



**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

**THE BANK OF PUNJAB GROUP**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT SEPTEMBER 30, 2010 (UN-AUDITED)**

		(Un-audited) September 30, 2010	(Audited) December 31, 2009
	<i>NOTE</i>	(Rupees in thousand)	
<b>ASSETS</b>			
Cash and balances with treasury banks		10,926,159	13,043,705
Balances with other banks		1,797,911	2,185,782
Lendings to financial institutions	5	1,630,636	1,053,550
Investments	6	59,753,677	57,923,172
Advances	7	123,133,874	121,303,368
Operating fixed assets	8	3,457,797	3,427,267
Deferred tax assets	9	13,792,625	11,921,146
Other assets		6,450,063	5,770,905
		<b>220,942,742</b>	<b>216,628,895</b>
<b>LIABILITIES</b>			
Bills payable		936,595	875,618
Borrowings	10	23,369,722	14,040,014
Deposits and other accounts	11	189,562,684	190,858,087
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		17,370	19,907
Deferred tax liabilities		-	-
Other liabilities		4,434,293	4,700,569
		<b>218,320,664</b>	<b>210,494,195</b>
<b>NET ASSETS</b>		<b>2,622,078</b>	<b>6,134,700</b>
<b>REPRESENTED BY</b>			
Share capital	12	5,287,974	5,287,974
Reserves		722,660	573,779
Accumulated loss		(13,268,129)	(10,372,082)
		<b>(7,257,495)</b>	<b>(4,510,329)</b>
Share deposit money		10,000,000	10,000,000
		<b>2,742,505</b>	<b>5,489,671</b>
(Deficit) / Surplus on revaluation of assets	13	(120,427)	645,029
		<b>2,622,078</b>	<b>6,134,700</b>
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 PERIOD ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	Quarter ended September 30, 2010	Period Ended September 30, 2010	Quarter ended September 30, 2009	Period Ended September 30, 2009
	(Rupees in thousand)			
<b>Mark-up/Return/Interest Earned</b>	4,561,190	13,930,409	5,004,712	11,687,667
<b>Mark-up/Return/Interest Expended</b>	4,724,482	14,007,029	4,981,016	14,041,483
Net Mark-up/ Interest Income	(163,292)	(76,620)	23,696	(2,353,816)
(Reversal of provision) / Provision against non-performing loans and advances-net	(406,873)	2,955,617	(2,806,169)	8,521,085
Provision for diminution in the value of investments	78,535	195,919	148,375	840,314
Bad debts written off directly	-	-	-	-
	(328,338)	3,151,536	(2,657,794)	9,361,399
Net Mark-up/ Interest income after provisions	165,046	(3,228,156)	2,681,490	(11,715,215)
<b>NON MARK-UP/INTEREST INCOME</b>				
Fee, commission and brokerage income	125,041	419,388	115,352	399,268
Dividend income	211,440	365,471	664,310	846,583
Income from dealing in foreign currencies	30,290	111,283	95,814	180,263
Gain / (loss) on sale and redemption of securities	73,372	93,854	(35,561)	(26,738)
Unrealized gain / (loss) on revaluation of investments classified as held for trading	5,309	(774)	(766)	(766)
Other income	95,340	305,679	167,927	409,642
Total non-markup/interest income	540,792	1,294,901	1,007,076	1,808,252
	705,838	(1,933,255)	3,688,566	(9,906,963)
<b>NON MARK-UP/INTEREST EXPENSES</b>				
Administrative expenses	867,475	2,518,809	758,208	2,163,549
Other provisions/write offs/reversals		-	-	-
Other charges	55	1,419	621	780
Total non-markup/interest expenses	867,530	2,520,228	758,829	2,164,329
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	(161,692)	(4,453,483)	2,929,737	(12,071,292)
Taxation - Current	-	-	-	-
- Prior years	-	-	-	83,050
- Deferred	(88,196)	(1,552,091)	1,022,654	(4,107,343)
	(88,196)	(1,552,091)	1,022,654	(4,024,293)
<b>PROFIT / (LOSS) AFTER TAXATION</b>	(73,496)	(2,901,392)	1,907,083	(8,046,999)
<b>Earnings / (Loss) per share -Basic and diluted (Rupees)</b>	(0.14)	(5.49)	3.61	(15.22)

