



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2009**

The Bank of Punjab Group
Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2009

		(Un-audited) 30 June 2009	(Audited) 31 December 2008
	Note	(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		13,100,754	10,685,058
Balances with other banks		4,218,507	2,178,455
Lendings to financial institutions	6	9,432,650	633,333
Investments	7	51,894,016	22,689,608
Advances	8	114,937,954	131,724,113
Operating fixed assets	9	3,480,129	3,471,838
Deferred tax assets	10	12,932,704	8,388,162
Other assets		6,229,443	6,122,406
		216,226,157	185,892,973
LIABILITIES			
Bills payable		1,852,206	1,219,801
Borrowings	11	10,009,803	12,278,773
Deposits and other accounts	12	194,008,059	164,071,732
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		26,165	30,632
Deferred tax liabilities		-	-
Other liabilities		5,557,649	4,564,481
		211,453,882	182,165,419
NET ASSETS		4,772,275	3,727,554
REPRESENTED BY			
Share capital	13	5,287,974	5,287,974
Reserves		37,882	7,427,232
Accumulated loss		(10,235,238)	(7,674,257)
		(4,909,382)	5,040,949
Share deposit money	14	10,000,000	-
		5,090,618	5,040,949
Deficit on revaluation of assets *	15	(318,343)	(1,313,395)
		4,772,275	3,727,554
Contingencies and commitments	16		

* The above deficit on revaluation of assets includes an impairment loss (net of tax) of Rs 557.018 million in respect of listed equity securities / mutual funds held under 'Available-for-sale' category of investments in accordance with the treatment allowed under BSD Circular No. 04 dated 13 February 2009 of the SBP. The said impairment loss has been determined on the basis of valuation of such listed equity securities / mutual funds using the market prices quoted on the stock exchange / net asset values as of 30 June 2009. Had the impairment loss been charged to profit and loss account, deficit on revaluation of assets would have been lower by Rs. 557.018 million and loss per share would have increased by Rs. 1.05.

The annexed notes from 1 to 21 form an integral part of this interim condensed consolidated financial information.

The Bank of Punjab Group
Interim Condensed Consolidated Profit and Loss Account
For the Six Months Ended 30 June 2009 (Un-audited)

	Three Months Ended 30 June 2009	Six Months Ended 30 June 2009	Three Months Ended 30 June 2008	Six Months Ended 30 June 2008
	(Rupees in thousand)			
Mark-up/Return/Interest Earned	3,477,815	6,682,955	4,884,859	9,705,936
Mark-up/Return/Interest Expensed	4,600,890	9,060,467	3,721,023	7,731,742
Net Mark-up/Return/Interest (loss) / Income	(1,123,075)	(2,377,512)	1,163,836	1,974,194
Provision against non-performing loans and advances-net	7,045,753	11,327,254	2,351,901	7,636,704
Provision / (Reversal) for diminution in the value of investments	352,606	691,939	-	(185)
Bad debts written off directly	-	-	-	-
	7,398,359	12,019,193	2,351,901	7,636,519
Net Mark-up/Return/Interest loss after provisions	(8,521,434)	(14,396,705)	(1,188,065)	(5,662,325)
NON MARK-UP/INTEREST INCOME				
Fee, commission and brokerage income	132,290	283,916	174,952	313,383
Dividend income	108,632	182,273	226,977	448,458
Income from dealing in foreign currencies	50,207	84,449	120,492	210,124
Gain on sale and redemption of securities	4,972	8,823	297,171	733,787
Unrealized loss on revaluation of investments classified as held for trading	-	-	(22,359)	-
Other income	121,126	241,715	152,802	291,579
Total non-markup/interest income	417,227	801,176	950,035	1,997,331
	(8,104,207)	(13,595,529)	(238,030)	(3,664,994)
NON MARK-UP/INTEREST EXPENSES				
Administrative expenses	713,978	1,405,341	636,463	1,176,354
Other provisions/write offs/reversals	-	-	-	-
Other charges	89	159	72,582	72,688
Total non-markup/interest expenses	714,067	1,405,500	709,045	1,249,042
	(8,818,274)	(15,001,029)	(947,075)	(4,914,036)
Extra ordinary/unusual items	-	-	-	-
LOSS BEFORE TAXATION	(8,818,274)	(15,001,029)	(947,075)	(4,914,036)
Taxation - Current	-	-	637,942	667,740
- Prior years	83,050	83,050	1,052,000	1,052,000
- Deferred	(3,088,790)	(5,129,997)	(3,111,132)	(4,013,831)
	(3,005,740)	(5,046,947)	(1,421,190)	(2,294,091)
(LOSS) / PROFIT AFTER TAXATION	(5,812,534)	(9,954,082)	474,115	(2,619,945)
(Loss) / Earnings per share -Basic and diluted (Rupees) - Note 17	(10.99)	(18.82)	0.90	(4.95)

