

THE BANK OF PUNJAB
INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2008

	Note	(Un-audited) September 30, 2008	(Audited) December 31, 2007
(Rupees in '000')			
ASSETS			
Cash and balances with treasury banks		14,198,844	14,210,302
Balances with other banks		1,179,767	1,927,662
Lendings to financial institutions	7	1,133,333	2,450,000
Investments	8	30,048,070	73,461,695
Advances	9	137,643,014	133,893,585
Operating fixed assets	10	3,423,099	3,252,759
Deferred tax assets	11	5,267,357	-
Other assets		7,506,581	5,778,192
		200,400,065	234,974,195
LIABILITIES			
Bills payable		1,665,993	937,647
Borrowings	12	20,638,995	17,842,915
Deposits and other accounts	13	163,440,704	191,968,909
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		33,441	40,321
Deferred tax liabilities		-	2,205,530
Other liabilities		3,676,865	2,983,079
		189,455,998	215,978,401
NET ASSETS		10,944,067	18,995,794
REPRESENTED BY			
Share capital	14	5,287,974	4,230,379
Reserves		7,427,232	7,427,232
Unappropriated profit		(1,926,671)	3,452,842
		10,788,535	15,110,453
Surplus on revaluation of assets - net of deferred tax	15	155,532	3,885,341
		10,944,067	18,995,794
Contingencies and commitments	16		

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.

Chairman

President

Director

Director

THE BANK OF PUNJAB
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

Note	Quarter ended September 30, 2008	Period ended September 30, 2008	Quarter ended September 30, 2007	Period ended September 30, 2007
	(Rupees in '000')			
Mark-up / return / interest earned	4,616,535	14,322,085	4,702,235	13,077,058
Mark-up / return / interest expensed	4,397,100	12,128,842	3,759,852	10,182,440
Net mark-up / return / interest income	<u>219,435</u>	<u>2,193,243</u>	<u>942,383</u>	<u>2,894,618</u>
Provision against non-performing loans and advances - net	4,395,672	12,032,376	110,151	391,518
(Reversal of provision) / provision for diminution in the value of investments	-	(185)	-	24,394
Bad debts written off directly	-	-	66	149
	<u>4,395,672</u>	<u>12,032,191</u>	<u>110,217</u>	<u>416,061</u>
Net mark-up / interest income after provisions	<u>(4,176,237)</u>	<u>(9,838,948)</u>	<u>832,166</u>	<u>2,478,557</u>
NON MARK UP / INTEREST INCOME				
Fee, commission and brokerage income	101,339	407,428	109,379	444,833
Dividend income	1,412,457	1,852,922	1,737,828	1,793,427
Income from dealing in foreign currencies	129,489	339,613	110,087	246,249
Gain on sale and redemption of securities	-	733,787	53,382	778,167
Unrealized (loss)/gain on revaluation of investments classified as held for trading	-	-	(12,829)	(8,397)
Other income	137,062	428,641	120,646	438,882
Total non mark-up / interest income	<u>1,780,347</u>	<u>3,762,391</u>	<u>2,118,493</u>	<u>3,693,161</u>
	<u>(2,395,890)</u>	<u>(6,076,557)</u>	<u>2,950,659</u>	<u>6,171,718</u>
NON MARK UP / INTEREST EXPENSES				
Administrative expenses	686,141	1,856,304	510,308	1,522,048
Other provisions / NIT units	-	-	-	(130,000)
Other charges	34,658	107,346	589	996
Total non mark-up / interest expenses	<u>720,799</u>	<u>1,963,650</u>	<u>510,897</u>	<u>1,393,044</u>
PROFIT / (LOSS) BEFORE TAXATION	(3,116,689)	(8,040,207)	2,439,762	4,778,674
Taxation				
- Current	119,388	786,207	169,493	467,148
- Prior	-	1,052,000	-	-
- Deferred	(1,538,486)	(5,552,317)	35,116	251,541
	<u>(1,419,098)</u>	<u>(3,714,110)</u>	<u>204,609</u>	<u>718,689</u>
PROFIT / (LOSS) AFTER TAXATION	<u>(1,697,591)</u>	<u>(4,326,097)</u>	<u>2,235,153</u>	<u>4,059,985</u>
Earnings per share (Rupees) - Basic and Diluted	19 <u>(3.21)</u>	<u>(8.18)</u>	<u>4.23</u>	<u>7.68</u>

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.

