BSD 23/2008 dated 13 October 2008 securities classified as held to maturity cannot be sold. However, these can be used for borrowing under SBP repo facility / discount window. Market value of held to maturity investments is Rs. 1,804,264 thousand (2012: Rs. 1,804,468 thousand).

	Note	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - in Pakistan		147,352,583	158,099,476
Net investment in finance lease - in Pakistan		12,747,135	12,145,701
Repurchase agreement lendings to non financial institutions			
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,365,102	4,374,559
Payable outside Pakistan		1,454,799	1,299,427
		3,819,901	5,673,986
Advances - gross		163,919,619	175,919,163
Provision for non-performing advances			
- Specific	7.2	(25,881,662)	(26,299,268)
- General		(15,861)	(14,893)
		(25,897,523)	(26,314,161)
Advances - net of provision		138,022,096	149,605,002

- 7.1 Provision against certain net advances amounting to Rs. 29,351,273 thousand (2012: Rs. 30,080,298 thousand) requiring additional provisioning of Rs. 26,743,503 thousand (2012: Rs. 27,055,529 thousand) has not been considered necessary in these financial statements on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.
- 7.2 Advances include Rs. 67,950,773 thousand (2012: Rs. 69,367,815 thousand) which have been placed under non-performing status as on 31.03.2013 as detailed below:

Category of classification	March 31, 2013 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in thousand)				
Other assets especially mentioned	89,269	-	89,269	-	-
Substandard	9,069,837	-	9,069,837	2,178,352	2,178,352
Doubtful	1,572,566	-	1,572,566	531,218	531,218
Loss	57,219,101	-	57,219,101	23,172,092	23,172,092
	67,950,773	-	67,950,773	25,881,662	25,881,662

- 7.3 General provision includes provision against consumer financing as required by the Prudential Regulations issued by the SBP.
- 7.4 This includes classified advances of Rs. 1,600,400 thousand outstanding against Gulistan Group as at March 31, 2013. In accordance with the requirements of the Prudential Regulations issued by the SBP, the Bank was required to maintain a provision of Rs. 605,385 thousand against this customer. The SBP vide letter no. BPRD/BRD-04/FAYSAL/2013/1695 dated February 13, 2013 has provided relaxation to Banks to make provision against classified exposure of Gulistan Group companies (including Gulistan Textile Mills Limited) in a phased manner and maintain at least 25%, 50%, 75% and 100% of the required provision as at December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013 respectively. In view of this relaxation, the Bank has recorded provision amounting to Rs. 450,426 thousand after taking the impact of the aforementioned relaxation. Had the SBP not provided this relaxation, profit before taxation would have been lower and provision against advances would have been higher by Rs. 154,959 thousand.
- 7.5 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. 575,800 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 period ended would have been higher by Rs. 575,800 thousand (March 2012: higher by Rs.425,465 thousand) and Rs. 374,270 thousand (March 2012: higher by Rs. 276,553 thousand) respectively.

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
8. OPERATING FIXED ASSETS		
Capital work in progress	149,570	132,650
Property and equipment	3,328,287	3,340,841
	<u>3,477,857</u>	<u>3,437,491</u>

9. DEFERRED TAX ASSETS

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) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
10. BORROWINGS		
Secured		
Borrowings from SBP		
- Export refinance scheme	4,724,834	5,775,034
- LTF-export oriented projects	272,903	322,947
- LTFF	903,500	962,931
Repurchase agreement borrowings	15,091,819	37,621,745
	<u>20,993,056</u>	<u>44,682,657</u>
Unsecured		
Over drawn nostro account	10,908	1,169
	<u>21,003,964</u>	<u>44,683,826</u>

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	106,785,774	111,143,862
Savings deposits	114,737,013	100,934,185
Current accounts	41,966,950	47,209,428
Sundry deposits, margin accounts, etc.	2,264,932	2,854,198

265,754,669 262,141,673

Financial Institutions

Remunerative deposits	2,658,364	3,131,640
Non-remunerative deposits	724,662	782,468

3,383,026 3,914,108

269,137,695 266,055,781

11.1 Particulars of deposits

In local currency	263,901,278	260,635,041
In foreign currencies	5,236,417	5,420,740
	<u>269,137,695</u>	<u>266,055,781</u>

12. SHARE CAPITAL

(Un-audited) March 31, 2013 (No. of Shares)	(Audited) December 31, 2012		(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
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12.1 Authorized Capital

2013 Number	2012 Number		2013	2012
5,000,000,000	5,000,000,000	Ordinary shares of Rs. 10 each	50,000,000	50,000,000

12.2 Issued, subscribed and paid up share capital

2013 Number	2012 Number	Ordinary shares of Rs.10 each	2013	2012
19,333,340	19,333,340	Fully paid in cash	193,333	193,333
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
<u>528,797,376</u>	<u>528,797,376</u>		<u>5,287,974</u>	<u>5,287,974</u>

12.3 Government of the Punjab (GOPb) held 51% shares in the Bank as at March 31, 2013 (2012: 51 %).

12.4 During the year ended December 31, 2012, the Board of Directors of the Bank has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs. 0.5 per share subject to the approval of the shareholders and the regulatory authorities.

