



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2009**

THE BANK OF PUNJAB GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2009 (UN-AUDITED)

		(Un-audited) March 31, 2009	(Audited) December 31, 2008
	<i>NOTE</i>	(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		9,170,554	10,685,058
Balances with other banks		1,332,270	2,178,455
Lendings to financial institutions	5	3,632,537	633,333
Investments	6	25,594,617	22,689,608
Advances	7	122,034,058	131,724,113
Operating fixed assets	8	3,464,665	3,471,838
Deferred tax assets	9	10,129,849	8,388,162
Other assets		5,997,842	6,122,406
		181,356,392	185,892,973
LIABILITIES			
Bills payable		854,595	1,219,801
Borrowings	10	7,542,290	12,278,773
Deposits and other accounts	11	169,235,732	164,071,732
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		28,457	30,632
Deferred tax liabilities		-	-
Other liabilities		3,598,504	4,564,481
		181,259,578	182,165,419
NET ASSETS		96,814	3,727,554
REPRESENTED BY			
Share capital	12	5,287,974	5,287,974
Reserves		7,427,232	7,427,232
Accumulated loss		(11,813,930)	(7,674,257)
		901,276	5,040,949
Deficit on revaluation of assets	13	(804,462)	(1,313,395)
		96,814	3,727,554
Contingencies and commitments	14		

The annexed notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 13.1.

President

Director

THE BANK OF PUNJAB GROUP
INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	Quarter ended March 31, 2009	Quarter ended March 31, 2008
	(Rupees in thousand)	
Mark-up/Return/Interest Earned	3,205,140	4,821,077
Mark-up/Return/Interest Expended	4,459,577	4,010,719
Net Mark-up/ Interest Income	(1,254,437)	810,358
Provision against non-performing loans and advances-net	4,281,501	5,284,803
Provision / (Reversal) for diminution in the value of investments	339,333	(185)
Bad debts written off directly	-	-
	4,620,834	5,284,618
Net Mark-up/ Interest income after provisions	(5,875,271)	(4,474,260)
NON MARK-UP/INTEREST INCOME		
Fee, commission and brokerage income	151,626	138,431
Dividend income	73,641	221,481
Income from dealing in foreign currencies	34,242	89,632
Gain on sale and redemption of securities	3,851	436,616
Unrealized gain on revaluation of investments classified as held for trading	-	22,359
Other income	120,589	138,777
Total non-markup/interest income	383,949	1,047,296
	(5,491,322)	(3,426,964)
NON MARK-UP/INTEREST EXPENSES		
Administrative expenses	691,363	539,891
Other provisions/write offs/reversals	-	-
Other charges	70	106
Total non-markup/interest expenses	691,433	539,997
LOSS BEFORE TAXATION	(6,182,755)	(3,966,961)
Taxation - Current	-	29,798
- Prior years	-	-
- Deferred	(2,041,207)	(902,699)
	(2,041,207)	(872,901)
LOSS AFTER TAXATION	(4,141,548)	(3,094,060)
Loss per share -Basic and diluted (Rupees)	(7.83)	(5.85)

The annexed notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 13.1.

President

Director

THE BANK OF PUNJAB GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	Quarter ended March 31, 2009	Quarter ended March 31, 2008
	Rupees in '000'	
Loss after taxation	(4,141,548)	(3,094,060)
Other comprehensive income	-	-
Total comprehensive loss	<u>(4,141,548)</u>	<u>(3,094,060)</u>

