BOP
THE BANK OF PUNJAB
Passion Reborn

Corporate Affairs Department,
Head Office, BOP Tower, 10-B,
Block E/II, Main Boulevard
Gulberg-III, Lahore.
Tel: +92-42-35783843, 35783976,
Fax: +92-42-35783975
corporate.affairs@bop.com.pk
raza.saeed@bop.com.pk

HO/Corp. Affairs/18/236

April 26, 2018

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017

Dear Sir,

We are pleased to inform you that the Board of Directors of the Bank in their meeting held on **Wednesday, April 25, 2018 at 2:30 p.m.** in the Bank's Board Room at its Head Office, Lahore have approved the Annual Audited Financial Statements for the Year ended December 31, 2017.

The financial highlights and Profit & Loss Accounts (Standalone along with Consolidated) of the Bank are attached as **Annexure-'A' & 'B'** respectively. The Board while approving the above Financial Statements, took historic step of making full provisioning for the legacy Non-performing loans portfolio (NPLs), covered through Letter of Comfort (LOCs) issued by the Government of Punjab (GoPb), as of December 31, 2017 i.e. well before the expiry date December 31. 2018. The details are attached as per **Annexure-'C'.**

The Annual General Meeting of the Bank will be held on **Wednesday, May 30, 2018 at 5:00 p.m.** at Lahore.

In terms of PSX Regulation 5.5.14, the Share Transfer Books of the Bank will be closed from **May 23, 2018 to May 29, 2018 (both days inclusive)**. Transfer received at the office of the Bank's Share Registrar, **M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore** at the close of business on **Tuesday, May 22, 2018** will be treated in time for the purpose of any entitlements to the transferees.

We will be sending you =200= copies of printed Accounts for distribution amongst the members of Stock Exchange 21 days before the date of AGM.

You may please inform the TRE Certificate-holders of the Exchange accordingly.

Yours truly,

(RAZA SAEED)
Secretary to the Board

Encl. As Above.

Annexure – 'A'

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Finance Division, Head Office, Lahore

FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017

UNCONSOLIDATED

	(Rs. in Million)	
	31.12.2017	**31.12.2016**
	(Audited)	**(Audited)**
- Equity	29,731.760	27,854.498
- Deposits	556,281.156	453,219.740
- Advances - net	295,751.721	262,067.924
- Investments - net	242,506.452	199,741.990
	31.12.2017	**31.12.2016**
	(Audited)	**(Audited)**
- Profit before taxation	(4,697.942)	8,049.941
- Profit after taxation	(3,322.055)	4,858.354
- Earnings per share (Rs.)	(1.62)	3.12

CONSOLIDATED

	(Rs. in Million)	
	31.12.2017	**31.12.2016**
	(Audited)	**(Audited) Restated**
- Equity	29,839.878	27,967.987
- Deposits	556,191.873	453,174.322
- Advances - net	295,841.425	262,189.551
- Investments - net	242,487.965	199,724.840
	31.12.2017	**31.12.2016**
	(Audited)	**(Audited) Restated**
- Profit before taxation	(4,696.145)	8,067.121
- Profit after taxation	(3,317.076)	4,882.924
- Earnings per share (Rs.)	(1.65)	3.10

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Annexure – B

THE BANK OF PUNJAB

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		Rupees in '000'	
Mark-up / return / interest earned	26	34,450,944	29,674,488
Mark-up / return / interest expensed	27	18,877,316	17,430,154
Net mark-up / interest income		15,573,628	12,244,334
Provision against non-performing loans and advances - net	11.5.1	14,131,960	922,236
Provision for diminution in the value of investments - net	10.3	85,358	102,632
Bad debts written off directly	11.6	-	-
		14,217,318	1,024,868
Net mark-up / interest income after provisions		1,356,310	11,219,466
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,226,378	974,703
Dividend income		90,939	61,774
Income from dealing in foreign currencies		109,173	75,248
Gain on sale and redemption of securities - net	28	1,316,155	2,525,572
Unrealized loss on revaluation of investments classified as held for trading	10.7	(287)	(1,176)
Other income	29	1,848,916	1,658,309
Total non-markup / interest income		4,591,274	5,294,430
		5,947,584	16,513,896
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	30	10,089,062	8,346,001
Provision against other assets	14.4	513,461	569,923
Reversal of provision against off balance sheet obligations	20.1	-	(485,668)
Other charges	31	43,003	33,699
Total non-markup / interest expenses		10,645,526	8,463,955
		(4,697,942)	8,049,941
Extra ordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(4,697,942)	8,049,941
Taxation - Current year		2,269,087	960,820
- Prior years		227,511	622,219
- Deferred		(3,872,485)	1,608,548
	32	(1,375,887)	3,191,587
(LOSS) / PROFIT AFTER TAXATION		(3,322,055)	4,858,354
Basic (loss) / earnings per share - Rupees	33	(1.62)	3.12
Diluted (loss) / earnings per share - Rupees	34	(1.62)	3.12

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these unconsolidated financial statements.