		(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
13. SHARE DEPOSIT MONEY	Note		
Share deposit money - I		10,000,000	10,000,000
Share deposit money - II	13.1	7,000,000	7,000,000
		<u>17,000,000</u>	<u>17,000,000</u>

13.1 This represents advance subscription money deposited by GOPb in 2011 as explained in note 1.2.

	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets - net of tax	897,660	900,335
Surplus on revaluation of available for sale securities - net of tax	262,886	738,125
	<u>1,160,546</u>	<u>1,638,460</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

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

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
Government	613,408	2,568,646
Financial institutions	-	-
Others	1,162,317	1,225,406
	<u>1,775,725</u>	<u>3,794,052</u>

15.2 Transaction related contingent liabilities

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

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
Government	242,435	242,575
Financial institutions	36,148	36,148
Others	11,187,965	11,270,360
	<u>11,466,548</u>	<u>11,549,083</u>

15.3 Trade related contingent liabilities

Government	1,090,415	3,688,374
Financial institutions	-	-
Others	6,658,722	8,378,817
	<u>7,749,137</u>	<u>12,067,191</u>

15.4 Other contingencies

Claims against the bank not acknowledged as debt	<u>33,150,128</u>	<u>33,968,741</u>
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The amount involved in the claims filed against the Bank are yet to be adjudicated by the concern courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

15.5 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.

15.6 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank have filed appeals before Commissioner Inland Revenue Appeals. 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 appeal filed for the aforementioned tax years will be decided in Bank's favour.

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
15.7 Commitments in respect of forward exchange contracts		
Purchase	1,656,606	3,358,739
Sale	3,268,336	3,150,622
	4,924,942	6,509,361
15.8 Commitments for the acquisition of operating fixed assets	31,962	45,411

16. EARNINGS PER SHARE BASIC AND DILUTED

	----- (Un-audited) -----			
	Quarter ended March 31, 2013	Period ended March 31, 2013	Quarter ended March 31, 2012	Period ended March 31, 2012
Profit after taxation (Rupees in thousand)	330,573	330,573	137,464	137,464
Weighted average number of ordinary shares (Thousand)	528,797	528,797	528,797	528,797
Earnings per share (after tax) - basic and diluted (Rupees)	0.63	0.63	0.26	0.26

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Quarter ended	(Rupees in thousand)					
March 31, 2013 (Un-audited)						
Total income	3,114,493	765,554	2,586,162	97,241	18,800	6,582,250
Total expenses	1,145,838	893,246	4,009,050	17,613	3,403	6,069,150
Inter segment transfer revenue/(cost)	(1,369,488)	473,215	896,273	-	-	-
Income taxes	-	-	-	-	-	182,527
Net income	<u>599,167</u>	<u>345,523</u>	<u>(526,615)</u>	<u>79,628</u>	<u>15,397</u>	<u>330,573</u>
Segment assets (gross)	<u>143,994,455</u>	<u>16,794,703</u>	<u>164,351,020</u>	<u>-</u>	<u>-</u>	<u>325,140,178</u>
Segment non performing advances / investments	<u>3,239,094</u>	<u>2,467,336</u>	<u>65,483,437</u>	<u>-</u>	<u>-</u>	<u>71,189,867</u>
Segment provision required	<u>3,214,629</u>	<u>1,876,959</u>	<u>24,020,564</u>	<u>-</u>	<u>-</u>	<u>29,112,152</u>
Segment liabilities	<u>46,041,371</u>	<u>43,368,127</u>	<u>209,944,593</u>	<u>-</u>	<u>-</u>	<u>299,354,091</u>
Segment return on net assets (ROA) (%)	<u>10.90%</u>	<u>22.68%</u>	<u>12.10%</u>			
Segment cost of funds (%)	<u>9.82%</u>	<u>8.82%</u>	<u>8.33%</u>			
Quarter ended						
March 31, 2012 (Un-audited)						
Total income	3,250,669	288,385	2,916,126	96,257	17,764	6,569,201
Total expenses	1,011,311	986,655	4,341,717	14,600	2,693	6,356,976
Inter segment transfer revenue / (cost)	(1,645,226)	818,508	826,718	-	-	-
Income taxes	-	-	-	-	-	74,761
Net income	<u>594,132</u>	<u>120,238</u>	<u>(598,873)</u>	<u>81,657</u>	<u>15,071</u>	<u>137,464</u>
Segment assets (gross)	<u>114,431,306</u>	<u>13,315,441</u>	<u>157,203,131</u>	<u>-</u>	<u>-</u>	<u>284,949,878</u>
Segment non performing advances / investments	<u>3,431,958</u>	<u>2,559,186</u>	<u>70,824,441</u>	<u>-</u>	<u>-</u>	<u>76,815,585</u>
Segment provision required	<u>3,431,958</u>	<u>1,464,576</u>	<u>24,671,063</u>	<u>-</u>	<u>-</u>	<u>29,567,597</u>
Segment liabilities	<u>5,208,073</u>	<u>41,568,033</u>	<u>211,969,592</u>	<u>-</u>	<u>-</u>	<u>258,745,698</u>
Segment return on net assets (ROA) (%)	<u>15.14%</u>	<u>12.22%</u>	<u>17.55%</u>			
Segment cost of funds (%)	<u>10.48%</u>	<u>9.43%</u>	<u>9.95%</u>			

18. RELATED PARTY TRANSACTIONS

Related parties comprise associate, subsidiary, directors, 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. Amounts due from and due to related parties are shown under receivables and payables.