The profit for the period does not include impairment loss (net of tax) of Rs 557.018 million in respect of listed equity securities / mutual funds held under 'Available-for-sale' category of investments in accordance with the treatment allowed under BSD Circular No. 04 dated 13 February 2009 of the SBP. The said impairment loss has been determined on the basis of valuation of such listed equity securities / mutual funds using the market prices quoted on the stock exchange / net asset values as of 30 June 2009 and has been taken to 'deficit on revaluation of assets' account as shown in the balance sheet. Had the impairment loss been charged to profit and loss account, loss after tax for the period would have been higher by Rs. 557.018 million and loss per share would have increased by Rs. 1.05.

The annexed notes from 1 to 21 form an integral part of this interim condensed consolidated financial information.

President

Director

The Bank of Punjab Group
Interim Condensed Consolidated Statement of Comprehensive Income
For the Six Months Ended 30 June 2009 (Un-audited)

	Three Months Ended 30 June 2009	Six Months Ended 30 June 2009	Three Months Ended 30 June 2008	Six Months Ended 30 June 2008
	(Rupees in thousand)			
(Loss) / Profit after taxation	(5,812,534)	(9,954,082)	474,115	(2,619,945)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income	<u><u>(5,812,534)</u></u>	<u><u>(9,954,082)</u></u>	<u><u>474,115</u></u>	<u><u>(2,619,945)</u></u>

The annexed notes from 1 to 21 form an integral part of this interim condensed consolidated financial information.

President

Director

The Bank of Punjab Group
Interim Condensed Consolidated Cash Flow Statement
For the Six Months Ended 30 June 2009 (Un-audited)

	Six Months Ended 30 June 2009	Six Months Ended 30 June 2008
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(15,001,029)	(4,914,036)
Less: Dividend income	(182,273)	(448,458)
	<u>(15,183,302)</u>	<u>(5,362,494)</u>
Adjustments for non-cash charges:		
Depreciation	146,552	53,898
Amortization on intangible assets	6,490	48,407
Amortization on premium of Pakistan Investment Bonds	35,814	35,797
Provision against non-performing advances	11,327,254	7,636,704
Provision / (Reversal) for diminution in value of investments	691,939	(185)
Provision for employees compensated absences	13,990	-
Provision for gratuity	18,521	-
Net profit on sale of property and equipment	(76)	(825)
Gain on sale and redemption of securities	(8,823)	(733,787)
Provision for workers welfare fund	-	36,260
Financial charges on leased assets	1,953	2,066
	<u>12,233,614</u>	<u>7,078,335</u>
	(2,949,688)	1,715,841
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(8,799,317)	(851,023)
Advances	5,458,905	(16,582,567)
Other assets	875,710	(283,665)
	<u>(2,464,702)</u>	<u>(17,717,255)</u>
Increase / (Decrease) in operating liabilities:		
Bills payable	632,405	21,280
Borrowings	(2,295,962)	(980,195)
Deposits and other accounts	29,936,327	(11,144,946)
Other liabilities	965,290	873,136
	<u>29,238,060</u>	<u>(11,230,725)</u>
	23,823,670	(27,232,139)
Financial charges paid	(1,953)	(2,066)
Income tax paid	(1,062,368)	(219,206)
Net cash flow from / (used in) operating activities	<u>22,759,349</u>	<u>(27,453,411)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(28,339,079)	32,209,620
Net investments in held-to-maturity securities	-	100,630
Dividends received	174,212	448,458
Investment in operating fixed assets	(162,967)	(222,229)
Sale proceeds of property and equipment disposed off	1,709	825
Net cash (used in) / flow from investing activities	<u>(28,326,125)</u>	<u>32,537,304</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money	10,000,000	-
Payment of lease obligations	(4,467)	(4,686)
Net cash flow from / (used in) financing activities	<u>9,995,533</u>	<u>(4,686)</u>
Net increase in cash and cash equivalents	<u>4,428,757</u>	<u>5,079,207</u>
Cash and cash equivalents at beginning of the period	12,705,282	16,137,964
Cash and cash equivalents at end of the period	<u>17,134,039</u>	<u>21,217,171</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	13,100,754	19,254,331
Balances with other banks	4,218,507	2,106,677
Overdrawn nostro accounts	(185,222)	(141,351)
Other overdrawn bank accounts	-	(2,486)
	<u>17,134,039</u>	<u>21,217,171</u>

