

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT JUNE 30, 2008**

		(Un-audited) <b>June 30, 2008</b>	(Audited) December 31, 2007
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>19,254,331</b>	14,210,302
Balances with other banks		<b>2,106,677</b>	1,927,662
Lendings to financial institutions	7	<b>3,301,023</b>	2,450,000
Investments	8	<b>38,397,713</b>	73,461,693
Advances	9	<b>142,845,006</b>	133,899,143
Operating fixed assets	10	<b>3,375,469</b>	3,252,759
Deferred tax assets	11	<b>2,513,297</b>	-
Other assets		<b>6,072,781</b>	5,789,116
		<b>217,866,297</b>	234,990,675
<b>LIABILITIES</b>			
Bills payable		<b>958,927</b>	937,647
Borrowings	12	<b>17,006,557</b>	17,842,915
Deposits and other accounts	13	<b>180,823,474</b>	191,968,377
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		<b>35,635</b>	40,321
Deferred tax liabilities		-	2,205,530
Other liabilities		<b>3,893,373</b>	2,983,977
		<b>202,717,966</b>	215,978,767
<b>NET ASSETS</b>		<b>15,148,331</b>	19,011,908
<b>REPRESENTED BY</b>			
Share capital	14	<b>5,287,974</b>	4,230,379
Reserves		<b>7,427,232</b>	7,427,232
Unappropriated profit		<b>(205,798)</b>	3,468,956
		<b>12,509,408</b>	15,126,567
Surplus on revaluation of assets - net of deferred tax	15	<b>2,638,923</b>	3,885,341
		<b>15,148,331</b>	19,011,908
<b>Contingencies and commitments</b>	16		

The annexed notes from 1 to 22 form an integral part of these interim condensed financial statements.

Chairman

President

Director

Director

## INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2008 (Un-audited)

Note	Quarter ended June 30, 2008	Half Year ended June 30, 2008	Quarter ended June 30, 2007	Half Year ended June 30, 2007
	<b>(Rupees in thousand)</b>			
Mark-up / return / interest earned	4,884,859	9,705,936	4,400,779	8,406,228
Mark-up / return / interest expensed	3,721,023	7,731,742	3,539,814	6,500,594
Net mark-up / return / interest income	1,163,836	1,974,194	860,965	1,905,634
Provision against non-performing loans and advances - net	2,351,901	7,636,704	233,146	281,367
(Reversal of provision) / provision for diminution in the value of investments	-	(185)	(8,606)	24,394
Bad debts written off directly	-	-	6	83
	2,351,901	7,636,519	224,546	305,844
Net mark-up / interest income after provisions	(1,188,065)	(5,662,325)	636,419	1,599,790
<b>NON MARK UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	174,952	313,383	147,648	337,898
Dividend income	226,977	448,458	24,927	55,599
Income from dealing in foreign currencies	120,492	210,124	73,997	136,162
Gain on sale of securities	297,171	733,787	569,789	724,785
Unrealized (loss)/gain on revaluation of investments classified as held for trading	(22,359)	-	4,473	4,432
Other income	152,802	291,579	161,710	364,835
Total non mark-up / interest income	950,035	1,997,331	982,544	1,623,711
	(238,030)	(3,664,994)	1,618,963	3,223,501
<b>NON MARK UP / INTEREST EXPENSES</b>				
Administrative expenses	636,463	1,176,354	565,109	1,013,376
Other provisions / write offs / reversals	-	-	(260,000)	(130,000)
Other charges	72,582	72,688	142	407
Total non mark-up / interest expenses	709,045	1,249,042	305,251	883,783
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	(947,075)	(4,914,036)	1,313,712	2,339,718
Taxation				
- Current	637,942	667,740	74,523	297,655
- Prior	1,052,000	1,052,000	-	-
- Deferred	(3,111,132)	(4,013,831)	194,357	216,425
	(1,421,190)	(2,294,091)	268,880	514,080
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	474,115	(2,619,945)	1,044,832	1,825,638
Earnings per share (Rupees) - Basic and Diluted	0.90	(4.95)	1.98	3.45

The annexed notes from 1 to 22 form an integral part of these interim condensed financial statements.