	March 31, 2013 (Un-audited)				December 31, 2012 (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 thousand				Rupees in thousand			
Advances								
Opening balance	94,554	1,069,513	-	-	60,770	1,022,820	-	-
Loans granted during the period	3,520	134,509	-	-	48,755	1,846,313	-	-
Repayments received during the period	(14,811)	(211,995)	-	-	(14,971)	(1,799,620)	-	-
Closing balance	83,263	992,027	-	-	94,554	1,069,513	-	-
Deposits								
Opening balance	39,996	2,369	1,627,249	288	22,571	32,373	1,187,328	2,536
Placements made during the period	53,728	92,286	123,444	4,886	257,537	2,053,870	504,423	5,848
Withdrawals during the period	(55,205)	(92,921)	(157,055)	(1,974)	(240,112)	(2,083,874)	(64,502)	(8,096)
Closing balance	38,519	1,734	1,593,638	3,200	39,996	2,369	1,627,249	288
Placements	-	300,000	-	-	-	300,000	-	-
Lease liability	-	3,423	-	-	-	3,602	-	-
	March 31, 2013 (Un-audited)				March 31, 2012 (Un-audited)			
	Rupees in thousand				Rupees in thousand			
Transactions during the period :								
Mark-up/return earned	2,122	29,498	-	-	1,335	24,913	-	-
Mark-up/interest expensed	446	-	37,318	-	126	-	23,233	-
Contribution to employees funds	-	-	18,575	-	-	-	15,230	-

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issuance on April 29, 2013 by the Board of Directors of the Bank.

20. GENERAL

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

20.2 Figures have been rounded off to the nearest thousand.

President

Director

Islamic Banking Business-Statement of Financial Position as at March 31, 2013 (Un-Audited)

Annexure 1

The Bank has started Islamic banking operations during the period ended March 31, 2013. As at close of the quarter 02 Islamic banking branches were operating.

March 31, 2013
(Rupees in thousand)

ASSETS

Cash & balances with treasury banks	36,407
Balance with other banks	-
Due from financial institutions	35,000
Investments	813,566
Islamic financing and related services	-
Operating fixed assets	305
Deferred tax assets	-
Other assets	47,391

TOTAL ASSETS

932,669

LIABILITIES

Bills payable	789
Due to financial Institutions	-
Deposit and other accounts	
- Current accounts	262,509
- Saving accounts	159,134
- Term deposits	-
- Others	8,938
- Deposits from financial institutions - remunerative	-
- Deposits from financial institutions - non - remunerative	-
Due to Head Office	-
Other liabilities	580

431,950

NET ASSETS

500,719

REPRESENTED BY

Islamic banking fund	500,000
Reserves	-
Unappropriated profit	719

500,719

Surplus on revaluation of assets

-

500,719

Remuneration to Shariah Advisor / Board

545

CHARITY FUND

Opening balance	-
Additions during the period	-
Payments / utilization during the period	-

Closing balance

-

Islamic Banking Business-Profit and Loss Account

For the period ended March 31, 2013 (Un-Audited)

Annexure 1

	March 31, 2013 (Rupees in thousand)
Profit/return earned on financing, investment and placements	4,400
Return on deposits and other dues expensed	597
	<hr/>
Net spread earned	3,803
Provision against non-performing advances	-
Provision against consumer financings	-
Provision for diminution in the value of investments	-
Bad debts written off directly	-
	<hr/>
Income after provisions	3,803
Other income	
Fee, commission and brokerage income	54
Dividend income	-
Income from dealing in foreign currencies	-
Gain on sale and redemption of securities	-
Unrealized (loss) / gain on revaluation of investments	-
Classified as held for trading	-
Other income	47
	<hr/>
Total other income	101
	<hr/>
	3,904
Other expenses	
Administrative expenses	3,185
Other provisions/write offs/reversals	-
Other charges	-
	<hr/>
Total other expenses	3,185
	<hr/>
	719
Extra ordinary / unusual items	-
	<hr/>
Profit before taxation	<u>719</u>

The Bank of Punjab
**Interim Condensed Consolidated
Financial Statements**
for the quarter ended March 31, 2013 (Un-Audited)



Condensed Interim Consolidated Statement of Financial Position as at March 31, 2013 (un-audited)

	Note	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
ASSETS			
Cash and balances with treasury banks		16,418,229	17,298,251
Balances with other banks		4,467,814	3,101,170
Lendings to financial institutions	5	7,220,996	1,562,946
Investments - net	6	115,793,642	129,552,044
Advances - net	7	137,980,596	149,565,885
Operating fixed assets	8	3,477,857	3,473,491
Deferred tax assets	9	13,070,293	13,070,614
Other assets		13,136,858	14,486,073
		311,566,285	332,110,474
LIABILITIES			
Bills payable		1,681,268	1,500,709
Borrowings	10	21,003,964	44,683,826
Deposits and other accounts	11	269,137,374	266,055,761
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		3,423	3,601
Deferred tax liabilities		-	-
Other liabilities		7,527,912	7,495,928
		299,353,941	319,739,825
NET ASSETS		12,212,344	12,370,649
REPRESENTED BY			
Share capital	12	5,287,974	5,287,974
Reserves		1,187,433	1,187,433
Accumulated loss		(12,423,609)	(12,743,218)
		(5,948,202)	(6,267,811)
Share deposit money	13	17,000,000	17,000,000
		11,051,798	10,732,189
Surplus on revaluation of assets - net of tax	14	1,160,546	1,638,460
		12,212,344	12,370,649
Contingencies and commitments	15		

