

## CORPORATE INFORMATION

---

### Board of Directors

Mr. Salman Siddique	Chairman
Mr. Hamesh Khan	President
Mr. Qaisar Zulfaqar Khan	Director
Mian Muhammad Latif	Director
Mr. Gohar Ejaz	Director
Mr. Khurram Iftikhar	Director
Mr. Fareed Mughis Sheikh	Director
Mr. Salman Aslam Butt	Director
Mr. Muhammad Bashir Janmuhammad	Director

---

Mr. Azizul Hameed	Secretary to the Board
-------------------	------------------------

---

### Audit Committee

Mr. Qaisar Zulfaqar Khan	Chairman
Mr. Salman Siddique	Member
Mr. Khurram Iftikhar	Member

---

Ford Rhodes Sidat Hyder & Co. Chartered Accountants	Auditors
---	----------

---

### 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

---

On behalf of the Board of Directors, I am pleased to present un-audited Financial Statements of The Bank of Punjab for the period ended September 30, 2007.

Our national economy has been performing well. Macroeconomic fundamentals have improved, with a significant improvement in the debt profile, in the banking sector performance, in market capitalization, which as percentage of GDP has grown to 27.2 percent against 11 percent three years back. A tightening of monetary policy had taken place in July 2006, by enhancing the discount rate to 9.5 percent and by changes in cash reserve requirement and statutory liquidity reserve ratios. The monetary policy was successful in sustaining a downtrend in inflationary pressures in the economy while facilitating the economy to record strong growth, in line with annual target. Certain developments in the economy have resulted in substantial growth in M2, which raises the possibility of resurgence in inflation. During FY07, broad money supply (M2) grew by 19.3 percent, exceeding the annual target by 5.8 percent. This was mainly a result of an expansion in net foreign assets due to higher foreign inflows.

I am pleased to inform you that during the period ended September 30, 2007 your bank has earned after tax profit of Rs.4,060 million registering a raise of 35 % over last year's corresponding profit figure of Rs.3,011 million. Earning per share for the period under review comes to Rs.9.60 as compared to Rs.7.18 for the same period of last year. At the end of the period, deposits of the Bank rose to a level of Rs.191,419 million and advances portfolio increased to Rs.120,586 million showing 39% and 19% growth respectively over December 31, 2006. The capital and reserves of your bank have now grown up to Rs.14,723 million as compared to Rs.10,659 million as on December 31, 2006.

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. The staff of the Bank also deserves for an appreciation for their untiring efforts to achieve the targeted results

For and on behalf of the Board

**Salman Siddique**  
Chairman

---

THE BANK OF PUNJAB

Quarterly Accounts for the period ended  
September 30, 2007  
(Un - audited)

**INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2007  
(Un-audited)**

		(Un-audited) <b>September 30,</b> <b>2007</b>	(Audited) December 31, 2006
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>14,254,840</b>	14,054,859
Balances with other banks		<b>3,656,264</b>	3,722,089
Lendings to financial institutions	6	<b>5,995,628</b>	11,846,823
Investments	7	<b>69,967,282</b>	28,233,211
Advances	8	<b>120,585,541</b>	101,319,954
Operating fixed assets		<b>3,485,905</b>	2,068,744
Deferred tax assets		-	-
Other assets		<b>5,096,807</b>	3,609,457
		<b>223,042,267</b>	164,855,137
<b>LIABILITIES</b>			
Bills payable		<b>1,122,134</b>	856,448
Borrowings	9	<b>6,312,142</b>	6,989,424
Deposits and other accounts	10	<b>191,418,838</b>	137,727,606
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		<b>26,653</b>	40,988
Deferred tax liabilities		<b>550,157</b>	298,616
Other liabilities		<b>2,754,473</b>	2,816,341
		<b>202,184,397</b>	148,729,423
<b>NET ASSETS</b>		<b>20,857,870</b>	16,125,714
<b>REPRESENTED BY</b>			
Share capital	11	<b>3,845,799</b>	2,902,490
Reserves		<b>4,921,812</b>	4,537,232
Unappropriated profit		<b>5,955,741</b>	3,219,246
		<b>14,723,352</b>	10,658,968
Surplus on revaluation of assets - net of deferred tax		<b>6,134,518</b>	5,466,746
		<b>20,857,870</b>	16,125,714
Contingencies and commitments	12		