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED JUNE 30, 2008  
(Un-audited)**

	Half Year ended <b>June 30, 2008</b>	Half Year ended June 30, 2007
	<b>(Rupees in thousand)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(4,914,036)	2,339,718
Less: Dividend income	(448,458)	(55,599)
	<u>(5,362,494)</u>	<u>2,284,119</u>
Adjustments for non-cash items		
Depreciation	53,898	96,622
Amortization	48,407	-
Provision against non-performing advances	7,636,704	281,367
Provision for diminution in value of investments	(185)	24,394
Provision against lendings to financial institutions	-	(130,000)
Gain on sale of investment	(733,787)	(724,785)
Gain on sale of fixed assets	(825)	(551)
Provision for workers welfare fund	36,260	-
Other provisions / direct write offs	-	83
	<u>7,040,472</u>	<u>(452,870)</u>
	<u>1,677,978</u>	<u>1,831,249</u>
(Increase) / Decrease in operating assets		
Lendings to financial institutions	(851,023)	6,981,926
Net investment in held for trading securities	-	(154,432)
Advances	(16,582,567)	(17,309,402)
Other assets	(283,665)	(487,001)
	<u>(17,717,255)</u>	<u>(10,968,909)</u>
Increase / (decrease) in operating liabilities		
Bills payable	21,280	590,948
Borrowings from financial institutions	(980,195)	13,742,852
Deposits and other accounts	(11,144,903)	34,240,043
Liability against assets subject to finance lease	(4,686)	(10,924)
Other liabilities (excluding current taxation)	873,136	682,066
	<u>(11,235,368)</u>	<u>49,244,985</u>
Income tax paid	(219,206)	(566,880)
<b>Net cash flows from operating activities</b>	<u>(27,493,851)</u>	<u>39,540,445</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from held to maturity securities-Net	136,384	34,644
Net investment in available for sale securities	32,209,620	(32,850,075)
Dividend income	448,458	57,599
Investment in operating fixed assets	(222,229)	(1,448,033)
Sale proceeds of property and equipment disposed off	825	1,742
<b>Net cash flows from investing activities</b>	<u>32,573,058</u>	<u>(34,204,123)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts/ (Payments) of sub-ordinated loan	-	-
Issue of share capital	-	-
Dividend paid	-	-
<b>Net cash flows from financing activities</b>	<u>-</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>	<u>5,079,207</u>	<u>5,336,322</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>16,137,964</u>	<u>18,276,948</u>
<b>Cash and cash equivalents at end of the period</b>	<u>21,217,171</u>	<u>23,613,270</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	19,254,331	17,746,369
Balances with other banks	2,106,677	3,766,901
Money at call lending	-	2,100,000
Overdrawn nostro accounts	(141,351)	-
Other overdrawn bank accounts	(2,486)	-
	<u>21,217,171</u>	<u>23,613,270</u>

The annexed notes from 1 to 22 form an integral part of these interim condensed financial statements.

Chairman

President

Director

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED JUNE 30, 2008  
(Un-audited)**

	Share Capital	Statutory reserve	Capital Reserve		General reserve	Revenue Reserve	
			Share Premium	For issue of bonus shares		Unappropriated Profit	Total
( Rupees in thousand )							
<b>Balance as at January 01, 2007</b>	2,902,490	2,004,000	37,882	-	2,495,350	3,226,961	10,666,683
Transfer to reserve for issue of bonus shares	-	-	-	943,309	-	(943,309)	-
Issue of bonus shares	943,309	-	-	(943,309)	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated Profit - net of tax Profit for the half year ended June 30, 2007	-	-	-	-	-	2,933	2,933
						1,825,638	1,825,638
<b>Balance as at June 30, 2007</b>	3,845,799	2,004,000	37,882	-	2,495,350	4,112,223	12,495,254
Transfer to reserve for issue of bonus shares	-	-	-	384,580	-	(384,580)	-
Issue of bonus shares	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 Profit for the half year December 31, 2007	-	-	-	-	-	2,933	2,933
						2,628,380	2,628,380
<b>Balance as at January 01, 2008</b>	4,230,379	2,894,000	37,882	-	4,495,350	3,468,956	15,126,567
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 Loss for the half year ended June 30, 2008	-	-	-	-	-	2,786	2,786
						(2,619,945)	(2,619,945)
<b>Balance as at June 30, 2008</b>	<b>5,287,974</b>	<b>2,894,000</b>	<b>37,882</b>	<b>-</b>	<b>4,495,350</b>	<b>(205,798)</b>	<b>12,509,408</b>

The annexed notes from 1 to 22 form an integral part of these interim condensed financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED JUNE 30, 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. 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.