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President

Director

Condensed Interim Consolidated Profit and Loss Account for the quarter ended March 31, 2013 (un-audited)

	Quarter ended	
	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
Mark-up/return/interest earned	5,769,960	6,027,836
Mark-up/return/interest expensed	5,295,896	5,532,567
Net mark-up/ interest income	474,064	495,269
Reversal of provision against non-performing loans and advances - net	(416,638)	(205,856)
Provision for diminution in the value of investments - net	11,446	39,824
Bad debts written off directly	-	-
	(405,192)	(166,032)
Net mark-up/interest income after provisions	879,256	661,301
NON MARK-UP/INTEREST INCOME		
Fee, commission and brokerage income	134,292	168,838
Dividend income	59,999	86,175
Income from dealing in foreign currencies	15,789	31,572
Gain on sale and redemption of securities	317,949	140,344
Unrealized (loss) / gain on revaluation of investments classified as held for trading	(3,930)	41
Other income	287,268	113,573
Total non-markup/interest income	811,367	540,543
	1,690,623	1,201,844
NON MARK-UP/INTEREST EXPENSES		
Administrative expenses	1,196,492	999,057
Provision against other assets	(5,366)	-
Other charges	36	12
Total non-markup/interest expenses	1,191,162	999,069
PROFIT BEFORE TAXATION	499,461	202,775
Taxation - Current	32,911	-
- Prior years	-	-
- Deferred	149,616	74,761
	182,527	74,761
PROFIT AFTER TAXATION	316,934	128,014
Earnings per share - basic and diluted (Rupees)	0.60	0.24

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President

Director

Condensed Interim Consolidated Statement of Comprehensive Income for the quarter ended March 31, 2013 (un-audited)

	Quarter ended	
	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
Profit after taxation	316,934	128,014
Other comprehensive income	-	-
Total comprehensive income	<u>316,934</u>	<u>128,014</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President

Director

Condensed Interim Consolidated Cash Flow Statement

for the quarter ended March 31, 2013 (un-audited)

	Quarter ended	
	March 31, 2013	March 31, 2012
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	499,461	202,775
Less: dividend income	(59,999)	(86,175)
	<u>439,462</u>	<u>116,600</u>
Adjustments for non-cash charges:		
Depreciation	79,958	78,671
Amortization of premium on Pakistan Investment Bonds	7,507	571
Unrealized loss / (gain) on revaluation of investments classified as held for trading	3,930	(41)
Reversal of provision against non-performing loans and advances - net	(416,638)	(205,856)
Provision for diminution in the value of investments - net	11,446	39,824
Provision for employees compensated absences	1,836	6,068
Provision for gratuity	21,833	19,375
Provision against other assets	(5,366)	-
Net profit on sale of property and equipment	(10,381)	(4,111)
Net profit on sale of non-banking assets acquired in satisfaction of claims	(162,293)	-
Gain on sale and redemption of securities	(317,949)	(140,344)
Finance charges on leased assets	84	219
	<u>(786,033)</u>	<u>(205,624)</u>
	<u>(346,571)</u>	<u>(89,024)</u>
(Increase) / decrease in operating assets:		
Lendings to financial institutions	(5,358,050)	228,002
Net investments in held for trading securities	8,050,438	94,542
Advances	12,001,927	1,777,800
Others assets	660,471	295,505
	<u>15,354,786</u>	<u>2,395,849</u>
Increase / (decrease) in operating liabilities:		
Bills payable	180,559	180,983
Borrowings	(23,689,601)	(3,798,127)
Deposits and other accounts	3,081,613	(7,316,824)
Other liabilities	8,315	(570,779)
	<u>(20,419,114)</u>	<u>(11,504,747)</u>
	<u>(5,410,899)</u>	<u>(9,197,922)</u>
Financial charges paid	(84)	(219)
Income tax paid	(83,949)	(1,652)
Net cash used in operating activities	<u>(5,494,932)</u>	<u>(9,199,793)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	5,377,607	4,784,249
Net investments in held to maturity securities	889	8,210
Dividends received	47,446	46,224
Investments in operating fixed assets	(87,505)	(48,077)
Sale proceeds of property and equipment disposed-off	13,561	6,608
Sale proceeds of non-banking assets disposed-off	919,995	-
Net cash flow from investing activities	<u>6,271,993</u>	<u>4,797,214</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(178)	(871)
Net cash used in financing activities	<u>(178)</u>	<u>(871)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>776,883</u>	<u>(4,403,450)</u>
Cash and cash equivalents at beginning of the period	<u>20,398,252</u>	<u>20,496,379</u>
Cash and cash equivalents at end of the period	<u>21,175,135</u>	<u>16,092,929</u>
Cash and balances with treasury banks	16,418,229	13,200,946
Balance with other banks	4,467,814	2,893,407
Call money lending	300,000	-
Overdrawn nostro accounts	(10,908)	(1,424)
	<u>21,175,135</u>	<u>16,092,929</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Changes in Equity for the quarter ended March 31, 2013 (un-audited)

