

## CORPORATE INFORMATION

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### Board of Directors

Mr. Javed Mahmood	Chairman
Mr. Sajjad Hussain	Acting President
Mr. Sohail Ahmed	Director
Mr. Alman Aslam	Director
Mr. Aneeq Khawar	Director
Mr. Shafqat Ellahi	Director
Mr. Shafqat Mahmood	Director
Mr. Qaiser Zulfaqr Khan	Director
Mr. Khurram Iftikhar	Director
Mr. Freed Mughis Sheikh	Director

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Mr. Raza Saeed	Secretary to the Board
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### Audit Committee

Mr. Qaisar Zulfaqr Khan	Chairman
Mr. Sohail Ahmed	Member
Mr. Khurram Iftikhar	Member

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Ford Rhodes Sidat Hyder & Co. Chartered Accountants	Auditors
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### Credit Ratings by PACRA

Long term	AA
Short term	A1+

### Registered Office

7- Egerton Road, Lahore - Pakistan  
PABX - 042 - 9200421 - 433

### Registrar

M/s Coperlink (Pvt) Ltd.  
Wings Arcade, 1-K (Commercial)  
Model Town, Lahore.  
Ph: 042-5839182

## DIRECTORS' REPORT

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On behalf of the Board of Directors, I am pleased to present un-audited Financial Statements of The Bank of Punjab for the quarter ended March 31, 2008.

The national economy has slowed down because of multiple domestic and global factors over more than first half of the current fiscal year. New Government will have great challenges to reverse any further slow down of economy. Increase in inflation, prices of oil, edible oil and other food items, power breakdowns and decrease side in the supply side of economy has played their role in slowing down of economy to some extent and creating fiscal imbalances. The fault-lines that have emerged in the economy in the transitory period of political change should be considered a blessing in disguise to take short and long term measures to remove them.

With a view to fortify the Bank and enhance its capacity to withstand overall slow down in the industry and consequent adverse cyclic market trends that may impact the Asset's portfolio, it has been deemed prudent to earmark an adequate provision in the accounts. Resultantly before tax loss for the quarter ended March 31, 2008 stood at Rs.3,968 million as against profit of Rs.1,026 million in the corresponding period last year. At the end of the quarter, deposits of the Bank remained at level of Rs.187,379 million registering decrease of 2.39%, while advances portfolio has increased to Rs.139,479 million registering a rise of 4.17% over December 31, 2007. On account of heavy provisioning capital and reserves of the bank stood at level of Rs.12,017 million as compared to Rs.15,110 million as on December 31, 2007.

The Board of Directors is grateful to the Government of Punjab for its enduring support, State Bank of Pakistan for valuable guidance, to the valued customers for their trust and to the shareholders for their confidence reposed in the Management of the Bank.

For and on behalf of the Board

Chairman

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**THE BANK OF PUNJAB**

Quarterly Accounts for the period ended  
March 31, 2008  
(Un - audited)

**INTERIM CONDENSED BALANCE SHEET AS AT MARCH 31, 2008**  
**(Un-audited)**

		<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b>	(Audited) December 31, 2007
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>15,420,079</b>	14,210,302
Balances with other banks		<b>885,083</b>	1,927,662
Lendings to financial institutions	6	<b>3,315,347</b>	2,450,000
Investments	7	<b>56,067,038</b>	73,461,695
Advances	8	<b>139,478,798</b>	133,893,585
Operating fixed assets		<b>3,324,262</b>	3,252,759
Deferred tax assets		<b>902,699</b>	-
Other assets		<b>7,235,716</b>	5,778,192
		<b>226,629,022</b>	234,974,195
<b>LIABILITIES</b>			
Bills payable		<b>898,265</b>	937,647
Borrowings	9	<b>16,497,456</b>	17,842,915
Deposits and other accounts	10	<b>187,379,294</b>	191,968,909
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		<b>37,871</b>	40,321
Deferred tax liabilities		<b>2,204,779</b>	2,205,530
Other liabilities		<b>3,193,957</b>	2,983,079
		<b>210,211,622</b>	215,978,401
<b>NET ASSETS</b>		<b>16,417,400</b>	18,995,794
<b>REPRESENTED BY</b>			
Share capital	11	<b>4,230,379</b>	4,230,379
Reserves		<b>8,484,827</b>	7,427,232
Unappropriated profit		<b>(698,363)</b>	3,452,842
		<b>12,016,843</b>	15,110,453
Surplus on revaluation of assets - net of deferred tax		<b>4,400,557</b>	3,885,341
		<b>16,417,400</b>	18,995,794
Contingencies and commitments	12		

The annexed notes from 1 to 15 form an integral part of these financial statements.

**Chairman**

**President**

**Director**

**Director**

**Director**

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED MARCH 31, 2008  
(Un-audited)**