The annexed notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

President

Director

THE BANK OF PUNJAB GROUP
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	Quarter ended March 31, 2009	Quarter ended March 31, 2008
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(6,182,755)	(3,966,961)
Less: Dividend income	(73,641)	(221,481)
	<u>(6,256,396)</u>	<u>(4,188,442)</u>
Adjustments:		
Depreciation	82,973	23,029
Amortization on intangible assets	3,266	-
Amortization on premium of Pakistan Investment Bonds	17,810	-
Provision against non-performing advances	4,281,501	5,284,803
Provision / (Reversal) for diminution in value of investments	339,333	(185)
Provision for employees compensated absences	7,000	-
Provision for gratuity	10,000	-
Net profit on sale of property and equipment	(232)	(1,051)
Gain on sale and redemption of securities	(3,851)	(458,975)
Financial charge on leased assets	1,085	-
	<u>4,738,885</u>	<u>4,847,621</u>
	<u>(1,517,511)</u>	<u>659,179</u>
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(2,999,204)	(1,865,347)
Advances	5,409,571	(10,869,512)
Other assets (excluding advance taxation)	529,878	(967,268)
	<u>2,940,245</u>	<u>(13,702,127)</u>
Increase / (Decrease) in operating liabilities:		
Bills payable	(365,206)	(39,382)
Borrowings from financial institutions	(4,780,278)	(1,300,005)
Deposits and other accounts	5,164,000	(4,589,138)
Other liabilities	(982,576)	211,346
	<u>(964,060)</u>	<u>(5,717,179)</u>
	<u>1,976,185</u>	<u>(19,419,306)</u>
Income tax paid	(401,533)	(522,446)
Financial charges paid	(1,085)	-
Net cash generated from / (used in) operating activities	<u>56,056</u>	<u>(19,282,573)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(2,447,970)	18,369,675
Net investments in held to maturity securities	-	-
Dividends received	68,443	221,481
Investment in operating fixed assets	(79,749)	(94,532)
Sale proceeds of property and equipment disposed off	911	1,051
Net cash (used in) / generated from investing activities	<u>(2,458,365)</u>	<u>18,497,675</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease obligations	(2,175)	(2,450)
Net cash used in financing activities	<u>(2,175)</u>	<u>(2,450)</u>
Net decrease in cash and cash equivalents	<u>(2,404,484)</u>	<u>(787,348)</u>
Cash and cash equivalents at beginning of the period	12,705,283	16,878,738
Cash and cash equivalents at end of the period	<u>10,300,799</u>	<u>16,091,390</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	9,170,554	15,420,079
Balances with other banks	1,332,270	885,083
Overdrawn nostro accounts	(202,025)	(211,133)
Other overdrawn bank accounts	-	(2,639)
	<u>10,300,799</u>	<u>16,091,390</u>

The annexed notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

President

Director

THE BANK OF PUNJAB GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	Share capital	Statutory reserve	Capital Reserves		Revenue Reserves		Total
			Share premium	Reserve for issuance of bonus shares	General reserve	Un appropriated profit / (Accumulated loss)	
(Rupees in thousand)							
Balance as at January 01, 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)	-
Loss for the quarter ended March 31, 2008	-	-	-	-	-	(3,094,060)	(3,094,060)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	1,393	1,393
Balance as at March 31, 2008	4,230,379	2,894,000	37,882	1,057,595	4,495,350	(681,306)	12,033,900
Loss for the period April 01, 2008 to December 31, 2008	-	-	-	-	-	(6,990,880)	(6,990,880)
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	4,179	4,179
Reversal of excess management fee accrued during the preceding year	-	-	-	-	-	(6,250)	(6,250)
Issuance of bonus shares	1,057,595	-	-	(1,057,595)	-	-	-
Balance as at January 01, 2009	5,287,974	2,894,000	37,882	-	4,495,350	(7,674,257)	5,040,949
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	1,875	1,875
Loss for the quarter ended March 31, 2009	-	-	-	-	-	(4,141,548)	(4,141,548)
Balance as at March 31, 2009	5,287,974	2,894,000	37,882	-	4,495,350	(11,813,930)	901,276

The annexed notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

President

Director

The Bank of Punjab Group
Notes to the Interim Condensed Consolidated Financial Statements (Un-audited)
For the Quarter Ended March 31, 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 and reserves (net of losses) of the Group amounts to Rs. 901,276 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 31 March 2009, net advances aggregating to Rs. 24,646,348 thousand requiring additional provision of Rs. 15,255,753 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 2 below.

Government of the Punjab (GOPb) being the majority shareholder, in order to support the Bank, subsequent to the statement of financial position date, deposited Rs.10,000,000 thousand as advance subscription money and further deposited additional Rs.7,000,000 thousand as advance subscription money in 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

These interim condensed consolidated financial statements have 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 these interim financial statements. However, investments have been classified in accordance with requirements prescribed by the SBP through various circulars.

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

3. Summary of significant accounting policies

3.1 Change in accounting policy and disclosure

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of previous financial year except for the following:

- **IAS-1 Presentation of Financial Statements (Revised) effective 01 January 2009**

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income; it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Bank has elected to present two statements, "Profit and Loss Account" and a "Statement of Comprehensive Income", rather than a single statement of comprehensive income combining the two elements.

Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share. Comparative information has been represented so that it is in conformity with the revised standard.

4. Taxation

Provision for taxation has been made on estimated basis in these interim condensed consolidated financial statements.

