

To  
The Board of Directors,  
Punjab & Sind Bank  
New Delhi

**LIMITED REVIEW REPORT FOR THE QUARTER / HALF YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2011**

We have reviewed the accompanying statement of unaudited financial results of Punjab & Sind Bank for the quarter/half year ended 30<sup>th</sup> September 2011. This statement is the responsibility of the Bank's Management and has been approved by the Board of Directors/Committee of the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The financial results incorporate the relevant returns of 20 branches reviewed by us, 370 branches reviewed by concurrent auditors specifically appointed for this purpose and un-reviewed returns in respect of 604 branches. In the conduct of our Review, we have relied on the review reports in respect of non-performing assets and other areas received from concurrent auditors of 370 branches specially appointed for this purpose. These review reports cover 92.86 % of the advances portfolio of the Bank. Further, these Review Reports also cover 87.46 % of Gross NPA as on 30 September 2011. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the Bank.

Based on our review as aforesaid, attention is invited to :

- i) *Non reconciliation of balances and clearance/ identification of outstanding items in respect of various accounts of income, expenditure, assets and liabilities, the impact of which is not ascertainable.*
- ii) *Non creation of Deferred Tax Liability of Rs.270.77 crore in respect of differences on account of variation in the value of investment as per books of accounts and for income tax computation considering the difference to be permanent and of Rs.12.38 crore in respect of Special Reserve created and maintained u/s 36(1)(viii) on the basis of management decisions not to withdraw the same.*
- iii) *Capital Adequacy as per Basel-I and Basel-II, Earning Per Share and other ratios disclosed by the Bank is subject to adjustments arising out of our remarks in para (i) above.*
- iv) *Note No. 3 regarding deferment of pension and gratuity liability of the bank to the extent of Rs.666.11 crore, pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from of application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide its*



circular no. DBOD. BP.BC/80/21.04.018/2010-11 dated 09/02/2011 on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits –Prudential Regulatory Treatment.

Nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For BANSAL SINHA & CO.  
Chartered Accountants  
FRN 006184N



[RAVINDER KHULLAR]  
Partner  
M. No. 82928

For BALRAM CHANDRA & ASSOCIATES  
Chartered Accountants  
FRN 002817C



[ROHIT SAHGAL]  
Partner  
M. No. 076915

For ALKA & SUNIL  
Chartered Accountants  
FRN 006739N



[SUNIL GUPTA]  
Partner  
M. No. 084119

For BHATIA & BHATIA  
Chartered Accountants  
FRN 003202N



[ASHOK KUMAR BHATIA]  
Partner  
M. No. 015603

For G.S. GOEL & CO  
Chartered Accountants  
FRN 001415N



[G.S. GOEL]  
Partner  
M. No. 014428

For S.B.G. & CO  
Chartered Accountants  
FRN 001818N



[SHRI BHAGWAN GUPTA]  
Partner  
M.No. 089415

Place: New Delhi  
Dated: October 31, 2011

## PUNJAB &amp; SIND BANK

Head Office: 21, Rajendra Place, New Delhi 110 008

Reviewed Financial Results For the Quarter/ Half Year ended 30th September, 2011

(Rupees in Lacs)