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THE BANK OF PUNJAB
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

	Period ended September 30, 2008	Period ended September 30, 2007
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(8,040,207)	4,778,674
Less: Dividend income	(1,852,922)	(1,793,427)
	<u>(9,893,129)</u>	<u>2,985,247</u>
Adjustments for non-cash items		
Depreciation /Amortization	160,911	115,714
Provision against non-performing advances	12,032,376	391,518
(Reversal) / provision for diminution in value of investments	(185)	24,394
Provision against lendings to financial institutions	-	(130,000)
(Gain) on sale of securities	(733,787)	(769,770)
(Gain) / Loss on sale of fixed assets	(825)	471
Provision for workers welfare fund	36,260	-
Other provisions / direct write offs	-	149
	<u>11,494,750</u>	<u>(367,524)</u>
	1,601,621	2,617,723
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,316,667	5,851,195
Net investment in held for trading securities	-	-
Advances	(15,781,805)	(19,527,254)
Other assets (excluding advance taxation)	(1,728,389)	(772,826)
	<u>(16,193,527)</u>	<u>(14,448,885)</u>
Increase / (decrease) in operating liabilities		
Bills payable	728,346	265,686
Borrowings from financial institutions	2,674,565	(677,282)
Deposits and other accounts	(28,528,205)	53,691,232
Liabilities: NIT units	(6,880)	(14,335)
Other liabilities (excluding current taxation)	657,526	(61,868)
	<u>(24,474,648)</u>	<u>53,203,433</u>
Income tax paid	(1,553,247)	(1,176,690)
Net cash flows from operating activities	<u>(40,619,801)</u>	<u>40,195,581</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from held to maturity securities-Net	157,346	-
Net investment in available for sale securities	38,054,912	(40,316,524)
Dividend income	1,852,922	1,788,445
Investment in operating fixed assets	(327,072)	(1,533,576)
Sale proceeds of property and equipment disposed off	825	230
Net cash flows from investing activities	<u>39,738,933</u>	<u>(40,061,425)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts/ (Payments) of sub-ordinated loan	-	-
Issue of share capital	-	-
Dividend paid	-	-
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	<u>(880,868)</u>	<u>134,156</u>
Cash and cash equivalents at beginning of the period	<u>16,137,964</u>	<u>18,276,948</u>
Cash and cash equivalents at end of the period	<u>15,257,096</u>	<u>18,411,104</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	14,198,844	14,254,840
Balances with other banks	1,179,767	3,656,264
Money at call lending	-	500,000
Overdrawn nostro accounts	(119,075)	-
Other overdrawn bank accounts	(2,440)	-
	<u>15,257,096</u>	<u>18,411,104</u>

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.

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THE BANK OF PUNJAB
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

	Share capital	Capital Reserves			Revenue Reserves		Total
		Statutory	Share premium	For issue of bonus shares	General	Un appropriated Profit	
(Rupees in thousand)							
Balance as at January 01, 2007	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 (Final December 2006)	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
Balance as at September 30, 2007	3,845,799	2,004,000	37,882	384,580	2,495,350	5,955,741	14,723,352
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)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	1,467	1,467
Profit for the period October-December 2007	-	-	-	-	-	385,634	385,634
Balance as at December 31, 2007	4,230,379	2,894,000	37,882	-	4,495,350	3,452,842	15,110,453
Transfer to reserve for issue of bonus shares	-	-	-	1,057,595	-	(1,057,595)	-
Issue of bonus shares	1,057,595	-	-	(1,057,595)	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	4,179	4,179
Loss for the period ended September 30, 2008	-	-	-	-	-	(4,326,097)	(4,326,097)
Balance as at September 30, 2008	5,287,974	2,894,000	37,882	-	4,495,350	(1,926,671)	10,788,535

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.

