



**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED MARCH 31, 2011**

**THE BANK OF PUNJAB GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2011 (UN-AUDITED)**

		(Un-audited) March 31, 2011 (Rupees in thousand)	(Audited) December 31, 2010
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>10,993,631</b>	14,069,601
Balances with other banks		<b>2,615,684</b>	3,276,234
Lendings to financial institutions	5	<b>3,897,700</b>	7,309,587
Investments	6	<b>61,194,806</b>	56,359,404
Advances	7	<b>119,594,686</b>	120,796,694
Operating fixed assets	8	<b>3,514,010</b>	3,534,660
Deferred tax assets	9	<b>14,365,286</b>	14,063,694
Other assets		<b>9,679,002</b>	9,721,900
		<b>225,854,805</b>	229,131,774
<b>LIABILITIES</b>			
Bills payable		<b>614,114</b>	581,100
Borrowings	10	<b>8,791,817</b>	11,526,783
Deposits and other accounts	11	<b>208,651,037</b>	208,176,902
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		<b>12,605</b>	13,887
Deferred tax liabilities		-	-
Other liabilities		<b>4,684,839</b>	5,223,152
		<b>222,754,412</b>	225,521,824
<b>NET ASSETS</b>		<b>3,100,393</b>	3,609,950
<b>REPRESENTED BY</b>			
Share capital	12	<b>5,287,974</b>	5,287,974
Reserves		<b>2,012,492</b>	2,012,492
Accumulated loss		<b>(14,686,317)</b>	(14,411,509)
		<b>(7,385,851)</b>	(7,111,043)
Share deposit money		<b>10,000,000</b>	10,000,000
		<b>2,614,149</b>	2,888,957
Surplus on revaluation of assets	13	<b>486,244</b>	720,993
		<b>3,100,393</b>	3,609,950
Contingencies and commitments	14		

The annexed notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

President

Director

**THE BANK OF PUNJAB GROUP**  
**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)**

	Quarter ended March 31, 2011	Quarter ended March 31, 2010
	(Rupees in thousand)	
<b>Mark-up/Return/Interest Earned</b>	<b>4,502,707</b>	4,478,735
<b>Mark-up/Return/Interest Expensed</b>	<b>4,767,099</b>	4,539,899
Net Mark-up/ Interest Income	<b>(264,392)</b>	(61,164)
(Reversal of Provision) / Provision against non-performing loans and advances-net	<b>(179,403)</b>	4,208,584
Provision for diminution in the value of investments	<b>2,585</b>	25,001
Bad debts written off directly	<b>-</b>	-
	<b>(176,818)</b>	4,233,585
Net Mark-up/ Interest income after provisions	<b>(87,574)</b>	(4,294,749)
<b>NON MARK-UP/INTEREST INCOME</b>		
Fee, commission and brokerage income	<b>133,017</b>	94,059
Dividend income	<b>86,219</b>	50,553
Income from dealing in foreign currencies	<b>16,959</b>	45,389
Gain on sale and redemption of securities	<b>199,155</b>	6,666
Unrealized (loss) / gain on revaluation of investments classified as held for trading	<b>(4,653)</b>	831
Other income	<b>116,477</b>	108,273
Total non-markup/interest income	<b>547,174</b>	305,771
	<b>459,600</b>	(3,988,978)
<b>NON MARK-UP/INTEREST EXPENSES</b>		
Administrative expenses	<b>904,400</b>	788,552
Other provisions/write offs/reversals	<b>-</b>	-
Other charges	<b>138</b>	392
Total non-markup/interest expenses	<b>904,538</b>	788,944
<b>LOSS BEFORE TAXATION</b>	<b>(444,938)</b>	(4,777,922)
Taxation - Current	<b>-</b>	-
- Prior years	<b>-</b>	-
- Deferred	<b>(168,436)</b>	(1,645,482)
	<b>(168,436)</b>	(1,645,482)
<b>LOSS AFTER TAXATION</b>	<b>(276,502)</b>	(3,132,440)
<b>Loss per share -Basic and diluted (Rupees)</b>	<b>(0.52)</b>	(5.92)