| Sl. No. | Particulars   | QUARTER ENDED          |                       | HALF YEAR ENDED        |                       | YEAR ENDED            |
|---------|---|------------------------|-----------------------|------------------------|-----------------------|-----------------------|
|         |   | 30.09.2011<br>Reviewed | 30.09.2010<br>Audited | 30.09.2011<br>Reviewed | 30.09.2010<br>Audited | 31.03.2011<br>Audited |
| 1       | <b>INTEREST EARNED (a+b+c+d)</b>  | 160653                 | 117749                | 310754                 | 230662                | 493251                |
|         | a). Interest/ discount on advances/bills  | 123635                 | 84961                 | 238842                 | 165180                | 360571                |
|         | b) Income on Investments  | 36345                  | 32494                 | 70869                  | 62668                 | 127856                |
|         | c) Interest on Balances with RBI & Other Inter Bank Funds   | 670                    | 235                   | 1034                   | 987                   | 1637                  |
|         | d) Others   | 3                      | 59                    | 9                      | 1827                  | 3187                  |
| 2       | Other Income  | 10474                  | 13732                 | 19842                  | 22495                 | 43708                 |
| 3       | <b>TOTAL INCOME (1+2)</b>   | <b>171127</b>          | <b>131481</b>         | <b>330596</b>          | <b>253157</b>         | <b>536959</b>         |
| 4       | Interest Expended   | 124945                 | 79050                 | 239966                 | 152602                | 337206                |
| 5       | Operating Expenses (i)+(ii)   | 29203                  | 29440                 | 56923                  | 51413                 | 98403                 |
|         | i) Employees Cost   | 21825                  | 23225                 | 40905                  | 40367                 | 75585                 |
|         | ii) Other Operating Expenses  | 7378                   | 6215                  | 16018                  | 11046                 | 22818                 |
| 6       | <b>TOTAL EXPENDITURE (4+5) (excluding Provisions &amp; Contingencies)</b>   | <b>154148</b>          | <b>108490</b>         | <b>296889</b>          | <b>204015</b>         | <b>435609</b>         |
| 7       | <b>Operating Profit before Provisions &amp; Contingencies (3-6)</b>   | <b>16979</b>           | <b>22991</b>          | <b>33707</b>           | <b>49142</b>          | <b>101350</b>         |
| 8       | Provisions (other than tax) and Contingencies   | -1817                  | 11325                 | 5002                   | 11291                 | 24386                 |
| 9       | Exceptional Items   | 0                      | 0                     | 0                      | 0                     | 0                     |
| 10      | Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8-9)  | 18796                  | 11666                 | 28705                  | 37851                 | 76964                 |
| 11      | Tax Expense   | 4020                   | 759                   | 7520                   | 11791                 | 24347                 |
| 12      | Net Profit (+)/ Loss (-) from Ordinary Activities after tax (10-11)   | 14776                  | 10907                 | 21185                  | 26060                 | 52617                 |
| 13      | Extraordinary items (net of tax expense)  | 0                      | 0                     | 0                      | 0                     | 0                     |
| 14      | <b>Net Profit (+)/ Loss (-) for the period (12-13)</b>  | <b>14776</b>           | <b>10907</b>          | <b>21185</b>           | <b>26060</b>          | <b>52617</b>          |
| 15      | Paid-up Equity Share Capital (Face Value Rs.10/-)   | 22306                  | 18306                 | 22306                  | 18306                 | 22306                 |
| 16      | Reserves excluding Revaluation Reserve<br>(as per Balance Sheet of previous accounting year)  |                        |                       |                        |                       | 262636                |
| 17      | Analytical Ratios   |                        |                       |                        |                       |                       |
|         | (i). Percentage of shares held by Government of India   | 82.07                  | 100                   | 82.07                  | 100.00                | 82.07                 |
|         | (ii) Capital Adequacy Ratio: Basel-I  | 12.79                  | 11.84                 | 12.79                  | 11.84                 | 11.94                 |
|         | Basel-II  | 13.33                  | 13.04                 | 13.33                  | 13.04                 | 12.94                 |
|         | (iii) Earning per share (of Rs.10/- each) (Not Annualized) (Rs.)  |                        |                       |                        |                       |                       |
|         | (a) Basic and diluted EPS before Extraordinary items (net of tax expense) for the period, for the year to date and for the previous year (not annualized) | 6.62                   | 5.96                  | 9.50                   | 14.24                 | 26.40                 |
|         | (b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualized)                       | 6.62                   | 5.96                  | 9.50                   | 14.24                 | 26.40                 |
|         | (iv) (a) Amount of Gross Non Performing Assets  | 45041                  | 33143                 | 45041                  | 33143                 | 42428                 |
|         | (b) Amount of Net Non Performing Assets   | 29746                  | 15590                 | 29746                  | 15590                 | 23794                 |
|         | (c) % of Gross NPAs   | 1.06                   | 0.92                  | 1.06                   | 0.92                  | 0.99                  |
|         | (d) % of Net NPAs   | 0.71                   | 0.44                  | 0.71                   | 0.44                  | 0.56                  |
|         | (v) Return on Assets (Annualized)   | 0.85                   | 0.77                  | 0.61                   | 0.93                  | 0.90                  |
| 18      | Public Shareholding:  |                        |                       |                        |                       |                       |
|         | No. of Shares   | 40000000               | Nil                   | 40000000               | Nil                   | 40000000              |
|         | Percentage of Shareholding  | 17.93                  | Nil                   | 17.93                  | Nil                   | 17.93                 |