The annexed notes from 1 to 21 form an integral part of this interim condensed consolidated financial information.

The Bank of Punjab Group
Interim Condensed Consolidated Statement of Changes in Equity
For the Six Months Ended 30 June 2009 (Un-audited)

	Capital Reserves			Revenue Reserves		Total	
	Share capital	Statutory reserve	Share premium	Reserve for issuance of bonus shares	General reserve		Unappropriated profit / (Accumulated loss)
	(Rupees in thousand)						
Balance as at 01 January 2008	4,230,379	2,894,000	37,882	-	4,495,350	3,468,956	15,126,567
Transfer to reserve for issuance of bonus shares	-	-	-	1,057,595	-	(1,057,595)	-
Issuance of bonus shares	1,057,595	-	-	(1,057,595)	-	-	-
Loss for the six months ended 30 June 2008	-	-	-	-	-	(2,619,945)	(2,619,945)
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	2,786	2,786
Balance as at 30 June 2008	5,287,974	2,894,000	37,882	-	4,495,350	(205,798)	12,509,408
Loss for the six months ended 31 December 2008	-	-	-	-	-	(7,464,995)	(7,464,995)
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	2,786	2,786
Reversal of excess management fee accrued during the period	-	-	-	-	-	(6,250)	(6,250)
Balance as at 31 December 2008	5,287,974	2,894,000	37,882	-	4,495,350	(7,674,257)	5,040,949
Transfer to unappropriated profit / (accumulated loss)	-	(2,894,000)	-	-	(4,495,350)	7,389,350	-
Loss for the six months ended 30 June 2009	-	-	-	-	-	(9,954,082)	(9,954,082)
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	3,751	3,751
Balance as at 30 June 2009	5,287,974	-	37,882	-	-	(10,235,238)	(4,909,382)

The annexed notes from 1 to 21 form an integral part of this interim condensed consolidated financial information.

President

Director

The Bank of Punjab Group
Notes to the Interim Condensed Consolidated Financial Information (Un-audited)
For the Six Months Ended 30 June 2009

1. Status and Nature of Business

- 1.1 The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) Limited. 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 19 September 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 272 branches (2008: 272 branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab.

Punjab Modaraba Services (Private) Limited is a wholly owned subsidiary of The Bank of Punjab and is primarily engaged in the business of floating and managing modarabas.

- 1.2 The paid-up capital, reserves (net of losses) and advance subscription money of the Group amounts to Rs. 5,090,618 thousand, as against the minimum regulatory capital requirement of Rs. 6,000,000 thousand and Capital Adequacy Ratio (CAR) remained below the prescribed level of 10%. Further, as at the close of the period ended 30 June 2009, net advances aggregating to Rs. 27,572,194 thousand requiring additional provision of Rs. 19,640,439 thousand there against, have not been subjected to provisioning criteria as prescribed in State Bank of Pakistan's (SBP) prudential regulations in view of the relaxation provided by SBP vide letter No. OSED/Div-01/SEU-03/010(1)-2012/568 dated 13 March 2012, on the basis of two Letters of Comfort (LOCs) issued by Government of the Punjab (GOPb) as explained in para below.

