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Corporate Information

BOARD OF DIRECTORS

MR. SAFDAR JAVAID SYED	CHAIRMAN
MR. NAEEMUDDIN KHAN	PRESIDENT
MR. TARIQ MAHMOOD PASHA	DIRECTOR
MR. SHAFQAT ELLAHI	DIRECTOR
MR. AZHAR HAMID	DIRECTOR
MR. SHAFQAT MAHMOOD	DIRECTOR
MR. VIQAR AHMED KHAN	DIRECTOR
MR. M. NAVEED MASUD	DIRECTOR
MR. HAROON KHAWAJA	DIRECTOR

MR. RAZA SAEED SECRETARY TO THE BOARD

AUDIT COMMITTEE

MR. M. NAVEED MASUD	CHAIRMAN
MR. AZHAR HAMID	MEMBER
MR. HAROON KHAWAJA	MEMBER

AUDITORS

Ford Rhodes Sidat Hyder & Co., Chartered Accountants

REGISTERED OFFICE:

BOP TOWER, 10-B, BLOCK-E-II,
MAIN BOULEVARD, GULBERG-III,
LAHORE.
TELEPHONES: +92 - 042-5783700-10
FAX NO. +92 - 042 - 5783975

WEBSITE:

www.bop.com.pk
UAN: 111-200-100

REGISTRAR:

M/S. CORPLINK (PVT) LIMITED
WINGS ARCADE, 1-K, COMMERCIAL,
MODEL TOWN,
LAHORE.
TELEPHONES: +92 – 042 – 5887262, 5839182
FAX NO. +92 – 042- 5863037

Vision Statement

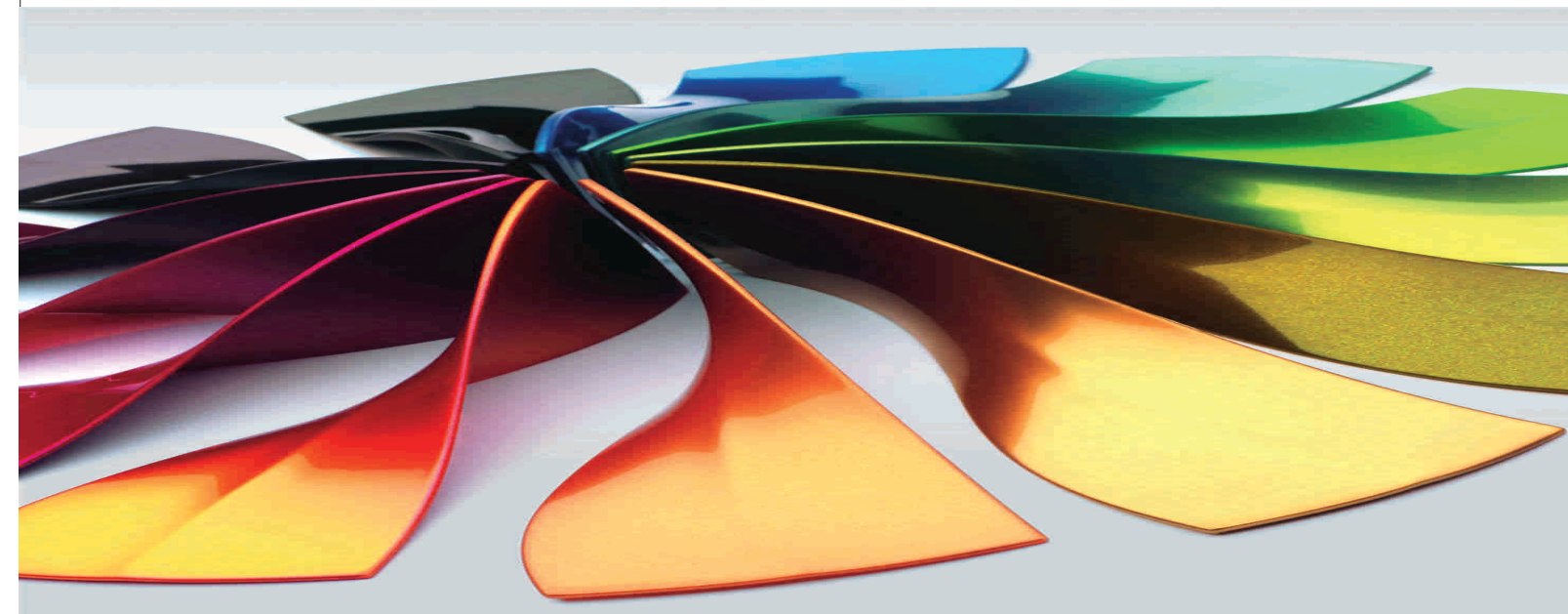
To be a customer focused bank with service excellence.

Mission Statement

To exceed the expectation of our stakeholders by leveraging our relationship with the Government of Punjab and delivering a complete range of professional solutions with a focus on programme driven products and services in the agriculture and middle tier markets through a motivated team.

Core Values

Our customers	as our first priority
Profitability	for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed.
Corporate Social Responsibility	to Enrich the Lives of community where we operate
Recognition and Reward	for the talented and high performing employees
Excellence	in every thing we do
Integrity	in all our dealings
Respect	for our customers and each other



Commitment to
create synergy:-

Elevated service benchmarks and invigorated inter-linkages to create synergy across the enterprise.

Management



1- Ijaz ur Rehman Qureshi Head Audit & RAR	2- Sharjeel Masud Head Operations	3- Shahid Waqar Mahmood Head Retail Banking	4- Sajjad Hussain Head Special Asset Management	5- Aseer Ahmad Khan Country Commercial Head	6- Azhar Hussain Dilawari Head Information Technology	7- Hafeezuddin Head Corporate & Investment Banking	8- Naeemuddin Khan President / CEO	9- Khalid S. Tirmizey Deputy CEO	10- Moazzam Maneka Head Agriculture	11- Nadeem Amir Chief Financial Officer	12- S. M. Atif Head Consumer Banking	13- Khawar S. Ansari Head Treasury	14- Irfanuddin Head Control & Compliance	15- Muhammad Nauman Country Risk Manager	16- Naveed Hafeez Shaikh Head Human Resource
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Credit Rating

Entity Ratings by PACRA

Long Term	AA-
Short Term	A1+

Rating Definition:

Long Term Rating:

AA: Very High Credit Quality. AA Ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable for foreseeable events.

Short Term Rating:

A1+: Obligations supported by the highest capacity for timely repayment.

Commitment to innovation:-

Perform proactive & pivotal role in economic progress and prosperity through reengineered operations and innovative financial products.