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

**THE BANK OF PUNJAB GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	Quarter ended September 30, 2010	Period Ended September 30, 2010	Quarter ended September 30, 2009	Period Ended September 30, 2009
	<b>Rupees in '000'</b>			
<b>Profit / (Loss) after taxation</b>	(73,496)	(2,901,392)	1,907,083	(8,046,999)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<u>(73,496)</u>	<u>(2,901,392)</u>	<u>1,907,083</u>	<u>(8,046,999)</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, 2010 (UN-AUDITED)**

	Period Ended September 30, 2010 (Rupees in thousand)	Period Ended September 30, 2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,453,483)	(12,071,292)
Less: Dividend income	(365,471)	(846,583)
	<u>(4,818,954)</u>	<u>(12,917,875)</u>
Adjustments:		
Depreciation	231,462	218,943
Amortization on intangible assets	-	9,683
Amortization on premium of Pakistan Investment Bonds	54,013	91,449
Provision against non-performing advances	2,955,617	8,521,085
Unrealized loss on held for trading securities	774	766
Provision for diminution in value of investments	195,919	840,314
Provision for employees compensated absences	18,000	20,896
Provision for gratuity	37,800	27,782
Gain on sale of fixed assets	(3,576)	(586)
(Gain) / loss on sale and redemption of securities	(93,854)	26,738
Financial charges on leased assets	1,587	2,729
	<u>3,397,742</u>	<u>9,759,799</u>
	<u>(1,421,212)</u>	<u>(3,158,076)</u>
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(577,086)	(1,511,366)
	-	(20,933)
Advances	(4,637,242)	(4,350,952)
Other assets (excluding advance taxation)	(462,861)	749,979
	<u>(5,677,189)</u>	<u>(5,133,272)</u>
Increase / (Decrease) in operating liabilities:		
Bills payable	60,977	(39,930)
Borrowings from financial institutions	9,340,581	6,598,502
Deposits and other accounts	(1,295,403)	24,506,131
Other liabilities	(322,076)	(268,596)
	<u>7,784,079</u>	<u>30,796,107</u>
	<u>2,106,890</u>	<u>25,662,835</u>
Income tax paid	(104,045)	(1,065,182)
Financial charges paid	(1,587)	(2,729)
<b>Net cash generated from operating activities</b>	<u>580,046</u>	<u>21,436,848</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(3,105,327)	(31,279,410)
Net investments in held for maturity securities	38,470	(39,008)
Dividends income received	253,219	632,846
Investment in operating fixed assets	(261,991)	(226,389)
Sale proceeds of property and equipment disposed off	3,576	586
<b>Net cash used in investing activities</b>	<u>(3,072,053)</u>	<u>(30,911,375)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share deposit money	-	10,000,000
Payment of lease obligations	(2,537)	(6,848)
<b>Net cash (used in) / flow from financing activities</b>	<u>(2,537)</u>	<u>9,993,152</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(2,494,544)</u>	<u>518,625</u>
Cash and cash equivalents at beginning of the period	<u>15,173,410</u>	<u>12,705,282</u>
<b>Cash and cash equivalents at end of the period</b>	<u>12,678,866</u>	<u>13,223,907</u>
<b>Cash and cash equivalents:</b>		
Cash and balances with treasury banks	10,926,159	10,792,883
Balances with other banks	1,797,911	2,434,220
Overdrawn nostro accounts	(45,204)	(3,196)
	<u>12,678,866</u>	<u>13,223,907</u>