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THE BANK OF PUNJAB
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

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 situated at 10-B, E/2, Gulberg III, 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. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

The disclosures made in these interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular letter No. 2 dated 12 May, 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 31 December, 2007.

3. 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. 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 differ with the requirements of IFRS, 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 26 August, 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 State Bank of Pakistan.

4. ESTIMATES

The preparation of interim financial statements requires managements to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The basis for accounting estimates adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements of the

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by bank are consistent with those disclosed in the annual financial statements of the bank for the year ended 31 December 2007.

(Un-audited) September 30 2008	(Audited) December 31, 2007
(Rupees in '000')	

7. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	-	1,000,000
Repurchase agreement lendings (Reverse Repo)	500,000	-
Certificates of Investment	333,333	500,000
Placements	300,000	950,000
	<u>1,133,333</u>	<u>2,450,000</u>

8. INVESTMENTS

Note	(Un-Audited) September 30, 2008			(Audited) December 31, 2007		
	Held by bank	Given as collateral	Total (Rupees in	Held by bank '000')	Given as collateral	Total
INVESTMENTS BY TYPES						
Available-for-sale securities						
Pakistan Market Treasury Bills	37,996	9,202,864	9,240,860	32,901,100	11,831,304	44,732,404
Pakistan Investment Bonds	734,858		734,858	732,097	-	732,097
Ordinary shares of listed companies and modarabas	194,024		194,024	147,920	-	147,920
Preference shares of listed companies	235,908		235,908	210,908	-	210,908
Ordinary shares of unlisted companies	25,000		25,000	25,000	-	25,000
NIT units	4,637,308		4,637,308	4,417,738	-	4,417,738
Investment in funds	11,250,642	250,000	11,500,642	12,317,033	-	12,317,033
Term Finance Certificates (TFCs)	1,334,126	179,928	1,514,054	3,109,818	-	3,109,818
Held-to-maturity securities						
Pakistan Investment Bonds	2,829,474		2,829,474	2,886,233	-	2,886,233
WAPDA Bonds	400		400	100,987	-	100,987
Subsidiary						
Punjab Modaraba Services (Private) Limited	164,945		164,945	164,945	-	164,945
Total investments at cost	<u>21,444,681</u>	<u>9,632,792</u>	<u>31,077,473</u>	<u>57,013,779</u>	<u>11,831,304</u>	<u>68,845,083</u>
Less: Provision for diminution in value of investments	6,340	-	6,340	6,525	-	6,525
Investments - net of provisions	<u>21,438,341</u>	<u>9,632,792</u>	<u>31,071,133</u>	<u>57,007,254</u>	<u>11,831,304</u>	<u>68,838,558</u>
Surplus on revaluation of available-for-sale securities	(1,023,063)	-	(1,023,063)	4,623,137	-	4,623,137
Total investments at market value	<u>20,415,278</u>	<u>9,632,792</u>	<u>30,048,070</u>	<u>61,630,391</u>	<u>11,831,304</u>	<u>73,461,695</u>

8.1 This include 134,853,813 units in respect of which the Government of Pakistan (GoP) had issued a Letter of Comfort (LoC) dated June 20, 2006 stating that on Bank's willingness to continue holding the units upto June 30, 2007 from the date of LoC, NIT will be facilitated to redeem the units at Rs.13.70 per unit. Pursuant to the NIT's letter No. MDNIT/191/2007 date February 23, 2007, the Bank had opted for option to enter into an agreement with NIT for staggered redemption spread over a period of several years. The GoP vide letter No. F.4(2)INV.III/2000 dated December 31, 2007 has extended the Loc upto December 31, 2008. However, there has been no further development on the matter of redemption of NIT Units.