Ten Years at a Glance

OPERATING RESULTS

Markup/ return/ interest earned	Rs in m	17,753	17,539	11,579	6,125	2,555	1,664	2,070	2,173	1,935	2,261
Markup/ return/ interest expenses	Rs in m	16,614	13,939	7,509	2,669	719	484	996	1,113	1,083	1,510
Net markup income	Rs in m	1,139	3,600	4,070	3,456	1,836	1,180	1,073	1,060	851	751
Non-markup based income	Rs in m	4,183	5,423	2,954	1,331	1,097	831	374	239	292	179
Non-markup based expenses	Rs in m	2,925	2,289	1,882	1,291	1,150	1,002	961	839	824	805
Provision against NPLs	Rs in m	18,864	1,888	374	331	47	8	54	39	-	-
Net profit/(Loss) before tax	Rs in m	(16,833)	4,846	4,769	3,165	1,736	1,002	432	421	320	125
Net profit/(Loss) after tax	Rs in m	(10,060)	4,446	3,804	2,353	1,368	689	284	236	157	28

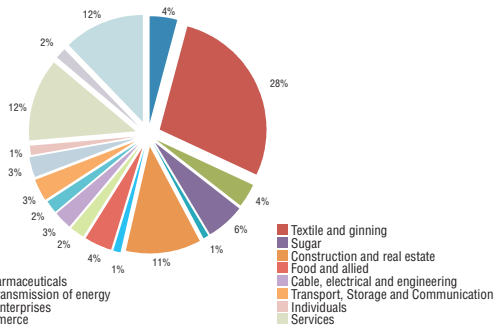
BALANCE SHEET

Total Assets	Rs in m	185,909	234,974	164,855	111,154	66,320	43,621	29,533	24,803	20,186	18,215
Advance (net)	Rs in m	131,731	133,894	101,320	63,624	39,439	18,344	6,621	5,772	6,144	6,151
Investments	Rs in m	22,712	73,462	28,233	18,026	16,198	11,458	8,295	5,970	7,866	4,991
Shareholders Equity	Rs in m	5,057	15,110	10,659	6,777	4,420	3,052	2,363	2,255	2,180	1,823
Revaluation Reserve	Rs in m	(1,313)	3,885	5,467	6,893	3,419	2,155	950	136	-	-
Deposits	Rs in m	164,073	191,969	137,728	88,465	54,724	34,938	23,767	19,035	17,028	15,019
Borrowings from Fls	Rs in m	12,279	17,843	6,989	6,791	2,832	2,684	1,290	2,509	312	713

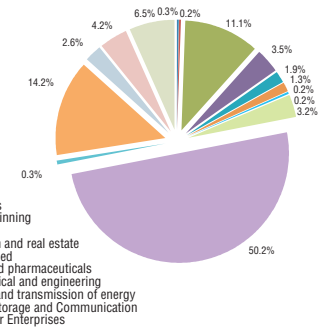
FINANCIAL RATIOS

Gross spread ratio	%	6.42	21.00	35.00	56.00	72.00	71.00	52.00	49.00	44.00	33.00
Cost to total Income	%	54.96	25.37	26.79	26.97	39.20	49.80	66.41	64.54	72.04	86.59
Profit before tax to total income	%	(316.29)	53.71	67.89	66.11	59.19	49.80	29.85	32.42	27.96	13.41
Markup/ Interest cover ratio	times	1.32	1.65	1.94	2.79	5.08	5.15	2.45	2.17	2.06	1.62
Profit after tax to total income	%	(189.03)	49.27	54.16	49.16	46.65	34.26	19.63	18.18	13.77	3.04
Total assets turnover	times	0.12	0.10	0.09	0.07	0.06	0.06	0.08	0.10	0.11	0.13
Return on avg.equity (after tax)	%	(1.00)	34.50	43.64	42.03	36.62	25.45	12.30	10.66	7.87	1.56
Return on avg.equity adj (after tax)	%	(0.88)	25.32	25.54	21.88	20.97	16.18	9.96	10.34	7.87	1.56
Return on avg total assets (after tax)	%	(0.05)	2.22	2.76	2.65	2.49	1.88	1.05	1.05	0.82	0.15
Price earning ratio	times	(0.60)	9.31	7.71	10.23	7.25	5.09	5.59	2.92	6.09	65.61
EPS (Non dilutive)	Rs. Per share	(19.02)	10.51	13.14	10.01	9.08	6.86	2.83	2.41	1.85	0.33
Dividend - Cash	%	-	-	-	-	-	-	17.50	15.00	-	-
- Bonus issue-Interim	%	-	10.00	-	30.00	20.00	-	-	-	-	-
- Bonus issue-Final	%	-	25.00	32.50	22.00	20.00	25.00	-	3.00	15.00	-
Dividend per share	Rs. Per share	-	3.50	3.25	5.20	4.00	2.50	1.75	1.75	1.50	-
Dividend Yield Ratio	%	-	3.58	3.21	5.08	6.07	7.15	11.08	24.82	13.33	-
Dividend Payout Ratio	%	-	33.00	25.00	52.00	44.00	36.00	62.00	73.00	81.00	-
Market value per share	Rs. Per share	11.50	97.80	101.25	102.45	65.90	34.95	15.80	7.05	11.25	21.75
Advances (net) to deposit ratio	%	80.29	70	74.00	72.00	72.00	53.00	28.00	30.00	36.00	41.00
NPL to Gross Advances	%	27.86	2.50	2.30	2.10	2.90	6.50	18.80	22.10	14.80	16.10
Provisions to NPL	%	50.24	78.70	49.06	61.03	44.27	39.83	36.43	30.23	39.16	22.83
Net NPL to Net Advances	%	16.12	0.53	1.18	0.83	1.65	3.99	12.84	16.50	9.54	12.87
Capital adequacy Ratio	%	1.92	9.69	10.09	12.78	12.83	15.50	18.50	18.50	17.63	18.79
Breakup Value per Share	Rs Per share	9.56	35.72	36.72	28.84	29.35	30.40	23.53	23.02	25.59	21.40
No. of branches	No.	272	272	266.0	266.0	253.0	241.0	242.0	242.0	243.0	250.0
Staff Strength	No.	4,156	3,859	3,681	3,430	3,144	3,019	3,000	3,063	3,148	3,185

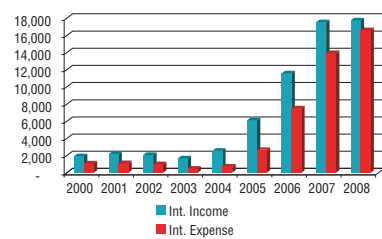
Advances by Class of Business



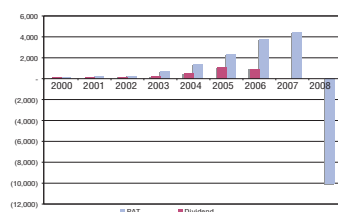
Deposits by Class of Business



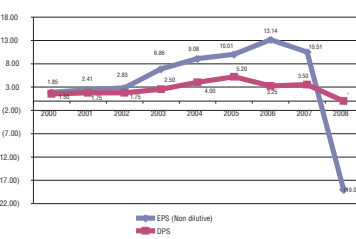
Comparison of Interest Income with Interest Expense



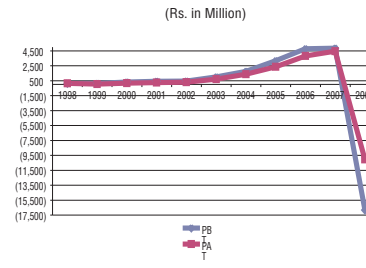
Dividend & Profit after Tax



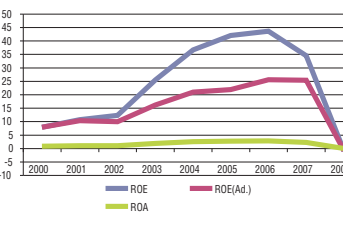
EPS Non-Dilutive & Dividend per Share



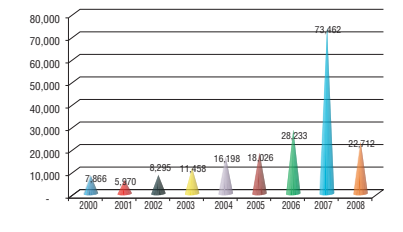
Profit Analysis



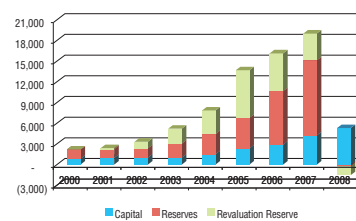
Growth of after tax ROE, ROE (adj) @ ROA



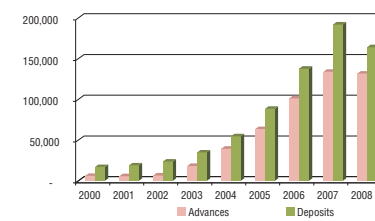
Investments



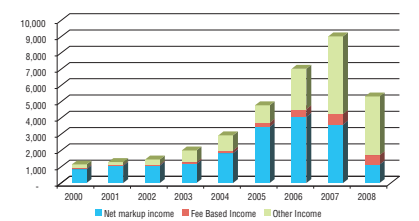
Composition of Equity (Adj)



Advances & Deposits



Total income structure of the bank



President's Message



It is deemed both opportune and appropriate as well as pertinent to provide a synoptic, but succinct account of the circumstances attendant at assumption of office, salient of decisions taken and key indicators of policies/plans contemplated for days ahead as a backdrop to the accompanying results for the year ending December 31, 2008 to facilitate a clearer perspective and afford better comprehension/understanding.