(Un-audited) (Audited)
March 31, December 31,
2009 2008
(Rupees in thousand)

5. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	3,009,204	-
Certificate of investment	323,333	333,333
Placements	300,000	300,000
	<u>3,632,537</u>	<u>633,333</u>

6. INVESTMENTS

NOTE	(Un-audited) March 31, 2009			(Audited) December 31, 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	6,475,172	-	6,475,172	1,280,647	665,841	1,946,488
Pakistan Investment Bonds	724,538	-	724,538	366,342	358,826	725,168
Ordinary shares of listed companies and modaraba	358,967	-	358,967	358,967	-	358,967
Preference Shares of listed companies	210,907	-	210,907	210,908	-	210,908
Ordinary Shares of un-listed company	25,000	-	25,000	25,000	-	25,000
NIT Units	5,426,287	-	5,426,287	5,426,287	-	5,426,287
Investment in Mutual Funds	8,047,393	-	8,047,393	11,500,642	-	11,500,642
Term Finance Certificates (TFCs)	4,248,134	-	4,248,134	3,178,374	-	3,178,374
Ijarah Sukuk	10,000	-	10,000	10,000	-	10,000
Held to maturity securities						
Pakistan Investment Bonds	2,803,784	-	2,803,784	824,115	1,996,849	2,820,964
WAPDA Bonds	400	-	400	400	-	400
Total investment at cost	<u>28,330,582</u>	<u>-</u>	<u>28,330,582</u>	<u>23,181,682</u>	<u>3,021,516</u>	<u>26,203,198</u>
Less: Provision for diminution in the value of investment	<u>(427,987)</u>	<u>-</u>	<u>(427,987)</u>	<u>(395,282)</u>	<u>-</u>	<u>(395,282)</u>
Investments net of provisions	<u>27,902,595</u>	<u>-</u>	<u>27,902,595</u>	<u>22,786,400</u>	<u>3,021,516</u>	<u>25,807,916</u>
Less: Deficit on revaluation of available for sale securities	<u>(2,307,978)</u>	<u>-</u>	<u>(2,307,978)</u>	<u>(3,118,308)</u>	<u>-</u>	<u>(3,118,308)</u>
Total investment at market value	<u>25,594,617</u>	<u>-</u>	<u>25,594,617</u>	<u>19,668,092</u>	<u>3,021,516</u>	<u>22,689,608</u>

6.1 The Bank's investment in NIT consists of 190,260,484 units (2008: 190,260,484 units)

The Bank's entire holding of NIT units is being managed by National Investment Trust Limited (NIT) under LOC Holder Fund and accordingly these have been measured at respective NAV.

6.2 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. 2,202,387 thousand (2008: Rs.2,807,364 thousand).

	(Un-audited) March 31, 2009 (Rupees in thousand)	(Audited) December 31, 2008
7. ADVANCES		
Loans, cash credits, running finances, etc. - in Pakistan	141,161,262	144,472,801
Net investment in finance lease - in Pakistan	3,483,926	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	939,080	1,140,793
Payable outside Pakistan	400,367	1,673,168
	1,339,447	2,813,961
Advances - gross	147,809,635	153,219,206
Provision for non-performing advances		
-Specific	25,736,801	21,447,458
-General	38,776	47,635
	25,775,577	21,495,093
Advances - net of provision	122,034,058	131,724,113

7.1 Provision against certain net advances amounting to Rs. 24,646,348 thousand {2008:Rs.12,300,000 (thousand)} requiring additional provisioning of Rs. 15,255,753 thousand has not been considered necessary in these financial statements on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.

7.2 Advances include Rs. 66,104,319 thousand (2008: Rs. 42,689,337 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2009 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in thousand)				
Other assets especially mentioned	897,787	-	897,787	-	-
Substandard	15,215,136	-	15,215,136	3,603,152	3,603,152
Doubtful	16,490,939	-	16,490,939	7,721,040	7,721,040
Loss	33,500,457	-	33,500,457	14,412,609	14,412,609
	66,104,319	-	66,104,319	25,736,801	25,736,801

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

	(Un-audited) March 31, 2009 (Rupees in thousand)	(Audited) December 31, 2008
8. OPERATING FIXED ASSETS		
Capital work in progress	141,393	219,800
Property and equipment	3,315,927	3,244,526
Intangible assets	7,345	7,512
	3,464,665	3,471,838
9. 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.

THE BANK OF PUNJAB GROUP

(Un-audited) (Audited)
March 31, December 31,
2009 2008
(Rupees in thousand)

10. BORROWINGS

Secured

Borrowings from SBP

-Export refinance (ERF)	5,522,885	6,372,098
-Long term financing-export oriented projects (LTF- EOP)	1,605,599	1,585,019
-Long term financing facility (LTFF)	211,781	92,585
Repurchase agreement borrowings	-	3,695,841
	7,340,265	11,745,543

Unsecured

Call borrowings

Over drawn nostro a/c

-	375,000
202,025	158,230
202,025	533,230
7,542,290	12,278,773

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits

Savings deposits

Current Accounts

Sundry deposits, margin accounts, etc.

