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Corporate Information

BOARD OF DIRECTORS

1. Mr. Ghafoor Mirza	Chairman
2. Mr. Naeemuddin Khan	President
3. Mr. Tariq Mahmood Pasha	Director
4. Mr. Tariq Bajwa	Director
5. Mr. Rizwan Ullah Khan	Director
6. Mr. Shafqat Mahmood	Director
7. Mr. Farooq Ahmed Awan	Director
8. Mr. Junaid Ashraf Khawaja	Director
9. Mr. M. Naveed Masud	Director

CENTRAL AUDIT COMMITTEE

1. Mr. Ghafoor Mirza	Chairman
2. Mr. Junaid Ashraf Khawaja	Member
3. Mr. M. Naveed Masud	Member

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

REGISTERED OFFICE

BOP Tower, 10-B, Block-E/II,
Main Boulevard, Gulberg-III,
Lahore.

WEBSITE

www.bop.com.pk

REGISTRAR

M/s. CORPLINK (Pvt) Limited.
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.

The Bank of Punjab

Interim Condensed Financial Information

For the period ended September 30, 2011 (Un-Audited)

Interim Condensed Statement of Financial Position

as at September 30, 2011 (Un-audited)

		(Un-audited) September 30, 2011	(Audited) December 31, 2010
(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	83,920,482	56,402,954
Advances	7	124,047,026	120,818,021
Operating fixed assets	8	3,467,296	3,534,660
Deferred tax assets	9	14,294,470	14,063,694
Other assets		11,379,599	9,715,522
		254,960,817	229,190,273
LIABILITIES			
Bills payable		1,992,907	581,100
Borrowings	10	25,407,152	11,526,783
Deposits and other accounts	11	219,146,831	208,176,988
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		9,793	13,887
Deferred tax liabilities		-	-
Other liabilities		5,486,204	5,223,045
		252,042,887	225,521,803
NET ASSETS		2,917,930	3,668,470
REPRESENTED BY			
Share capital	12	5,287,974	5,287,974
Reserves		1,846,635	2,012,492
Accumulated loss		(14,508,744)	(14,352,989)
		(7,374,135)	(7,052,523)
Share deposit money		10,000,000	10,000,000
		2,625,865	2,947,477
Surplus on revaluation of assets	13	292,065	720,993
		2,917,930	3,668,470
Contingencies and commitments	14		

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

President

Director

Interim Condensed Profit and Loss Account

for the period ended September 30, 2011 (Un-audited)

	Quarter ended Sep. 30, 2011	Period ended Sep. 30, 2011	Quarter ended Sep. 30, 2010	Period ended Sep. 30, 2010
	(Rupees in thousand)			
Mark-up/Return/Interest Earned	5,488,854	14,931,463	4,561,894	13,932,165
Mark-up/Return/Interest Expensed	5,492,236	15,149,483	4,724,482	14,007,029
Net Mark-up/ Interest Income	(3,382)	(218,020)	(162,588)	(74,864)
(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	-	-	-	-
	142,141	(1,431,883)	(328,338)	3,151,536
Net Mark-up/ Interest income after provisions	(145,523)	1,213,863	165,750	(3,226,400)
NON MARK-UP/INTEREST INCOME				
Fee, commission and brokerage income	144,198	423,668	124,849	418,607
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	2,474	(116)	5,309	(774)
Other income	116,637	344,343	95,339	305,656
Total non-markup/interest income	430,415	1,377,555	540,599	1,294,097
	284,892	2,591,418	706,349	(1,932,303)
NON MARK-UP/INTEREST EXPENSES				
Administrative expenses	962,979	2,849,777	864,964	2,511,800
Other provisions/write offs/reversals	-	(3,216)	-	-
Other charges	8	200	55	1,419
Total non-markup/interest expenses	962,987	2,846,761	865,019	2,513,219
LOSS BEFORE TAXATION	(678,095)	(255,343)	(158,670)	(4,445,522)
Taxation - Current	-	-	-	-
- Prior years	-	-	-	-
- Deferred	(236,526)	(94,510)	(88,196)	(1,552,091)
	(236,526)	(94,510)	(88,196)	(1,552,091)
LOSS AFTER TAXATION	(441,569)	(160,833)	(70,474)	(2,893,431)
Loss per share -Basic and diluted (Rupees)	(0.84)	(0.30)	(0.13)	(5.47)

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

President

Director

Interim Condensed Statement of Comprehensive Income

for the period ended September 30, 2011 (Un-audited)

	Quarter ended Sep. 30, 2011	Period ended Sep. 30, 2011	Quarter ended Sep. 30, 2010	Period ended Sep. 30, 2010
	(Rupees in thousand)			
Loss after taxation	(441,569)	(160,833)	(70,474)	(2,893,431)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(441,569)	(160,833)	(70,474)	(2,893,431)