	Quarter ended	
	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
Mark-up / return / interest earned	4,820,912	4,005,449
Mark-up / return / interest expensed	4,010,719	2,960,780
Net mark-up / return / interest income	<u>810,193</u>	1,044,669
Provision against non-performing loans and advances - net	5,284,803	48,221
Provision for diminution in the value of investments	(185)	33,000
Bad debts written off directly	-	77
	<u>5,284,618</u>	81,298
Net mark-up / interest income after provisions	<u>(4,474,425)</u>	963,371
<b>NON MARK UP / INTEREST INCOME</b>		
Fee, commission and brokerage income	136,317	189,506
Dividend income	221,481	30,672
Income from dealing in foreign currencies	89,632	62,165
Gain on sale of securities	436,616	154,996
Unrealized loss on revaluation of investments classified as held for trading	22,359	(41)
Other income	138,777	203,125
Total non mark-up / interest income	<u>1,045,182</u>	640,423
	<u>(3,429,243)</u>	1,603,794
<b>NON MARK UP / INTEREST EXPENSES</b>		
Administrative expenses	539,023	447,631
Provision against lending to financial institution	-	130,000
Other provisions / write offs / reversals	-	-
Other charges	106	265
Total non mark-up / interest expenses	<u>539,129</u>	577,896
<b>PROFIT BEFORE TAXATION</b>	<u>(3,968,372)</u>	1,025,898
Taxation		
- Current	29,330	223,133
- Deferred	(902,699)	22,068
	<u>(873,369)</u>	245,201
<b>PROFIT AFTER TAXATION</b>	<u>(3,095,003)</u>	780,697
Unappropriated profit brought forward	3,452,842	3,219,246
Transfer from surplus on revaluation of fixed assets - net of tax	1,393	1,466
	<u>3,454,235</u>	3,220,712
Profit available for appropriation	<u>359,232</u>	4,001,409
Earnings per share (Rupees) - Basic and Diluted	<u>(5.85)</u>	1.48

The annexed notes from 1 to 15 form an integral part of these financial statements.

**Chairman                      President                      Director                      Director                      Director**

**INTERIM CONDENSED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED MARCH 31, 2008  
(Un-audited)**

	Quarter ended	
	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	(3,968,372)	1,025,898
Less: Dividend income	(221,481)	(30,672)
	<b>(4,189,853)</b>	995,226
Adjustments for non-cash charges		
Depreciation / amortization	53,029	42,820
Provision against non-performing advances	5,284,803	48,221
Provision for diminution in value of investments	(185)	33,000
Provision against lending to financial institutions	-	130,000
(Gain) on sale of investment	(458,975)	(154,996)
(Gain)/Loss on sale of fixed assets	(1,051)	(641)
Other provisions / direct write offs	-	77
	<b>4,877,621</b>	98,481
	<b>687,768</b>	1,093,707
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,865,347)	(7,724,280)
Advances	(10,870,016)	(5,328,138)
Other assets (excluding advance taxation)	(964,876)	(699,321)
	<b>(13,700,239)</b>	(13,751,739)
Increase / (decrease) in operating liabilities		
Bills payable	(39,382)	(272,551)
Borrowings from financial institutions	(1,300,005)	(451,617)
Deposits and other accounts	(4,589,615)	25,811,203
Liability against assets subject to finance lease	(2,450)	(7,711)
Other liabilities (excluding current taxation)	210,878	354,134
	<b>(5,720,574)</b>	25,433,458
Income tax paid - net	(521,978)	(182,927)
<b>Net cash flow from operating activities</b>	<b>(19,255,023)</b>	12,592,499
<b>Cash flow from investing activities</b>		
Net investments	18,369,675	(14,691,462)
Dividend income	221,481	-
Investment in operating fixed assets	(124,532)	(95,719)
Sale proceeds of property and equipment disposed off	1,051	641
<b>Net cash flow from investing activities</b>	<b>18,467,675</b>	(14,786,540)
<b>Cash flow from financing activities</b>		
Receipts/ (Payments) of sub-ordinated loan	-	-
Issue of share capital	-	-
Dividend paid	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>(787,348)</b>	(2,194,041)
<b>Cash and cash equivalents at beginning of the period</b>	<b>16,878,738</b>	18,276,948
<b>Cash and cash equivalents at end of the period</b>	<b>16,091,390</b>	16,082,907
Cash and cash equivalents:		
Cash and balances with treasury banks	15,420,079	12,954,430
Balances with other banks	885,083	2,728,477
Money at call lending	-	400,000
Overdrawn nostro accounts	(211,133)	-
Other overdrawn bank accounts	(2,639)	-
	<b>16,091,390</b>	16,082,907

The annexed notes from 1 to 15 form an integral part of these financial statements.

**Chairman                      President                      Director                      Director                      Director**



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2008  
(Un-audited)**

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**1. Status and Nature of Business**

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 7-Egerton Road, Lahore. The Bank has 272 branches (December 31, 2007: 272 branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by the Government of Punjab.

**2. Statement of Compliance**

These interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable to banks in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, or directives issued by Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP) differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, or the requirements of the said directives prevail.

The State Bank of Pakistan as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of IAS-39 'Financial Instruments: Recognition and Measurement' and IAS-40 'Investment Property' for banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these interim condensed financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by SBP.

The disclosures made in these financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular letter No. 2 dated May 12, 2004. International Accounting Standard 34 - Interim Financial Reporting and should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2007.

**3. Summary of significant accounting policies**

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

**4. Dividend income**

In accordance with clarification issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide letter No. CA/DTS/TAC-2007-587 dated June 8, 2007, the Bank has rectified its accounting treatment for dividend income from investment in mutual funds. However, comparative figures for the quarter ended March 2007 did not need restatement in this respect.

**5. Taxation**

Provision for taxation has been made on estimated bases in these interim financial statements.