|    |   |           |           |           |           |           |
|----|---|-----------|-----------|-----------|-----------|-----------|
| 19 | Promoters and promoter group Share holding  |           |           |           |           |           |
|    | (a) Pledged/ Encumbered   |           |           |           |           |           |
|    | Number of shares  | Nil       | Nil       | Nil       | Nil       | Nil       |
|    | Percentage of Shares (as a % of the total shareholding of Promoter and promoter group)and promoter group) | Nil       | Nil       | Nil       | Nil       | Nil       |
|    | Percentage of Shares (as a % of the total share capital of the Bank                                       | Nil       | Nil       | Nil       | Nil       | Nil       |
|    | (b) Non-encumbered  |           |           |           |           |           |
|    | Number of shares  | 183056000 | 183056000 | 183056000 | 183056000 | 183056000 |
|    | Percentage of Shares (as a % of the total shareholding of Promoter and promoter group)                    | 100.00    | 100.00    | 100.00    | 100.00    | 100.00    |
|    | Percentage of Shares (as a % of the total share capital of the Bank                                       | 82.07     | 100.00    | 82.07     | 100.00    | 82.07     |

### Segment Reporting:

#### A: BUSINESS SEGMENT:

For the purpose of segment reporting in terms of AS-17 of ICAI and as prescribed in RBI guidelines, the business of the Bank has been classified into four segments i.e. a) Treasury Operations b) Corporate/wholesale Banking, c) Retail Banking and d) Other Banking Operations. Segmental Revenue, Results, Assets & Liabilities in respect of Corporate / Wholesale and Retail Banking segment have been bifurcated on the basis of exposure to these segments. Assets and Liabilities, wherever directly related to segments have been accordingly allocated to segments and wherever not directly related have been allocated on the basis of pro-rata segment revenue

| Particulars                     | Quarter ended          | Half Year ended        |                       | Year ended            |
|---------------------------------|------------------------|------------------------|-----------------------|-----------------------|
|                                 | 30.09.11<br>(Reviewed) | 30.09.11<br>(Reviewed) | 30.09.10<br>(Audited) | 31.03.11<br>(Audited) |
| <b>1. Segment Revenue</b>       |                        |                        |                       |                       |
| a) Treasury                     | 37561                  | 74257                  | 67412                 | 135372                |
| b) Corporate/ Wholesale Banking | 101630                 | 198825                 | 137619                | 310182                |
| c) Retail Banking               | 31682                  | 57064                  | 47744                 | 89604                 |
| d) Other Banking Operations     | 254                    | 450                    | 382                   | 1801                  |
| <b>Total</b>                    | <b>171127</b>          | <b>330596</b>          | <b>253157</b>         | <b>536959</b>         |
| <b>2. Segment Result</b>        |                        |                        |                       |                       |
| a) Treasury                     | 1306                   | 4007                   | 16667                 | 27989                 |
| b) Corporate/ Wholesale Banking | 23065                  | 45778                  | 43317                 | 92177                 |
| c) Retail Banking               | 7190                   | 13139                  | 15028                 | 26628                 |
| d) Other Banking Operations     | 254                    | 450                    | 382                   | 1801                  |
| <b>Total</b>                    | <b>31815</b>           | <b>63374</b>           | <b>75394</b>          | <b>148595</b>         |
| 3. Unallocated Expenses         | 14836                  | 29667                  | 26252                 | 47245                 |
| <b>4. Operating Profit</b>      | <b>16979</b>           | <b>33707</b>           | <b>49142</b>          | <b>101350</b>         |
| 5. Provisions & Contingencies   | -1817                  | 5002                   | 11291                 | 24386                 |
| 6. Income Tax                   | 4020                   | 7520                   | 11791                 | 24347                 |



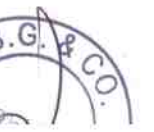
|                                 |                |                |                |                |
|---------------------------------|----------------|----------------|----------------|----------------|
| 7. Extra Ordinary Profit/ Loss  | 0              | 0              | 0              | 0              |
| <b>8. Net Profit</b>            | <b>14776</b>   | <b>21185</b>   | <b>26060</b>   | <b>52617</b>   |
| <b>Other Information:</b>       |                |                |                |                |
| <b>9. Segment Assets</b>        |                |                |                |                |
| a) Treasury                     | 2097748        | 2097748        | 1752317        | 1894602        |
| b) Corporate/ Wholesale Banking | 3712856        | 3712856        | 3044771        | 3766604        |
| c) Retail Banking               | 1157451        | 1157451        | 1056333        | 1088084        |
| d) Other Banking Operations     | 0              | 0              | 0              | 0              |
| e) Unallocated Assets           | 97066          | 97066          | 36463          | 105724         |
| <b>Total Assets</b>             | <b>7065121</b> | <b>7065121</b> | <b>5889884</b> | <b>6855014</b> |
| <b>10. Segment Liabilities</b>  |                |                |                |                |
| a) Treasury                     | 1994357        | 1994357        | 1669756        | 1814620        |
| b) Corporate/ Wholesale Banking | 3529861        | 3529861        | 2901317        | 3607594        |
| c) Retail Banking               | 1100404        | 1100404        | 1006564        | 1042150        |
| d) Other Banking Operations     | 0              | 0              | 0              | 0              |
| e) Unallocated Liabilities      | 40198          | 40198          | 25489          | 10311          |
| <b>Total Liabilities</b>        | <b>6664820</b> | <b>6664820</b> | <b>5603126</b> | <b>6474675</b> |

