



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011**

THE BANK OF PUNJAB GROUP

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2011 (UN-AUDITED)

		(Un-audited) September 30, 2011	(Audited) December 31, 2010
	<i>NOTE</i>	(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		13,199,834	14,069,601
Balances with other banks		2,248,641	3,276,234
Lendings to financial institutions	5	2,403,469	7,309,587
Investments	6	83,876,932	56,359,404
Advances	7	124,025,026	120,796,694
Operating fixed assets	8	3,467,296	3,534,660
Deferred tax assets	9	14,294,470	14,063,694
Other assets		11,382,988	9,721,900
		254,898,656	229,131,774
LIABILITIES			
Bills payable		1,992,907	581,100
Borrowings	10	25,407,152	11,526,783
Deposits and other accounts	11	219,146,824	208,176,902
Sub-ordinated loans		-	
Liabilities against assets subject to finance lease		9,793	13,887
Deferred tax liabilities		-	
Other liabilities		5,488,062	5,223,152
		252,044,738	225,521,824
NET ASSETS		2,853,918	3,609,950
REPRESENTED BY			
Share capital	12	5,287,974	5,287,974
Reserves		1,846,635	2,012,492
Accumulated loss		(14,572,756)	(14,411,509)
		(7,438,147)	(7,111,043)
Share deposit money		10,000,000	10,000,000
		2,561,853	2,888,957
Surplus on revaluation of assets	13	292,065	720,993
		2,853,918	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 PERIOD ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	Quarter ended September 30, 2011	Period ended September 30, 2011	Quarter ended September 30, 2010	Period ended September 30, 2010
	(Rupees in thousand)			
Mark-up/Return/Interest Earned	5,486,630	14,929,239	4,561,190	13,930,409
Mark-up/Return/Interest Expensed	5,492,236	15,149,483	4,724,482	14,007,029
Net Mark-up/ Interest Income	(5,606)	(220,244)	(163,292)	(76,620)
(Reversal of provision) / Provision against non-performing loans and advances-net	(27,512)	(1,624,310)	(406,873)	2,955,617
Provision for diminution in the value of investments	169,653	192,427	78,535	195,919
Bad debts written off directly	-	-	-	-
	<u>142,141</u>	<u>(1,431,883)</u>	<u>(328,338)</u>	<u>3,151,536</u>
Net Mark-up/ Interest income after provisions	(147,747)	1,211,639	165,046	(3,228,156)
NON MARK-UP/INTEREST INCOME				
Fee, commission and brokerage income	144,198	423,668	125,041	419,388
Dividend income	85,086	227,165	211,440	365,471
Income from dealing in foreign currencies	37,611	115,484	30,290	111,283
Gain on sale and redemption of securities	44,409	267,011	73,372	93,854
Unrealized gain / (loss) on revaluation of investments classified as held for trading	2,475	(115)	5,309	(774)
Other income	116,637	344,343	95,340	305,679
Total non-markup/interest income	<u>430,416</u>	<u>1,377,556</u>	<u>540,792</u>	<u>1,294,901</u>
	282,669	2,589,195	705,838	(1,933,255)
NON MARK-UP/INTEREST EXPENSES				
Administrative expenses	966,248	2,853,046	867,475	2,518,809
Reversal of provision against other assets	-	(3,216)	-	-
Other charges	8	200	55	1,419
Total non-markup/interest expenses	<u>966,256</u>	<u>2,850,030</u>	<u>867,530</u>	<u>2,520,228</u>
LOSS BEFORE TAXATION	(683,587)	(260,835)	(161,692)	(4,453,483)
Taxation - Current	-	-	-	-
- Prior years	-	-	-	-
- Deferred	(236,526)	(94,510)	(88,196)	(1,552,091)
	<u>(236,526)</u>	<u>(94,510)</u>	<u>(88,196)</u>	<u>(1,552,091)</u>
LOSS AFTER TAXATION	<u>(447,061)</u>	<u>(166,325)</u>	<u>(73,496)</u>	<u>(2,901,392)</u>
Loss per share -Basic and diluted (Rupees)	<u>(0.85)</u>	<u>(0.31)</u>	<u>(0.14)</u>	<u>(5.49)</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 COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	Quarter ended September 30, 2011	Period ended September 30, 2011	Quarter ended September 30, 2010	Period ended September 30, 2010
	Rupees in '000'			
Loss after taxation	(447,061)	(166,325)	(73,496)	(2,901,392)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u>(447,061)</u>	<u>(166,325)</u>	<u>(73,496)</u>	<u>(2,901,392)</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, 2011 (UN-AUDITED)