	(Un-audited) March 31, 2008	(Audited) December 31, 2007
	(Rupees in thousand)	
<b>6. Lendings to financial institutions</b>		
Call money lendings	-	1,000,000
Repurchase agreement lendings (Reverse Repo)	2,765,347	-
Certificates of Investment - net	500,000	500,000
Placements	50,000	950,000
	<u>3,315,347</u>	<u>2,450,000</u>

## 7. Investments

### Investments by types

	(Un-Audited) March 31, 2008			(Audited) December 31, 2007		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in thousand)					
<b>Held-for-trading securities</b>						
Investment in funds	277,006	-	277,006	-	-	-
<b>Available-for-sale securities</b>						
Pakistan Market Treasury Bills	21,468,051	6,045,262	27,513,313	32,901,100	11,831,304	44,732,404
Pakistan Investment Bonds	732,097	-	732,097	732,097	-	732,097
Ordinary shares of listed companies and modarabas	147,920	-	147,920	147,920	-	147,920
Preference shares of listed companies	210,908	-	210,908	210,908	-	210,908
Ordinary shares of unlisted companies	25,000	-	25,000	25,000	-	25,000
NIT units	4,223,068	-	4,223,068	4,417,738	-	4,417,738
Investment in funds	12,848,004	500,000	13,348,004	12,317,033	-	12,317,033
Term Finance Certificates (TFCs)	820,794	479,964	1,300,758	3,109,818	-	3,109,818
<b>Held-to-maturity securities</b>						
Pakistan Market Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bonds	2,868,442	-	2,868,442	2,886,233	-	2,886,233
WAPDA Bonds	562	100,000	100,562	100,987	-	100,987
<b>Subsidiary</b>						
Punjab Modaraba Services (Private) Limited	164,945	-	164,945	164,945	-	164,945
Add: Share deposit money	-	-	-	-	-	-
	<u>164,945</u>	<u>-</u>	<u>164,945</u>	<u>164,945</u>	<u>-</u>	<u>164,945</u>
Total investments at cost	43,786,797	7,125,226	50,912,023	57,013,779	11,831,304	68,845,083
Less: Provision for diminution in value of investments	6,340	-	6,340	6,525	-	6,525
Investments - net of provisions	43,780,457	7,125,226	50,905,683	57,007,254	11,831,304	68,838,558
Add: Surplus on revaluation of available-for-sale securities	5,138,996	-	5,138,996	4,623,137	-	4,623,137
Gain on remeasurement of held for trading securities	22,359	-	22,359	-	-	-
Total investments at market value	<u>48,949,812</u>	<u>7,125,226</u>	<u>56,067,038</u>	<u>61,630,391</u>	<u>11,831,304</u>	<u>73,461,695</u>

		<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b>	(Audited) December 31, 2007
	<b>Note</b>	<b>(Rupees in thousand)</b>	
<b>8. Advances</b>			
Loans, cash credits, running finances etc- in Pakistan		<b>137,341,782</b>	125,685,191
Net investment in finance lease- in Pakistan Financing under Continuous Funding System		<b>4,080,513</b> <b>330,895</b>	4,254,233 769,813
Bills discounted and purchased (excluding treasury bills )			
Payable in Pakistan		<b>4,812,275</b>	3,730,205
Payable outside Pakistan		<b>834,540</b>	2,090,561
		<b>5,646,815</b>	5,820,766
		<b>147,400,005</b>	136,530,003
Provision for non-performing advances - Specific	8.1	<b>(6,533,157)</b>	(2,500,058)
- General	8.2	<b>(1,388,050)</b>	(136,360)
		<b>(7,921,207)</b>	(2,636,418)
		<b>139,478,798</b>	133,893,585

**8.1** Advances include Rs. 9,004,990 (2007: Rs. 3,349,891) which have been classified as non-performing in various categories as detailed below:

Category of classification	Domestic	Overseas	Total	Provision	
				Required	Held
(Rupees in thousand)					
Other assets especially mentioned	235,090	-	235,090	-	-
Substandard	1,567,461	-	1,567,461	383,053	383,053
Doubtful	2,104,762	-	2,104,762	1,052,427	1,052,427
Loss	5,097,677	-	5,097,677	5,097,677	5,097,677
	<b>9,004,990</b>	<b>-</b>	<b>9,004,990</b>	<b>6,533,157</b>	<b>6,533,157</b>

**8.2** General provision includes Rs.63,050 thousand that represents provision against consumer financing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b>	(Audited) December 31, 2007
	<b>(Rupees in thousand)</b>	
<b>9. Borrowings</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
-Under export refinance scheme	<b>3,673,065</b>	4,014,026
-Under LTF - EOP scheme	<b>1,985,393</b>	1,985,393
Repurchase agreement borrowings	<b>7,125,226</b>	10,834,270
	<b>12,783,684</b>	16,833,689
<b>Unsecured</b>		
Call borrowings	<b>3,500,000</b>	750,000
Overdrawn nostro accounts	<b>211,133</b>	256,388
Other overdrawn bank accounts	<b>2,639</b>	2,838
	<b>16,497,456</b>	17,842,915
<b>10. Deposits and othe accounts</b>		
<b>Customers</b>		
Fixed deposits	<b>67,348,484</b>	71,545,152
Saving deposits	<b>75,216,424</b>	65,394,990
Current accounts - non-remunerative	<b>19,175,029</b>	22,197,621
Sundry deposits, margin accounts etc.	<b>1,510,375</b>	1,398,852
	<b>163,250,312</b>	160,536,615
<b>Financial institutions</b>		
Remunerative	<b>24,066,895</b>	31,117,878
Non-remunerative	<b>62,087</b>	314,416
	<b>24,128,982</b>	31,432,294
	<b>187,379,294</b>	191,968,909
<b>10.1 Particulars of deposits</b>		
In local currency	<b>185,548,990</b>	190,135,032
In foreign currency	<b>1,830,304</b>	1,833,877
	<b>187,379,294</b>	191,968,909

## 11. Share Capital

<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> (No. of Shares)	(Audited) December 31, 2007		<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> (Rupees in thousand)	(Audited) December 31, 2007
		<b>Authorised</b>		
		Ordinary shares of		
<b>1,000,000,000</b>	1,000,000,000	Rs. 10/- each	<b>10,000,000</b>	10,000,000
		<b>Fully paid shares</b>		
		Ordinary shares of		
<b>19,333,340</b>	19,333,340	Rs. 10/- each paid in cash	<b>193,333</b>	193,333
		<b>Bonus shares</b>		
		Issued as bonus shares		
<b>403,704,561</b>	403,704,561		<b>4,037,046</b>	4,037,046
<b>423,037,901</b>	423,037,901		<b>4,230,379</b>	4,230,379

