



**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2009**

**THE BANK OF PUNJAB GROUP**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT SEPTEMBER 30, 2009 (UN-AUDITED)**

		(Un-audited) September 30, 2009	(Audited) December 31, 2008
	<i>NOTE</i>	(Rupees in thousand)	
<b>ASSETS</b>			
Cash and balances with treasury banks		10,792,883	10,685,058
Balances with other banks		2,434,220	2,178,455
Lendings to financial institutions	5	2,144,699	633,333
Investments	6	55,756,120	22,689,608
Advances	7	127,639,828	131,724,113
Operating fixed assets	8	3,469,601	3,471,838
Deferred tax assets	9	11,667,435	8,388,162
Other assets		6,568,296	6,122,406
		<b>220,473,082</b>	185,892,973
<b>LIABILITIES</b>			
Bills payable		1,179,871	1,219,801
Borrowings	10	18,722,241	12,278,773
Deposits and other accounts	11	188,577,863	164,071,732
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		23,784	30,632
Deferred tax liabilities		-	-
Other liabilities		4,344,563	4,564,481
		<b>212,848,322</b>	182,165,419
<b>NET ASSETS</b>		<b>7,624,760</b>	<b>3,727,554</b>
<b>REPRESENTED BY</b>			
Share capital	12	5,287,974	5,287,974
Reserves		123,730	7,427,232
Accumulated loss		(8,326,316)	(7,674,257)
		<b>(2,914,612)</b>	5,040,949
Share deposit money		10,000,000	-
		<b>7,085,388</b>	5,040,949
Surplus/ (Deficit) on revaluation of assets	13	539,372	(1,313,395)
		<b>7,624,760</b>	<b>3,727,554</b>
Contingencies and commitments	14		

The annexed notes from 1 to 17 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 PERIOD ENDED SEPTEMBER 30 , 2009 (UN-AUDITED)**

	Quarter ended September 30, 2009	Period ended September 30, 2009	Quarter ended September 30, 2008	Period ended September 30, 2008
	(Rupees in thousand)			
<b>Mark-up/Return/Interest Earned</b>	5,004,712	11,687,667	4,616,149	14,322,085
<b>Mark-up/Return/Interest Expensed</b>	4,981,016	14,041,483	4,397,100	12,128,842
Net Mark-up/Interest Income	23,696	(2,353,816)	219,049	2,193,243
(Reversal of provision) / Provision against non-performing loans and advances-net	(2,806,169)	8,521,085	4,395,672	12,032,376
Provision/(Reversal) for diminution in the value of investments	148,375	840,314	-	(185)
Bad debts written off directly	-	-	-	-
	(2,657,794)	9,361,399	4,395,672	12,032,191
Net Mark-up/ Interest income after provisions	2,681,490	(11,715,215)	(4,176,623)	(9,838,948)
<b>NON MARK-UP/INTEREST INCOME</b>				
Fee, commission and brokerage income	115,352	399,268	96,260	409,643
Dividend income	664,310	846,583	1,404,464	1,852,922
Income from dealing in foreign currencies	95,814	180,263	129,489	339,613
(Loss) / Gain on sale and redemption of securities	(35,561)	(26,738)	-	733,787
Unrealized loss on revaluation of investments classified as held for trading	(766)	(766)	-	-
Other income	167,927	409,642	137,062	428,641
Total non-markup/interest income	1,007,076	1,808,252	1,767,275	3,764,606
	3,688,566	(9,906,963)	(2,409,348)	(6,074,342)
<b>NON MARK-UP/INTEREST EXPENSES</b>				
Administrative expenses	758,208	2,163,549	684,763	1,861,117
Other provisions/write offs/reversals	-	-	-	-
Other charges	621	780	34,658	107,346
Total non-markup/interest expenses	758,829	2,164,329	719,421	1,968,463
<b>PROFIT / LOSS BEFORE TAXATION</b>	2,929,737	(12,071,292)	(3,128,769)	(8,042,805)
Taxation - Current	-	-	119,387	787,127
- Prior years	-	83,050	-	1,052,000
- Deferred	1,022,654	(4,107,343)	(1,538,486)	(5,552,317)
	1,022,654	(4,024,293)	(1,419,099)	(3,713,190)
<b>PROFIT / (LOSS) AFTER TAXATION</b>	1,907,083	(8,046,999)	(1,709,670)	(4,329,615)
<b>Earnings / (Loss) per share -Basic and diluted (Rupees)</b>	3.61	(15.22)	(3.23)	(8.19)