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

**THE BANK OF PUNJAB GROUP**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2010 (UN-AUDITED)**

	Capital Reserves				Revenue Reserves		Total
	Share capital	Statutory reserve	Restructuring reserve	Share premium	General reserve	Accumulated loss	
	(Rupees in thousand)						
<b>Balance as at January 01, 2009</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 revaluation surplus of fixed assets to accumulated loss-net of tax	-	-	-	-	-	5,590	5,590
Transfer from provision against NPLs	-	-	85,848	-	-	-	85,848
Transfer to accumulated loss	-	(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>85,848</b>	<b>37,882</b>	-	<b>(8,326,316)</b>	<b>(2,914,612)</b>
Transfer from revaluation surplus of fixed assets to accumulated loss-net of tax	-	-	-	-	-	1,912	1,912
Transfer from provision against NPLs	-	-	450,049	-	-	-	450,049
Loss for the period October-December 31, 2009	-	-	-	-	-	(2,047,678)	(2,047,678)
<b>Balance as at December 31, 2009</b>	<b>5,287,974</b>	-	<b>535,897</b>	<b>37,882</b>	-	<b>(10,372,082)</b>	<b>(4,510,329)</b>
Transfer from revaluation surplus of fixed assets to accumulated loss-net of tax	-	-	-	-	-	5,345	5,345
Transfer from provision against NPLs	-	-	148,881	-	-	-	148,881
Loss for the period ended September 30, 2010	-	-	-	-	-	(2,901,392)	(2,901,392)
<b>Balance as at September 30, 2010</b>	<b>5,287,974</b>	-	<b>684,778</b>	<b>37,882</b>	-	<b>(13,268,129)</b>	<b>(7,257,495)</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, 2010**

**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 (2009: 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. 2,742,505 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 2010, net advances aggregating to Rs. 31,898,323 thousand requiring additional provision of Rs. 23,342,411 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 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, 2009.

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

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of annual financial statements of the Group for the year ended December 31, 2009.

## **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) September 30, 2010	(Audited) December 31, 2009
	(Rupees in thousand)	
<b>5. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings(Reverse Repo)	1,157,303	495,217
Certificate of investment	173,333	258,333
Placements	300,000	300,000
	<u>1,630,636</u>	<u>1,053,550</u>

**6. INVESTMENTS**

NOTE	(Un-audited) September 30, 2010			(Audited) December 31, 2009		
	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	30,267	-	30,267	69,932	-	69,932
<b>Available for sale securities</b>						
Market Treasury Bills	19,491,068	15,464,094	34,955,162	25,059,220	7,708,707	32,767,927
Pakistan Investment Bonds	2,017,515	464,768	2,482,282	1,318,810	-	1,318,810
Ordinary shares of listed companies and modaraba	5,151,075	-	5,151,075	405,579	-	405,579
Preference Shares of listed companies	195,454	-	195,454	210,908	-	210,908
Ordinary Shares of un-listed company	25,000	-	25,000	25,000	-	25,000
NIT Units	860,991	-	860,991	5,745,924	-	5,745,924
Investment in Mutual Funds	5,261,238	-	5,261,238	6,558,515	-	6,558,515
Unlisted Term Finance Certificates (TFCs)	712,746	-	712,746	8,624,052	-	8,624,052
Listed Term Finance Certificates (TFCs)	9,894,732	-	9,894,732	792,564	-	792,564
Ijarah Sukuk	10,000	-	10,000	10,000	-	10,000
<b>Held to maturity securities</b>						
Pakistan Investment Bonds	2,687,098	-	2,687,098	2,741,111	-	2,741,111
WAPDA Bonds	400	-	400	400	-	400
<b>Subsidiary</b>						
Punjab Modaraba Services (Private) Limited	-	-	-	-	-	-
<b>Total investment at cost</b>	<u>46,337,584</u>	<u>15,928,862</u>	<u>62,266,445</u>	<u>51,562,015</u>	<u>7,708,707</u>	<u>59,270,722</u>
Less: Provision for diminution in value of investment	(1,130,536)	-	(1,130,536)	(1,044,397)	-	(1,044,397)
<b>Investments net of provisions</b>	<u>45,207,048</u>	<u>15,928,862</u>	<u>61,135,909</u>	<u>50,517,618</u>	<u>7,708,707</u>	<u>58,226,325</u>
Less: Deficit on revaluation of available for sale securities	(1,381,458)	-	(1,381,458)	(301,960)	-	(301,960)
Less: Deficit on revaluation of held for trading securities	(774)	-	(774)	(1,193)	-	(1,193)
<b>Total investment at market value</b>	<u>43,824,816</u>	<u>15,928,862</u>	<u>59,753,677</u>	<u>50,214,465</u>	<u>7,708,707</u>	<u>57,923,172</u>