## 12. Contingencies and commitments

### 12.1 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:

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> (Rupees in thousand)	(Audited) December 31, 2007
Government	-	-
Banks and financial institutions	-	-
Others	<b>8,434,890</b>	7,425,344
	<b>8,434,890</b>	7,425,344

### 12.2 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:

Government	<b>273,534</b>	274,488
Banks and financial institutions	<b>21,209</b>	17,217
Others	<b>20,967,680</b>	20,815,572
	<b>21,262,423</b>	21,107,277

	<b>(Un-audited) March 31, 2008 (Rupees in thousand)</b>	(Audited) December 31, 2007
<b>12.3 Trade related contingent liabilities</b>		
Government	<b>266,132</b>	1,396,221
Financial institutions	<b>39,103</b>	58,828
Others	<b>25,101,648</b>	27,319,056
	<b>25,406,883</b>	28,774,105
<b>12.4 Income tax related contingency</b>		
<p>The Income Tax Department has filed an appeal with the Honorable Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) disallowing add-back of charge for the 'tax years' 2003 to 2006 in respect of provision for doubtful debts. The stated appeal is currently in process in the ITAT. Further the ITAT while adjudicating the department appeal for the year 2001 to 2003 has remanded the case for fresh adjudication on the part of assessing officer. The Bank has filed reference with Honourable High Court Lahore and is confident of favourable outcome of the case. In the event the said appeals adjudicated against the Bank, a further tax liability of Rs.1,502 million may arise. However, the management of the Bank, based on the opinion of tax advisors, is confident of a favorable outcome of the decision and has therefore, not made any provision in these financial statements.</p>		
<b>12.5 Other contingencies</b>		
Claims against the bank not acknowledged as debt	<b>1,435,997</b>	1,425,999
<b>12.6 Commitments for sale of securities</b>	<b>277,006</b>	-
<b>12.7 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>1,259,091</b>	627,392
Sale	<b>1,692,735</b>	2,597,353
Call borrowing	-	1,000,000
	<b>2,951,826</b>	4,224,745
<b>12.8 Commitments for the acquisition of operating fixed assets</b>	<b>1,829</b>	31,825
<b>13. Related party transactions</b>		
<p>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.</p>		

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> <b>(Rupees in thousand)</b>	(Audited) December 31, 2007
<b>Punjab Modaraba Services (Private) Limited</b> <b>(wholly owned subsidiary of the Bank)</b>		
Deposits in current account	<b>276</b>	537
<b>First Punjab Modaraba</b> <b>(Modaraba floated by the wholly owned subsidiary of the Bank)</b>		
Advances		
Outstanding at beginning of the period	<b>452,211</b>	564,979
Made during the period	<b>2,257,609</b>	3,969,298
Repaid/matured during the period	<b>(1,962,784)</b>	(4,082,067)
Outstanding at the end of the period	<b>747,036</b>	452,210
Provision for doubtful debts	-	-
Mark-up/return earned	<b>11,262</b>	30,031
Deposits in current account	<b>1,494</b>	1,215
Lease liability		
Outstanding at beginning of the period	<b>40,321</b>	34,975
Lease contracts entered into during the period	-	19,398
Repayments of lease rentals	<b>(2,450)</b>	(14,052)
Outstanding at the end of the period	<b>37,871</b>	40,321
Security deposit receivable in respect of leases	-	-
<b>Bankers Avenue Co-operative Housing Society</b> <b>(A co-operative society managed by key</b> <b>management personnel of the Bank)</b>		
Deposits in saving account	<b>48,469</b>	42,731
<b>AMTEX (Private) Limited*</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>3,637,869</b>	1,939,290
Made during the period	<b>350,000</b>	3,931,754
Repaid/matured during the period	<b>(31,332)</b>	(2,233,175)
Outstanding at the end of the period	<b>3,956,537</b>	3,637,869
Mark-up/return earned	<b>65,608</b>	215,978
Deposits in current account	<b>760</b>	4,876

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> <b>(Rupees in thousand)</b>	(Audited) December 31, 2007
<b>Colony Mills Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>2,050,000</b>	100,000
Made during the period	<b>1,175,000</b>	2,336,770
Repaid/matured during the period	<b>(1,100,000)</b>	(386,770)
Outstanding at the end of the period	<b>2,125,000</b>	2,050,000
Mark-up/return earned	<b>61,485</b>	108,610
Deposits in current account	<b>153</b>	175,363
<b>Ejaz Textile Mills Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>499,875</b>	-
Made during the period	-	502,375
Repaid/matured during the period	-	(2,500)
Outstanding at the end of the period	<b>499,875</b>	499,875
Mark-up/return earned	<b>15,060</b>	3,558
<b>Ejaz Spinning Mills Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>174,618</b>	-
Made during the period	<b>301,209</b>	174,618
Repaid/matured during the period	<b>(1,288)</b>	-
Outstanding at the end of the period	<b>474,539</b>	174,618
Mark-up/return earned	<b>9,003</b>	3,086
<b>Chenab Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>782,386</b>	-
Made during the period	<b>355,294</b>	782,386
Repaid/matured during the period	<b>(36,777)</b>	-
Outstanding at the end of the period	<b>1,100,903</b>	782,386
Mark-up/return earned	<b>16,248</b>	11,409

**14. Date of authorization for issue**

The Financial Statements were authorized for issuance on April 30, 2008 by the Board of Directors of the Bank.