The annexed notes from 1 to 17 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 PERIOD ENDED SEPTEMBER 30 , 2009 (UN-AUDITED)**

	Quarter ended September 30, 2009	Period ended September 30, 2009	Quarter ended September 30, 2008	Period ended September 30, 2008
	Rupees in '000'			
<b>Profit / (Loss) after taxation</b>	<b>1,907,083</b>	<b>(8,046,999)</b>	(1,709,670)	(4,329,615)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<u><u>1,907,083</u></u>	<u><u>(8,046,999)</u></u>	<u><u>(1,709,670)</u></u>	<u><u>(4,329,615)</u></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 CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2009 (UN-AUDITED)**

	Period Ended September 30, 2009	Period Ended September 30, 2008
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(12,071,292)	(8,042,805)
Less: Dividend income	(846,583)	(1,852,922)
	<u>(12,917,875)</u>	<u>(9,895,727)</u>
Adjustments for non-cash charges:		
Depreciation	218,943	160,911
Amortization on intangible assets	9,683	-
Amortization on premium on Pakistan Investment Bonds	91,449	-
Unrealized loss on revaluation of investments classified as held for trading	766	-
Provision against non-performing advances - net	8,521,085	12,032,376
Provision for diminution in the value of investments - net	840,314	(185)
Provision for employees compensated absences	20,896	-
Provision for gratuity	27,782	-
Net profit on sale of property and equipment	(586)	(825)
(Gain) / loss on sale and redemption of securities	26,738	(733,787)
Provision for workers welfare fund	-	36,260
Finance charges on leased assets	2,729	-
	<u>9,759,799</u>	<u>11,494,750</u>
	(3,158,076)	1,599,023
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(1,511,366)	1,316,667
Net investments in held for trading securities	(20,933)	-
Advances	(4,350,952)	(15,781,805)
Others assets	749,979	(1,725,791)
	<u>(5,133,272)</u>	<u>(16,190,929)</u>
Increase/ (Decrease) in operating liabilities:		
Bills Payable	(39,930)	728,346
Borrowings	6,598,502	2,674,565
Deposits and other accounts	24,506,131	(28,528,205)
Liabilities NIT units	-	-
Other liabilities	(268,596)	657,526
	<u>30,796,107</u>	<u>(24,467,768)</u>
	22,504,759	(39,059,674)
Payments of provision against off-balance sheet obligations		
Financial charges paid	(2,729)	(1,553,247)
Income tax paid	(1,065,182)	-
<b>Net cash flow from operating activities</b>	<u>21,436,848</u>	<u>(40,612,921)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(31,279,410)	38,054,912
Net investments in held to maturity securities	(39,008)	157,346
Dividends received	632,846	1,852,922
Investments in operating fixed assets	(226,389)	(327,072)
Sale proceeds of property and equipment disposed-off	586	825
<b>Net cash used in investing activities</b>	<u>(30,911,375)</u>	<u>39,738,933</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease obligations	(6,848)	(6,880)
Share deposit money	10,000,000	-
<b>Net cash (used in) / flow from financing activities</b>	<u>9,993,152</u>	<u>(6,880)</u>
<b>Net increase in cash and cash equivalents</b>	<u>518,625</u>	<u>(880,868)</u>
Cash and cash equivalents at beginning of the period	<u>12,705,282</u>	<u>16,137,964</u>
<b>Cash and cash equivalents at end of the period</b>	<u>13,223,907</u>	<u>15,257,096</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	10,792,883	14,198,844
Balances with other banks	2,434,220	1,179,767
Other overdrawn bank accounts	-	(2,440)
Overdrawn nostro accounts	(3,196)	(119,075)
	<u>13,223,907</u>	<u>15,257,096</u>