The annexed notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

President

Director

**THE BANK OF PUNJAB GROUP  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED MARCH 31, 2011 (UN-AUDITED)**

	<b>Quarter ended March 31, 2011</b>	<b>Quarter ended March 31, 2010</b>
	<b>Rupees in '000'</b>	
<b>Loss after taxation</b>	<b>(276,502)</b>	<b>(3,132,440)</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive loss</b>	<u><u><b>(276,502)</b></u></u>	<u><u><b>(3,132,440)</b></u></u>

The annexed notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

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**THE BANK OF PUNJAB GROUP**  
**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED MARCH 31, 2011**

	Quarter Ended	
	March 31, 2012	March 31, 2011
Rupees in '000'		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(444,938)	(4,777,922)
Less: Dividend income	(86,219)	(50,553)
	<u>(531,157)</u>	<u>(4,828,475)</u>
Adjustments for non-cash charges:		
Depreciation	83,185	76,324
Amortization on premium on Pakistan Investment Bonds	10,021	17,807
Unrealized loss / (gain) on revaluation of investments classified as held for trading	4,653	(831)
(Reversal of Provision) / Provision against non-performing loans and advances - net	(179,403)	4,208,584
Provision for diminution in the value of investments - net	2,585	25,001
Provision for employees compensated absences	5,400	6,000
Provision for gratuity	11,700	12,600
Net profit on sale of property and equipment	(324)	(1,459)
Gain on sale and redemption of securities	(199,155)	(6,666)
Finance charges on leased assets	439	539
	<u>(260,899)</u>	<u>4,337,899</u>
	<u>(792,056)</u>	<u>(490,576)</u>
(Increase)/ Decrease in operating assets:		
Lendings to financial institutions	3,511,887	(851,114)
Net investments in held for trading securities	153,435	21,409
Advances	1,381,411	1,545,468
Others assets	57,068	387,167
	<u>5,103,801</u>	<u>1,102,930</u>
Increase/ (Decrease) in operating liabilities:		
Bills Payable	33,014	(147,999)
Borrowings	(2,634,966)	(1,277,872)
Deposits and other accounts	474,136	211,484
Other liabilities	(555,413)	(257,181)
	<u>(2,683,229)</u>	<u>(1,471,568)</u>
	<u>1,628,516</u>	<u>(859,214)</u>
Financial charges paid	(439)	(539)
Income tax paid	(40,440)	38,162
<b>Net cash flow from / (used in) operating activities</b>	<u>1,587,637</u>	<u>(821,591)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(5,133,681)	(1,244,922)
Net investments in held to maturity securities	(39,472)	173,304
Dividends received	112,489	(64,980)
Investments in operating fixed assets	(62,211)	(69,715)
Sale proceeds of property and equipment disposed-off		1,459
<b>Net cash used in investing activities</b>	<u>(5,122,875)</u>	<u>(1,204,854)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease obligations	(1,282)	(3,393)
<b>Net cash flow from / (used in) financing activities</b>	<u>(1,282)</u>	<u>(3,393)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(3,536,520)</u>	<u>(2,029,838)</u>
Cash and cash equivalents at beginning of the period	<u>17,345,835</u>	<u>15,173,410</u>
Cash and cash equivalents at end of the period	<u>13,809,315</u>	<u>13,143,572</u>
Cash and balances with treasury banks	10,993,631	10,487,642
Balance with other banks	2,615,684	2,755,801
Overdrawn nostro accounts	-	(99,755)
Call lednding	100,000	-
	<u>13,709,315</u>	<u>13,143,688</u>

The annexed notes from 1 to 17 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, 2011**