**15. General**

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

**15.2** Figures have been rounded off to the nearest thousand.

**Chairman**

**President**

**Director**

**Director**

**Director**



THE BANK OF PUNJAB  
&  
PUNJAB MODARABA SERVICES (PRIVATE) LIMITED

Consolidated Quarterly Accounts  
for the period ended March 31, 2008  
(Un-audited)



**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT MARCH 31, 2008  
(Un-audited)**

	(Un-audited) March 31, 2008 (Rupees in thousand)	(Audited) December 31, 2007
	Note	
<b>ASSETS</b>		
Cash and balances with treasury banks	<b>15,420,079</b>	14,210,302
Balances with other banks	<b>885,083</b>	1,927,662
Lendings to financial institutions	6 <b>3,315,347</b>	2,450,000
Investments	7 <b>56,067,036</b>	73,461,693
Advances	8 <b>139,483,852</b>	133,899,143
Operating fixed assets	<b>3,324,262</b>	3,252,759
Deferred tax assets	<b>902,699</b>	-
Other assets	<b>7,249,032</b>	5,789,116
	<b>226,647,390</b>	234,990,675
<b>LIABILITIES</b>		
Bills payable	<b>898,265</b>	937,647
Borrowings	9 <b>16,497,456</b>	17,842,915
Deposits and other accounts	10 <b>187,379,239</b>	191,968,377
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	<b>37,871</b>	40,321
Deferred tax liabilities	<b>2,204,779</b>	2,205,530
Other liabilities	<b>3,195,323</b>	2,983,977
	<b>210,212,933</b>	215,978,767
<b>NET ASSETS</b>	<b>16,434,457</b>	19,011,908
<b>REPRESENTED BY</b>		
Share capital	11 <b>4,230,379</b>	4,230,379
Reserves	<b>8,484,827</b>	7,427,232
Unappropriated profit	<b>(681,306)</b>	3,468,956
	<b>12,033,900</b>	15,126,567
Surplus on revaluation of assets - net of deferred tax	<b>4,400,557</b>	3,885,341
	<b>16,434,457</b>	19,011,908
Contingencies and commitments	12	

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chairman

President

Director

Director

Director

**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED MARCH 31, 2008  
(Un-audited)**

	Quarter ended	
	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
Mark-up / return / interest earned	4,821,077	4,006,022
Mark-up / return / interest expensed	4,010,719	2,960,780
Net mark-up / return / interest income	810,358	1,045,242
Provision against non-performing loans and advances - net	5,284,803	48,221
Provision for diminution in the value of investments	(185)	33,000
Bad debts written off directly	-	77
	5,284,618	81,298
Net mark-up / interest income after provisions	(4,474,260)	963,944
<b>NON MARK UP / INTEREST INCOME</b>		
Fee, commission and brokerage income	138,431	189,677
Dividend income	221,481	30,672
Income from dealing in foreign currencies	89,632	62,165
Gain on sale of securities	436,616	154,996
Unrealized loss on revaluation of investments classified as held for trading	22,359	(41)
Other income	138,777	203,125
Total non mark-up / interest income	1,047,296	640,594
	(3,426,964)	1,604,538
<b>NON MARK UP / INTEREST EXPENSES</b>		
Administrative expenses	539,891	448,267
Provision against lending to financial institution	-	130,000
Other provisions / write offs / reversals	-	-
Other charges	106	265
Total non mark-up / interest expenses	539,997	578,532
<b>PROFIT BEFORE TAXATION</b>	(3,966,961)	1,026,006
Taxation		
- Current	29,798	223,132
- Deferred	(902,699)	22,068
	(872,901)	245,200
<b>PROFIT AFTER TAXATION</b>	(3,094,060)	780,806
Unappropriated profit brought forward	3,468,956	3,226,961
Transfer from surplus on revaluation of fixed assets - net of tax	1,393	1,466
	3,470,349	3,228,427
Profit available for appropriation	376,289	4,009,233
Earnings per share (Rupees) - Basic and Diluted	(5.85)	1.48

The annexed notes from 1 to 15 form an integral part of these financial statements.

**Chairman                      President                      Director                      Director                      Director**

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED MARCH 31, 2008  
(Un-audited)**

	Quarter ended	
	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	(3,966,961)	1,026,006
Less: Dividend income	(221,481)	(30,672)
	<u>(4,188,442)</u>	<u>995,334</u>
Adjustments for non-cash charges		
Depreciation / amortization	23,029	42,820
Provision against non-performing advances	5,284,803	48,221
Provision for diminution in value of investments	(185)	33,000
Provision against lending to financial institutions	-	130,000
(Gain) on sale of investment	(458,975)	(154,996)
(Gain)/Loss on sale of fixed assets	(1,051)	(641)
Other provisions / direct write offs	-	77
	<u>4,847,621</u>	<u>98,481</u>
	<u>659,179</u>	<u>1,093,815</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,865,347)	(7,724,280)
Advances	(10,869,512)	(5,325,007)
Other assets (excluding advance taxation)	(967,268)	(697,254)
	<u>(13,702,127)</u>	<u>(13,746,541)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(39,382)	(272,551)
Borrowings from financial institutions	(1,300,005)	(451,617)
Deposits and other accounts	(4,589,138)	25,806,736
Liability against assets subject to finance lease	(2,450)	(7,711)
Other liabilities (excluding current taxation)	211,346	354,155
	<u>(5,719,629)</u>	<u>25,429,012</u>
Income tax paid - net	(522,446)	(183,787)
<b>Net cash flow from operating activities</b>	<u>(19,285,023)</u>	<u>12,592,499</u>
<b>Cash flow from investing activities</b>		
Net investments	18,369,675	(14,691,462)
Dividend income	221,481	-
Investment in operating fixed assets	(94,532)	(95,719)
Sale proceeds of property and equipment disposed off	1,051	641
<b>Net cash flow from investing activities</b>	<u>18,497,675</u>	<u>(14,786,540)</u>
<b>Cash flow from financing activities</b>		
Receipts/ (Payments) of sub-ordinated loan	-	-
Issue of share capital	-	-
Dividend paid	-	-
<b>Net cash flow from financing activities</b>	<u>-</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>	<u>(787,348)</u>	<u>(2,194,041)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>16,878,738</u>	<u>18,276,948</u>
<b>Cash and cash equivalents at end of the period</b>	<u>16,091,390</u>	<u>16,082,907</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	15,420,079	12,954,430
Balances with other banks	885,083	2,728,477
Money at call lending	-	400,000
Overdrawn nostro accounts	(211,133)	-
Other overdrawn bank accounts	(2,639)	-
	<u>16,091,390</u>	<u>16,082,907</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