	Share capital	Statutory reserve	Capital Reserves		Revenue Reserve	Total
			Share premium	Restructuring reserve	Accumulated loss	
	(R u p e e s i n t h o u s a n d)					
Balance as at January 01, 2012	5,287,974	69,595	37,882	1,807,479	(14,179,410)	(6,976,480)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	2,901	2,901
Profit for the quarter ended March 31, 2012	-	-	-	-	128,014	128,014
Transfer from provision against NPLs	-	-	-	(18,134)	-	(18,134)
Balance as at March 31, 2012	5,287,974	69,595	37,882	1,789,345	(14,048,495)	(6,863,699)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	8,703	8,703
Profit for the period April 01, 2012 to December 31, 2012	-	-	-	-	1,616,542	1,616,542
Transfer from provision against NPLs	-	-	-	(1,036,158)	-	(1,036,158)
Transfer from surplus on revaluation of fixed assets on disposal	-	-	-	-	6,801	6,801
Transfer to statutory reserve	-	326,769	-	-	(326,769)	-
Balance as at December 31, 2012	5,287,974	396,364	37,882	753,187	(12,743,218)	(6,267,811)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	2,675	2,675
Profit for the quarter ended March 31, 2013	-	-	-	-	316,934	316,934
Balance as at March 31, 2013	5,287,974	396,364	37,882	753,187	(12,423,609)	(5,948,202)

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

President

Director

Notes to the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2013 (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 19 September 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 306 branches including 04 sub branches and 02 Islamic branches (2012: 306 branches) in Pakistan and Azad Jammu and Kashmir at the period ended March 31, 2013. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GOPb).

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

- 1.2** The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 11,051,798 thousand, as against the minimum regulatory capital requirement of Rs. 9,000,000 thousand and Capital Adequacy Ratio (CAR) remained below the prescribed level of 10%. Further, as at the close of the period ended March 31, 2013, net advances aggregating to Rs. 29,306,173 thousand (2012: Rs. 30,041,181 thousand) requiring additional provision of Rs. 26,698,403 thousand (2012: Rs. 27,016,412 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(1)-2013/3254 dated March 18, 2013, on the basis of two Letters of Comfort (LOC) issued by the GOPb as explained in para 2 below.

GOPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand and Rs. 7,000,000 thousand as advance subscription money in the year 2009 and 2011 respectively against future issue of shares by the Bank. During the year ended December 31, 2012, the Board of Directors has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs 0.5 per share as stated in note 21.4. Further, the GOPb vide two Letters of Comfort (LOCs) issued on March 29, 2012 has undertaken to inject the necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 5,800,000 thousand (net of tax @ 35%) and Rs.12,940,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2014 and December 31, 2016 respectively in event of the Bank failing to make provision of Rs. 28,840,000 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 above 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.

Based on above, the SBP has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations and exemption from minimum paid up capital net of losses and applicable capital adequacy ratio (CAR) which should not fall below 7% upto December 31, 2013. During the year 2013, the Bank will be required to record provisioning in staggered manner against outstanding amounts of borrowers covered under above LOCs to at least 4% by June 30, 2013, further 3% during quarter ending September 30, 2013 and another 3% during quarter ending December 31, 2013. However, any account adjustment following the cash recovery/settlement/restructuring against these borrowers will reduce the said required provisioning covered under the LOCs. Going forward, further extension in these relaxations

beyond 2013 would be considered upon satisfactory compliance of the conditions / requirements of SBP.

On the basis of enduring support of Government of the Punjab, the arrangements as outlined above and the business plan prepared by the Management which has been approved by the Board of Directors of the Bank, 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

These condensed interim consolidated financial statements have 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) 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.

SBP as per BSD Circular No. 10, dated 26 August 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 28 April 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 these condensed interim consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of annual financial statements of the Group for the year ended December 31, 2012.

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, 2012.

5. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
Call money lendings		300,000	-
Repurchase agreement lendings (Reverse Repo)	5.1	6,290,676	-
Placements		630,320	1,562,946
		<u>7,220,996</u>	<u>1,562,946</u>

5.1 Securities held as collateral against lendings to financial institutions

	(Un-audited)			(Audited)		
	March 31, 2013			December 31, 2012		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	(R u p e e s i n t h o u s a n d)					
Market Treasury Bills	5,990,676	-	5,990,676	-	-	-
Pakistan Investment Bonds	300,000	-	300,000	-	-	-
	<u>6,290,676</u>	<u>-</u>	<u>6,290,676</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. INVESTMENTS