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

President

Director

Interim Condensed Cash Flow Statement

for the period ended September 30, 2011 (Un-audited)

	Period ended September 30, 2011	Period ended September 30, 2010
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(255,343)	(4,445,522)
Less: Dividend income	(227,165)	(365,471)
	(482,508)	(4,810,993)
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	116	774
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
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
	(1,378,598)	3,397,742
	(1,861,106)	(1,413,251)
(Increase)/ Decrease in operating assets:		
Lendings to financial institutions	5,101,118	(577,086)
Net investments in held for trading securities	204,076	38,470
Advances	(1,770,552)	(4,645,117)
Others assets	(1,535,806)	(463,374)
	1,998,836	(5,647,107)
Increase/ (Decrease) in operating liabilities:		
Bills Payable	1,411,807	60,977
Borrowings	13,769,070	9,340,581
Deposits and other accounts	10,969,843	(1,294,871)
Other liabilities	211,859	(322,181)
	26,362,579	7,784,506
	26,500,309	724,148
Financial charges paid	(1,171)	(104,045)
Income tax paid	(9,522)	(1,587)
Net cash (used in) flow from operating activities	26,489,616	618,516
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	-
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	(28,299,181)	(3,110,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(4,094)	(2,537)
Net cash flow used in financing activities	(4,094)	(2,537)
Net decrease in cash and cash equivalents	(1,813,659)	(2,494,544)
Cash and cash equivalents at beginning of the period	17,345,835	15,173,410
Cash and cash equivalents at end of the period	15,532,176	12,678,866
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	-	-
	15,532,176	12,678,866

Interim Condensed Statement of Changes in Equity

for the period ended September 30, 2011 (Un-audited)

	Share capital	Capital Reserves		Revenue Reserve	Total
		Restructuring reserve	Share premium	Accumulated loss	
				(R u p e e s i n t h o u s a n d)	
Balance as at January 01, 2010	5,287,974	535,897	37,882	(10,330,839)	(4,469,086)
Transfer to accumulated loss	-	-	-	-	-
Loss for the period ended September 30, 2010	-	-	-	(2,893,431)	(2,893,431)
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	(13,218,925)	(7,208,291)
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	-	-	-	(1,135,846)	(1,135,846)
Balance as at December 31, 2010	5,287,974	1,974,610	37,882	(14,352,989)	(7,052,523)
Loss for period ended September 30, 2011	-	-	-	(160,833)	(160,833)
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	(14,508,744)	(7,374,135)

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

President

Director

Notes to the Interim Condensed Financial Statements for the period ended September 30, 2011 (Un-audited)

1. Status and Nature of Business

- 1.1 The Bank of Punjab (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 September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, Block E/II, Main Boulevard, Gulberg III, Lahore. The Bank has 273 branches (2010: 273 branches) in Pakistan and Azad Jammu and Kashmir at the period end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by the Government of Punjab.
- 1.2 The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 2,625,865 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 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 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 Bank for the year ended December 31, 2010.

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of these interim condensed 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 bases in these interim condensed financial statements.

5. LENDINGS TO FINANCIAL INSTITUTIONS

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
		(Rupees in thousand)
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
	<u>2,403,469</u>	<u>7,309,587</u>

6. INVESTMENTS

Note	(Un-audited)			(Audited)		
	September 30, 2011			December 31, 2010		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(R u p e e s i n t h o u s a n d)					
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
Jjarah Sukuk	-	-	-	10,000	-	10,000
Ordinary shares of listed companies and modaraba	3,125,628	-	3,125,628	3,543,775	-	3,543,775
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
Subsidiary						
Punjab Modaraba Services (Private) Limited	164,945	-	164,945	164,945	-	164,945
Total investment at cost	68,829,280	19,235,973	88,065,253	54,777,322	5,085,245	59,862,567
Less: Provision for diminution in value of investment	(3,380,241)	-	(3,380,241)	(3,273,335)	-	(3,273,335)
Investments net of provisions	65,449,039	19,235,973	84,685,012	51,503,987	5,085,245	56,589,232
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	64,684,509	19,235,973	83,920,482	51,317,709	5,085,245	56,402,954

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).