8.2 The market value of securities classified as 'held to maturity' amounted to Rs.2,202,387 thousand (December 31,2007 ; Rs. 2,570,923 thousand)

	Note	(Un-audited)	(Audited)
		September 30 2008	December 31, 2007
		(Rupees in '000')	
9. ADVANCES			
Loans, cash credits, running finances etc- in Pakistan	9.1	143,753,911	125,685,191
Net investment in finance lease- in Pakistan		4,080,767	4,254,233
Repurchase agreement lendings (Reverse Repo)	9.2	1,825,000	-
Financing under Continuous Funding System		-	769,813
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		1,487,352	3,730,205
Payable outside Pakistan		1,159,872	2,090,561
		<u>2,647,224</u>	<u>5,820,766</u>
		<u>152,306,902</u>	<u>136,530,003</u>
Provision for non-performing advances - Specific	9.3	(10,959,803)	(2,500,058)
- General	9.4	(3,704,085)	(136,360)
		<u>(14,663,888)</u>	<u>(2,636,418)</u>
		<u>137,643,014</u>	<u>133,893,585</u>

9.1 Advances include Rs. 8,403,447 thousand due from three companies which, upon receipt of Rs. 450,000 thousand during the period, were restructured under revised arrangements for a period of twelve years including three years grace period, in place of seven years including two years grace period. The management, without prejudice to the Bank's claim against these companies, intends to make provision against these advances based on the examination currently being carried out with the assistance of consultants in respect of recoverability of the same. However, as the matter of prudence a provision of Rs. 2,500,000 thousands has been made.

9.2 This represents a reverse repo transaction having maturity of 6 months and carries markup rate @ 12.5 % per annum with a non-financial institution.

9.3 Advances include Rs.18,904,786 thousand (2007: Rs.3,349,891thousand) which have been classified as non-performing in various categories as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
(Rupees in '000')					
Other assets especially mentioned	209,910	-	209,910	-	-
Substandard	6,551,428	-	6,551,428	1,628,460	1,628,460
Doubtful	5,624,110	-	5,624,110	2,812,060	2,812,060
Loss	6,519,338	-	6,519,338	6,519,283	6,519,283
	<u>18,904,786</u>	<u>-</u>	<u>18,904,786</u>	<u>10,959,803</u>	<u>10,959,803</u>

		(Un-audited)	(Audited)
		September 30 2008	December 31, 2007
		(Rupees in '000')	
9.4	General provision against		
	- Lease portfolio acquired under settlement agreement	150,000	65,000
	- Consumer financing	54,085	71,360
	- Loans and advances	1,000,000	-
	- Others	2,500,000	-
		<u>3,704,085</u>	<u>136,360</u>

9.4.1 This represents provision against consumer financing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

THE BANK OF PUNJAB

	Note	(Un-audited) September 30 2008	(Audited) December 31, 2007
(Rupees in '000')			
10. OPERATING FIXED ASSETS			
Capital work in progress		208,626	1,129,088
Property and equipment		3,181,956	2,105,488
Intangible assets		32,517	18,183
		<u>3,423,099</u>	<u>3,252,759</u>
11. DEFERRED TAX ASSET			
Deferred tax liabilities arising in respect of			
-Accelerated depreciation		(229,904)	(518,889)
-Revaluation surplus		-	(1,719,309)
Deferred tax assets arising in respect of			
-Revaluation surplus		201,261	-
-Provision for loan losses		5,296,000	32,668
		<u>5,267,357</u>	<u>(2,205,530)</u>
12. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under			
-Export refinance scheme		4,258,347	4,014,026
-Long term finance export oriented projects		1,718,380	1,985,393
Repurchase agreement borrowings	12.1	<u>13,890,753</u>	<u>10,834,270</u>
		19,867,480	16,833,689
Unsecured			
Call borrowings		650,000	750,000
Overdrawn nostro accounts		119,075	256,388
Other overdrawn bank accounts		2,440	2,838
		<u>20,638,995</u>	<u>17,842,915</u>
12.1			
Markup is payable on borrowings under repurchase agreement is ranging from 12.25% per annum to 15.50% per annum (2007 : 8.88% per annum).			
13. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		65,581,989	71,545,152
Savings deposits		56,751,165	65,394,990
Current accounts - non-remunerative		18,215,737	22,197,621
Sundry deposits, margin accounts etc.		1,685,795	1,398,852
		142,234,686	160,536,615
Financial institutions			
Remunerative		21,177,250	31,117,878
Non-remunerative		28,768	314,416
		21,206,018	31,432,294
		<u>163,440,704</u>	<u>191,968,909</u>