**6.1** This represents 30,045,272 units (2009: 203,810,192 units) in National Investment (Unit) Trust (NI(U)T) LOC Holders' Fund attributable to strategic assets and are continued to be recognized as investment in NI(U)T – Unit Holders Fund.

During the period, 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 in 2011.

**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 2,276,524 thousand (2009: Rs.2,298,802 thousand )

**THE BANK OF PUNJAB GROUP**

(Un-audited) (Audited)  
September 30, December 31,  
2010 2009  
(Rupees in thousand)

**7. ADVANCES**

Loans, cash credits, running finances, etc. - in Pakistan	150,383,929	146,228,393
Net investment in finance lease - in Pakistan	2,421,000	2,713,294
Repurchase agreement lendings to Non Financial Institutions	1,693,142	1,693,142
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	831,062	443,699
Payable outside Pakistan	811,051	424,443
	1,642,113	868,142
Advances - gross	156,140,184	151,502,971
Provision for non-performing advances		
-Specific	(32,988,471)	(30,174,305)
-General	(17,839)	(25,298)
	(33,006,310)	(30,199,603)
Advances - net of provision	123,133,874	121,303,368

7.1 Provision against certain net advances amounting to Rs. 31,898,323 thousand {2009: Rs.27,816,636 (thousand)} requiring additional provisioning of Rs. 23,342,411 thousand {2009: Rs. 21,041,154 (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. 80,647,372 thousand (2009: Rs.77,342,285 thousand ) which have been placed under non-performing status in various categories as detailed below:

Category of classification	September 30, 2010 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in thousand)				
Other assets especially mentioned	415,383	-	415,383	-	-
Substandard	11,981,766	-	11,981,766	4,937,867	4,937,867
Doubtful	2,979,008	-	2,979,008	971,479	971,479
Loss	65,271,215	-	65,271,215	27,079,125	27,079,125
	80,647,372	-	80,647,372	32,988,471	32,988,471

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,  
2010 2,009  
(Rupees in thousand)

**8. OPERATING FIXED ASSETS**

Capital work in progress	59,278	68,236
Property and equipment	3,398,519	3,359,031
	3,457,797	3,427,267

**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,  
**2010** 2009  
**(Rupees in thousand)**

**10. BORROWINGS**

**Secured**

Borrowings from SBP

-Export refinance (ERF)

**3,960,074** 4,585,528

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

**1,128,507** 1,496,582

-Long term financing facility(LTFF)

**307,075** 220,857

Repurchase agreement borrowings

**15,928,862** 7,680,970

**21,324,518** 13,983,937

**Unsecured**

Call borrowings

**2,000,000** -

Over drawn nostro a/c

**45,204** 56,077

**2,045,204** 56,077

**23,369,722** 14,040,014

**11. DEPOSITS AND OTHER ACCOUNTS**

**Customers**

Fixed deposits

**83,314,710** 90,596,230

Savings deposits

**75,328,285** 65,534,922

Current Accounts

**26,226,616** 26,116,739

Sundry deposits, margin accounts, etc.