	Period Ended September 30, 2011	Period Ended September 30, 2010
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(260,835)	(4,453,483)
Less: Dividend income	(227,165)	(365,471)
	<u>(488,000)</u>	<u>(4,818,954)</u>
Adjustments for non-cash charges:		
Depreciation	245,930	231,462
Amortization on premium on Pakistan Investment Bonds	26,322	54,013
Unrealized loss on revaluation of investments classified as held for trading	115	774
(Reversal of Provision) / Provision against non-performing loans and advances - net	(1,624,310)	2,955,617
Provision for diminution in the value of investments - net	192,427	195,919
Provision for employees compensated absences	16,200	18,000
Provision for gratuity	35,100	37,800
Revesal of Provision against other assets	(3,216)	-
Net profit on sale of property and equipment	(1,327)	(3,576)
Gain on sale and redemption of securities	(267,011)	(93,854)
Finance charges on leased assets	1,171	1,587
	<u>(1,378,599)</u>	<u>3,397,742</u>
	<u>(1,866,599)</u>	<u>(1,421,212)</u>
(Increase)/ Decrease in operating assets:		
Lendings to financial institutions	5,101,118	(577,086)
Net investments in held for trading securities	204,077	-
Advances	(1,769,879)	(4,637,242)
Others assets	(1,532,817)	(462,861)
	<u>2,002,499</u>	<u>(5,677,189)</u>
Increase/ (Decrease) in operating liabilities:		
Bills Payable	1,411,807	60,977
Borrowings	13,769,070	9,340,581
Deposits and other accounts	10,969,922	(1,295,403)
Other liabilities	213,610	(322,076)
	<u>26,364,409</u>	<u>7,784,079</u>
	<u>26,500,309</u>	<u>685,678</u>
Financial charges paid	(1,171)	(104,045)
Income tax paid	(9,522)	(1,587)
Net cash flow from operating activities	<u>26,489,616</u>	<u>580,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(28,343,241)	(3,105,327)
Net investments in held to maturity securities	109,667	38,470
Dividends received	111,632	253,219
Investments in operating fixed assets	(178,566)	(261,991)
Sale proceeds of property and equipment disposed-off	1,327	3,576
Net cash used in investing activities	<u>(28,299,181)</u>	<u>(3,072,053)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(4,094)	(2,537)
Net cash used in financing activities	<u>(4,094)</u>	<u>(2,537)</u>
Net decrease in cash and cash equivalents	<u>(1,813,659)</u>	<u>(2,494,544)</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>15,532,176</u>	<u>12,678,866</u>
Cash and cash equivalents:		
Cash and balances with treasury banks	13,199,834	10,926,159
Balances with other banks	2,248,641	1,797,911
Call money lendings	195,000	-
Overdrawn nostro accounts	(111,299)	(45,204)
Other overdrawn bank accounts	-	-
	<u>15,532,176</u>	<u>12,678,866</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 PERIOD ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	Capital Reserves			Revenue Reserve	Total
	Share capital	Restructuring reserve	Share premium	Accumulated loss	
	(Rupees in thousand)				
Balance as at January 01, 2010	5,287,974	535,897	37,882	(10,372,082)	(4,510,329)
Loss for the period ended September 30, 2010	-	-	-	(2,901,392)	(2,901,392)
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
Balance as at September 30, 2010	5,287,974	684,778	37,882	(13,268,129)	(7,257,495)
Transfer from revaluation surplus of fixed assets to accumulated loss-net of tax	-	-	-	1,782	1,782
Transfer from provision against NPLs	-	1,289,832	-	-	1,289,832
Loss for the period October-December 31, 2010	-	-	-	(1,145,162)	(1,145,162)
Balance as at December 31, 2010	5,287,974	1,974,610	37,882	(14,411,509)	(7,111,043)
Loss for period ended September 30, 2011	-	-	-	(166,325)	(166,325)
Transfer from revaluation surplus of fixed assets to accumulated loss-net of tax	-	-	-	5,078	5,078
Transfer from provision against NPLs	-	(165,857)	-	-	(165,857)
Balance as at September 30, 2011	5,287,974	1,808,753	37,882	(14,572,756)	(7,438,147)