The present management took over in the concluding quarter of the year under review when the Bank was passing through a restructuring phase and the negative media hype had affected patrons' confidence. Accordingly, imperative pragmatic and result oriented measures were warranted in utmost expedition to salvage the institution from the imbroglio it was mired in and also to restore and augment much needed order, balance and cohesion in the work and service environment.

The Government of the Punjab, as the major stakeholder, has expressed its unflinching faith in the management

as well as operations of the Bank and further pledged its unequivocal backing and abiding support. There is thus, no cause, reason, occasion or room for even the slightest doubt, apprehension, alarm or concern.

The transition was rendered more difficult on account of the impediments posed by the slow down in our economy in the wake of global recession. The management remains cognizant of and fully alive to ever changing market dynamics, compulsions of intensely competitive environment and complexities of significantly heightened consciousness about service quality, efficient delivery, innovative product suite, cost effective pricing, comfort and ease. These considerations necessitated infusion of competent, versatile and seasoned professionals having varied and diverse experience in key positions. The cardinal and determining benchmark was their market compatible skills and expertise. Fresh inductions had also to be made in middle, line and lower cadres, where considered compelling, to galvanize and fortify the work force.

A proactive approach to marketing and resource mobilization constitutes a vital ingredient. Appropriate trade, commerce and industry segments have to be targeted to project the comparative advantage and better value offered by our products and services. This will trigger a 'Domino Effect' to multiply the thousands of satisfied customers, whose preferred choice, BOP has been. Identification of existing niches in middle tier and SME sector has been intensified and programmed/structured products for specific segments shall soon be launched. As the mainstay of our economy and the most plausible fulcrum for poverty alleviation/employment generation, Agriculture shall remain a priority. Kissan Dost Financing Schemes shall be fine tuned and more schemes catering to almost all needs of agrarians are in the offing. A wider range of avenues and opportunities are being tapped to buttress product mix and generate consistent revenue streams to lessen volatility in earnings. Fee based non funded facilities, trade products and cash management services are being reinvigorated. Diversity in business will not only enhance profitability but also lend substantial stability.

Recognizing the need for and importance of good corporate governance, efficacious measures have been taken to ensure compliance with SBP/SECP guidelines and best international practices. The efforts will continue. Particular emphasis has been laid on strengthening internal controls and revamping internal audit functions to focus risk centric methodology. IT audit capabilities in line with technological progress shall also be addressed in earnest.

We stand committed to ensure that merit and professionalism thrive. Training and Human Resources Development is an immediate concern and not a standalone administrative function. An elaborate system for manpower planning is being designed. Performance management and objective appraisal regime will link employees' functioning to organizational goals. Investment in Human Capital formation has to be stepped up. Training is being attuned to more effective and efficient skill-orientated environment integrated with individual requirement through on going TNA.

The sooner we shed our inherent weaknesses and inadequacies to capitalize on potential strengths, the better will it be. We shall persist with meaningful and constructive changes/adjustments to consolidate our gains, leverage our accomplishments and sustain growth momentum to buffet our balance sheet. Diversification, deepening of relationship and harvesting large volumes shall, definitely, enable us to prosper under volatile market transformations. Financial strength, however, needs to be protected with discipline enabling us to take calculated risk commensurate with rewards to explore, capture and capitalize lucrative openings and opportunity. We must also keep a close watch all over head cost but exhibit ready willingness to spend and invest prudently in value adding/yielding paraphernalia and infrastructure/technology.

Our country wide branch network affords enormous flexibility to provide access to a larger section of populace who have not as yet benefited from our services or may be sparing in their usage. We must harness the advantage of size without getting bogged down by the baggage. We shall be yet more strong, more stable and more profitable for our share holders to own, a more fulfilling and enabling environment to work in and for our peers-a competitor worth reckoning. Salutary outcome of the measures so far implemented has started to surface. More beneficial results that accrue shall manifest themselves vividly in the near future to validate the efficacy of the decisions. We must strive together to ensure that the impact is enduring.

We are at across roads where devotion to duty, professional ability, integrity and dynamism is required more than ever to turnaround BOP into a value driven stable and vibrant premier financial institution dedicated to the country's progress and prosperity. A bright and promising future awaits. It is for all of us to grab and preserve for posterity.

Naemuddin Khan

Economic Review

Domestic economy which had shown sustained good performance over the past five years faced a grim 2008, because of ever rising inflation, severe power shortages, an erratic stock market, deteriorating law and order situation, slowdown in the large scale manufacturing sector, a sharp hike in interest rates, and widening current account deficit.

As a consequence of these developments, the pace of economic growth was glacial, at best. Investors were precautious in investing. Increasing fuel and raw material prices and power outages retarded industrial output, fiscal performance indicators weakened, domestic and external debt mounted and foreign exchange reserves remained under constant pressure.

Overall inflation soared 25 % from 8.8 % in December 2007, fiscal and current deficit reached 7.4 % and to 8.4 % of GDP respectively. These structural imbalances depleted foreign exchange reserves to around 6.5 billion dollars by the end of November from 15.7 billion dollars in January 2008. The Pak Rupee weakened against the US dollar and it had fallen to Rs. 85.75 against Rs 62.75 to dollar in January.

The performance of commodity producing sector, with agriculture (especially major crops) and manufacturing remained low and growth targets for the FY 08 were not achieved. The service sector has proved to be the main force driving the economic growth in the country and surpassed the target.

The poor show of the agricultural sector is because of



its heavy dependence on vagaries of mother Nature. However, this sector is also vulnerable to policy risks in the pricing of agri-products, lack of regulations and standards with regards to quality of inputs, and weak infrastructure facilities. A substantial reduction in output from the major crops sub-sector has influenced the below par performance of the agriculture in the outgoing fiscal year. Country failed to achieve cotton production target of some 14 million bales and it stood at 11.6 million bales.

The manufacturing sector has been deeply affected by adverse economic conditions. An extraordinary rise in price at international resource market, domestic energy scarcity, and political instability all contributed towards slow down in performance of manufacturing sector. Large-scale manufacturing failed to meet its growth target for the year, exhibiting not only signs of moderation but also fell victim to domestic and external shocks.

The services sector has some what compensated for the slow performance of the commodity producing sector and provided much needed support for a meager growth in the economy. Worsening domestic politics and economic challenges adversely affected stock market, causing an index decline of over 59 % by pushing KSE 100 index at 5865 points. Major sectors performance was worst during the year 2008, including refineries (-68%), banks (-67%) and paper & board (-64%). The three best performing sectors comprising Sugar, Textiles, Spinning, and Leather are illiquid.