### B: GEOGRAPHIC SEGMENT:

Since the Bank does not have any overseas branch, reporting under Geographic Segment is not applicable.

### NOTES FORMING PART OF THE LIMITED REVIEW:

- The above results have been taken on record by the Board of Directors at the meeting held on October 31, 2011 and have been reviewed by the Statutory Central Auditors.
- The working Results have been arrived at after considering provisions for Non-Performing Assets, Standard Assets, Amortization of premium relating to Investment under 'Held to Maturity' category, Depreciation on Investments and Diminution in respect of Restructured Accounts as per RBI norms. Provision for applicable taxes and other usual and necessary provisions have been made on estimated basis and are subject to adjustment, if any, at the year end.
- In accordance with the Reserve Bank of India Circular No DBOD.BP.BC.80/21.04.018/2010-11 dated 09.02.2011:
  - A sum of Rs.40.59 crore has been charged to Profit and Loss Account during the quarter on proportionate basis towards un-amortized liability of Rs.649.42 crore (being amortized over five years beginning from 31<sup>st</sup> March 2011) on account of reopening of pension option for existing employees, who had not opted for pension earlier. The balance of Rs.568.24 crore will be dealt with as per guidelines of Reserve Bank of India.
  - A sum of Rs.6.99 crore has been charged to Profit & Loss Account during the quarter on proportionate basis towards unamortized liability of Rs.111.85 crore (being amortized over five years beginning from 31<sup>st</sup> March 2011) on account of the enhancement of Gratuity limit. The balance amount of Rs.97.87crore will be dealt with as per guidelines of Reserve Bank of India.
- Bank has further provided Rs.24 crore & Rs.6 crore on estimated basis towards incremental liability of pension and gratuity respectively in respect of employees retired during the half year ended 30.09.2011.
- The figures of previous period have been regrouped and reclassified wherever necessary in order to make them comparable with the figures of the current period.



6. The Provision Coverage Ratio (including technical write off) is 75% as on 30.09.2011. Corresponding Ratio as on March 2011 was 81.82%
7. Details of Investors complaint for the quarter ended 30<sup>th</sup> September 2011:

| Beginning | Received | Disposed off | Lying unresolved |
|-----------|----------|--------------|------------------|
| 11        | 157      | 164          | 4                |



**G.S. ARORA**  
GENERAL MANAGER [ACCOUNTS]



**[P.K. ANAND]**  
EXECUTIVE DIRECTOR

For **BANSAL SINHA & CO.**  
Chartered Accountants  
FRN 006184N




**[RAVINDER KHULLAR]**  
Partner  
M. No. 82928

For **BALRAM CHANDRA & ASSOCIATES**  
Chartered Accountants  
FRN 002817C




**[ROHIT SAHGAL]**  
Partner  
M. No. 076915

For **ALKA & SUNIL**  
Chartered Accountants  
FRN 006739N



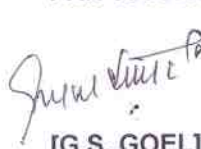


**[SUNIL GUPTA]**  
Partner  
M. No. 084119

For **BHATIA & BHATIA**  
Chartered Accountants  
FRN 003202N




**[ASHOK KUMAR BHATIA]**  
Partner  
M. No. 015603

For **G.S. GOEL & CO**  
Chartered Accountants  
FRN 001415N

**[G.S. GOEL]**  
Partner  
M. No. 014428

For **S.B.G. & CO**  
Chartered Accountants  
FRN 001818N




**[SHRI BHAGWAN GUPTA]**  
Partner  
M.No. 089415

Place: New Delhi  
Dated: October 31, 2011