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

**THE BANK OF PUNJAB GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30 , 2009 (UN-AUDITED)**

	Capital Reserves					Revenue Reserves		Total
	Share capital	Statutory reserve	Reserve against Provision	Share premium	Reserve for issuance of bonus shares	General reserve	Un appropriated profit / (Accumulated loss)	
	(Rupees in thousand)							
<b>Balance as at January 01, 2008</b>	<b>4,230,379</b>	<b>2,894,000</b>	-	<b>37,882</b>	-	<b>4,495,350</b>	<b>3,468,956</b>	<b>15,126,567</b>
Transfer to reserve for issuance of bonus shares	-	-	-	-	1,057,595	-	(1,057,595)	-
Issue of Bonus Share	1,057,595	-	-	-	(1,057,595)	-	-	-
Loss for the period ended September 30, 2008	-	-	-	-	-	-	(4,329,615)	(4,329,615)
Adjustment of subsidiary for prior year	-	-	-	-	-	-	(6,250)	(6,250)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	4,179	4,179
<b>Balance as at September 30,2008</b>	<b>5,287,974</b>	<b>2,894,000</b>	-	<b>37,882</b>	-	<b>4,495,350</b>	<b>(1,920,325)</b>	<b>10,794,881</b>
Loss for the period October 01, ,2008 to December 31, 2008	-	-	-	-	-	-	(5,755,325)	(5,755,325)
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	1,393	1,393
<b>Balance as at December 31, 2008</b>	<b>5,287,974</b>	<b>2,894,000</b>	-	<b>37,882</b>	-	<b>4,495,350</b>	<b>(7,674,257)</b>	<b>5,040,949</b>
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated loss) - net of tax	-	-	-	-	-	-	5,590	5,590
Transfer from provision against NPLs	-	-	85,848	-	-	-	-	85,848
Transfer to un-appropriated profit / (accumulated loss) account	-	(2,894,000)	-	-	-	(4,495,350)	7,389,350	-
Loss for the period ended September 30, 2009	-	-	-	-	-	-	(8,046,999)	(8,046,999)
<b>Balance as at September 30, 2009</b>	<b>5,287,974</b>	<b>-</b>	<b>85,848</b>	<b>37,882</b>	<b>-</b>	<b>-</b>	<b>(8,326,316)</b>	<b>(2,914,612)</b>

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**  
**Notes to the Interim Condensed Consolidated Financial Statements (Un-audited)**  
**For the Period Ended September 30, 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. 7,085,388 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 September 2009, net advances aggregating to Rs. 27,159,915 thousand requiring additional provision of Rs. 20,893,431 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 and 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 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.

**THE BANK OF PUNJAB GROUP**  
**(Un-audited)**                      **(Audited)**  
**September 30,**                      **December 31,**  
**2009**                                      **2008**  
**(Rupees in thousand)**

**5. LENDINGS TO FINANCIAL INSTITUTIONS**

Repurchase agreement lendings(Reverse Repo)	<b>911,366</b>	-
Certificate of investment	<b>933,333</b>	333,333
Placements	<b>300,000</b>	300,000
	<b>2,144,699</b>	<b>633,333</b>