**Chairman                      President                      Director                      Director                      Director**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED MARCH 31, 2008  
(Un-audited)**

	Share Capital	Reserve			General	Unappropriated Profit	Total
		Statutory	Share Premium	For issue of bonus shares			
( Rupees in thousand )							
Balance as at January 01, 2007	2,902,490	2,004,000	37,882	-	2,495,350	3,226,961	10,666,683
Profit for the quarter ended March 31, 2007	-	-	-	-	-	780,806	780,806
Transfer from surplus on Revaluation of Fixed Assets to unappropriated Profit - Net of Tax	-	-	-	-	-	1,466	1,466
Transfer to reserve for issue of bonus shares	-	-	-	943,309	-	(943,309)	-
Balance as at March 31, 2007	2,902,490	2,004,000	37,882	943,309	2,495,350	3,065,924	11,448,955
Profit for the period April 01, 2007 to December 31, 2007	-	-	-	-	-	3,673,212	3,673,212
Transfer from surplus on Revaluation of Fixed Assets to unappropriated Profit - Net of Tax	-	-	-	-	-	4,400	4,400
Issue of bonus shares	943,309	-	-	(943,309)	-	-	-
Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-
Transfer to reserve for issue of bonus shares (Interim June 2007)	-	-	-	384,580	-	(384,580)	-
Issue of bonus shares (Interim June 2007)	384,580	-	-	(384,580)	-	-	-
Transferred to general reserve	-	-	-	-	2,000,000	(2,000,000)	-
Transferred to statutory reserve	-	890,000	-	-	-	(890,000)	-
Balance as at January 01, 2008	4,230,379	2,894,000	37,882	-	4,495,350	3,468,956	15,126,567
Profit for the quarter ended March 31, 2008	-	-	-	-	-	(3,094,060)	(3,094,060)
Transfer from surplus on Revaluation of Fixed Assets to unappropriated Profit - Net of Tax	-	-	-	-	-	1,393	1,393
Transfer to reserve for issue of bonus shares	-	-	-	1,057,595	-	(1,057,595)	-
<b>Balance as at March 31, 2008</b>	<b>4,230,379</b>	<b>2,894,000</b>	<b>37,882</b>	<b>1,057,595</b>	<b>4,495,350</b>	<b>(681,306)</b>	<b>12,033,900</b>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chairman

President

Director

Director

Director

**NOTES TO THE INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2008 (Un-audited)**

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**1. Status and Nature of Business**

The Bank of Punjab Group comprises of The Bank of Punjab (the Bank) and Punjab Modaraba Services (Pvt) Ltd. 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 7-Egerton Road, Lahore. The Bank has 272 branches (December 31, 2007: 272 branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by the Government of Punjab. Punjab Modaraba Services (Pvt) Ltd. is wholly owned subsidiary of the Bank and is primarily engaged in business of floating and managing of modarabas.

**2. Statement of Compliance**

These interim condensed consolidated financial statements of The Bank of Punjab Group include The Bank of Punjab and its wholly owned subsidiary, Punjab Modaraba Services (Pvt) Ltd. The condensed consolidated financial statements have been prepared in accordance with approved accounting standards as applicable to banks in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, or directives issued by Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP) differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, or the requirements of the said directives prevail.

The State Bank of Pakistan as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of IAS-39 'Financial Instruments: Recognition and Measurement' and IAS-40 'Investment Property' for banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these interim condensed financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by SBP.

The disclosures made in these financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular letter No. 2 dated May 12, 2004. International Accounting Standard 34 - Interim Financial Reporting and should be read in conjunction with the annual consolidated financial statements of the Bank of Punjab Group for the year ended December 31, 2007.

**3. Summary of significant accounting policies**

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

**4. Dividend income**

In accordance with clarification issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide letter No. CA/DTS/TAC-2007-587 dated June 8, 2007, the Bank has rectified its accounting treatment for dividend income from investment in mutual funds. However, comparative figures for the quarter ended March 2007 did not need restatement in this respect.

**5. Taxation**

Provision for taxation has been made on estimated bases in these interim financial statements.