The Government and the State Bank of Pakistan have taken steps to resolve some of the other issues. The economic indicators which had remained under stress because of the impact of global commodity prices along with a rise in domestic demand had resulted in rising fiscal and external account deficits. This in turn had generated inflationary pressure. SBP took timely measures during the year like increase in discount rate changes in CRR, SLR, MCR and ADR etc. encouraging resource mobilization by banks for proper liquidity management.

SBP in its annual report for 2007-08 has made some important assessments.

Growth in the agricultural sector last fiscal was recorded at 1.5% against the target of 4.8%, the slowest pace since FY 03. Agricultural credit by banks and specialized financial institutions were higher by 25.3% over



2006-07. Growth in the industrial sector slowed to 4.6% against realized 8.0% in FY 07. Fiscal deficit in 2008-09 is projected at between 4.3%-4.8% of GDP against the target of 4.7% and actual 7.4% in FY 07 essentially on account of government borrowing for budgetary support rising by about 105% last fiscal over FY 07 to Rs.777 B. Current account deficit in FY 08 was 8.4% of GDP but is projected to be lower at between 6.2%-6.8% in the current fiscal;

CPI inflation year on year (yoy) was higher by 23.9% with food inflation being higher by over 33% in August 2008. SPI inflation (yoy) was higher by 29.8% at end September 2008. WPI annualized inflation (yoy) was higher by 23.1% in September 2008. Headline and core inflation in October were recorded at 25% and 21.7% respectively.

Net foreign investment during the first quarter of the current fiscal stood at \$ 938.21 (M), a decline of 9.67% over the same period last fiscal notwithstanding an increase of 9.6% in foreign direct investment. Foreign direct investment during July-December 2008 amounted to \$ 2.2327 B against \$ 2.0663 (B) in the same period of 2007. Net foreign investment during the above periods was \$ 2.1380 (B) against \$ 2.1699 B respectively.

Home remittances in the first half of the current fiscal amounted to \$ 3.640 (B), against \$ 3.066 (B) in the same period last fiscal, an increase of 18.71%. The overall current account deficit in the first half of the current fiscal stood at \$ 7.269 (B) against \$ 6.053 (B) in the same (July-December) period of 2007. According to Federal Bureau of Statistics (f.o.b) data, export earnings in July-December 2008 rose by 10.57% over the same period last fiscal to \$ 9.573 (B). Import payment during the above periods were higher by 12.87% to \$ 19.132 (B). The deficit on the trade account during July-

December, at \$ 9.559 (B) was higher by 15.28% over the same period, last fiscal.

Future Outlook

Looking towards 2009, the State Bank of Pakistan first quarterly report FY09 states, "Pakistan's economy needs effective policies and implementation of reforms in FY09 to regain macroeconomic stability in the midst of a challenging year".

Global economic forecast of the World Bank, IMF & SBP, Estimates, project GDP growth to be between 3.5% to 4.5%. The crucial factor would be taming of budgetary deficit. Average annual CPI inflation would hover around 20%-22%. Workers remittances are projected at \$ 7.5B against the target of \$ 7.7 B. Export earnings are expected between 20.5-22.0 B. Import payments are likely to be \$ 33.5 – 35.0 B. Current account deficit is estimated between 6.2 – 6.8 of GDP while fiscal deficit as a proportion of GDP may touch 4.3% - 4.8%.

The business environment will remain highly challenging throughout 2009, largely due to the stifling energy shortage, which has brought many industries to their knees, and the perilous security situation. The government has plans to attract US \$10bn in foreign investment over 2009 - much of which it believes will come from the Gulf region - but this target seems to be unachievable, given the current bleak outlook for the global economy and climate of risk aversion. A large part of this investment would be solicited for infrastructural projects and the energy sector in particular, where a 3,000-3,500MW capacity shortfall needs to be plugged before year-end.

Subsidies will be gradually withdrawn to contain the fiscal deficit and the Government has acknowledged the dangers to macroeconomic stability resulting from heavy recourse to borrowings from the Central Bank. In FY09 the Government would adhere to a desirable borrowing programme and has committed to zero additional budgetary borrowings from the Central Bank, which has now been incorporated into the IMF supported macroeconomic stabilization programme.

Betterment in law and order situation, weeding out of terrorism, relative political normalcy and increased inflows as a result of aid package, growing foreign remittances and mobilization pledges by friends is likely to facilitate Government spending on infrastructure development, improving job creation and social uplift which in turn will impart an improved complexion to the economy.



Commitment
to excellence
& work ethics:-

Excel in every facet of performance through customer focused policies to maximize value and satisfaction.

Employ dynamic work ethics conducive to merit, integrity and professionalism better than peers and exceeding clients' expectations.

Directors' Report



On behalf of the Board of Directors, I am pleased to present the 19th Annual Report of The Bank of Punjab along-with the audited financial statements and Auditors' Report thereon, for the year ended December 31, 2008.

Operating Results

During the period under review, your Bank initiated a restructuring process in consultation with the Government of the Punjab and the State Bank of Pakistan focusing on strengthening the Bank's capital base, building a strong and capable management team and tightening risk and control policies in order to achieve sustainable growth in a prudent and compliance oriented environment.

Another key component of the restructuring process was a comprehensive sensitivity analysis of the Bank's advances portfolio which, when completed, necessitated further classification of advances resulting in non-performing loans and advances of Rs 42.7 billion as on December 31, 2008.

A robust risk mitigation process now exists which ensures

stringent scrutiny and regular monitoring of the entire advances portfolio so as to protect the Bank from further deterioration in asset quality. Prime focus includes time-bound recovery targets and collateral re-evaluation. The Management is confident of positive outcomes in the near future.

In order to fortify capacity to withstand unforeseen shocks, it was deemed prudent to provide for the identified infected advances portfolio to the extent of Rs 18.9 billion which had significantly impacted Bank's Profit & Loss Account for the period under review.

Advances portfolio of the Bank stood at Rs 153.2 billion as at the close of the year. This includes loans to the extent of Rs. 12.3 billion to two groups of companies which have not been subjected to provision as the Government of the Punjab, being the majority shareholder of the Bank, has undertaken, as part of the restructuring process, to inject sufficient equity, in case the loans require provisioning by 31 December 2011, in meeting prevailing regulatory capital requirement.

The higher level of NPLs impacted mark-up/interest

income which at Rs.17.7 billion, was fractionally higher than Rs. 17.5 billion in the previous year.

To overcome the liquidity crunch faced by the banking industry, banks resorted to deposit mobilization at highly competitive rates. In addition to liquidity issues faced by the banking sector, your Bank's deposit base was also adversely affected due to the negative media hype against the Bank at the initiation of the restructuring process. In order to arrest the situation, concerted efforts were made to restore the Bank's liquidity position through aggressive confidence building measures and innovative deposit products at competitive rates which somewhat checked the declining trend. However deposits stood at Rs 164.1 billion as at the close of the year as against Rs 192.0 billion as at the close of last year.

Mark up expense thus increased to Rs. 16.6 billion as against last year's Rs. 13.9 billion. Resultantly, Net Interest Margin (NIM) of the Bank reduced to Rs.1.1 billion as against Rs. 3.6 billion, last year.

The treatment of deficit on revaluation of investments held in "available for sale" category, in terms of SBP BSD Circular No.04 dated February 13, 2009, has been fully explained in Note 23.3 to the financial statements.