The figures of the interim condensed profit and loss account for the quarters ended June 30, 2007 and 2008 and the respective notes forming part thereof have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended June 30 2007 and 2008.

**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<sup>th</sup> of 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 Bank for the year ended December 31, 2007.

#### 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 December 31, 2007.

7. Lendings to Financial Institutions	(Un-audited) June 30, 2008	(Audited) December 31, 2007
	(Rupees in thousand)	
Call money lendings	-	1,000,000
Repurchase agreement lendings (Reverse Repo)	2,867,690	-
Certificates of Investment	333,333	500,000
Placements	100,000	950,000
	3,301,023	2,450,000

#### 8. Investments

Note	(Un-Audited) June 30, 2008			(Audited) December 31, 2007		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in thousand)					

##### 8.1 Investments By Types

###### Available-for-sale securities

Pakistan Market Treasury Bills	5,733,227	7,900,200	13,633,427	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	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-LoC	4,118,435	-	4,118,435	4,417,738	-	4,417,738
NIT units- Non LoC	518,873	-	518,873	-	-	-
Investment in funds	11,175,642	250,000	11,425,642	12,317,033	-	12,317,033
Term Finance Certificates (TFCs)	1,718,774	179,928	1,898,702	3,109,818	-	3,109,818

###### Held-to-maturity securities

Pakistan Market Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bonds	2,850,436	-	2,850,436	2,886,233	-	2,886,233
WAPDA Bonds	400	-	400	100,987	-	100,987

###### Total investments at cost

	27,399,416	8,330,128	35,729,544	57,013,777	11,831,304	68,845,081
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Less: Provision for diminution in value of investments	6,340	-	6,340	6,525	-	6,525
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<b>Investments - net of provisions</b>	27,393,076	8,330,128	35,723,204	57,007,252	11,831,304	68,838,556
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###### Surplus on revaluation of available-for-sale securities

	2,674,509	-	2,674,509	4,623,137	-	4,623,137
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<b>Total investments at market value</b>	27,393,076	8,330,128	38,397,713	61,630,389	11,831,304	73,461,693
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- 8.2** This represents units in respect of which the GoP had issued a Letter of Comfort 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. However, there has been no further development on the matter.
- 8.3** It includes the investments amounting to Rs. 200 million which were previously classified as Investments Held for Trading but reclassified in accordance with the decision of the ALCO due the prevailing economic situation due to which it was not be possible for the Bank to off-load this investment within the period of ninety days as prescribed by SBP.
- 8.4** The market value of securities classified as 'held to maturity ' amounted to Rs.2,478,714(December 31,2007;Rs 2,570,923 thousands) as at 30 June 2007.

	Note	(Un-audited) June 30, 2008	(Audited) December 31, 2007
(Rupees in thousand)			
<b>9. Advances</b>			
Loans, cash credits, running finances etc- in Pakistan	9.1	142,903,517	125,690,749
Net investment in finance lease- in Pakistan		4,106,147	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		3,349,176	3,730,205
Payable outside Pakistan		934,186	2,090,561
		<u>4,283,362</u>	<u>5,820,766</u>
		<u>153,118,026</u>	<u>136,535,561</u>
Provision for non-performing advances			
- Specific	9.3	(7,616,507)	(2,500,058)
- General	9.4	(2,656,513)	(136,360)
		<u>(10,273,020)</u>	<u>(2,636,418)</u>
		<u>142,845,006</u>	<u>133,899,143</u>

- 9.1** Advances include 8,403,447 thousands 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, a provision of Rs. 2,500,000 thousands has been made against these advances.