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b>	<b>(Audited)</b> <b>December 31,</b> <b>2007</b>
	(Rupees in thousand)	
<b>6. Lendings to financial institutions</b>		
Call money lendings	-	1,000,000
Repurchase agreement lendings (Reverse Repo)	<b>2,765,347</b>	-
Certificates of Investment - net	<b>500,000</b>	500,000
Placements	<b>50,000</b>	950,000
	<b>3,315,347</b>	<b>2,450,000</b>

## 7. Investments

### Investments by types

	<b>(Un-Audited)</b> <b>March 31, 2008</b>			<b>(Audited)</b> <b>December 31, 2007</b>		
	<b>Held by bank</b>	<b>Given as collateral</b>	<b>Total</b>	<b>Held by bank</b>	<b>Given as collateral</b>	<b>Total</b>
	(Rupees in thousand)					
<b>Held-for-trading securities</b>						
Investment in funds	277,006	-	277,006	-	-	-
<b>Available-for-sale securities</b>						
Pakistan Market Treasury Bills	21,468,051	6,045,262	27,513,313	32,901,100	11,831,304	44,732,404
Pakistan Investment Bonds	732,097	-	732,097	732,097	-	732,097
Ordinary shares of listed companies and modarabas	312,863	-	312,863	312,863	-	312,863
Preference shares of listed companies	210,908	-	210,908	210,908	-	210,908
Ordinary shares of unlisted companies	25,000	-	25,000	25,000	-	25,000
NIT units	4,223,068	-	4,223,068	4,417,738	-	4,417,738
Investment in funds	12,848,004	500,000	13,348,004	12,317,033	-	12,317,033
Term Finance Certificates (TFCs)	820,794	479,964	1,300,758	3,109,818	-	3,109,818
<b>Held-to-maturity securities</b>						
Pakistan Market Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bonds	2,868,442	-	2,868,442	2,886,233	-	2,886,233
WAPDA Bonds	562	100,000	100,562	100,987	-	100,987
<b>Total investments at cost</b>	<b>43,786,795</b>	<b>7,125,226</b>	<b>50,912,021</b>	57,013,777	11,831,304	68,845,081
Less: Provision for diminution in value of investments	6,340	-	6,340	6,525	-	6,525
<b>Investments - net of provisions</b>	<b>43,780,455</b>	<b>7,125,226</b>	<b>50,905,681</b>	57,007,252	11,831,304	68,838,556
Add: Surplus on revaluation of available-for-sale securities	5,138,996	-	5,138,996	4,623,137	-	4,623,137
Gain on remeasurement of held for trading securities	22,359	-	22,359	-	-	-
<b>Total investments at market value</b>	<b>48,941,810</b>	<b>7,125,226</b>	<b>56,067,036</b>	61,630,389	11,831,304	73,461,693

		<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b>	(Audited) December 31, 2007
	<b>Note</b>	<b>(Rupees in thousand)</b>	
<b>8. Advances</b>			
Loans, cash credits, running finances etc- in Pakistan		<b>137,346,836</b>	125,690,749
Net investment in finance lease- in Pakistan		<b>4,080,513</b>	4,254,233
Financing under Continuous Funding System		<b>330,895</b>	769,813
Bills discounted and purchased (excluding treasury bills )			
Payable in Pakistan		<b>4,812,275</b>	3,730,205
Payable outside Pakistan		<b>834,540</b>	2,090,561
		<b>5,646,815</b>	5,820,766
		<b>147,405,059</b>	136,535,561
Provision for non-performing advances - Specific	8.1	<b>(6,533,157)</b>	(2,500,058)
- General	8.2	<b>(1,388,050)</b>	(136,360)
		<b>(7,921,207)</b>	(2,636,418)
		<b>139,483,852</b>	133,899,143

**8.1** Advances include Rs.9,004,990 (2007: Rs.3,349,891) which have been classified as non-performing in various categories as detailed below:

<b>Category of classification</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Provision Required</b>	<b>Provision Held</b>
	(Rupees in thousand)				
Other assets especially mentioned	235,090	-	235,090	-	-
Substandard	1,567,461	-	1,567,461	383,053	383,053
Doubtful	2,104,762	-	2,104,762	1,052,427	1,052,427
Loss	5,097,677	-	5,097,677	5,097,677	5,097,677
	<b>9,004,990</b>	<b>-</b>	<b>9,004,990</b>	<b>6,533,157</b>	<b>6,533,157</b>

**8.2** General provision includes Rs.63,050 thousand that represents provision against consumer financing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b>	(Audited) December 31, 2007
	<b>(Rupees in thousand)</b>	
<b>9. Borrowings</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
-Under export refinance scheme	<b>3,673,065</b>	4,014,026
-Under LTF - EOP scheme	<b>1,985,393</b>	1,985,393
Repurchase agreement borrowings	<b>7,125,226</b>	10,834,270
	<b>12,783,684</b>	16,833,689
<b>Unsecured</b>		
Call borrowings	<b>3,500,000</b>	750,000
Overdrawn nostro accounts	<b>211,133</b>	256,388
Other overdrawn bank accounts	<b>2,639</b>	2,838
	<b>16,497,456</b>	17,842,915
<b>10. Deposits and othe accounts</b>		
<b>Customers</b>		
Fixed deposits	<b>67,348,484</b>	71,545,152
Saving deposits	<b>75,216,424</b>	65,394,990
Current accounts - non-remunerative	<b>19,174,974</b>	22,197,089
Sundry deposits, margin accounts etc.	<b>1,510,375</b>	1,398,852
	<b>163,250,257</b>	160,536,083
<b>Financial institutions</b>		
Remunerative	<b>24,066,895</b>	31,117,878
Non-remunerative	<b>62,087</b>	314,416
	<b>24,128,982</b>	31,432,294
	<b>187,379,239</b>	191,968,377
<b>10.1 Particulars of deposits</b>		
In local currency	<b>185,548,935</b>	190,134,500
In foreign currency	<b>1,830,304</b>	1,833,877
	<b>187,379,239</b>	191,968,377



## 11. Share Capital

<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> (No. of Shares)	(Audited) December 31, 2007		<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> (Rupees in thousand)	(Audited) December 31, 2007
		<b>Authorised</b>		
		Ordinary shares of		
<b>1,000,000,000</b>	1,000,000,000	Rs. 10/- each	<b>10,000,000</b>	10,000,000
		<b>Fully paid shares</b>		
		Ordinary shares of		
<b>19,333,340</b>	19,333,340	Rs. 10/- each paid in cash	<b>193,333</b>	193,333
		<b>Bonus shares</b>		
		Issued as bonus shares		
<b>403,704,561</b>	403,704,561		<b>4,037,046</b>	4,037,046
<b>423,037,901</b>	423,037,901		<b>4,230,379</b>	4,230,379