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

**Chairman**

**President**

**Director**

**Director**

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(Un-audited)**

	Quarter ended Sep. 30, 2007	Period ended Sep. 30, 2007	Quarter ended Sep 30, 2006 (Restated)	Period ended Sep 30, 2006
<b>(Rupees in thousand)</b>				
Mark-up / return / interest earned	4,702,235	13,077,058	3,138,645	8,258,145
Mark-up / return / interest expensed	3,759,852	10,182,440	2,046,084	5,170,801
Net mark-up / return / interest income	942,383	2,894,618	1,092,561	3,087,344
Provision against non-performing loans and advances - net	110,151	391,518	148,645	285,343
Provision for diminution in the value of investments	-	24,394	-	-
Bad debts written off directly	66	149	-	1
	110,217	416,061	148,645	285,344
Net mark-up / interest income after provisions	832,166	2,478,557	943,916	2,802,000
<b>NON MARK UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	109,379	444,833	110,609	363,148
Dividend income	1,737,828	1,793,427	1,277,828	1,356,040
Income from dealing in foreign currencies	110,087	246,249	76,108	149,986
Gain on sale of securities	53,382	778,167	1,031	35,814
Unrealized loss on revaluation of investments classified as held for trading	(12,829)	(8,397)	-	-
Other income	120,646	438,882	115,422	371,760
Total non mark-up / interest income	2,118,493	3,693,161	1,580,998	2,276,748
	2,950,659	6,171,718	2,524,914	5,078,748
<b>NON MARK UP / INTEREST EXPENSES</b>				
Administrative expenses	510,308	1,522,048	441,670	1,224,390
Other provisions / write offs / reversals	-	(130,000)	175	175
Other charges	589	996	-	26
Total non mark-up / interest expenses	510,897	1,393,044	441,845	1,224,591
<b>PROFIT BEFORE TAXATION</b>	2,439,762	4,778,674	2,083,069	3,854,157
Taxation				
Current	169,493	467,148	281,763	765,112
Prior years	-	-	-	-
Deferred	35,116	251,541	13,824	77,714
	204,609	718,689	295,587	842,826
<b>PROFIT AFTER TAXATION</b>	2,235,153	4,059,985	1,787,482	3,011,331
Unappropriated profit brought forward	5,047,011	3,219,246	2,713,691	1,486,755
Transfer from surplus on revaluation of fixed assets - net of tax	1,466	4,399	1,544	4,631
	5,048,477	3,223,645	2,715,235	1,491,386
Profit available for appropriation	7,283,630	7,283,630	4,502,717	4,502,717
Earnings per share (Rupees) Basic and Diluted	5.28	9.60	4.26	7.18

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

**Chairman**

**President**

**Director**

**Director**

**INTERIM CONDENSED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(Un-audited)**

	<b>September 30, 2007</b>	September 30, 2006
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	4,778,674	3,854,157
Less: Dividend income	(1,793,427)	(1,356,040)
Compensation for delayed income tax refunds	-	(43,115)
	<u>2,985,247</u>	<u>2,455,002</u>
Adjustments for non-cash charges and irrelevant items		
Depreciation / amortization	115,714	78,731
Provision against non-performing advances	391,518	285,343
Provision for diminution in value of investments	24,394	-
Provision against lending to financial institutions	(130,000)	-
(Gain) on sale of investment	(769,770)	(35,815)
(Gain) / Loss on sale of fixed assets	471	(166)
Other provisions / direct write offs	149	1
	<u>(367,524)</u>	<u>328,094</u>
	<u>2,617,723</u>	<u>2,783,096</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	5,851,195	(296,736)
Advances	(19,527,254)	(24,636,020)
Other assets (excluding advance taxation)	(772,826)	(2,302,547)
	<u>(14,448,885)</u>	<u>(27,235,303)</u>
Increase / (decrease) in operating liabilities		
Bills payable	265,686	640,664
Borrowings from financial institutions	(677,282)	(1,769,919)
Deposits and other accounts	53,691,232	26,432,903
Liability against assets subject to finance lease	(14,335)	(12,372)
Other liabilities (excluding current taxation)	(61,868)	305,329
	<u>53,203,433</u>	<u>25,596,605</u>
Income tax paid - net	(1,176,690)	(436,605)
<b>Net cash flow from operating activities</b>	<u>40,195,581</u>	<u>707,793</u>
<b>Cash flow from investing activities</b>		
Net investments	(40,316,524)	(10,201,519)
Dividend income	1,788,445	1,342,098
Investment in operating fixed assets	(1,533,576)	(360,488)
Sale proceeds of property and equipment disposed off	230	166
<b>Net cash flow from investing activities</b>	<u>(40,061,425)</u>	<u>(9,219,743)</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>134,156</u>	<u>(8,511,950)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>18,276,948</u>	<u>18,654,982</u>
<b>Cash and cash equivalents at end of the period</b>	<u>18,411,104</u>	<u>10,143,032</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	14,254,840	9,689,462
Balances with other banks	3,656,264	453,570
Money at call lending	500,000	-
	<u>18,411,104</u>	<u>10,143,032</u>