9.2 This represents a reverse repo transaction having maturity of 6 months and carries markup rate @ 12 % per annum with a non-financial institution.

9.3 Advances include Rs.10,262,808 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
<b>(Rupees in thousand)</b>					
Other assets especially mentioned	251,285	-	251,285	-	-
Substandard	1,518,625	-	1,518,625	378,136	378,136
Doubtful	2,377,149	-	2,377,149	1,184,818	1,184,818
Loss	6,055,749	-	6,055,749	6,053,553	6,053,553
	<u>10,202,808</u>	<u>-</u>	<u>10,202,808</u>	<u>7,616,507</u>	<u>7,616,507</u>

	Note	<b>(Un-audited) June 30, 2008</b>	(Audited) December 31, 2007
<b>(Rupees in thousand)</b>			
9.4. General Provision against			
- Lease portfolio acquired under settlement agreement		<b>100,000</b>	65,000
- Consumer financing	9.4.1	<b>56,513</b>	71,360
- Others	9.1	<b>2,500,000</b>	-
		<u><b>2,656,513</b></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.

## 10. Operating fixed assets

Capital work in progress		<b>211,463</b>	1,129,088
Property and equipment	10.1	<b>3,136,938</b>	2,105,488
Intangible assets		<b>27,068</b>	18,183
		<u><b>3,375,469</b></u>	<u>3,252,759</u>

10.1 During the period ended June 30, 2008 additions amounting to Rs 1,132,065 thousand (June 30, 2007: Rs. 1,424,043 thousand) have been made to property & equipment which includes transfer from Capital Work in Progress amounting to Rs. 995,677 thousand (June 30, 2007: Rs. 32,000 thousand).

During the period ended June 30, 2008, property and equipment having written down value of Rs 957 thousand (June 30, 2007: Rs.13,267 thousand) were disposed off.



		<b>(Un-audited)</b> <b>June 30,</b> <b>2008</b>	(Audited) December 31, 2007
	Note	<b>(Rupees in thousand)</b>	
<b>11. Deferred Tax Asset</b>			
<b>Deferred tax liabilities arising in respect of</b>			
- Accelerated depreciation		<b>(701,904)</b>	(518,889)
- Revaluation surplus		<b>(1,012,813)</b>	(1,719,309)
<b>Deferred tax assets arising in respect of</b>			
- Provision for loan losses	11.1	<b>4,228,014</b>	32,668
		<u><b>2,513,297</b></u>	<u>(2,205,530)</u>
<b>11.1</b>	In view of the recent changes in the Income Tax Ordinance 2001 made vide Finance Bill 2008, the Bank has recognized tax charge on the provision for doubtful debts which has resulted in deductible temporary difference.		
<b>12. Borrowings</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan under			
-Export refinance scheme		<b>4,094,567</b>	4,014,026
-Long term finance export oriented projects		<b>1,888,562</b>	1,985,393
Repurchase agreement borrowings	12.1	<b>8,129,591</b>	10,834,270
		<u><b>14,112,720</b></u>	<u>16,833,689</u>
<b>Unsecured</b>			
Call borrowings		<b>2,750,000</b>	750,000
Overdrawn nostro accounts		<b>141,351</b>	256,388
Other overdrawn bank accounts		<b>2,486</b>	2,838
		<u><b>17,006,557</b></u>	<u>17,842,915</u>
<b>12.1</b>	Markup is payable on borrowings under repurchase agreement is ranging from 9.50% per annum to 12% per annum ( 2007 : 8.88% per annum).		
<b>13. Deposits and other Accounts</b>			
<b>Customers</b>			
Fixed deposits		<b>74,213,603</b>	71,545,152
Savings deposits		<b>54,939,324</b>	65,394,990
Current accounts - non-remunerative		<b>23,429,478</b>	22,197,089
Sundry deposits, margin accounts etc.		<b>1,666,584</b>	1,398,852
		<u><b>154,248,989</b></u>	<u>160,536,083</u>
Financial institutions			
Remunerative		<b>26,255,034</b>	31,117,878
Non-remunerative		<b>319,451</b>	314,416
		<u><b>26,574,485</b></u>	<u>31,432,294</u>
		<u><b>180,823,474</b></u>	<u>191,968,377</u>