## 12. Contingencies and commitments

### 12.1 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:

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> (Rupees in thousand)	(Audited) December 31, 2007
Government	-	-
Banks and financial institutions	-	-
Others	<b>8,434,890</b>	7,425,344
	<b>8,434,890</b>	7,425,344

### 12.2 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:

Government	<b>273,534</b>	274,488
Banks and financial institutions	<b>21,209</b>	17,217
Others	<b>20,967,680</b>	20,815,572
	<b>21,262,423</b>	21,107,277

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> <b>(Rupees in thousand)</b>	(Audited) December 31, 2007
<b>12.3 Trade related contingent liabilities</b>		
Government	<b>266,132</b>	1,396,221
Financial institutions	<b>39,103</b>	58,828
Others	<b>33,520,118</b>	27,319,056
	<b>33,825,353</b>	28,774,105
<b>12.4 Income tax related contingency</b>		
<p>The Income Tax Department has filed an appeal with the Honorable Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) disallowing add-back of charge for the 'tax years' 2003 to 2006 in respect of provision for doubtful debts. The stated appeal is currently in process in the ITAT. Further the ITAT which adjudicating the department appeal for the year 2001 to 2003 has remanded the case for fresh adjudication on the part of assessing officer. The Bank has filed reference with Honourable High Court Lahore and is confident of favourable outcome of the case. In the event the said appeals adjudicated against the Bank, a further tax liability of Rs.1,502 million may arise. However, the management of the Bank, based on the opinion of tax advisors, is confident of a favorable outcome of the decision and has therefore, not made any provision in these financial statements.</p>		
<b>12.5 Other contingencies</b>		
Claims against the bank not acknowledged as debt	<b>1,444,643</b>	1,425,999
<b>12.6 Commitments for sale of securities</b>	<b>277,006</b>	-
<b>12.7 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>1,259,091</b>	627,392
Sale	<b>1,692,735</b>	2,597,353
Call borrowing	-	1,000,000
	<b>2,951,826</b>	4,224,745
<b>12.8 Commitments for the acquisition of operating fixed assets</b>	<b>1,829</b>	31,825

### 13. 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.

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b>	(Audited) December 31, 2007
	<b>(Rupees in thousand)</b>	
<b>First Punjab Modaraba</b>		
<b>(Modaraba floated by the wholly owned subsidiary of the Bank)</b>		
Advances		
Outstanding at beginning of the period	<b>452,211</b>	564,979
Made during the period	<b>2,257,609</b>	3,969,298
Repaid/matured during the period	<b>(1,962,784)</b>	(4,082,067)
Outstanding at the end of the period	<b>747,036</b>	452,210
Provision for doubtful debts	-	-
Mark-up/return earned	<b>11,262</b>	30,031
Deposits in current account	<b>1,494</b>	1,215
Lease liability		
Outstanding at beginning of the period	<b>40,321</b>	34,975
Lease contracts entered into during the period	-	19,398
Repayments of lease rentals	<b>(2,450)</b>	(14,052)
Outstanding at the end of the period	<b>37,871</b>	40,321
Security deposit receivable in respect of leases	-	-
<b>Bankers Avenue Co-operative Housing Society</b>		
<b>(A co-operative society managed by key management personnel of the Bank)</b>		
Deposits in saving account	<b>48,469</b>	42,731
<b>AMTEX (Private) Limited*</b>		
<b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>3,637,869</b>	1,939,290
Made during the period	<b>350,000</b>	3,931,754
Repaid/matured during the period	<b>(31,332)</b>	(2,233,175)
Outstanding at the end of the period	<b>3,956,537</b>	3,637,869
Mark-up/return earned	<b>65,608</b>	215,978
Deposits in current account	<b>760</b>	4,876

	<b>(Un-audited)</b> <b>March 31,</b> <b>2008</b> <b>(Rupees in thousand)</b>	(Audited) December 31, 2007
<b>Colony Mills Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>2,050,000</b>	100,000
Made during the period	<b>1,175,000</b>	2,336,770
Repaid/matured during the period	<b>(1,100,000)</b>	(386,770)
Outstanding at the end of the period	<b>2,125,000</b>	2,050,000
Mark-up/return earned	<b>61,485</b>	108,610
Deposits in current account	<b>153</b>	175,363
<b>Ejaz Textile Mills Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>499,875</b>	-
Made during the period	-	502,375
Repaid/matured during the period	-	(2,500)
Outstanding at the end of the period	<b>499,875</b>	499,875
Mark-up/return earned	<b>15,060</b>	3,558
<b>Ejaz Spinning Mills Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>174,618</b>	-
Made during the period	<b>301,209</b>	174,618
Repaid/matured during the period	<b>(1,288)</b>	-
Outstanding at the end of the period	<b>474,539</b>	174,618
Mark-up/return earned	<b>9,003</b>	3,086
<b>Chenab Limited</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>782,386</b>	-
Made during the period	<b>355,294</b>	782,386
Repaid/matured during the period	<b>(36,777)</b>	-
Outstanding at the end of the period	<b>1,100,903</b>	782,386
Mark-up/return earned	<b>16,248</b>	11,409

**14. Date of authorization for issue**

The Financial Statements were authorized for issuance on April 30, 2008 by the Board of Directors of the Bank.

**15. General**

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

**15.2** Figures have been rounded off to the nearest thousand.

**Chairman                      President                      Director                      Director                      Director**