	<u>Share capital</u>	<u>Capital Reserves</u>		<u>Revenue Reserve</u>	<u>Total</u>
		<u>Share premium</u>	<u>Restructuring reserve</u>	<u>Accumulated loss</u>	
	R u p e e s i n '000'				
<b>Balance as at 01 January 2010</b>	<b>5,287,974</b>	<b>37,882</b>	<b>535,897</b>	<b>(10,372,082)</b>	<b>(4,510,329)</b>
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	1,782	<b>1,782</b>
Loss for the period ended 31 March 2010	-	-	-	(3,132,440)	<b>(3,132,440)</b>
Transfer from accumulated loss	-	-	-		-
<b>Balance as at 31 March 2010</b>	<b>5,287,974</b>	<b>37,882</b>	<b>535,897</b>	<b>(13,502,740)</b>	<b>(7,640,987)</b>
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	5,345	<b>5,345</b>
Profit for the period 01 April, 2010 to 31 December , 2010	-	-	-	(914,114)	<b>(914,114)</b>
Transfer from provision against NPLs	-	-	1,438,713	-	<b>1,438,713</b>
<b>Balance as at 31 December 2010</b>	<b>5,287,974</b>	<b>37,882</b>	<b>1,974,610</b>	<b>(14,411,509)</b>	<b>(7,111,043)</b>
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	<b>1,694</b>	-
Loss for the period ended 31 March 2011	-	-	-	(276,502)	<b>(276,502)</b>
<b>Balance as at 31 March 2011</b>	<b>5,287,974</b>	<b>37,882</b>	<b>1,974,610</b>	<b>(14,686,317)</b>	<b>(7,385,851)</b>

The annexed notes from 1 to 17 form an integral part of these interim condensed consolidated

President

Director

**The Bank of Punjab Group**  
**Notes to the Interim Condensed Consolidated Financial Statements (Un-audited)**  
**For the Quarter Ended March 31, 2011**

**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 273 branches (2010: 273 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 share deposit money of the Group amounts to Rs. 2,614,149 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 2011, net advances aggregating to Rs. 31,131,478 thousand requiring additional provision of Rs. 26,549,066 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, deposited Rs.10,000,000 thousand as advance subscription money in year 2009 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, 2010.

## **3. Summary of significant accounting policies**

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of annual financial statements of the Bank for the year ended December 31, 2010.

## **4. Taxation**

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



**THE BANK OF PUNJAB GROUP**  
(Un-audited) (Audited)  
March 31, December 31,  
2011 2010  
(Rupees in thousand)

**5. LENDINGS TO FINANCIAL INSTITUTIONS**

Call money lendings	100,000	-
Repurchase agreement lendings (Reverse Repo)	3,354,367	6,691,812
Certificate of investment	143,333	143,333
Placements	300,000	474,442
	<b>3,897,700</b>	<b>7,309,587</b>

**6. INVESTMENTS**

NOTE	(Un-audited) March 31, 2011			(Audited) December 31, 2010		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in thousand)					
<b>Held for trading securities</b>						
Ordinary shares of listed companies	56,145	-	56,145	191,560	-	191,560
<b>Available for sale securities</b>						
Market Treasury Bills	39,758,875	2,562,329	42,321,204	30,770,725	4,728,012	35,498,737
Pakistan Investment Bonds	2,414,938	-	2,414,938	2,152,484	357,233	2,509,717
Ordinary shares of listed companies and modaraba	3,666,403	-	3,666,403	3,708,718	-	3,708,718
Preference Shares of listed companies	195,454	-	195,454	195,454	-	195,454
Ordinary Shares of un-listed company	25,000	-	25,000	25,000	-	25,000
NIT Units	860,991	-	860,991	860,991	-	860,991
Investment in Mutual Funds	3,301,854	-	3,301,854	4,401,009	-	4,401,009
Term Finance Certificates (TFCs)	10,055,964	-	10,055,964	10,309,346	-	10,309,346
Ijarah Sukuk	10,000	-	10,000	10,000	-	10,000
<b>Held to maturity securities</b>						
Pakistan Investment Bonds	2,181,084	-	2,181,084	2,151,633	-	2,151,633
WAPDA Bonds	400	-	400	400	-	400
<b>Total investment at cost</b>	<b>62,527,108</b>	<b>2,562,329</b>	<b>65,089,437</b>	<b>54,777,320</b>	<b>5,085,245</b>	<b>59,862,565</b>
Less: Provision for diminution in value of investment	(3,319,468)	-	(3,319,468)	(3,316,883)	-	(3,316,883)
<b>Investments net of provisions</b>	<b>59,207,640</b>	<b>2,562,329</b>	<b>61,769,969</b>	<b>51,460,437</b>	<b>5,085,245</b>	<b>56,545,682</b>
Less: Deficit on revaluation of available for sale securities	(570,510)	-	(570,510)	(204,298)	-	(204,298)
Less: (Deficit) / Surplus on revaluation of available for sale securities	(4,653)	-	(4,653)	18,020	-	18,020
<b>Total investment at market value</b>	<b>58,632,477</b>	<b>2,562,329</b>	<b>61,194,806</b>	<b>51,274,159</b>	<b>5,085,245</b>	<b>56,359,404</b>