			<b>(Un-audited)</b>	(Audited)
			<b>June 30,</b>	December 31,
			<b>2008</b>	2007
			<b>(Rupees in thousand)</b>	
<b>13.1 Particulars of deposits</b>				
In local currency			<b>178,802,982</b>	190,135,032
In foreign currencies			<b>2,020,492</b>	1,833,877
			<b>180,823,474</b>	191,968,909
<b>14. Share Capital</b>				
	<b>June 30,</b>	December 31,	<b>(Un-audited)</b>	(Audited)
	<b>2008</b>	2007	<b>June 30,</b>	December 31,
	(No. of Shares)		<b>2008</b>	2007
			(Rupees in thousand)	
		<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>Issued, Subscribed and</b>		
		<b>paid up capital</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>		
<b>509,464,036</b>	403,704,561	Issued as bonus share	<b>5,094,641</b>	4,037,046
<b>528,797,376</b>	423,037,901		<b>5,287,974</b>	4,230,379
<b>15. Surplus on Revaluation of Assets</b>				
		<b>Surplus on revaluation of fixed assets-net of tax</b>	<b>920,218</b>	921,504
		<b>Surplus on revaluation of securities-net of tax</b>	<b>1,718,705</b>	2,963,837
			<b>2,638,923</b>	3,885,341
<b>15.1 Surplus on revaluation of securities-net of tax</b>				
		Federal and Provincial Government securities	<b>(147,783)</b>	(88,821)
		Quoted securities	<b>55,663</b>	(3,561)
		Other securities	<b>2,766,629</b>	4,715,519
			<b>2,674,509</b>	4,623,137
		Less;		
		Deferred Tax	<b>(955,804)</b>	(1,659,300)
			<b>1,718,705</b>	2,963,837
<b>16. Contingencies and Commitments</b>				
<b>16.1 Direct Credit Substitutes</b>				
		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>June 30,</b> <b>2008</b> <b>(Rupees in thousand)</b>	(Audited) December 31, 2007
Government	-	-
Banks and financial institutions	<b>10,745</b>	-
Others	<b>8,773,571</b>	7,425,344
	<b>8,784,316</b>	7,425,344
<b>16.2 Transaction related contingent liabilities</b>		
These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favour of:		
Government	<b>1,244,907</b>	274,488
Banks and financial institutions	<b>24,701</b>	17,217
Others	<b>19,323,092</b>	20,815,572
	<b>20,592,700</b>	21,107,277
<b>16.3 Trade related contingent liabilities</b>		
Government	<b>1,459,168</b>	1,396,221
Financial institutions	<b>13,235</b>	58,828
Others	<b>19,960,113</b>	27,319,056
	<b>21,432,516</b>	28,774,105
<b>16.4 Other contingencies</b>		
Claims against the Bank not acknowledged as debt	<b>1,499,264</b>	1,425,999
<b>16.5 Commitments for sale of securities</b>	<b>-</b>	-
<b>16.6 Commitments in respect of forward exchange contracts</b>		
Purchase	<b>1,551,660</b>	627,392
Sale	<b>1,408,406</b>	2,597,353
Call borrowing	-	1,000,000
	<b>2,960,066</b>	4,224,745
<b>16.7 Commitments for the acquisition of operating fixed assets</b>	<b>-</b>	31,825