Note	(Un-audited)			(Audited)		
	March 31, 2013			December 31, 2012		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(R u p e e s i n t h o u s a n d)					
Held for trading securities						
Ordinary Shares of Listed Companies	33,066	-	33,066	22,447	-	22,447
Pakistan Investment Bonds	-	-	-	102,487	-	102,487
Market Treasury Bills	5,137,408	-	5,137,408	10,303,206	2,784,152	13,087,358
	<u>5,170,474</u>	<u>-</u>	<u>5,170,474</u>	<u>10,428,140</u>	<u>2,784,152</u>	<u>13,212,292</u>
Available for sale securities						
Market Treasury Bills	72,748,045	15,103,025	87,851,070	53,284,273	34,852,255	88,136,528
Pakistan Investment Bonds	14,473,555	-	14,473,555	19,096,422	-	19,096,422
Ordinary Shares / Certificates of Listed Companies and Modarabas	2,268,323	-	2,268,323	2,480,125	-	2,480,125
Preference Shares of Listed Companies	520,451	-	520,451	520,451	-	520,451
Ordinary Shares of Unlisted Company	25,000	-	25,000	25,000	-	25,000
Mutual Funds Units	1,557,212	-	1,557,212	2,642,873	-	2,642,873
Listed Term Finance Certificates	346,531	-	346,531	365,308	-	365,308
Unlisted Term Finance Certificates	3,533,382	-	3,533,382	3,823,583	-	3,823,583
Sukuk Bonds	1,010,000	-	1,010,000	-	-	-
	<u>96,482,499</u>	<u>15,103,025</u>	<u>111,585,524</u>	<u>82,238,035</u>	<u>34,852,255</u>	<u>117,090,290</u>
Held to maturity securities						
Pakistan Investment Bonds	1,880,262	-	1,880,262	1,888,658	-	1,888,658
WAPDA Bonds	400	-	400	400	-	400
	<u>1,880,662</u>	<u>-</u>	<u>1,880,662</u>	<u>1,889,058</u>	<u>-</u>	<u>1,889,058</u>
Total investment at cost	<u>103,533,635</u>	<u>15,103,025</u>	<u>118,636,660</u>	<u>94,555,233</u>	<u>37,636,407</u>	<u>132,191,640</u>
Provision for diminution in the value of investment	(3,193,314)	-	(3,193,314)	(3,626,976)	-	(3,626,976)
Investments net of provisions	<u>100,340,321</u>	<u>15,103,025</u>	<u>115,443,346</u>	<u>90,928,257</u>	<u>37,636,407</u>	<u>128,564,664</u>
Surplus on revaluation of available for sale securities	354,226	-	354,226	978,760	-	978,760
(Deficit) / Surplus on revaluation of held for trading securities	(3,930)	-	(3,930)	8,620	-	8,620
Total investment at market value	<u>100,690,617</u>	<u>15,103,025</u>	<u>115,793,642</u>	<u>91,915,637</u>	<u>37,636,407</u>	<u>129,552,044</u>

6.1 As per BSD 23/2008 dated 13 October 2008 securities classified as held to maturity cannot be sold. However, these can be used for borrowing under SBP repo facility / discount window. Market value of held to maturity investments is Rs. 1,804,264 thousand (2012: Rs. 1,804,468 thousand).

	Note	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
7. ADVANCES - NET			
Loans, cash credits, running finances, etc. - in Pakistan		147,311,083	158,060,359
Net investment in finance lease - in Pakistan		12,747,135	12,145,701
Repurchase agreement lendings to non financial institutions			
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,365,102	4,374,559
Payable outside Pakistan		1,454,799	1,299,427
		3,819,901	5,673,986
Advances - gross		163,878,119	175,880,046
Provision for non-performing advances			
- Specific	7.2	(25,881,662)	(26,299,268)
- General		(15,861)	(14,893)
		(25,897,523)	(26,314,161)
Advances - net of provision		137,980,596	149,565,885

7.1 Provision against certain net advances amounting to Rs. 29,306,173 thousand (2012: Rs. 30,041,181 (thousand)) requiring additional provisioning of Rs. 26,698,403 thousand (2012: Rs. 27,016,412 (thousand)) has not been considered necessary in these financial statements on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.

7.2 Advances include Rs. 67,909,273 thousand (2012: Rs. 69,328,698 thousand) which have been placed under non-performing status as on 31.03.2013 as detailed below:

Category of classification	March 31, 2013 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in thousand)				
Other assets especially mentioned	89,269	-	89,269	-	-
Substandard	9,069,837	-	9,069,837	2,178,352	2,178,352
Doubtful	1,572,566	-	1,572,566	531,218	531,218
Loss	57,177,601	-	57,177,601	23,172,092	23,172,092
	67,909,273	-	67,909,273	25,881,662	25,881,662

7.3 General provision includes provision against consumer financing as required by the Prudential Regulations issued by the SBP.

7.4 This includes classified advances of Rs. 1,600,400 thousand outstanding against Gulistan Group as at March 31, 2013. In accordance with the requirements of the Prudential Regulations issued by the SBP, the Bank was required to maintain a provision of Rs. 605,385 thousand against this customer. The SBP vide letter no. BPRD/BRD-04/FAYSAL/2013/1695 dated February 13, 2013 has provided relaxation to Banks to make provision against classified exposure of Gulistan Group companies (including Gulistan Textile Mills Limited) in a phased manner and maintain atleast 25%, 50%, 75% and 100% of the required provision as at December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013 respectively. In view of this relaxation, the Bank has recorded provision amounting to Rs. 450,426 thousand after taking the impact of the aforementioned relaxation. Had the SBP not provided this relaxation, profit before taxation would have been lower and provision against advances would have been higher by Rs. 154,959 thousand.