Financial Highlights

Loss before taxation	(16,832,906)
Taxation	6,773,401
Loss after taxation	(10,059,505)
Un-appropriated profit b/f	3,452,842
Transfer from surplus on revaluation of fixed assets (net of tax)	5,572
Accumulated loss	(6,601,091)
Loss per share-Rupees	(19.02)

Minimum Capital Requirements:

Minimum Paid up Capital

In terms of SBP BSD Circular No.19 of 2008, banks must maintain minimum paid up capital of Rs. 5.0 billion



(net of losses) as on December 31, 2008. Despite significant dilution in Tier-1 equity after registering an after tax loss of Rs 10.1 billion, the Bank has complied with minimum paid up capital requirement of Rs. 5.0 billion (net of losses) after utilization of available reserves.

Capital Adequacy Ratio

Eligible capital was Rs 3.3 billion as against risk weighted assets of Rs 173.6 billion as on December 31, 2008. Resultantly, the Capital Adequacy Ratio (CAR) stood below the required level of 9%.

In order to comply with the minimum capital requirements and to support future asset growth, the Bank has since imbedded a strategy to strengthen its capital base by March 31, 2010.

In order to facilitate the Bank in formal implementation of the said strategy and to provide immediate capital support, the Government of the Punjab, being the majority shareholder, has already deposited with the Bank a sum of Rs.10.0 billion as advance against shares. Had the amount been deposited on the Balance Sheet date, the Capital Adequacy Ratio (CAR) would have worked out to 7.68 %.

Credit Rating

Since 2001, M/s Pakistan Credit Rating Agency (PACRA) has been entrusted to assess Bank's capacity to meet its financial commitments.

Your Bank has been assigned long term rating of "AA-"

and short term rating of "A1+". As per standard rating scale and definition "AA" long term rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments not significantly vulnerable to foreseeable events. Similarly, "A1+" short term rating denotes obligations supported by the highest capacity for timely repayment.

Statement of Internal Controls

It is Management's responsibility to establish and maintain a robust and effective system of internal controls to achieve the following objectives:

- Operational efficiency and effectiveness
- Compliance with laws and regulations
- Reliability of financial reporting
- Safeguarding asset quality

Internal Controls System have been fortified and streamlined so as to provide Management with an effective and reliable tool and an early warning mechanism to manage risk, identify control weaknesses and review adherence to policies and procedures.

The Bank is endeavoring to further improve its internal control system as per guidelines issued by State Bank of Pakistan. Accordingly, the Bank has engaged a reputed firm of Chartered Accountants to assist Management in implementation of the COSO Framework.

Risk Management Framework

The cornerstone of effective bank management is the identification, assessment and management of a wide range of risks in a prudent and timely manner. The risk management framework interlinks policy and structure of risk management with the Bank's strategy and objectives and identifies the roles and responsibilities of key parties in the risk management process across all risk categories.

A risk management committee of the Board has been constituted for effective supervision of risk taking activities. The new Management has taken numerous steps to facilitate identification, mitigation and management of risk to pave the way forward for the Bank to achieve its strategic objectives. The major

components of risk i.e. credit, market and operational risks are now being monitored under a centralized functional environment at Risk Management Division with revised divisional structures and constitution of sub committees for management of individual risk.

Credit Risk Management involves astute risk assessment in accordance with stipulated internal risk policies and State Bank of Pakistan guidelines. Risk concentration and group exposure limits have been tightened to mitigate risk, going forward.

Market Risk Management ensures that Bank's risk due to adverse movements in pricing of investment products and exchange and interest rates are contained within predetermined tolerance limits which are reviewed at regular intervals.

Liquidity Management policies have been redesigned to ensure that interest rate risk and liquidity gaps are contained within acceptable approved levels even under volatile market conditions and that the Bank remains well positioned to meet its obligations.

The Asset Liability Committee (ALCO) of the Bank, which comprises members of senior management, meets regularly to monitor liquidity requirements, lending ratio, interest rate movement risk, gapping for both local and foreign currency exposure.

An efficient system for identification and mitigation of operational risk is in place with pre-defined key risk indicators (KRIs) under the operational risk management framework.

The Central Audit function has been strengthened with fresh external hiring of experienced and qualified personnel who have been suitably empowered to ensure risk mitigation on an ongoing basis.

Product Development

The Bank has always remained customer-focused and committed to cater to different tiers of economy with service excellence. The Bank offers a wide range of products and services tailored to the needs of its target market. The Bank, through its nationwide network of 272 branches with significant concentration in remote areas, is playing a pivotal role in development of national economic objectives.

The Bank has especially focused on SME & Agriculture segments and a number of innovative loan products are available to these sectors on easy terms. The Bank pioneered the concept of Crop Insurance in the country.

To strengthen its liability base the Bank has developed numerous attractive schemes for all sectors of the economy. During the year, the Bank introduced "BOP Pahlay Munafa" Deposit Scheme, with upfront profit payment. The scheme was a resounding success.

The Bank continues to strengthen its technology and its countrywide network is equipped with online real time connectivity. In collaboration with a reputed software house, the Bank has initiated a project for development of state of the art software namely "Vortex". Through this, the Bank aspires to continue upgrading its automated service delivery processes so as to provide even more efficient services to its valued clients. The certification of this software is in process and its deployment at Branches is planned later in the year.

Human Resource Development

Human resource quality provides the competitive edge in any service industry. The new Management has embarked on a comprehensive HR Skills Enhancement Strategy encompassing aptitude assessment of staff at all levels so that across the board staff quality can be improved.



Emphasis is on merit, professionalism, talent and performance. It is an integral part of the Bank's HR strategy to assess and then suitably recognize high performers within the Bank. Management proudly reports that an initial assessment confirms that the Bank's workforce largely comprises skilled, competent and committed staff who understand and share the vision of the Bank and who with clear directions, leadership and support from senior management are capable of transforming the Bank and taking it to greater heights within Pakistan's banking industry.

The Bank lays strong emphasis on staff training. The Bank's Officers' Training Institute (OTI), is a dedicated facility aimed at continuous staff development. Along with specific new products awareness programs, the staff undergoes regular training in man management and operational skills. Besides, the staff is also provided with opportunities to attend training workshops and seminars etc, at various forums like PBA, IBP, SBP etc.

The Bank has an attractive Group Life Insurance Scheme and Medical Insurance for its staff.

Statement of compliance with Corporate and Financial Reporting Framework

It is confirmed that:

- The financial statements, together with notes

thereon have been prepared in conformity with the Companies Ordinance, 1984. These Statements present fairly state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal controls have been improved by the new management and now considered adequate, effectively implemented and monitored.
- There is no significant doubt upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no significant outstanding taxes, duties, levies and charges.
- Value of investment of Staff Provident Fund Scheme (approved), based on latest audited accounts is Rs. 477,754 thousand. Moreover, during the year the Bank has also introduced Staff Gratuity Scheme w.e.f. 01.01.2008.
- Statement showing pattern of shareholding as on December 31, 2008 is included in this report.
- Statement showing key operating and financial data for the last ten years is disclosed on page 10 of the Annual Report.
- Statement of compliance with code of corporate governance is presented at page 24 of the Annual Report.

- During the year, 16 meetings of the Board of Directors were held with following attendance:

Name of Director	No. of Board meetings attended	Resigned/ Terminated/ Replaced
Salman Siddique	3	Replaced
Hamesh Khan	3	Terminated
Mian Muhammad Latif	3	Replaced
Gohar Ejaz	3	Replaced
Qaiser Zulfaqar Khan	2	Resigned
Khurram Iftikhar	4	Resigned
Fareed Mughis Sheikh	5	Resigned
Mohammad Bashir Janmohammad	-	Replaced
Salman Aslam Butt	2	Replaced
Javed Mahmood	5	Replaced
Sohail Ahmad	10	Replaced
Alman Aslam	8	Replaced
Aneeq Khawar	7	Replaced
Sajjad Hussain	9	Replaced
Safdar Javaid Syed	3	
Naeemuddin Khan	3	
Shafqat Ellahi	10	
Shafqat Mahmood	9	
Tariq Mahmood Pasha	3	
Azhar Hamid	5	
M. Naveed Masud	1	
Viqar Ahmed Khan	2	

Punjab Modarba Services (Private) Limited.