Government of the Punjab (GOPb) being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand as advance subscription money during the period and deposited additional Rs.7,000,000 thousand as advance subscription money during the year 2011 against future issue of shares by the Bank. Further, the GOPb vide two Letters of Comfort (LOCs) issued on 29 March 2012, has undertaken to inject the necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 5,800,000 thousand (net of tax @ 35%) and Rs.12,940,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending 31 December 2014 and 31 December 2016 respectively in event of the Bank failing to make provision of Rs.28,840,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning.

In addition, in terms of above LOC, the GOPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

Based on above, the State Bank of Pakistan has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations and exemption from applicable capital adequacy ratio (CAR) and minimum capital requirements for the years 2009, 2010, 2011 and 2012. However, the minimum level of CAR should not fall below 7% for the years 2011 and 2012. Further, the SBP has also agreed to allow above relaxations for the period of another 3 years including year 2012 based on examination of the business plan to be submitted by the Bank to the SBP by 30 June 2012.

On the basis of above enduring support of Government of the Punjab, actions as outlined above and the projections prepared by the Bank's management, which have been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. Statement of Compliance

This interim consolidated financial information has been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

SBP as per BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement and International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, The IFRS – 7 “Financial Instruments: Disclosures” has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of this interim financial information. However, investments have been classified in accordance with requirements prescribed by the SBP through various circulars.

“Balance Sheet” has been renamed as “Statement of Financial Position” keeping in view the requirement of BSD circular letter No. 7 of 2010 issued by the SBP.

The disclosures made in this interim consolidated financial information has, however, been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated 12 May 2004 and International Accounting Standard – 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2008.

3. Estimates

The preparation of interim consolidated financial information requires management 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 of accounting estimates adopted in the preparation of this interim condensed consolidated financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2008.

4. Summary of significant accounting policies

The accounting policies adopted in the preparation of this interim consolidated financial information are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2008.

In addition to above, the following new / revised standards, amendments and interpretations to accounting standards became effective during the period:

- IAS-1 - Presentation of Financial Statements (Revised)
- IAS-23 - Borrowing Costs (Revised)
- IAS-32 - Financial Instruments: Presentation – Amendments regarding Puttable Financial Instruments.
- IFRS-2 - Share-Based Payment – Vesting Conditions and Cancellations
- IFRS-8 - Operating Segments
- IFRIC-13 - Customer Loyalty Programs
- IFRIC-15 – Agreements for the Construction of Real Estate

Adoption of these standards / amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2008.

5. Financial Risk Management

The financial risk management objectives and policies by the Group are consistent with those disclosed in the annual consolidated financial statements of the Bank for the year ended 31 December 2008.

	(Un-audited) 30 June 2009 (Rupees in thousand)	(Audited) 31 December 2008
6. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	7,273,317	-
Certificates of investments	1,508,333	333,333
Placements	651,000	300,000
	9,432,650	633,333