7.5 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. 575,800 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 period ended would have been higher by Rs. 575,800 thousand (March 2012: higher by Rs.425,465 thousand) and Rs. 374,270 thousand (March 2012: higher by Rs. 276,553 thousand) respectively.

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
8. OPERATING FIXED ASSETS		
Capital work in progress	149,570	132,650
Property and equipment	3,328,287	3,340,841
	3,477,857	3,473,491

9. DEFERRED TAX ASSETS

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) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
10. BORROWINGS		
Secured		
Borrowings from SBP		
- Export refinance scheme	4,724,834	5,775,034
- LTF-export oriented projects	272,903	322,947
- LTFF	903,500	962,931
Repurchase agreement borrowings	15,091,819	37,621,745
	20,993,056	44,682,657
Unsecured		
Over drawn nostro account	10,908	1,169
	21,003,964	44,683,826

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	106,785,774	111,143,862
Savings deposits	114,737,013	100,934,185
Current accounts	41,966,629	47,209,408
Sundry deposits, margin accounts, etc.	2,264,932	2,854,198

265,754,348 262,141,653

Financial Institutions

Remunerative deposits	2,658,364	3,131,640
Non-remunerative deposits	724,662	782,468

3,383,026 3,914,108

269,137,374 266,055,761

11.1 Particulars of deposits

In local currency	263,900,957	260,635,041
In foreign currencies	5,236,417	5,420,740
	269,137,374	266,055,781

12. SHARE CAPITAL

(Un-audited) March 31, 2013 (No. of Shares)	(Audited) December 31, 2012		(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
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12.1 Authorized capital

2013 Number	2012 Number		2013	2012
5,000,000,000	5,000,000,000	Ordinary shares of Rs. 10 each	50,000,000	50,000,000

12.2 Issued, subscribed and paid up share capital

2013 Number	2012 Number	Ordinary shares of Rs.10 each	2013	2012
19,333,340	19,333,340	Fully paid in cash	193,333	193,333
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
<u>528,797,376</u>	<u>528,797,376</u>		<u>5,287,974</u>	<u>5,287,974</u>

12.3 Government of the Punjab (GOPb) held 51% shares in the Bank as at March 31, 2013 (2012: 51 %).

12.4 During the year ended December 31, 2012, the Board of Directors of the Bank has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs. 0.5 per share subject to the approval of the shareholders and the regulatory authorities.

		(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
13. SHARE DEPOSIT MONEY	Note		
Share deposit money - I		10,000,000	10,000,000
Share deposit money - II	13.1	7,000,000	7,000,000
		<u>17,000,000</u>	<u>17,000,000</u>

13.1 This represents advance subscription money deposited by GOPb in 2011 as explained in note 1.2.

	(Un-audited) March 31, 2013 (Rupees in thousand)	(Audited) December 31, 2012
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of operating fixed assets - net of tax	897,660	900,335
Surplus on revaluation of available for sale securities - net of tax	262,886	738,125
	<u>1,160,546</u>	<u>1,638,460</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

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

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
Government	613,408	2,568,646
Financial institutions	-	-
Others	1,162,317	1,225,406
	<u>1,775,725</u>	<u>3,794,052</u>

15.2 Transaction related contingent liabilities

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

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
Government	242,435	242,575
Financial institutions	36,148	36,148
Others	11,187,965	11,270,360
	<u>11,466,548</u>	<u>11,549,083</u>

15.3 Trade related contingent liabilities

Government	1,090,415	3,688,374
Financial institutions	-	-
Others	6,658,722	8,378,817
	<u>7,749,137</u>	<u>12,067,191</u>

15.4 Other contingencies

Claims against the bank not acknowledged as debt	<u>33,150,128</u>	<u>33,968,741</u>
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The amount involved in the claims filed against the Bank are yet to be adjudicated by the concern courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

15.5 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.

15.6 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank have filed appeals before Commissioner Inland Revenue Appeals. 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 appeal filed for the aforementioned tax years will be decided in Bank's favour.

The Company's Tax Advisors has certified total refunds due from the Tax Department aggregating Rs. 6,333 thousand. Refund application of the Company for the Tax Year 2007, 2008 and 2009 amounting to Rs 1,648 thousand, Rs 1,863 thousand and Rs 426,000 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 the DCIR and referred the case back for denovo proceeding which have been initiated and pending for adjudication.

The Company's assessments, except for the assessment year 1995-96 and 1996-97, have been finalised upto assessment year 2002-03. The Taxation Officer issued notices for finalisation of the set-aside assessment for the assessment years 1995-96 and 1996-97, which were complied with but the orders have not yet been received.

Returns filed by the Company for tax years 2003 to 2012 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001.