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

**Chairman**

**President**

**Director**

**Director**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(Un-audited)**

	Share Capital	Statutory	Reserve		General	Unappropriated Profit	Total
			Share Premium	For issue of bonus shares			
( Rupees in thousand )							
Balance as at January 01, 2006 previously reported	2,349,719	1,243,000	2,049	516,938	2,495,350	169,817	6,776,873
Effect of change in accounting policy with respect to appropriation	-	-	-	(516,938)	(800,000)	1,316,938	-
Balance as at January 01, 2006 restated	2,349,719	1,243,000	2,049	-	1,695,350	1,486,755	6,776,873
Transfer to General Reserve	-	-	-	-	800,000	(800,000)	-
Transfer to reserve for issue of bonus shares	-	-	-	516,938	-	(516,938)	-
Issue of bonus shares	516,938	-	-	(516,938)	-	-	-
Transfer from surplus on Revaluation of Fixed Assets to unappropriated Profit - Net of Tax	-	-	-	-	-	4,631	4,631
Profit for the period ended September 30, 2006	-	-	-	-	-	3,011,331	3,011,331
Balance as at June 30, 2006	2,866,657	1,243,000	2,049	-	2,495,350	3,185,779	9,792,835
Issue of right shares	35,833	-	-	-	-	-	35,833
Premium on issue of right shares	-	-	35,833	-	-	-	35,833
Transfer from surplus on Revaluation of Fixed Assets to unappropriated Profit - Net of Tax	-	-	-	-	-	1,543	1,543
Transfer to Statutory Reserve	-	761,000	-	-	-	(761,000)	-
Profit for the period October -December 2006	-	-	-	-	-	792,924	792,924
Balance as at December 31, 2006	2,902,490	2,004,000	37,882	-	2,495,350	3,219,246	10,658,968
Transfer to reserve for issue of bonus shares (Final December 2006)	-	-	-	943,309	-	(943,309)	-
Issue of bonus shares	943,309	-	-	(943,309)	-	-	-
Transfer to reserve for issue of bonus shares (Interim June 2007)	-	-	-	384,580	-	(384,580)	-
Transfer from surplus on Revaluation of Fixed Assets to unappropriated Profit - Net of Tax	-	-	-	-	-	4,399	4,399
Profit for the period ended September 30, 2007	-	-	-	-	-	4,059,985	4,059,985
<b>Balance as at September 30, 2007</b>	<b>3,845,799</b>	<b>2,004,000</b>	<b>37,882</b>	<b>384,580</b>	<b>2,495,350</b>	<b>5,955,741</b>	<b>14,723,352</b>

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

**Chairman**

**President**

**Director**

**Director**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(Un-audited)**

---

**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 271 branches (December 31, 2006: 266 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 and the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, The Bank of Punjab Act, 1989, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the said directives take precedence.

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, 2006.

**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 recent 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. Hence the comparative figures for the period July-September 2006 have been restated in this respect.

**5. Taxation**

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



	(Un-audited) September 30, 2007	(Audited) December 31, 2006
	(Rupees in thousand)	

## 6. Lendings to financial institutions

Call money lendings	500,000	500,000
Repurchase agreement lendings (Reverse Repo)	3,870,628	9,281,823
Certificates of Investment - net	950,000	1,700,000
Placements	675,000	365,000
	<b>5,995,628</b>	<b>11,846,823</b>

## 7. Investments

	Held by bank	Given as collateral	Total
	(Rupees in thousand)		
<b>September 30, 2007 (Un-audited)</b>	<b>69,694,143</b>	<b>273,139</b>	<b>69,967,282</b>
December 31, 2006 (Audited)	27,945,154	288,057	28,233,211