Punjab Modaraba Services (Private) Limited, Bank's wholly owned subsidiary, is effectively managing First Punjab Modaraba. The net assets of the subsidiary stood at Rs. 149.4 million as at the year end as against Rs. 181.1 million, last year.

Outlook for the year 2009

The restructuring process initiated last year is well on stream and will remain the prime focus of Management and the Board during 2009.

The Board is confident that upon completion of the process, the Bank will be well positioned to record sustainable growth with high service delivery standards by a highly motivated team.

Further, the Board derives comfort from Management's

sharp focus on strengthening the Bank's internal controls and operational processes which will provide a safe platform to support the Bank's operations in the future and that the unqualified ongoing support of its sponsor i.e. the Government of the Punjab, yet again demonstrated through the Bank's recapitalization leading to the Bank's strong capital base, will provide added comfort to the market.

The Bank is already offering a wide range of products and services to its valued customers and efforts will be made to further expand its product lines to increase market share.

The Board believes that success of any organization significantly depends upon the quality of its human assets. Keeping in view future challenges, human resource policies will be further reviewed aimed, first, at skills enhancement for increased output and thereafter suitable and timely recognition and reward for merit within the Bank.

Given the current testing economic environment, the Board is conscious of a prudent approach for going forward and will ensure that the Bank's senior management team is strengthened, the existing infected advances portfolio, where possibility of further provisioning cannot be ruled out, is repeatedly stress tested and that an effective and seasoned recovery unit is in place to facilitate amicable exit from identified infected debt enabling the Bank to record write backs in the near future.

Auditors

The present term of current auditors M/s Ford Rhodes Sidat Hyder & Co, Chartered Accountants is expiring and the Audit Committee has suggested that they be engaged for another term. The Board of Directors, on the suggestions of the Audit Committee, has recommended the name of the auditors as statutory auditors for next term.

Acknowledgement

In conclusion, we sincerely value and wish to acknowledge the understanding, guidance and support of the Government of the Punjab and the State Bank of

Pakistan during a difficult period for the Bank. We are grateful to our valued customers and respected shareholders for their support, trust and confidence reposed in the Bank. We also wish to thank all our staff for their dedication and commitment during the year.

Safdar Javaid Syed
Chairman



Commitment
to corporate
governance:-

Grow in a compliance oriented
environment for accountability to
promote good Corporate
Governance.

Statement of Compliance with Code of Corporate Governance



This statement is being presented to comply with the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan also contained in Listing Regulations of all Stock Exchanges in Pakistan where the shares of the Bank are listed, for the purpose of establishing a framework of good governance, ensuring compliance with the best practices of corporate governance.

The Bank of Punjab (the Bank) has applied the principles contained in the Code in the following manner:

- 1) The Bank encourages representation of non-executive directors on its Board. As on December 31, 2008, the Board includes six non-executive directors. Out of four vacant seats of directors representing minority shareholders, two directors have been co-opted till EOGM, which is scheduled to be held on 30th June, 2009 to complete the Board.
- 2) The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Bank.

- 3) All the directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

- 4) The Bank has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Bank.

- 5) (a) The Board has developed a mission statement and an overall corporate strategy.

- (b) The Board has developed significant policies of the Bank and a complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

- 6) All the powers of the Board of Directors of the Bank have been duly exercised and decisions on material transactions have been taken by the Board.

- 7) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings, except in circumstances where emergent meetings are called or where time frames does not allow to serve notice / agenda to meet seven days requirement. The minutes of the meetings were appropriately recorded and circulated.

- 8) The Board has appropriate arrangements in place for orientation of its directors to apprise them of their duties and responsibilities.

- 9) The officer having position of CFO was appointed prior to the implementation of the Code of Corporate Governance. During the year, vacancy of the Company Secretary was arisen and to fill the same Mr. Raza Saeed, already in employment of the Bank and being eligible, was designated as Company Secretary by the Board on existing remuneration and terms of employment. However, appointment of Head of Internal Audit including his remunerations and terms of employment were approved by the Audit Committee of the Board.

- 10) The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

- 11) The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.

- 12) The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.

- 13) The Audit Committee has two members as on December 31, 2008 comprised of non-executive directors

including Chairman of the Committee due to vacant seats on the Board. However, subsequent to Balance Sheet date the Audit Committee has three members comprised of non-executive directors including Chairman of the Committee.

- 14) During the year three meetings of the Audit Committee were held up till April 27, 2008. The Board was reconstituted on April 28, 2008 and quarterly accounts during the year 2008 were directly approved by the Board. The Audit Committee was reconstituted on October 28, 2008 and meeting prior to release of financial results for the year ended December 31, 2008 was duly held.

- 15) The Board has set-up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank and are involved in the internal audit function on a full time basis.

- 16) The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

- 17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

- 18) We confirm that all other material principles contained in the Code have been complied with except for the following, where the corresponding provision(s) of The Bank of Punjab Act 1989 have been complied.

Reference Clauses from Code of Corporate Governance

vi)

The tenure of office of Directors shall be 3 years. Any casual vacancy in the Board of Directors of a listed company shall be filled up by the Directors within 30 days thereof.

viii(e)

Appointment, remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors of the listed company are determined and approved by the Board of Directors

ix)

The Chairman of a listed Company shall preferably be elected from among the non-executive directors of the listed company. The Board of Directors shall clearly define the respective roles and responsibilities of the Chairman and the Chief Executive, whether or not these offices are held by separate individuals or the same individual.

xv)

The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, the Company Secretary and the head of Internal Audit shall be determined by the CEO with the approval of the Board.

xxv)

The Company Secretary of a listed company shall furnish a Secretarial Compliance Certificate, in the prescribed form, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies' Ordinance 1984 have been duly complied with.

Corresponding Provisions of The Bank of Punjab Act – 1989

Section 14

A Director appointed by the Government, other than President, shall hold office during the pleasure of Government.

Section 15(1)

Where a vacancy occurs in the office of a Director appointed by the Government, the vacancy shall be filled only by appointment by the Government.

Section 11(1)

The President shall be appointed by the Government for a period of five years and on such salary and terms and conditions of service as the Government may determine.

Further in terms of section 10(3) President shall be the Chief Executive Officer of the Bank.

Section 10(2)

The Chairman of the Board shall be appointed by the Government from amongst the Directors.

In terms of clause 25 of the Bye-Laws of The Bank of Punjab, the Board of Directors is authorized/empowered to employ appoint and engage such officers and other employees of different categories as it may deem necessary. The terms and conditions of service of the Bank's staff are to be determined by the Board in consultation with the Government of the Punjab.

Section 1 – A

The Bank of Punjab Act shall have effect notwithstanding anything contained in any other law for the time being in force. Accordingly the Bank is not required to file any return with the Registrar of companies.