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
15.7 Commitments in respect of forward exchange contracts		
Purchase	1,656,606	3,358,739
Sale	3,268,336	3,150,622
	<u>4,924,942</u>	<u>6,509,361</u>
15.8 Commitments for the acquisition of operating fixed assets	<u>31,962</u>	<u>45,411</u>

16. EARNINGS PER SHARE BASIC AND DILUTED

	----- (Un-audited) -----			
	Quarter ended March 31, 2013	Period ended March 31, 2013	Quarter ended March 31, 2012	Period ended March 31, 2012
Profit after taxation (Rupees in thousand)	316,934	316,934	128,014	128,014
Weighted average number of ordinary shares (Thousand)	<u>528,797</u>	<u>528,797</u>	<u>528,797</u>	<u>528,797</u>
Earnings per share (after tax) - basic and diluted (Rupees)	<u>0.60</u>	<u>0.60</u>	<u>0.24</u>	<u>0.24</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Quarter ended	(Rupees in thousand)					
March 31, 2013 (Un-audited)						
Total income	3,114,493	765,554	2,585,239	97,241	18,800	6,581,327
Total expenses	1,157,759	893,391	4,009,700	17,613	3,403	6,081,866
Inter segment transfer revenue / (cost)	(1,369,488)	473,215	896,273	-	-	-
Income taxes	-	-	-	-	-	182,527
Net income	<u>587,246</u>	<u>345,378</u>	<u>(528,188)</u>	<u>79,628</u>	<u>15,397</u>	<u>316,934</u>
Segment assets (gross)	<u>143,994,482</u>	<u>16,794,874</u>	<u>164,308,397</u>	<u>-</u>	<u>-</u>	<u>325,097,753</u>
Segment non performing advances / investments	<u>3,217,779</u>	<u>2,467,336</u>	<u>65,441,937</u>	<u>-</u>	<u>-</u>	<u>71,127,052</u>
Segment provision required	<u>3,193,314</u>	<u>1,876,959</u>	<u>24,020,564</u>	<u>-</u>	<u>-</u>	<u>29,090,837</u>
Segment liabilities	<u>46,041,376</u>	<u>43,368,155</u>	<u>209,944,410</u>	<u>-</u>	<u>-</u>	<u>299,353,941</u>
Segment return on net assets (ROA) (%)	<u>10.90%</u>	<u>22.67%</u>	<u>12.09%</u>			
Segment cost of funds (%)	<u>9.82%</u>	<u>8.82%</u>	<u>8.33%</u>			
Quarter ended						
March 31, 2012 (Un-audited)						
Total income	3,250,669	288,385	2,915,304	96,257	17,764	6,568,379
Total expenses	1,018,691	986,886	4,342,734	14,600	2,693	6,365,604
Inter segment transfer revenue / (cost)	(1,645,226)	818,508	826,718	-	-	-
Income taxes	-	-	-	-	-	74,761
Net income	<u>586,752</u>	<u>120,007</u>	<u>(600,712)</u>	<u>81,657</u>	<u>15,071</u>	<u>128,014</u>
Segment assets (gross)	<u>114,431,326</u>	<u>13,315,602</u>	<u>157,171,257</u>	<u>-</u>	<u>-</u>	<u>284,918,185</u>
Segment non performing advances / investments	<u>3,780,689</u>	<u>2,559,186</u>	<u>70,824,441</u>	<u>-</u>	<u>-</u>	<u>77,164,316</u>
Segment provision required	<u>3,780,689</u>	<u>1,464,576</u>	<u>24,671,063</u>	<u>-</u>	<u>-</u>	<u>29,916,328</u>
Segment liabilities	<u>5,208,082</u>	<u>41,568,062</u>	<u>211,969,716</u>	<u>-</u>	<u>-</u>	<u>258,745,860</u>
Segment return on net assets (ROA) (%)	<u>15.20%</u>	<u>12.22%</u>	<u>17.55%</u>			
Segment cost of funds (%)	<u>10.56%</u>	<u>9.43%</u>	<u>9.95%</u>			

18. RELATED PARTY TRANSACTIONS

Related parties comprise associate, subsidiary, directors, 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. Amounts due from and due to related parties are shown under receivables and payables.

	March 31, 2013 (Un-audited)				December 31, 2012 (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 thousand				Rupees in thousand			
Advances								
Opening balance	94,554	1,030,397	-	-	60,770	1,000,820	-	-
Loans granted during the period	3,520	132,126	-	-	48,755	1,824,474	-	-
Repayments received during the period	(14,811)	(211,995)	-	-	(14,971)	(1,794,897)	-	-
Closing balance	83,263	950,528	-	-	94,554	1,030,397	-	-
Deposits								
Opening balance	39,996	2,352	1,627,249	288	22,571	32,365	1,187,328	2,536
Placements made during the period	53,728	90,886	123,444	4,886	257,537	2,035,939	504,423	5,848
Withdrawals during the period	(55,205)	(89,903)	(157,055)	(1,974)	(240,112)	(2,065,952)	(64,502)	(8,096)
Closing balance	38,519	3,335	1,593,638	3,200	39,996	2,352	1,627,249	288
Placements	-	300,000	-	-	-	300,000	-	-
Lease liability	-	3,423	-	-	-	3,602	-	-
	March 31, 2013 (Un-audited)				December 31, 2012 (audited)			
	Rupees in thousand				Rupees in thousand			
Transactions during the period :								
Mark-up/return earned	2,122	20,871	-	-	1,335	24,095	-	-
Mark-up/interest expensed	446	-	37,318	-	126	-	23,233	-
Contribution to employees funds	-	-	18,575	-	-	-	15,230	-

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issuance on April 29, 2013 by the Board of Directors of the Bank.

20. GENERAL

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

President

Director

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