### 7.1 Investments by types

	(Un-Audited) September 30, 2007			(Audited) December 31, 2006		
	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	150,000	-	150,000	-	-	-
<b>Available-for-sale securities</b>						
Pakistan Market Treasury Bills	43,523,411	282,873	43,806,284	8,200,261	288,924	8,489,185
Pakistan Investment Bonds	732,097	-	732,097	788,678	-	788,678
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	3,699,249	-	3,699,249	2,792,859	-	2,792,859
Investment in funds	10,042,030	-	10,042,030	4,382,541	-	4,382,541
Term Finance Certificates (TFCs)	2,782,632	-	2,782,632	3,664,887	-	3,664,887
<b>Held-to-maturity securities</b>						
Pakistan Market Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bonds	2,905,399	-	2,905,399	2,955,518	-	2,955,518
WAPDA Bonds	100,951	-	100,951	101,638	-	101,638
<b>Subsidiary</b>						
Punjab Modaraba Services (Private) Limited	160,000	-	160,000	160,000	-	160,000
Add: Share deposit money	4,943	-	4,943	4,943	-	4,943
	164,943	-	164,943	164,943	-	164,943
<b>Total investments at cost</b>	<b>64,484,540</b>	<b>282,873</b>	<b>64,767,413</b>	23,435,153	288,924	23,724,077
Less: Provision for diminution in value of investments	6,440	-	6,440	33,400	-	33,400
<b>Investments - net of provisions</b>	<b>64,478,100</b>	<b>282,873</b>	<b>64,760,973</b>	23,401,753	288,924	23,690,677
Add: Surplus on revaluation of available-for-sale securities	5,224,440	(9,734)	5,214,706	4,543,401	(867)	4,542,534
Less: Loss on remeasurement of held for trading investments	8,397	-	8,397	-	-	-
<b>Total investments at market value</b>	<b>69,694,143</b>	<b>273,139</b>	<b>69,967,282</b>	27,945,154	288,057	28,233,211

		(Un-audited) September 30, 2007	(Audited) December 31, 2006
	Note	(Rupees in thousand)	
<b>8. Advances</b>			
Loans, cash credits, running finances etc- in Pakistan		109,106,530	88,533,343
Net investment in finance lease- in Pakistan		4,194,049	3,828,382
Financing under Continuous Funding System		1,153,173	-
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		5,651,433	8,058,451
Payable outside Pakistan		1,899,044	2,050,544
		<u>7,550,477</u>	<u>10,108,995</u>
		<u>122,004,229</u>	<u>102,470,720</u>
Provision for non-performing advances -Specific	8.1	(1,269,158)	(1,058,717)
-General	8.2	(149,530)	(92,049)
		<u>(1,418,688)</u>	<u>(1,150,766)</u>
		<u>120,585,541</u>	<u>101,319,954</u>

**8.1** Advances include Rs. 2,492,772 thousand (2006 : 2,345,754 thousand) which have been classified as non-performing in various categories as detailed below:

Category of classification	Domestic	Overseas	Total	Provision	Provision
				Required	Held
(Rupees in thousand)					
Other assets especially mentioned	245,966	-	245,966	-	-
Substandard	171,430	-	171,430	32,294	32,294
Doubtful	449,394	-	449,394	139,741	139,741
Loss	1,625,982	-	1,625,982	1,097,123	1,097,123
	<u>2,492,772</u>	<u>-</u>	<u>2,492,772</u>	<u>1,269,158</u>	<u>1,269,158</u>

**8.2** General provision includes Rs. 84,528 thousand that represents provision against consumer financing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

	(Un-audited) September 30, 2007 (Rupees in thousand)	(Audited) December 31, 2006
<b>9. Borrowings</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
-Under export refinance scheme	6,029,269	6,000,500
Repurchase agreement borrowings	9.1 282,873	288,924
	6,312,142	6,289,424
<b>Unsecured</b>		
Call borrowings	-	700,000
	6,312,142	6,989,424
<b>9.1</b>	Markup is payable on borrowings under repurchase agreement at a rate of 8.84% (2006: 8.75%) per annum.	
<b>10. Deposits and othe accounts</b>		
<b>Customers</b>		
Fixed deposits	75,472,094	54,115,307
Saving deposits	75,455,553	51,699,612
Current accounts - non-remunerative	13,099,741	18,652,922
Sundry deposits, margin accounts etc.	1,462,311	1,138,856
	165,489,699	125,606,697
<b>Financial institution</b>		
Remunerative	21,312,348	11,947,282
Non-remunerative	4,616,791	173,627
	25,929,139	12,120,909
	191,418,838	137,727,606
<b>10.1 Particulars of deposits</b>		
In local currency	189,845,717	135,264,964
In foreign currency	1,573,121	2,462,642
	191,418,838	137,727,606

## 11. Share Capital

September 30, 2007 (No. of Shares)	December 31, 2006		(Un-audited) September 30, 2007 (Rupees in thousand)	(Audited) December 31, 2006
		<b>Authorised</b>		
		Ordinary shares of		
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Rs. 10/- each	<u>10,000,000</u>	<u>10,000,000</u>
		<b>Fully paid shares</b>		
		Ordinary shares of		
<u>19,333,340</u>	<u>19,333,340</u>	Rs. 10/- each paid in cash	<u>193,333</u>	<u>193,333</u>
		<b>Bonus shares</b>		
		Issued as bonus shares		
<u>365,246,560</u>	<u>270,915,660</u>		<u>3,652,466</u>	<u>2,709,157</u>
<u>384,579,900</u>	<u>290,249,000</u>		<u>3,845,799</u>	<u>2,902,490</u>