7. INVESTMENTS

Note	(Un-audited) 30 June 2009			(Audited) 31 December 2008		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in thousand)					
	Available for sale securities					
Market Treasury Bills	28,657,822	1,524,253	30,182,075	1,280,647	665,841	1,946,488
Pakistan Investment Bonds	724,069	-	724,069	366,342	358,826	725,168
Government of Pakistan Ijara Sukuk Bonds	10,000	-	10,000	10,000	-	10,000
Ordinary Shares / Certificates of Listed Companies and Modarabas	358,967	-	358,967	358,967	-	358,967
Preference Shares of Listed Companies	210,908	-	210,908	210,908	-	210,908
Ordinary Shares of Unlisted Company	25,000	-	25,000	25,000	-	25,000
NIT Units	5,426,287	-	5,426,287	5,426,287	-	5,426,287
Mutual Fund Units	8,037,393	-	8,037,393	11,500,642	-	11,500,642
Listed Term Finance Certificates	718,526	-	718,526	431,834	-	431,834
Unlisted Term Finance Certificates	5,728,784	-	5,728,784	2,746,540	-	2,746,540
	Held to maturity securities					
Pakistan Investment Bonds	2,786,249	-	2,786,249	824,115	1,996,849	2,820,964
WAPDA Bonds	400	-	400	400	-	400
Total investment at cost	52,684,405	1,524,253	54,208,658	23,181,682	3,021,516	26,203,198
Less: Provision for diminution in value of investment	(780,593)	-	(780,593)	(395,282)	-	(395,282)
Investments net of provisions	51,903,812	1,524,253	53,428,065	22,786,400	3,021,516	25,807,916
Less: Deficit on revaluation of available for sale securities	(1,534,049)	-	(1,534,049)	(3,118,308)	-	(3,118,308)
Total investment at market value	50,369,763	1,524,253	51,894,016	19,668,092	3,021,516	22,689,608

- 7.1 This represents 190,260,484 units (31 December 2008: 190,260,484 units) in National Investment (Unit) Trust (NI(U)T)-LOC Holders' Fund measured at NAV of 30 June 2009 as announced by NIT. The Letter of Comfort (LOC) dated 30 June 2009 issued by the Federal Government, confirming facilitation to NITL in redeeming these units at a price of Rs. 13.70 per unit, expired on 31 December 2009.

The Ministry of Finance (MoF) vide letter No. F.4(2)-Inv.III/ 2000 dated 03 December 2009 advised a scheme for settlement of NI(U)T-LOC Holders Fund by distributing all assets to LOC holders after charging an agreed premium of 2.5%, except for shares held in Pakistan State Oil (PSO) and Sui Northern Gas Pipelines Limited (SNGPL) (Strategic Assets) which were to be taken over by the NBP for settlement of the balance claims of respective LOC Fund Holders.

Subsequent to the statement of financial position date, the Bank has recorded the redemption / disposal of 178,559,130 units against proportionate share of the Non-Strategic Assets. For remaining units attributable to Strategic Assets, the Bank has agreed the market value of these shares as of 13 October 2010 for redemption of these units. The Bank has not yet received the funds against these units. However, as per the terms agreed amongst the LOC Unit Holders, the remaining holding of the Bank have been valued based on the proportionate share of the Bank as per the audited financial statements of the fund. Accordingly, the investment in LOC Holders' Fund has been derecognized and shown as receivable from NITL in 2011.

- 7.2 As per BSD 23/2008 dated 13 October 2008 securities classified as held to maturity cannot be sold. However, these can be used for borrowing under SBP repo facility / discount window. Market value of held to maturity investments is Rs. 2,330,349 thousand (31 December 2008: Rs.2,807,364 thousand).

	Note	(Un-audited) 30 June 2009 (Rupees in thousand)	(Audited) 31 December 2008
8. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		141,402,735	144,472,801
Net investment in finance lease - in Pakistan		3,120,161	3,607,444
Repurchase agreement lendings to Non Financial Institutions		1,825,000	2,325,000
Bills discounted and purchased (excluding treasury bills)			
-Payable in Pakistan		854,742	1,140,793
-Payable outside Pakistan		556,646	1,673,168
		<u>1,411,388</u>	<u>2,813,961</u>
Advances - gross		147,759,284	153,219,206
Provision for non-performing advances			
-Specific	8.1 & 8.2	(32,787,464)	(21,447,458)
-General	8.3	(33,866)	(47,635)
		<u>(32,821,330)</u>	<u>(21,495,093)</u>
Advances - net of provision		<u>114,937,954</u>	<u>131,724,113</u>

8.1 Provision against certain net advances amounting to Rs. 27,572,194 (thousand) {31 December 2008:Rs.12,300,000 (thousand)} requiring additional provisioning of Rs. 19,640,439 (thousand) has not been considered necessary in this interim financial information on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.