Chief Financial Officer **President** **Chairman** **Director** **Director**

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Annexure - 'B'

THE BANK OF PUNJAB AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	Restated 2016
		Rupees in '000'	
Mark-up / return / interest earned	26	34,532,045	29,744,865
Mark-up / return / interest expensed	27	18,877,323	17,430,154
Net mark-up / interest income		15,654,722	12,314,711
Provision against non-performing loans and advances - net	11.5.1	14,131,478	917,631
Provision for diminution in the value of investments - net	10.3	91,645	102,632
Bad debts written off directly	11.6	-	-
		14,223,123	1,020,263
Net mark-up / interest income after provisions		1,431,599	11,294,448
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,227,035	974,703
Dividend income		91,361	61,774
Income from dealing in foreign currencies		109,173	75,248
Gain on sale and redemption of securities - net	28	1,316,155	2,525,572
Unrealized loss on revaluation of investments classified as held for trading	10.7	80	(1,176)
Other income	29	1,859,912	1,665,095
Total non-markup / interest income		4,603,716	5,301,216
		6,035,315	16,595,664
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	30	10,174,996	8,410,589
Provision against other assets	14.4	513,461	569,923
Reversal of provision against off balance sheet obligations	20.1	-	(485,668)
Other charges	31	43,003	33,699
Total non-markup / interest expenses		10,731,460	8,528,543
		(4,696,145)	8,067,121
Extra ordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(4,696,145)	8,067,121
Taxation - Current year		2,274,233	965,558
- Prior years		227,511	622,219
- Deferred		(3,880,813)	1,596,420
	32	(1,379,069)	3,184,197
(LOSS) / PROFIT AFTER TAXATION		(3,317,076)	4,882,924
(LOSS) / PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent		(3,383,805)	4,820,994
Non-controlling interest		(66,729)	(61,930)
		(3,317,076)	4,759,064

	Note	2017	2016
		Rupees	
Basic (loss)/earnings per share attributable to equity holders of the parent	33	(1.65)	3.10
Diluted (loss)/earnings per share attributable toequity holders of the parent - Rupees	34	(1.65)	3.10

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these consolidated financial statements.

Chief Financial Officer   President   Chairman   Director   Director

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Annexure -'C'

THE BANK OF PUNJAB
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BOP ANNOUNCED FINANCIAL RESULTS FOR YEAR ENDED DECEMBER 31, 2017

The Board of Directors of The Bank of Punjab (BOP) approved Annual Audited Financial Statements of the Bank for the year ended December 31, 2017 in a meeting held on April 25, 2018.

The financial viability created through capital management measures and superb performance of the Bank in the past few years has enabled the Bank to take an important step of fully providing for the legacy Non-performing loans portfolio (NPLs), covered through Letters of Comfort (LOCs) issued by the Government of Punjab (GOPb), as of December 31, 2017 i.e. well before the expiry date of December 31, 2018.

All stakeholders are well aware of the fact that financial mess created by imprudent lending decisions of previous management forced the Bank to agree upon a way forward with the Regulator and Sponsors which included certain NPLs provisioning relaxations. And while the Bank has been continuously posting phenomenal financial results in past few years, benefit of Bank's performance could not be fully passed on to the shareholders due to said relaxations constraining payouts under the applicable Prudential Regulations. Therefore, the BOD took the historic step of making full provision and that too one year prior to the expiry of the LOCs to make good the provisioning shortfall thereby meeting the SBP's provisioning requirements and also paving way to meet Capital Adequacy Ratio (CAR) requirement through a comprehensive Capital Management Plan. As such, major impediment hindering Dividend payouts to shareholders now stands removed.

It is pertinent to mention that providing legacy NPLs is no way adversely affecting Bank's resolve to recover the same through all available legal means. The Bank would continue to make vigorous efforts as before for recovery of these NPLs and future recovery would provide additional boost to Bank's profitability.

During the year 2017, Net Interest Margin (NIM) of the Bank improved significantly to Rs. 15.6 billion as against Rs. 12.2 billion during last year thereby reflecting a healthy growth of 28%. The Bank earned operational profit of Rs.8.7 billion during the year 2017. However, the Bank charged additional provision of Rs. 12.3 billion against loans covered under LOCs and registered after tax loss of Rs.(3.3) billion for the year 2017. Had said provision not been charged, Bank's profit after tax would have been Rs.4.7 billion. Despite huge provisioning, the book value per share remained above par.

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As on December 31, 2017, the Deposits of the Bank stood at the level of Rs. 556.3 billion as against Rs. 453.2 billion last year, thereby showing a healthy growth of 23%. The gross advances and investments stood at Rs. 341.7 billion and Rs. 242.5 billion, respectively. The Bank's Total Assets as on December 31, 2017 stood at Rs. 649.5 billion as against Rs. 545.2 billion as on December 31, 2016.

Subsequent to the year-end 2017, maintaining the pace of growth and operating performance of last years, during the 1st quarter of year 2018, Net Interest Margin (NIM) of the Bank improved to Rs. 4.7 billion as against Rs. 3.3 billion during corresponding period of last year. Non Mark-up/Interest Income and Non Mark-up/Interest Expenses remained at Rs. 0.9 billion and Rs. 2.8 billion, respectively. Accordingly, the Bank was able to post a pre-tax profit of Rs. 3.0 billion as against Rs. 2.4 billion for corresponding period last year thereby registering a rise of 25%. Similarly, the Earnings per share (EPS) for the 1st quarter of the year 2018 remained at the level of Rs. 0.73 per share.

Pursuing an aggressive expansion plan, the Bank is rapidly expanding its outreach to unbanked areas of the country. The Bank now has a network of 540 online branches, including 70 Islamic Banking Branches, strategically located across the country. Further, Bank also has a vast network of 406 ATMs providing 24/7 banking services to the customers.

The Bank's strategy of restructuring, expansion and consolidation has enabled the Bank to attain new heights and, in post LOCs era, the shareholders shall reap the benefits of their persistent and enduring support.

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