THE BANK OF PUNJAB

	<u>Note</u>	<u>(Un-audited) SEPTEMBER 30, 2008</u>	<u>(Audited) December 31, 2007</u>
(Rupees in '000')			
13.1 Particulars of deposits			
In local currency		161,199,762	190,135,032
In foreign currencies		2,240,942	1,833,877
		<u>163,440,704</u>	<u>191,968,909</u>
14. SHARE CAPITAL			
(Un-audited) SEPTEMBER 30, 2008 (No of Shares)		(Un-audited) SEPTEMBER 30, 2008	(Audited) December 31, 2007
(Audited) December 31, 2007		(Rupees in '000')	
		<u>1,000,000,000</u>	<u>1,000,000,000</u>
		Authorized Capital	
		1,000,000,000	10,000,000
		Ordinary shares of Rs. 10/- each	
		<u>19,333,340</u>	<u>19,333,340</u>
		Issued , Subscribed and paid up capital	
		193,333	193,333
		Ordinary shares of Rs. 10/- each paid in cash	
		<u>509,464,036</u>	<u>403,704,561</u>
		Bonus shares	
		5,094,641	4,037,046
		Issued as bonus shares	
		<u>528,797,376</u>	<u>423,037,901</u>
		<u>5,287,974</u>	<u>4,230,379</u>
15. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of fixed assets-net of tax		919,575	921,504
Surplus on revaluation of securities-net of tax	15.1	(764,043)	2,963,837
		<u>155,532</u>	<u>3,885,341</u>
15.1 Surplus/(Deficit) on revaluation of securities-net of tax			
Surplus/(Deficit) on revaluation of securities		(1,023,063)	4,623,137
Deferred Tax		259,020	(1,659,300)
		<u>(764,043)</u>	<u>2,963,837</u>
16. CONTINGENCIES AND COMMITMENTS			
16.1 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:			
Government		-	-
Banks and financial institutions		23,479	-
Others		6,290,569	7,425,344
		<u>6,314,048</u>	<u>7,425,344</u>
16.2 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		3,016,907	274,488
Banks and financial institutions		921,842	17,217
Others		17,398,710	20,815,572
		<u>21,337,459</u>	<u>21,107,277</u>

THE BANK OF PUNJAB
(Un-audited) (Audited)
SEPTEMBER 30, **December 31,**
2008 **2007**
(Rupees in '000')

16.3 Trade related contingent liabilities

Government	1,982,135	1,396,221
Financial institutions	38,724	58,828
Others	17,581,401	27,319,056
	<u>19,602,260</u>	<u>28,774,105</u>

16.4 Other contingencies

Claims against the Bank not acknowledged as debt	<u>1,438,764</u>	<u>1,425,999</u>
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16.5 Commitments for sale of securities

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16.6 Commitments in respect of forward exchange contracts

Purchase	<u>1,131,400</u>	<u>627,392</u>
Sale	<u>594,208</u>	<u>2,597,353</u>
Call borrowing	<u>-</u>	<u>1,000,000</u>

16.7 Commitments for the acquisition of operating fixed assets

-	<u>31,825</u>
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17. 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.