For and on behalf of the Board

Naeemuddin Khan

President

Auditors Review Report to Members on Statement of Compliance with best practice of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of The Bank of Punjab (the Bank) to comply with the Regulations G-I of the Prudential Regulation for Corporate/ Commercial Banking issued by the State Bank of Pakistan, Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange where the Bank is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended 31 December 2008.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Lahore:

June 04, 2009

Pattern of Shareholding of Shares AS ON 31-12-2008

No. of Shareholders			-----Shareholding-----			Total Shares Held			Percentage	
Physical	CDC	Total	From	To	Physical	CDC	Total			
1028	2922	3950	FROM	1	TO	100	37,449	134,441	171,890	0.0327
1546	3516	5062	FROM	101	TO	500	405,109	1,119,397	1,524,506	0.2899
686	2359	3045	FROM	501	TO	1000	511,009	1,926,227	2,437,236	0.4635
997	4236	5233	FROM	1001	TO	5000	2,000,620	9,883,303	11,883,923	2.2602
159	843	1002	FROM	5001	TO	10000	1,077,664	6,181,303	7,258,967	1.3806
55	304	359	FROM	10001	TO	15000	664,754	3,764,317	4,429,071	0.8424
47	137	184	FROM	15001	TO	20000	826,356	2,450,586	3,276,942	0.6232
20	111	131	FROM	20001	TO	25000	441,814	2,536,950	2,978,764	0.5665
76	68	144	FROM	25001	TO	30000	2,000,002	1,855,784	3,855,786	0.7333
8	45	53	FROM	30001	TO	35000	254,755	1,436,107	1,690,862	0.3216
3	42	45	FROM	35001	TO	40000	112,606	1,584,815	1,697,421	0.3228
4	26	30	FROM	40001	TO	45000	171,037	1,095,468	1,266,505	0.2409
0	39	39	FROM	45001	TO	50000	-	1,887,116	1,887,116	0.3589
3	23	26	FROM	50001	TO	55000	153,750	1,208,411	1,362,161	0.2591
2	8	10	FROM	55001	TO	60000	113,377	458,025	571,402	0.1087
0	16	16	FROM	60001	TO	65000	-	995,886	995,886	0.1894
0	9	9	FROM	65001	TO	70000	-	622,269	622,269	0.1183
1	11	12	FROM	70001	TO	75000	74,803	800,433	875,236	0.1665
1	13	14	FROM	75001	TO	80000	79,262	1,009,929	1,089,191	0.2072
0	11	11	FROM	80001	TO	85000	-	905,715	905,715	0.1723
0	9	9	FROM	85001	TO	90000	-	785,539	785,539	0.1494
1	9	10	FROM	90001	TO	95000	91,457	827,432	918,889	0.1748
0	15	15	FROM	95001	TO	100000	-	1,494,303	1,494,303	0.2842
0	5	5	FROM	100001	TO	105000	-	517,643	517,643	0.0984
0	2	2	FROM	105001	TO	110000	-	217,876	217,876	0.0414
1	2	3	FROM	110001	TO	115000	114,528	227,046	341,574	0.0650
0	2	2	FROM	115001	TO	120000	-	233,281	233,281	0.0444
0	7	7	FROM	120001	TO	125000	-	869,910	869,910	0.1654
1	3	4	FROM	125001	TO	130000	127,706	382,375	510,081	0.0970
0	1	1	FROM	135001	TO	140000	-	136,500	136,500	0.0260
0	2	2	FROM	140001	TO	145000	-	284,051	284,051	0.0540
0	3	3	FROM	145001	TO	150000	-	446,500	446,500	0.0849
0	2	2	FROM	150001	TO	155000	-	306,053	306,053	0.0582
0	2	2	FROM	160001	TO	165000	-	325,528	325,528	0.0619
0	2	2	FROM	165001	TO	170000	-	336,742	336,742	0.0640
0	4	4	FROM	170001	TO	175000	-	692,142	692,142	0.1316
0	2	2	FROM	175001	TO	180000	-	356,750	356,750	0.0678
0	2	2	FROM	180001	TO	185000	-	361,397	361,397	0.0687
1	1	2	FROM	185001	TO	190000	189,640	187,501	377,141	0.0717
0	2	2	FROM	190001	TO	195000	-	384,535	384,535	0.0731
0	5	5	FROM	195001	TO	200000	-	994,431	994,431	0.1891
0	2	2	FROM	200001	TO	205000	-	402,496	402,496	0.0765
0	3	3	FROM	205001	TO	210000	-	617,713	617,713	0.1175
0	2	2	FROM	215001	TO	220000	-	438,562	438,562	0.0834
0	2	2	FROM	220001	TO	225000	-	446,430	446,430	0.0849
0	1	1	FROM	225001	TO	230000	-	228,713	228,713	0.0435
0	1	1	FROM	230001	TO	235000	-	230,122	230,122	0.0438
0	1	1	FROM	235001	TO	240000	-	239,332	239,332	0.0455
0	3	3	FROM	240001	TO	245000	-	731,315	731,315	0.1391
0	2	2	FROM	245001	TO	250000	-	498,000	498,000	0.0947
0	1	1	FROM	250001	TO	255000	-	253,194	253,194	0.0482
0	1	1	FROM	260001	TO	265000	-	262,100	262,100	0.0498
0	1	1	FROM	270001	TO	275000	-	272,823	272,823	0.0519
0	2	2	FROM	275001	TO	280000	-	556,393	556,393	0.1058
0	1	1	FROM	280001	TO	285000	-	284,130	284,130	0.0540
0	3	3	FROM	295001	TO	300000	-	898,651	898,651	0.1709
0	1	1	FROM	305001	TO	310000	-	309,511	309,511	0.0589
0	1	1	FROM	310001	TO	315000	-	313,367	313,367	0.0596
0	1	1	FROM	315001	TO	320000	-	320,000	320,000	0.0609