## 17. Segment Details With Respect To Business Activities

The segment analysis with respect to business activity is as follows:-

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services
	Rupees in '000'				
<b>2008</b>					
Total income	3,073,803	705,642	7,823,571	92,253	7,998
Total expenses	(2,416,841)	(581,222)	(13,608,955)	(9,465)	(821)
Net income	656,962	124,420	(5,785,384)	82,788	7,177
Segment Assets (Gross)	53,212,125	9,883,907	135,675,776	-	-
Segment Non Performing Loans	25,400	1,063,071	9,139,737	-	-
Segment Provision Required	6,340	594,722	8,425,618	-	-
Segment Liabilities	53,212,125	9,883,907	135,675,776	-	-
Segment Return on net Assets (ROA) (%)	5.78	7.14	5.77	N/A	N/A
Segment Cost of funds (%)	4.54	5.88	10.03	N/A	N/A
<b>2007</b>					
Total income	2,994,212	708,543	6,229,177	81,664	13,899
Total expenses	(1,214,711)	(618,858)	(5,845,330)	(8,282)	(1,404)
Net income	1,779,501	89,685	383,847	73,382	12,495
Segment Assets (Gross)	19,327,414	10,426,399	97,290,577	-	-
Segment Non Performing Loans	6,440	475,210	1,870,544	-	-
Segment Provision Required	6,440	301,227	943,129	-	-
Segment Liabilities	19,327,414	10,426,399	97,290,577	-	-
Segment Return on net Assets (ROA) (%)	15.49	6.80	6.40	N/A	N/A
Segment Cost of funds (%)	6.28	5.94	6.01	N/A	N/A

### Mapping criteria

Segment Assets have been presented as weighted average balances during the year. Return on net assets has been calculated on the basis of weighted average of segment-wise assets deployed during the period. Cost of funds has been calculated on the basis of weighted average of segment-wise liabilities outstanding during the period. Income and expenses have been pro-rated on the basis of management's professional judgment and mapping policy of the same has been approved by the Assets and Liabilities Committee (ALCO). Common expenses have been allocated to segments on the basis of total income.

## 18. 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.

	(Un-audited) June 30, 2008 (Rupees in thousand)	(Audited) December 31, 2007
<b>First Punjab Modaraba</b>		
<b>(Modaraba floated by the wholly owned subsidiary of the Bank)</b>		
Advances		
Outstanding at beginning of the period	452,211	564,979
Made during the period	2,262,241	3,969,298
Repaid/matured during the period	(1,932,456)	(4,082,067)
Outstanding at the end of the period	<u>781,996</u>	<u>452,210</u>
Mark-up/return earned	57,310	30,031
Deposits in current account	7,199	1,215
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	(4,686)	(14,052)
Outstanding at the end of the period	<u>35,635</u>	<u>40,321</u>
<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	117,673	42,731
Markup paid	1,893	436
<b>AMTEX (Private) Limited *</b>		
<b>(Common directorship)</b>		
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
<b>Colony Mills Limited *</b>		
<b>(Common directorship)</b>		
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

	<b>(Un-audited)</b> <b>June 30,</b> <b>2008</b> <b>(Rupees in thousand)</b>	(Audited) December 31, 2007
<b>Ejaz Textile Mills Limited *</b>		
<b>(Common directorship)</b>		
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	-	499,875
Mark-up/return earned	-	3,558
<b>Ejaz Spinning Mills Limited *</b>		
<b>(Common directorship)</b>		
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	-	174,618
Mark-up/return earned	-	3,086
<b>Chenab Limited *</b>		
<b>(Common directorship)</b>		
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	-	782,386
Mark-up/return earned	-	11,409
<b>Transactions with Key Management Personnel /</b>		
<b>Directors Salaries and benefits paid</b>	<b>13,584,835</b>	41,023,382

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

	<b>(Un-audited) June 30, 2008 (Rupees in thousand)</b>	(Audited) December 31, 2007
<b>Contribution to Employees Provident Fund</b>	<b>19,950</b>	16,282

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.

## 19. Taxation

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

## 20. Earnings Per Share - Basic and Diluted

	<b>Quarter ended June 30, 2008</b>	<b>Half Year ended June 30, 2008</b>	Quarter ended June 30, 2007	Half Year ended June 30, 2007
Profit after taxation (Rupees in '000)	<u>474,115</u>	<u>(2,619,945)</u>	<u>1,044,832</u>	<u>1,825,638</u>
Weighted average number of ordinary shares in ('000)	<u>528,797</u>	<u>528,797</u>	<u>528,797</u>	<u>528,797</u>
Earnings per share - Basic and diluted (Rupees)	<u>0.90</u>	<u>(4.95)</u>	<u>1.98</u>	<u>3.45</u>

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

## 21. Date of Authorization for Issue

The Financial Statements were authorized for issuance on August 26, 2008 by the Board of Directors of the Bank.

## 22. General

Figures have been rounded off to the nearest thousand.

Chairman

President

Director

Director

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