**6. INVESTMENTS**

		(Un-audited) September 30, 2009			(Audited) December 31, 2008		
		Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
<b>(Rupees in thousand)</b>							
<b>Held for trading securities</b>							
		<b>20,933</b>	-	<b>20,933</b>	-	-	-
<b>Available for sale securities</b>							
		<b>18,562,152</b>	<b>12,305,977</b>	<b>30,868,129</b>	1,280,647	665,841	1,946,488
		<b>719,058</b>	<b>150,000</b>	<b>869,058</b>	366,342	358,826	725,168
		<b>358,967</b>	-	<b>358,967</b>	358,967	-	358,967
		<b>210,908</b>	-	<b>210,908</b>	210,908	-	210,908
		<b>25,000</b>	-	<b>25,000</b>	25,000	-	25,000
	6.1	<b>5,745,924</b>	-	<b>5,745,924</b>	5,426,287	-	5,426,287
		<b>6,988,536</b>	-	<b>6,988,536</b>	11,500,642	-	11,500,642
		<b>740,570</b>	-	<b>740,570</b>	431,834	-	431,834
		<b>8,418,355</b>	-	<b>8,418,355</b>	2,746,540	-	2,746,540
		<b>10,000</b>	-	<b>10,000</b>	10,000	-	10,000
<b>Held to maturity securities</b>							
	6.2	<b>2,768,523</b>	-	<b>2,768,523</b>	824,115	1,996,849	2,820,964
		<b>400</b>	-	<b>400</b>	400	-	400
		<b>44,569,326</b>	<b>12,455,977</b>	<b>57,025,303</b>	23,181,682	3,021,516	26,203,198
		<b>(836,537)</b>	-	<b>(836,537)</b>	(395,282)	-	(395,282)
		<b>43,732,789</b>	<b>12,455,977</b>	<b>56,188,766</b>	22,786,400	3,021,516	25,807,916
		<b>(431,880)</b>	-	<b>(431,880)</b>	(3,118,308)	-	(3,118,308)
		<b>(766)</b>	-	<b>(766)</b>	-	-	-
		<b>43,300,143</b>	<b>12,455,977</b>	<b>55,756,120</b>	19,668,092	3,021,516	22,689,608

**6.1** The Bank's investment in NIT consists of 203,810,192 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.

**THE BANK OF PUNJAB GROUP**

(Un-audited) (Audited)  
September 30, December 31,  
2009 2008  
(Rupees in thousand)

**7. ADVANCES**

Loans, cash credits, running finances, etc. - in Pakistan	151,684,575	144,472,801
Net investment in finance lease - in Pakistan	2,869,652	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	503,066	1,140,793
Payable outside Pakistan	686,848	1,673,168
	<u>1,189,914</u>	<u>2,813,961</u>
Advances - gross	157,569,141	153,219,206
Provision for non-performing advances		
-Specific	(29,900,769)	(21,447,458)
-General	(28,544)	(47,635)
	<u>(29,929,313)</u>	<u>(21,495,093)</u>
Advances - net of provision	<u>127,639,828</u>	<u>131,724,113</u>

7.1 Provision against certain net advances amounting to Rs. 27,159,915 thousand {2008:Rs.12,300,000 (thousand)} requiring additional provisioning of Rs. 21,893,439 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. 74,349,628 thousand (2008: Rs. 42,689,337 thousand ) which have been classified as non-performing in various categories as detailed below:

Category of classification	September 30, 2009 (Un-audited)			
	Domestic	Overseas	Total	Provision Required
	(Rupees in thousand)			
Other assets especially mentioned	1,002,248	-	1,002,248	-
Substandard	4,752,237	-	4,752,237	858,745
Doubtful	17,632,949	-	17,632,949	7,579,939
Loss	50,962,194	-	50,962,194	21,462,085
	<u>74,349,628</u>	<u>-</u>	<u>74,349,628</u>	<u>29,900,769</u>

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

(Un-audited) (Audited)  
September 30, December 31,  
2009 2008  
(Rupees in thousand)

**8. OPERATING FIXED ASSETS**

Capital work in progress	147,007	219,800
Property and equipment	3,314,499	3,244,526
Intangible assets	8,095	7,512
	<u>3,469,601</u>	<u>3,471,838</u>

**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)  
September 30, December 31,  
2009 2008  
(Rupees in thousand)

**10. BORROWINGS**

**Secured**

Borrowings from SBP

-Export refinance (ERF)

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

-Long term financing facility (LTFF)

Repurchase agreement borrowings

4,508,175 6,372,098

1,533,960 1,585,019

221,219 92,585

12,455,691 3,695,841

18,719,045 11,745,543

**Unsecured**

Call borrowings

Over drawn nostro a/c

- 375,000

3,196 158,230

3,196 533,230

18,722,241 12,278,773

**11. DEPOSITS AND OTHER ACCOUNTS**

**Customers**

Fixed deposits

Savings deposits

Current Accounts

Sundry deposits, margin accounts, etc.