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
7. ADVANCES		
Loans, cash credits, running finances, etc. - in Pakistan	145,787,312	144,103,655
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	151,909,038	150,138,486
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	124,047,026	120,818,021

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	Provision Held
(Rupees in thousand)					
Other assets especially mentioned	229,834	-	229,834	-	-
Substandard	10,627,584	-	10,627,584	1,656,507	1,656,507
Doubtful	1,923,272	-	1,923,272	536,319	536,319
Loss	62,611,176	-	62,611,176	25,648,919	25,648,919
	75,391,866	-	75,391,866	27,841,745	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) September 30, 2011	(Audited) December 31, 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
	<u>3,467,296</u>	<u>3,534,660</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.		
	(Un-audited) September 30, 2011	(Audited) December 31, 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 financial facility (LTFF)	957,038	644,120
Repurchase agreement borrowings	19,235,973	5,085,245
	<u>25,295,853</u>	<u>11,526,783</u>
Unsecured		
Over drawn nostro a/c	111,299	-
	<u>25,407,152</u>	<u>11,526,783</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	104,221,884	96,752,700
Savings deposits	78,310,463	75,625,569
Current Accounts	31,510,749	30,231,757
Sundry deposits, margin accounts, etc.	1,505,673	1,467,019
	<u>215,548,769</u>	<u>204,077,045</u>
Financial Institutions		
Remunerative deposits	3,553,656	3,090,511
Non-remunerative deposits	44,406	1,009,432
	<u>3,598,062</u>	<u>4,099,943</u>
	<u>219,146,831</u>	<u>208,176,988</u>

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
11.1 Particulars of deposits		
In local currency	216,449,299	204,880,523
In foreign currencies	2,697,532	3,296,465
	<u>219,146,831</u>	<u>208,176,988</u>

12. SHARE CAPITAL

	(Un-audited) September 30, 2011	(Audited) December 31, 2010		(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(No. of Shares)			(Rupees in thousand)	
			Authorized		
	<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
			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
	<u>528,797,376</u>	<u>528,797,376</u>		<u>5,287,974</u>	<u>5,287,974</u>

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	(559,783)	(135,935)
	<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:

Financial institutions	-	-
Others	815,031	853,542
	<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) September 30, 2011	(Audited) December 31, 2010
Government	97,478	76,136
Financial institutions	62,028	65,383
Others	9,819,198	12,835,832
	<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	4,152,442	10,956,683
	<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.

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
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14.6 Commitments in respect of forward exchange contracts

Purchase	1,497,386	1,364,614
Sale	1,365,031	1,138,760
	<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>
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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.

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of the Bank)		
Deposits in current account	<u>9</u>	<u>33</u>
Advances		
Outstanding at beginning of the period	21,258	14,100
Made during the period	1,217	9,138
Repaid/matured during the period	(475)	(1,980)
	<u>22,000</u>	<u>21,258</u>
Outstanding at the end of the period	<u>22,000</u>	<u>21,258</u>
Mark-up/return earned	<u>2,326</u>	<u>2,512</u>
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)
	<u>958,476</u>	<u>941,625</u>
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)
	<u>-</u>	<u>300,000</u>
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)
	<u>9,793</u>	<u>13,887</u>
Outstanding at the end of the period	<u>9,793</u>	<u>13,887</u>

(Un-audited) (Audited)
September 30, December 31,
2011 2010
 (Rupees in thousand)

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

Deposits in saving account	6,929	14,728
Contribution to employees provident fund	45,082	54,015

16. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed 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

The Bank of Punjab

Interim Condensed Consolidated Financial Statements

For the period ended September 30, 2011 (Un-Audited)

Interim Condensed Consolidated Statement of Financial Position

as at September 30, 2011 (Un-audited)

		(Un-audited) September 30, 2011	(Audited) December 31, 2010
(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

Interim Condensed Consolidated Profit and Loss Account

for the period ended September 30, 2011 (Un-audited)

	Quarter ended Sep. 30, 2011	Period ended Sep. 30, 2011	Quarter ended Sep. 30, 2010	Period ended Sep. 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	-	-	-	-
	142,141	(1,431,883)	(328,338)	3,151,536
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	430,416	1,377,556	540,792	1,294,901
	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	966,256	2,850,030	867,530	2,520,228
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)
	(236,526)	(94,510)	(88,196)	(1,552,091)
LOSS AFTER TAXATION	(447,061)	(166,325)	(73,496)	(2,901,392)
Loss per share -Basic and diluted (Rupees)	(0.85)	(0.31)	(0.14)	(5.49)

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

President

Director

Interim Condensed Consolidated Statement of Comprehensive Income

for the period ended September 30, 2011 (Un-audited)

	Quarter ended Sep. 30, 2011	Period ended Sep. 30, 2011	Quarter ended Sep. 30, 2010	Period ended Sep. 30, 2010
	(Rupees in thousand)			
Loss after taxation	(447,061)	(166,325)	(73,496)	(2,901,392)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(447,061)	(166,325)	(73,496)	(2,901,392)