No. of Shareholders			-----Shareholding-----			Total Shares Held			Percentage	
Physical	CDC	Total	From	To	Physical	CDC	Total			
0	3	3	FROM	325001	TO	330000	-	983,821	983,821	0.1871
0	1	1	FROM	330001	TO	335000	-	330,423	330,423	0.0628
0	2	2	FROM	335001	TO	340000	-	675,312	675,312	0.1284
0	3	3	FROM	340001	TO	345000	-	1,030,875	1,030,875	0.1961
0	2	2	FROM	350001	TO	355000	-	704,732	704,732	0.1340
0	1	1	FROM	380001	TO	385000	-	384,500	384,500	0.0731
0	1	1	FROM	395001	TO	400000	-	395,115	395,115	0.0751
0	1	1	FROM	400001	TO	405000	-	403,125	403,125	0.0767
0	1	1	FROM	440001	TO	445000	-	442,540	442,540	0.0842
0	1	1	FROM	460001	TO	465000	-	461,000	461,000	0.0877
0	1	1	FROM	480001	TO	485000	-	484,630	484,630	0.0922
0	1	1	FROM	495001	TO	500000	-	496,280	496,280	0.0944
0	1	1	FROM	500001	TO	505000	-	502,500	502,500	0.0956
0	1	1	FROM	535001	TO	540000	-	535,877	535,877	0.1019
0	1	1	FROM	540001	TO	545000	-	541,443	541,443	0.1030
0	1	1	FROM	545001	TO	550000	-	548,507	548,507	0.1043
0	1	1	FROM	550001	TO	555000	-	551,580	551,580	0.1049
0	1	1	FROM	555001	TO	560000	-	555,035	555,035	0.1056
0	1	1	FROM	590001	TO	595000	-	595,000	595,000	0.1132
0	1	1	FROM	670001	TO	675000	-	672,612	672,612	0.1279
0	1	1	FROM	740001	TO	745000	-	741,891	741,891	0.1411
0	1	1	FROM	755001	TO	760000	-	756,250	756,250	0.1438
0	1	1	FROM	800001	TO	805000	-	800,356	800,356	0.1522
0	1	1	FROM	855001	TO	860000	-	858,305	858,305	0.1632
0	1	1	FROM	895001	TO	900000	-	898,271	898,271	0.1708
0	1	1	FROM	900001	TO	905000	-	900,050	900,050	0.1712
0	1	1	FROM	945001	TO	950000	-	950,000	950,000	0.1807
0	1	1	FROM	955001	TO	960000	-	956,250	956,250	0.1819
0	1	1	FROM	975001	TO	980000	-	977,000	977,000	0.1858
0	1	1	FROM	1020001	TO	1025000	-	1,025,000	1,025,000	0.1949
0	1	1	FROM	1040001	TO	1045000	-	1,042,500	1,042,500	0.1983
0	1	1	FROM	1055001	TO	1060000	-	1,057,502	1,057,502	0.2011
0	1	1	FROM	1060001	TO	1065000	-	1,060,866	1,060,866	0.2018
0	1	1	FROM	1095001	TO	1100000	-	1,100,000	1,100,000	0.2092
0	1	1	FROM	1115001	TO	1120000	-	1,119,816	1,119,816	0.2130
0	1	1	FROM	1190001	TO	1195000	-	1,194,000	1,194,000	0.2271
0	1	1	FROM	1235001	TO	1240000	-	1,237,856	1,237,856	0.2354
0	1	1	FROM	1300001	TO	1305000	-	1,300,587	1,300,587	0.2474
0	1	1	FROM	1350001	TO	1355000	-	1,350,437	1,350,437	0.2568
0	1	1	FROM	1515001	TO	1520000	-	1,515,546	1,515,546	0.2882
0	1	1	FROM	1570001	TO	1575000	-	1,575,000	1,575,000	0.2995
0	1	1	FROM	1665001	TO	1670000	-	1,666,336	1,666,336	0.3169
0	1	1	FROM	1845001	TO	1850000	-	1,850,000	1,850,000	0.3518
0	1	1	FROM	1925001	TO	1930000	-	1,929,107	1,929,107	0.3669
0	1	1	FROM	1985001	TO	1990000	-	1,986,493	1,986,493	0.3778
0	1	1	FROM	2190001	TO	2195000	-	2,192,850	2,192,850	0.4171
0	1	1	FROM	2470001	TO	2475000	-	2,472,817	2,472,817	0.4703
0	1	1	FROM	2595001	TO	2600000	-	2,596,734	2,596,734	0.4939
0	1	1	FROM	2630001	TO	2635000	-	2,633,856	2,633,856	0.5009
0	1	1	FROM	2810001	TO	2815000	-	2,811,200	2,811,200	0.5347
0	1	1	FROM	6420001	TO	6425000	-	6,423,100	6,423,100	1.2216
0	1	1	FROM	8925001	TO	8930000	-	8,928,383	8,928,383	1.6981
0	1	1	FROM	9450001	TO	9455000	-	9,451,416	9,451,416	1.7975
0	1	1	FROM	11995001	TO	12000000	-	12,000,000	12,000,000	2.2822
0	1	1	FROM	12700001	TO	12705000	-	12,703,700	12,703,700	2.4161
0	1	1	FROM	16800001	TO	16805000	-	16,080,300	16,080,300	3.0583
0	1	1	FROM	70695001	TO	70700000	-	70,697,465	70,697,465	13.4458
1	0	1	FROM	215745001	TO	215750000	269,686,662	-	269,686,662	51.2910
4641	14913	19554					279,134,360	249,663,016	528,797,376	100.00000

Categories of Shareholders As on 31-12-2008

Shareholder Category	No. of Shareholders			Total No. of Shares Held			%Age
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	0	0	0	0	0	0	0.0000%
PROVINCIAL GOVERNMENT	1	0	1	269,686,662	0	269,686,662	51.0000%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN SHAREHOLDERS	45	48	93	177,195	37,390,414	37,567,609	7.1043%
INDIVIDUALS	4559	14462	19021	9,036,953	53,489,302	62,526,255	11.8242%
BANK/NBFI/FIN.INST./INSURANCE							
CO./MODARABAS MUTUAL FUNDS	19	103	122	102,246	32,891,294	32,993,540	6.2394%
LEASING COMPANIES	0	9	9	0	957,701	957,701	0.1811%
CHARITABLE TRUSTS	0	8	8	0	273,911	273,911	0.0518%
COOPERATIVE SOCIETITES	0	2	2	0	16,011	16,011	0.0030%
NIT	0	4	4	0	3,205,607	3,205,607	0.6062%
ICP	1	1	2	975	8,925	9,900	0.0019%
JOINT STOCK COMPANIES	16	245	261	130,329	19,716,559	19,846,888	3.7532%
OTHERS	0	31	31	0	101,713,292	101,713,292	19.2348%
TOTAL	4641	14913	19554	279,134,360	249,663,016	528,797,376	100.0000%



Commitment to
stakeholders:-

Generate lucrative returns for all
stakeholders through business
growth and diversity.

Notice of Annual Genaral Meeting

Notice is hereby given that the 19th Annual General Meeting of the members of the Bank will be held at Hotel Pearl Continental, Lahore on Tuesday, 30th June, 2009 at 9:30 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To confirm the minutes of 18th Annual General Meeting held on March 31, 2008.
- 2) To receive and adopt the audited accounts of the Bank for the year ended December 31, 2008, together with the report of the Board of Directors and the Auditors.
- 3) To appoint Auditors for the year ending December 31, 2009 and to fix their remuneration M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, have consented to continue as the Bank's Auditors for the year ending December 31, 2009.
- 4) Any other item of business with the permission of the Chair.

SPECIAL BUSINESS:

- 1) Payment of reasonable and appropriate fee to the Directors for attending Board and Committees Meetings.

By order of the Board

RAZA SAEED
SECRETARY

Lahore: June 09, 2009

NOTES:

- 1) Share Transfer Books of the Bank shall remain closed for transfer from 23-06-2009 to 29-06-2009 (both days inclusive).
- 2) All members are entitled to attend the meeting; however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per section 17(1) of The Bank of Punjab Act, 1989.
- 3) Members whose shares are deposited with Central Depository Company of Pakistan Ltd., are requested to bring their original Identity Card along with Participant ID number and their account numbers in CDC to facilitate identification at the time of the Annual General Meeting. In case of proxy an attested copy of proxy's Identity Card, Participant's ID and account number in CDC be enclosed. In case of corporate entity the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).
Proxy, in order to be valid must be deposited at the Secretary's Office of the Bank at BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore not less than 48 hours before the meeting.
- 4) A member is entitled to appoint another member as proxy to attend the meeting.
- 5) The members should quote their folio number in all correspondence with the Bank and at the time of attending the Meeting.
- 6) Members are requested to promptly notify any change in their addresses to our Registrar M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore to ensure delivery of mail.
- 6) Entry of the member or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.

Statement Under Bye-Laws of the Bank No.18-IV(ii)

This statement set out material facts concerning the special business to be transacted at 19th Annual General Meeting.

Payment of reasonable and appropriate Fee to Directors excluding Chairman & President for attending Board and Committees Meetings

- i) The Directors excluding Chairman & President of our Bank are being paid Rs.1,000/- per meeting as remuneration/fee for attending the Board Meeting as per Bye-Laws No.19-A of the Bank.
- ii) The Board of Directors of the Bank has recommended that remuneration/fee to excluding Chairman & President for attending a meeting of the Board or any of it Sub-Committee be enhanced to Rs.25,000/- (Rupees Twenty five thousand only).

The Bank of Punjab

Financial Statements

for the year ended December 31, 2008