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, 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: 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. 2,561,853 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 2011, net advances aggregating to Rs. 31,999,492 thousand requiring additional provision of Rs. 27,717,140 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, 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 applied 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) September 30, 2011 (Rupees in thousand)	(Un-audited) December 31, 2010
5 LENDINGS TO FINANCIAL INSTITUTIONS		
Call Money Lending	195,000	-
Repurchase agreement lendings(Reverse Repo)	1,575,136	6,691,812
Certificate of investment	633,333	143,333
Placements	-	474,442
	2,403,469	7,309,587

6 INVESTMENTS

NOTE	(Un-audited) September 30, 2011			(Audited) December 31, 2010		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in thousand)					
Held for trading securities						
Ordinary shares of listed companies	5,504	-	5,504	191,560	-	191,560
Available for sale securities						
Market Treasury Bills	47,066,410	19,235,973	66,302,383	30,770,725	4,728,012	35,498,737
Pakistan Investment Bonds	2,961,662	-	2,961,662	2,152,484	357,233	2,509,717
Ijarah Sukuk	-	-	-	10,000	-	10,000
Ordinary shares of listed companies and modaraba	3,290,571	-	3,290,571	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
Investment in Mutual Funds	3,701,854	-	3,701,854	4,401,009	-	4,401,009
Unlisted Term Finance Certificates (TFCs)	8,994,919	-	8,994,919	9,638,344	-	9,638,344
Listed Term Finance Certificates (TFCs)	571,860	-	571,860	671,002	-	671,002
Held to maturity securities						
Pakistan Investment Bonds	2,015,644	-	2,015,644	2,151,633	-	2,151,633
WAPDA Bonds	400	-	400	400	-	400
	-	-	-	-	-	-
Total investment at cost	68,829,278	19,235,973	88,065,251	54,777,320	5,085,245	59,862,565
Less: Provision for diminution in value of investment	(3,423,789)	-	(3,423,789)	(3,316,883)	-	(3,316,883)
Investments net of provisions	65,405,489	19,235,973	84,641,462	51,460,437	5,085,245	56,545,682
Less: Deficit on revaluation of available for sale securities	(764,414)	-	(764,414)	(204,298)	-	(204,298)
Less: (Deficit) / Surplus on revaluation of held for trading securities	(116)	-	(116)	18,020	-	18,020
Total investment at market value	64,640,959	19,235,973	83,876,932	51,274,159	5,085,245	56,359,404

6.1 As per the terms agreed amongst the LOC Unit Holders, the entire holding of the Bank of 30,045,272 units 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.

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 1,711,600 thousand (2010: Rs.1,768,014 thousand).

THE BANK OF PUNJAB GROUP

	(Un-audited)	(Audited)
	September 30,	December 31,
	2011	2010
	(Rupees in thousand)	
7 ADVANCES		
Loans, cash credits, running finances, etc. - in Pakistan	145,765,312	144,082,328
Net investment in finance lease - in Pakistan	2,845,230	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	1,002,768	1,035,597
Payable outside Pakistan	596,539	1,056,782
	1,599,307	2,092,379
Advances - gross	151,887,038	150,117,159
Provision for non-performing advances		
-Specific	(27,841,745)	(29,301,458)
-General	(20,267)	(19,007)
	(27,862,012)	(29,320,465)
Advances - net of provision	124,025,026	120,796,694

7.1 Provision against certain net advances amounting to Rs. 31,999,492 thousand {2010:Rs.31,520,321 (thousand)} requiring additional provisioning of Rs. 27,717,140 {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. 75,168,042 thousand (2010: Rs.77,393,928 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2011 (Un-audited)			
	Domestic	Overseas	Total	Provision Required
	(Rupees in thousand)			
Other assets especially mentioned	229,834	-	229,834	-
Substandard	6,346,066	-	6,346,066	1,656,507
Doubtful	1,714,184	-	1,714,184	536,319
Loss	66,877,958	-	66,877,958	25,648,919
	75,168,042	-	75,168,042	27,841,745