90,657,814 72,543,702

67,852,849 52,124,619

22,133,512 19,742,600

1,500,431 1,379,488

182,144,606 145,790,409

**Financial Institutions**

Remunerative deposits

Non-remunerative deposits

6,003,296 18,204,162

429,961 77,161

6,433,257 18,281,323

188,577,863 164,071,732

**11.1 Particulars of deposits**

In local currency

In foreign currencies

187,789,051 161,997,173

788,812 2,074,559

188,577,863 164,071,732

**12. SHARE CAPITAL**

(Un-audited)

(Audited)

September 30,  
2009

December 31,  
2008

(No. of shares)

**Authorized**

1,000,000,000

1,000,000,000

Ordinary shares of Rs. 10/- each

10,000,000

10,000,000

**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

**12.1** The Bank has received Rs.10,000,000 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)**  
**September 30, December 31,**  
**2009 2008**  
**(Rupees in thousand)**

**13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS**

Surplus on revaluation of fixed assets - net of tax	877,152	910,866
Deficit on revaluation of securities - net of tax	<u>(337,780)</u>	<u>(2,224,261)</u>
	<u><b>539,372</b></u>	<u><b>(1,313,395)</b></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:

	<b>(Un-audited)</b> <b>September 30,</b> <b>2009</b>	<b>(Audited)</b> <b>December 31,</b> <b>2008</b>
	<b>(Rupees in thousand)</b>	
Financial institutions	-	5,366
Others	<u>3,671,231</u>	<u>5,864,887</u>
	<u><b>3,671,231</b></u>	<u><b>5,870,253</b></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:

	<b>(Un-audited)</b> <b>September 30,</b> <b>2009</b>	<b>(Audited)</b> <b>December 31,</b> <b>2008</b>
	<b>(Rupees in thousand)</b>	
Government	2,142,246	3,016,907
Financial institutions	172,762	182,681
Others	<u>12,811,972</u>	<u>16,980,271</u>
	<u><b>15,126,980</b></u>	<u><b>20,179,859</b></u>

**14.3 Trade related contingent liabilities**

Government	2,347,919	1,753,256
Financial institutions	-	1,921
Others	<u>11,426,915</u>	<u>19,059,466</u>
	<u><b>13,774,834</b></u>	<u><b>20,814,643</b></u>

**14.4 Other contingencies**

Claims against the bank not acknowledged as debt	<u>4,713,885</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)). CIT (R) 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) September 30, 2009 (Rupees in thousand)	(Audited) December 31, 2008
<b>14.6 Commitments in respect of forward exchange contracts</b>		
Purchase	294,578	1,166,728
Sale	<u>2,107,554</u>	<u>1,423,981</u>
	<u><b>2,402,132</b></u>	<u><b>2,590,709</b></u>
<b>14.7 Commitments for the acquisition of operating fixed assets</b>	<u><b>10,085</b></u>	<u><b>38,387</b></u>

**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.

	(Un-audited) September 30, 2009 (Rupees in thousand)	(Audited) December 31, 2008
<b>First Punjab Modaraba</b> (Modaraba floated by the wholly owned subsidiary of the Bank)		
<b>Advances</b>		
Outstanding at beginning of the period	1,041,116	452,210
Made during the period	3,104,837	4,758,153
Repaid/matured during the period	(3,115,598)	(4,169,247)
Outstanding at the end of the period	<u>1,030,355</u>	<u>1,041,116</u>
Mark-up/return earned	<u>109,047</u>	<u>112,506</u>
<b>Deposits in current account</b>	<u><b>642</b></u>	<u><b>3,113</b></u>
<b>Placement</b>		
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	<u>300,000</u>	<u>300,000</u>
Mark-up/return earned	<u>7,188</u>	<u>40,360</u>
<b>Lease liability</b>		
Outstanding at beginning of the period	30,632	40,321
Repayments of lease rentals	(6,848)	(9,689)
Outstanding at the end of the period	<u>23,784</u>	<u>30,632</u>
<b>Bankers Avenue Co-operative Housing Society</b> (A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	<u>5,488</u>	<u>6,004</u>
<b>Contribution to employees provident fund</b>	<u><b>33,315</b></u>	<u><b>42,117</b></u>

**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. 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