Punjab Modaraba Services (Private) Limited
(wholly owned subsidiary of the Bank)

Advances

Outstanding at beginning of the period	-	-
Made during the period	8,500	-
Repaid/matured during the period	-	-
Outstanding at the end of the period	<u>8,500</u>	<u>-</u>

Mark-up/return earned

Deposits in current account	410	537
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First Punjab Modaraba

(Modaraba floated by the wholly owned subsidiary of the Bank)

Advances

Outstanding at beginning of the period	452,211	564,979
Made during the period	3,470,271	3,969,298
Repaid/matured during the period	(3,092,794)	(4,082,067)
Outstanding at the end of the period	<u>829,688</u>	<u>452,210</u>

Mark-up/return earned

Deposits in current account	2,838	1,215
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Lease liability

Outstanding at beginning of the period	40,321	34,975
Lease contracts entered into during the period	-	19,398
Repayments of lease rentals	(6,880)	(14,052)
Outstanding at the end of the period	<u>33,441</u>	<u>40,321</u>

THE BANK OF PUNJAB

	(Un-audited)	(Audited)
	SEPTEMBER 30,	December 31,
	2008	2007
	(Rupees in '000')	
Bankers Avenue Co-operative Housing Society		
(A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	64,416	42,731
Markup paid	3,305	436
AMTEX (Private) Limited *		
(Common directorship)		
Advances		
Outstanding at beginning of the period	-	1,939,290
Made during the period	-	3,931,754
Repaid/matured during the period	-	(2,233,175)
Outstanding at the end of the period	<u>-</u>	<u>3,637,869</u>
Mark-up/return earned	-	215,978
Deposits in current account	-	4,876
Colony Mills Limited *		
(Common directorship)		
Advances		
Outstanding at beginning of the period	-	100,000
Made during the period	-	2,336,770
Repaid/matured during the period	-	(386,770)
Outstanding at the end of the period	<u>-</u>	<u>2,050,000</u>
Mark-up/return earned	-	108,610
Deposits in current account	-	175,363
Ejaz Textile Mills Limited *		
(Common directorship)		
Advances		
Outstanding at beginning of the period	-	-
Made during the period	-	502,375
Repaid/matured during the period	-	(2,500)
Outstanding at the end of the period	<u>-</u>	<u>499,875</u>
Mark-up/return earned	-	3,558
Ejaz Spinning Mills Limited *		
(Common directorship)		
Advances		
Outstanding at beginning of the period	-	-
Made during the period	-	174,618
Repaid/matured during the period	-	-
Outstanding at the end of the period	<u>-</u>	<u>174,618</u>
Mark-up/return earned	-	3,086
Chenab Limited *		
(Common directorship)		
Advances		
Outstanding at beginning of the period	-	-
Made during the period	-	782,386
Repaid/matured during the period	-	-
Outstanding at the end of the period	<u>-</u>	<u>782,386</u>
Mark-up/return earned	-	-
Transactions with Key Management Personnel / Directors		
Salaries and benefits paid	21,362,063	41,023,382

In addition the Chief Executive and other executive officers are provided with Bank maintained cars.

Contribution to Employees Provident Fund	30,172	34,937
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Although the Government of Punjab (GoP) holds 51% shares of the Bank (2007:51%), transactions with GoP have not been treated as related party transactions for the purpose of this disclosure.

* Ceased to be related party during the period.

18 TAXATION

During the period , the Bank recognized tax charge on provision for doubtful debts which was previously recognized as contingent liability.

19 EARNINGS PER SHARE - BASIC AND DILUTED

	<i>Quarter Ended September 30,2008</i>	<i>Peroid Ended September 30,2008</i>	<i>Quarter Ended September 30,2007</i>	<i>Peroid Ended September 30,2007</i>
Profit after taxation (Rupees in '000)	(1,697,591)	(4,326,097)	2,235,153	4,059,985
Weighted average number of ordinary shares in ('000)	528,797	528,797	528,797	528,797
Earnings per share - Basic and diluted (Rupees)	(3.21)	(8.18)	4.23	7.68

The earnings per share for the quarter and period ended September 30, 2007 have been adjusted for the effect of bonus shares issued during the period.

20 DATE OF AUTHORIZATION FOR ISSUE

The Financial Statements were authorized for issuance on September 28, 2008 by the Board of Directors of the Bank.

21 GENERAL

Figures have been rounded off to the nearest thousand.

 Chairman

 President

 Director

 Director