81,398,692	72,543,702
58,974,210	52,124,619
17,488,897	19,742,600
1,080,128	1,379,488
158,941,927	145,790,409

Financial Institutions

Remunerative deposits

Non-remunerative deposits

10,174,223	18,204,162
119,582	77,161
10,293,805	18,281,323
169,235,732	164,071,732

11.1 Particulars of deposits

In local currency

In foreign currencies

168,023,002	161,997,173
1,212,861	2,074,559
169,235,863	164,071,732

12. SHARE CAPITAL

(Un-audited) (Audited)
March 31, December 31,
2009 2008
(No. of shares)

(Un-audited) (Audited)
March 31, December 31,
2009 2008
(Rupees in thousand)

12.1 Authorized Capital

1,000,000,000 1,000,000,000 Ordinary shares of Rs. 10/- each

10,000,000 10,000,000

12.2 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

509,464,036 509,464,036 Issued as bonus shares

5,094,641 5,094,641

528,797,376 528,797,376

5,287,974 5,287,974

12.3 The Bank, subsequent to the balance sheet date, has received Rs.10,000,000 thousand and 7,000,000 thousand from the Government of the Punjab as advance subscription money as explained in Note. 1.2.

THE BANK OF PUNJAB GROUP

(Un-audited) (Audited)
March 31, December 31,
2009 2008
(Rupees in thousand)

13. DEFICIT ON REVALUATION OF ASSETS

Surplus on revaluation of operating fixed assets - net of tax	880,867	910,866
Deficit on revaluation of securities - net of tax	(1,685,329)	(2,224,261)
	<u>(804,462)</u>	<u>(1,313,395)</u>

- 13.1** State Bank of Pakistan through BSD Circular No. 4 dated February 13, 2009 has allowed to follow Securities and Exchange Commission of Pakistan (SECP) notification vide SRO 150 (I) / 2009 dated February 13, 2009 allowing that the impairment loss based on market value, if any, shall be taken to Profit and Loss Account on quarterly basis during the year ending December 31, 2009.

The recognition of impairment loss in accordance with the requirement of accounting standards would have had the following effect on these financial statements:

	(Un-audited) March 31, 2009 Rupees in thousand
Increase in provision of diminution in the value of investments	1,018,000
Decrease in tax charge for the year	<u>186,279</u>
Increase in loss for the year - after tax	<u>831,721</u>
Increase in loss per share - after tax (Rupees)	<u>1.57</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 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) (Audited) March 31, December 31, 2009 2008 (Rupees in thousand)
Financial institutions	- 5,366
Others	<u>5,135,970</u> <u>5,864,887</u>
	<u>5,135,970</u> <u>5,870,253</u>

14.2 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) (Audited) March 31, December 31, 2009 2008 (Rupees in thousand)
Government	2,413,980 3,016,907
Financial institutions	7,030 182,681
Others	<u>13,630,038</u> <u>16,980,271</u>
	<u>16,051,048</u> <u>20,179,859</u>

14.3 Trade related contingent liabilities

Government	1,906,854	1,753,256
Financial institutions	1,400	1,921
Others	<u>13,773,538</u>	<u>19,059,466</u>
	<u>15,681,792</u>	<u>20,814,643</u>

14.4 Other contingencies

Claims against the bank not acknowledged as debt	<u>1,547,089</u>	<u>1,488,764</u>
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14.5 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.

THE BANK OF PUNJAB GROUP

	(Un-audited)	(Audited)
	March 31,	December 31,
	2009	2008
	(Rupees in thousand)	
14.6 Commitments in respect of forward exchange contracts		
Purchase	1,263,824	1,166,728
Sale	891,929	1,423,981
	2,155,753	2,590,709
14.7 Commitments for the acquisition of operating fixed assets	10,085	38,387

15. 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)	(Audited)
	March 31,	December 31,
	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	1,041,116	452,210
Made during the period	1,177,078	4,758,153
Repaid/matured during the period	(1,196,916)	(4,169,247)
Outstanding at the end of the period	1,021,278	1,041,116
Mark-up/return earned	36,558	112,506
Deposits in current account	19,524	3,113
Placement		
Outstanding at beginning of the period	300,000	-
Made during the period	300,000	1,100,000
Repaid/matured during the period	(300,000)	(800,000)
Outstanding at the end of the period	300,000	300,000
Mark-up/return earned	13,648	40,360
Lease liability		
Outstanding at beginning of the period	30,632	40,321
Repayments of lease rentals	(2,175)	(9,689)
Outstanding at the end of the period	28,457	30,632
Bankers Avenue Co-operative Housing Society		
(A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	5,916	6,004
Contribution to employees provident fund	11,120	42,117

16. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed consolidated financial statements were authorized for issuance on May 29, 2012 by the Board of Directors of the Bank.

17. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 04 June 2009 have approved transfer of Rs. 2,894,000 (thousand) and Rs. 4,495,350 (thousand) from statutory reserve and general reserve respectively to accumulated loss account.

18. GENERAL

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

18.2 Figures have been rounded off to the nearest thousand.

President

Director