**6.1** The Bank's investment in NIT consists of 30,045,272 units (2010: 30,045,272 units)

It was agreed amongst the LOC Unit Holders that the strategic assets representing shares of Pakistan State Oil (PSO) and Sui Northern Gas Pipelines Limited (SNGPL) shall be taken over by NBP at a price as at close of 13 October 2010 for settlement with other LOC Holders. However, due to pending process for transferring these shares in the name of NBP, the final settlement against these strategic assets has not yet been executed.

Subsequent to the balance sheet date, 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.

**THE BANK OF PUNJAB GROUP**

(Un-audited) (Audited)  
**March 31,** December 31,  
**2011** 2010  
**(Rupees in thousand)**

**7. ADVANCES**

Loans, cash credits, running finances, etc. - in Pakistan	137,218,857	144,082,328
Net investment in finance lease - in Pakistan	2,532,409	2,265,263
Repurchase agreement lendings to Non Financial Institutions	1,677,189	1,677,189
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	<b>6,391,010</b>	1,035,597
Payable outside Pakistan	<b>916,283</b>	1,056,782
	<b>7,307,293</b>	2,092,379
Advances - gross	<b>148,735,748</b>	150,117,159
Provision for non-performing advances		
-Specific	<b>(29,120,366)</b>	(29,301,458)
-General	<b>(20,696)</b>	(19,007)
	<b>(29,141,062)</b>	(29,320,465)
Advances - net of provision	<b>119,594,686</b>	120,796,694

**7.1** Provision against certain net advances amounting to Rs. 31,131,478 thousand {2010: Rs.31,520,231 (thousand)} requiring additional provisioning of Rs. 26,549,066 thousand {2010: Rs. 25,895,849 (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. 76,558,959 thousand (2010: Rs. 77,398,928 thousand ) which have been placed under non-performing status in various categories as on 31.03.2011 as detailed below:

Category of classification	March 31,2011 (Un-audited)			
	Domestic	Overseas	Total	Provision Required
	(Rupees in thousand)			
Other assets especially mentioned	164,151	-	164,151	-
Substandard	7,027,828	-	7,027,828	1,774,642
Doubtful	2,605,129	-	2,605,129	1,032,747
Loss	66,761,851	-	66,761,851	26,312,977
	<b>76,558,959</b>	-	<b>76,558,959</b>	<b>29,120,366</b>

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

(Un-audited) (Audited)  
**March 31,** December 31,  
**2011** 2010  
**(Rupees in thousand)**

**8. OPERATING FIXED ASSETS**

Capital work in progress	88,986	53,694
Property and equipment	<b>3,425,024</b>	3,480,966
	<b>3,514,010</b>	3,534,660

**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,  
**2011** 2010  
(Rupees in thousand)

**10. BORROWINGS**

**Secured**

Borrowings from SBP

-Export refinance (ERF)

**4,839,610** 4,798,299

-Long term financing-export oriented projects (LTF- EOP)

**635,476** 999,119

-Long term financing facility (LTFF)

**900,860** 644,120

Repurchase agreement borrowings

**2,415,871** 5,085,245

**8,791,817** 11,526,783

**11. DEPOSITS AND OTHER ACCOUNTS**

**Customers**

Fixed deposits

**96,232,299** 96,752,700

Savings deposits

**79,112,905** 75,625,569

Current Accounts

**28,771,124** 30,231,671

Sundry deposits, margin accounts, etc.