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,
	2011	2010
	(Rupees in thousand)	
8. OPERATING FIXED ASSETS		
Capital work in progress	67,482	53,694
Property and equipment	3,399,814	3,480,966
	3,467,296	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)
September 30, December 31,
2011 2010
(Rupees in thousand)

10. BORROWINGS

Secured

Borrowings from SBP

-Export refinance (ERF)

4,423,527 4,798,299

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

679,315 999,119

-Long term financing facility (LTFF)

957,038 644,120

Repurchase agreement borrowings

19,235,973 5,085,245

25,295,853 11,526,783

Unsecured

Over drawn nostro a/c

111,299 -

25,407,152 11,526,783

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits

104,221,884 96,752,700

Savings deposits

78,310,463 75,625,569

Current Accounts

31,510,742 30,231,671

Sundry deposits, margin accounts, etc.

1,505,673 1,467,019

215,548,762 204,076,959

Financial Institutions

Remunerative deposits

3,553,656 3,090,511

Non-remunerative deposits

44,406 1,009,432

3,598,062 4,099,943

219,146,824 208,176,902

11.1 Particulars of deposits

In local currency

216,449,292 204,880,437

In foreign currencies

2,697,532 3,296,465

219,146,824 208,176,902

12. SHARE CAPITAL

(Un-audited)

(Audited)

September 30,
2011

December 31,
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)
	September 30,	December 31,
	2011	2010
	(Rupees in thousand)	
13. SURPLUS ON REVALUATION OF ASSETS		
Surplus on revaluation of fixed assets - net of tax	851,848	856,928
Deficit on revaluation of securities - net of tax	<u>(559,783)</u>	<u>(135,935)</u>
	<u>292,065</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)
	September 30,	December 31,
	2011	2010
	(Rupees in thousand)	
Financial institutions	-	-
Others	<u>815,031</u>	<u>853,542</u>
	<u>815,031</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)
	September 30,	December 31,
	2011	2010
	(Rupees in thousand)	
Government	97,478	76,136
Financial institutions	62,028	65,383
Others	<u>9,819,198</u>	<u>12,835,832</u>
	<u>9,978,704</u>	<u>12,977,351</u>

14.3 Trade related contingent liabilities

Government	1,291,248	727,045
Financial institutions	-	470
Others	<u>4,152,442</u>	<u>10,956,683</u>
	<u>5,443,690</u>	<u>11,684,198</u>

14.4 Other contingencies

Claims against the bank not acknowledged as debt	<u>19,431,931</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) September 30, 2011 (Rupees in thousand)	(Audited) December 31, 2010
14.6 Commitments in respect of forward exchange contracts		
Purchase	1,497,386	1,364,614
Sale	<u>1,365,031</u>	<u>1,138,760</u>
	<u>2,862,417</u>	<u>2,503,374</u>
14.7 Commitments for the acquisition of operating fixed assets	<u>34,558</u>	<u>4,707</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, 2011 (Rupees in thousand)	(Audited) December 31, 2010
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	2,208,411	2,882,886
Repaid/matured during the period	(2,191,560)	(2,914,576)
Outstanding at the end of the period	<u>958,476</u>	<u>941,625</u>
Mark-up/return earned	<u>97,510</u>	<u>131,840</u>
Deposits in current account	<u>6,012</u>	<u>27,174</u>
Placement		
Outstanding at beginning of the period	300,000	300,000
Made during the period	300,000	300,000
Repaid/matured during the period	(600,000)	(300,000)
Outstanding at the end of the period	<u>-</u>	<u>300,000</u>
Mark-up/return earned	<u>24,716</u>	<u>39,284</u>
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	(4,094)	(12,256)
Outstanding at the end of the period	<u>9,793</u>	<u>13,887</u>
Bankers Avenue Co-operative Housing Society (A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	<u>6,929</u>	<u>14,728</u>
Contribution to employees provident fund	<u>45,082</u>	<u>54,012</u>

16 DATE OF AUTHORIZATION FOR ISSUE

These interim condensed consolidated financial statements were authorized for issuance on _____ 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