8.2 Advances include Rs. 73,581,920 (thousand) {31 December 2008: Rs. 42,689,337 (thousand)} which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) 30 June 2009			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other assets especially mentioned	1,276,957	-	1,276,957	-	-
Substandard	7,634,140	-	7,634,140	1,663,202	1,663,202
Doubtful	19,751,069	-	19,751,069	7,029,391	7,029,391
Loss	44,919,754	-	44,919,754	24,094,871	24,094,871
	<u>73,581,920</u>	<u>-</u>	<u>73,581,920</u>	<u>32,787,464</u>	<u>32,787,464</u>

8.3 General provision includes provision against consumer financing portfolio as required by the Prudential Regulations issued by the SBP.

	(Un-audited) 30 June 2009 (Rupees in thousand)	(Audited) 31 December 2008
9. OPERATING FIXED ASSETS		
Capital work in progress	118,210	219,800
Property and equipment	3,359,064	3,244,526
Intangible assets	2,855	7,512
	<u>3,480,129</u>	<u>3,471,838</u>

10. DEFERRED TAX ASSETS

Based on the future projections, the Management expects that the future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

	(Un-audited) 30 June 2009	(Audited) 31 December 2008		(Un-audited) 30 June 2009	(Audited) 31 December 2008
(Rupees in thousand)					
11. BORROWINGS					
Secured					
Borrowings from SBP					
-Export refinance scheme	6,520,687	6,372,098			
-LTF-export oriented projects	1,558,058	1,585,019			
-LTFF	221,583	92,585			
Repurchase agreement borrowings	1,524,253	3,695,841			
	<u>9,824,581</u>	<u>11,745,543</u>			
Unsecured					
Call borrowings	-	375,000			
Overdrawn nostro accounts	185,222	158,230			
	<u>185,222</u>	<u>533,230</u>			
	<u>10,009,803</u>	<u>12,278,773</u>			
12. DEPOSITS AND OTHER ACCOUNTS					
Customers					
Fixed deposits	79,716,181	72,543,702			
Savings deposits	75,218,564	52,124,619			
Current Accounts	27,015,092	19,742,600			
Sundry deposits, margin accounts, etc.	1,659,927	1,379,488			
	<u>183,609,764</u>	<u>145,790,409</u>			
Financial Institutions					
Remunerative deposits	9,857,355	18,204,162			
Non-remunerative deposits	540,940	77,161			
	<u>10,398,295</u>	<u>18,281,323</u>			
	<u>194,008,059</u>	<u>164,071,732</u>			
12.1 Particulars of deposits					
In local currency	192,851,325	161,997,173			
In foreign currencies	1,156,734	2,074,559			
	<u>194,008,059</u>	<u>164,071,732</u>			
13. SHARE CAPITAL					
	(Un-audited) 30 June 2009	(Audited) 31 December 2008		(Un-audited) 30 June 2009	(Audited) 31 December 2008
	(No. of shares)				
	<u>1,000,000,000</u>	<u>1,000,000,000</u>	Authorized	<u>10,000,000</u>	<u>10,000,000</u>
			Ordinary shares of Rs. 10/- each		
			Issued, Subscribed and Paid up Capital		
	19,333,340	19,333,340	Ordinary shares of Rs. 10/- each paid in cash	193,333	193,333
			Bonus shares		
	509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
	<u>528,797,376</u>	<u>528,797,376</u>		<u>5,287,974</u>	<u>5,287,974</u>
13.1 Government of the Punjab (GOPb) held 51% shares in the Bank as at 30 June 2009 (31 December 2008: 51 %).					
14. SHARE DEPOSIT MONEY					
The Bank has received Rs.10,000,000 (thousand) from Government of the Punjab (GOPb) as advance subscription money as explained in Note 1.2. Return on share deposit money is payable at the rate equal to 3 months weighted average T-Bill rate applicable during the period.					