**1,599,335** 1,311,926

**186,468,946** 183,559,817

**Financial Institutions**

Remunerative deposits

**2,439,127** 5,848,985

Non-remunerative deposits

**654,611** 1,449,285

**3,093,738** 7,298,270

**189,562,684** 190,858,087

**11.1 Particulars of deposits**

In local currency

**188,405,950** 189,598,834

In foreign currencies

**1,156,734** 1,259,253

**189,562,684** 190,858,087

**12. SHARE CAPITAL**

(Un-audited)

(Audited)

September 30,

December 31,

2010

2009

(No. of shares)

**Authorized**

**5,000,000,000**

1,000,000,000

Ordinary shares of Rs. 10/- each

**50,000,000**

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

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	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
	<b>(Rupees in thousand)</b>	
<b>13. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of fixed assets - net of tax	858,709	864,055
Deficit on revaluation of securities - net of tax	<u>(979,136)</u>	<u>(219,026)</u>
	<u><b>(120,427)</b></u>	<u><b>645,029</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>(Audited)</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
	<b>(Rupees in thousand)</b>	
Financial institutions	10,517	-
Others	<u>996,421</u>	<u>3,162,896</u>
	<u><b>1,006,938</b></u>	<u><b>3,162,896</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>(Audited)</b>
	<b>June 30,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
	<b>(Rupees in thousand)</b>	
Government	116,769	2,137,378
Financial institutions	320,547	230,664
Others	<u>16,240,876</u>	<u>12,703,017</u>
	<u><b>16,678,192</b></u>	<u><b>15,071,059</b></u>

**14.3 Trade related contingent liabilities**

Government	1,187,529	1,656,409
Financial institutions	12,884	17,778
Others	<u>10,929,468</u>	<u>7,850,702</u>
	<u><b>12,129,881</b></u>	<u><b>9,524,889</b></u>

**14.4 Other contingencies**

Claims against the bank not acknowledged as debt	<u><b>6,923,227</b></u>	<u><b>4,877,227</b></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 Inland Revenue Appeals {(CIR (A))}. CIR (A) has deleted addition under the head “provision for compensated absences” while confirmed others. The Bank and the Department 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.

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	(Un-audited) September 30, 2010 (Rupees in thousand)	(Audited) December 31, 2009
<b>14.6 Commitments in respect of forward exchange contracts</b>		
Purchase	1,343,915	546,671
Sale	1,131,739	756,899
	<u>2,475,655</u>	<u>1,303,570</u>
<b>14.7 Commitments for the acquisition of operating fixed assets</b>	<u>26,150</u>	<u>28,422</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, 2010 (Rupees in thousand)	(Audited) December 31, 2009
<b>First Punjab Modaraba</b> (Modaraba floated by the wholly owned subsidiary of the Bank)		
<b>Advances</b>		
Outstanding at beginning of the period	973,315	1,041,116
Made during the period	2,381,596	4,091,171
Repaid/matured during the period	(2,387,816)	(4,158,972)
Outstanding at the end of the period	<u>967,095</u>	<u>973,315</u>
Mark-up/return earned	<u>28,892</u>	<u>144,960</u>
<b>Deposits in current account</b>	<u>332</u>	<u>7</u>
<b>Placement</b>		
Outstanding at beginning of the period	300,000	300,000
Made during the period	300,000	1,200,000
Repaid/matured during the period	(300,000)	(1,200,000)
Outstanding at the end of the period	<u>300,000</u>	<u>300,000</u>
Mark-up/return earned	<u>28,892</u>	<u>43,562</u>
<b>Lease liability</b>		
Outstanding at beginning of the period	19,907	30,632
Lease contracts entered into during the period	5,710	-
Repayments of lease rentals	(8,247)	(10,725)
Outstanding at the end of the period	<u>17,370</u>	<u>19,907</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>17,464</u>	<u>23,921</u>
Contribution to employees provident fund	<u>39,806</u>	<u>46,725</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