## 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:

	(Un-audited) September 30, 2007 (Rupees in thousand)	(Audited) December 31, 2006
Government	-	-
Banks and financial institutions	-	-
Others	<u>8,608,734</u>	<u>10,799,599</u>
	<u>8,608,734</u>	<u>10,799,599</u>

### 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	<u>274,539</u>	<u>5,361,747</u>
Banks and financial institutions	<u>9,111</u>	<u>50,000</u>
Others	<u>18,884,176</u>	<u>4,744,689</u>
	<u>19,167,826</u>	<u>10,156,436</u>

	<b>(Un-audited)</b> <b>September 30,</b> <b>2007</b>	<b>(Audited)</b> <b>December 31,</b> <b>2006</b>
	<b>(Rupees in thousand)</b>	
<b>12.3 Trade related contingent liabilities</b>		
Government	<b>2,076,503</b>	2,039,822
Financial institutions	<b>18,487</b>	-
Others	<b>23,277,875</b>	16,225,594
	<b>25,372,865</b>	18,265,416
<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, 2004 and 2005 in respect of provision for doubtful debts. The stated appeal is currently in process in the ITAT. 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> <p>In the event that the appeals are decided against the Bank, a further tax liability of Rs. 70,505 thousand (2006: Rs.70,505 thousand) may arise in these financial statements.</p>		
<b>12.5 Other contingencies</b>		
Claims against the bank not acknowledged as debt	<b>427,358</b>	428,812
<b>12.6 Commitments for sale of securities</b>	<b>141,603</b>	-
<b>12.7 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>627,984</b>	783,998
Sale	<b>5,346,091</b>	2,101,934
<b>12.8 Commitments for the acquisition of operating fixed assets</b>	<b>-</b>	8,597

### 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>September 30,</b> <b>2007</b>	(Audited) December 31, 2006
	<b>(Rupees in thousand)</b>	
<b>Punjab Modaraba Services (Private) Limited</b> <b>(wholly owned subsidiary of the Bank)</b>		
Deposits in current account	57	61
<b>First Punjab Modaraba</b> <b>(Modaraba floated by the wholly owned subsidiary of the Bank)</b>		
Advances		
Outstanding at beginning of the period	564,980	703,360
Made during the period	2,165,253	1,437,838
Repaid/matured during the period	(1,254,320)	(1,576,219)
Outstanding at the end of the period	<u>1,475,913</u>	<u>564,979</u>
Provision for doubtful debts	-	-
Mark-up/return earned	26,474	64,882
Deposits in current account	2,085	2,732
Lease liability		
Outstanding at beginning of the period	35,061	15,808
Lease contracts entered into during the period	3,771	12,155
Repayments of lease rentals	(12,317)	(13,329)
Outstanding at the end of the period	<u>26,515</u>	<u>14,634</u>
Security deposit receivable in respect of leases	3,918	7,402
<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	13,554	17,948
<b>AMTEX (Private) Limited*</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	1,939,290	-
Made during the period	2,981,753	-
Repaid/matured during the period	(2,215,425)	-
Outstanding at the end of the period	<u>2,705,618</u>	-
Mark-up/return earned	167,047	-
Deposits in current account	674,000	

	<b>(Un-audited)</b> <b>September 30,</b> <b>2007</b> <b>(Rupees in thousand)</b>	(Audited) December 31, 2006
<b>Faisalabad Industrial Estate Development and Management Company *</b> <b>(Common directorship)</b>		
Deposits in saving account	<b>1,072,005</b>	-
<b>Colony Mills Limited*</b> <b>(Common directorship)</b>		
Advances		
Outstanding at beginning of the period	<b>100,000</b>	-
Made during the period	<b>2,350,000</b>	-
Repaid/matured during the period	<b>(940,000)</b>	-
Outstanding at the end of the period	<b>1,510,000</b>	-
Mark-up/return earned	<b>1,461</b>	-
Deposits in current account	<b>107,499</b>	-

\* These entities became related parties of the Bank during the period ended September 30, 2007.

#### **14. Date of authorization for issue**

The Financial Statements were authorized for issuance on October 26, 2007 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**

---

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

Consolidated Quarterly Accounts  
for the period ended September 30, 2007  
(Un- audited)