	Note	(Un-audited) 30 June 2009 (Rupees in thousand)	(Audited) 31 December 2008
15. DEFICIT ON REVALUATION OF ASSETS			
Surplus on revaluation of fixed assets - net of tax		878,991	910,866
Deficit on revaluation of securities - net of tax	15.1	<u>(1,197,334)</u>	<u>(2,224,261)</u>
		<u>(318,343)</u>	<u>(1,313,395)</u>
15.1 Deficit on revaluation of securities			
Deferred tax		<u>(1,534,049)</u>	<u>(3,118,308)</u>
		<u>336,715</u>	<u>894,047</u>
		<u>(1,197,334)</u>	<u>(2,224,261)</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:			
		(Un-audited) 30 June 2009 (Rupees in thousand)	(Audited) 31 December 2008
Financial institutions		-	5,366
Others		<u>4,907,929</u>	<u>5,864,887</u>
		<u>4,907,929</u>	<u>5,870,253</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:			
		(Un-audited) 30 June 2009 (Rupees in thousand)	(Audited) 31 December 2008
Government		1,899,244	3,016,907
Financial institutions		222,371	182,681
Others		<u>13,560,934</u>	<u>16,980,271</u>
		<u>15,682,549</u>	<u>20,179,859</u>
16.3 Trade related contingent liabilities			
Government		1,979,242	1,753,256
Financial institutions		-	1,921
Others		<u>13,708,132</u>	<u>19,059,466</u>
		<u>15,687,374</u>	<u>20,814,643</u>
16.4 Other contingencies			
Claims against the Bank not acknowledged as debt		<u>2,647,885</u>	<u>1,488,764</u>

16.5 Income tax related contingency

For the tax year 2007, the department has amended the assessment on certain issues against which the Bank filed an appeal before Commissioner of Inland Revenue Appeals {(CIR (A))}. CIR (A) has deleted addition under the head “provision for compensated absences” while confirmed others. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIR (A). The expected tax liability which may arise in respect of aforesaid tax year amounts to Rs. 333,727 thousands. The Management of the Bank, based on the past case history of the Bank and on advice of its tax consultant, is confident that the appeal filed for the aforementioned tax year will be decided in the Bank’s favor.

	(Un-audited) 30 June 2009 (Rupees in thousand)	(Audited) 31 December 2008
16.6 Commitments in respect of forward exchange contracts		
Purchase	620,999	1,166,728
Sale	2,953,199	1,423,981
	<u>3,574,198</u>	<u>2,590,709</u>
16.7 Commitments for the acquisition of operating fixed assets	<u>18,588</u>	<u>38,387</u>

17. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	----- (Un-audited) -----			
	Three Months Ended 30 June 2009	Six Months Ended 30 June 2009	Three Months Ended 30 June 2008	Six Months Ended 30 June 2008
(Loss) / Profit after taxation (Rupees in thousand)	<u>(5,812,534)</u>	<u>(9,954,082)</u>	474,115	<u>(2,619,945)</u>
Weighted Average Number of Ordinary Shares (thousand)	<u>528,797</u>	<u>528,797</u>	528,797	<u>528,797</u>
(Loss) / Earnings per share - Basic and Diluted (Rupees)	<u>(10.99)</u>	<u>(18.82)</u>	0.90	<u>(4.95)</u>