**1,276,389** 1,467,019

**205,392,717** 204,076,959

**Financial Institutions**

Remunerative deposits

**2,578,672** 3,090,511

Non-remunerative deposits

**679,648** 1,009,432

**3,258,320** 4,099,943

**208,651,037** 208,176,902

**11.1 Particulars of deposits**

In local currency

**205,398,811** 204,880,437

In foreign currencies

**3,252,226** 3,296,465

**208,651,037** 208,176,902

**12. SHARE CAPITAL**

(Un-audited)

(Audited)

**March 31,**

December 31,

**2011**

2010

(No. of shares)

**5,000,000,000**

5,000,000,000

**Authorized**

Ordinary shares of Rs. 10/- each

**50,000,000**

50,000,000

**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

**THE BANK OF PUNJAB GROUP**

(Un-audited)	(Audited)
March 31,	December 31,
2011	2010
(Rupees in thousand)	

**13. SURPLUS ON REVALUATION OF ASSETS**

Surplus on revaluation of fixed assets - net of tax	855,233	856,928
Deficit on revaluation of securities - net of tax	(368,989)	(135,935)
	<u>486,244</u>	<u>720,993</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
	2011	2010
	(Rupees in thousand)	
Government	-	-
Financial institutions	-	-
Others	777,855	853,542
	<u>777,855</u>	<u>853,542</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
	2011	2010
	(Rupees in thousand)	
Government	78,204	76,136
Financial institutions	65,383	65,383
Others	12,504,581	12,835,832
	<u>12,648,168</u>	<u>12,977,351</u>

**14.3 Trade related contingent liabilities**

Government	571,345	727,045
Financial institutions	31,395	470
Others	10,333,828	10,956,683
	<u>10,936,568</u>	<u>11,684,198</u>

**14.4 Other contingencies**

Claims against the bank not acknowledged as debt	<u>12,721,210</u>	<u>12,677,637</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,**  
**2011 2010**  
(Rupees in thousand)

**14.6 Commitments in respect of forward exchange contracts**

Purchase	1,749,253	1,364,614
Sale	2,256,336	1,138,760
	<b>4,005,589</b>	<b>2,503,374</b>

**14.7 Commitments for the acquisition of operating fixed assets**

	<b>4,744</b>	<b>4,707</b>
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**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,**  
**2011 2010**  
(Rupees in thousand)

**First Punjab Modaraba**  
(Modaraba floated by the wholly owned subsidiary of the Bank)

**Advances**

Outstanding at beginning of the period	941,625	973,315
Made during the period	471,691	2,882,886
Repaid/matured during the period	(491,075)	(2,914,576)
Outstanding at the end of the period	<b>922,241</b>	<b>941,625</b>
Mark-up/return earned	<b>36,571</b>	<b>131,840</b>

**Deposits in current account**

	<b>473</b>	<b>27,174</b>
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**Placement**

Outstanding at beginning of the period	300,000	300,000
Made during the period	300,000	300,000
Repaid/matured during the period	(300,000)	(300,000)
Outstanding at the end of the period	<b>300,000</b>	<b>300,000</b>
Mark-up/return earned	<b>10,725</b>	<b>39,284</b>

**Lease liability**

Outstanding at beginning of the period	13,887	19,907
Lease contracts entered into during the period	-	6,236
Repayments of lease rentals	(1,282)	(12,256)
Outstanding at the end of the period	<b>12,605</b>	<b>13,887</b>

**Bankers Avenue Co-operative Housing Society**  
(A co-operative society managed by key management personnel of the Bank)

Deposits in saving account	<b>12,043</b>	<b>14,728</b>
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<b>Contribution to employees provident fund</b>	<b>15,077</b>	<b>54,012</b>
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**16 DATE OF AUTHORIZATION FOR ISSUE**

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

**17 GENERAL**

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

**17.2** Figures have been rounded off to the nearest thousand.

President

Director