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

President

Director

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
CASH FLOWS FROM OPERATING ACTIVITIES	(Rupees in thousand)	
Loss before taxation	(260,835)	(4,453,483)
Less: Dividend income	(227,165)	(365,471)
	(488,000)	(4,818,954)
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
Reversal 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
	(1,378,599)	3,397,742
	(1,866,599)	(1,421,212)
(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)
	2,002,499	(5,677,189)
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)
	26,364,409	7,784,079
	26,500,309	685,678
Financial charges paid	(1,171)	(104,045)
Income tax paid	(9,522)	(1,587)
Net cash flow from operating activities	26,489,616	580,046
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	(28,299,181)	(3,072,053)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(4,094)	(2,537)
Net cash used in financing activities	(4,094)	(2,537)
Net decrease in cash and cash equivalents	(1,813,659)	(2,494,544)
Cash and cash equivalents at beginning of the period	17,345,835	15,173,410
Cash and cash equivalents at end of the period	15,532,176	12,678,866
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	-	-
	15,532,176	12,678,866

3rd Quarter 2011 The annexed notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

for the period ended September 30, 2011 (Un-audited)

	Share capital	Capital Reserves		Revenue Reserve	Total
		Restructuring reserve	Share premium	Accumulated loss	
		(R u p e e s i n t h o u s a n d)			
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

Notes to the Interim Condensed Consolidated Financial Statements

for the period ended September 30, 2011 (Un-audited)

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.

5. LENDINGS TO FINANCIAL INSTITUTIONS

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
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
	<u>2,403,469</u>	<u>7,309,587</u>

6. INVESTMENTS

Note	(Un-audited)			(Audited)		
	September 30, 2011			December 31, 2010		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(R u p e e s i n t h o u s a n d)					
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
Jjarah 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).

	(Un-audited) September 30, 2011	(Audited) December 31, 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	Provision Held
	(Rupees in thousand)				
Other assets especially mentioned	229,834	-	229,834	-	-
Substandard	6,346,066	-	6,346,066	1,656,507	1,656,507
Doubtful	1,714,184	-	1,714,184	536,319	536,319
Loss	66,877,958	-	66,877,958	25,648,919	25,648,919
	75,168,042	-	75,168,042	27,841,745	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) September 30, 2011	(Audited) December 31, 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
	<u>3,467,296</u>	<u>3,534,660</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.		
	(Un-audited) September 30, 2011	(Audited) December 31, 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 financial facility (LTFF)	957,038	644,120
Repurchase agreement borrowings	19,235,973	5,085,245
	<u>25,295,853</u>	11,526,783
Unsecured		
Over drawn nostro a/c	111,299	-
	<u>25,407,152</u>	<u>11,526,783</u>
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
	<u>215,548,762</u>	204,076,959
Financial Institutions		
Remunerative deposits	3,553,656	3,090,511
Non-remunerative deposits	44,406	1,009,432
	<u>3,598,062</u>	4,099,943
	<u>219,146,824</u>	<u>208,176,902</u>

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
11.1 Particulars of deposits		
In local currency	216,449,292	204,880,437
In foreign currencies	2,697,532	3,296,465
	<u>219,146,824</u>	<u>208,176,902</u>

12. SHARE CAPITAL

	(Un-audited) September 30, 2011	(Audited) December 31, 2010		(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(No. of Shares)			(Rupees in thousand)	
Authorized					
<u>5,000,000,000</u>	<u>5,000,000,000</u>		Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
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
<u>528,797,376</u>	<u>528,797,376</u>			<u>5,287,974</u>	<u>5,287,974</u>

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	(559,783)	(135,935)
	<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:

Financial institutions	-	-
Others	815,031	853,542
	<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) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
Government	97,478	76,136
Financial institutions	62,028	65,383
Others	9,819,198	12,835,832
	<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	4,152,442	10,956,683
	<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.

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	

14.6 Commitments in respect of forward exchange contracts

Purchase	1,497,386	1,364,614
Sale	1,365,031	1,138,760
	<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>
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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.

	(Un-audited) September 30, 2011	(Audited) December 31, 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	2,208,411	2,882,886
Repaid/matured during the period	(2,191,560)	(2,914,576)
	<u>958,476</u>	<u>941,625</u>
Outstanding at the end of the period	958,476	941,625
Mark-up/return earned	97,510	131,840
	<u>6,012</u>	<u>27,174</u>
Deposits in current account	6,012	27,174
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)
	<u>-</u>	<u>300,000</u>
Outstanding at the end of the period	-	300,000
Mark-up/return earned	24,716	39,284
	<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)
	<u>9,793</u>	<u>13,887</u>
Outstanding at the end of the period	9,793	13,887
Bankers Avenue Co-operative Housing Society		
(A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	6,929	14,728
Contribution to employees provident fund	45,082	54,012

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