18. 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	Total
Six Months Ended						
30 June 2009 (Un-audited)						
	(Rupees in thousand)					
Total income	1,625,079	715,350	4,990,205	117,358	36,139	7,484,131
Total expenses	1,270,879	1,842,296	19,343,357	22,043	6,585	22,485,160
Income Taxes	-	-	-	-	-	(5,046,947)
Net income / (loss)	354,200	(1,126,946)	(14,353,152)	95,315	29,554	(9,954,082)
Segment Assets (Gross)	77,911,868	10,245,378	149,210,392	-	-	237,367,638
Segment Non Performing Advances / Investments	780,593	2,549,445	71,032,475	-	-	74,362,513
Segment Provision Required	780,593	903,961	31,917,369	-	-	33,601,923
Segment Liabilities	8,662,678	31,838,705	170,952,499	-	-	211,453,882
Segment Return on net Assets (ROA) (%)	7.48%	10.19%	7.28%			
Segment Cost of funds (%)	3.63%	5.68%	5.86%			
Six Months Ended						
30 June 2008 (Un-audited)						
Total income	3,064,088	717,760	7,805,495	92,253	7,998	11,687,594
Total expenses	1,490,611	426,571	14,683,270	9,810	850	16,611,112
Income Taxes	-	-	-	-	-	(2,295,012)
Net income / (loss)	1,573,477	291,189	(6,877,775)	82,443	7,148	(2,628,506)
Segment Assets (Gross)	63,434,133	12,756,212	149,381,253	-	-	225,571,598
Segment Non Performing Advances / Investments	25,400	1,123,071	9,139,737	-	-	10,288,208
Segment Provision Required	6,340	594,722	9,678,298	-	-	10,279,360
Segment Liabilities	38,130,402	7,397,874	156,827,544	8,078	700	202,364,598
Segment Return on net Assets (ROA) (%)	4.83%	5.90%	5.59%			
Segment Cost of funds (%)	3.91%	5.77%	9.36%			

19. 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.

	(Un-audited)	(Audited)
	30 June	31 December
	2009	2008
	(Rupees in thousand)	
First Punjab Modaraba		
(Modaraba floated by the wholly owned subsidiary of the Bank)		
Advances		
Outstanding at beginning of the period / year	1,041,116	452,210
Made during the period / year	2,367,275	4,758,153
Repaid/matured during the period / year	(2,394,984)	(4,169,247)
Outstanding at the end of the period / year	<u>1,013,407</u>	<u>1,041,116</u>
Deposits in current account	<u>1,173</u>	<u>3,113</u>
Placement		
Outstanding at beginning of the period / year	300,000	-
Made during the period / year	600,000	1,100,000
Repaid/matured during the period / year	(600,000)	(800,000)
Outstanding at the end of the period / year	<u>300,000</u>	<u>300,000</u>
Lease liability		
Outstanding at beginning of the period / year	30,632	40,321
Repayments of lease rentals	(4,467)	(9,689)
Outstanding at the end of the period / year	<u>26,165</u>	<u>30,632</u>
Key Management Personnel		
Deposits		
Opening balances	5,956	1,688
Received during the period / year	45,964	64,511
Withdrawal during the period / year	(46,169)	(60,575)
Closing Balances	<u>5,751</u>	<u>5,624</u>
Bankers Avenue Co-operative Housing Society		
(A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	<u>12,857</u>	<u>6,004</u>

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		(Un-audited)	
		Six Months	Six Months
		Ended	Ended
		30 June	30 June
		2009	2008
		(Rupees in thousand)	
First Punjab Modaraba			
(Modaraba floated by the wholly owned subsidiary of the Bank)			
Advances			
	Mark-up/return earned	<u>67,063</u>	<u>57,310</u>
Placement			
	Mark-up/return earned	<u>35,505</u>	<u>-</u>
Key Management Personnel			
Deposits			
	Mark-up / interest expensed	<u>77</u>	<u>58</u>
Contribution to employees provident fund		<u>21,924</u>	<u>19,950</u>

Although Government of the Punjab (GOPb) holds 51% shares of the Bank (31 December 2008: 51%) transactions with GOPb have not been treated party transactions for the purpose of this disclosure.

20. DATE OF AUTHORIZATION FOR ISSUE

The interim consolidated financial information was authorized for issuance on May 29, 2012 by the Board of Directors of the Bank.

21. GENERAL

- 21.1** Figures of the profit and loss accounts for the three months ended 30 June 2009 and 30 June 2008 have not been subject to limited scope review by the auditors.
- 21.2** The corresponding figures have been restated, where necessary, for the purpose of comparison. However, no significant reclassification has been made during the period.
- 21.3** Figures have been rounded off to the nearest thousand.

President

Director